

**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 independent financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000, if you are in the United Kingdom, or, if not, from another appropriately authorised independent financial adviser.**

If you sell or transfer or have sold or otherwise transferred all of your Ordinary Shares in Communisis plc before 15 February 2013 (being the date when the Existing Ordinary Shares were marked 'ex' entitlement to the Open Offer), please send this document and any accompanying Application Form along with the accompanying reply-paid envelope (for use within the UK only), but not any accompanying personalised Form of Proxy (and accompanying reply-paid envelope (for use within the UK only)) immediately 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. However, such documents should not be forwarded or transmitted in or into the United States, any other Excluded Territory or any other jurisdiction where to do so might constitute a violation of local securities laws or regulations. If you have sold or transferred part of your holding of Ordinary Shares you should immediately consult the stockbroker, bank or other agent through whom the sale or transfer was effected.

Communisis plc and the Directors, whose names appear on page 23 of this document, accept responsibility for the information contained in this document. To the best of the knowledge and belief of Communisis plc and the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and makes no omission likely to affect the import of such information.

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# Communisis plc

*(Incorporated under the Companies Act 1985 and registered in England and Wales  
with Registered No. 02916113)*

## **Firm Placing of 37,500,000 New Ordinary Shares and Placing and Open Offer of 12,500,000 New Ordinary Shares at a price of 40 pence per share, application for admission of 50,000,000 New Ordinary Shares to the Official List and to trading on the London Stock Exchange's Main Market and Notice of General Meeting**

**Sponsor and Joint Broker**

**N+1 SINGER**

**Joint Broker**

**CENKOS**

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**Your attention is drawn to the letter from the Chairman of Communisis plc which is set out in Part VII of this document. You should read the whole of this document and any documents incorporated by reference prior to making any investment decision. Your attention is drawn to the section of this document entitled "Risk Factors" for a discussion of certain factors that should be considered by investors in considering whether to make an investment in the Company.**

This document comprises (i) a circular prepared in compliance with the Listing Rules of the UK Listing Authority and (ii) a prospectus relating to the New Ordinary Shares prepared in accordance with the Prospectus Rules of the UK Listing Authority under Section 73A of the Financial Services and Markets Act 2000 and has been approved by the Financial Services Authority in accordance with Section 85 of the Financial Services and Markets Act 2000. A copy of this document (the "Prospectus") has been filed with the Financial Services Authority and has been made available to the public in accordance with paragraph 3.2.1 of the Prospectus Rules.

Application has been made to the UK Listing Authority for the New Ordinary Shares proposed to be issued in connection with the Firm Placing, Placing and Open Offer to be admitted to the Official List maintained by the UK Listing Authority and to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on its Main Market for listed securities. It is expected that Admission of the New Ordinary Shares will become effective, and that dealings in the New Ordinary Shares will commence, shortly after the date of the General Meeting.

This Prospectus does not constitute, and may not be used for the purposes of, any offer or invitation to sell or issue or the solicitation of any offer to purchase or subscribe for New Ordinary Shares to or by anyone in any jurisdiction in which such offer, invitation or solicitation is unlawful or to any person to whom it is unlawful to make such offer or invitation or undertake such solicitation. The distribution of this prospectus and the offering of New Ordinary Shares in certain jurisdictions may be restricted by law and, accordingly, persons into whose possession this prospectus comes should inform themselves about and observe any such restrictions. Any failure to comply with any such restrictions may constitute a violation of the securities laws of the jurisdiction concerned.

Nplus1 Singer Advisory LLP, which is a member of the London Stock Exchange, is authorised and regulated in the UK by the Financial Services Authority, is acting as sponsor, financial adviser and joint broker to Communisis plc in connection with the proposed Fundraising and Admission. Persons receiving this document should note that, in connection with the Fundraising and Admission, Nplus1 Singer Advisory LLP is acting exclusively for Communisis plc and no one else. Nplus1 Singer Advisory LLP will not be responsible to anyone other than Communisis plc for providing the protections afforded to clients of Nplus1 Singer Advisory LLP nor for advising any other person on the

transactions and arrangements described in this document. No representation or warranty, express or implied, is made by Nplus1 Singer Advisory LLP as to any of the contents of this document. Apart from the liabilities and responsibilities, if any, which may be imposed on Nplus1 Singer Advisory LLP by the Financial Services and Markets Act 2000 or the regulatory regime established under it, Nplus1 Singer Advisory LLP accepts no responsibility whatsoever for the contents of this document or for any other statement made or purported to be made by it or on its behalf in connection with Communisis plc, the Existing Ordinary Shares, the New Ordinary Shares, the Fundraising or Admission. Nplus1 Singer Advisory LLP accordingly disclaims all and any liability whatsoever whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this document or any such statement.

Cenkos Securities plc, which is a member of the London Stock Exchange, is authorised and regulated in the UK by the Financial Services Authority, and is acting as joint broker to Communisis plc in connection with the Firm Placing and the Placing. Persons receiving this document should note that, in connection with the Firm Placing and the Placing, Cenkos Securities plc is acting exclusively for Communisis plc and no one else. Cenkos Securities plc will not be responsible to anyone other than Communisis plc for providing the protections afforded to clients of Cenkos Securities plc nor for advising any other person on the transactions and arrangements described in this document. No representation or warranty, express or implied, is made by Cenkos Securities plc as to any of the contents of this document. Apart from the liabilities and responsibilities, if any, which may be imposed on Cenkos Securities plc by the Financial Services and Markets Act 2000 or the regulatory regime established under it, Cenkos Securities plc accepts no responsibility whatsoever for the contents of this document or for any other statement made or purported to be made by it or on its behalf in connection with Communisis plc, the Existing Ordinary Shares, the New Ordinary Shares, the Fundraising or Admission. Cenkos Securities plc accordingly disclaims all and any liability whatsoever whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this document or any such statement.

Notice of the General Meeting of Communisis plc, to be held at 9.00 a.m. on 5 March 2013 at the offices of Pinsent Masons LLP, 30 Crown Place, Earl Street, London EC2A 4ES, is set out at the end of this document.

Whether or not you intend to be present at the General Meeting, please complete the Form of Proxy enclosed with this document in accordance with the instructions printed on the Form of Proxy and return it to Capita Registrars by no later than 9.00 a.m. on 1 March 2013 in order to be valid. Completion and return of the Form of Proxy will not preclude you from attending and voting at the General Meeting should you so wish.

This document is being sent to Shareholders with registered addresses in the Excluded Territories for information only in connection with the General Meeting. Shareholders with registered addresses (or who are otherwise located) in the Excluded Territories will not be sent an Application Form.

Qualifying Non-CREST Shareholders will find an Application Form enclosed with this document. Qualifying CREST Shareholders (none of whom will receive an Application Form) will receive a credit to their appropriate stock accounts in CREST in respect of the Open Offer Entitlement which will be enabled for settlement on 15 February 2013.

Applications under the Open Offer may only be made by the Qualifying Shareholders originally entitled thereto or by a person entitled by virtue of a *bona fide* market claim arising out of the sale or transfer of Existing Ordinary Shares prior to the date on which the relevant Existing Ordinary Shares are marked "ex" the entitlement by the London Stock Exchange. Holdings of Existing Ordinary Shares in certificated and uncertificated form will be treated as separate holdings for the purposes of calculating entitlements under the Open Offer.

If the Open Offer Entitlement is for any reason not enabled by 15 February 2013 or such later time and/or date as the Company may decide, an Application Form will be sent to each Qualifying CREST Shareholder in substitution for the Open Offer Entitlement credited to its stock account in CREST. Qualifying CREST Shareholders who are CREST Sponsored Members should refer to their CREST Sponsors regarding the action to be taken in connection with this document and the Open Offer. The Application Form is personal to Qualifying Non-CREST Shareholders and cannot be transferred, sold, or assigned except to satisfy *bona fide* market claims.

Copies of this document are available free of charge from Communisis plc, Wakefield Road, Leeds LS10 1DU.

#### **Notice to Overseas Shareholders**

This document and the Application Form do not constitute an offer of the New Ordinary Shares to any person with a registered address, or who is resident or located, in any of the Excluded Territories. The New Ordinary Shares have not been and will not be registered or qualified under the relevant laws of any state, province or territory of any of the Excluded Territories and may not be offered, sold, resold, taken up, transferred, delivered or distributed, directly or indirectly, within any Excluded Territory.

For a description of the restrictions on offers, sales and transfers of the New Ordinary Shares and the distribution of this document, see Part VIII of this document.

All Overseas Shareholders and any person (including, without limitation, a nominee, custodian or trustee) who has a contractual or other legal obligation to forward this document or any Application Form, if and when received, or other document to a jurisdiction outside the UK, should read Part VIII of this document.

**THE CONTENTS OF THIS PROSPECTUS ARE NOT TO BE CONSTRUED AS LEGAL, FINANCIAL, BUSINESS OR TAX ADVICE. EACH POTENTIAL INVESTOR SHOULD CONSULT HIS, HER OR ITS OWN LEGAL ADVISER, FINANCIAL ADVISER OR TAX ADVISER FOR LEGAL, FINANCIAL OR TAX ADVICE.**

# CONTENTS

<b>PART I</b> SUMMARY	4
<b>PART II</b> RISK FACTORS	14
<b>PART III</b> IMPORTANT INFORMATION	18
<b>PART IV</b> FIRM PLACING, PLACING AND OPEN OFFER STATISTICS	21
<b>PART V</b> EXPECTED TIMETABLE OF PRINCIPAL EVENTS	22
<b>PART VI</b> DIRECTORS, COMPANY SECRETARY, REGISTERED OFFICE AND ADVISERS	23
<b>PART VII</b> LETTER FROM THE CHAIRMAN OF COMMUNISIS PLC	24
<b>PART VIII</b> TERMS AND CONDITIONS OF THE OPEN OFFER	32
<b>PART IX</b> QUESTIONS AND ANSWERS ABOUT THE FIRM PLACING, PLACING AND OPEN OFFER	51
<b>PART X</b> INFORMATION CONCERNING THE NEW ORDINARY SHARES	58
<b>PART XI</b> INFORMATION ON COMMUNISIS	60
<b>PART XII</b> OPERATING AND FINANCIAL REVIEW OF COMMUNISIS	67
<b>PART XIII</b> HISTORICAL FINANCIAL INFORMATION RELATING TO COMMUNISIS	71
<b>PART XIV</b> UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP	72
<b>PART XV</b> ADDITIONAL INFORMATION	76
<b>PART XVI</b> DOCUMENTS INCORPORATED BY REFERENCE	118
<b>DEFINITIONS</b>	119
<b>NOTICE OF GENERAL MEETING</b>	124

## PART I

### SUMMARY

Summaries are made up of disclosure requirements known as '**Elements**'. These elements are numbered in Sections A – E (A.1 – E.7).

This summary contains all the Elements required to be included in a summary for this type of securities and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of '**not applicable**'.

<b>Section A – Introduction and warnings</b>		
<b>A.1</b>	<b>Warning</b>	<ul style="list-style-type: none"><li>• This summary should be read as an introduction to the Prospectus.</li><li>• Any decision to invest in the Ordinary Shares should be based on consideration of the Prospectus as a whole.</li><li>• Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating the Prospectus before the legal proceedings are initiated and civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities.</li></ul>
<b>A.2</b>	<b>Subsequent resale of securities or final placement of securities through financial intermediaries</b>	Not applicable, as Communisis has not given consent to the use of this Prospectus for subsequent resale or firm placement of Ordinary Shares by financial intermediaries.

<b>Section B – Issuer</b>		
<b>B.1</b>	<b>Legal and commercial name</b>	Communisis plc.
<b>B.2</b>	<b>Domicile/ legal form/ legislation/ country of incorporation</b>	The Company was incorporated in England and Wales on 6 April 1994 under the Companies Act 1985 as a public company limited by shares with the name Prime Retail plc and with registered number 02916113. The principal legislation under which the Company operates is the Companies Act and the regulations made thereunder.

<b>B.3</b>	<b>Current operations and principal activities</b>	<p>The Company is a leading UK marketing services provider that specialises in helping clients communicate with their customers more effectively and more profitably in fast-changing markets. Services are mainly focused on the integrated design, production and deployment of personalised customer communications. These communications are typically of a marketing, regulatory or transactional nature and can be distributed either on paper or in digital formats, through email, text message, mobile content or social media.</p> <p>The Group's main offices and production facilities are located in the United Kingdom.</p>																																													
<b>B.4a</b>	<b>Known trends</b>	<p>The Group's markets continue to evolve rapidly and present considerable opportunities for Communisis to demonstrate its client proposition. An increasing number of leading consumer-facing brands recognise the value of the Group's ability to design, produce and deploy their customer communications efficiently, reliably and at scale. This has led to more projects incorporating design services and resulted in a strong pipeline of bids.</p> <p>The Group expects the annualised value of new business to more than offset the reduction in demand for more mature services.</p>																																													
<b>B.5</b>	<b>Group structure</b>	<p>Communisis is the parent company of the Group. The principal subsidiary undertakings of the Company (being those which are considered by the Company to be most likely to have a significant effect on the assessment of the assets and liabilities, financial position or profits and losses of the Company) are set out below:</p> <table border="1" data-bbox="564 1030 1394 1899"> <thead> <tr> <th><i>Company</i></th> <th><i>Principal activity</i></th> <th><i>Shareholding held</i></th> <th><i>Immediate parent</i></th> <th><i>Country of Incorporation</i></th> </tr> </thead> <tbody> <tr> <td>Communisis UK Limited</td> <td>Print and print management solutions</td> <td>100%</td> <td>Communisis plc</td> <td>England and Wales</td> </tr> <tr> <td>Communisis Europe Limited</td> <td>Holding company</td> <td>100%</td> <td>Communisis plc</td> <td>England and Wales</td> </tr> <tr> <td>Communisis 2012 Limited</td> <td>Holding company</td> <td>100%</td> <td>Communisis plc</td> <td>England and Wales</td> </tr> <tr> <td>Kieon Limited</td> <td>Specialist software production agency</td> <td>100%</td> <td>Communisis 2012 Limited</td> <td>England and Wales</td> </tr> <tr> <td>Communisis Data Intelligence Limited</td> <td>Database and data processing services</td> <td>100%</td> <td>Communisis UK Limited</td> <td>England and Wales</td> </tr> <tr> <td>The Garden Marketing Limited</td> <td>Marketing agency</td> <td>49%</td> <td>Communisis 2012 Limited</td> <td>England and Wales</td> </tr> <tr> <td>Yomego Limited</td> <td>Social media agency</td> <td>100%</td> <td>Communisis 2012 Limited</td> <td>England and Wales</td> </tr> <tr> <td>Communisis Ireland Limited</td> <td>Print management</td> <td>100%</td> <td>Communisis UK Limited</td> <td>Ireland</td> </tr> </tbody> </table>	<i>Company</i>	<i>Principal activity</i>	<i>Shareholding held</i>	<i>Immediate parent</i>	<i>Country of Incorporation</i>	Communisis UK Limited	Print and print management solutions	100%	Communisis plc	England and Wales	Communisis Europe Limited	Holding company	100%	Communisis plc	England and Wales	Communisis 2012 Limited	Holding company	100%	Communisis plc	England and Wales	Kieon Limited	Specialist software production agency	100%	Communisis 2012 Limited	England and Wales	Communisis Data Intelligence Limited	Database and data processing services	100%	Communisis UK Limited	England and Wales	The Garden Marketing Limited	Marketing agency	49%	Communisis 2012 Limited	England and Wales	Yomego Limited	Social media agency	100%	Communisis 2012 Limited	England and Wales	Communisis Ireland Limited	Print management	100%	Communisis UK Limited	Ireland
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<b>B.6</b>	<b>Notifiable interest in the Existing Ordinary Shares/ different voting rights/ controlling interests</b>	<p>As at 13 February 2013, (being the latest practicable date prior to the publication of the Prospectus), the interests (all of which are beneficial unless otherwise stated) of the Directors and senior managers (as well as their immediate families) in the share capital of the Company or (so far as is known or could with reasonable due diligence be ascertained by the relevant Director or senior manager) interests of a person connected (within the meaning of Section 252 of the Companies Act) with a Director or senior manager and the existence of which was known to or could, with reasonable due diligence, be ascertained by the relevant Director or senior manager as at 13 February 2013 are as follows:</p> <table> <thead> <tr> <th><i>Director/senior manager</i></th> <th><i>Number of Ordinary Shares held prior to the Issue</i></th> <th><i>Percentage of issued share capital held prior to the Issue</i></th> <th><i>Proposed number of Ordinary Shares upon completion of the Issue**</i></th> <th><i>Proposed percentage of share capital held upon completion of the Issue**</i></th> </tr> </thead> <tbody> <tr> <td>Peter Hickson</td> <td>1,250,000</td> <td>0.886%</td> <td>1,360,778</td> <td>0.712%</td> </tr> <tr> <td>Andrew Blundell</td> <td>70,000</td> <td>0.050%</td> <td>76,203</td> <td>0.040%</td> </tr> <tr> <td>Michael Firth</td> <td>215,954*</td> <td>0.153%</td> <td>233,674</td> <td>0.122%</td> </tr> <tr> <td>Nigel Howes</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>David Rushton</td> <td>6,549</td> <td>0.005%</td> <td>7,129</td> <td>0.004%</td> </tr> <tr> <td>John Wells</td> <td>212,536</td> <td>0.151%</td> <td>231,371</td> <td>0.121%</td> </tr> <tr> <td>Jane Griffiths</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> </tr> </tbody> </table> <p>* 16,000 of these Ordinary Shares are held by Mr Firth's wife, Anne Firth</p> <p>** Assuming that all of the New Ordinary Shares are issued and that no further Ordinary Shares are issued as a result of the exercise of any options under the share option schemes between the posting of this document and the closing of the Issue.</p>	<i>Director/senior manager</i>	<i>Number of Ordinary Shares held prior to the Issue</i>	<i>Percentage of issued share capital held prior to the Issue</i>	<i>Proposed number of Ordinary Shares upon completion of the Issue**</i>	<i>Proposed percentage of share capital held upon completion of the Issue**</i>	Peter Hickson	1,250,000	0.886%	1,360,778	0.712%	Andrew Blundell	70,000	0.050%	76,203	0.040%	Michael Firth	215,954*	0.153%	233,674	0.122%	Nigel Howes	-	-	-	-	David Rushton	6,549	0.005%	7,129	0.004%	John Wells	212,536	0.151%	231,371	0.121%	Jane Griffiths	-	-	-	-
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Save as disclosed below, the Company is not aware of any person who, directly or indirectly, was, as at 13 February 2013 (being the latest practicable date before the publication of the Prospectus) interested in three per cent. or more of the current issued ordinary share capital of the Company:

<i>Shareholder</i>	<i>Number of Ordinary Shares held prior to the Issue</i>	<i>Percentage of issued share capital held prior to the Issue</i>	<i>Proposed number of Ordinary Shares upon completion of the Issue***</i>	<i>Proposed percentage of share capital held upon completion of the Issue***</i>
Henderson Global Investors	40,285,747	28.56%	54,565,747	28.56%
Seren Capital Management Limited	14,715,000	10.43%	19,715,000	10.32%
Standard Life Investments Limited	7,811,743	5.54%	10,311,743	5.40%
Artemis Investment Management	6,488,605	4.60%	8,838,605	4.63%
Botting Family Investment Funds	6,218,849	4.41%	6,218,849	3.26%

*\*\*\*Assuming that all of the New Ordinary Shares are issued and that no further Ordinary Shares are issued as a result of the exercise of any options under the share option schemes between the posting of this document and the closing of the Issue and that shareholders do not take up their Open Offer Entitlements.*

The Shareholders detailed in the above table do not have different voting rights from those of other Shareholders.

The Directors are not aware (i) of any persons who, directly or indirectly, jointly or severally, exercise or could exercise control or ownership over the Company, nor (ii) of any arrangements, the operation of which may at a subsequent date result in a change of control of the Company.

**B.7****Historical key financial information**

The selected financial information set out below has been extracted without material adjustment from the audited annual report and accounts of the Group for the years ended 31 December 2009, 31 December 2010 and 31 December 2011 and the unaudited accounts for the six month period ended 30 June 2012 and the six month period ended 30 June 2011 prepared under IFRS.

	<i>Six months ended 30 June 2012</i>	<i>Six months ended 30 June 2011</i>	<i>Year ended 31 December 2011</i>	<i>Year ended 31 December 2010</i>	<i>Year ended 31 December 2009</i>
	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>
Revenue	112.6	97.8	208.3	193.2	190.2
Operating Profit	3.7	3.3	5.1	7.6	4.6
Earnings per Ordinary Share (basic)	1.50p	1.85p	2.96p	3.20p	2.28p
Total Assets	243.1	233.2	241.1	222.7	238.1
Current Assets	57.9	48.2	55.7	37.9	52.9
Net Debt	27.5	25.9	24.7	19.2	18.4
Shareholders' Funds	128.4	135.8	128.8	133.5	128.3

There has been no significant change in the financial or trading position of the Group since 30 June 2012, being the date up to which the Company's latest unaudited interim accounts were prepared, other than as set out below.

On 14 February 2013, Communisis increased its committed bank facilities by £10.0 million to a total of £55.0 million. The new facilities comprise two new tranches to the multi-currency revolving credit facility, being (i) a £5.0 million tranche ("**Facility C**") and (ii) a further £5.0 million tranche which Communisis may utilise by way of an overdraft facility (with such overdraft being provided on a committed basis) ("**Facility D**").

It is a requirement of the facility agreement that the net proceeds of the Fundraising are used to repay (to the extent that it is drawn) Facility C, at which time the £5.0 million extension to the multi-currency revolving credit facility will be cancelled. The Board does not expect to utilise Facility C prior to completion of the Fundraising. On completion of the Fundraising, Facility D will be withdrawn and it is expected that Barclays Bank PLC will provide an uncommitted overdraft facility of £5.0 million to replace it, such that the amount of the overdraft facilities available to the Company will remain unchanged. The Group's bank facilities will then total £50.0 million, comprising a £45.0 million multi-currency revolving credit facility (committed until 24 August 2014) and an uncommitted £5.0 million overdraft facility. In the event that the Issue does not complete, all of the increased facilities will remain in place.

<b>B.8</b>	<b>Selected key pro forma financial information</b>	The selected key pro forma financial information addresses a hypothetical situation and, therefore, does not represent the Company's actual financial position or results.				
				<i>Adjustments to net assets following Fundraising</i>		
			<i>Communis</i>	<i>Note 1</i>	<i>Note 2</i>	<i>Total</i>
		<i>Currency: £000</i>				
		<b>Non-current assets</b>				
		Property, plant and equipment	19,942			19,942
		Intangibles/goodwill	163,911			163,911
		Trade and other receivables	125			125
		Deferred tax asset	1,256			1,256
			<u>185,234</u>			<u>185,234</u>
		<b>Current Assets</b>				
		Inventories	8,336			8,336
		Trade and other receivables	39,509			39,509
		Cash and cash equivalents	10,062		3,888	13,950
			<u>57,907</u>		<u>3,888</u>	<u>61,795</u>
		<b>TOTAL ASSETS</b>	<u>243,141</u>		<u>3,888</u>	<u>247,029</u>
		<b>Current liabilities</b>				
		Interest bearing loans and borrowings	930			930
		Trade and other payables	57,886			57,886
		Current tax liabilities	940			940
		Provisions	1,363			1,363
			<u>61,119</u>			<u>61,119</u>
		<b>Net Current (Liabilities)/Assets</b>	(3,212)		3,888	676
<b>Total Assets Less Current Liabilities</b>	<u>182,022</u>		<u>3,888</u>	<u>185,910</u>		
<b>Non current liabilities</b>						
Interest bearing loans and borrowings	36,685		15,000	21,685		
Trade and other payables	766			766		
Retirement benefit obligations	15,170			15,170		
Provisions	1,006			1,006		
	<u>53,627</u>		<u>15,000</u>	<u>38,627</u>		
<b>Reserves</b>						
Share capital	34,663		12,500	47,163		
Share premium	22		6,388	6,410		
Merger reserve	11,427			11,427		
Capital redemption reserve	1,375			1,375		
ESOP reserve	(535)			(535)		
Cumulative translation adjustment	(219)			(219)		
Retained earnings	81,662			81,662		
<b>Total equity</b>	<u>128,395</u>		<u>18,888</u>	<u>147,283</u>		
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>243,141</u>		<u>3,888</u>	<u>247,029</u>		
<b>Notes</b>						
	1. The financial information in respect of the Group has been extracted without material adjustment from the unaudited interim financial statements of the Group for the six months ended 30 June 2012, which are incorporated by reference within this document.					
	2. The net proceeds of the Fundraising are calculated on the basis that the Company issues 50,000,000 New Ordinary Shares at 40 pence per share, net of estimated expenses in connection with the Fundraising of approximately £1.1 million. Within the pro forma statement of net assets, the Company's utilisation of its revolving credit facility has decreased by £15 million following repayment of debt and the balance of £3.9 million has increased cash and cash equivalents by £3.9 million. The proceeds of the Fundraising, net of expenses, of £18.9 million, have been credited to the share capital and share premium accounts of the Company.					
	3. Save for the adjustment for the net proceeds of the Fundraising as described in note 2 above, no adjustment has been made to reflect any trading or other transactions undertaken by the Group since 30 June 2012.					

<b>B.9</b>	<b>Profit forecast or estimate</b>	Not applicable; the Company does not have any profit estimates.
<b>B.10</b>	<b>Qualifications in the audit report on the historical financial information</b>	Not applicable; the Company has not had any qualifications in the audit report within its audited accounts in the period for which historical information is shown.
<b>B.11</b>	<b>Insufficiency of working capital for present requirements</b>	Not applicable; the Company has sufficient working capital for its present requirements.

### Section C – Securities

<b>C.1</b>	<b>Type and the class of the new securities</b>	Ordinary shares with ISIN GB0006683238.									
<b>C.2</b>	<b>Currency</b>	The New Ordinary Shares will be denominated in Pounds Sterling.									
<b>C.3</b>	<b>Shares issued and fully paid and issued but not fully paid</b>	<p>The Existing Ordinary Shares have a nominal value of 25 pence each.</p> <p>The following table sets out the issued and fully paid share capital of the Company as at 13 February 2013 (being the latest practicable date before the publication of the Prospectus and as it will be (assuming that no options or awards granted under the Company Share Schemes are exercised between the date of this document and completion of the Issue) following the allotment and issue of 50,000,000 New Ordinary Shares under the Issue.</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="width: 20%; text-align: right;"><i>Nominal Value</i></th> <th style="width: 20%; text-align: right;"><i>Issued and fully paid</i></th> </tr> </thead> <tbody> <tr> <td>Number of Ordinary Shares prior to completion of the Issue</td> <td style="text-align: right;">£35,261,943.75</td> <td style="text-align: right;">141,047,775</td> </tr> <tr> <td>Proposed number of Ordinary Shares upon completion of the Issue</td> <td style="text-align: right;">£47,761,943.75</td> <td style="text-align: right;">191,047,775</td> </tr> </tbody> </table>		<i>Nominal Value</i>	<i>Issued and fully paid</i>	Number of Ordinary Shares prior to completion of the Issue	£35,261,943.75	141,047,775	Proposed number of Ordinary Shares upon completion of the Issue	£47,761,943.75	191,047,775
	<i>Nominal Value</i>	<i>Issued and fully paid</i>									
Number of Ordinary Shares prior to completion of the Issue	£35,261,943.75	141,047,775									
Proposed number of Ordinary Shares upon completion of the Issue	£47,761,943.75	191,047,775									
<b>C.4</b>	<b>Rights attached to the securities</b>	Each New Ordinary Share will rank <i>pari passu</i> in all respects with each Existing Ordinary Share, and will have the same rights and restrictions as each Existing Ordinary Share.									
<b>C.5</b>	<b>Restrictions on the free transferability of the securities</b>	Not applicable; there are no restrictions on the free transferability in relation to the New or Existing Ordinary Shares.									
<b>C.6</b>	<b>Applications to the UKLA and the London Stock Exchange</b>	Applications will be made to the UKLA for the New Ordinary Shares to be admitted to the Official List and to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on its Main Market.									
<b>C.7</b>	<b>Description of dividend policy</b>	The Directors intend to maintain a progressive dividend policy, with an appropriate level of cover, which is consistent with their views of the Group's cash flows and growth prospects.									

## Section D – Risks

<b>D.1</b>	<b>Key information on the key risks that are specific to the issuer or its industry</b>	<ul style="list-style-type: none"> <li>• A proportion of the Group’s services represent discretionary marketing expenditure for its clients. A deterioration in the trading performance of the Group’s clients may lead them to reduce their discretionary marketing spend. This could potentially result in lower sales and profitability for the Group which could adversely impact returns for Shareholders.</li> <li>• Clients’ progressive adoption of digital formats and channels may impact market demand for the Group’s products and services. There is a risk that the systems and equipment utilised by the Group could be superseded earlier than anticipated by management. Further investment could then be required by the Group to develop or acquire the latest technology in order to maintain its position in the market.</li> <li>• Existing client concentration may mean that the loss of a major client could materially decrease sales and profitability whilst new contracts are sought and excess capacity reduced. In the six month period ended 30 June 2012 the top five clients of the Group accounted for approximately 51 per cent. of sales.</li> <li>• Due to high operational gearing, any loss of volume could significantly impact profitability. The risks are that the Group will not adapt sufficiently quickly to any technological change or general downturn in demand, with a consequent loss of competitiveness and profitability.</li> <li>• Framework contracts with complex arrangements may result in litigation or losses due to the fact that over the life of a contract the practical working relationships may differ from those anticipated at the outset, giving rise to the potential for dispute, commercial damage and financial loss.</li> <li>• Operations rely on uninterrupted IT systems and the safeguarding of client data. The risks are that a failure to maintain a secure and fully functional IT infrastructure could result in an inability to meet contractual service obligations and the confidentiality, integrity and availability of information processed by the Group could be compromised by human error, systems failure, equipment malfunction or deliberate unauthorised action, either of which could result in reputational damage and financial loss.</li> <li>• A change in pension scheme assumptions could increase the pension deficit. The risk is that the pension scheme could require substantial future cash contributions to eliminate any increase in the pension scheme deficit and therefore decrease the Group’s ability to pay dividends to Shareholders or to expand the business through continued investment.</li> <li>• The Group has contingent liabilities where it has provided rental guarantees to landlords in respect of certain leasehold properties occupied by companies that were formerly subsidiaries in the Group, but have subsequently been sold. The principal risk is that current leasehold occupants will become insolvent and that guarantees will be called, resulting in a material cash cost to the Group. The guarantees relate to leases with remaining terms that vary from a few months to 11 years. The maximum liability is approximately £1.2 million per annum until 2016, with the amount reducing thereafter as certain leases reach the end of their term or the Group is able to exercise break clauses allowing it to terminate certain leases.</li> </ul>
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<b>D.3</b>	<b>Key information on the key risks that are specific to the securities</b>	<ul style="list-style-type: none"> <li>• Historically there has been a lack of liquidity in the market for the Ordinary Shares, with relatively low daily trading volumes in the Ordinary Shares compared to the average daily volume for companies listed on the Main Market. This lack of liquidity has the potential to increase the share price volatility of the Ordinary Shares.</li> <li>• Although there is no current intention to do so (other than pursuant to the Fundraising and under the Company’s share option schemes), it is possible that the Company may decide to offer additional Shares in the future (for example to finance corporate acquisitions) which could have an adverse effect on the market price of Ordinary Shares.</li> <li>• Whilst the Company has historically paid dividends to Shareholders, there is a risk that it will not be able to do so in the future due to legal and operational restrictions and cash resources.</li> <li>• Shareholders will experience dilution in their ownership of Communisis as a result of the Firm Placing and Placing, and Shareholders who do not acquire New Ordinary Shares in the Open Offer will experience further dilution in their ownership of Communisis.</li> <li>• The ability of Overseas Shareholders to bring enforcement actions or enforce judgments against Communisis or the Directors may be limited.</li> </ul>
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<b>Section E – Offer</b>														
<b>E.1</b>	<b>Net proceeds</b>	The net proceeds of the Firm Placing, Placing and Open Offer will be approximately £18.89 million, after estimated expenses of £1.11 million.												
<b>E.2a</b>	<b>Reasons for the offer and use of proceeds</b>	<p>The net proceeds of the Firm Placing, Placing and Open Offer of approximately £18.89 million will be used for investment in new contracts and to finance restructuring costs, small acquisitions and working capital. The Fundraising is considered by the Directors to be in the best interests of Shareholders as it will allow the Company to pursue its stated strategy more effectively. The intended uses of the gross proceeds are set out below.</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 80%;"></th> <th style="width: 20%; text-align: right;"><i>£ million</i></th> </tr> </thead> <tbody> <tr> <td>Investment in new contracts</td> <td style="text-align: right;">6.0</td> </tr> <tr> <td>Restructuring costs in connection with Lisburn and Leeds operations</td> <td style="text-align: right;">1.4</td> </tr> <tr> <td>Funding for small acquisitions and working capital</td> <td style="text-align: right;">11.5</td> </tr> <tr> <td>Expenses in relation to the Fundraising</td> <td style="text-align: right;">1.1</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black;">20.0</td> </tr> </tbody> </table>		<i>£ million</i>	Investment in new contracts	6.0	Restructuring costs in connection with Lisburn and Leeds operations	1.4	Funding for small acquisitions and working capital	11.5	Expenses in relation to the Fundraising	1.1		20.0
	<i>£ million</i>													
Investment in new contracts	6.0													
Restructuring costs in connection with Lisburn and Leeds operations	1.4													
Funding for small acquisitions and working capital	11.5													
Expenses in relation to the Fundraising	1.1													
	20.0													
<b>E.3</b>	<b>Terms and conditions of the offer</b>	<p>The Company invites Qualifying Shareholders to apply for Open Offer Shares <i>pro rata</i> to their existing shareholdings at a price of 40 pence per Ordinary Share, payable in full in cash on application, free of all expenses, on the basis of:</p> <p><b><i>1 Open Offer Share for approximately every 11.284 Existing Ordinary Shares</i></b></p> <p>held by Qualifying Shareholders at the Record Date and so in proportion for any other number of Existing Ordinary Shares then held, rounded down to the nearest whole number of Open Offer Shares.</p>												

<b>E.4</b>	<b>A description of any interest that is material to the issue/ offer including conflicting interests</b>	Not applicable; there is no interest that is material.
<b>E.5</b>	<b>Name of the person or entity offering to sell the security</b>	Not applicable; no Shareholders are offering to sell Existing Ordinary Shares pursuant to the Fundraising.
<b>E.6</b>	<b>Immediate dilution resulting from the offer</b>	<p>Following the issue of New Ordinary Shares to be allotted pursuant to the Firm Placing, Placing and Open Offer, Qualifying Shareholders who take up their full Open Offer Entitlements will suffer a dilution of up to 19.63 per cent. to their interests in the Company.</p> <p>Qualifying Shareholders who do not take up any of their Open Offer Entitlements will suffer a dilution of up to 26.17 per cent. to their interests in the Company.</p>
<b>E.7</b>	<b>Estimated expenses charged to the investor by the issuer or the offeror</b>	Not applicable; no expenses are being directly charged to the investor by the Company.

## PART II

### RISK FACTORS

*An investment in shares is subject to a number of risks. Accordingly, investors and prospective investors should carefully consider all of the information set out in this Prospectus including, in particular, the risks described below, and all of the information incorporated by reference into this Prospectus prior to making an investment in the Company. The Group's business, financial condition or results of operations could be materially and adversely affected by any of the risks described below. In such cases, the market price of the Ordinary Shares may decline and investors may lose all or part of their investment.*

*These risks should not be regarded as a complete and comprehensive statement of all potential risks and uncertainties. Additional risks and uncertainties that are not presently known to the Directors, or which they currently deem immaterial, may also have an adverse effect on the Group's operating results, financial condition and prospects. The information given is as of the date of this Prospectus and, except as required by the FSA, the London Stock Exchange, the Prospectus Rules, the Disclosure and Transparency Rules, the Listing Rules or any other law or regulation, will not be updated. Any forward-looking statements are made subject to the reservations specified under "Forward Looking Statements" on page 18 of this document.*

*An investment in the New Ordinary Shares is only suitable for investors capable of evaluating the risks and merits of such investment and who have sufficient resources to bear any loss which may result from that investment. Accordingly, prospective investors are recommended to obtain independent financial advice from an adviser authorised under FSMA (or another appropriately authorised independent professional adviser) who specialises in advising upon investments in shares or other securities.*

#### **1. RISKS ASSOCIATED WITH THE GROUP**

##### ***A deterioration in the economic environment may decrease profitability***

The Group is a provider of marketing services to businesses, which in turn supply goods and services to consumers. There is a risk that macro-economic issues may detrimentally affect consumer expenditure, which could impact the trading performance of the Group's clients. As a proportion of the Group's services represent discretionary expenditure for those companies, there is a risk that in response to any deterioration in their own businesses such clients could reduce their discretionary marketing spend with Communisis. This could potentially result in lower sales and profitability for the Group which could adversely impact returns for Shareholders.

##### ***The Group must be able to respond to technological change***

Clients' progressive adoption of digital formats and channels may impact market demand for the Group's products and services. The Group is committed to developing or procuring new types of technology in order to be able to provide the latest services to clients and therefore maintain its competitive position.

There is a risk that the systems and equipment utilised by the Group could be superseded earlier than anticipated by management and, therefore, impact market demand for the Group's products and services. Further investment could then be required by the Group to develop or acquire the latest technology in order to maintain its position in the market.

##### ***Existing client concentration may mean that the loss of a major client could materially decrease sales***

A substantial percentage of the Group's revenues are derived from a relatively small number of clients and therefore the loss of one or more of these clients could have a material impact on the Group's sales. This could result in a material decrease in profitability whilst new contracts are sought and excess capacity reduced.

In the six month period ended 30 June 2012 the top five clients of the Group accounted for approximately 51 per cent. of sales.

***Due to high operational gearing, a loss of volume could significantly impact profitability***

The risks are that the Group will not:

- adapt sufficiently quickly to any technological change or downturn in demand, with a consequent loss of competitiveness and profitability;
- have adequate resources to invest in new technology and services;
- retain its major client portfolio, without replacement, or recover debts; and
- diversify sufficiently into other market sectors.

The Group is operationally geared with a cost base that is reasonably fixed in the short to medium term so any loss of volume can significantly impact profitability and cash flow, thereby potentially compromising the Group's ability to pay dividends to Shareholders.

***Framework contracts with complex arrangements may result in litigation or losses through higher than anticipated costs***

A substantial proportion of the Group's activities are conducted within the terms of multi-year framework contracts with clients, often for a range of different services. The contract terms usually contain complex commercial, legal and financial arrangements.

The risk is that over the life of the contract the practical working relationships may differ from those anticipated at the outset, giving rise to the potential for dispute, commercial damage and financial loss.

***Operations rely on uninterrupted IT systems and the safeguarding of client data***

The Group's operations depend upon the uninterrupted operation of its complex computer networks and systems, as well as its ability to access the networks of other parties.

The Group also processes confidential and personal data on behalf of clients as part of its core services.

The risks are that:

- a failure to maintain a secure and fully functional IT infrastructure could result in an inability to meet contractual service obligations; and
- the confidentiality, integrity and availability of information processed by the Group could be compromised by human error, systems failure, equipment malfunction or deliberate unauthorised action, either of which could result in reputational damage and financial loss.

***A change in pension scheme assumptions could increase the pension deficit***

Communis has continuing obligations under a defined benefit pension scheme that is now closed to new entrants. The IAS19 pension deficit was £15.2 million as at 30 June 2012. The risk is that any changes in life expectancy, or other assumptions, such as interest rates, equity returns or discount rates could require substantial future cash contributions to eliminate any resulting increase in the pension scheme deficit and therefore decrease the Group's ability to pay dividends to Shareholders or to expand the business through continued investment.

***Potential lease liabilities from past disposals could result in high cash costs to the Group***

The Group has contingent liabilities where it has provided rental guarantees to landlords in respect of certain leasehold properties occupied by companies that were formerly subsidiaries in the Group, but have subsequently been sold. The principal risk is that current leasehold occupants will become insolvent and that guarantees will be called, resulting in a material cash cost to the Group. The guarantees relate to leases with remaining terms that vary from a few months to 11 years. The maximum liability is approximately £1.2 million per annum until 2016, with the amount reducing thereafter as certain leases reach the end of their term or the Group is able to exercise break clauses allowing it to terminate certain leases.

## **2. RISKS RELATING TO THE FUNDRAISING AND THE ORDINARY SHARES**

### ***Possible volatility of the Share price***

The market price of the Ordinary Shares may be affected by a variety of factors, including, but not limited to, changes in sentiment regarding the Ordinary Shares, variations in the Group's operating results compared with the expectations of market analysts and investors, its business development or those of its competitors, the operating performance of its competitors or speculation about the Group's business. Shareholders should therefore be aware that the value of the Ordinary Shares can go down as well as up.

Historically there has been a lack of liquidity in the market for the Ordinary Shares, with relatively low daily trading volumes in the Ordinary Shares compared to the average daily volume for companies admitted to trading on the Main Market. This lack of liquidity has the potential to increase the share price volatility of the Ordinary Shares.

### ***Impact of further issues of Ordinary Shares and significant disposals of Ordinary Shares on the Share price***

Although there is no current intention to do so (other than pursuant to the Fundraising and under the Company's share option schemes), it is possible that the Company may decide to offer additional Shares in the future (for example to finance corporate acquisitions). In addition, the granting of employee share options in respect of Ordinary Shares is an integral element of the Group's remuneration policy. An additional offering of Ordinary Shares by the Company, significant sales of Ordinary Shares by employees or major Shareholders, or the public perception that an offering or sales may occur, could have an adverse effect on the market price of Ordinary Shares.

### ***Ability to pay dividends is not guaranteed***

Whilst the Company has historically paid dividends to Shareholders, its ability to do so is a function of the profitability of the Group, its available cash resources and the extent to which, as a matter of law, the Company has available to it sufficient distributable reserves out of which any proposed dividend may be paid. Whilst the Group can give no assurances to Shareholders that it will be able to pay a dividend going forward, the Board recognises the importance of dividends to Shareholders.

### ***Shareholders will experience dilution in their ownership of Communisis as a result of the Firm Placing and Placing, and Shareholders who do not acquire New Ordinary Shares in the Open Offer will experience further dilution in their ownership of Communisis***

Following the issue of the New Ordinary Shares pursuant to the Firm Placing and Placing, Qualifying Shareholders will suffer an immediate dilution in their proportion of ownership and voting interests in the Enlarged Ordinary Share Capital. Qualifying Shareholders who do not take up their *pro rata* entitlement in full pursuant to the Open Offer, and Shareholders in any Excluded Territory, will suffer an immediate further dilution in their proportionate ownership and voting interests in the Enlarged Ordinary Share Capital.

### ***The ability of Overseas Shareholders to bring enforcement actions or enforce judgments against Communisis or the Directors may be limited***

The ability of an Overseas Shareholder to bring an action against Communisis may be limited under law. Communisis is a public limited company incorporated in England and Wales. The rights of holders of Ordinary Shares are governed by the laws of England and Wales and by the Articles. These rights differ from the rights of shareholders in typical US corporations and some other non-UK corporations. An Overseas Shareholder may not be able to enforce a judgment against some or all of the Directors and executive officers. All of the Directors and executive officers are residents of the UK. Consequently, it may not be possible for an Overseas Shareholder to effect service of process upon the Directors and executive officers within the Overseas Shareholder's country of residence or to enforce against the Directors and executive officers judgments of courts of the Overseas Shareholder's country of residence based on civil liabilities under that country's securities laws. There can be no assurance that an Overseas Shareholder will be able to enforce any judgments in civil and commercial matters or any judgments under the securities laws of countries other than the UK against the Directors or executive officers who are residents of the UK or

countries other than those in which judgment is made. In addition, English or other courts, may not impose civil liability on the Directors or executive officers in any original action based solely on foreign securities laws brought against Communisis or the Directors or the executive officers in a court of competent jurisdiction in England and Wales or other countries.

## PART III

### IMPORTANT INFORMATION

#### 1. Presentation of financial information

The Company publishes its financial statements in Pounds Sterling (“£” or “sterling”). The abbreviation “£m” or “£ million” represents millions of Pounds Sterling, and references to “pence” and “p” represent pence in the UK.

The financial information presented in a number of tables in this document has been rounded to the nearest whole number or the nearest decimal place. Therefore, the sum of the numbers in a column may not conform exactly to the total figure given for that column. In addition, certain percentages presented in the tables in this document reflect calculations based upon the underlying information prior to rounding, and, accordingly, may not conform exactly to the percentages that would be derived if the relevant calculations were based upon the rounded numbers.

#### *International Financial Reporting Standards*

As required by the Companies Act and Article 4 of the European Union IAS Regulation, the consolidated financial statements of the Group are prepared in accordance with IFRS issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB as adopted by the European Union.

#### 2. Forward-looking statements

This document includes statements that are, or may be deemed to be, “forward-looking statements”. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms “believes”, “estimates”, “plans”, “anticipates”, “targets”, “aims”, “continues”, “expects”, “intends”, “may”, “will”, “would” or “should” or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding the Group’s and/or the Directors’ intentions, beliefs or current expectations concerning, among other things, the Group’s results, operations, financial condition, prospects, growth strategies and the markets in which the Group operates. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. A number of factors could cause actual results and developments to differ materially from those expressed or implied by the forward-looking statements, including without limitation: conditions in the markets, the market position of the Group, earnings, financial position, return on capital, anticipated investments and capital expenditure, changing business or other market conditions and general economic conditions. These and other factors could adversely affect the outcome and financial effects of the events described herein and the Group. Forward-looking statements contained in this document based on these trends or activities should not be taken as a representation that such trends or activities will continue in the future. None of the statements made in any way obviates the requirements of the Group and/or the Directors to comply with all applicable legal or regulatory requirements including, without limitation, the Prospectus Rules, the Disclosure and Transparency Rules and the Listing Rules.

These forward-looking statements are further qualified by risk factors disclosed in this document that could cause actual results to differ materially from those in the forward-looking statements. See the section of this document entitled “Risk Factors”.

These forward-looking statements speak only as at the date of this document. Except as required by the Listing Rules, the Disclosure and Transparency Rules, the Prospectus Rules and any applicable law, Communis and/or the Directors, do not have any obligation to update or revise publicly any forward-looking statement, whether as a result of new information, further events or otherwise. Except as required by the Listing Rules, the Disclosure and Transparency Rules, the Prospectus Rules and any applicable law, Communis and the Directors expressly disclaim any obligation or undertaking to release publicly any

updates or revisions to any forward-looking statement contained herein to reflect any change in Communisis' and/or the Directors' expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this document might not occur. Prospective investors should specifically consider the factors identified in this document which could cause actual results to differ before making an investment decision. Investors and Shareholders should note that the contents of these paragraphs relating to forward looking statements are not intended to qualify the statements made as to the sufficiency of working capital in this document.

### **3. Notice to Overseas Shareholders**

This document and the Application Form do not constitute or form part of an offer to sell or issue, or the solicitation of an offer to subscribe for or buy, any New Ordinary Shares to any person in any Excluded Territories. The New Ordinary Shares have not been and will not be registered under any securities regulatory authority or under any securities laws of any state or other jurisdiction of any Excluded Territory and may not be taken up, offered, sold, resold, transferred, delivered or distributed, directly or indirectly, within, into or from any Excluded Territory. There will be no public offer of securities in any Excluded Territory.

The ability of an Overseas Shareholder to bring an action against the Company may be limited under law. The Company is a public limited company incorporated in England and Wales under the Companies Act 1985. The rights of holders of Ordinary Shares are governed by English law and by the Articles. These rights differ from the rights of shareholders in typical US corporations and some other non-UK corporations.

All Overseas Shareholders and any person (including, without limitation, a nominee, custodian or trustee) who has a contractual or other legal obligation to forward this document or any Application Form, if and when received, or other document to a jurisdiction outside the UK, should read paragraph 5 of Part VIII of this document.

An Overseas Shareholder may not be able to enforce a judgment against some or all of the Directors and executive officers. All of the Directors and executive officers are residents of the UK. Consequently, it may not be possible for an Overseas Shareholder to effect service of process upon the Directors and executive officers within the Overseas Shareholder's country of residence or to enforce against the Directors and executive officers judgments of courts of the Overseas Shareholder's country of residence based on civil liabilities under that country's securities laws. There can be no assurance that an Overseas Shareholder will be able to enforce any judgments in civil and commercial matters or any judgments under the securities laws of countries other than the UK against the Directors or executive officers who are residents of the UK or countries other than those in which judgment is made. In addition, English or other courts may not impose civil liability on the Directors or executive officers in any original action based solely on the foreign securities laws brought against Communisis or the Directors or the executive officers in a court of competent jurisdiction in England or other countries.

### **4. Notice to all Shareholders**

Any reproduction or distribution of this document, in whole or in part, and any disclosure of its contents or use of any information contained in this document for any purpose other than considering an investment in the New Ordinary Shares is prohibited. By accepting delivery of this document, each offeree of the New Ordinary Shares agrees to the foregoing.

The distribution of this document and/or the Application Form into jurisdictions other than the UK may be restricted by law. Persons into whose possession these documents come should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. For further information on the Excluded Territories please see Part VIII of this document.

No action has been taken by the Company, N+1 Singer or Cenkos that would permit an offer of the New Ordinary Shares or possession or distribution of this document or any other offering or publicity material in any of the Excluded Territories.

**5. Incorporation of information by reference**

The contents of the websites of the Company (including any materials which are hyper-linked to such websites) do not form part of this document and prospective investors should not rely on them.

**6. References to defined terms**

Certain terms used in this document, including certain capitalised terms and certain technical and other terms, are defined and explained in the section headed “Definitions” on page 119.

**7. General notice**

Nothing contained in this document is intended to constitute investment, legal, tax, accounting or other professional advice. This document is for your information only and nothing in this document is intended to endorse or recommend a particular course of action. You should consult with an appropriate professional adviser for specific advice rendered on the basis of your situation.

## PART IV

### FIRM PLACING, PLACING AND OPEN OFFER STATISTICS

Basis of Open Offer	1 Open Offer Share for approximately every 11.284 Existing Ordinary Shares
Issue Price per New Ordinary Share	40 pence
Number of Ordinary Shares in issue as at the date of this document	141,047,775
Number of Ordinary Shares to be issued by the Company pursuant to the Fundraising	50,000,000
Number of Firm Placing Shares to be issued by the Company pursuant to the Firm Placing	37,500,000
Number of New Ordinary Shares to be issued by the Company pursuant to the Placing and Open Offer	12,500,000
Number of Ordinary Shares in issue immediately following Admission	191,047,775
New Ordinary Shares as a percentage of the Enlarged Ordinary Share Capital immediately following Admission <sup>(1)</sup>	26.17 per cent.
Estimated net proceeds of the Firm Placing, Placing and Open Offer receivable by the Company after expenses	£18.89 million
Estimated expenses of the Firm Placing, Placing and Open Offer	£1.11 million

- (1) On the assumption that no further Ordinary Shares are issued as a result of the exercise of any options under the Share Schemes between the posting of this document and Admission.

## PART V

### EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Record Date for entitlements under the Open Offer	5.30 p.m. on 11 February 2013
Announcement of the Issue	14 February 2013
Posting of Prospectus and Application Forms	15 February 2013
Ex entitlement date for the Open Offer	15 February 2013
Open Offer Entitlements credited to stock accounts of Qualifying CREST Shareholders in CREST	15 February 2013
Recommended latest time for requesting withdrawal of Open Offer Entitlements from CREST	4.30 p.m. on 26 February 2013
Latest time for depositing Open Offer Entitlements into CREST	3.00 p.m. on 27 February 2013
Latest time and date for splitting of Application Forms (to satisfy <i>bona fide</i> market claims only)	3.00 p.m. on 28 February 2013
Latest time and date for receipt of Forms of Proxy for use at the General Meeting	9.00 a.m. on 1 March 2013
<b>Latest time and date for receipt of completed Application Forms, and payment in full under the Open Offer and settlement of relevant CREST instructions (as appropriate)</b>	11.00 a.m. on 4 March 2013
Results of the Firm Placing, Placing and Open Offer announced through a Regulatory Information Service	8.00 a.m. on 5 March 2013
General Meeting	9.00 a.m. on 5 March 2013
Announcement of the results of the General Meeting	5 March 2013
<b>Admission and commencement of dealings in New Ordinary Shares</b>	8.00 a.m. on 6 March 2013
CREST Members' accounts credited in respect of New Ordinary Shares in uncertificated form	6 March 2013
Despatch of definitive share certificates for New Ordinary Shares in certificated form	on or around 14 March 2013

#### General notes

1. References to times in this document are to London time unless otherwise stated.
2. The times and dates set out in the Expected Timetable of Principal Events above and mentioned throughout this document may be adjusted by Communitis, in which event details of the new times and dates will be notified to the UK Listing Authority, the London Stock Exchange and, where appropriate, Qualifying Shareholders. In particular, in the event that withdrawal rights arise under Section 87Q of FSMA prior to Admission, Communitis and N+1 Singer may agree to defer Admission until such time as such withdrawal rights no longer apply.
3. Different deadlines and procedures for return of forms may apply in certain cases.
4. If you have any queries on the procedure for acceptance and payment, you should refer to Part IX of this document which answers some of the questions most often asked by shareholders about open offers or alternatively you should contact the Shareholder Helpline on 0871 664 0321 (UK only) or +44 20 8639 3399 (if calling outside the UK). This Shareholder Helpline is available from 9.00 a.m. to 5.30 p.m. (London time) Monday to Friday (except bank holidays). For legal reasons, the Shareholder Helpline will not be able to provide advice on the merits of the Firm Placing, Placing and Open Offer or to provide financial, tax or investment advice. Calls from within the UK are charged at 10 pence per minute (including VAT) plus your service provider's network extras. Calls to the helpline from outside the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes.

## PART VI

### DIRECTORS, COMPANY SECRETARY, REGISTERED OFFICE AND ADVISERS

<b>Directors</b>	Peter Charles Fletcher Hickson ( <i>Chairman</i> ) Andrew Martin Blundell ( <i>Chief Executive</i> ) Nigel Guy Howes ( <i>Finance Director</i> ) David Rushton ( <i>Group Managing Director</i> ) John Adrian Wells ( <i>Group Commercial Director</i> ) Michael Graham Firth ( <i>Non-Executive Director</i> ) Jane Griffiths ( <i>Non-Executive Director</i> )
<b>Company Secretary</b>	Sarah Louise Caddy
<b>Registered Office</b>	Wakefield Road Leeds LS10 1DU
<b>Sponsor and Joint Broker</b>	Nplus1 Singer Advisory LLP West One 114 Wellington Street Leeds LS1 1BA
<b>Joint Broker</b>	Cenkos Securities plc 6.7.8 Tokenhouse Yard London EC2R 7AS
<b>Legal Adviser to the Company</b>	Pinsent Masons LLP 1 Park Row Leeds LS1 5AB
<b>Legal Adviser to the Sponsor and Joint Brokers</b>	Walker Morris Kings Court 12 King Street Leeds LS1 2HL
<b>Auditors and Reporting Accountants</b>	Ernst & Young LLP 1 Bridgewater Place Water Lane Leeds LS11 5QR
<b>Registrars and Receiving Agent</b>	Capita Registrars The Registry 34 Beckenham Road Beckenham Kent BR3 4TU
<b>Financial Public Relations</b>	FTI Consulting Holborn Gate 26 Southampton Buildings London WC2A 1PB

## PART VII

### LETTER FROM THE CHAIRMAN OF COMMUNISIS PLC

*(Incorporated in England and Wales under the Companies Act 1985 with registered number 02916113)*



*Directors:*

Peter Charles Fletcher Hickson (*Chairman*)  
Andrew Martin Blundell (*Chief Executive*)  
Nigel Guy Howes (*Finance Director*)  
David Rushton (*Group Managing Director*)  
John Adrian Wells (*Group Commercial Director*)  
Michael Graham Firth (*Non-Executive Director*)  
Jane Griffiths (*Non-Executive Director*)

*Registered Office:*

Wakefield Road  
Leeds  
West Yorkshire  
LS10 1DU

14 February 2013

*To Qualifying Shareholders and, for information only, to holders of options under the Share Schemes*

Dear Shareholder,

**Firm Placing of 37,500,000 New Ordinary Shares and Placing and Open Offer of 12,500,000 New Ordinary Shares at a price of 40 pence per share, application for admission of 50,000,000 New Ordinary Shares to the Official List and to trading on the London Stock Exchange's Main Market and Notice of General Meeting**

#### **1. Introduction**

Communis announced on 14 February 2013 that it intends to raise gross proceeds of £20 million through a Firm Placing, Placing and Open Offer comprising the issue of 50,000,000 New Ordinary Shares at 40 pence per New Ordinary Share, raising net proceeds of £18.89 million, after expenses of £1.11 million. The Firm Placing, Placing and Open Offer are not underwritten. The Issue Price represents a discount of 12.33 per cent. to the Closing Price of 45.625 pence per Ordinary Share on 13 February 2013 (being the last Business Day before the announcement of the Firm Placing, Placing and Open Offer).

The Fundraising is conditional on Shareholder approval to give the Directors the required authorities to allot the requisite number of New Ordinary Shares and to disapply statutory pre-emption rights in relation to the allotment of the New Ordinary Shares and to approve the Issue Price, which is at a discount of 12.33 per cent. to the closing middle market price as at 13 February 2013 (being the last Business Day before the announcement of the Firm Placing, Placing and Open Offer). Pursuant to the Listing Rules, Shareholder approval is required where such a discount is greater than 10 per cent.

At the end of this document you will find the Notice of General Meeting at which the Resolutions will be proposed in connection with the Fundraising. The General Meeting has been convened for 9.00 a.m. on 5 March 2013 and will take place at the offices of Pinsent Masons LLP, 30 Crown Place, Earl Street, London EC2A 4ES.

The Board unanimously considers the Fundraising to be in the best interests of the Company and its Shareholders as a whole and recommends that Shareholders vote in favour of all of the Resolutions. The net proceeds of the Fundraising will help the Group achieve its strategic objectives, which the Board believes in turn will promote the growth in total shareholder returns.

I am writing to give you details of the Fundraising, including the background to and reasons for it, to explain why your Board considers the Fundraising to be in the best interests of Shareholders and to seek your approval of all of the Resolutions.

## **2. Background to the Fundraising**

The Board's core business objective is to improve the Group's proposition as a marketing services provider, including its ability to deliver a range of tailored services, either individually or in combination, that meet the particular and changing needs of each client. Its principal financial objective is to increase profitability so as to deliver double digit operating profit margin on sales (excluding pass through) over the medium term. The Board aims to achieve this through the pursuit of a number of strategic initiatives, including:

- growing sales both organically and by further acquisitions of businesses in specialist complementary areas to leverage the Group's ability to cross-sell services to new and existing clients;
- extending activities to broaden and deepen the service offering;
- further diversifying the client portfolio beyond the financial services sector;
- following international clients into overseas markets;
- investing in specialist processing capabilities, notably high-speed colour digital platforms; and
- continuing to optimise the direct cost and overhead base.

Communis has continued to execute its growth strategy both organically and through acquisition in the last 12 months, as demonstrated by:

- winning new multi-year contracts, many of which already deliver double digit margin on sales. New contracts include those awarded by British Telecommunications plc and Nationwide Building Society announced on 26 November 2012 and 8 January 2013, respectively;
- the broadening of the sectors serviced, with increased aggregate revenues in the consumer goods, utilities, retail and telecommunications sectors;
- the completion of three acquisitions (Kieon Limited ("Kieon"), Yomego Limited ("Yomego") and The Garden Marketing Limited ("Garden Marketing")) in strategic growth areas for an aggregate net cash consideration of £1.5 million; and
- the expansion of its capabilities in on-line communication, social media and specialist content management as a result of these acquisitions.

Following the significant contract wins referred to above, the Company expects to generate over 70 per cent. of its 2013 revenues from all of its multi-year contracts. These contracts will utilise cash resources for working capital due to the timing differences between receipts from clients and the cash costs incurred in delivering services. The terms of new contracts can include a contribution to the costs of migrating clients' business critical processes to a new supplier. In addition, some of the contracts have a capital expenditure requirement for the Company (for example, in relation to printing equipment and specialist software) in order to deliver the requisite services. Approximately £6.0 million of the net proceeds of the Fundraising will be used for such investment in new contracts.

In line with its strategy of improving the efficiency of its operations, the Company announced in November 2012 the closure of its cheque personalisation facility in Lisburn, Northern Ireland and the consolidation of production at certain other facilities. A further restructuring of the direct mail operations in Leeds was also announced at the same time in order to reduce costs following pricing pressures in the market and falling demand in some areas, particularly in the insurance sector. Both programmes are expected to be completed during the first quarter of 2013, with the aggregate cash costs being approximately £1.4 million.

After deducting the known cash costs identified above, the net proceeds of the Fundraising will be used to fund small acquisitions, in line with the Group's stated strategy, and to fund the expected working capital effects of recent new contract wins.

The Board targets the key metrics below when appraising investment opportunities and these are consistent with the objective of delivering double digit operating margins on sales (excluding pass through). Average projected returns on a basket of recent contracts and projects are significantly in excess of these targets.

- a minimum contribution on sales of 20 per cent.;
- a minimum internal rate of return of 20 per cent.; and
- a maximum payback period of three years.

The Directors believe that the net proceeds received from the Fundraising will allow the Group to achieve its stated objectives more quickly than if its capital resources were restricted to those currently available. In the event that the Fundraising does not proceed, the Company will utilise its debt facilities to fund the applicable working capital and other costs, in respect of existing and recently awarded contracts. However, Communisis might be restricted from tendering for new contracts, making acquisitions or implementing further cost reduction programmes due to the reduced headroom on its debt facilities, if the Fundraising does not proceed.

### 3. Use of Proceeds

As described in paragraph 2 of this Part VII, the net proceeds of the Firm Placing, Placing and Open Offer of approximately £18.89 million will be used for investment in new contracts and to finance restructuring costs, small acquisitions and working capital. Investment in new contracts includes payments for migrating services from previous suppliers, capital expenditure and specialist software. The Fundraising is considered by the Directors to be in the best interests of Shareholders as it will allow the Company to pursue its stated strategy more effectively. The intended uses of the gross proceeds are set out below.

	<i>£ million</i>
Investment in new contracts	6.0
Restructuring costs in connection with Lisburn and Leeds operations	1.4
Funding for small acquisitions and working capital	11.5
Expenses in relation to the Fundraising	1.1
	20.0
Gross proceeds from the Fundraising	20.0

Immediately following the Fundraising, outstanding Group net debt will reduce by approximately £18.89 million. The cash outflows in respect of funding for new contracts are expected to be over a period of six months following the Fundraising, based on known contract awards as at the date of this document.

### 4. Information on the Firm Placing, Placing and Open Offer

It was announced on 14 February 2013 that the Company proposes to raise, in aggregate, approximately £20 million (approximately £18.89 million net of expenses) by way of a Firm Placing of 37,500,000 New Ordinary Shares to certain new and existing institutional investors and a Placing and Open Offer of 12,500,000 New Ordinary Shares, representing, in aggregate, 26.17 per cent. of the Enlarged Share Capital, at an issue price of 40 pence per Share. The Joint Brokers have conditionally placed the Firm Placing Shares at the Issue Price pursuant to the Placing Agreement. The Joint Brokers have conditionally pre-placed all of the Placing Shares with institutional investors on behalf of the Company at the Issue Price, subject to clawback by Qualifying Shareholders in order to satisfy valid applications under the Open Offer.

The Issue Price of 40 pence per New Ordinary Share represents an effective 12.33 per cent. discount to the Closing Price of 45.625 pence on 13 February 2013, being the Business Day prior to the announcement of the Issue. The Issue Price has been set by the Directors following their assessment of market conditions and following discussions with a number of institutional investors. The Directors are in agreement that the level of discount and method of issue are appropriate to secure the investment necessary.

The Issue is conditional, *inter alia*, upon the following:

- (i) Resolutions 1, 2 and 3 being passed by Shareholders at the General Meeting;
- (ii) the Placing Agreement becoming unconditional; and
- (iii) Admission being effective.

Accordingly, if any of such conditions are not satisfied, or, if applicable, waived, the Issue will not proceed and any Open Offer Entitlements admitted to CREST will thereafter be disabled.

A Qualifying Non-CREST Shareholder who has sold or transferred all or part of their holding of Existing Ordinary Shares prior to 15 February 2013, being the date upon which the Existing Ordinary Shares were marked “ex” the entitlement to the Open Offer by the London Stock Exchange, should consult their broker or other professional adviser as soon as possible, as the invitation to acquire Open Offer Shares under the Open Offer may be a benefit which may be claimed by the transferee. Qualifying Non-CREST Shareholders who have sold all or part of their registered holdings should, if the market claim is to be settled outside CREST, complete Box 8 on the Application Form and immediately send it to the stockbroker, bank or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee. The Application Form should not, however, subject to certain exceptions, be forwarded to or transmitted in or into the Excluded Territories.

Application has been made to the UKLA for the New Ordinary Shares proposed to be issued in connection with the Firm Placing, Placing and Open Offer to be admitted to the Official List and to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on its Main Market. It is expected that Admission of the New Ordinary Shares will become effective, and that dealings in the New Ordinary Shares will commence, shortly after the date of the General Meeting.

## 5. The Firm Placing

The Joint Brokers have conditionally placed firm the Firm Placing Shares at the Issue Price pursuant to the Placing Agreement. The Firm Placing Shares represent approximately 75 per cent. of the New Ordinary Shares and have been placed with certain institutional investors. The Firm Placing Shares are not subject to clawback. The Firm Placing is conditional, *inter alia*, upon the passing, without amendment, of the Resolutions and Admission taking place.

The Company is aware that the following institutional investors have committed to subscribe for more than 5 per cent. of the total number of New Ordinary Shares to be issued:

<i>Investor</i>	<i>Number of New Ordinary Shares</i>	<i>Percentage of New Ordinary Shares to be issued under the Firm Placing, Placing and Open Offer</i>
Henderson Global Investors Ltd	14,280,000	28.6%
Ignis Investment Services Limited	2,579,000	5.2%
Investec Asset Management Limited	5,664,000	11.3%
Seren Capital Management	5,000,000	10.0%

## 6. The Placing and Open Offer Shares

The Joint Brokers have also conditionally placed the Placing Shares with new and existing institutional investors at the Issue Price. The Placing Shares will be subject to clawback to satisfy valid applications under the Open Offer.

Qualifying Shareholders have the opportunity under the Open Offer to subscribe for Open Offer Shares at the Issue Price, payable in full on application and free of expenses, *pro rata* to their existing shareholdings, on the following basis:

**1 Open Offer Share for approximately every 11.284 Existing Ordinary Shares**

held by them and registered in their names on the Record Date and so in proportion to any other number of Existing Ordinary Shares then held, rounded down to the nearest whole number of Open Offer Shares. Qualifying Shareholders may apply for any whole number of Open Offer Shares up to their Open Offer Entitlement.

Peter Hickson, Andrew Blundell, Michael Firth, David Rushton and John Wells, Directors of the Company, have indicated their intention to apply for their full *pro rata* entitlements under the Open Offer of 110,778, 6,203, 17,720, 580 and 18,835 New Ordinary Shares, respectively.

**The Open Offer is not a rights issue. Qualifying CREST Shareholders should note that although the Open Offer Entitlements will be admitted to CREST and be enabled for settlement, the Open Offer Entitlements will not be tradable and applications in respect of the Open Offer Entitlements may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim raised by Euroclear's Claims Processing Unit. 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. Qualifying Shareholders who do not apply to take up their Open Offer Entitlements will have no rights under the Open Offer or receive any proceeds from it.**

Application has been made for the Open Offer Entitlements of Qualifying CREST Shareholders to be admitted to CREST. It is expected that such Open Offer Entitlements will be admitted to CREST on 15 February 2013. The Open Offer Entitlements will also be enabled for settlement in CREST on 15 February 2013 to satisfy *bona fide* market claims only. Applications through the CREST system may only be made by the Qualifying CREST Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim.

Further details of the Open Offer and the terms and conditions on which it is being made, including the procedure for application and payment, are contained in Part VIII of this document and for Non-CREST Qualifying Shareholders on the accompanying Application Form. To be valid, Application Forms or CREST instructions (duly completed) and payment in full for the Open Offer Shares applied for must be received by the Company's registrars by 11.00 a.m. on 4 March 2013. Application Forms should be returned to Capita Registrars, at Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU.

Qualifying Non-CREST Shareholders will have received an Application Form with this document which sets out their maximum entitlement to Open Offer Shares as shown by the number of Open Offer Entitlements allocated to them.

Qualifying CREST Shareholders should note that, although their entitlement 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 raised by Euroclear's Claims Processing Unit.

Qualifying Non-CREST Shareholders should note that their Application Form is not a negotiable document and cannot be traded. 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 VIII and, where relevant, on the Application Form.

Qualifying CREST Shareholders will receive a credit to their appropriate stock accounts in CREST in respect of their Open Offer Entitlements on 15 February 2013.

### **General**

The New Ordinary Shares will, when issued and fully paid, rank *pari passu* in all respects with the Existing Ordinary Shares, including ranking in full for all dividends and distributions declared, made or paid after Admission.

The Open Offer is not being made to Overseas Shareholders in Excluded Territories, whose attention is drawn to paragraph 5 of Part VIII of this document.

If the conditions of the Placing Agreement are not fulfilled or (where capable of waiver) waived on or before 8.00 a.m. on 6 March 2013 (or such later time and date as the Company, N+1 Singer and Cenkos may agree, being not later than 8.00 a.m. on 5 April 2013), the Open Offer will not become unconditional and application monies will be returned to applicants, without interest, as soon as practicable thereafter.

Although there is no current intention to do so (other than pursuant to the Fundraising and under the Share Schemes), it is possible that the Company may decide to offer additional Shares in the future (for example to finance corporate acquisitions).

### ***Share Options***

Options are outstanding over Ordinary Shares pursuant to the Share Schemes which are summarised at paragraph 5 of Part XV of this document. The Directors will determine what adjustments will be made to outstanding options, in accordance with the rules of the Share Schemes, to take into account the effects of the Fundraising, in particular to reflect the dilutive effect of the Fundraising, following the ex-entitlement date for the Open Offer. In order to effect this, the Directors will need Shareholder approval to capitalise reserves.

## **7. Information on Communisis**

The Company specialises in helping clients communicate with their customers more effectively and more profitably in fast-changing markets. Services are mainly focused on the integrated design, production and deployment of personalised customer communications. These communications are typically of a marketing, regulatory or transactional nature and can be distributed either on paper or in digital formats through email, text message, mobile content or social media.

The Company operates predominantly in the UK but also has operations overseas and aims to derive 20 per cent. of its revenues from markets outside of the UK by 31 December 2015.

The Group operates in an overall market which the Board believes is attractive and fast-moving. There are growing trends toward the outsourcing of outbound customer communication services, precision marketing through personalised communications and more consistent messaging in global campaigns. There is also a progressive migration from print to digital formats for many types of customer communication and an increasing client need to demonstrate improved returns on transactional processing and marketing spend. Communisis' ability to deliver personalised communications securely, reliably and at scale will allow it to capitalise on these trends.

The Communisis data intelligence team experienced a reduction in core demand from the insurance sector, in which it specialises, during 2012 but there continues to be a growing demand for data insight and services in other sectors.

To develop its offering in these areas and as part of its new product development programme, the Communisis data intelligence team delivered a database management project for Speedy Hire plc.

The transactional and regulatory work performed by the Company is typically carried out under long term contracts and, due to the nature of the work, provides the Company with a reasonable degree of revenue predictability. In addition, the demand for these services is less likely to be affected by macro-economic factors because the transactional nature of the communications makes them a business necessity.

Competitive differentiation is built on the breadth of the Company's portfolio of customer communication services, its market-leading technology, including Hewlett Packard high-speed colour digital platforms, the scale of the Group's operations and the depth of its embedded expertise and innovative capabilities. Communisis has some of the best-known companies in the UK as its clients.

## **8. Current Trading and Prospects**

Trading for the year ended 31 December 2012 was in line with the Board's expectations and the Directors believe that the Group has a strong new business pipeline. The new business that has already been secured, such as the recently announced contract wins with British Telecommunications plc and Nationwide Building Society, will contribute from early in 2013. The Group's client-led international expansion has progressed well, with approximately 7 per cent. of its revenues derived from overseas sources in 2012 (2011:

approximately 4 per cent.). Net debt as at 31 December 2012 was approximately £21 million (2011: £24.7 million).

The Group's markets continue to evolve rapidly and present considerable opportunities for Communisis to demonstrate its client proposition. An increasing number of leading consumer-facing brands recognise the value of the Group's ability to design, produce and deploy their customer communications efficiently, reliably and at scale. This has led to more projects incorporating design services and has resulted in a strong pipeline of bids.

The Group expects annualised revenues from new business to more than offset the reduction in demand for more mature services. This is emphasised by the substantial multi-year contract awards announced during the last three months. The Group also continues to manage its cost base in line with market developments so as to maintain competitiveness and margins.

The recent contract wins indicate strong support for the Group's service offering which covers both the processes to deliver one-to-one communications and management of the content within those communications. These capabilities are expected to be a key driver of growth in 2013 and beyond.

Following changes in guidance on the basis of the calculation and presentation of pension charges under International Accounting Standard 19 ("IAS19"), Communisis' results for the year ending 31 December 2013 will include an increased non-cash charge in respect of the Pension Scheme. The total charge for the Pension Scheme is expected to be approximately £1.4 million (2012: credit of £0.1 million). This amount includes the costs of running the Pension Scheme of approximately £0.6 million, which for the 2013 financials will be classified as an administrative cost, rather than being included in the finance charge. This represents a change in accounting policy in 2013 and the comparative for the year ended 31 December 2012 will be restated to reflect this. This change in accounting policy has no impact on the Group's cash payments to the Pension Scheme, which (excluding administrative costs) are limited to £1.15 million until at least 2015.

## **9. Dividend Policy**

The Directors intend to maintain a progressive dividend policy, with an appropriate level of cover, which is consistent with their views of the Group's cash flows and growth prospects. The Group declared dividends of 1.5 pence per share in the year ended 31 December 2011 (1.29 pence in 2010), an increase of 16 per cent. on the prior year. The Group declared an interim dividend of 0.55 pence in 2012, an increase of 10 per cent. on the prior period (0.50 pence in 2011).

## **10. General Meeting**

A notice convening the General Meeting to be held at 9.00 a.m. on 5 March 2013 at the offices Pinsent Masons LLP, 30 Crown Place, Earl Street, London EC2A 4ES is set out at the end of this document. The purpose of the General Meeting is to seek Shareholder approval of the Resolutions in connection with the Firm Placing, Placing and Open Offer.

A summary of the Resolutions is set out below:

### ***Resolution 1 – authority to allot***

An ordinary resolution to authorise the Directors to allot Ordinary Shares up to a maximum nominal amount of £12,500,000 pursuant to the Firm Placing, Placing and Open Offer, representing approximately 35.45 per cent. of Communisis' issued share capital as at 13 February 2013 (being the last practicable date before the publication of this document).

This resolution will allow Communisis to allot sufficient Ordinary Shares to satisfy its obligations in connection with the Issue. This authority will expire at the conclusion of the next annual general meeting of the Company. This resolution is conditional upon the passing of Resolutions 2 and 3.

***Resolution 2 – allotting shares at a discount of more than 10 per cent.***

An ordinary resolution to authorise the Directors to allot Ordinary Shares at an issue price that is at a discount of more than 10 per cent. to the closing middle market price of the Ordinary Shares as at 13 February 2013 (being the last Business Day before the announcement of the Firm Placing, Placing and Open Offer).

This authority will expire at the conclusion of the next annual general meeting of the Company. This resolution is conditional upon the passing of all of Resolutions 1 and 3.

***Resolution 3 – disapplication of pre-emption rights***

A special resolution to disapply statutory pre-emption rights in relation to the allotment of equity securities. This resolution will authorise the Directors to allot shares for cash pursuant to the authority conferred on them by Resolution 1 as if section 561 of the Companies Act did not apply to such allotment, provided that such power shall be limited to the allotment of the Ordinary Shares up to a maximum nominal amount of £12,500,000 pursuant to the Firm Placing, Placing and Open Offer. This represents approximately 35.45 per cent. of Communisis' issued share capital as at 13 February 2013 (being the last practicable date before the publication of this document).

This authority will expire at the conclusion of the next annual general meeting of the Company. This Resolution is conditional upon the passing of Resolutions 1 and 2.

***Resolution 4 – authority to capitalise reserves***

An ordinary resolution to authorise the Directors, upon the exercise of an option granted under the Sharesave Scheme, to capitalise reserves of the Company and apply the same to the extent required to meet the amount by which the exercise price of such an option is, following an adjustment in accordance with the rules of the Sharesave Scheme, less than the nominal value of an Ordinary Share.

This resolution will allow Communisis to ensure that holders of Sharesave Scheme options are treated fairly in the adjustments applied to their options in consequence of the Fundraising by, if necessary, adjusting the option exercise price to below nominal value. The amounts involved cannot be ascertained until the basis for adjustment is determined following the ex-entitlement date for the Open Offer, but are not considered to be significant in the overall context of the Fundraising. This resolution is conditional upon the passing of all of Resolutions 1, 2 and 3.

**11. Recommendation**

**The Board believes that the Fundraising is in the best interests of the Company and its Shareholders as a whole.**

**Accordingly, the Board unanimously recommends that you vote in favour of the Resolutions to be proposed at the General Meeting, as the Directors have irrevocably undertaken to the Company to do (or as the case may be, procure) in respect of all of the Existing Ordinary Shares in which the Directors or connected persons are beneficially interested, representing approximately 1.24 per cent. of the issued share capital of the Company.**

Yours sincerely

**Peter Hickson**

*Chairman*

## PART VIII

### TERMS AND CONDITIONS OF THE OPEN OFFER

*As explained in the letter set out in Part VII of this document, the Company is proposing to issue 50,000,000 New Ordinary Shares to raise through the Firm Placing, Placing and Open Offer, approximately £18.89 million (net of expenses).*

*Upon completion of the Firm Placing, Placing and Open Offer, the New Ordinary Shares will represent approximately 26.17 per cent. of the Company's Enlarged Ordinary Share Capital and the Existing Ordinary Shares will represent approximately 73.83 per cent. of the Enlarged Ordinary Share Capital. New Ordinary Shares issued through the Placing and Open Offer and New Ordinary Shares issued as part of the Firm Placing will account for approximately 25 per cent. and 75 per cent., respectively, of the total New Ordinary Shares.*

*The Record Date for entitlements under the Open Offer for Qualifying CREST Shareholders and Qualifying Non-CREST Shareholders is as at the close of business on 11 February 2013. Application Forms for Qualifying Non-CREST Shareholders accompany this document and Open Offer Entitlements are expected to be credited to stock accounts of Qualifying CREST Shareholders in CREST by 15 February 2013. The latest time and date for receipt of completed Application Forms and payment in full under the Open Offer and settlement of relevant CREST instructions (as appropriate) is expected to be 11.00 a.m. on 4 March 2013 with Admission and commencement of dealings in Open Offer Shares expected to take place at 8.00 a.m. on 6 March 2013.*

*This document and, for Qualifying Non-CREST Shareholders only, the Application Form, contains the formal terms and conditions of the Open Offer. Your attention is drawn to paragraph 3 of this Part VIII, which gives details of the procedure for application and payment for the Open Offer Shares. The attention of Overseas Shareholders is drawn to paragraph 5 of this Part VIII below.*

*The Open Offer Shares will, when issued and fully paid, rank equally in all respects with Existing Ordinary Shares, including the right to receive all dividends or other distributions made, paid or declared, if any, by reference to a record date after Admission.*

*Communis is proposing to issue 12,500,000 Open Offer Shares at the Issue Price conditional, inter alia, on Admission, in respect of valid applications by Qualifying Shareholders at the Issue Price.*

*Application has been made to the Financial Services Authority for the Open Offer Shares to be admitted to the Official List and to the London Stock Exchange for the Open Offer Shares to be admitted to trading on the Main Market.*

*The Open Offer is an opportunity for Qualifying Shareholders to apply for, in aggregate, 12,500,000 Open Offer Shares pro rata to their current holdings at the Issue Price of 40 pence per share in accordance with the terms and conditions of the Open Offer.*

*Any Qualifying Shareholder who has sold or transferred all or part of his/her registered holding(s) of Ordinary Shares prior to the close of business on 15 February 2013 is advised to consult his or her stockbroker, bank or other agent through or to whom the sale or transfer was effected as soon as possible since the invitation to apply for Open Offer Shares under the Open Offer may be a benefit which may be claimed from him/her by the purchasers under the rules of the London Stock Exchange.*

#### **1. The Open Offer**

Subject to the terms and conditions set out below and, where relevant, in the Application Form, the Company hereby invites Qualifying Shareholders to apply for Open Offer Shares *pro rata* to their existing shareholdings at a price of 40 pence per Ordinary Share, payable in full in cash on application, free of all expenses, on the basis of:

**1 Open Offer Share for approximately every 11.284 Existing Ordinary Shares**

held by Qualifying Shareholders at the Record Date and so in proportion for any other number of Existing Ordinary Shares then held, rounded down to the nearest whole number of Open Offer Shares.

Holdings of Ordinary Shares in certificated and uncertificated form will be treated as separate holdings for the purpose of calculating entitlements under the Open Offer.

Fractions of Open Offer Shares will not be allocated to Qualifying Shareholders and entitlements to apply for Open Offer Shares will be rounded down to the nearest whole number of New Ordinary Shares.

The action to be taken in relation to the Open Offer depends on whether, at the time at which application and payment is made, you have an Application Form in respect of your entitlement under the Open Offer or have Open Offer Entitlements credited to your stock account in CREST.

If you have received an Application Form with this document please refer to paragraph 3.1 of this Part VIII.

If you hold your Ordinary Shares in CREST and have received a credit of Open Offer Entitlements to your CREST stock account, please refer to paragraph 3.2 of this Part VIII and also to the CREST Manual for further information on the CREST procedures referred to below.

The attention of Overseas Shareholders or any person (including, without limitation, a custodian, nominee or trustee) who has a contractual or other legal obligation to forward this document into a jurisdiction other than the UK is drawn to paragraph 5 below. The Firm Placing, Placing and Open Offer will not be made into any Excluded Territories. Qualifying Shareholders with a registered address in an Excluded Territory will not be sent an Application Form.

Following the issue of New Ordinary Shares to be allotted pursuant to the Firm Placing, Placing and Open Offer, Qualifying Shareholders who take up their full Open Offer Entitlements will suffer a dilution of up to 19.63 per cent. to their interests in the Company.

**Qualifying Shareholders who do not take up any of their Open Offer Entitlements will suffer a dilution of up to 26.17 per cent. to their interests in the Company.**

**The Open Offer is not a rights issue. Qualifying CREST Shareholders should note that, although the Open Offer Entitlements will be admitted to CREST and be enabled for settlement, the Open Offer Entitlements will not be tradable and applications in respect of the Open Offer Entitlements may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim raised by Euroclear's Claims Processing Unit. 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 and Qualifying Shareholders who do not apply to take up their Open Offer Entitlements will have no rights under the Open Offer or receive any proceeds from it.**

The Existing Ordinary Shares are listed on the Official List and admitted to trading on the Main Market. Applications have been made to the UKLA and the London Stock Exchange for the New Ordinary Shares to be listed on the Official List and to be admitted to trading on the Main Market. It is expected that Admission will become effective at 8.00 a.m. on 6 March 2013 and that dealings for normal settlement in the New Ordinary Shares will commence at 8.00 a.m. on 6 March 2013.

The Existing Ordinary Shares are already admitted to CREST. Application has been made for the New Ordinary Shares to be admitted to CREST on Admission. The Existing Ordinary Shares and the New Ordinary Shares, when issued and fully paid, may be held and transferred by means of CREST.

Application has been made for the Open Offer Entitlements to be admitted to CREST. The Open Offer Entitlements are expected to be admitted to CREST with effect from 15 February 2013.

The Open Offer Shares will be issued credited as fully paid and rank *pari passu* in all respects with the Existing Ordinary Shares. The Open Offer Shares are not being made available in whole or in part to the public except under the terms of the Open Offer.

## **2. Conditions of the Open Offer**

The Open Offer is conditional upon the Placing Agreement becoming or being declared unconditional in all respects by 8.00 a.m. on 6 March 2013 (or such later time and/or date as the Company, N+1 Singer and Cenkos may agree, being not later than 8.00 a.m. on 5 April 2013) and the Placing Agreement not being terminated in accordance with its terms prior to Admission. The Placing Agreement is conditional, *inter alia*, upon:

- (i) the passing of Resolutions 1, 2 and 3; and
- (ii) Admission becoming effective on or before 8.00 a.m. on 6 March 2013 (or such later date and/or time as the Company, N+1 Singer and Cenkos may agree, being no later than 8.00 a.m. on 5 April 2013).

Further details of the Placing Agreement are set out in paragraph 13 of Part XV of this document. Further terms of the Open Offer are set out in the Application Form (in respect of Qualifying Non-CREST Shareholders). If the Placing Agreement is not declared or does not become unconditional in all respects by 8.00 a.m. on 6 March 2013 or such later time and date as the Company, N+1 Singer and Cenkos shall agree (being no later than 8.00 a.m. on 5 April 2013), or if it is terminated in accordance with its terms prior to Admission, the Open Offer will be revoked and will not proceed. Revocation cannot occur after dealings in New Ordinary Shares have begun.

In such circumstances, application monies will be returned (at the applicant's sole risk), without payment of interest, as soon as practicable thereafter.

No temporary documents of title will be issued in respect of Open Offer Shares held in uncertificated form. Definitive certificates in respect of Open Offer Shares taken up are expected to be posted to those Qualifying Shareholders who have validly elected to hold their Open Offer Shares in certificated form by 14 March 2013. In respect of those Qualifying Shareholders who have validly elected to hold their Open Offer Shares in uncertificated form, the Open Offer Shares are expected to be credited to their stock accounts maintained in CREST by 6 March 2013.

All monies received by the Receiving Agent in respect of Open Offer Shares will be placed on deposit in a non-interest bearing account by the Receiving Agent or trustee.

## **3. Procedure for application and payment**

The action to be taken by Qualifying Shareholders in respect of the Open Offer depends on whether, at the relevant time, a Qualifying Shareholder has an Application Form in respect of their entitlement under the Open Offer or has Open Offer Entitlements credited to their CREST stock account.

Qualifying Shareholders who hold their Existing Ordinary Shares in certificated form and making a valid application under the Open Offer will be allotted Open Offer Shares in certificated form. Qualifying Shareholders who hold part of their Existing Ordinary Shares in uncertificated form and making a valid application under the Open Offer will be allotted Open Offer Shares in uncertificated form to the extent that their entitlement to Open Offer Shares arises as a result of holding Existing Ordinary Shares in uncertificated form. However, it will be possible for Qualifying Shareholders to deposit Open Offer Entitlements into, and withdraw them from, CREST. Further information on deposit and withdrawal from CREST is set out in paragraphs 3.2 and 3.3 of this Part VIII.

CREST Sponsored Members should refer to their CREST Sponsor, as only their CREST Sponsor will be able to take the necessary action specified below to apply under the Open Offer in respect of the Open Offer Entitlements of such members held in CREST. CREST Members who wish to apply under the Open Offer in respect of their Open Offer Entitlements should refer to the CREST Manual for further information on the CREST procedures referred to below.

If for any reason it becomes necessary to adjust the expected timetable as set out in this document the Company will make an appropriate announcement to a Regulatory Information Service giving details of the revised dates.

3.1 ***If you have an Application Form in respect of your Open Offer Entitlement(s)***

(a) *General*

Subject as provided in paragraph 5 of this Part VIII in relation to Overseas Shareholders, Qualifying Non-CREST Shareholders will have received an Application Form enclosed with this document. The Application Form shows the number of Existing Ordinary Shares registered in their name at the Record Date. It also shows the maximum number of Open Offer Shares for which they are entitled to apply under the Open Offer, as shown by the total number of Open Offer Entitlements allocated to them. Qualifying Non-CREST Shareholders may apply for less than their maximum entitlement should they wish to do so. Qualifying Shareholders may also hold such an Application Form by virtue of a *bona fide* market claim.

The instructions and other terms set out in the Application Form are also part of the terms and conditions of the Open Offer.

(b) *Market Claims*

Applications to acquire Open Offer Shares may only be made on the Application Form and may only be made by the Qualifying Non-CREST Shareholder named in it or by a person entitled by virtue of a *bona fide* market claim in relation to a purchase of Existing Ordinary Shares through the market prior to the date upon which the Existing Ordinary Shares were marked “ex” the entitlement to participate in the Open Offer by the London Stock Exchange, being 15 February 2013 but only to satisfy a *bona fide* market claim. Application Forms may be split up to 3.00 p.m. on 28 February 2013. The Application Form is not a negotiable document and cannot be separately traded. A Qualifying Non-CREST Shareholder who has sold or transferred all or part of their holding of Existing Ordinary Shares prior to 15 February 2013, being the date upon which the Existing Ordinary Shares were marked “ex” the entitlement to the Open Offer by the London Stock Exchange, should consult their broker or other professional adviser as soon as possible, as the invitation to acquire Open Offer Shares under the Open Offer may be a benefit which may be claimed by the transferee. Qualifying Non-CREST Shareholders who have sold all or part of their registered holdings should, if the market claim is to be settled outside CREST, complete Box 8 on the Application Form and immediately send it (together with this document) to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee. The Application Form should not, however, be forwarded to or transmitted in or into the Excluded Territories.

If the market claim is to be settled outside CREST, the beneficiary of the claim should follow the procedures set out in the accompanying Application Form. If the market claim is to be settled in CREST, the beneficiary of the claim should follow the procedures set out in paragraph 3.2 below.

(c) *Application Procedures*

A Qualifying Non-CREST Shareholder wishing to apply for all or some of their Open Offer Entitlements should complete and sign the Application Form in accordance with the instructions printed on it and send it, together with the appropriate remittance, by post or by hand (during normal business hours only) to Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU so as to arrive no later than 11.00 a.m. on 4 March 2013, after which time Application Forms will not be valid. A reply paid envelope is enclosed for use by Qualifying Non-CREST Shareholders in connection with the Open Offer.

If any Application Form is sent by first class post within the United Kingdom, Qualifying Non-CREST Shareholders are recommended to allow at least four Business Days for delivery.

With the consent of N+1 Singer and Cenkos the Company may, but shall not be obliged to, elect in its absolute discretion to accept Application Forms received after 11.00 a.m. on 4 March 2013. With the consent of N+1 Singer and Cenkos the Company may also (in its sole discretion) elect to treat an Application Form as valid and binding on the person(s) by whom or on whose behalf it is lodged, even if it is not completed in accordance with the relevant instructions or not accompanied by a valid power of attorney where required, or if it does not strictly comply with the terms and conditions of the Open Offer. Applications will not be acknowledged.

With the consent of N+1 Singer and Cenkos the Company also reserves the right (but shall not be obliged) to accept applications in respect of which remittances are received prior to 11.00 a.m. on 4 March 2013 from an authorised person (as defined in FSMA) specifying the number of Open Offer Shares concerned, and undertaking to lodge the relevant Application Form in due course, but in any event, within two Business Days.

Multiple applications will not be accepted. All documents and remittances sent by post by or to an applicant (or as the applicant may direct) will be sent at the applicant's own risk. If Open Offer Shares have already been allotted to a Qualifying Non-CREST Shareholder and such Qualifying Non-CREST Shareholder's cheque or bankers' draft is not honoured upon first presentation or such Qualifying Non-CREST Shareholder's application is subsequently otherwise deemed to be invalid, the Company shall be authorised (in its absolute discretion as to manner, timing and terms) to make arrangements for the sale of such Qualifying Non-CREST Shareholder's Open Offer Shares and for the proceeds of sale (which for these purposes shall be deemed to be payments in respect of successful applications) to be paid to and retained by the Company. None of Capita Registrars, N+1 Singer, Cenkos or the Company, nor any other person, shall be responsible for, or have any liability for, any loss, expense or damage suffered by such Qualifying Non-CREST Shareholder as a result.

(d) *Payments*

All payments must be in Pounds Sterling and cheques or bankers' drafts should be made payable to "Capita Registrars Limited re: Communisis plc Open Offer" and crossed "A/C payee only". Cheques or bankers' drafts must be drawn on an account where the applicant has sole or joint-title to the funds and on an account at a branch of a bank or building society in the United Kingdom, the Channel Islands or the Isle of Man which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which is a member of either of the Committees of Scottish or Belfast clearing houses or which has arranged for its cheques and bankers' drafts to be cleared through the facilities provided by any of those companies or committees and must bear the appropriate sort code in the top right hand corner. Third party cheques will not be accepted with the exception of building society cheques or bankers' drafts where the building society or bank has confirmed the name of the account holder by stamping or endorsing the back of the building society cheque or bankers' draft to such effect. Please do not send cash.

Cheques or bankers' drafts will be presented for payment upon receipt. The Company reserves the right to instruct Capita Registrars to seek special clearance of cheques and bankers' drafts to allow the Company to obtain value for remittances at the earliest opportunity. It is a term of the Open Offer that cheques shall be honoured on first presentation, and the Company may elect in its absolute discretion to treat as invalid acceptances in respect of which cheques are not so honoured.

In the event that it does not become unconditional by 8.00 a.m. on 6 March 2013 or such later time and date as the Company, N+1 Singer and Cenkos shall agree (being no later than 8.00 a.m. on 5 April 2013), the Open Offer will lapse and application monies will be returned

by post to applicants, at the applicants' risk and without interest, to the address set out on the Application Form, within 14 days thereafter.

(e) *Effect of Application*

All documents and remittances sent by post by or to an applicant (or as the applicant may direct) will be sent at the applicant's own risk. By completing and delivering an Application Form, you (as the applicant(s)):

- (i) represent and warrant to the Company, N+1 Singer and Cenkos that you have the right, power and authority, and have taken all action necessary, to make the application under the Open Offer and to execute, deliver and exercise your rights, and perform your obligations under any contracts resulting therefrom and that you are not a person otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares or acting on behalf of any such person on a non-discretionary basis;
- (ii) agree with the Company, N+1 Singer and Cenkos that all applications under the Open Offer, and any contracts or non-contractual obligations resulting therefrom, shall be governed by, and construed in accordance with, the laws of England and Wales;
- (iii) represent and warrant to the Company, N+1 Singer and Cenkos that you are the Qualifying Shareholder originally entitled to the Open Offer Entitlements or have received such Open Offer Entitlements by virtue of a *bona fide* market claim;
- (iv) represent and warrant to the Company, N+1 Singer and Cenkos that if you have received some or all of your Open Offer Entitlements from a person other than the Company, you are entitled to apply under the Open Offer in relation to such Open Offer Entitlements by virtue of a *bona fide* market claim;
- (v) confirm to the Company, N+1 Singer and Cenkos that no person has been authorised to give any information or to make any representation concerning the Company or the New Ordinary Shares (other than as contained in this document) and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Company or N+1 Singer or Cenkos;
- (vi) request that the Open Offer Shares to which you will become entitled be issued to you on the terms set out in this document and the Application Form, subject to the Articles;
- (vii) represent and warrant to the Company, N+1 Singer and Cenkos that you are not, nor are you applying on behalf of any person who is a citizen or resident or which is a corporation, partnership or other entity created or organised in or under any laws of any Excluded Territory and you are not applying with a view to reoffering, reselling, transferring or delivering any of the Open Offer Shares which are the subject of the application to, or for the benefit of, a person who is a citizen or resident or which is a corporation, partnership or other entity created or organised in or under any laws of any Excluded Territory nor acting on behalf of any such person;
- (viii) represent and warrant to the Company, N+1 Singer and Cenkos that you are not and nor are you applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in section 67 (depository receipts), section 70 (clearance services), section 93 (depository receipts) or section 96 (clearance services) of the Finance Act 1986;
- (ix) confirm to the Company, N+1 Singer and Cenkos that in making such application you are not relying on any information or representation in relation to the Company or the Open Offer Shares other than that contained in (or incorporated by reference in) this document and agree that no person responsible solely or jointly for this document or any

part thereof, or involved in the preparation thereof, shall have any liability for any such other information or representation not so contained and further agree that, having had the opportunity to read this document, you will be deemed to have had notice of all the information concerning the Company or the Open Offer Shares in (or incorporated by reference in) this document; and

- (x) confirm that in making the application you are not relying and have not relied on N+1 Singer, Cenkos or any person affiliated with N+1 Singer or Cenkos in connection with any investigation of the accuracy of any information contained in this document or your investment decision.

**If you do not wish to apply for any of the Open Offer Shares to which you are entitled under the Open Offer, you should not complete and return the Application Form.**

**Shareholders are nevertheless requested to complete and return the enclosed Form of Proxy in accordance with the instructions printed on it to Capita Registrars by no later than 9.00 a.m. on 1 March 2013 for use at the General Meeting to be held at 9.00 a.m. on 5 March 2013 at the offices of Pinsent Masons LLP, 30 Crown Place, Earl Street, London EC2A 4ES.**

If you are in doubt as to whether or not you should apply for any of the Open Offer Shares under the Open Offer, you should consult your independent financial adviser immediately. All enquiries in relation to the procedure for application for Qualifying Non-CREST Shareholders under the Open Offer should be made to Capita Registrars on 0871 664 0321 from within the UK or on +44 20 8639 3399 if calling from outside the UK. Calls to the 0871 664 0321 number cost 10 pence per minute (including VAT) plus your service network extras. Lines are open from 9.00 a.m. to 5.30 p.m. (London time) Monday to Friday. Calls to the helpline from outside the UK will be charged at the applicable international rate. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Issue nor give any financial, legal or tax advice.

### **3.2 *If you have your stock account in CREST credited in respect of your Open Offer Entitlement(s)***

#### **(a) *General***

Subject as provided in paragraph 5 of this Part VIII in relation to certain Overseas Shareholders, each Qualifying CREST Shareholder will receive a credit to their stock account in CREST of their Open Offer Entitlements equal to the number of Open Offer Shares for which he is entitled to apply to acquire under the Open Offer.

The CREST stock account to be credited will be an account under the Participant ID and Member Account ID that apply to the Existing Ordinary Shares held on the Record Date by the Qualifying CREST Shareholder in respect of which the Open Offer Entitlements have been allocated.

If for any reason the Open Offer Entitlements which should have been but cannot be admitted to CREST by 3.00 p.m. on 15 February 2013 or the stock accounts of Qualifying CREST Shareholders cannot be credited by 3.00 p.m. on 15 February 2013 or such later time as the Company, N+1 Singer and Cenkos may decide, an Application Form will be sent out to each Qualifying CREST Shareholder in substitution for the Open Offer Entitlements which should have been credited to their stock account in CREST. In these circumstances the expected timetable as set out in this document will be adjusted as appropriate with the amendments announced via a Regulatory Information Service and the provisions of this document applicable to Qualifying Non-CREST Shareholders with Application Forms will apply to Qualifying CREST Shareholders who receive Application Forms.

CREST Members who wish to apply to acquire some or all of their entitlements to Open Offer Shares should refer to the CREST Manual for further information on the CREST procedures referred to below. If you are a CREST Sponsored Member you should consult your CREST Sponsor if you wish to apply for Open Offer Shares as only your CREST Sponsor will be able to take the necessary action to make this application in CREST.

(b) *Market Claims*

The Open Offer Entitlements will constitute a separate security for the purposes of CREST. Although Open Offer Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of Open Offer Entitlements may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim transaction. Transactions identified by the CREST Claims Processing Unit as “cum” the Open Offer Entitlement will generate an appropriate market claim transaction and the relevant Open Offer Entitlement(s) will thereafter be transferred accordingly.

(c) *USE Instructions*

CREST Members who wish to apply for Open Offer Shares in respect of all or some of their Open Offer Entitlements in CREST must send (or, if they are CREST Sponsored Members, procure that their CREST Sponsor sends) an Unmatched Stock Event (“USE”) instruction to Euroclear which, on its settlement, will have the following effect:

- (i) the crediting of a stock account of Capita Registrars under the participant ID and member account ID specified below, with a number of Open Offer Entitlements corresponding to the number of Open Offer Shares applied for; and
- (ii) the creation of a CREST payment, in accordance with the CREST payment arrangements, in favour of the payment bank of Capita Registrars in respect of the amount specified in the USE instruction which must be the full amount payable on application for the number of Open Offer Shares referred to in (i) above.

(d) *Content of USE instructions in respect of Open Offer Entitlements*

The USE instruction must be properly authenticated in accordance with Euroclear’s specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:

- (i) the number of Open Offer Shares for which application is being made (and hence the number of the Open Offer Entitlement(s) being delivered to Capita Registrars);
- (ii) the ISIN of the Open Offer Entitlement. This is GB00B91NQY66;
- (iii) the CREST participant ID of the accepting CREST Member;
- (iv) the CREST Member account ID of the accepting CREST Member from which the Open Offer Entitlements are to be debited;
- (v) the participant ID of Capita Registrars, in its capacity as a CREST receiving agent. This is 7RA33;
- (vi) the member account of Capita Registrars, in its capacity as a CREST receiving agent. This is 27856COM;
- (vii) the amount payable by means of a CREST payment on settlement of the USE instruction. This must be the full amount payable on application for the number of Open Offer Shares referred to in (i) above;
- (viii) the intended settlement date. This must be on or before 11.00 a.m. on 4 March 2013; and

- (ix) the corporate action number for the Open Offer. This will be available by viewing the relevant corporate action details in CREST.

In order for an application under the Open Offer to be valid, the USE instruction must comply with the requirements as to authentication and contents set out above and must settle on or before 11.00 a.m. on 4 March 2013.

In order to assist prompt settlement of the USE instruction, CREST Members (or their sponsors, where applicable) should add the following non-mandatory fields to the USE instruction:

- (i) a contact name and telephone number (in the free format shared note field); and
- (ii) a priority of at least 80.

CREST Members and, in the case of CREST Sponsored Members, their CREST Sponsors, should note that the last time at which a USE instruction may settle on 4 March 2013 in order to be valid is 11.00 a.m. on that day.

In the event that the Firm Placing, Placing and Open Offer does not become unconditional by 8.00 a.m. on 6 March 2013 or such later time and date as the Company, N+1 Singer and Cenkos determine (being no later than 8.00 a.m. on 5 April 2013), the Firm Placing, Placing and Open Offer will lapse, the Open Offer Entitlements admitted to CREST will be disabled and the Registrar will refund the amount paid by a Qualifying CREST Shareholder by way of a CREST payment, without interest, as soon as practicable thereafter. The interest earned on such monies (if any) will be retained for the benefit of the Company.

(e) *Deposit of Open Offer Entitlements into, and withdrawal from, CREST*

A Qualifying Non-CREST Shareholder's entitlement under the Open Offer as shown by the number of Open Offer Entitlements set out in their Application Form may be deposited into CREST (either into the account of the Qualifying Shareholder named in the Application Form or into the name of a person entitled by virtue of a *bona fide* market claim). Similarly, Open Offer Entitlements held in CREST may be withdrawn from CREST so that the entitlement under the Open Offer is reflected in an Application Form. Normal CREST procedures (including timings) apply in relation to any such deposit or withdrawal, (in the case of a deposit into CREST) as set out in the Application Form.

A holder of an Application Form who is proposing so to deposit the entitlement set out in such form is recommended to ensure that the deposit procedures are implemented in sufficient time to enable the person holding or acquiring the Open Offer Entitlements following their deposit into CREST to take all necessary steps in connection with taking up the entitlement prior to 11.00 a.m. on 4 March 2013. After depositing their Open Offer Entitlement into their CREST account, CREST holders will shortly thereafter receive a credit for their Open Offer Entitlement which will be managed by Capita Registrars.

In particular, having regard to normal processing times in CREST and on the part of Capita Registrars, the recommended latest time for depositing an Application Form with the CREST Courier and Sorting Service, where the person entitled wishes to hold the entitlement under the Open Offer set out in such Application Form as Open Offer Entitlements in CREST, is 3.00 p.m. on 27 February 2013, and the recommended latest time for receipt by Euroclear of a dematerialised instruction requesting withdrawal of Open Offer Entitlements from CREST is 4.30 p.m. on 26 February 2013, in either case so as to enable the person acquiring or (as appropriate) holding the Open Offer Entitlements and/or following the deposit or withdrawal (whether as shown in an Application Form or held in CREST) to take all necessary steps in connection with applying in respect of the Open Offer Entitlements prior to 11.00 a.m. on 4 March 2013.

Delivery of an Application Form with the CREST deposit form duly completed whether in respect of a deposit into the account of the Qualifying Shareholder named in the Application Form or into the name of another person, shall constitute a representation and warranty to the Company and Capita Registrars by the relevant CREST Member(s) that it/they is/are not in breach of the provisions of the notes on page 2 of the Application Form, and a declaration to the Company and Capita Registrars from the relevant CREST Member(s) that it/they is/are not citizen(s) or resident(s) of any Excluded Territory and, where such deposit is made by a beneficiary of a market claim, a representation and warranty that the relevant CREST Member(s) is/are entitled to apply under the Open Offer by virtue of a *bona fide* market claim.

(f) *Validity of Application*

A USE instruction complying with the requirements as to authentication and contents set out above which settles by no later than 11.00 a.m. on 4 March 2013 will constitute a valid application under the Open Offer.

(g) *CREST Procedures and Timings*

CREST Members and (where applicable) their CREST Sponsors should note that Euroclear does not make available special procedures, in CREST, for any particular corporate action. Normal system timings and limitations will therefore apply in relation to the input of a USE instruction and its settlement in connection with the Open Offer. It is the responsibility of the CREST Member concerned to take (or, if the CREST Member is a CREST Sponsored Member, to procure that their CREST Sponsor takes) such action as shall be necessary to ensure that a valid application is made as stated above by 11.00 a.m. on 4 March 2013. In this connection CREST Members and (where applicable) their CREST Sponsors are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

(h) *Incorrect or Incomplete Applications*

If a USE instruction includes a CREST payment for an incorrect sum, the Company through Capita Registrars reserves the right:

- (i) to reject the application in full and refund the payment to the CREST Member in question (without interest);
- (ii) in the case that an insufficient sum is paid, to treat the application as a valid application for such lesser whole number of Open Offer Shares as would be able to be applied for with that payment at the Issue Price, refunding any unutilised sum to the CREST Member in question (without interest); or
- (iii) in the case that an excess sum is paid, to treat the application as a valid application for all the Open Offer Shares referred to in the USE instruction refunding any unutilised sum to the CREST Member in question (without interest).

(i) *Effect of Valid Application*

A CREST Member who makes or is treated as making a valid application in accordance with the above procedures thereby:

- (i) represents and warrants to the Company, N+1 Singer and Cenkos that he has the right, power and authority, and has taken all action necessary, to make the application under the Open Offer and to execute, deliver and exercise their rights, and perform their obligations under any contracts resulting therefrom and that he is not a person otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares or acting on behalf of any such person on a non-discretionary basis;

- (ii) agrees to pay the amount payable on application in accordance with the above procedures by means of a CREST payment in accordance with the CREST payment arrangements (it being acknowledged that the payment to Capita Registrars' payment bank in accordance with the CREST payment arrangements shall, to the extent of the payment, discharge in full the obligation of the CREST Member to pay to the Company the amount payable on application);
- (iii) requests that the Open Offer Shares to which he will become entitled be issued to him on the terms set out in this document and subject to the Articles;
- (iv) agrees with the Company, N+1 Singer and Cenkos that all applications and any contracts or non-contractual obligations resulting therefrom under the Open Offer shall be governed by, and construed in accordance with, the laws of England and Wales;
- (v) represents and warrants to the Company, N+1 Singer and Cenkos that he is not, nor is he applying on behalf of any person who is a citizen or resident or which is a corporation, partnership or other entity created or organised in or under any laws of any Excluded Territory and he is not applying with a view to reoffering, reselling, transferring or delivering any of the Open Offer Shares which are the subject of this application to, or for the benefit of, a person who is a citizen or resident or which is a corporation, partnership or other entity created or organised in or under any laws of any Excluded Territory nor acting on behalf of any such person;
- (vi) represents and warrants to the Company, N+1 Singer and Cenkos that he is not and nor is he applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in section 67 (depository receipts), section 70 (clearance services), section 93 (depository receipts) or section 96 (clearance services) of the Finance Act 1986;
- (vii) confirms to the Company, N+1 Singer and Cenkos that in making such application he is not relying on any information or representation in relation to the Company or the Open Offer Shares other than that contained in this document and agrees that no person responsible solely or jointly for this document or any part thereof, or involved in the preparation thereof, shall have any liability for any such other information and further agrees that, having had the opportunity to read this document, he will be deemed to have had notice of all the information concerning the Company contained in (or incorporated by reference in) this document;
- (viii) represents and warrants to the Company, N+1 Singer and Cenkos that he is the Qualifying Shareholder originally entitled to the Open Offer Entitlements or that he has received such Open Offer Entitlements by virtue of a *bona fide* market claim;
- (ix) represents and warrants to the Company, N+1 Singer and Cenkos that if he has received some or all of their Open Offer Entitlements from a person other than the Company, he is entitled to apply under the Open Offer in relation to such Open Offer Entitlements by virtue of a *bona fide* market claim;
- (x) confirms to the Company, N+1 Singer and Cenkos that no person has been authorised to give any information or to make any representation concerning the Company or the New Ordinary Shares (other than as contained in this document) and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Company or N+1 Singer; and
- (xi) confirms to N+1 Singer and Cenkos that in making this application he is not relying and has not relied on N+1 Singer, Cenkos or any person affiliated with N+1 Singer or Cenkos in connection with any investigation on the accuracy of any information contained in this document or their investment decision.

(j) *The Company's discretion as to rejection and validity of Applications*

The Company may in its sole discretion, but shall not be obliged to:

- (i) treat as valid (and binding on the CREST Member concerned) an application which does not comply in all respects with the requirements as to validity set out or referred to in this Part VIII;
- (ii) accept an alternative properly authenticated dematerialised instruction from a CREST Member or (where applicable) a CREST Sponsor as constituting a valid application in substitution for, or in addition to, a USE instruction and subject to such further terms and conditions as the Company may determine;
- (iii) treat a properly authenticated dematerialised instruction (in this sub-paragraph the “**first instruction**”) as not constituting a valid application if, at the time at which Capita Registrars receives a properly authenticated dematerialised instruction giving details of the first instruction or thereafter, either the Company or Capita Registrars have received actual notice from Euroclear of any of the matters specified in Regulation 35(5)(a) of the CREST Regulations in relation to the first instruction. These matters include notice that any information contained in the first instruction was incorrect or notice of lack of authority to send the first instruction; and
- (iv) accept an alternative instruction or notification from a CREST Member or CREST Sponsored Member or (where applicable) a CREST Sponsor, or extend the time for settlement of a USE instruction or any alternative instruction or notification, in the event that, for reasons or due to circumstances outside the control of any CREST Member or CREST Sponsored Member or (where applicable) CREST Sponsor, the CREST Member or CREST Sponsored Member is unable validly to apply for Open Offer Shares by means of the above procedures. In normal circumstances, this discretion is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or any part of CREST) or on the part of the facilities and/or systems operated by Capita Registrars in connection with CREST.

(k) *Lapse of the Open Offer*

In the event that the Firm Placing, Placing and Open Offer does not become unconditional by 8.00 a.m. on 6 March 2013 or such later time and date as the Company, N+1 Singer and Cenkos may agree, the Firm Placing, Placing and Open Offer will lapse, the Open Offer Entitlements admitted to CREST will be disabled and the Registrar will refund the amount paid by a Qualifying CREST Shareholder by way of a CREST payment, without interest, as soon as practicable thereafter. The interest earned on such monies, if any, will be retained for the benefit of the Company.

### 3.3 *Withdrawal Rights*

Qualifying Shareholders wishing to exercise statutory withdrawal rights after publication by the Company of a prospectus supplementing this document must do so by lodging a written notice of withdrawal within two Business Days commencing on the Business Day after the date on which the supplementary prospectus is published, which must include the full name and address of the person wishing to exercise statutory withdrawal rights and, if such person is CREST Member, the Participant ID and the Member Account ID of such CREST Member. The notice must be sent to Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Kent BR3 4TU by mail or by hand (during normal business hours only) or by electronic communication to [withdraw@capitaregistrars.com](mailto:withdraw@capitaregistrars.com) so as to be received before the end of the withdrawal period. Notice of withdrawal given by any other means or which is deposited with or received by Capita Registrars after expiry of such period will not constitute a valid withdrawal provided that the Company will not permit the exercise of withdrawal rights after payment by the relevant person for the Open Offer Shares applied for in full and the allotment of such Open Offer Shares to such persons becomes

unconditional save to the extent required by statute. In such event Shareholders are advised to seek independent legal advice.

#### **4. Money Laundering Regulations**

##### **4.1 Holders of Application Forms**

It is a term of the Open Offer that to ensure compliance with the Money Laundering Regulations, the Receiving Agent may, at its absolute discretion, verify the identity of the person by whom or on whose behalf an Application Form is lodged with payment including, without limitation, any applicant who (i) tenders payment by way of cheque or bankers' draft drawn on an account in the name of a person or persons other than the applicant, or (ii) appears to Capita Registrars to be acting on behalf of some other person (which requirements are referred to below as the "**verification of identity requirements**").

If the Application Form is submitted by a UK regulated broker or intermediary acting as agent and which is itself subject to the Money Laundering Regulations, any verification of identity requirements are the responsibility of such broker or intermediary and not of the Registrar. In such case, the lodging agent's stamp should be inserted on the Application Form.

The applicant(s) who, by lodging an Application Form with payment, and in accordance with the other terms as described above, accept(s) the Open Offer in respect of the New Ordinary Shares (the "**relevant shares**") comprised in such Application Form shall thereby be deemed to agree to provide the Receiving Agent and/or the Company with such information and other evidence as they or either of them may require to satisfy the verification of identity requirements.

If Capita Registrars, having (where time allows) consulted with the Company and having taken into account its comments and requests, by 11.00 a.m. on 4 March 2013, determines that the verification of identity requirements apply to any applicant or application, and the verification of identity requirements have not been satisfied (which Capita Registrars shall in its absolute discretion determine), the Company may, in its absolute discretion, and without prejudice to any other rights of the Company, treat the application as invalid or may confirm the allotment of the relevant shares to the applicant but (notwithstanding any other term of the Open Offer) the relevant shares will not be issued to the applicant unless and until the verification of identity requirements have been satisfied in respect of that application (which Capita Registrars shall in its absolute discretion determine).

If the application is not treated as invalid and the verification of identity requirements are not satisfied within such period, being not less than seven days after a request for evidence of identity is dispatched to the applicant, the Company will be entitled to make arrangements (in its absolute discretion as to manner, timing and terms) to sell the relevant shares (and for that purpose the Company will be expressly authorised to act as agent of the applicant). Any proceeds of sale (net of expenses) of the relevant shares which shall be issued to and registered in the name of the purchaser(s) or an amount equivalent to the original payment, whichever is the lower, will be held by the Company on trust for the applicant, subject to the requirements of the Money Laundering Regulations. Capita Registrars is entitled, in its absolute discretion, to determine whether the verification of identity requirements applies to any applicant or application and whether such requirements have been satisfied. Neither the Company nor Capita Registrars will be liable to any person for any loss or damage suffered or incurred (or alleged), directly or indirectly, as a result of the exercise of any such discretion or as a result of any sale of relevant shares.

Submission of an Application Form with the appropriate remittance will constitute a warranty to each of the Company, Capita Registrars, N+1 Singer and Cenkos from the applicant that the Money Laundering Regulations will not be breached by application of such remittance. If the verification of identity requirements applies, failure to provide the necessary evidence of identity within a reasonable time may result in your application being treated as invalid or in delays in the despatch of share certificates or in crediting CREST stock accounts.

The verification of identity requirements will not usually apply:

- (i) if the applicant is an organisation required to comply with the Money Laundering Directive (2005/60/EC of the European Parliament and of the EC Council of 26 October 2005 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing); or
- (ii) if the acceptor is a regulated United Kingdom broker or intermediary acting as agent and is itself subject to the Money Laundering Regulations; or
- (iii) if the applicant (not being an applicant who delivers their application in person) makes payment by way of a cheque drawn on an account in the name of such applicant; or
- (iv) if the aggregate subscription price for the relevant shares is less than €15,000 (approximately £13,000).

In other cases the verification of identity requirements may apply. The following guidance is provided in order to assist in satisfying the verification of identity requirements and to reduce the likelihood of difficulties or delays and potential rejection of an application (but does not limit the right of Capita Registrars to require verification of identity as stated above). Satisfaction of the verification of identity requirements may be facilitated in the following ways:

- (a) **if payment is made by building society cheque (not being a cheque drawn on an account of the applicant) or bankers' draft, by the building society or bank endorsing on the back of the cheque or draft the applicant's name and the number of an account held in the applicant's name at such building society or bank, such endorsement being validated by a stamp and an authorised signature; or**
- (b) **if the Application Form is lodged with payment by an agent which is an organisation of the kind referred to in (i) above or which is subject to anti-money laundering regulation in a country which is a member of the Financial Action Task Force (the non-European Union members of which are Argentina, Australia, Brazil, Canada, China, Gibraltar, Hong Kong, Iceland, India, Japan, Mexico, New Zealand, Norway, Republic of Korea, Russian Federation, Singapore, South Africa, Switzerland, Turkey, UK Crown Dependencies and the US and, by virtue of their membership of the Gulf Co-operation Council, Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates), the agent should provide written confirmation that it has that status with the Application Form and written assurance that it has obtained and recorded evidence of the identity of the persons for whom it acts and that it will on demand make such evidence available to Capita Registrars or the relevant authority. In order to confirm the acceptability of any written assurance referred to above or any other case, the applicant should contact Capita Registrars (telephone Capita Registrars on 0871 664 0321 from within the UK or on +44 20 8639 3399 if calling from outside the UK). Calls to the 0871 664 0321 number cost 10 pence per minute (including VAT) plus your service network extras. Lines are open from 9.00 a.m. to 5.30 p.m. (London time) Monday to Friday. Calls to the helpline from outside the UK will be charged at the applicable international rate. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Fundraising nor give any financial, legal or tax advice; or**
- (c) **if an Application Form is/are in respect of relevant shares with an aggregate subscription price of €15,000 (or its equivalent, being approximately £13,000) or more and is/are lodged by hand by the applicant in person, they should ensure that they have with them evidence of identity bearing their photograph (for example, their passport) and separate evidence of their address.**

**If, within a reasonable period of time following a request for verification of identity, and in any case by no later than 11.00 a.m. on 4 March 2013, the Registrar has not received**

**evidence satisfactory to it as aforesaid, the Registrar may, at its discretion, as agent of the Company, reject the relevant application, in which event the monies submitted in respect of that application will be returned without interest to the account at the drawee bank from which such monies were originally debited (without prejudice to the rights of the Company to undertake proceedings to recover monies in respect of the loss suffered by it as a result of the failure to produce satisfactory evidence as aforesaid).**

#### 4.2 *Open Offer Entitlements*

If you hold your Open Offer Entitlements in CREST and apply for Open Offer Shares in respect of all or some of your Open Offer Entitlements as agent for one or more persons and you are not a UK or EU regulated person or institution (e.g. a UK financial institution), then irrespective of the value of the application, Capita Registrars is obliged to take reasonable measures to establish the identity of the person or persons on whose behalf you are making the application. You must therefore contact Capita Registrars before sending any USE or other instruction so that appropriate measures may be taken.

Submission of a USE instruction which on its settlement constitutes a valid application as described above constitutes a warranty and undertaking by the applicant to provide promptly to Capita Registrars such information as may be specified by Capita Registrars as being required for the purposes of the Money Laundering Regulations. Pending the provision of evidence satisfactory to Capita Registrars as to identity, Capita Registrars may in its absolute discretion take, or omit to take, such action as it may determine to prevent or delay issue of the Open Offer Shares concerned. If satisfactory evidence of identity has not been provided within a reasonable time, then the application for the Open Offer Shares represented by the USE instruction will not be valid. This is without prejudice to the right of the Company to take proceedings to recover any loss suffered by it as a result of failure to provide satisfactory evidence.

### 5. **Overseas Shareholders**

This document has been approved by the FSA, being the competent authority in the United Kingdom. Accordingly, the making of the Open Offer to persons resident in, or who are citizens of, or who have a registered address in, countries other than the United Kingdom may be affected by the law or regulatory requirements of the relevant jurisdiction. The comments set out in this paragraph 5 are intended as a general guide only and any Overseas Shareholders who are in any doubt as to their position should consult their professional advisers without delay.

#### 5.1 *General*

The distribution of the Application Form and the making of the Open Offer is not to persons who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, or which are corporations, partnerships or other entities created or organised under the laws of any Excluded Territory or to persons who are nominees of or custodians, trustees or guardians for citizens, residents in or nationals of, any Excluded Territory.

No action has been or will be taken by the Company, N+1 Singer, Cenkos or any other person, to permit a public offering or distribution of this document (or any other offering or publicity materials or application form(s) relating to the Open Offer Shares) in any jurisdiction where action for that purpose may be required, other than in the United Kingdom.

Receipt of this document and/or an Application Form and/or a credit of Open Offer Entitlements to a stock account in CREST will not constitute an invitation or offer of securities for subscription, sale or purchase in any Excluded Territory and, in those circumstances, this document and/or the Application Form must be treated as sent for information only and should not be copied or redistributed.

It is the responsibility of any Qualifying Shareholder receiving a copy of this document and/or an Application Form and/or receiving a credit of Open Offer Entitlements to a stock account in CREST outside the United Kingdom and wishing to make an application for any New Ordinary Shares to

satisfy himself as to the full observance of the laws and regulatory requirements of the relevant territory in connection therewith, including obtaining any governmental or other consents which may be required or observing any other formalities required to be observed in such territory and paying any issue, transfer or other taxes due in such other territory.

Application Forms will not be sent to, and stock accounts in CREST will not be credited with, Open Offer Entitlements in respect of persons with registered addresses in any Excluded Territory or their agent or intermediary, except where the Company is satisfied that such action would not result in the contravention of any registration or other legal requirement in any jurisdiction.

No person receiving a copy of this document and/or an Application Form and/or a credit of Open Offer Entitlements to a stock account in CREST in any Excluded Territory may treat the same as constituting an invitation or offer to them, nor should they in any event use any such Application Form and/or credit of Open Offer Entitlements to a stock account in CREST. In circumstances where an Overseas Shareholder in an Excluded Territory receives this document and/or an Application Form this document and/or the Application Form must be treated as sent for information only and should not be copied or redistributed.

Neither the Company, N+1 Singer, Cenkos nor any of their respective representatives, is making any representation to any offeree or purchaser of the Open Offer Shares regarding the legality of an investment in the Open Offer Shares by such offeree or purchaser under the laws applicable to such offeree or purchaser.

Persons (including, without limitation, custodians, agents, nominees and trustees) receiving a copy of this document and/or an Application Form and/or a credit of Open Offer Entitlements to a stock account in CREST, in connection with the Open Offer or otherwise, should not distribute or send either of those documents nor transfer Open Offer Entitlements in or into any jurisdiction where to do so would or might contravene local securities laws or regulations. If a copy of this document and/or an Application Form and/or a credit of Open Offer Entitlements to a stock account in CREST is received by any person in any such territory, or by their custodian, agent, nominee or trustee, they must not seek to apply for Open Offer Shares in respect of the Open Offer unless the Company, N+1 Singer and Cenkos determine that such action would not violate applicable legal or regulatory requirements. Any person (including, without limitation, custodians, agents, nominees and trustees) who does forward a copy of this document and/or an Application Form and/or transfers Open Offer Entitlements into any such territory, whether pursuant to a contractual or legal obligation or otherwise, should draw the attention of the recipient to the contents of this Part VIII and specifically the contents of this paragraph.

The Company reserves the right to treat as invalid any application or purported application for Open Offer Shares that appears to the Company or its agents to have been executed, effected or dispatched from the United States or any other Excluded Territory or in a manner that may involve a breach of the laws or regulations of any jurisdiction or if the Company or its agents believe that the same may violate applicable legal or regulatory requirements or if it provides an address for delivery of the share certificates of Open Offer Shares or in the case of a credit of Open Offer Entitlements to a stock account in CREST, to a CREST Member whose registered address would be, in any Excluded Territory or any other jurisdiction outside the United Kingdom in which it would be unlawful to deliver such share certificates or make such a credit.

The attention of Overseas Shareholders is drawn to paragraphs 5.2 to 5.4 below. Notwithstanding any other provision of this document or the Application Form, the Company reserves the right to permit any person to apply for Open Offer Shares in respect of the Open Offer if the Company, in its sole and absolute discretion, is satisfied that the transaction in question is exempt from, or not subject to, the legislation or regulations giving rise to the restrictions in question.

Qualifying Shareholders in any Excluded Territory or who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, any Excluded Territory will not qualify to participate in the Open Offer and will not be sent an Application Form nor will their stock accounts in CREST be credited with Open Offer Entitlements.

The Open Offer Shares have not been and will not be registered under the relevant laws of any Excluded Territory or any state, province or territory thereof and may not be offered, sold, resold, transferred, delivered or distributed, directly or indirectly, in any Excluded Territory or to, or for the account or benefit of, any person with a registered address in, or who is resident or ordinarily resident in, or a citizen of, any other Excluded Territory.

No public offer of Open Offer Shares is being made by virtue of this document or the Application Forms into any Excluded Territory. Receipt of this document and/or an Application Form and/or a credit of an Open Offer Entitlement to a stock account in CREST will not constitute an invitation or offer of securities for subscription, sale or purchase in any Excluded Territory and, in those circumstances, this document and/or the Application Form must be treated as sent for information only and should not be copied or redistributed.

## 5.2 *United States*

The New Ordinary Shares have not been and will not be registered under the US Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and, accordingly, may not be offered, sold, resold, taken up, transferred, delivered or distributed, directly or indirectly, within, into or from the United States.

Accordingly, the Company is not extending the Open Offer into the US and neither this document nor the Application Form constitutes or will constitute an offer or an invitation to apply for or an offer or an invitation to acquire any New Ordinary Shares in the US. Neither this document nor an Application Form will be sent to, and no New Ordinary Shares will be credited to a stock account in CREST of, any Qualifying Shareholder with a registered address in the US.

Any person who acquires New Ordinary Shares will be deemed to have declared, warranted and agreed, by accepting delivery of this document or the Application Form and delivery of the New Ordinary Shares, that they are not, and that at the time of acquiring the New Ordinary Shares they will not be, in the US or acting on behalf of, or for the account or benefit of a person on a non-discretionary basis in the US or any state of the US.

The Company reserves the right to treat as invalid any Application Form that appears to the Company or its agents to have been executed in, or despatched from, the US, or that provides an address in the US for the receipt of New Ordinary Shares, or which does not make the warranty set out in the Application Form to the effect that the person accepting and/or renouncing the Application Form does not have a registered address and is not otherwise located in the US and is not acquiring the New Ordinary Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such New Ordinary Shares in the US or where the Company believes acceptance of such Application Form may infringe applicable legal or regulatory requirements. The Company will not be bound to allot (on a non-provisional basis) or issue any New Ordinary Shares to any person with an address in, or who is otherwise located in, the US in whose favour a Application Form or any New Ordinary Shares may be transferred or renounced. In addition, the Company, N+1 Singer and Cenkos reserve the right to reject any USE instruction sent by or on behalf of any CREST Member with a registered address in the US in respect of the New Ordinary Shares.

Each subscriber or purchaser acknowledges that the Company, N+1 Singer and Cenkos will rely upon the truth and accuracy of the foregoing representations and agreements, and agrees that if any of the representations and agreements deemed to have been made by such subscriber or purchaser by its subscription for, or purchase of, the New Ordinary Shares, as the case may be, are no longer accurate, it shall promptly notify the Company, N+1 Singer and Cenkos. If such subscriber or purchaser is subscribing for, or purchasing, the New Ordinary Shares as a fiduciary agent for one or more investor accounts each subscriber or purchaser represents that it has sole investment discretion with respect to each such account and full power to make the foregoing representations and agreements on behalf of each such account.

Each subscriber or purchaser acknowledges that it will not resell the New Ordinary Shares absent registration or an available exemption or safe harbour from registration under the US Securities Act.

In addition, until 40 days after the commencement of the Open Offer, an offer, sale or transfer of the New Ordinary Shares within the US by a dealer (whether or not participating in the Open Offer or the Firm Placing or the Placing) may violate the registration requirements of the US Securities Act.

### 5.3 *Excluded Territories*

Shareholders who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, any Excluded Territories will not qualify to participate in the Open Offer and will not be sent an Application Form nor will their stock accounts in CREST be credited with Open Offer Entitlements.

The Open Offer Shares have not been and will not be registered under the relevant laws of any Excluded Territory or any state, province or territory thereof and may not be offered, sold, resold, delivered or distributed, directly or indirectly, in or into any Excluded Territory or to, or for the account or benefit of, any person with a registered address in, or who is resident or ordinarily resident in, or a citizen of, any Excluded Territory except pursuant to an applicable exemption. No offer of Open Offer Shares is being made by virtue of this document or the Application Forms being sent into any Excluded Territory.

### 5.4 *Waiver*

The provisions of this paragraph 5 and of any other terms of the Open Offer relating to Overseas Shareholders may be waived, varied or modified as regards specific Shareholders or on a general basis by the Company, N+1 Singer and Cenkos in their absolute discretion. Subject to this, the provisions of this paragraph 5 supersede any terms of the Open Offer inconsistent herewith. References in this paragraph 5 to Shareholders shall include references to the person or persons executing an Application Form and, in the event of more than one person executing an Application Form, the provisions of this paragraph 5 shall apply to them jointly and to each of them.

## 6. **Taxation**

Information regarding United Kingdom taxation in connection with the Open Offer is set out in paragraph 16 of Part XV of this document. If you are in any doubt about your tax position or are subject to a tax in a jurisdiction other than the United Kingdom, you should consult your professional adviser without delay.

## 7. **Listing, Settlement, Dealings and Publication**

Applications have been made to the UK Listing Authority for the New Ordinary Shares to be listed on the Official List and to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on its Main Market subject to the fulfilment of the conditions of the Firm Placing, Placing and Open Offer. It is expected that Admission will become effective and that dealings therein for normal settlement will commence at 8.00 a.m. on 6 March 2013. The New Ordinary Shares can be held in either certificated or uncertificated form through CREST. In the case of Shareholders wishing to hold the New Ordinary Shares in certificated form, definitive certificates in respect of the New Ordinary Shares will be issued free of stamp duty and are expected to be despatched by post within seven days of Admission. No temporary documents of title will be issued and, pending such despatch, transfers will be certified against the share register.

Open Offer Entitlements held in CREST are expected to be disabled in all respects after 11.00 a.m. on 4 March 2013 (the latest date for applications under the Open Offer). If the conditions to the Open Offer described above are satisfied, Open Offer Shares will be issued in uncertificated form to those persons who submitted a valid application for Open Offer Shares by utilising the CREST application procedures and whose applications have been accepted by the Company on the day on which such conditions are satisfied (expected to be 6 March 2013). On this day, Capita Registrars will instruct Euroclear to credit the appropriate stock accounts of such persons with such persons' entitlement to Open Offer Shares with effect from Admission (expected to be 6 March 2013). The stock accounts to be credited will be accounts under the same Participant IDs and Member Account IDs in respect of which the USE instruction was given.

Notwithstanding any other provision of this document, the Company reserves the right to send Qualifying CREST Shareholders an Application Form instead of crediting the relevant stock account with Open Offer Entitlements and to allot and/or issue any Open Offer Shares in certificated form. In normal circumstances, this right is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or of any part of CREST) or on the part of the facilities and/or systems operated by Capita Registrars in connection with CREST. This right may also be exercised if the correct details (such as participant ID and member account ID details) are not provided as requested in the Application Form.

For Qualifying Non-CREST Shareholders who have applied by using an Application Form, share certificates in respect of the Open Offer Shares validly applied for are expected to be despatched by post within seven days of Admission. No temporary documents of title will be issued and, pending the issue of definitive certificates, transfers will be certified against the register. All documents or remittances sent by or to applicants, or as they may direct, will be sent through the post at their own risk. For more information as to the procedure for application, Qualifying non-CREST Shareholders are referred to the Application Form.

The completion and results of the Firm Placing, Placing and Open Offer will be announced and made public through an announcement on a Regulatory Information Service at 8.00 a.m. on 5 March 2013.

## **8. Times and date**

The Company shall, in agreement with N+1 Singer and Cenkos and after consultation with its legal advisers, be entitled to amend the dates on which Application Forms are despatched or amend or extend the latest date for acceptance under the Open Offer and all related dates set out in this document and in such circumstances shall notify the UKLA, and make an announcement on a Regulatory Information Service approved by the UKLA and, if appropriate, by Shareholders, but Qualifying Shareholders may not receive any further written communication.

If a supplementary prospectus is issued by the Company two or fewer Business Days prior to the latest time and date for acceptance and payment in full under the Open Offer specified in this document, the latest date for acceptance under the Open Offer shall be extended to the date that is three Business Days after the date of issue of the supplementary prospectus (and the dates and times of principal events due to take place following such date shall be extended accordingly).

## **9. Further information**

Your attention is drawn to the further information set out in this document and also, in the case of Qualifying Non-CREST Shareholders and other Qualifying Shareholders to whom the Company has sent Application Forms, to the terms, conditions and other information printed on the accompanying Application Form.

## **10. Governing law and jurisdiction**

The terms and conditions of the Open Offer as set out in this document, the Application Form and any non-contractual obligations related thereto shall be governed by, and construed in accordance with, the laws of England and Wales.

The courts of England and Wales are to have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Open Offer, this document or the Application Form (in the case of Qualifying Non-CREST Shareholders only) including, without limitation, disputes relating to any non-contractual obligations arising out of or in connection with the Open Offer, this document or the Application Form (in the case of Qualifying Non-CREST Shareholders only). By taking up Open Offer Shares in accordance with the instructions set out in this document and, where applicable, the Application Form (in the case of Qualifying Non-CREST Shareholders only), Qualifying Shareholders irrevocably submit to the jurisdiction of the courts of England and Wales and waive any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum.

## PART IX

### QUESTIONS AND ANSWERS ABOUT THE FIRM PLACING, PLACING AND OPEN OFFER

*The questions and answers set out in this Part IX are intended to be in general terms only and, as such, you should read Part VIII of this document for full details of what action to take. If you are in any doubt as to the action you should take, you are recommended to seek your own personal financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other appropriate independent financial adviser, who is authorised under FSMA if you are in the United Kingdom.*

This Part IX deals with general questions relating to the Firm Placing, Placing and Open Offer and more specific questions relating principally to persons resident in the United Kingdom who hold their Existing Ordinary Shares in certificated form only. If you are an Overseas Shareholder, you should read paragraph 5 of Part VIII of this document. If you hold your Existing Ordinary Shares in uncertificated form (that is, through CREST) you should read Part VIII of this document for full details of what action you should take. If you are a CREST Sponsored Member, you should also consult your CREST Sponsor. If you do not know whether your Existing Ordinary Shares are in certificated or uncertificated form, please call Capita Registrars' shareholder helpline on 0871 664 0321 from within the UK or on +44 20 8639 3399 if calling from outside the UK. Calls to the 0871 664 0321 number cost 10 pence per minute (including VAT) plus your service network extras. Lines are open from 9.00 a.m. to 5.30 p.m. (London time) Monday to Friday. Calls to the helpline from outside the UK will be charged at the applicable international rate. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes.

**The helpline cannot provide advice on the merits of the Issue nor give any financial, legal or tax advice. The contents of this document should not be construed as legal, business, accounting, tax, investment or other professional advice. Each prospective investor should consult his, her or its own appropriate professional advisers for advice. This document is for your information only and nothing in this document is intended to endorse or recommend a particular course of action.**

#### **1. What is the Firm Placing, Placing and Open Offer?**

A firm placing, placing and open offer is a way for companies to raise money. Companies usually do this by giving their existing shareholders a right to acquire further shares at a fixed price in proportion to their existing shareholdings (an open offer) and providing for new investors to acquire new shares in the company (a firm placing and a placing). The fixed price is normally at a discount to the market price of the existing ordinary shares prior to the announcement of the open offer.

This Open Offer is an invitation by Communisis to Qualifying Shareholders to apply to acquire an aggregate of up to 12,500,000 Open Offer Shares at a price of 40 pence per Open Offer Share. If you hold Ordinary Shares on the Record Date or have a *bona fide* market claim, other than where you are a Shareholder with a registered address in or are located in any Excluded Territory, you will be entitled to buy Open Offer Shares under the Open Offer.

The Open Offer is being made on the basis of 1 Open Offer Share for approximately every 11.284 Existing Ordinary Shares held by Qualifying Shareholders on the Record Date. If your entitlement to Open Offer Shares is not a whole number, you will not be entitled to buy an Open Offer Share in respect of any fraction of an Open Offer Share and your entitlement will be rounded down to the nearest whole number. Open Offer Shares are being offered to Qualifying Shareholders in the Open Offer at a discount to the share price on the last Business Day before the announcement of the terms of the Issue. The Issue Price of 40 pence per Open Offer Share represents a 12.33 per cent. discount to the closing middle-market price of 45.625 pence per Ordinary Share on 13 February 2013 (being the last Business Day before the date of this document). This discount has been set by the Directors following careful consideration. The Directors are in agreement that the level of discount is appropriate in order to secure the investment necessary in the Company, having regard to prevailing market conditions and transaction costs.

Applications by Qualifying Shareholders will be satisfied in full up to the amount of their individual Open Offer Entitlement.

Unlike in a rights issue, Application Forms are not negotiable documents and neither they nor the Open Offer Entitlements can themselves be traded.

**2. What is a Firm Placing and a Placing? Am I eligible to participate in the Firm Placing or the Placing?**

A firm placing or a placing is where specific investors procured by a company's advisers agree to subscribe for placed shares. The firm placed shares and the placed shares do not form part of the Open Offer. Unless you are a Firm Placee or a Placing Placee, you will not participate in the Firm Placing or the Placing.

**3. I hold my Existing Ordinary Shares in certificated form. How do I know I am eligible to participate in the Open Offer?**

If you receive an Application Form and are not a holder with a registered address or located in any Excluded Territory, then you should be eligible to participate in the Open Offer as long as you have not sold all of your Existing Ordinary Shares before 15 February 2013 (the time when the Existing Ordinary Shares are expected to be marked "ex-entitlement" by the London Stock Exchange).

**4. I hold my Existing Ordinary Shares in certificated form. How do I know how many Open Offer Shares I am entitled to take up?**

If you hold your Existing Ordinary Shares in certificated form and do not have a registered address and are not located in any Excluded Territory, you will be sent an Application Form that shows:

- (i) how many Existing Ordinary Shares you held on the Record Date;
- (ii) how many Open Offer Shares are comprised in your Open Offer Entitlement; and
- (iii) how much you need to pay if you want to take up your right to buy all of your Open Offer Entitlement.

If you would like to apply for any of or all of the Open Offer Shares comprised in your Open Offer Entitlement, you should complete the Application Form in accordance with the instructions printed on it and the information provided in this document. Completed Application Forms should be posted, along with a cheque or bankers' draft drawn in the appropriate form, in the accompanying pre-paid envelope or returned by hand (during normal office hours only), to Capita Registrars, (who will also act as receiving agent in relation to the Open Offer) so as to be received by Capita Registrars by no later than 11.00 a.m. on 4 March 2013, after which time Application Forms will not be valid.

**5. I hold my Existing Ordinary Shares in certificated form and am eligible to receive an Application Form. What are my choices in relation to the Open Offer?**

**(a) *If you do not want to take up your Open Offer Entitlement***

If you do not want to take up your Open Offer Entitlement, you do not need to do anything. In these circumstances, you will not receive any Open Offer Shares. You will also not receive any money when the Open Offer Shares you could have taken up are sold, as would happen under a rights issue. You cannot sell your Application Form or your Open Offer Entitlement to anyone else. If you do not take up your Open Offer Entitlement, then following the issue of the Open Offer Shares pursuant to Open Offer, your interest in the Company will be diluted by approximately 26.17 per cent.

**(b) *If you want to take up some but not all of your Open Offer Entitlement***

If you want to take up some but not all of the Open Offer Shares to which you are entitled, you should write the number of Open Offer Shares you want to take up in Box 2 of your Application Form; for example, if you are entitled to take up 100 shares but you only want to take up 50 shares, then you should write '50' in Box 2. To work out how much you need to pay for the Open Offer Shares, you need to multiply the number of Open Offer Shares you want (in this example, '50') by £0.40, which

is the price in pounds of each Open Offer Share (giving you an amount of £20 in this example). You should write this amount in Box 3, rounding down to the nearest whole pence and this should be the amount your cheque or bankers' draft is made out for. You should then sign the Application Form on page 1 (ensuring that all joint holders sign (if applicable)) and return the completed Application Form, together with a cheque or bankers' draft for the relevant amount, in the accompanying pre-paid envelope (for use within the UK only), by post or by hand (during normal office hours only) to Capita Registrars so as to be received no later than 11.00 a.m. on 4 March 2013, after which time Application Forms will not be valid. Please do not send cash.

All payments must be in Pounds Sterling and made by cheque or bankers' draft made payable to "Capita Registrars Limited re: Communisis plc Open Offer" and crossed "A/C Payee Only". Cheques or bankers' drafts must be drawn on a bank or building society or branch of a bank or building society in the United Kingdom, the Channel Islands or Isle of Man, which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which is a member of either of the Committees of Scottish or Belfast Clearing houses or which has arranged for its cheques and bankers' drafts to be cleared through the facilities provided by any of those companies or committees and must bear the appropriate sort code in the top right hand corner and must be for the full amount payable for the application. Third party cheques will not be accepted with the exception of building society cheques or bankers' drafts where the building society or bank has confirmed the name of the account holder and the number of an account held in the applicant's name at the building society or bank by stamping or endorsing the back of the building society cheque or bankers' draft to such effect.

Cheques or bankers' drafts will be presented for payment upon receipt. The Company reserves the right to instruct Capita Registrars to seek special clearance of cheques and bankers' drafts to allow the Company to obtain value for remittances at the earliest opportunity. Funds will be held in a non-interest bearing bank account. It is a term of the Open Offer that cheques shall be honoured on first presentation, and the Company may elect in its absolute discretion to treat as invalid acceptances in respect of which cheques are not so honoured.

Application monies will be paid into a separate bank account pending the Open Offer becoming unconditional. In the event that it does not become unconditional by 8.00 a.m. on 6 March 2013 or such later time and date as the Company, N+1 Singer and Cenkos shall agree (being no later than 8.00 a.m. on 5 April 2013), the Open Offer will lapse and application monies will be returned by post to Applicants, at the Applicants' risk and without interest, to the address set out on the Application Form, within 14 days thereafter.

(c) ***If you want to take up all of your Open Offer Entitlement***

If you want to take up all of your Open Offer Entitlement, all you need to do is sign the Application Form on page 1 (ensuring that all joint holders sign (if applicable)) and send the Application Form, together with your cheque or bankers' draft for the amount (as indicated in Box 6 of your Application Form), payable to "Capita Registrars Limited re: Communisis plc Open Offer" and crossed "A/C payee only", in the accompanying pre-paid envelope (for use within the UK only) by post or by hand (during normal business hours only) to Capita Registrars (who will act as receiving agent in relation to the Open Offer) so as to be received by Capita Registrars by no later than 11.00 a.m. on 4 March 2013, after which time Application Forms will not be valid. If you post your Application Form by first-class post, you should allow at least four Business Days for delivery. Please do not send cash.

All payments must be made in accordance with the instructions contained in answer 5(b) above.

**6. I hold my Existing Ordinary Shares in uncertificated form in CREST. What do I need to do in relation to the Open Offer?**

CREST Members should follow the instructions set out in Part VIII of this document. Persons who hold Existing Ordinary Shares through a CREST Member should be informed by the CREST Member through

whom they hold their Existing Ordinary Shares of the number of Open Offer Shares which they are entitled to acquire under the Open Offer and should contact them if they do not receive this information.

**7. I acquired my Existing Ordinary Shares prior to the Record Date and hold my Existing Ordinary Shares in certificated form. What if I do not receive an Application Form or I have lost my Application Form?**

If you do not receive an Application Form, this probably means that you are not eligible to participate in the Open Offer. Some Qualifying Shareholders, however, will not receive an Application Form but may still be eligible to participate in the Open Offer, namely:

- Qualifying CREST Shareholders who held their Existing Ordinary Shares in uncertificated form on 11 February 2013 at 5.30 p.m. (close of business) and who have subsequently converted them to certificated form; and
- Qualifying Non-CREST Shareholders who bought Existing Ordinary Shares before 7.00 a.m. on 15 February 2013 but were not registered as the holders of those shares at the close of business on 11 February 2013.

If you do not receive an Application Form but think that you should have received one or you have lost your Application Form, please contact Capita Registrars' shareholder helpline on 0871 664 0321 from within the UK or on +44 20 8639 3399 if calling from outside the UK. Calls to the 0871 664 0321 number cost 10 pence per minute (including VAT) plus your service network extras. Lines are open from 9.00 a.m. to 5.30 p.m. (London time) Monday to Friday. Calls to the helpline from outside the UK will be charged at the applicable international rate. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Issue nor give any financial, legal or tax advice.

**8. I am a Qualifying Non-CREST Shareholder, do I have to apply for all of my Open Offer Entitlement?**

You can take up any number of the Open Offer Shares allocated to you under your Open Offer Entitlement. Your maximum Open Offer Entitlement is shown on your Application Form. Any applications by a Qualifying Non-CREST Shareholder for a number of Open Offer Shares which is equal to or less than that person's Open Offer Entitlement will be satisfied, subject to the Open Offer becoming unconditional. If you decide not to take up all of the Open Offer Shares comprised in your Open Offer Entitlement, then your proportion of the ownership and voting interest in the Company will be reduced. Please refer to the answer to question 2 for further information.

Qualifying Shareholders should be aware that the Open Offer is not a rights issue. As such, Qualifying Non-CREST Shareholders should also note that their Application Forms are not negotiable documents and cannot be traded. Qualifying CREST Shareholders should note that, although the Open Offer Entitlements will be admitted to CREST and be enabled for settlement, the Open Offer Entitlements will not be tradable or listed and applications in respect of the Open Offer may only be made by the Qualifying Shareholders originally entitled or by a person entitled by virtue of a *bona fide* market claim raised by Euroclear's Claims Processing Unit. Qualifying Shareholders should be aware that in an Open Offer, unlike a rights issue, Open Offer Shares for which application has not been made under the Open Offer will not be sold in the market or placed for the benefit of Qualifying Shareholders who do not apply under the Open Offer, and Qualifying Shareholders who do not apply to take up their Open Offer Entitlement will have no rights under the Open Offer or receive any proceeds from it.

**9. What if I change my mind?**

If you are a Qualifying Non-CREST Shareholder, once you have sent your Application Form and payment to the Receiving Agent, you cannot withdraw your application or change the number of Open Offer Shares for which you have applied, except in the very limited circumstances which are set out in Part XIII of this document.

**10. What if the number of Open Offer Shares to which I am entitled is not a whole number: am I entitled to fractions of Open Offer Shares?**

If the number is not a whole number, you will not receive a fraction of an Open Offer Share and your entitlement will be rounded down to the nearest whole number.

**11. I hold my Existing Ordinary Shares in certificated form. What should I do if I want to spend more or less than the amount set out in Box 6 of the Application Form?**

You cannot spend more than the amount set out in Box 6. If you want to spend less than the amount set out in Box 6, you should divide the amount you want to spend by £0.40 (being the price, in pounds, of each Open Offer Share under the Open Offer). This will give you the number of Open Offer Shares you should apply for. You can only apply for a whole number of Open Offer Shares. For example, if you want to spend £100 you should divide £100 by £0.40. You should round that down to the nearest whole number, to give you the number of shares you want to take up. Write that number in Box 2. To then get an accurate amount to put on your cheque or bankers' draft, you should multiply the whole number of Open Offer Shares you want to apply for by £0.40 and then fill in that amount (rounded down to the nearest whole pence) in Box 3 and on your cheque or bankers' draft accordingly.

**12. What if I hold options and awards under the Share Schemes?**

Participants in the Share Schemes will be advised separately of any adjustments to their rights under the Share Schemes to take account of the Open Offer.

**13. I hold my Existing Ordinary Shares in certificated form. What should I do if I have sold some or all of my Existing Ordinary Shares?**

If you hold shares in the Company directly and you sell some or all of your Existing Ordinary Shares before 15 February 2013, you should contact the buyer or the person/company through whom you sell your shares. The buyer may be entitled to apply for Open Offer Shares under the Open Offer.

**14. I hold my Existing Ordinary Shares in certificated form. How do I pay?**

Completed Application Forms should be returned with a cheque or bankers' draft drawn in the appropriate form. All payments must be in Pounds Sterling and made by cheque or bankers' draft made payable to "Capita Registrars Limited re: Communisis plc Open Offer A/C" and crossed "A/C Payee Only". Please do not send cash. Cheques or bankers' drafts must be drawn on an account where the applicant has sole or joint title to the funds and on a bank or building society or branch of a bank or building society in the United Kingdom, Channel Islands or Isle of Man which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which is a member of either of the Committees of the Scottish and Belfast Clearing Houses or which has arranged for its cheques and bankers' drafts to be cleared through the facilities provided by any of those companies or committees and must bear the appropriate sort code in the top right hand corner. Third party cheques will not be accepted with the exception of building society cheques or bankers' drafts where the building society or bank has confirmed the name of the account holder and the number of an account held in the applicant name at the building society or bank by stamping or endorsing the back of the cheque or draft to such effect. The account name should be the same as that shown on the application. Post-dated cheques will not be accepted.

**15. Will the Existing Ordinary Shares that I hold now be affected by the Open Offer?**

If you decide not to apply for any of the Open Offer Shares under your Open Offer Entitlement, or only apply for some of your entitlement, your proportionate ownership and voting interest in Communisis will be reduced following completion of the Firm Placing, Placing and Open Offer.

**16. I hold my Existing Ordinary Shares in certificated form. Where do I send my Application Form?**

You should send your completed Application Form together with payment in the accompanying pre-paid envelope, by post or by hand (during normal office hours only), together with the payments by cheque or bankers' draft in the appropriate form to Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU. If you post your Application Form by first-class post, you should allow at least four Business Days for delivery.

If you do not want to take up or apply for Open Offer Shares then you need take no further action.

**17. I hold my Existing Ordinary Shares in certificated form. When do I have to decide if I want to apply for Open Offer Shares?**

The Receiving Agent must receive the Application Form by no later than 11.00 a.m. on 4 March 2013, after which time Application Forms will not be valid. If an Application Form is being sent by first-class post in the UK, Qualifying Shareholders are recommended to allow at least four Business Days for delivery.

**18. I hold my Existing Ordinary Shares in certificated form. When will I receive my new share certificate?**

It is expected that Capita Registrars will post all new share certificates on or around 14 March 2013.

**19. How do I transfer my entitlements into the CREST system?**

If you are a Qualifying Non-CREST Shareholder, but are a CREST Member and want your Open Offer Shares to be in uncertificated form, you should complete the CREST deposit form (contained in the Application Form), and ensure it is delivered to the CREST Courier and Sorting Service ("CCSS") in accordance with the instructions in the Application Form. CREST Sponsored Members should arrange for their CREST Sponsors to do this.

**20. If I buy Ordinary Shares after the Record Date, will I be eligible to participate in the Open Offer?**

If you bought your Ordinary Shares after the Record Date you are unlikely to be able to participate in the Open Offer in respect of such Ordinary Shares.

**21. Will the Firm Placing, Open Offer and Placing affect dividends on the Ordinary Shares?**

The New Ordinary Shares will, when issued and fully paid, rank equally in all respects with Existing Ordinary Shares, including the right to receive all dividends or other distributions made, paid or declared, if any, by reference to a record date after the date of their issue.

**22. Will I be taxed if I take up my entitlements?**

Information on taxation with regard to the Open Offer is set out in paragraph 16 of Part XV of this document. This information is intended as a general guide only and Shareholders who are in any doubt as to their tax position should consult an appropriate professional adviser immediately.

**23. What should I do if I live outside the United Kingdom?**

Shareholders with registered addresses, or who are located, in any Excluded Territory, are not eligible to participate in the Open Offer. Your attention is drawn to the information in paragraph 5 of Part VIII of this document.

**24. Further assistance**

All enquiries in relation to the procedure for application and completion of Application Forms should be addressed to Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, or made by telephone on 0871 664 0321 from within the UK or on +44 20 8639 3399 if calling from outside the UK.

Calls to the 0871 664 0321 number cost 10 pence per minute (including VAT) plus your service network extras. Lines are open from 9.00 a.m. to 5.30 p.m. (London time) Monday to Friday. Calls to the helpline from outside the UK will be charged at the applicable international rate. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Issue nor give any financial, legal or tax advice.

## PART X

### INFORMATION CONCERNING THE NEW ORDINARY SHARES

#### 1. Description of the type and class of securities being offered

The New Ordinary Shares to be issued by the Company will be ordinary shares with a nominal value of 25 pence each, with ISIN GB0006683238. Following Admission, which is expected to occur on 6 March 2013, the Company will have one class of ordinary shares, the rights of which are set out in the Articles.

The New Ordinary Shares will be credited as fully paid and free from all liens, equities, charges, encumbrances and other interests.

#### 2. Legislation under which the New Ordinary Shares have been created

The New Ordinary Shares will be created under the Companies Act.

#### 3. Listing

The Existing Ordinary Shares are currently listed on the Official List and are admitted to trading on the Main Market. Applications have been made to the UKLA for the New Ordinary Shares to be listed on the Official List and to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on its Main Market. Subject to satisfaction of the conditions in the Placing Agreement and such agreement not having been terminated in accordance with its terms, it is expected that Admission will become effective and that dealings for normal settlement in all of the New Ordinary Shares will commence at 8.00 am on 6 March 2013.

#### 4. Form and currency of the New Ordinary Shares

The New Ordinary Shares to be issued pursuant to the Issue will, when issued, be in registered form and will be capable of being held in certificated and uncertificated form. The registrars of the Company are Capita Registrars of The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU.

Title to the certificated New Ordinary Shares will be evidenced by entry in the register of members of the Company and title to uncertificated New Ordinary Shares will be evidenced by entry in the operator register maintained by Euroclear (which forms part of the register of members of the Company). No share certificates will be issued in respect of the New Ordinary Shares in uncertificated form. If any such shares are converted to be held in certificated form, share certificates will be issued in respect of those shares in accordance with applicable legislation. The New Ordinary Shares will be denominated in Pounds Sterling.

#### 5. Rights attached to the New Ordinary Shares

Each New Ordinary Share will rank *pari passu* in all respects with each Existing Ordinary Share, and will have the same rights and restrictions as each Existing Ordinary Share. Further details of the rights attaching to the Existing Ordinary Shares and the New Ordinary Shares are set out in paragraph 4 of Part XV of this document.

#### 6. Resolutions, authorisations and approvals relating to the New Ordinary Shares

On 5 March 2013 at the General Meeting, the Resolutions will be considered by the holders of the Existing Ordinary Shares and, if thought fit, passed. The New Ordinary Shares will be allotted and issued pursuant to the authority of the Resolutions. Details of these Resolutions are set out in the Notice of General Meeting at the end of this document.

#### 7. Dilution

Assuming that the Open Offer Entitlements are taken up in full by Qualifying Shareholders, the holders of Existing Ordinary Shares shall account for 80.37 per cent. of the Enlarged Ordinary Share Capital as they

will be diluted by the Firm Placing which will represent a 19.63 per cent. immediate dilution to the holders of the Existing Ordinary Shares.

If none of the holders of Existing Ordinary Shares take up their Open Offer Entitlements and are not participating in the Firm Placing they will be diluted by the Firm Placing, which will represent a 26.17 per cent. immediate dilution to the holders of the Existing Ordinary Shares.

## **8. Taxation**

Please see paragraph 16 of Part XV of this document for information relating to UK taxation (including a discussion of UK stamp duty and SDRT which is relevant to holders of Ordinary Shares, irrespective of their tax residence).

## PART XI

### INFORMATION ON COMMUNISIS

*Investors should read the whole of this document and the documents incorporated herein by reference and should not just rely on the financial information set out in Part XIII of this document.*

#### 1. Introduction

Communis is a leading UK marketing services provider that specialises in helping clients communicate with their customers more effectively and more profitably in fast-changing markets.

Communis has a reputation for production excellence and innovation and is trusted to design, produce and deploy multi-channel personalised customer communications accurately, securely, reliably and at scale.

Communis offers a broad range of services that can be delivered either separately or in combination to make its clients' communications more targeted and efficient.

The services include:

- the overall development of integrated offline and online marketing strategies;
- the acquisition, analysis and management of lifestyle and credit data to generate target lists of prospects for marketing campaigns;
- the design, creation and management of customer content that is used to produce the documents that convey the marketing messages;
- the application of software tools to manage communication campaigns on behalf of clients and to source materials;
- the production and deployment of highly personalised marketing and transactional documents; and
- the management of responses to marketing messages and the measurement of their effectiveness.

The total addressable market for Communis is primarily the direct marketing and transactional processing budget of medium to large-sized businesses. Direct marketing remains one of the strongest forms of communication available to businesses because of its flexibility and the ease with which return on investment can be measured. Communis is investing in new capabilities in direct marketing that are trending positively, especially in digital media services.

Communis is committed to creating long-term value for shareholders and other stakeholders through building sustainable partnership relationships with its clients and employees based on trust and innovation.

#### 2. History of Communis

Following the acquisition by John Mansfield Group plc of Waddington plc and the Printing Division of Rexam plc in 2000, John Mansfield Group plc changed its name to Communis plc. A program of disposals followed during 2000 and 2001 which refocused the Group's activities on print management and specialist production.

- 2002 – Communis acquired print management company Centurion. A five year print management contract was signed with Barclays.
- 2004 – Communis acquired print management company Dataform.
- 2005 – The Barclays contract was extended for a further three years.
- 2006 – Communis signed a ten year deal with HSBC to provide transactional documents.

- 2006/7 – Communisis opened a state of the art statement and billing facility in Speke. A seven year deal was signed with Centrica to provide customer bills. In December 2007, Communisis signed a five year £10 million contract with Co-operative Financial Services to produce all of their banking and insurance statements.
- 2008 – The Bath Forms and Economailer businesses were disposed of and the proceeds invested in the acquisition of high value data services business Absolute Intuistic Limited.
- 2009 – First high-speed colour digital platform installed in Leeds. Five year contract awarded by T-Mobile to provide print management services.
- 2010 – Contract with Barclays extended and business repositioned as a Marketing Services Provider, with two divisions, Intelligence Driven Communications and Specialist Production and Sourcing.
- 2011 – High-speed colour digital expansion at Leeds and Speke. Acquisition of Orchestra Bristol and the contract with Proximity London Limited for BBC TV licensing. The T-Mobile contract was extended to provide marketing services to Everything Everywhere. In addition, Communisis won a marketing services contract with a major consumer goods company.
- 2012 – Acquisition of The Garden Marketing Limited, Kieon Limited and Yomego Limited, a five year contract win with British Telecommunications plc for the production of all of its billing and associated customer communications, as well as a £10 million commitment in respect of two new high-speed colour digital platforms. Communisis was also awarded a contract by Boots UK.
- 2013 – Nine year contract with Nationwide Building Society for the development and production of its customer communications, including transactional, marketing and regulatory mailings, commences in early 2013.

### **3. Strategy**

The Group's objective is to be a leading UK marketing services provider with a growing customer-led international profile targeting the delivery of a double-digit operating margin on sales (excluding pass through) over the medium term.

To achieve this, Communisis will pursue the following strategic objectives:

- growing sales both organically and by acquisition to leverage the Group's ability to cross-sell to new and existing clients;
- extending activities to broaden and deepen the service offering;
- further diversifying the client portfolio beyond the financial services sector;
- following international clients into overseas markets;
- investing in specialist processing capabilities, notably high-speed colour digital platforms; and
- continuing to optimise direct cost and overhead base.

### **4. Organisational Structure**

Communisis is the parent company of the Group. A full list of Communisis' principal subsidiary undertakings, which are considered by Communisis to be likely to have a significant effect on the assessment of the assets and liabilities, the financial position and profits and losses of Communisis, is set out in paragraph 12 of Part XV of this document.

### **5. Principal Activities and Principal Markets**

The Company specialises in helping clients communicate with their customers more effectively and more profitably in fast-changing markets. Services are mainly focused on the integrated design, production and deployment of personalised customer communications. These communications are typically of a marketing,

regulatory or transactional nature and can be distributed either on paper or in digital formats through email, text message, mobile content or social media.

The Company operates predominantly in the UK but also has operations overseas and aims to derive 20 per cent. of its revenues from markets outside of the UK by 31 December 2015.

The Group derives approximately 50 per cent. of its revenues from supplying services to the financial services sector, with the remainder coming from the retail, telecoms, utilities and consumer goods sectors, as well as charities and government bodies.

The Group has 1,543 employees, including 115 at 19 client site locations. It has four in-house agencies with 120 experts in the areas of strategy, content, data and digital agencies.

The Group operates in an overall market which the Board believes is attractive and fast-moving. There are growing trends toward the outsourcing of outbound customer communication services, precision marketing through personalised communications and more consistent messaging in global campaigns. Companies are also increasingly looking to use single suppliers that provide a range of services, and there is a client-led diversification of creative services away from marketing agencies. There is also a progressive migration from print to digital formats for many types of customer communication, an increasing use of data analytics and an increasing client need to demonstrate improved returns on transactional processing and marketing spend. Communisis' ability to deliver personalised communications securely, reliably and at scale will allow it to capitalise on these trends.

The Group's design services encompass brand communication strategy, content creation and management, and insight and measurement. The Group's production and deployment capabilities include services related to print sourcing, direct mail, statement production and security products. The Group has an average daily production of 4.6 million impressions of personalised communication, increasing to 7.5 million in 2013 with new contracts. Its direct mail facility is one of the largest in Europe. The Group is one of the largest producers of statements in the UK. Security products services include the printing of cheque books and Communisis is the largest dedicated producer of cheque books in the UK.

The Communisis data intelligence team experienced a reduction in core demand from the insurance sector, in which it specialises, during 2012 but there continues to be a growing demand for data insight and services in other sectors.

To develop its offering in these areas and as part of its new product development programme, the Communisis data intelligence team delivered a database management project for Speedy Hire plc.

The transactional and regulatory work performed by the Company is typically carried out under long term contracts and, due to the nature of the work, provides the Company with a reasonable degree of revenue predictability. In addition, the demand for these services is less likely to be affected by macro-economic factors because the transactional nature of the communications makes them a business necessity.

Competitive differentiation is built on the breadth of the Company's portfolio of customer communication services, which is matched by few competitors, its market-leading technology, including Hewlett Packard high-speed colour digital platforms, the scale of the Group's operations and the depth of its embedded expertise and innovative capabilities. Communisis has some of the best-known companies in the UK as its clients.

### ***Products in development***

Communisis has recently entered into a number of commercial partnerships which will strengthen its service offering including Equifax Limited for the provision of credit data and Sorriso Technologies Limited, a technology provider, for e-billing and e-statements.

New product development activity is currently focused on two main areas:

- Mantl is a single marketing technology platform that brings together the Company's previous and new online applications under one brand name and will provide increased functionality and capability

across these applications. The applications which will be incorporated into Mantl include print sourcing, digital asset management, multi-resource marketing and point of sale campaign planning, e-Commerce and document personalisation. The first release of Mantl, included an updated IQ (print sourcing) application with added features for direct mail pricing. The next release is due in the second quarter of 2013 and will incorporate the campaign management application.

- Trigger Comms, or EDOD (Event Driven on Demand), is a new service which provides clients with a web-based document template which can be linked to a client's data and enables documents to be deployed via email, SMS and traditional direct mail. A key feature in the next development phase includes print consolidation which enables clients to maximise mail sort discounts. A "web-to-mail" function is also planned for the next phase. This will allow clients with call centres to define document templates to ensure consistency in customer communications and to consolidate and sort all mail from the call centre thereby enabling the client to benefit from business process improvements. The prototype was released in June 2012 and the next release is expected to be ready by the second quarter of 2013.

### ***Geographical markets***

The Group's head office is in London. The Group's main offices and production facilities are located in the United Kingdom. The Group has operating locations in Bath, Crewe, Leeds, Liverpool, London, Manchester, Newcastle, Nottingham, Glasgow and Bangalore, India following the acquisition of Kieon.

Communis's expansion into international markets has been client led. As such, overseas operations are typically housed within clients' facilities and do not require significant investment or present material operational risk. Group revenues from operations in the United Kingdom totalled £200.7 million, £188.4 million and £183.3 million in 2011, 2010 and 2009, respectively. Group revenues from non-UK based operations totalled £7.6 million, £4.7 million and £6.9 million in 2011, 2010 and 2009, respectively.

In the six month period from 1 January 2012 to 30 June 2012 Group revenues from operations outside the United Kingdom were £5.6 million, representing 5 per cent. of total Group revenues during the period.

## **6. Key Individuals**

### **Directors**

The Company's Directors are:

#### ***Peter Charles Fletcher Hickson, aged 67, Non-Executive Chairman (appointed December 2007)***

Peter is Chairman of the Group's Audit Committee and Nomination Committee, and a member of the Remuneration Committee. Peter is currently Chairman of the defence company Chemring Group plc and Senior Independent Director of Coalfield Resources plc (formerly UK Coal plc). He is also a trustee and board member of Orbis International, the sight saving charity. Previous appointments include Chairman of Anglian Water Group, Finance Director of PowerGen plc, and non-executive directorships at Kazakhmys plc, London & Continental Railways Limited, Scottish Power plc, Marconi Corporation plc and RAC plc.

#### ***Andrew Martin Blundell, aged 53, Chief Executive (appointed August 2009)***

Andrew joined Communis in January 2008 as Managing Director of Print Sourcing and became Group Sales Director in November 2008. He was later appointed to the Board as Chief Executive designate in August 2009 and took on the role permanently in October 2009. Formerly Andrew was a Managing Director at Bemrose Booth Limited and a Managing Director at De La Rue plc.

#### ***Nigel Guy Howes, aged 61, Finance Director (appointed December 2007)***

Nigel was appointed as Non-Executive Director in December 2007. He became an executive director in the role of Strategic Planning and Development Director in September 2010 before taking on the additional role of Finance Director in March 2011. Nigel is currently Non-Executive Chairman of Acceleris Marketing Communications Limited. Formerly, he was Non-Executive Director of SCS Upholstery plc and Wraith plc. Prior to this he was an Audit and Advisory Partner at Deloitte and at Arthur Andersen.

***David Rushton, aged 51, Group Managing Director (appointed August 2009)***

David is responsible for sales, technology development and operational delivery functions across the business. David joined Communis in 2003 as General Manager for Transactional Print and was appointed Managing Director of Direct Mail in 2007 before becoming Group Operations Director in 2008. In August 2009 he was appointed to the Board and in November 2011, he became Group Managing Director.

David has previously held general management roles with St Ives plc, Rexam plc and Avery Dennison Corporation.

***John Adrian Wells, aged 59, Group Commercial Director (appointed October 2009)***

John is responsible for the Group's commercial strategy, particularly in relation to major client relationships, as well as the Group's sourcing and environmental activities. John has also recently managed the introduction of Communis' Postal Services offering. Formerly John headed up the Group's Print and Direct Mail businesses and has held various managerial roles within companies that originally comprised the Group since 1972.

***Michael Graham Firth, aged 70, Non-Executive Director and Senior Independent Director (appointed December 2002)***

Michael is Chairman of the Group's Remuneration Committee and a member of both the Audit and Nomination Committees. Currently Michael is Non-Executive Director of Network Rail Limited and Henderson European Focus Trust plc. Formerly Michael was Non-Executive Director of Somerfield plc and First Technology plc, and Head of Corporate Banking for HSBC Bank plc.

***Jane Griffiths, aged 48, Non-Executive Director (appointed May 2012)***

Jane joined the Board as Non-Executive Director in May 2012. Jane is the current EMEA Marketing Director for Citibank NA and previously worked for a number of advertising agencies including Ogilvy/OgilvyOne in London, New York and Korea, Arc Worldwide London (part of the Leo Burnett Group) and TBWA/GGT London, each with a seat on the senior management team and as a member of the board.

## **7. Property, Plant and Equipment**

As at 30 June 2012, Communis' principal establishments which are occupied by Communis and its subsidiaries were:

<i>Address</i>	<i>Current Use</i>	<i>Owned/Leased</i>	<i>End date</i>	<i>Lease rate (£) per annum</i>
Bangalore, India	Office	Leased	2013 & 2015 (2 leases)	160,000
Bath	Office	Leased	26/08/2013	25,000
Bristol	Office	Leased	31/07/2012	25,000
Crewe	Factory	Owned	N/A	N/A
Glasgow	Office	Leased	3 months' notice	45,600
Leeds	Factory/office	Owned	N/A	N/A
Leeds	Office	Owned	N/A	N/A
Lisburn	Factory/warehouse	Leased	3 months' notice	109,500
Liverpool	Factory/warehouse	Leased	01/05/2027	425,000
London Head Office	Office	Leased	21/02/2021	160,400
Manchester	Factory/warehouse	Leased	01/10/2082	34,115
Newcastle (Balliol)	Factory/warehouse	Leased	15/11/2013	254,961
Newcastle Units 6 & 7	Warehouse	Leased	15/05/2016	40,000
Newcastle Unit 8	Factory/warehouse	Leased	15/05/2016	27,500
Nottingham	Office	Leased	27/04/2013	37,500

The net book value of all of the Group's properties as at 30 June 2012 was £7.6 million, of which £5.9 million represents freehold interests, £0.7 million represents long leasehold interests and £1.0 million represents short leasehold interests. All of the Group's properties are occupied for trading purposes.

In February 2012, the Group and the Pension Trustees agreed to an arrangement involving the securitisation of a rental stream on one of the Group's freehold properties. Under the arrangement the Pension Scheme is entitled to annual rent of £1.15 million for 15 years.

The Group's property is stated at cost less accumulated depreciation and accumulated impairment value. Land is not depreciated. Depreciation is calculated on a straight line basis to allocate costs to their residual value over their estimated useful lives.

The Group does not own any fixed assets, other than property, that it considers material to its ongoing business.

The Company is not aware of any environmental issues that would compromise the Company's ability to utilise the assets detailed above.

## 8. Principal Investments

A description of the Company's principal investments for the financial year ended 31 December 2011 is given on page 105 and 106 of its Annual Report for the financial year ended 31 December 2011 (which is incorporated into this document by reference).

On 2 May 2012, the Company announced the acquisition of Kieon Limited ("**Kieon**") and the trade and certain assets of Yomego Limited ("**Yomego**") for a consideration of £0.8 million and £0.4 million, respectively with both settled in cash from existing facilities.

Kieon is a UK-based specialist software production agency, with an offshore development facility in Bangalore, India. It currently generates annual revenues in the region of £0.9 million. The addition of Kieon to the Group widens and deepens the Group's creative services capabilities to include the building of websites and mobile and other digital applications. Kieon is now identifying and progressing opportunities within the Group's client base. Since acquiring Kieon, additional office space has been leased for expansion in Bangalore.

Yomego is a specialist social media agency that advises on the role of social media as an integral part of broader on-line and off-line marketing campaigns. Yomego is able to measure a campaign's effectiveness and provide insights into brand reputation and sentiment across social media sources. Yomego's current annual revenues are in the region of £0.6 million. Since the acquisition of Yomego several opportunities have presented themselves within the Company's client base, which Yomego is now following up and developing.

On 19 June 2012 the Company announced the acquisition of 49 per cent. of the issued share capital of The Garden Marketing Limited ("**Garden Marketing**"). The offer consisted of £0.3 million of cash for a 49 per cent. equity stake with an option to acquire the remaining 51 per cent. for approximately £0.5 million.

Garden Marketing is a full service integrated marketing agency based in London. Garden Marketing was incorporated in 1989 and generates annual revenues in the region of £1.0 million. Garden Marketing specialises in creating lead generation and collateral marketing communications for financial services and technology clients. It delivers print and digital marketing assets, advertising and direct mail campaigns across both consumer and business-to-business channels.

The investment in Garden Marketing extends the Group's creative services offering, adding further strategic planning expertise, conceptual creative services, copywriting and artworking resources to the Group's strong and growing marketing services proposition.

Furthermore, Garden Marketing's insight into financial services regulations has enhanced the Group's proposition in a recent client tender. Garden Marketing is also pursuing two major projects for a leading life assurance company that integrate some of the Group's newest and most sophisticated technology services, print-on-demand and data-driven multi channel output.

Due to the loss of a customer within Garden Marketing a £0.3 million impairment in respect of acquired intangible assets in the year ended 31 December 2012 is expected.

As part of the ongoing commitment to the deployment of advanced technology, the Group entered into an operating lease for a second Hewlett Packard T300 high-speed colour digital platform in April 2011, with a capital value of approximately £2.5 million. In November 2011, the Group committed to a further operating lease for two Hewlett Packard T400 high-speed colour digital platforms which were installed in the first half of 2012. These platforms have a combined capital value of approximately £10 million. It is anticipated that free operating cashflow will be sufficient to meet these lease payments.

## **9. Information Technology**

Communis invests in IT to help maintain a smooth and uninterrupted operation of complex computer networks and systems, including access to the networks of other parties. Communis also processes confidential and personal data on behalf of clients as part of many core services. Accordingly, the Company has policies in place to maintain a secure and fully functional IT infrastructure.

The Company constantly monitors changes in the application of technology, especially customers' progressive adoption of digital formats and channels as changes can impact market demand for the Group's products and services.

## **10. Research and Development, Patents and Licenses**

Expenditure on research and development during the financial year ended 31 December 2011 amounted to £372,000. In the six month period to 30 June 2012 expenditure was £211,000. The majority of expenditure related to technology platforms (including the MANTL platform, as detailed in paragraph 5 of this Part XI).

## **11. Dividends and Dividend Policy**

The Directors intend to maintain a progressive dividend policy, with an appropriate level of cover which is consistent with their views of the Group's cash flows and growth prospects. The Group declared dividends of 1.5 pence per share in the year ended 31 December 2011 (1.29 pence in 2010), an increase of 16 per cent. on the prior year. The Group declared an interim dividend of 0.55 pence in 2012, an increase of 10 per cent. on the prior period (0.50 pence in 2011).

## PART XII

### OPERATING AND FINANCIAL REVIEW OF COMMUNISIS

*Some of the information in the review below and elsewhere in this document includes forward looking statements based on current expectations that involve risks and certain uncertainties. See “Forward Looking Statements” on page 18 for a discussion of important factors that could cause actual results to differ materially from the results described in the forward looking statements contained in this document.*

*The following review of Communisis’ financial condition and operating results should be read in conjunction with the financial information incorporated by reference in this document in accordance with Part XIII of this document, “Documents Incorporated by Reference”, and the other financial information included elsewhere in this document.*

*Investors should read the whole of this document and the documents incorporated herein by reference and should not rely solely on the summary operating and financial information set out in this Part XII.*

#### **1. Capital Resources**

##### ***Cash and cash equivalents***

In the year ended 31 December 2011, cash generated from operations was broadly in line with the prior year at £8.8 million (2010 £9.1 million). The cash cost of exceptional items of £3.9 million (2010 £nil) was offset in the main by improved working capital performance, and reduced finance costs when compared to 2010.

Acquisitions during the year ended 31 December 2011 totalled £7.7 million (2010 £nil) and included the final earn out payment for the 2008 acquisition of Absolute Intuistic Limited and the acquisition of the trade and assets of Orchestra Bristol Limited, with payments made in June and September 2011. In 2010, £1.8 million was paid to acquire a client contract. Income tax received of £0.8 million (2010 income tax paid was £1 million) followed the favourable settlement and closure of a number of open tax years.

Operating cash flow in the first half of 2012 was £2.9 million lower than in 2011, despite the increased profitability, principally due to an increase in working capital attributable to the payment deferrals by three clients (£1.0 million), the cash consequences of exceptional costs reported in 2011 (£2.1 million) and the non-recurrence of exceptional tax recoveries in the prior period.

The final instalment of the consideration arising from the disposal of the Bath Forms operation in 2008 was received in 2012 (£0.5 million). The initial consideration for the three acquisitions (excluding payments for acquired cash), referred to in Parts VII and XI of this document, was settled in the second half of 2012.

Capital expenditure on property, plant and equipment and intangible software assets of £4.4 million (2010 £2.8 million) was incurred across the Group during the year ended 31 December 2011, with spending in the six month interim period to 30 June 2012 of £2.3 million.

The Company does not have any restriction on the use of its capital resources.

Following the latest triennial valuation in March 2011, the Group and the Pension Trustees agreed to additional annual contributions of £3 million, subject to review by the Pensions Regulator.

During the year 2012, the Group and the Pension Trustees also agreed to an arrangement involving the securitisation of a rental stream on one of the Group’s freehold properties. Under the arrangement the Pension Scheme will be entitled to annual rent of £1.15 million for 15 years. The present value of the rental stream of £9.8 million will be treated as an additional pension contribution and an asset that reduces the funding deficit by the same amount. As part of the arrangement, the Pension Trustees agreed that the £9.8 million constitutes a prepayment of contributions for the three years from 2012 to 2014 inclusive. Consequently the cash payments to the Pension Scheme will be limited to the annual rental on the property of £1.15 million per annum between 2012 and 2014 and then increase to £4.15 million per annum from 2015 onwards, but this is subject to review following the next triennial valuation in 2014.

At 12 February 2013 the Company had cash and cash equivalents totalling £8.6 million which are deducted from borrowings to give net debt as described below.

## ***Borrowings***

Net debt at 31 December 2011 increased to £24.7 million from £19.2 million in 2010. Within the net amount, bank debt increased by £6.9 million and finance lease creditors decreased by £0.8 million as the capital value was repaid with no new finance leases being taken out. Intra-period fluctuations in working capital increase the level of indebtedness during the year with the average bank debt during 2011 being £30.5 million.

The final earn-out payment for the acquisition of Absolute Intuistic Limited of £5.5 million and the costs associated with the acquisition of Orchestra Bristol Limited in June 2011 more than accounted for the overall increase in bank debt during the year.

The bank facilities were renewed in February 2011 under a syndicated arrangement with Barclays, Lloyds Banking Group and HSBC. They comprise a revolving credit facility of £40.0 million, which the banks agreed to extend by £5.0 million to £45.0 million in February 2012.

On 14 February 2013, Communisis increased its committed bank facilities by £10.0 million to a total of £55.0 million. The new facilities comprise two new tranches to the multi-currency revolving credit facility, being (i) a £5.0 million tranche (“**Facility C**”) and (ii) a further £5.0 million tranche which Communisis may utilise by way of an overdraft facility (with such overdraft being provided on a committed basis) (“**Facility D**”).

It is a requirement of the facility agreement that the net proceeds of the Fundraising are used to repay (to the extent that it is drawn) Facility C, at which time the £5.0 million extension to the multi-currency revolving credit facility will be cancelled. The Board does not expect to utilise Facility C prior to completion of the Fundraising. On completion of the Fundraising, Facility D will be withdrawn and it is expected that Barclays Bank PLC will provide an uncommitted overdraft facility of £5.0 million to replace it, such that the amount of the overdraft facilities available to the Company will remain unchanged. The Group’s bank facilities will then total £50.0 million, comprising a £45.0 million multi-currency revolving credit facility (committed until 24 August 2014) and an uncommitted £5.0 million overdraft facility. In the event that the Issue does not complete, all of the increased facilities will remain in place.

Year-end bank debt increased from £15.8 million in 2010 to £22.7 million in 2011 (excluding £0.6 million of unamortised borrowing costs) due principally to the cash cost of debt-funded acquisitions. The gearing ratio, being bank debt divided by the sum of equity and bank debt, increased from 11 per cent. to 15 per cent. in the year ended 31 December 2011.

In 2012, the reduction in operating cash inflows for the first half of the year largely accounted for the bank debt at 30 June 2012 being £2.3 million higher than at 30 June 2011. Working capital is usually higher at the end of June than at the end of December. The initial consideration for the three acquisitions (excluding payments for acquired cash), referred to below, was settled in the second half of 2012.

As part of the ongoing commitment to the deployment of advanced technology, the Group entered into an operating lease for a second Hewlett Packard T300 high-speed colour digital platform, in April 2011, with a capital value of approximately £2.5 million. In November 2011, the Group committed to a further operating lease for two Hewlett Packard T400 high-speed colour digital platforms. These platforms have a combined capital value of approximately £10 million. In November 2012, Communisis entered into a new finance lease of £0.2 million with Lombard for the acquisition of a Pitney Bowes APS inserter. The amounts falling due under the finance leases will be financed from cashflow generated from operations.

The Group’s objectives are to ensure that bank debt, excluding any acquisition funding, but including intra-period fluctuations (which gave rise to average net bank debt of £30.5 million during 2011) is not more than twice EBITDA and to generate sufficient free cash flow to reduce net debt progressively over the medium term. Free cash flow for these purposes is calculated after deducting all operating and non-acquisition related investment expenditure, pension contributions and dividends. The use of equity or debt to fund any future acquisitions will be determined on a case-by-case basis.

The Group’s continuing operations are funded through equity and bank debt in combination with finance and operating leases and trade creditors.

As discussed in Part XI, the Company acquired The Garden Marketing Limited (49 per cent.), Kieon Limited and the business and assets of Yomego Limited on 14 June 2012, 18 April 2012 and 3 May 2012, respectively for an aggregate net consideration of £1.5 million, with the consideration financed from existing bank facilities. Including costs associated with the transactions of £0.2 million, this has resulted in an increase of £1.7 million in net debt.

As at 12 February 2013, being the last practicable date before the publication of this document, the Company had bank debt of £45 million, with the full amount non-current with no unused committed facilities. The Company's highest level of month end bank debt during the year ending 31 December 2011 was £35.8 million at 30 November 2011 and in the interim period to 30 June 2012 it was £37.1 million at 29 February 2012.

The borrowing policies of Communis remain unchanged since 31 December 2011 and are described on pages 93 and 94 of Communis' Annual Report for the year ended 31 December 2011, which has been incorporated by reference into this document.

## 2. Capitalisation and Indebtedness

At 31 December 2012, the Group had capitalisation and indebtedness as follows:

	<i>£000</i>
Total current debt	
– Guaranteed	–
– Secured	1,030
– Unguaranteed/unsecured	–
Total non-current debt	
– Guaranteed	–
– Secured	848
– Unguaranteed/unsecured	39,670
Total indebtedness	<u>41,548</u>
Shareholders' equity	
– Share capital	35,251
– Share premium	22
Total capitalisation and indebtedness	<u>76,821</u>

The Group's net indebtedness at 31 December 2012 can be categorised as follows:

	<i>£000</i>
Cash	21,548
Cash equivalent	–
Trading securities	–
Liquidity	<u>21,548</u>
Current financial receivable	–
Current bank debt	–
Current portion of non current debt	–
Other current financial debt	1,030
Current financial debt	<u>1,030</u>
Net current financial indebtedness	<u>20,518</u>
Non-current bank loans	39,670
Bonds issued	–
Other non-current loans	848
Non-current financial indebtedness	<u>40,518</u>
Net financial indebtedness	<u>20,000</u>

### **3. Items incorporated by reference**

As detailed in section 8 of Part VII of this document, current trading and operations have not materially changed since the half year ended 30 June 2012, other than the Group increasing its committed bank facilities, as detailed in section 1 of this Part XII.

As such, investors are referred to paragraph 2 of Part XVI (“Documents incorporated by reference”) for specific items of information which have been incorporated by reference into this document including:

- (i) A description of the Group’s financial condition, changes in financial condition and results of operations for each year and interim period, for which historical financial information is required, including the causes of material changes from year to year in the financial information to the extent necessary for an understanding of the Group’s business as a whole. This can be found in the Chairman’s statement, Chief Executive’s review and the Finance Review within the Annual Report for the years ended 31 December 2011, 31 December 2010 and 31 December 2009 and the Chief Executive’s review and Financial Performance Report within the 2012 Interim Report for the six month period ended 30 June 2012;
- (ii) Information regarding significant factors, including unusual or infrequent events or new developments, materially affecting the Group’s income from operations, indicating the extent to which income was so affected. This can be found within the Finance Review within the Annual Report for the years ended 31 December 2011, 31 December 2010 and 31 December 2009 and the Financial Performance Report within the 2012 Interim Report for the six month period ended 30 June 2012;
- (iii) Material changes in net sales or revenues, including a narrative discussion of the reasons for such changes including exceptional items within the Finance Review in the Annual Report for the years ended 31 December 2011, 31 December 2010 and 31 December 2009 and the Financial Performance Report within the 2012 Interim Report for the six month period ended 30 June 2012;
- (iv) A breakdown of total revenues by category of activity and geographic market for each financial year for the period covered by the historical financial information in the Notes to the Consolidated Financial Statements (Segmental Information) in the Annual Report for the years ended 31 December 2011, 31 December 2010 and 31 December 2009 and the Interim Report for the six month period ended 30 June 2012; and
- (v) Funding and treasury policies and objectives in relation to treasury activities are controlled, currencies in which cash and cash equivalents are held, the extent to which borrowings are at fixed rates, and the use of financial instruments for hedging purposes are contained within Financial Risk Management Objectives and Policies in the Annual Report for the years ended 31 December 2011, 31 December 2010 and 31 December 2009.

## **PART XIII**

### **HISTORICAL FINANCIAL INFORMATION RELATING TO COMMUNISIS**

Consolidated financial statements of Communis included in the 2012 Interim Report for the six month period ended 30 June 2012 and the 2011 Annual Report, the 2010 Annual Report and the 2009 Annual Report, together with the audit reports thereon, are incorporated by reference into this document. Ernst & Young LLP has issued unqualified audit opinions on the consolidated financial statements of Communis included in each of the 2011 Annual Report, the 2010 Annual Report and the 2009 Annual Report. The 2011 Annual Report, the 2010 Annual Report and the 2009 Annual Report are available for inspection in accordance with paragraph 25 of Part XV (“Additional Information”) and contain information which is relevant to this document.

#### ***Cross-reference list***

Investors are referred to paragraph 2 of Part XVI (“Documents incorporated by reference”) for specific items of information which have been incorporated by reference into this document.

## PART XIV

### UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

*The unaudited pro forma statement of net assets of the Group set out below has been prepared to illustrate the effect of the Fundraising on the Group's net assets as if these events had taken place on 30 June 2012. The unaudited pro forma statement of net assets has been prepared for illustrative purposes only and, because of its nature, addresses a hypothetical situation and therefore does not represent the Group's actual financial position. The unaudited pro forma statement of net assets is compiled on the basis set out in the notes below:*

<i>Currency: £000</i>	<i>Communis Note 1</i>	<i>Adjustments to net assets following Fundraising Note 2</i>	<i>Total</i>
<b>Non-current assets</b>			
Property, plant and equipment	19,942		19,942
Intangibles/goodwill	163,911		163,911
Trade and other receivables	125		125
Deferred tax asset	1,256		1,256
	185,234		185,234
<b>Current Assets</b>			
Inventories	8,336		8,336
Trade and other receivables	39,509		39,509
Cash and cash equivalents	10,062	3,888	13,950
	57,907	3,888	61,795
<b>TOTAL ASSETS</b>	243,141	3,888	247,029
<b>Current liabilities</b>			
Interest bearing loans and borrowings	930		930
Trade and other payables	57,886		57,886
Current tax liabilities	940		940
Provisions	1,363		1,363
	61,119		61,119
<b>Net Current (Liabilities)/Assets</b>	(3,212)	3,888	676
<b>Total Assets Less Current Liabilities</b>	182,022	3,888	185,910
<b>Non current liabilities</b>			
Interest bearing loans and borrowings	36,685	15,000	21,685
Trade and other payables	766		766
Retirement benefit obligations	15,170		15,170
Provisions	1,006		1,006
	53,627	15,000	38,627

<i>Currency: £000</i>	<i>Communis</i>	<i>Adjustments to net assets following Fundraising</i>	<i>Total</i>
	<i>Note 1</i>	<i>Note 2</i>	
<b>Reserves</b>			
Share capital	34,663	12,500	47,163
Share premium	22	6,388	6,410
Merger reserve	11,427		11,427
Capital redemption reserve	1,375		1,375
ESOP reserve	(535)		(535)
Cumulative translation adjustment	(219)		(219)
Retained earnings	81,662		81,662
<b>Total equity</b>	<u>128,395</u>	<u>18,888</u>	<u>147,283</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>243,141</u>	<u>3,888</u>	<u>247,029</u>

#### Notes

1. The financial information in respect of the Group has been extracted without material adjustment from the unaudited interim financial statements of the Group for the six months ended 30 June 2012, which are incorporated by reference within this document.
2. The net proceeds of the Fundraising are calculated on the basis that the Company issues 50,000,000 New Ordinary Shares at 40 pence per share, net of estimated expenses in connection with the Fundraising of approximately £1.1 million. Within the pro forma statement of net assets, the Company's utilisation of its revolving credit facility has decreased by £15 million following repayment of debt incurred in relation to acquisition related payments and the balance of £3.9 million has increased cash and cash equivalents by £3.9 million. The proceeds of the Fundraising, net of expenses, of £18.9 million, have been credited to the share capital and share premium accounts of the Company.
3. Save for the adjustment for the net proceeds of the Fundraising as described in note 2 above, no adjustment has been made to reflect any trading or other transactions undertaken by the Group since 30 June 2012.



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The Directors  
Communis plc  
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14 February 2013

Dear Sirs

We report on the pro forma financial information (the “Pro Forma Financial Information”) set out in Part XIV of the Prospectus dated 14 February 2013, which has been prepared on the basis described in note 2, for illustrative purposes only, to provide information about how the Fundraising might have affected the financial information presented on the basis of the accounting policies adopted by Communis plc in preparing the financial statements for the period ended 30 June 2012. This report is required by item 20.2 of Annex I of Commission Regulation (EC) No 809/2004 and is given for the purpose of complying with that item and for no other purpose.

Save for any responsibility arising under Prospectus Rule 5.5.3R (2)(f) to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with item 23.1 of Annex I to Commission Regulation (EC) No 809/2004, consenting to its inclusion in the Prospectus.

### **Responsibilities**

It is the responsibility of the directors of Communis plc to prepare the Pro Forma Financial Information in accordance with item 20.2 of Annex I of Commission Regulation (EC) No 809/2004.

It is our responsibility to form an opinion, as required by item 7 of Annex II of the Commission Regulation (EC) No 809/2004, as to the proper compilation of the Pro Forma Financial Information and to report that opinion to you.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro Forma Financial Information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

### **Basis of opinion**

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro Forma Financial Information with the directors of Communis plc.

The UK firm Ernst & Young LLP is a limited liability partnership registered in England and Wales with registered number OC300001 and is a member firm of Ernst & Young Global Limited. A list of members' names is available for inspection at 1 More London Place, London SE1 2AF, the firm's principal place of business and registered office.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro Forma Financial Information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of Communisis plc.

### **Opinion**

In our opinion:

- the Pro Forma Financial Information has been properly compiled on the basis stated; and
- such basis is consistent with the accounting policies of Communisis plc.

### **Declaration**

For the purposes of Prospectus Rule 5.5.3R (2)(f) we are responsible for this report as part of the Prospectus and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Prospectus in compliance with item 1.2 of Annex I of Commission Regulation (EC) No 809/2004.

Yours faithfully

Ernst & Young LLP

## PART XV

### ADDITIONAL INFORMATION

#### 1. Responsibility

The Company and the Directors, whose names appear on page 23 of this document, accept responsibility for the information contained in this document. Having taken all reasonable care to ensure that such is the case, the information contained in this document is, to the best of the knowledge of the Company and the Directors, in accordance with the facts and contains no omission likely to affect its import.

Ernst & Young accepts responsibility for its report contained in Part XIV of this document. To the best of the knowledge and belief of Ernst & Young (who have taken all reasonable care to ensure that such is the case) the information in the report is in accordance with the facts and does not omit anything likely to affect the import of such information.

#### 2. Incorporation and registered office

The Company was incorporated in England and Wales on 6 April 1994 under the Companies Act 1985 as a public company limited by shares with the name Prime Retail plc and with registered number 02916113. The principal legislation under which the Company operates is the Companies Act and the regulations made thereunder.

The Company's registered address and service address of the Directors is Wakefield Road, Leeds LS10 1DU. The Company's telephone number is 0113 277 0202.

#### 3. Directors and senior managers<sup>1</sup>

3.1 Other directorships held by the Directors in the five years preceding the date of this document in respect of companies other than the Company and other members of the Group are as follows:

<i>Director</i>	<i>Company</i>	<i>Status</i>
Peter Charles Fletcher Hickson	TW Associates (Financial Consultants) Limited	Current
	Orbis Charitable Trust	Current
	Chemring Group plc	Current
	Coalfield Resources plc	Current
	Kazakhmys plc	Resigned 13/05/2011
	London & Continental Railways Limited	Resigned 31/03/2011
	AWG Parent Co Limited	Resigned 27/02/2009
	Osprey Acquisitions Limited	Resigned 27/02/2009
	Osprey Holdco Limited	Resigned 27/02/2009
Andrew Martin Blundell	None	
Nigel Guy Howes	Acceleris Marketing Communication Limited	Current
	Useful Students Limited	Current
	Useful Ventures Limited	Current
	Extraterm Limited	Dissolved 28/12/2011
	SCS Upholstery plc <sup>2</sup>	Resigned 28/02/2011

<sup>1</sup> Other than the Directors, there are no other senior managers' details which are required to be disclosed.

<sup>2</sup> SCS Upholstery plc ("SCS") was put into administration on 3 July 2008 in connection with the sale of the business to a private equity house, at which time Nigel Howes' duties and responsibilities as a non-executive director effectively ceased. SCS was subsequently put into a creditors' voluntary liquidation on 15 May 2009. Nigel subsequently resigned on 28 February 2011 before SCS was dissolved on 9 April 2012.

<i>Director</i>	<i>Company</i>	<i>Status</i>
Nigel Guy Howes (continued)	Hallmark Analytical Ventures Limited	Resigned 26/02/2011
	Diagnostic Innovations Limited	Resigned 13/12/2010
	Acceleris Innovations Limited	Dissolved 12/05/2010
	Acceleris PR Limited	Dissolved 12/05/2010
	Acceleris Limited	Resigned 10/04/2009
	Arthur Andersen	Former partner
David Rushton	None	
John Adrian Wells	None	
Michael Graham Firth	Network Rail Infrastructure Limited	Current
	Network Rail Limited	Current
	Henderson European Focus Trust plc	Current
Jane Griffiths	None	

- 3.2 As at the date of this document, no Director or senior manager, except as disclosed in paragraph 3.1:
- 3.2.1 has been at any time in the five years prior to the date of this document a Director (or otherwise a member of any administrative, management or supervisory body) or partner of any companies or partnerships other than directorships or partnerships of any member of the Group from time to time; or
- 3.2.2 has any convictions in relation to fraudulent offences for at least the last five years; or
- 3.2.3 has been adjudged bankrupt or been a party to a deed of arrangement or any form of voluntary arrangement; or
- 3.2.4 has in the five years prior to the date of this document been a director of any company which, while he was such a director, was put into receivership or compulsory liquidation or creditors' voluntary liquidation or company voluntary arrangement or has had an administrator or an administrative or other receiver appointed or entered into any composition or arrangement with its creditors generally or any class of its creditors; or
- 3.2.5 in the five years prior to the date of this document has been a partner in any partnership which, while he was a partner, was put into compulsory liquidation, administration or partnership voluntary arrangement; or
- 3.2.6 has had an administrative or other receiver appointed in respect of any asset belonging to him or her or to a partnership of which he or she was a partner; or
- 3.2.7 has received any official public incrimination and/or sanctions by any statutory or regulatory authorities, including designated professional bodies, or been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company in the previous five years.
- 3.3 No Director nor senior manager has, or has had, any interest in any transaction effected by the Company or any of its subsidiaries which is or was unusual in its nature or conditions or significant to the business of the Group and (in any such case) was effected during the current or immediately preceding financial year of the Company or during an earlier financial year and remains in any respect outstanding or unperformed.
- 3.4 There are no outstanding loans or guarantees granted or provided by any member of the Group to or for the benefit of any Director.
- 3.5 No Director nor senior manager has any potential conflict of interest between his duties to the Company and his private interests or other duties.

#### 4. Share Capital

- 4.1 The following table sets out the issued and fully paid share capital of the Company as at 13 February 2013 (being the latest practicable date before the publication of this document) and as it will be (assuming that no options or awards granted under the Share Schemes are exercised between the date of this document and completion of the Issue) following the allotment and issue of 50,000,000 New Ordinary Shares under the Issue. The ISIN for the New Ordinary Shares will be GB0006683238.

	<i>Nominal Value</i>	<i>Issued and fully paid</i>
Number of Ordinary Shares prior to completion of the Issue	£35,261,943.75	141,047,775
Proposed number of Ordinary Shares upon completion of the Issue*	£47,761,943.75	191,047,775

\* Assuming the Open Offer is taken up in full

The Ordinary Shares are admitted to trading on the Main Market and are listed on the Official List. Applications will be made to the UKLA for the New Ordinary Shares to be admitted to the Official List and to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on its Main Market.

As at 13 February 2013 (being the latest practicable date before the publication of this document), the Company did not hold any treasury shares. No Ordinary Shares have been issued otherwise than as fully paid. The Ordinary Shares have a nominal value of 25 pence each.

Other than that detailed in paragraph 6.2 there is no share capital under option.

- 4.2 The table below sets out the changes to the issued share capital of the Company for the three financial years ended 31 December 2009, 2010 and 2011 and for the period 1 January 2012 to 13 February 2013 (the latest practicable date prior to the publication of this document):

<i>Period ended</i>	<i>Number of issued Ordinary Shares</i>
13 February 2013	141,047,775
31 December 2011	138,651,540
31 December 2010	138,602,981
31 December 2009	138,602,981

- 4.3 The Issue will result in an overall immediate dilution of approximately 26.17 per cent. of the Existing Ordinary Shares in the capital of the Company.
- 4.4 By ordinary resolution of the Company passed on 2 May 2012, in substitution for all existing authorities, the Directors were generally and unconditionally authorised, in accordance with section 551 of the Companies Act, to exercise all powers of the Company to allot Ordinary Shares in the Company or grant rights to subscribe for, or convert any security into, Ordinary Shares in the Company:

4.4.1 up to an aggregate nominal amount of £11,554,295; and

4.4.2 comprising equity securities (as defined in section 560(1) of the Companies Act 2006) up to a nominal amount of £23,108,590 (such amount to be reduced by any allotments made under paragraph 4.4 above) in connection with an offer by way of a rights issue:

- (a) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and
- (b) to holders of other equity securities as required by the rights of those securities or as the directors otherwise consider necessary,

and so that the directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with any treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or laws of, any territory or any matter.

The authorities conferred on the Directors to allot securities under paragraph 4.4.1 and 4.4.2 will expire on the date of the Annual General Meeting of the Company to be held in 2013 or on 1 July 2013, whichever is sooner, unless previously revoked or varied by the Company, and such authority shall extend to the making before such expiry and the Directors may allot relevant securities in pursuance of that offer or agreement as if the authority conferred hereby had not expired; and

4.5 by special resolution of the Company passed on 2 May 2012, the Directors were generally authorised pursuant to section 570 of the Companies Act to allot equity securities (as defined in section 560 of the Companies Act) for cash as if section 561(1) of the Companies Act did not apply to the allotment but this power shall be limited to:

4.5.1 the allotment of equity securities where such securities have been offered to holders of Ordinary Shares (and other persons entitled to participate therein) in proportion (as nearly as may be practicable) to their existing holdings of Ordinary Shares but subject to the Directors having the right to make such exclusions or other arrangements as they deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal or practical problems under the laws in any territory or jurisdiction or the requirements of any relevant regulatory body or stock exchange or any other matter; and

4.5.2 the allotment of equity securities up to a maximum nominal amount of £1,733,144,

and this power shall expire at the conclusion of the annual general meeting of the Company to be held in 2013 and the Company may, before this power expires, make any offer, agreement or arrangement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities pursuant to such offer, agreement or arrangement as if this power had not expired.

## **5. Employee Share Plans**

### **5.1 *Employee Share Plans***

The Company currently operates four employee share plans.

The Sharesave Scheme (see paragraph 5.1.1 below) is a standard HMRC approved all-employee plan.

The LTIP is currently the Company's main share incentive plan for executive directors and key employees and its terms are summarised at paragraph 5.2 below.

The ESOS 2010 was adopted on 27 April 2010 as a replacement plan for the ESOS 2000. The terms that apply to any options granted under the ESOS 2010 are explained at paragraph 5.3 below. No options are currently outstanding under the ESOS 2010.

The ESOS 2000 expired on 7 June 2010 and no further options may be granted under it. However, the terms applying to outstanding options are explained at paragraph 5.4 below.

The Company has also established the Communisis Matched Award Plan. However, this share plan is no longer operated by the Company as there are no extant awards to Directors and the Remuneration Committee has no intention of making any further awards under this share plan.

#### **5.1.1 The Sharesave Scheme**

##### **(a) General**

The Sharesave Scheme was adopted on 26 April 2007 by the Company's shareholders. Options to acquire Ordinary Shares under the Sharesave Scheme are granted to eligible

employees by the Company or the trustee of the Company's employee benefit trust, are not transferable (except on death) and are not pensionable benefits.

- (b) **Eligibility**  
Any employee (including any full time director) of the Company or a participating subsidiary who either is based in the UK and has been employed for a qualifying period of such length as the Board may determine from time to time (but not exceeding five years) or is nominated by the Board, is eligible to participate in the Sharesave Scheme.
- (c) **Issue of invitations**  
Invitations to apply for options may be issued within the period of six weeks commencing on:
  - (i) the day following the announcement by the Company of its results for any period;
  - (ii) the day any change to the sharesave legislation is proposed or made;
  - (iii) the day a new savings contract prospectus is announced or comes into force; or
  - (iv) the day that the Board resolves exceptional circumstances exist.No payment is required for the grant of options. No invitations may be issued after the tenth anniversary of the approval of the Sharesave Scheme by HMRC.
- (d) **Exercise price**  
The exercise price per Ordinary Share must not be less than the higher of:
  - (i) 80 per cent. (or such other percentage as set out in the legislation governing sharesave plans) of the market value of an Ordinary Share, being the middle market quotation of an Ordinary Share as derived from the Daily Official List, for the dealing day immediately preceding the date invitations are issued or, if the Board so determines, the average of the middle market quotations of an Ordinary Share on the three dealing days immediately preceding that date; and
  - (ii) in the case of options to subscribe for Ordinary Shares, the nominal value of an Ordinary Share.
- (e) **Monthly savings**  
Any employee who applies for an option under the Sharesave Scheme must enter into a HMRC approved "**save as you earn**" contract (the "**Savings Contract**"). The employee agrees to make monthly savings contributions of a fixed amount, currently of not less than £5 or more than £250. Savings Contracts may be for three years or (if the Company allows) for five years. Upon expiry of the Savings Contract, the employee will normally be entitled to receive a tax free bonus (if bonus rates are above zero) in addition to repayment of the savings contributions. The employee may elect to apply the proceeds of the Savings Contract to exercise the option and acquire Ordinary Shares. Alternatively, the employee may choose to withdraw the proceeds of the Savings Contract.
- (f) **Exercise of options**  
Normally, provided employees have remained in employment, options under the Sharesave Scheme will be exercisable only during the period of six months from the maturity of the Savings Contract.
- (g) **Leavers**  
Where an option holder leaves employment with the Company or a participating subsidiary, options will normally lapse.

However, exercise of options is permitted following death, cessation of employment by reason of injury, disability, redundancy, retirement on reaching age 65 (or contractual retirement age) or where the option holder's employer ceases to be a part of the Group. In such cases, options may be exercised within six months of leaving, to the extent that the funds then available in the option holder's Savings Contract (including any interest or bonus) permit. If an option holder dies, the option holder's personal representatives may normally exercise the options within twelve months of the date of death.

If the option holder reaches age 65 but remains employed by the Company or a participating subsidiary, he may exercise his option within six months of reaching that age.

- (h) Corporate events  
Exercise of options within specified periods is permitted in the event of a takeover, reconstruction or voluntary winding-up of the Company. Alternatively, option holders (by agreement with the acquiring company) may agree to release their options in consideration of the grant of options in the acquiring company.

- (i) Dilution limit  
Options may be granted over unissued or existing Ordinary Shares.

The number of new Ordinary Shares that may be issued to satisfy options and awards granted under the Sharesave Scheme and all of the Company's other employee share plans will be restricted to 10 per cent. of the ordinary issued share capital of the Company over any ten calendar year period.

- (j) Rights attaching to Ordinary Shares  
Ordinary Shares issued or transferred upon the exercise of options will rank equally alongside Ordinary Shares then in issue (except for any right attaching to Ordinary Shares by reference to a record date before the date of allotment or transfer).

- (k) Variation of share capital  
If there is a variation of the share capital of the Company, the Board may adjust the number of Ordinary Shares subject to any option and the exercise price payable upon the exercise of any option (provided that the aggregate exercise price payable is not materially altered). However, no adjustments may be made without the prior approval of HMRC.

- (l) Alteration of the Sharesave Scheme  
The Board may amend the Sharesave Scheme. However, no amendment may be made to the advantage of option holders without the prior approval of the Company's shareholders in general meeting. There is an exception for minor amendments to benefit the administration of the Sharesave Scheme, to take account of a change in legislation, to maintain HMRC approval of the Sharesave Scheme or to obtain or maintain favourable tax, exchange control or regulatory treatment for option holders or any member of the Group.

No amendment to a feature necessary to meet the legislative requirements governing sharesave schemes will normally take effect unless and until such amendment has been approved by HMRC.

## 5.2 *The LTIP*

### 5.2.1 General

The LTIP was adopted on 26 April 2007 by the Company's shareholders. Options to acquire Ordinary Shares under the LTIP are granted to eligible employees by the Company or the trustee of the Company's employee benefit trust. The options will normally become exercisable three years after their grant but only if, and to the extent that, the performance conditions to

which they are subject have been satisfied. Options are not transferrable (except on death) and are not pensionable benefits.

#### 5.2.2 Eligibility

Options may be granted under the LTIP to any person who is an employee of the Company or a participating Group company, at the discretion of the Remuneration Committee.

#### 5.2.3 Grant of options

Options can generally only be granted:

- (a) within the period of six weeks commencing on the day following the announcement by the Company of its results for any period;
- (b) within the period of six weeks commencing on the day following the publication of a prospectus, listing particulars or equivalent in relation to the Ordinary Shares; or
- (c) at other times if, in the opinion of the Remuneration Committee, the circumstances are exceptional.

No payment is required for the grant of options. No options may be granted after 26 April 2017.

#### 5.2.4 Exercise price

The price (if any) payable on exercise of an option is decided by the Remuneration Committee before the option is granted. Options will normally have a nil or nominal exercise price.

#### 5.2.5 Performance conditions

The exercise of options is subject to the satisfaction of one or more performance conditions measured over a period, determined by the Remuneration Committee at the date of grant. The Remuneration Committee will determine the extent to which a performance condition is satisfied at any time and there will be no re-testing of performance conditions.

The Remuneration Committee may amend a performance condition if any event occurs that causes the Remuneration Committee reasonably to consider that the amended condition would be a fairer measure of performance, as long as the condition would be no more difficult to satisfy.

Options granted under the LTIP before 2010 are subject to performance conditions based on the total shareholder return (“TSR”) of the Company compared to two sets of comparator companies, with at least 30 per cent. vesting for each tranche if TSR is at or above the median level (full vesting for top decile performance) over the three year period from grant.

Options granted in 2010 will vest as to 10 per cent. if the Company’s share price, measured on average over any three month period in the three years from grant, is above 30 pence (rising to 100 per cent. at over 90 pence). However, shares will only vest if the Remuneration Committee is satisfied as to the Company’s underlying financial performance in the performance period.

The award made to Nigel Howes in 2011 was made on terms that were consistent with those of the LTIP awards which were made to the other members of the executive team in 2010, to promote an alignment of interests across the executive team. However, the initial target for threshold vesting has been raised, and the level of award scaled back from what it would otherwise have been, so that Nigel Howes does not receive any benefit for performance achieved before his appointment.

#### 5.2.6 Individual limit

In any year, an individual will not normally be granted options under the LTIP over Ordinary Shares having a market value (as at the date(s) of grant) in excess of 150 per cent. of the option holder’s annual basic salary. Options may be granted in excess of this limit in exceptional circumstances.

#### 5.2.7 Exercise of options

Options granted before 2010 normally become exercisable on the third anniversary of their date of grant, subject to satisfaction of the related performance conditions, and remain exercisable for two years, whilst vested shares subject to options granted since 2010 will not be released before the third anniversary of the date of grant and for at least two years after satisfaction of the performance condition. The Remuneration Committee may make the exercise of an option conditional on the option holder acquiring and retaining a specified number of Ordinary Shares.

The Remuneration Committee may determine that an option holder will be paid, on exercise of an option, a cash amount (net of any tax) equal to the dividends paid on the number of Ordinary Shares in respect of which the option is exercisable from the date of grant of the option to the date of vesting.

#### 5.2.8 Leavers

Where an option holder leaves employment with the Company or a participating subsidiary due to death, ill-health, injury or disability, redundancy, the company by which the option holder is employed ceasing to be a member of the Group or the transfer of the undertaking or part-undertaking in which the option holder is employed outside the Group, then the option holder's option will become exercisable for a period of six months (twelve months in the event of death) in respect of a time pro-rated proportion of the option shares and following the application of the performance conditions at that time.

The Remuneration Committee may permit the exercise of an option following the cessation of the option holder's employment for any other reason up to the extent that the performance conditions have been satisfied and the performance period has elapsed on the date of cessation and for the period (up to six months) determined by the Remuneration Committee.

Options will lapse at the end of any early exercise period.

#### 5.2.9 Corporate events

Exercise of options within specified periods is permitted in the event of a takeover, reconstruction or voluntary winding-up of the Company, after which they will lapse. Options will normally only be exercisable over a time pro-rated proportion of the option shares and following the application of the performance conditions at that time. The Remuneration Committee may increase the level of vesting after taking into account any factors it believes to be relevant.

If there is a takeover of the Company and either the shareholders of the acquiring company immediately after the takeover are the same as the shareholders of the Company immediately before or the Remuneration Committee specifies, options will not become exercisable but will be exchanged for equivalent options over Ordinary Shares in the acquiring company. The Remuneration Committee will determine whether the performance conditions applicable to the options will continue unamended or amended or be waived with respect to the new options.

#### 5.2.10 Dilution limit

Options may be granted over unissued or existing Ordinary Shares.

The number of new Ordinary Shares that may be issued to satisfy options and awards granted under the LTIP and all of the Company's other employee share plans will be restricted to 10 per cent. of the ordinary issued share capital of the Company over any ten calendar year period. The number of new Ordinary Shares that may be issued to satisfy options and awards granted under the LTIP and all of the Company's other discretionary share plans will be restricted to 5 per cent. of the ordinary issued share capital of the Company over any ten calendar year period.

#### 5.2.11 Rights attaching to Ordinary Shares

Ordinary Shares issued or transferred upon the exercise of options will rank equally alongside Ordinary Shares then in issue (except for any right attaching to Ordinary Shares by reference to a record date before the date of allotment or transfer).

#### 5.2.12 Variation of share capital

If there is a variation of the share capital of the Company, the Board or Remuneration Committee may adjust the number of Ordinary Shares subject to any option and the exercise price (if any) payable upon the exercise of any option (provided that the aggregate exercise price payable is not increased).

#### 5.2.13 Alteration of the LTIP

The Remuneration Committee may amend the LTIP. However, the provisions governing eligibility requirements, equity dilution, individual limits on participation, the rights attaching to options and Ordinary Shares and the adjustments that may be made following a variation of capital cannot be altered to the advantage of option holders or eligible employees without the prior approval of the Company's shareholders in general meeting. There is an exception for amendments which are minor to benefit the administration of the LTIP, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for option holders or any member of the Group.

No alteration that would materially adversely affect the rights of existing option holders may be made without the option holder's written consent or the approval of the option holders as if the options constituted a separate class of share capital in accordance with the Company's articles of association and relevant company law.

### 5.3 **ESOS 2010**

#### 5.3.1 General

Options to acquire Ordinary Shares under the ESOS 2010 are granted by the Company to eligible employees (including executive directors) of the Group, are not transferable (except on death) and are not pensionable benefits.

The ESOS 2010 provides for options to be granted as HMRC approved share options within the limits allowed by HMRC. Such options can confer tax benefits on the option holders. Any share options granted above these HMRC limits will not have the tax benefits of HMRC approved share options. It is intended that only HMRC approved share options will be awarded under the ESOS 2010 in combination with the LTIP – the Remuneration Committee choosing the appropriate combination of awards under the two plans, allowing it to deliver benefits to individuals in the most tax efficient manner.

#### 5.3.2 Eligibility

Options may be granted under the ESOS 2010 to employees and full-time executive directors of the Group, at the discretion of the Remuneration Committee.

#### 5.3.3 Grant of options

Options can generally only be granted:

- (a) within the period of six weeks following the announcement by the Company of its results for any period;
- (b) within the period of six weeks after a new employee first joins the Group; or
- (c) at other times if, in the opinion of the Remuneration Committee, the circumstances are exceptional.

No options may be granted after 27 April 2020.

#### 5.3.4 Exercise price

The price per share at which Ordinary Shares may be acquired upon the exercise of an option shall be determined by the Remuneration Committee at the time of grant but shall be not less than the average of the middle market quotations of an Ordinary Share for the three dealing days immediately preceding the date of grant as derived from the Daily Official List or, if the Remuneration Committee so determines, the middle market quotation of an Ordinary Share on the dealing day immediately preceding the date of grant.

#### 5.3.5 Performance conditions

The exercise of options will normally be conditional upon the performance of the Company and, if the Remuneration Committee so determines, on the performance of a subsidiary and/or the option holder, measured against objective criteria determined by the Remuneration Committee when the relevant option is granted. If options are granted under the ESOS 2010 at or about the same time as options are granted under the LTIP, the performance conditions applying to the options granted under the ESOS 2010 will be the same as those applying to options granted under the LTIP.

The Remuneration Committee may amend a performance condition if any event occurs that causes the Remuneration Committee reasonably to consider that the amended condition would be a fairer measure of performance and/or that the amended condition would afford a more effective incentive, as long as the amended condition would be no more difficult to satisfy.

In circumstances where an option becomes exercisable before the end of the period over which the performance condition is measured, the Remuneration Committee may determine whether, and to what extent, that performance condition shall be deemed to be satisfied.

#### 5.3.6 Individual limits

In any year, an individual will not be granted options under the ESOS 2010 over Ordinary Shares with a market value (as at the date(s) of grant) in excess of 150 per cent. of the option holder's annual basic salary.

The aggregate market value of Ordinary Shares over which unexercised HMRC approved options may be held under the ESOS 2010 and ESOS 2000 by an individual at any time is limited to £30,000 (or such other limit as may from time to time be specified in the legislation governing HMRC approved company share option plans).

#### 5.3.7 Exercise of options

Options are normally exercisable only after the third anniversary of the date of grant (or such later time as the grantor may determine at the time of grant) and cannot in any event be exercised later than the tenth anniversary of the date of grant.

#### 5.3.8 Leavers

Where an option holder leaves the Group, his options may only be exercised to the extent, and within such period as, the Remuneration Committee may in its discretion determine.

However, if an option holder leaves the Group by reason of death, ill-health, injury, disability, redundancy, or the company or business in which he is employed being sold outside the Group, then an option may normally be exercised within six months thereafter (or twelve months after his death) in respect of a time pro-rated proportion of the option shares and following the application of the performance condition at that time. Options will lapse at the end of any early exercise period.

The Remuneration Committee will retain discretion to adjust, in exceptional circumstances, the extent to which an option may be exercised following cessation of employment.

#### 5.3.9 Corporate events

Exercise of options within specified periods is permitted in the event of a takeover, reconstruction, demerger (with the consent of the Remuneration Committee) or voluntary

winding-up of the Company after which they will lapse. Options will normally only be exercisable over a time pro-rated proportion of the option shares and following the application of the performance condition at that time. However, the Remuneration Committee will retain discretion to adjust, in exceptional circumstances, the extent to which such an option may be exercised in such circumstances.

If there is a takeover or reconstruction of the Company and the Company essentially remains under the control of the same person(s), the acquiring company may offer option holders new rights to acquire shares in the acquiring company in consideration of the release of their existing options, in which case their existing options would not become exercisable as set out above. In relation to HMRC approved share options, existing performance conditions would continue to apply to the new rights to acquire shares in the acquiring company, unless the Remuneration Committee determined otherwise.

#### 5.3.10 Dilution limit

Options may be granted over unissued or existing Ordinary Shares.

The number of new Ordinary Shares that may be issued to satisfy options and awards granted under the ESOS 2010 and all of the Company's other employee share plans will be restricted to 10 per cent. of the ordinary issued share capital of the Company over any ten calendar year period. The number of new Ordinary Shares that may be issued to satisfy options and awards granted under the ESOS 2010 and all of the Company's other discretionary share plans will be restricted to 5 per cent. of the ordinary issued share capital of the Company over any ten calendar year period.

If options are to be satisfied by a transfer of existing Ordinary Shares, the percentage limit stated above will not apply. In accordance with the current Association of British Insurers' guidelines, the limits will apply to options satisfied by the transfer of Ordinary Shares in treasury.

#### 5.3.11 Rights attaching to Ordinary Shares

Ordinary Shares issued or transferred upon the exercise of options will rank equally alongside Ordinary Shares then in issue (except for any right attaching to Ordinary Shares by reference to a record date before the date of allotment or transfer). The Company will apply to the UKLA for the listing of any newly issued Ordinary Shares.

#### 5.3.12 Variation of share capital

If there is a variation of the share capital of the Company, the Remuneration Committee may adjust the number of Ordinary Shares subject to any option and the exercise price payable upon the exercise of any option. However, no adjustments to a HMRC approved share option may be made without the prior approval of HMRC.

#### 5.3.13 Alteration of the ESOS 2010

The Remuneration Committee may amend the ESOS 2010. However, the provisions governing eligibility requirements, equity dilution, individual limits on participation, the basis for determining option holders' rights to acquire Ordinary Shares and the adjustments that may be made following a variation of capital cannot be altered to the advantage of option holders without the prior approval of the Company's shareholders. There is an exception for amendments which are minor to benefit the administration of the ESOS 2010, to take account of a change in legislation, to maintain HMRC approval of the ESOS 2010 (in relation to HMRC approved share options) or to obtain or maintain favourable tax, exchange control or regulatory treatment for option holders or any member of the Group.

In relation to HMRC approved share options, no amendment to a feature necessary to meet the legislative requirements governing such options will normally take effect unless and until such amendment has been approved by HMRC.

## 5.4 *ESOS 2000*

The ESOS 2000 was adopted on 7 June 2000 but has now expired, although there are still some outstanding options granted under it. The ESOS 2000 was operated in a substantially similar way to the ESOS 2010 (as explained at paragraph 5.3 above), except that:

### 5.4.1 Individual limits

An individual could not be granted options under the ESOS 2000 over unissued Ordinary Shares with an aggregate market value (as at the date(s) of grant), when aggregated with any options over unissued Ordinary Shares granted under the ESOS 2000, other Company employee share plans and certain rolled-over options granted during the previous ten financial years, in excess of 400 per cent. of his annual basic salary. This limit would not include the value of options over Ordinary Shares already issued on exercise of the options or any options over unissued shares.

### 5.4.2 Performance conditions

In respect of options granted under the ESOS 2000 before 1 January 2005, which have not yet lapsed, the options vest if the percentage increase in normalised earnings (i.e. before intangibles amortisation, restructuring costs and other exceptional items) per share over any three consecutive financial years (within 10 years from grant) exceeds the percentage increase in the Retail Prices Index over that period by an average of at least 3 per cent. per annum. No options granted under the ESOS 2000 since 1 January 2005 currently exist.

If an option holder leaves the Group due to death, injury or disability or if a corporate event occurs, any performance condition will be deemed to be waived.

### 5.4.3 Leavers

Where an option holder leaves the Group, his options may only be exercised to the extent and within such period (normally up to 12 months) as the Remuneration Committee may in its discretion determine.

However, if an option holder leaves the Group by reason of death, injury, disability or the company or business in which he is employed being sold outside the Group (or, in respect of HMRC approved share options, redundancy or retirement at contractual retirement age), then options may normally be exercised within 12 months thereafter and (except for death, injury or disability) in respect of a time pro-rated proportion of the option shares and following the application of the performance condition. Options will lapse at the end of any early exercise period.

### 5.4.4 Corporate events

Exercise of options within specified periods is permitted in the event of a takeover, reconstruction (unless an exchange of options is offered instead) or voluntary winding-up of the Company. Alternatively, option holders (by agreement with the acquiring company) may agree to release their options in consideration of the grant of options in the acquiring company.

### 5.4.5 Alteration of the ESOS 2000

In addition to the main terms of the ESOS 2010 regarding alteration, no amendment shall have effect without prior approval of HMRC and no alteration that would materially adversely affect the rights of existing option holders may be made without the option holder's written consent or the approval of the option holders as if the options constituted a separate class of share capital in accordance with the Company's articles of association and relevant company law.

### 5.4.6 The ESOS 2000 contains additional provisions which allowed the grant of tax advantaged options in the US.

## 6. Interests in Ordinary Shares

### 6.1 *Interests of Directors and senior managers*<sup>3</sup>

As at 13 February 2013, (being the latest practicable date prior to the publication of this document), the interests (all of which are beneficial unless otherwise stated) of the Directors and senior managers (as well as their immediate families) in the share capital of the Company or (so far as is known or could with reasonable due diligence be ascertained by the relevant Director or senior manager) interests of a person connected (within the meaning of Section 252 of the Companies Act) with a Director or senior manager and the existence of which was known to or could, with reasonable due diligence, be ascertained by the relevant Director or senior manager as at 13 February 2013:

<i>Director/senior manager</i>	<i>Number of Ordinary Shares held prior to the Issue</i>	<i>Percentage of issued share capital held prior to the Issue</i>	<i>Proposed number of Ordinary Shares upon completion of the Issue</i>	<i>Proposed percentage of share capital held upon completion of the Issue**</i>
Peter Hickson	1,250,000	0.886%	1,360,778	0.712%
Andrew Blundell	70,000	0.050%	76,203	0.040%
Michael Firth	215,954*	0.153%	233,674	0.122%
Nigel Howes	—	—	—	—
David Rushton	6,549	0.005%	7,129	0.004%
John Wells	212,536	0.151%	231,371	0.121%
Jane Griffiths	—	—	—	—

\* 16,000 of these Ordinary Shares are held by Mr Firth's wife, Anne Firth

\*\* Assuming that all of the New Ordinary Shares are issued and that no further Ordinary Shares are issued as a result of the exercise of any options under the share option schemes between the posting of this document and the closing of the Issue.

### 6.2 *Share options*<sup>4</sup>

The total following options over Ordinary Shares have been granted to Directors and senior managers under the various employee share plans:

<i>Director/senior manager</i>	<i>Options held at 13 February 2013</i>	<i>Exercise price per Share (pence)</i>	<i>Date from which exercisable</i>	<i>Expiry date</i>	<i>Share plan pursuant to which the option was granted</i>
Peter Hickson	—	—	—	—	—
Andrew Blundell	1,500,000	Nil	24/03/2013	24/03/2017	LTIP
Michael Firth	—	—	—	—	—
Nigel Howes	654,442	Nil	27/04/2014	27/04/2017	LTIP
David Rushton	750,000	Nil	24/03/2013	24/03/2017	LTIP
	28,125	32	01/12/2015	01/06/2016	Sharesave Scheme
John Wells	750,000	Nil	24/03/2013	24/03/2017	LTIP
	28,125	32	01/12/2015	01/06/2016	Sharesave Scheme
Jane Griffiths	—	—	—	—	—

3 Other than the Directors, there are no other senior managers' details which are required to be disclosed.

4 Other than the Directors, there are no other senior managers' details which are required to be disclosed.

## 7. Substantial Shareholders

Save as disclosed below, the Company is not aware of any person who, directly or indirectly, was, as at 13 February 2013 (being the latest practicable date before the publication of this document) interested in three per cent. or more of the current issued ordinary share capital of the Company:

	<i>Number of Ordinary Shares held prior to the Issue</i>	<i>Percentage of issued share capital held prior to the Issue</i>	<i>Commitment received to subscribe for shares under the Firm Placing and Placing</i>	<i>Expected number of Ordinary Shares held immediately after the Issue*</i>	<i>Expected percentage of issued share capital held immediately after the Issue*</i>
Henderson Global Investors	40,285,747	28.56%	14,280,000	54,565,747	28.56%
Seren Capital Management Limited	14,715,000	10.43%	5,000,000	19,715,000	10.32%
Standard Life Investments Limited	7,811,743	5.54%	2,500,000	10,311,743	5.40%
Artemis Investment Management	6,488,605	4.60%	2,350,000	8,838,605	4.63%
Botting Family Investment Funds	6,218,849	4.41%	–	6,218,849	3.26%

\*Assuming that all of the New Ordinary Shares are issued and that no further Ordinary Shares are issued as a result of the exercise of any options under the share option schemes between the posting of this document and the closing of the Issue and that shareholders do not take up their Open Offer Entitlements.

The Shareholders detailed in the above table do not have different voting rights from those of the other Shareholders.

The Directors are not aware (i) of any persons who, directly or indirectly, jointly or severally, exercise or could exercise control or ownership over the Company, nor (ii) of any arrangements, the operation of which may at a subsequent date result in a change of control of the Company.

## 8. Memorandum and articles of association of the Company

### 8.1 Memorandum of association

On 27 April 2010, the Company removed the Company's memorandum of association by special resolution, which by virtue of the Companies Act was treated as forming part of the Articles.

### 8.2 Articles of association

The following is a summary of the rights and provisions in the Articles relating to the Ordinary Shares generally:

#### 8.2.1 Voting Rights

On a show of hands every member who (being an individual) is present in person or by proxy or (being a corporation) is present by a duly authorised representative, not being himself a member entitled to vote, shall have one vote. On a poll every member shall have one vote for every share of which he is the holder and a member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

In the case of joint holders the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders; and for this purpose seniority shall be determined by the order in which the names of the holders stand in the register in respect of the joint holding.

A member in respect of whom an order has been made by any court having jurisdiction (whether in the United Kingdom or elsewhere) in matters concerning mental disorder may vote, whether on a show of hands or on a poll, and otherwise exercise all his rights as a member by his receiver or other person authorised in that behalf appointed by that court, and any such receiver or other person may, on a poll, vote by proxy. Evidence to the satisfaction of the Board of the authority of the person claiming to exercise the right to vote or act shall be deposited at the Company's registered office, or at such other place as is specified in accordance with the

Articles for the deposit of instruments of proxy, not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the right to vote is to be exercised, or, in the case of a poll, at least 48 hours before the time appointed for the taking of the poll and in default the right to vote shall not be exercisable.

No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting or poll, at which the vote objected to is tendered, and every vote not disallowed at the meeting or poll shall be valid. Any objection made in due time shall be referred to the chairman of the meeting whose decision shall be final and conclusive.

#### 8.2.2 *Variation of Class Rights*

Whenever the capital of the Company is divided into different classes of shares, the rights attached to any class of shares in issue may (unless otherwise provided by the terms of issue of the shares of that class) from time to time be varied, extended, modified, surrendered or abrogated, whether or not the Company is being wound up, either with the consent in writing of the holders of three-fourths in nominal value of the issued shares of the class (excluding any shares of that class held as treasury shares) or with the sanction of a special resolution passed at a separate meeting of such holders.

The special rights conferred upon the holders of any shares or class of shares shall, unless otherwise provided by the Articles or the terms of issue of the shares concerned, be deemed to be varied by a reduction of capital paid up on those shares but shall be deemed not to be varied by the creation or issue of further shares ranking *pari passu* with them or subsequent to them. The special rights conferred on the holders of Ordinary Shares shall be deemed not to be varied by the creation or issue of any further shares ranking in priority to them nor shall any consent or sanction of the holders of ordinary shares be required to any variation or abrogation effected by a resolution on which only the holders of ordinary shares are entitled to vote.

#### 8.2.3 *General Meetings*

An annual general meeting shall be called by at least 21 clear days' notice. All other general meetings shall be called by at least 14 clear days' notice. Subject to the provisions of the Articles and to any restrictions imposed on any shares, every notice of meeting shall be given to all the members, all other persons who are at the date of the notice entitled to receive notices from the Company and to the Directors and auditors.

Every notice of meeting shall specify the place, the day and the time of the meeting and, in the case of special business, the general nature of the business to be transacted and, in the case of an annual general meeting, shall specify the meeting as such. Every notice calling a meeting for the passing of a special resolution shall specify the intention to propose the resolution as a special resolution and the terms of the resolution. Every notice of meeting shall state with reasonable prominence that a member entitled to attend and vote is entitled to appoint one or more proxies to attend and vote instead of him and that a proxy need not be a member.

The accidental omission to give notice of a meeting, or to send an instrument of proxy or invitation to appoint a proxy as provided by the Articles, to any person entitled to receive the same, or the non-receipt of a notice of meeting or instrument of proxy or invitation to appoint a proxy by such a person, shall not invalidate the proceedings at that meeting.

#### 8.2.4 *Transfer of Ordinary Shares*

A share held in certificated form may be transferred by an instrument of transfer in any usual or common form or in any other form which the Board may approve, which shall be executed by or on behalf of the transferor and, unless the share is fully paid, by or on behalf of the transferee. A share held in uncertificated form may only be transferred by means of a relevant system. The transferor shall be deemed to remain the holder of the share until the transferee is entered on the register as its holder.

The Board may, in the case of shares held in certificated form, in its absolute discretion refuse to register the transfer of a share which is not fully paid provided that, where any such shares are admitted to the Official List, such discretion may not be exercised in such a way as to prevent dealings in the shares of that class from taking place on an open and proper basis.

The Board may also refuse to register a transfer of shares held in certificated form unless the instrument of transfer is:

- duly stamped or duly certified or otherwise shown to the satisfaction of the Board to be exempt from stamp duty, lodged at the place where the Company's register of members is situated or at such other place as the Board may appoint and (save in the case of a transfer by a person to whom no certificate was issued in respect of the shares in question) accompanied by the certificate for the shares to which it relates, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer and, if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do;
- in respect of only one class of shares; and
- in favour of not more than four transferees.

If the Board refuses to register a transfer of shares held in certificated form, it shall as soon as practicable and in any event within two months after the date on which the transfer was lodged with the Company send to the transferee notice of the refusal together with its reasons for the refusal.

No fee shall be charged for the registration of any instrument of transfer or other document relating to or affecting the title to any share or for making any entry in the Register affecting the title to any share.

The Company shall be entitled to retain any instrument of transfer which is registered, but any instrument of transfer which the Board refuses to register shall be returned to the person lodging it when notice of the refusal is given.

For all purposes of the Articles relating to the registration of transfers of shares, the renunciation of the allotment of any shares by the allottee in favour of some other person shall be deemed to be a transfer and the Board shall have the same powers of refusing to give effect to such a renunciation as if it were a transfer.

#### 8.2.5 *Directors*

##### *Number of directors:*

Unless otherwise determined by ordinary resolution of the Company the number of directors shall not be subject to any maximum but shall not be less than three.

##### *Appointment and retirement of directors:*

At each annual general meeting, one third of the directors are subject to retirement by rotation, being those who have been longest in office since their last appointment or reappointment (or if last appointed or reappointed on the same day, those to retire shall be determined by lot). If the Company at the meeting at which a director retires does not fill the vacancy the retiring director shall, if willing to act, be deemed to have been reappointed unless at the meeting it is resolved not to fill the vacancy or unless a resolution for the reappointment of the director is put to the meeting and lost.

A director retiring at a meeting who is not reappointed shall retain office until the meeting appoints someone in his place or, if it does not do so, until the end of the meeting or of any adjournment thereof.

No person other than a director retiring at the meeting shall be appointed or reappointed a director at any general meeting unless:

- he is recommended by the board; or
- not less than 28 nor more than 35 clear days before the date appointed for the meeting, notice executed by a member qualified to vote at the meeting has been given to the Company of his intention to propose that person for appointment or reappointment stating the particulars which would, if he were so appointed or reappointed, be required to be included in the Company's register of directors together with notice executed by that person confirming his willingness to be appointed or reappointed.

Subject to the provisions of the Articles, the Company may by ordinary resolution appoint a person who is willing to act to be a director either to fill a vacancy or as an additional director. Such a director will hold office only until the next annual general meeting where he shall retire and be eligible for reappointment.

The board may appoint a person who is willing to act to be a director, either to fill a vacancy or as an additional director. A director so appointed shall hold office only until the next following annual general meeting when he shall retire from office and be eligible for reappointment. He shall not be taken into account in determining the number of directors who are to retire by rotation at the next annual general meeting.

*Executive and associate directors:*

The board may on such terms and conditions as it sees fit, give a director appointed to any executive office or employment any of the powers exercisable by the directors under the Articles, other than the power to make calls, forfeit shares, borrow money or issue debentures. They may give such powers collaterally with, or to the exclusion of, and in substitution for all or any of its own powers and may from time to time revoke, withdraw or vary all or any part of such powers.

*Removal of directors:*

In addition to any power of removal conferred by the Companies Act, the Company may by special resolution remove any director before the expiration of his period of office. Such removal shall be without prejudice to any claim such director may have for damages for breach of any contract of service between him and the Company.

The office of a director shall be vacated if:

- that person ceases to be a director by virtue of any provision of the Companies Act or is prohibited from being a director by law;
- a bankruptcy order is made against that person;
- a composition is made with that person's creditors generally in satisfaction of that person's debts;
- a registered medical practitioner who is treating that person gives a written opinion to the Company stating that that person has become physically or mentally incapable of acting as a director and may remain so for more than three months;
- by reason of that person's mental health, a court makes an order which wholly or partly prevents that person from personally exercising any powers or rights which that person would otherwise have;
- notification is received in writing by the Company from the director that the director is resigning from office, and such resignation has taken effect in accordance with its terms;

- he shall for more than six consecutive months have been absent, without permission of the directors, from meetings of directors held during that period and the directors resolve that his office be vacated; or
- all the other directors unanimously resolve that his office be vacated.

*Alternate directors:*

Any director may appoint any other director, or any other person approved by resolution of the Board and willing to act, to be an alternate director and may remove from office an alternate director so appointed by him.

The appointment of an alternate director shall automatically determine in any of the following events:

- if his appointor terminates the appointment;
- on the happening of any event which, if he were a director, would cause him to vacate the office of director; or
- if his appointor ceases for any reason to be a director otherwise than by retiring and being reappointed or deemed to be reappointed at the meeting at which he retires.

An alternate director shall (subject to his giving to the Company an address within the United Kingdom at which notices may be served upon him) be entitled at his appointor's request to receive notice of all meetings of the Board and of all meetings of committees of the board of which his appointor is a member, to attend and vote and (save as provided in the Articles) be counted in the quorum at any such meeting at which the director appointing him is not personally present, and generally to perform all the functions of his appointor as a director in his absence.

An alternate director shall not be entitled to receive from the Company as alternate director any remuneration except only such part (if any) of the remuneration otherwise payable to the director appointing him as the director may by notice in writing to the Company from time to time direct. An alternate director shall be entitled to be indemnified by the Company to the same extent as if he were a director.

An alternate director shall, during his appointment, be an officer of the Company and shall alone be responsible for his own acts and defaults and he shall not be deemed to be the agent of the director appointing him.

Any appointment or removal of an alternate director shall be in writing signed by the director making or revoking the appointment or in any other manner approved by the board and shall take effect (subject to any approval required by the Articles) upon receipt of such written appointment or removal at the office or by the secretary or at the registered office of the Company or at a meeting of the directors.

A director or any other person may act as alternate director to represent more than one director and an alternate director shall be entitled at meetings of the board or any committee of the board to one vote for every director whom he represents in addition to his own vote (if any) as a director.

*Proceedings of the directors and committees:*

Subject to the provisions of the Articles, the board may regulate its proceedings as it thinks fit. A director may, and the secretary at the request of a director shall, call a meeting of the board. Notice of a board meeting may be given to a director personally or by word of mouth or sent by instrument to him at such address as he may from time to time specify for this purpose (or if he does not specify an address, at his last known address) or sent in electronic form to such address (if any) as may for the time being be notified by him or on his behalf to the Company

for that purpose. It shall not be necessary to give notice of a board meeting to any director who is for the time being absent from the United Kingdom. A director may waive notice of any meeting either prospectively or retrospectively.

Questions arising at a meeting shall be decided by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have a second or casting vote.

The quorum for the transaction of the business of the board may be fixed by the board and unless so fixed at any other number shall be two. A person who holds office as an alternate director shall be counted in the quorum provided that he is not also a director.

Any director or other person may participate in a meeting of the board by means of conference telephone or similar communications equipment whereby all persons participating in the meeting can hear each other and any person participating in the meeting in this manner shall be deemed to be present in person at that meeting. Such a meeting shall be deemed to take place where the largest group of those participating is assembled, or, if there is no such group, at the place where the chairman of the meeting is at the time the meeting is held.

The continuing directors or a sole continuing director may act notwithstanding any vacancies in the board but, if the number of directors is less than the number fixed as the quorum, the continuing directors or director may act only for the purpose of filling vacancies in the board or of calling a general meeting.

The board may appoint one of its number to be the chairman of the board and one or more deputy chairmen and may at any time remove them from office. If there is no chairman of the board or deputy chairman holding office, or if at any meeting neither the chairman of the board nor a deputy chairman is present and willing to preside within five minutes after the time appointed for the meeting, the directors present may appoint one of their number to be chairman of the meeting.

A resolution in writing authenticated or approved by all the directors entitled to receive notice of a meeting of the board (not being less than the number required to form a quorum of the board) or all members of a committee of the board shall be as valid and effectual as if it had been passed at a meeting of the board or (as the case may be) a committee of the board duly convened and held and may consist of several documents in hard copy form and/or sent by electronic means in the like form each signed by one or more directors; but a resolution signed by an alternate director need not also be signed by his appointor.

All acts done by a meeting of the board, or of a committee of the board, or by a person acting as a director, alternate director or member of a committee shall, notwithstanding that it be afterwards discovered that there was a defect in the appointment or continuance in office of any director, alternate director or person acting as aforesaid, or that any of them were disqualified from holding office, or had vacated office, or were not entitled to vote, be as valid as if every such person had been duly appointed and was qualified and had continued to be a director, alternate director or member of a committee and had been entitled to vote.

#### *Remuneration of Directors:*

The aggregate fees of the directors (other than any executive directors) shall be such amount as the directors shall from time to time determine provided that, unless otherwise approved by ordinary resolution of the Company in general meeting, the aggregate of the fees of such directors shall not exceed £500,000 per year. The ordinary remuneration shall be divided among such directors in such manner as the directors may determine.

Any director who serves on any committee of the board or, by request of the board, performs special services or goes or resides abroad for any purposes of the Company may be paid such extra remuneration as the Board may determine.

*Directors' interests:*

A director who is in any way, directly or indirectly, interested in a proposed transaction or arrangement with the Company must declare, in accordance with the Companies Act, the nature and extent of his interest to the other directors.

A director who is in any way, directly or indirectly, interested in a transaction or arrangement that has been entered into by the Company must declare, in accordance with the Companies Act, the nature and extent of his interest to the other directors unless the interest has already been declared above.

For these purposes:

- the declaration of interest must be made at a meeting of the directors or by notice in writing to the directors in accordance with section 184 of the Companies Act or by general notice in accordance with section 185 of the Companies Act;
- if the declaration proves to be or becomes inaccurate or incomplete, a further declaration must be made;
- a declaration in respect of a proposed transaction or arrangement must be made before the Company enters into the transaction or arrangement;
- a declaration in respect of an existing transaction or arrangement must be made as soon as is reasonably practicable;
- a declaration of an interest of which the director is not aware or where the director is not aware of the transaction or arrangement in question is not required; and
- an interest of a person who is connected with a director shall be treated as an interest of the director.

A director need not declare an interest under the Articles:

- if it cannot reasonably be regarded as likely to give rise to a conflict of interest;
- if, or to the extent that, the other directors are already aware of it (and for this purpose the other directors are treated as aware of anything of which they ought reasonably to be aware); or
- if, or to the extent that, it concerns terms of his service contract that have been or are to be considered:
  - by a meeting of the directors; or
  - by a committee of the directors appointed for the purpose under the Articles.

Subject to the provisions of the Companies Act, and provided that he has disclosed to the board the nature and extent of any interest of his in accordance with the Articles, a director notwithstanding his office:

- may be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise interested;
- may be a director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any body corporate promoted by the Company or in which the Company is otherwise interested; and
- shall not, by reason of his office, be accountable to the Company for any benefit which he derives from any such office or employment or from any such transaction or arrangement or from any interest in any such body corporate and no such transaction or arrangement shall be liable to be avoided on the grounds of any such interest or benefit.

Any director may act by himself or his firm in a professional capacity for the Company (otherwise than as an auditor) and he or his firm shall be entitled to remuneration for professional services as if he were not a director.

A director shall not vote at a meeting of the board or of a committee of the board on any resolution concerning a matter in which he has, directly or indirectly, an interest which is material (otherwise than by virtue of his interest in shares, debentures or other securities of, or otherwise in or through, the Company) unless his interest or duty arises only because the case falls within one or more of the following paragraphs:

- the resolution relates to the giving to him or a person connected with him a guarantee, security or indemnity in respect of money lent to, or an obligation incurred by him or such a person at the request of, or for the benefit of, the Company or any subsidiary undertaking;
- the resolution relates to the giving to a third party of a guarantee, security or indemnity in respect of a debt or obligation of the Company or any subsidiary undertaking for which the director or a person connected with him has assumed responsibility in whole or in part and whether alone or jointly with others under a guarantee or indemnity or by the giving of security;
- his interest arises by virtue of him or a person connected with him subscribing or agreeing to subscribe for any shares, debentures or other securities of the Company or any subsidiary undertaking or by virtue of him or a person connected with him being, or intending to become, a participant in the underwriting or sub-underwriting of an offer of any such shares, debentures, or other securities by the Company or any subsidiary undertaking for subscription, purchase or exchange;
- the resolution relates in any way to any other company in which he is interested, directly or indirectly and whether as an officer or shareholder or otherwise howsoever, provided that he and any persons connected with him do not to his knowledge hold an interest in shares (as that term is used in Part 22 of the Companies Act) representing one per cent. or more of any class of the equity share capital of such company or of the voting rights available to members of such company (excluding any shares in the Company held as treasury shares and any voting rights attached thereto);
- the resolution relates in any way to an arrangement in whole or in part for the benefit of the employees of the Company or any subsidiary undertakings which does not award him as such any privilege or advantage not generally awarded to the employees to whom such arrangement relates;
- the resolution relates in any way to the purchase or maintenance for the directors of insurance against any liability which by virtue of any rule of law would otherwise attach to all or any of them in respect of any negligence, default, breach of duty or breach of trust in relation to the Company or any subsidiary undertaking.

A director shall not be counted in the quorum present at a meeting in relation to a resolution on which he is not entitled to vote.

Where proposals are under consideration concerning the appointment (including fixing or varying the terms of appointment) of two or more directors to offices or employments with the Company or a body corporate in which the Company is interested, the proposals may be divided and considered in relation to each director separately and (provided he is not for another reason precluded from voting) each of the directors concerned shall be entitled to vote and be counted in the quorum in respect of each resolution except that concerning his own appointment.

If a question arises at a meeting of the board or of a committee of the board as to the right of a director to vote or be counted in the quorum and such question is not resolved by his voluntarily agreeing to abstain from voting or not to be counted in the quorum, the question may (unless the director concerned is the chairman of the meeting in which case he shall withdraw from the meeting and the board shall elect a vice chairman to consider the question in place of the chairman), before the conclusion of the meeting, be referred to the chairman of the meeting and his ruling in relation to any director other than himself shall be final and conclusive except in a case where the nature or extent of the interest of the director concerned has not been fairly disclosed and provided that any such question shall, for the purposes of disclosure of the interest in the accounts of the Company, be finally and conclusively decided by a majority of the board (other than the director concerned).

*Indemnity of directors:*

Subject to the provisions of the Companies Act but without prejudice to any indemnity to which he may otherwise be entitled, every director, alternate director, secretary or other officer (other than the auditor) of the Company or of any associated company shall be indemnified out of the assets of the Company against all costs, charges, expenses, losses, damages and liabilities (“**Liabilities**”) incurred by him in or about the execution of his duties or the exercise of his powers or otherwise in relation thereto and, where the Company is a trustee of an occupational pension scheme, against all Liabilities incurred in connection with the Company’s activities as a trustee of the pension scheme, including (without prejudice to the generality of the foregoing) any liability incurred by him in defending any proceedings, whether civil, criminal or regulatory which relate to anything done or omitted or alleged to have been done or omitted by him as an officer or employee of the Company or of any associated company in which judgment is given in his favour or in which he is acquitted, or which are otherwise disposed of without any finding or admission of material breach of duty on his part or in connection with any application in which relief is granted to him by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Company.

**8.2.6** *Borrowing Powers*

The board shall restrict the borrowings of the Company, and shall so far as possible by the exercise of the Company’s voting rights in and other rights or powers of control over its subsidiary undertakings secure that they restrict their borrowings, so that the aggregate principal amount at any time outstanding in respect of money borrowed by the Group shall not without the previous sanction of an ordinary resolution of the Company exceed a sum equal to five times the adjusted share capital and reserves.

**8.2.7** *Dividends and distributions to Shareholders*

Subject to the provisions of the Companies Act, the Company may by ordinary resolution declare dividends in accordance with the respective rights of the members, but no dividend shall exceed the amount recommended by the Board.

Except as otherwise provided by the rights attached to the shares, all dividends shall be declared and paid according to the amounts paid up on the shares on which the dividend is paid but (for the purposes of this Article only) no amount paid on a share in advance of calls shall be treated as paid on the share. All dividends shall be apportioned and paid proportionately to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid; but, if any share is issued on terms providing that it shall rank for dividend as from a particular date, that share shall rank for dividend accordingly.

Subject to the provisions of the Companies Act, the board may pay interim dividends if it appears to the board that they are justified by the profits of the Company available for distribution. The board may also pay on fixed dates on the half yearly and other dates prescribed for payment any dividend payable at a fixed rate if it appears to it that the profits available for distribution justify the payment.

The board may deduct from any dividend or other moneys payable on or in respect of a share to any member all sums of money (if any) presently payable by him to the Company on account of calls or otherwise in relation to shares of the Company.

No dividend or other moneys payable in respect of a share shall bear interest as against the Company unless otherwise provided by the rights attached to the share. All unclaimed dividends may be retained by the Company or invested or made use of by the Company as the board may think fit until they are claimed and so that the Company shall not be obliged to account for any interest or other income derived from them nor shall it be constituted a trustee in respect of them or be responsible for any loss thereby arising. Any interest or profits earned on unclaimed dividends invested or otherwise made use of shall belong to the Company. Any dividend which has remained unclaimed for twelve years from the date when it became due for payment shall be forfeited and cease to remain owing by the Company.

Without prejudice to any rights attached to any shares, the Company or the board may fix a date, or a particular time on a date, as the record date by reference to which a dividend will be declared or paid or a distribution, allotment or issue made, and that date may be before, on or after the date on which the dividend, distribution, allotment or issue is declared, paid or made. In the absence of a record date being fixed, entitlement to any dividend, distribution, allotment or issue shall be determined by reference to the date on which the dividend is declared or the distribution, allotment or issue is made.

The board may pay the dividends or other moneys payable on shares in respect of which any person is entitled to be registered as holder by transmission to such person upon production of such evidence as would be required if such person desired to be registered as a member in respect of such shares.

Any dividend or other moneys payable in respect of a share may be paid:

- in cash;
- by cheque or warrant sent by post to the address in the register of the person entitled to the moneys or, if two or more persons are the holders of the share or are jointly entitled to it by reason of the death or bankruptcy of the holder or otherwise by operation of law, to any one of them. Every such cheque or warrant shall be made payable to the person or persons entitled to the moneys or to such other person as the person or persons so entitled may in writing direct and shall be sent at the risk of the person or persons so entitled;
- by bank transfer to such account (of a type approved by the board) as the person or persons entitled to the moneys may in writing direct; or
- by such other method of payment approved by the board as the person or persons entitled to the moneys may in writing agree to.

Payment of a cheque or warrant by the bank on which it was drawn or the transfer of funds by the bank instructed to make the transfer shall be a good discharge to the Company.

If in respect of dividends or other moneys payable in respect of any shares, cheques or warrants have been sent through the post in accordance with the provisions of the preceding article but have been returned undelivered or left uncashed during the periods for which they are valid or bank transfers or other methods of payment have failed either:

- on two consecutive occasions; or
- on any one occasion and reasonable enquiries have failed to establish another address or account of the person entitled to the moneys;

the Company need not thereafter despatch further cheques or warrants or give instructions for bank transfers or other methods of payment in payment of dividends or other moneys payable on or in respect of the shares in question until the member or other person entitled thereto shall have claimed the arrears of dividend and does not instruct the Company to pay future dividends in some other way.

Any general meeting declaring a dividend may, upon the recommendation of the board, direct payment or satisfaction of such dividend wholly or in part by the distribution of specific assets and in particular of fully paid shares or debentures of any other company, and the board shall give effect to such directions. Where any difficulty arises in regard to the distribution, the board may settle the same as it thinks expedient, and in particular may fix the value for distribution of such specific assets or any part thereof and may determine that cash payment shall be made to any members upon the footing of the value so fixed in order to adjust the rights of those entitled to participate in the dividend, and may vest any such specific assets in trustees, upon trust for the members entitled to the dividend, as may seem expedient to the board.

The board may, with the sanction of an ordinary resolution of the Company, offer the holders of shares the right to elect to receive shares, credited as fully paid, instead of cash in respect of the whole (or some part, to be determined by the board) of such dividend or dividends as are specified by such resolution. The following provisions shall apply:

- (a) the resolution may specify a particular dividend, or may specify all or any dividends declared or paid within a specified period, but such period shall end not later than the beginning of the annual general meeting in the fifth year following that in which such resolution is passed;
- (b) the entitlement of each holder of shares to new shares shall be such that the value of such new shares shall be as nearly as possible equal to (but not in excess of) the cash amount that such holder would otherwise have received by way of dividend. For this purpose the value of a share shall be the middle market quotation for such a share as derived from the London Stock Exchange Daily Official List on the last practicable Business Day prior to the notice being sent to shareholders;
- (c) the board may make such provision as it thinks fit for any fractional entitlements including provision:
  - (i) for the whole or part of the benefit of fractional entitlements to be disregarded or to accrue to the Company; or
  - (ii) for the value of fractional entitlements to be accumulated on behalf of a member (without entitlement to interest) and applied in paying up new shares in connection with a subsequent Offer by the Company of the right to receive shares instead of cash in respect of a future dividend;
  - (iii) the board, after determining the basis of allotment, shall notify the holders of shares in writing of the right of election offered to them and (except in the case of any holder from whom the Company has received written notice in such form as the board may require which is effective for the purposes of the relevant dividend that such holder wishes to receive shares instead of cash in respect of all future dividends in respect of which the board offers the holders of shares the right to elect to receive shares as aforesaid) shall send with, or following, such notification, forms of election and specify the procedure to be followed and the place or address at which, and the latest date and time by which, duly completed forms of election must be received in order to be effective;
  - (iv) the dividend (or that part of the dividend in respect of which a right of election has been offered) shall not be payable on Ordinary Shares in respect of which such election has been duly made (the “**elected shares**”) and instead additional

shares shall be allotted to the holders of the elected shares on the basis of allotment determined as provided above. For such purpose the board shall capitalise out of such of the sums standing to the credit of reserves (including any share premium account or capital redemption reserve) or any of the profits which could otherwise have been applied in paying dividends in cash as the board may determine a sum equal to the aggregate nominal amount of the additional shares to be allotted on such basis and shall apply the same in paying up in full the appropriate number of unissued shares for allotment and distribution to and amongst the holders of the elected shares on such basis;

- (v) the additional shares so allotted shall rank *pari passu* in all respects with the fully-paid shares of that class then in issue save only as regards participation in the relevant dividend; and
- (vi) the board may on any occasion determine that rights of election shall only be made available subject to such exclusions, restrictions or other arrangements as it may in its absolute discretion deem necessary or desirable in order to comply with legal or practical problems under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory.

If several persons are entered in the register as joint holders of any share or are jointly entitled to a share, any one of them may give receipts for any dividend or other moneys payable in respect of the share and the Board may deduct from the dividends or other moneys payable in respect of any share held jointly by several persons all sums of money (if any) presently payable to the Company from any one or more of the registered holders on account of calls or otherwise in relation to shares in the Company held in the joint names of all (but not some only) of such registered holders.

(d) *Winding-up*

If the Company is wound up, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the Companies Act, divide among the members in specie the whole or any part of the assets of the Company and may, for that purpose, value any assets and determine how the division shall be carried out as between the members or different classes of members. The liquidator may, with the like sanction, vest the whole or any part of the assets in trustees upon such trusts for the benefit of the members as he with the like sanction determines, but no member shall be compelled to accept any assets upon which there is a liability.

## 9. Disclosure of interests in Ordinary Shares

The Disclosure and Transparency Rules require Shareholders to notify the Company if the voting rights held by such Shareholders (including by way of a certain financial instrument) reaches, exceeds or falls below 3 per cent., 4 per cent., 5 per cent., 6 per cent., 7 per cent., 8 per cent., 9 per cent., 10 per cent. and each 1 per cent. threshold thereafter up to 100 per cent.

Pursuant to the Companies Act, the Company may also send a notice to any person whom the Company knows or believes to be interested in the Company's shares requiring that person to confirm whether he has such an interest and if so, details of that interest.

Under the Articles and the Companies Act, if a person fails to provide the Company with the information required by the notice within the time specified, or information provided happens to be false (whether deliberate or reckless) in respect of any Ordinary Shares (the “**default shares**”) the Directors may serve a restriction notice on such person. Such a restriction notice will state that the default shares held by that person shall not confer any right to attend or vote at any general meeting of the Company, or separate meeting of the holders of any class of shares, and certain other sanctions may also apply.

## **10. Service agreements and remuneration of the Directors**

### **10.1 Executive Directors**

The Company has entered into the following contracts with its executive Directors:

#### ***Andrew Blundell – Chief Executive***

An agreement entered into on 3 November 2009 between the Company and Andrew Blundell pursuant to which Andrew Blundell agrees to serve as Chief Executive of the Company. Under the agreement Andrew Blundell is entitled to £315,000 per annum (inclusive of any remuneration received or receivable by him in respect of any other office or employment with the Group) and certain other benefits. The agreement is terminable by the Company on 12 months' notice. The agreement is terminable by Andrew Blundell on six months' notice. During any period of notice to terminate employment, the Company may require Andrew Blundell to take garden leave where the Company reasonably believes that he will or is likely to work with a competitor. Throughout this time, Andrew Blundell's salary and other benefits will continue to be paid. The agreement entitles Andrew Blundell to join the Communisis pension scheme and the current contribution by the Company to such scheme is 6 per cent. of annual salary. A pension supplement of £12,500 per annum is payable by the Company in addition to its contribution under the pension scheme. In certain circumstances (for example in the event of material breach, gross misconduct, disqualification, criminal conviction, bankruptcy, or mental illness), the Company has the right to terminate his employment with immediate effect and without notice. The agreement also includes restrictive covenants following termination including, inter alia, a prohibition for a period of 12 months following termination on working for a competitor of the Company.

#### ***Nigel Howes – Finance Director***

An agreement entered into on 6 September 2010 between the Company and Nigel Howes pursuant to which Nigel Howes agrees to serve as Finance Director of the Company. Under the agreement Nigel Howes is entitled to £240,000 per annum (inclusive of any remuneration received or receivable by him in respect of any other office or employment with the Group) and certain other benefits. The agreement is terminable by the Company on 12 months' notice and by Nigel Howes on six months' notice. During any period of notice to terminate employment, the Company may require Nigel Howes to take garden leave. Throughout this time, Nigel Howes' salary and other benefits will continue to be paid. A contribution for directors not in the Communisis pension plan of £20,000 per annum is payable by the Company. In certain circumstances (for example in the event of material breach, gross misconduct, disqualification, criminal conviction, bankruptcy, or mental illness), the Company has the right to terminate his employment with immediate effect and without notice. The agreement also includes restrictive covenants following termination including, inter alia, a prohibition for a period of six months following termination on working for a competitor of the Company. Nigel Howes was also tasked with additional strategic bonus objectives for 2012. The maximum amount payable in respect of these objectives is £75,000.

#### ***David Rushton – Group Managing Director***

An agreement entered into on 13 July 2011 between the Company and David Rushton pursuant to which David Rushton agrees to serve as Managing Director of the Company. Under the agreement David Rushton is entitled to £240,000 per annum (inclusive of any remuneration received or receivable by him in respect of any other office or employment with the Group) and certain other benefits. The agreement is terminable by the Company on 12 months' notice. The agreement is terminable by David Rushton on six months' notice. During any period of notice to terminate the agreement, the Company may require David Rushton to take garden leave. The Company may pay any sum due in lieu of notice including salary and certain benefits. The agreement entitles David Rushton to join the Communisis pension scheme. David Rushton elected to transfer his defined benefit benefits into a personal arrangement in 2010. The Company's current contribution to such scheme is 9 per cent. of annual salary, which is a higher contribution level because of his previous membership of the defined benefit scheme. In certain circumstances, (for example in the event of

material breach, gross misconduct, disqualification, criminal conviction, bankruptcy, or mental illness) the Company has the right to terminate his employment with immediate effect and without notice. The agreement also includes restrictive covenants following termination including, *inter alia*, a prohibition for a period of twelve months following termination on working for a competitor of the Company.

#### ***John Wells – Group Commercial Director***

An agreement entered into on 1 September 1987 between the Company and John Wells pursuant to which John Wells agrees to serve as Group Commercial Director of the Company. Under the agreement John Wells is entitled to £195,000 per annum and certain other benefits. The agreement is terminable by the Company on 12 months' notice. The agreement is terminable by John Wells on six months' notice. A Company contribution, for directors not in the Communisis pension plan, of 15 per cent. of his basic salary per annum is payable by the Company. In certain circumstances, (for example in the event of material breach, disqualification, bankruptcy, or mental illness) the Company has the right to terminate his employment with immediate effect. On 31 October 2012 John Wells' agreement was amended with regard to working hours with effect from 9 May 2013.

### **10.2 Non-executive Directors**

The Company has entered into letters of appointment in respect of the provision to the Company of the services of the following non-executive Directors:

#### ***Peter Hickson – Chairman***

Pursuant to a letter of appointment dated 9 December 2010, Communisis re-appointed Peter Hickson to the office of non-executive chairman of the Company and chairman of the Nomination Committee. Mr Hickson's appointment is for a further three-year term up to the conclusion of the 2013 annual general meeting, subject to re-election by shareholders in accordance with the Articles. Mr Hickson's appointment is terminable by either party giving not less than six months' notice in writing. Under the appointment, Mr Hickson receives fees of £90,000 per annum.

#### ***Michael Firth***

Pursuant to a letter of appointment dated 28 March 2012, Communisis re-appointed Michael Firth to the office of non-executive director of the Company, chairman of the Remuneration Committee and Senior Independent Director. Mr Firth's appointment is for a further term up to the conclusion of the 2013 annual general meeting, subject to re-election by shareholders in accordance with the Articles. Mr Firth's appointment is terminable by either party without notice. Under the appointment, Mr Firth receives fees of £45,000 per annum. In addition to this, Mr Firth receives a fee of £5,000 in relation to his duties as chairman of the Remuneration Committee and a further £5,000 for his role as Senior Independent Director.

#### ***Jane Griffiths***

Pursuant to a letter of appointment dated 16 May 2012, Communisis appointed Jane Griffiths to the office of independent non-executive director of the Company. Ms Griffiths' appointment commenced on 17 May 2012 and is for a term of three years up to the conclusion of the 2015 annual general meeting, subject to re-election by shareholders in accordance with the Articles. The appointment is terminable by either party giving not less than three months' notice in writing. Under the appointment Ms Griffiths receives fees of £45,000 per annum.

### 10.3 Remuneration

The amount of remuneration paid to the Directors and senior managers<sup>†</sup> (including any contingent or deferred compensation) and benefits in kind granted to the Directors and senior managers by the Company or any member of the Group during the financial year ended 31 December 2011 was, on an individual basis, as follows:

	<i>Basic salary/fees £'000</i>	<i>Salary supplements £'000</i>	<i>Bonuses £'000</i>	<i>Other benefits £'000</i>	<i>2011 Total £'000</i>
<i>Executive Directors</i>					
Andrew Blundell	280	13	51	30	374
Nigel Howes*	207	17	40	25	289
David Rushton**	191	11	36	24	262
John Wells***	190	28	137	33	388
<i>Non-executive Directors</i>					
Peter Hickson	83	–	–	1	84
Michael Firth	45	–	–	–	45

<sup>†</sup> Other than the Directors, there are no other senior managers' details which are required to be disclosed.

#### Notes

\* Nigel Howes is in receipt of a salary supplement of £20,000 in lieu of pension contributions as he is not a member of the Communis pension plan.

\*\* David Rushton elected to transfer his defined benefit entitlements into a personal arrangement in December 2010. The transfer value enhancement was paid to David Rushton as cash lump sum (subject to tax and national insurance deductions) in 2011.

\*\*\* John Wells is also in receipt of an annual pension of £72,264 which was accrued through membership of the Pension Scheme. Other benefits for John Wells include an amount equal to the National Insurance saved by the Group due to a bonus waiver arrangement in respect of £48,000 of his additional bonus.

The above figures do not include amounts in respect of (i) the value of share options granted to or held by the Directors, further details of which are contained at paragraph 6.2 of this Part XV; or (ii) Directors' pension entitlements, further details of which are contained in paragraph 10.4 of this Part XV.

### 10.4 Directors' pension entitlements

Contributions paid by the Company directly to the Directors or their nominated retirement investment vehicles in respect of their retirement benefit entitlements in the year ended 31 December 2011 were as follows:

<i>Director</i>	<i>Membership of Communis pension plan and percentage Company contribution</i>	<i>Salary supplement in lieu of additional pension contributions into Communis pension plan</i>	<i>Company contribution for directors not in Communis pension plan</i>
Andrew Blundell	Yes 6%	£12,500	n/a
Nigel Howes	No	n/a	£20,000
David Rushton	Yes 9%*	nil	n/a
John Wells	No	n/a	15%

\* David Rushton receives a higher contribution level because of his previous membership of the Pension Scheme.

### 10.5 General

Save as set out in this paragraph 10, there are no existing contracts between any of the Directors and any member of the Group.

## **11. Board Practices**

### **11.1 Audit Committee**

The following is a summary of the terms of reference under which the Audit Committee operates. Information as to the composition of the Audit Committee is contained in paragraph 11.5 below.

The Audit Committee shall consist of not less than two independent non-executive directors of the Company of which at least one shall have significant, recent and relevant financial experience. A quorum shall be two members.

The finance director and other board members, the head of internal audit and a representative from the external auditors shall attend only at the invitation of the Audit Committee. The Audit Committee shall meet the auditors without executive directors being present at least once a year. Meetings of the Audit Committee shall be held not less than twice a year.

The Audit Committee is authorised by the board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee and all employees will be directed by the board to co-operate with any request made by the Audit Committee.

In carrying out its responsibilities, the Audit Committee shall take due consideration of and, where it deems appropriate, seek relevant advice pertaining to the differing legal, accounting and financial market regulations applying in the UK. The Audit Committee is authorised by the board to obtain outside legal or other independent professional advice at the Company's expense.

The duties of the Audit Committee shall be:

- (a) to oversee the process for appointing, reappointing and removing the external auditor and make appropriate recommendations through the board to Shareholders to consider at the annual general meeting;
- (b) to assess the qualifications, expertise, resources, effectiveness and independence of the external auditor annually, ensuring that key partners are rotated at appropriate intervals and to obtain a report on the auditor's own internal quality control procedures;
- (c) to approve the external auditor's terms of engagement and recommend the audit fee to the board;
- (d) to review the external auditor's management letter and management's response to it;
- (e) in the event that an external auditor resigns, to investigate the issues giving rise to the resignation and consider whether any action is required;
- (f) to pre-approve any fees in respect of non audit services provided by the external auditor and ensure that the provision of non audit services does not impair the external auditor's independence or objectivity;
- (g) to discuss with the external auditor, before the audit commences, the nature and scope of the audit and to review the auditor's quality control procedures and steps taken by the auditor to respond to changes in regulatory and other requirements;
- (h) to assess the effectiveness of the audit process at the end of each annual audit cycle;
- (i) to monitor and review the internal audit programme, including:
  - (i) ensure that the head of internal audit has direct access to the board chairman and to the Audit Committee and is accountable to the Audit Committee;
  - (ii) receive a report on the results of the internal auditor's work on a periodic basis; and

- (iii) the right to require the internal auditor to report on any specific matter or matters of concern;
- (j) to approve the appointment or dismissal of the head of internal audit;
- (k) to consider management's response to any major external or internal audit recommendations;
- (l) to review management's and the internal auditor's reports on the scope and effectiveness of systems for internal financial control, financial reporting and risk management;
- (m) to review information related to (l) in the financial statements, the operating and financial review and corporate governance statements, relating to audit and risk management;
- (n) to review, and challenge where necessary, the actions and judgements of management in connection with the preparation of the Company's financial statements, interim reports, preliminary announcements and related formal statements, paying particular attention to:
  - (i) critical accounting policies and practices, and any changes in them;
  - (ii) decisions requiring a major element of judgement;
  - (iii) the extent to which the financial strengths are effected by any unusual transactions in the year and how they are disclosed;
  - (iv) the clarity of disclosures;
  - (v) significant adjustments resulting from the audit;
  - (vi) the going concern assumption;
  - (vii) compliance with accounting standards;
  - (viii) compliance with stock exchange and other legal requirements; and
  - (ix) reviewing the Company's statement on internal control systems prior to endorsement by the Board and to review the policies and process for identifying and assessing business risks and the management of those risks by the Company;
- (o) following the review in (n), if the Audit Committee is not satisfied with any aspect of the proposed financial reporting by the Company, it shall report its views to the board;
- (p) to review the Company's procedures for handling allegations from whistleblowers; and
- (q) to consider other topics, as defined by the board.

## 11.2 Remuneration Committee

The following is a summary of the terms of reference under which the Remuneration Committee operates. Information as to the composition of the Remuneration Committee is contained in paragraph 11.5 below.

The Remuneration Committee shall be appointed by the board on the recommendation of the Nomination Committee and in consultation with the chairman of the Remuneration Committee, and shall consist entirely of not less than two members all of whom shall be non executive directors. The chairman of the board may serve on the committee if he was considered independent on his appointment as chairman. The secretary of the Company, or his nominee, shall be the secretary of the Remuneration Committee.

Meetings shall be held as and when required but at least once a year. They shall be called by the chairman of the Remuneration Committee. The quorum shall be two members.

The Remuneration Committee is authorised by the board to investigate any activity within its terms of reference and to seek any information it requires from any Company employee. The board will ensure that Company employees co operate fully with the Remuneration Committee.

The Remuneration Committee is authorised by the board to obtain outside legal or other independent professional advice and at the Company's expense.

The duties of the Remuneration Committee shall be:

- (a) to determine and agree with the Board the framework or broad policy for the remuneration of the Company's chairman, chief executive, the executive directors and, as appropriate, other senior executives and the company secretary. The remuneration of the non-executive directors shall be a matter for the Company's chairman and the executive members of the board. No director or manager shall be involved in any discussions as to their own remuneration;
- (b) in determining such policy, to take into account all factors which it deems necessary including relevant legal and regulatory requirements, the provisions and recommendations of the UK Corporate Governance Code and associated guidance. The objective of such policy shall be to ensure that members of the executive management of the Company are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Company. When setting the policy, the Committee shall also review and have regard to the remuneration trends across the Company or Group;
- (c) review the ongoing appropriateness and relevance of the remuneration policy;
- (d) obtain reliable, up-to-date information about remuneration in other companies;
- (e) within the terms of the agreed policy, and in consultation with the chairman and/or chief executive, as appropriate, determine the total individual remuneration package of the chairman, the chief executive, each of the executive directors and, where appropriate, other senior executives of the Company and the company secretary, including all salaries, emoluments, pension arrangements, share options, other incentive or bonus schemes and any termination or compensation settlements or any other arrangement under which such person may benefit;
- (f) approve the design of, and determine targets for, any performance related pay schemes operated by the Company and approve the total annual payments made under such schemes;
- (g) review the design of all share incentive plans for approval by the board and Shareholders. For any such plans, determine each year whether the awards will be made, and if so, the overall amount of such awards, the individual awards to executive Directors and other designated senior executives and the performance targets to be used;
- (h) the committee shall ensure that the Company maintains the necessary level of contact with its principal Shareholders about remuneration;
- (i) at the request of the board, to consider and make recommendations concerning the conditions of service of senior employees of the Company and of the directors of subsidiaries of the Company;
- (j) to approve all executive Directors' service contracts and service contracts of senior employees of the Company and those of the Directors and senior employees of the Company's subsidiaries;
- (k) ensure that contractual terms on termination, and any payments made, are fair to the individual, and the Company, that failure is not rewarded and that the duty to mitigate loss is fully recognised;
- (l) to have regard to conditions of service and remuneration provided:
  - (i) in other organisations for comparable duties;

- (ii) within the Company and its subsidiaries so that appropriate relations are maintained and that the Committee's decisions may, as far as possible, be consistent and fair, and be seen as such;
- (iii) for persons who perform service overseas and the necessity for any local adjustments or allowances;
- (iv) worldwide for skills for which there is deemed to be an international market;
- (m) to administer long term incentive schemes including the granting of options under the ESOS 2010 and LTIP (and any additional or replacement share option schemes);
- (n) to administer employee share option schemes on behalf of the Board under the Sharesave Scheme (and any replacement sharesave scheme), including the approval of grants and granting of options;
- (o) oversee any major changes in employee benefits structures throughout the Company or Group; and
- (p) agree the policy for authorising claims for expenses from the Directors.

### 11.3 Nomination Committee

The following is a summary of the terms of reference under which the Nomination Committee operates. Information as to the composition of the Nomination Committee is contained in paragraph 11.5 below.

The Nomination Committee shall comprise at least three non-executive directors. The chairman of the Nomination Committee shall be the chairman of the Company or an independent non-executive director appointed by the board.

The company secretary of the Company shall be secretary to the Nomination Committee.

Meetings shall be held as and when required and shall be called by the chairman. The quorum shall be two members.

The Nomination Committee is authorised by the board to investigate any activity within its terms of reference and to seek any information it requires from any Company employee. The board will ensure that Company employees co-operate fully with the Nomination Committee.

The Nomination Committee is authorised by the board to obtain outside legal or other independent professional advice and at the Company's expense.

The duties of the Nomination Committee shall be:

- (a) to consider, at the request of the board or the Nomination Committee chairman, the making of any appointment or reappointment, to the board;
- (b) to provide advice and recommendations to the board on any such appointment;
- (c) to be responsible for identifying and nominating for approval of the board, candidates to fill board vacancies as and when they arise;
- (d) to make recommendations for the membership of the audit, remuneration and any other board committees as appropriate in consultation with the chairmen of those committees;
- (e) before appointment is made by the board, to evaluate the balance of skills, knowledge and experience of the board, and, in light of this evaluation, prepare a description of the role and capabilities required for a particular appointment;

- (f) to keep the composition of the board (in terms of balance between executive and non-executive directors, and the skills, knowledge, experience and diversity of the board) under review and make recommendations to the board;
- (g) to ensure that on appointment to the board, non-executive directors receive a formal letter of appointment setting out clearly what is expected of them in terms of time commitment, committee service, involvement outside Board meetings and in terms of their obligations to disclose any potential conflict of interest, or any future interests that could result in a conflict;
- (h) to make recommendations for the re-election, by Shareholders, of directors under the re-election provisions of the UK Corporate Governance Code (the “Code”) or the retirement by rotation provisions in the Articles, having due regard to their performance and ability to continue to contribute to the Board in the light of the knowledge, skills and experience required and the need for progressive refreshing of the Board (particularly in relation to Directors being re-elected for a term beyond six years);
- (i) to review the reappointment of any non-executive director at the conclusion of their specified term of office;
- (j) to make recommendations regarding the appointment of any director to executive or other office;
- (k) to give full consideration to succession planning for members of the board and other senior executives taking into account the challenges and opportunities facing the Company and the skills and expertise needed on the board in the future; and
- (l) to review annually the results of the board performance evaluation process that relate to the composition of the Board, and the time required from non-executive directors.

The secretary of the Nomination Committee shall issue minutes after approval by the chairman to all members of the board.

#### 11.4 Administration and Finance Committee

The following is a summary of the terms of reference under which the Administration and Finance Committee operates. Information as to the composition of the Administration and Finance Committee is contained in paragraph 11.5 below.

The Administration and Finance Committee comprises any two directors (of whom one must be the chairman, or the chief executive or the finance director) which may appoint its own chairman and which meets as occasion demands. Meetings will be held as required. Any person may attend meetings on the invitation of the Administration and Finance Committee.

The Administration and Finance Committee is empowered by the board:

- (a) to administer the Company’s executive share schemes in accordance with the board’s policy (and specific decisions of the Remuneration Committee, so far as participation by directors and senior employees are concerned);
- (b) to administer the Sharesave Scheme in accordance with the Board’s policy (and specific decisions of the Remuneration Committee by passing the resolution to approve grants);
- (c) (within the limit set by the Group’s borrowing facilities immediately before taking action and subject to a transaction limit of £10 million) to borrow money (by entering into new or replacement facilities) needed by the business, to enter into finance leases, and operate existing banking facilities;
- (d) to enter into guarantees or indemnities where they are a necessary incidental of the exercise of the powers under (b);

- (e) to appoint individuals as attorneys for or in order to represent the Company in respect of any holding of securities or partnership interest in or indebtedness owed by other companies or partnerships; and
- (f) to seal share certificates and sign/seal any documents required in connection with any of the above.

11.5 The Company's audit, remuneration, nomination and administration and finance committees are constituted as follows:

<i>Committee</i>	<i>Members</i>
Audit	Peter Hickson* ( <i>Chairman</i> ) Michael Firth Jane Griffiths
Remuneration	Michael Firth ( <i>Chairman</i> ) Peter Hickson Jane Griffiths
Nomination	Peter Hickson ( <i>Chairman</i> ) Michael Firth Jane Griffiths
Administration and Finance	any two directors (one of whom must be the chairman, the chief executive or the finance director)

\*Currently appointed as chairman of the Audit Committee pending the appointment of a new non-executive director with relevant financial experience.

11.6 The Company is committed to the principles of corporate governance contained in the Code. The Company has complied with the main provisions of the Code with the following exceptions:

- there was only one independent non-executive director on the Board from the period between the resignation of Roger Jennings on 2 May 2012 until the appointment of Jane Griffiths on 17 May 2012; and
- on the resignation of Roger Jennings on 2 May 2012, Peter Hickson took up the responsibilities of Chairman of the Audit Committee. This is on a temporary basis until the Company is in a position to appoint a new independent non-executive director which is in progress.

As at the date of this document, the Company continues to comply with the provisions set out in the Code and all the relevant corporate governance regimes in England and Wales.

## 12. Subsidiary undertakings of the Company

The Company is the parent company of the Group. The principal subsidiary undertakings of the Company (being those which are considered by the Company to be most likely to have a significant effect on the assessment of the assets and liabilities, financial position or profits and losses of the Company) are set out below:

<i>Company</i>	<i>Principal activity</i>	<i>Shareholding held</i>	<i>Immediate parent</i>	<i>Country of Incorporation</i>
Communis UK Limited	Print and print management solutions	100%	Communis plc	England and Wales
Communis Europe Limited	Holding company	100%	Communis plc	England and Wales
Communis 2012 Limited	Holding company	100%	Communis plc	England and Wales
Kieon Limited	Specialist software production agency	100%	Communis 2012 Limited	England and Wales

<i>Company</i>	<i>Principal activity</i>	<i>Shareholding held</i>	<i>Immediate parent</i>	<i>Country of Incorporation</i>
Communis Data Intelligence Limited	Database and data processing services	100%	Communis UK Limited	England and Wales
The Garden Marketing Limited	Marketing agency	49%	Communis 2012 Limited	England and Wales
Yomego Limited	Social media agency	100%	Communis 2012 Limited	England and Wales
Communis Ireland Limited	Print management	100%	Communis UK Limited	Ireland
Communis Deutschland GmbH	Managed print services	100%	Communis Europe Limited	Germany
Communis Italia Srl	Managed print services	100%	Communis Europe Limited	Italy
Communis Spain SL	Managed print services	100%	Communis Europe Limited	Spain
Communis France Sarl	Managed print services	100%	Communis Europe Limited	France

The Company holds voting rights in each subsidiary undertaking in the same proportion to its holdings in the ordinary share capital of the respective subsidiaries.

### **13. Material contracts**

Save for the contracts described or referred to in this paragraph 13, no member of the Group has (i) entered into any material contract (not being a contract entered into in the ordinary course of business) within the two years immediately preceding the date of this document or (ii) entered into any other contract (not being a contract entered into in the ordinary course of business) which contains any provision under which any member of the Group has any obligation or entitlement which is or may be material to the Group as at the date of this document.

The following contracts, none of which have been terminated, have been made available for inspection within the last two years:

#### ***Placing Agreement***

On 14 February 2013 the Placing Agreement was entered into between the Company, N+1 Singer and Cenkos pursuant to which N+1 Singer and Cenkos have agreed, subject to certain conditions, as agent for the Company, to use reasonable endeavours to procure subscribers for the New Ordinary Shares at the Placing Price.

The Placing Agreement is conditional, amongst other things, upon Admission becoming effective by not later than 8.00 a.m. on 6 March 2013 or such later time and/or date as N+1 Singer, Cenkos and the Company may otherwise agree, being no later than 8.00 a.m. on 5 April 2013.

The Placing Agreement provides for payment of a corporate finance fee of £200,000 to N+1 Singer, a corporate finance fee of £25,000 to Cenkos and a total commission of approximately £0.56 million to N+1 Singer and Cenkos. In addition, the Company will bear all costs of, or incidental to, the Placing and Open Offer including (without limitation) the fees of the London Stock Exchange, printing costs, registrar's fees and all legal and accounting fees of the Company and N+1 Singer and Cenkos.

The Placing Agreement contains certain warranties by the Company in favour of N+1 Singer and Cenkos, including as to the accuracy of the information contained in this document and certain financial information and other matters relating to the Group and its businesses. In addition, the Company has agreed to indemnify N+1 Singer and Cenkos in respect of any losses, damages and liabilities incurred by N+1 Singer and Cenkos resulting from the carrying out by N+1 Singer and Cenkos of their obligations or services under, or in connection with, the Placing Agreement.

N+1 Singer and Cenkos may terminate the Placing Agreement prior to Admission in certain specific circumstances, including (amongst other things) in the event of:

- (a) a breach of the Placing Agreement by the Company or any of the warranties contained in it being, or becoming, untrue, inaccurate or misleading; or
- (b) any change or development in national or international financial, economic, political or market conditions in or affecting the countries in which the Group operates which (in N+1 Singer's and Cenkos' reasonable opinion (acting together)) is likely to materially and adversely affect the Placing and Open Offer or make the creation of a market in the Ordinary Shares impracticable or inadvisable.

#### *Acquisition of certain shares in The Garden Marketing Limited*

On 14 June 2012, Communisis 2012 Limited entered into an agreement for the acquisition of a 49 per cent. equity stake in The Garden Marketing Limited for a cash consideration of approximately £0.4 million (gross of balance sheet cash on completion of approximately £99,000), which was payable at completion, with an option to acquire the remaining 51 per cent. for approximately £0.5 million.

In conjunction with the acquisition, on 14 June 2012, Communisis 2012 Limited entered into a shareholders' agreement with the remaining shareholders in relation to the operation of The Garden Marketing Limited.

#### *Acquisition of the entire issued share capital of Kieon Limited*

On 18 April 2012, Communisis 2012 Limited entered into an agreement for the acquisition of the entire issued share capital of Kieon Limited for a cash consideration of approximately £73,000 at completion (gross of balance sheet cash on completion of approximately £326,000). Approximately £0.6 million was paid in instalments over the three months following completion with further consideration being deferred and payable over the two years following completion. Kieon is a UK-based specialist software production agency, with an offshore development facility in Bangalore India. The maximum aggregate consideration payable as at the date of the acquisition was £1.5 million.

#### *Acquisition of the business and assets of Yomego Limited*

On 1 May 2012, Communisis Newco April Limited (subsequently renamed Yomego Limited) entered into an agreement for the acquisition of the business and assets of Yomego Limited for a cash consideration of £0.38 million, which was payable at completion. Yomego is a social media agency that advises on the role of social media as an integral part of broader on-line and off-line marketing campaigns, measures its effectiveness and provides insights into brand reputation and sentiment across social media sources.

#### *Acquisition of the business and assets of Orchestra Group Limited and Orchestra Bristol Limited*

On 14 June 2011, Communisis entered into an agreement for the acquisition of the business and assets of Orchestra Group Limited and Orchestra Bristol Limited (both companies were in administration at that time) for a total cash consideration of £2,248,800, comprising £1,338,800 payable in cash at completion, and the remaining £910,000 to be paid on 14 September 2011. This business involved IT development and data management services, and the housing of contact centre environments.

#### *Sale and lease back of property*

The Company and Communisis UK Limited transferred a collection of freehold land and buildings (identifiable by six separate title numbers) that they owned on the north side of Manston Lane, Crossgates, Leeds (the "**Property**"). Communisis UK Limited subsequently leased back the Property.

On 1 March 2012, Communisis plc and Communisis UK Limited entered into an agreement to transfer the Property to Communisis Pension Funding Limited Partnership (the "**Partnership**"). Communisis UK Limited sold its respective part of the Property for £10,750,000 and the Company sold its respective part of the Property for £1.

On 2 March 2012, the Partnership entered into an agreement to lease the Property (in its entirety) back to Communisis UK Limited (the "**Lease**"). The term for which the Property is leased runs from 1 March 2012

to 27 February 2027. There are no break or rent review clauses in the Lease. The principal rent of £1,150,000 per annum is payable to the Partnership by Communisis UK Limited.

The effect of this arrangement was to provide the Pension Scheme with an income stream with a view to reducing the funding deficit of the Pension Scheme.

#### *Revolving Credit Facility*

Communisis entered into a £45,000,000 multi-currency revolving facility agreement with Barclays Bank plc, HSBC Bank plc and Lloyds TSB Bank plc on 24 February 2011, as amended on 2 December 2011 and as subsequently amended and restated on 29 March 2012 and 14 February 2013 (the “**Facility Agreement**”), for the purpose of refinancing existing indebtedness, to fund general corporate and working capital purposes of the Group, and to fund consideration for acquisitions made in accordance with the Facility Agreement (the “**Facility**”). The interest rate for each loan made pursuant to the Facility is the aggregate of the applicable margin (as set out in the Facility Agreement), LIBOR or EURIBOR (as applicable) and the mandatory cost (also as set out in the Facility Agreement). The Facility is guaranteed by certain of Communisis’ subsidiaries. The Facility will terminate 42 months following the date of the Facility Agreement, and loans will be available under the Facility until one month prior to that date.

On 14 February 2013, Communisis increased its committed bank facilities by £10.0 million to a total of £55.0 million. The new facilities comprise two new tranches to the multi-currency revolving credit facility, being (i) a £5.0 million tranche (“**Facility C**”) and (ii) a further £5.0 million tranche which Communisis may utilise by way of an overdraft facility (with such overdraft being provided on a committed basis) (“**Facility D**”).

It is a requirement of the facility agreement that the net proceeds of the Fundraising are used to repay (to the extent that it is drawn) Facility C, at which time the £5.0 million extension to the multi-currency revolving credit facility will be cancelled. The Board does not expect to utilise Facility C prior to completion of the Fundraising. On completion of the Fundraising, Facility D will be withdrawn and it is expected that Barclays Bank PLC will provide an uncommitted overdraft facility of £5.0 million to replace it, such that the amount of the overdraft facilities available to the Company will remain unchanged. The Group’s bank facilities will then total £50.0 million, comprising a £45.0 million multi-currency revolving credit facility (committed until 24 August 2014) and an uncommitted £5.0 million overdraft facility. In the event that the Issue does not complete, all of the increased facilities will remain in place.

#### *Call Option Agreement*

The Company entered into an agreement with EV (Baby) Limited (“**EVBL**”) dated 7 April 2011, and as amended on 7 March 2012, pursuant to which EVBL granted to the Company, in consideration of the payment of £50,000, an option to purchase ordinary shares of £0.25 each in the capital of EVBL, exercisable prior to 31 March 2013. EVBL manufactures and has a license to use the intellectual property in respect of flat-packed, disposable, fully sterile baby bottles for which the Company designed the brand.

### **14. Intellectual Property**

Communisis is not dependent on third party patents or licences for carrying out its business.

### **15. Litigation**

As far as the Company is aware, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware), nor have there been any such proceedings during the 12 months preceding the date of this document, which may have, or have had in the recent past, a significant effect on the Company and/or the Group’s financial position or profitability.

### **16. Taxation**

**The comments set out below are based on existing United Kingdom law and what is understood to be current HM Revenue & Customs practice, both of which are subject to change at any time. They are**

**intended as a general guide only and apply only to Shareholders who are resident and, in the case of individuals, ordinarily resident and domiciled, in the United Kingdom for tax purposes (except to the extent that specific reference is made to Shareholders resident outside the United Kingdom), who hold the shares as investments and who are the absolute beneficial owners of those shares. The comments set out below do not deal with the position of certain classes of Shareholders, such as dealers in securities, broker dealers, insurance companies, collective investment schemes or Shareholders who have or are deemed to have acquired their Existing Ordinary Shares by virtue of an office or employment. Shareholders who are in any doubt as to their taxation position or who are subject to taxation in any jurisdiction other than the United Kingdom, should consult their own professional advisers immediately.**

### **Capital Gains Tax**

It is understood that HM Revenue & Customs takes the view that, in circumstances such as these, the issue of Open Offer Shares under the Open Offer by the Company to Qualifying Shareholders up to each Qualifying Shareholder's entitlement may be treated as a reorganisation of the share capital for the purposes of United Kingdom taxation of capital gains.

Accordingly, Open Offer Shares issued to a Qualifying Shareholder by the Company pursuant to the Open Offer and not exceeding the Qualifying Shareholder's pro rata entitlement may, together with the shareholder's holding of Existing Ordinary Shares, be treated as a single asset acquired at the time the holding of Existing Ordinary Shares was acquired. The price paid for the Open Offer Shares would then be added to the base cost of the existing holding.

United Kingdom resident individual Qualifying Shareholders are no longer entitled to indexation allowance or taper relief when they dispose of Ordinary Shares. Instead, depending upon their individual circumstances and any available reliefs, they may be subject to capital gains tax at the prevailing rate on any disposals of Existing Ordinary Shares or Open Offer Shares. For individuals whose total taxable income and gains after all allowable deductions (including losses, the income tax personal allowance and the capital gains tax annual exempt amount) is less than the upper limit of the basic rate income tax band (£34,370 for 2012-13), the rate of capital gains tax will be 18 per cent. For gains (and any parts of gains) above that limit, the rate will be 28 per cent. For trustees and personal representatives, the rate will be 28 per cent. for gains above the applicable capital gains tax annual exempt amount.

A United Kingdom resident corporate Qualifying Shareholder will continue to be entitled to indexation allowance. For the purposes of calculating the indexation allowance, the expenditure incurred in subscribing for the Open Offer Shares will be treated as having been incurred when the Qualifying Shareholder makes or becomes liable to make payment of the subscription monies. A subsequent disposal of the Open Offer Shares may give rise to a liability to United Kingdom corporation tax on chargeable gains.

### **Taxation of Dividends**

No taxation will be withheld from dividends paid by the Company. In relation to certain shareholders, dividends carry a tax credit equal to one ninth of the dividend.

#### *United Kingdom resident individuals*

Individual shareholders, who are resident in the United Kingdom for tax purposes, will generally be subject to income tax on the aggregate amount of the dividend and associated tax credit (the "gross dividend"). For example, on a cash dividend of £90 an individual would be treated as having received dividend income of £100 and as having paid income tax of £10 (the "associated tax credit"). The gross dividend will be regarded as the top slice of the shareholder's income.

Individual shareholders who (after taking account of the gross dividend) are liable to income tax at the basic rate, pay tax on dividends at the dividend ordinary rate of 10 per cent. Such individuals will have no further tax to pay, as the tax liability will be fully extinguished by the associated tax credit. Individual shareholders who are not liable to income tax are not able to recover the tax credit.

Individual shareholders who (after taking account of the gross dividend) are subject to income tax at the higher rate (currently 40 per cent.) will be liable to tax at the dividend upper rate of 32.5 per cent., on the gross dividend. For example, a higher rate tax payer receiving a dividend of £90 would for income tax purposes be treated as receiving dividend income of £100 (the aggregate of the £90 dividend received and the associated tax credit of £10). The tax liability would be £32.50. However, the associated tax credit of £10 would be set against the tax liability, leaving the individual with net tax to pay of £22.50.

Individual shareholders who (after taking account of the gross dividend) are subject to income tax at the additional rate (currently 50 per cent, though reducing to 45 per cent. from 6 April 2013) will be liable to income tax at the dividend additional rate of 42.5 per cent. on the gross dividend. For example, a 50 per cent. tax payer receiving a dividend of £90 would for income tax purposes be treated as receiving dividend income of £100 (the aggregate of the £90 dividend received and the associated tax credit of £10). The tax liability would be £42.50. However the associated tax credit of £10 would be set against the tax liability, leaving the individual with net tax to pay of £32.50.

#### *United Kingdom resident trustees*

Trustees of discretionary trusts liable to account for income tax on the income of the trust will be treated as having received gross income equal to the aggregate amount of the dividend and associated tax credit. Trustees will pay tax on dividends received at the rate of 42.5 per cent. As with the additional rate individual shareholders, the 10 per cent. tax credit will be set against the tax liability leaving further tax to pay of 32.5 per cent. of the gross dividend.

#### *United Kingdom resident companies*

Shareholders who are within the charge to UK corporation tax will be subject to corporation tax on dividends unless the dividends fall within an exempt class and certain other conditions are met. Whether an exempt class applies and whether other conditions are met will depend upon the circumstances of the particular shareholder, although it is expected that the dividends paid by the company would normally be exempt.

#### *United Kingdom resident gross funds/charities*

There is no entitlement, for either a gross fund or charity, to a tax credit and consequently no claim to recover the tax credit will be possible.

#### *Non-United Kingdom residents*

Generally, non-United Kingdom residents will not be subject to any United Kingdom taxation in respect of United Kingdom dividend income nor will they be able to recover the associated tax credit, although this will depend upon the existence of and the terms of any double taxation convention between the United Kingdom and the country in which such shareholder is resident.

Non-United Kingdom resident shareholders may be subject to tax on United Kingdom dividend income under any law to which that person is subject outside the United Kingdom. Non-United Kingdom resident shareholders should consult their own tax advisers with regard to their liability to taxation in respect of the cash dividend.

#### **Stamp Duty and Stamp Duty Reserve Tax (“SDRT”)**

No liability to United Kingdom stamp duty or SDRT should arise on the issue of New Ordinary Shares to a Qualifying Shareholder under the Placing or Open Offer.

#### *Shares held outside the CREST system*

The conveyance or transfer on sale of the New Ordinary Shares will usually be subject to stamp duty on the instrument of transfer, generally at the rate of 0.5 per cent. of the consideration given for the shares in money or money’s worth. Stamp duty is charged in multiples of £5. An exemption from stamp duty is available on an instrument transferring shares where the amount or value of the consideration is £1,000 or less, and it is

certified on the instrument that the transaction effected by the instrument does not form part of a larger transaction or series of transactions for which the aggregate consideration exceeds £1,000.

An obligation to account for SDRT at the rate of 0.5 per cent. of the amount or value of the consideration will also arise if an unconditional agreement to transfer the New Ordinary Shares is not completed by a duly stamped instrument of transfer before the “accountable date” for SDRT purposes. The accountable date is the seventh day of the month following the month in which the agreement for the transfer is made. Payment of the stamp duty will cancel the liability to account for SDRT.

It is the purchaser who is in general liable to account for stamp duty or SDRT.

#### *Shares held within the CREST system*

The transfer of the New Ordinary Shares in uncertificated form in the CREST system will generally attract a liability of 0.5 per cent. of the consideration given for the shares in money or money’s worth. The SDRT will generally be collected by CREST.

**The above statements are intended as a general guide to the current position. Certain categories of person are not liable to stamp duty or SDRT, and others may be liable at a higher rate or may, although not primarily liable for the tax, be required to notify and account for it under the Stamp Duty Reserve Tax Regulations 1986.**

#### **17. Working capital**

The Company is of the opinion that the Group has sufficient working capital for its present requirements, that is, for at least 12 months from the date of this document.

#### **18. Mandatory bids, squeeze-out and sell-out rules relating to the Ordinary Shares**

The Company is subject to the City Code. There is not in existence any current mandatory takeover bid in relation to the Company. Were there to be a takeover offer for the Company (as defined in section 974 of the Companies Act), compulsory purchase provisions in the Companies Act would be triggered, subject to, amongst other things, the offeror achieving certain thresholds in terms of acquired shares and subject to serving certain notices within prescribed time limits, which would give the offeror the right to buy out minority shareholders (in accordance with section 979 of the Companies Act). The Companies Act also contains provisions allowing, in certain circumstances, for a right for a minority shareholder to be bought out by an offeror. Other than as provided by the Companies Act and the City Code, there are no rules or provisions relating to mandatory bids and/or squeeze-out and sell-out rules in relation to the Ordinary Shares.

#### **19. Public takeover bids in the last and current financial years**

There have been no public takeover bids by third parties in respect of the share capital of the Company in the last or current financial year.

#### **20. Employees**

As at 13 February 2013 (being the latest practicable date prior to the publication of the document) the Group had 1,543 employees. The average monthly number of employees during the last three financial years was made up as follows:

	<i>Financial year ended</i>		
	<i>31 December</i>	<i>31 December</i>	<i>31 December</i>
	<i>2011</i>	<i>2010</i>	<i>2009</i>
United Kingdom	1,376	1,375	1,409
Continental Europe	7	9	8
	<u>1,383</u>	<u>1,384</u>	<u>1,417</u>

## **21. Consent**

Ernst & Young LLP has given and not withdrawn its written consent to the inclusion in this document of its report set out in Part XIV and the references to the report and to its name in the form and context in which they appear and has authorised the contents of such report for the purposes of the Prospectus Rules.

N+1 Singer has given and has not withdrawn its written consent to the inclusion in this document of the references to its name in the form and context in which they appear.

Cenkos has given and has not withdrawn its written consent to the inclusion in this document of the references to its name in the form and context in which they appear.

## **22. Significant Change**

There has been no significant change in the financial or trading position of the Group since 30 June 2012, being the date up to which the Company's latest unaudited interim accounts were prepared, other than as set out below.

On 14 February 2013, Communisis increased its committed bank facilities by £10.0 million to a total of £55.0 million. The new facilities comprise two new tranches to the multi-currency revolving credit facility, being (i) a £5.0 million tranche ("**Facility C**") and (ii) a further £5.0 million tranche which Communisis may utilise by way of an overdraft facility (with such overdraft being provided on a committed basis) ("**Facility D**").

It is a requirement of the facility agreement that the net proceeds of the Fundraising are used to repay (to the extent that it is drawn) Facility C, at which time the £5.0 million extension to the multi-currency revolving credit facility will be cancelled. The Board does not expect to utilise Facility C prior to completion of the Fundraising. On completion of the Fundraising, Facility D will be withdrawn and it is expected that Barclays Bank PLC will provide an uncommitted overdraft facility of £5.0 million to replace it, such that the amount of the overdraft facilities available to the Company will remain unchanged. The Group's bank facilities will then total £50.0 million, comprising a £45.0 million multi-currency revolving credit facility (committed until 24 August 2014) and an uncommitted £5.0 million overdraft facility. In the event that the Issue does not complete, all of the increased facilities will remain in place.

## **23. Related party transactions**

Other than as disclosed in the financial information incorporated by reference into this document (as explained in Part XVI of this document) for the interim period to 30 June 2012, the financial year ended 31 December 2009, the financial year ended 31 December 2010 and the financial year ended 31 December 2011 there are no related party transactions between the Company and members of the Group that were entered into during the financial year ended 31 December 2009, the financial year ended 31 December 2010 and the financial year ended 31 December 2011 or during the period between 1 January 2012 and the date of this document.

## **24. Miscellaneous**

24.1 The total expenses of or incidental to the Issue (including irrevocable VAT) which are payable by the Company are estimated to amount to approximately £1.11 million.

24.2 The Company's auditors are Ernst & Young LLP, 1 Bridgewater Place, Water Lane, Leeds LS11 5QR. Ernst & Young has audited the Company's accounts for the financial years ended 31 December 2009, 2010 and 2011. Ernst & Young has carried out the audits of the accounts for the financial years ended 31 December 2009, 2010 and 2011 in accordance with the Auditing Standards issued by the Auditing Practices Board. Such accounts have been reported on without qualification. Save for the information contained in Part XIII of this document, none of the information contained in this document has been audited.

24.3 The Company's registrars and receiving agents are Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU.

- 24.4 The Existing Ordinary Shares are in registered form, are capable of being held in uncertificated or certificated form and are admitted to the Official List and are traded only on the Main Market for listed securities of the London Stock Exchange. Application for trading of the New Ordinary Shares is not being and will not be sought on any other stock exchange other than the market for listed securities of the London Stock Exchange. It is expected that the New Ordinary Shares will be admitted on 6 March 2013.
- 24.5 The New Ordinary Shares will be issued at 40 pence per Share. The closing mid market price of a Share on 13 February 2013, being the last Business Day before the publication of this document, was 43.25 pence. This represents a premium of 18.25 pence per share to the nominal value of 25 pence of each Share.
- 24.6 The Company is not aware of any potential conflict of interest between any of the Directors' duties to the Company and their private interests. There is no arrangement or understanding between the Company and any major Shareholders, clients, suppliers or others, pursuant to which any Director was selected as a director.
- 24.7 The Company confirms that where information in this document has been sourced from a third party, the source of this information has been provided, this information has been accurately reproduced and, so far as the Company is aware and is able to ascertain from information published by the authors of those documents, no facts have been omitted which would render the reproduced information inaccurate or misleading.

## **25. Documents available for inspection**

- 25.1 Copies of the documents listed below may be inspected free of charge at the offices of the Company at Wakefield Road, Leeds LS10 1DU and at the offices of Pinsent Masons LLP, 1 Park Row, Leeds LS1 5AB during normal business hours on any weekday up to and including 6 March 2013:
- (1) the Articles;
  - (2) the statutory accounts of the Company for the two financial years ended 31 December 2011 and 31 December 2010 and the unaudited interim accounts for the period ended 30 June 2012;
  - (3) the report on the Unaudited Pro Forma Financial information set out in Part XIV; and
  - (4) this document.

Dated: 14 February 2013

## PART XVI

### DOCUMENTS INCORPORATED BY REFERENCE

The audited consolidated financial statements of Communisis for each of the financial years ended 31 December 2009, 2010 and 2011 and the unaudited interim results for the 6 months ended 30 June 2012 are available for inspection in accordance with paragraph 25 of Part XV of this document. These documents are available on the Company's website at [www.communisis.com](http://www.communisis.com).

The table below sets out the various sections and page numbers of these documents that are incorporated by reference into this document so as to provide information required under the Prospectus Rules and to ensure that Shareholders and others are aware of all information that, according to the particular nature of the Company and the New Ordinary Shares, is necessary to enable Shareholders and others to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Company. Where only parts of documents are incorporated by reference into this Prospectus, the remaining contents are either not relevant for the investor or are covered elsewhere in the Prospectus.

The Company will provide, without charge, to each person to whom a copy of this document has been delivered, upon the oral or written request of such person, a copy of the aforementioned documents incorporated by reference herein. Written or telephone requests for such documents should be directed to the Company at its registered office at Wakefield Road, Leeds LS10 1DU.

	<i>Interim report for the six months ended 30 June 2012</i>	<i>Annual report for the year ended 31 December 2011</i>	<i>Annual report for the year ended 31 December 2010</i>	<i>Annual report for the year ended 31 December 2009</i>
Audit report	n/a	98	99	78
Accounting policies	n/a	59-66	63-69	41-48
Consolidated income statement	8	54	58	36
Consolidated statement of comprehensive income	9	55	59	37
Consolidated statement of recognised income and expense	n/a	n/a	n/a	n/a
Consolidated statement of changes in equity	12	58	62	40
Consolidated balance sheet	10	56	60	38
Consolidated cash flow statement	11	57	61	39
Corporate governance	n/a	38-42	40-45	24-27
Dividend payments	n/a	76	78	58
Notes to the financial statements	13-19	59-97	63-98	41-77
Segmental Information	13	66-69	69-72	48-51
Related party transactions	19	97	98	77
Chairman's statement	n/a	5	2-3	2
Chief Executive's Review	2-4	6-11	4-9	3-5
Finance Review	5-7	12-15	10-13	6-8
Financial risk management objectives and policies	19	93-94	94-95	74-75

## DEFINITIONS

In this document the terms and expressions set out below have the following meanings unless the context requires otherwise.

All references to legislation in this Prospectus are to the legislation of England and Wales unless the contrary is indicated. Any reference to any provision of any legislation shall include any amendment, modification, re-enactment or extension thereof.

Words importing the singular shall include the plural and vice versa, and words importing the masculine gender shall include the feminine or neutral gender.

<b>Admission</b>	the admission of the New Ordinary Shares to the premium listing segment of the Official List becoming effective in accordance with the Listing Rules and the admission of the New Ordinary Shares to trading on the London Stock Exchange's Main Market becoming effective in accordance with the Admission and Disclosure Standards
<b>Admission and Disclosure Standards</b>	the admission and disclosure standards of the London Stock Exchange containing, among other things, the admission requirements to be observed by companies seeking admission to trading on the London Stock Exchange's Main Market
<b>Application Form</b>	the personalised application form accompanying this document on which Qualifying Non-CREST Shareholders may apply for Open Offer Shares under the Open Offer
<b>Articles</b>	the articles of association of Communisis, details of which are set out in paragraph 8.2 of Part XV of this document
<b>Audit Committee</b>	the Company's audit committee further details of which are set out in Part XV of this document
<b>Auditors and Reporting Accountants</b>	Ernst & Young LLP of 1 Bridgewater Place, Water Lane, Leeds, West Yorkshire LS11 5QR
<b>Board or Directors</b>	the executive directors and non-executive directors of Communisis, whose names appear on page 23 of this document
<b>Business Day</b>	a day (other than a Saturday, Sunday or public holiday) on which banks are generally open for business in the City of London for the transaction of normal banking business
<b>Capita Registrars</b>	a trading name of Capita Registrars Limited
<b>Cenkos</b>	Cenkos Securities plc, in its capacity as joint broker to the Company
<b>certificated or in certificated form</b>	not in uncertificated form (that is, not in CREST)
<b>Closing Price</b>	the closing middle market quotation as derived from the Daily Official List of the London Stock Exchange on a particular day
<b>City Code</b>	The City Code on Takeovers and Mergers
<b>Companies Act</b>	Companies Act 2006
<b>Company or Communisis</b>	Communisis plc (registered Company number 02916113)
<b>Corporate Governance Code</b>	the code of best practice including the principles of good governance published by The Financial Reporting Council in June 2008, as amended from time to time and as replaced by the UK Corporate Governance Code dated June 2010

<b>CREST</b>	the relevant system, as defined in the CREST Regulations (in respect of which Euroclear is the operator as defined in the CREST Regulations)
<b>CREST Manual</b>	the CREST manual consisting of the CREST reference manual; CREST international manual; CREST central counterparty service manual; CREST rules; CCSS operations manual and CREST glossary of terms available at <a href="https://www.euroclear.com">https://www.euroclear.com</a>
<b>CREST Member</b>	a person who has been admitted to Euroclear as a system-member (as defined in the CREST Regulations)
<b>CREST Participant</b>	a person who is, in relation to CREST, a system-participant (as defined in the CREST Regulations)
<b>CREST Regulations</b>	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755)
<b>CREST Sponsor</b>	a CREST participant admitted to CREST as a CREST Sponsor
<b>CREST Sponsored Member</b>	a CREST Member admitted to CREST as a sponsored member
<b>Daily Official List</b>	the daily record setting out the prices of all trades in shares and other securities conducted on the London Stock Exchange
<b>Disclosure and Transparency Rules</b>	the rules relating to the disclosure of information made in accordance with Section 73A(3) of FSMA
<b>Enlarged Ordinary Share Capital</b>	the issued share capital of the Company immediately following completion of the Firm Placing, Placing and Open Offer
<b>Ernst &amp; Young</b>	Ernst & Young LLP
<b>ESOS 2000</b>	the Communisis Executive Share Option Scheme 2000
<b>ESOS 2010</b>	the Communisis Executive Share Option Scheme 2010
<b>Euroclear</b>	Euroclear UK & Ireland Limited (formerly CrestCo Limited), the operator of CREST
<b>Existing Ordinary Shares</b>	the 141,047,775 existing ordinary shares of 25 pence each in the capital of the Company in issue at the date of this document
<b>Excluded Territories</b>	Australia, Canada, Japan, New Zealand, The Republic of South Africa and the US and any jurisdiction where the availability of the Fundraising would breach any applicable laws or regulations, and “ <b>Excluded Territory</b> ” shall mean any of them
<b>Financial Services Authority or FSA</b>	the Financial Services Authority of the United Kingdom
<b>Firm Placee</b>	any person that has conditionally agreed to subscribe for Firm Placing Shares
<b>Firm Placing</b>	the conditional placing by N+1 Singer and Cenkos, as agents of and on behalf of Communisis, of the Firm Placing Shares on the terms and subject to the conditions contained in the Placing Agreement
<b>Firm Placing Shares</b>	the 37,500,000 New Ordinary Shares which are to be issued pursuant to the Firm Placing
<b>Form of Proxy</b>	the form of proxy for use at the General Meeting
<b>FSMA</b>	the Financial Services and Markets Act 2000

<b>Fundraising</b>	the Firm Placing, Placing and Open Offer
<b>General Meeting</b>	the general meeting of Communis to be held at the offices of Pinsent Masons LLP, 30 Crown Place, Earl Street, London EC2A 4ES at 9.00 a.m. on 5 March 2013, notice of which is set out on page 124 of this document
<b>Group</b>	Communis and its subsidiaries at the date of this document
<b>HMRC</b>	HM Revenue & Customs
<b>IFRS</b>	International Financial Reporting Standards as issued by the International Accounting Standards Board and, for the purposes of this document, as adopted by the European Union
<b>ISIN</b>	International Securities Identification Number
<b>Issue</b>	the issue of New Ordinary Shares pursuant to the Placing, Firm Placing and Open Offer
<b>Issue Price</b>	40 pence per New Ordinary Share
<b>Joint Brokers</b>	N+1 Singer and Cenkos
<b>Listing Rules</b>	the Listing Rules made by the FSA under Part VI of FSMA
<b>London Stock Exchange</b>	London Stock Exchange plc
<b>LTIP</b>	the Communis plc Long Term Incentive Plan 2007
<b>Main Market</b>	London Stock Exchange's main market for listed securities
<b>Member Account ID</b>	the identification code or number attached to any member account in CREST
<b>Member State</b>	a sovereign state which is a member of the European Union
<b>Money Laundering Regulations</b>	the Money Laundering Regulations 2007 (Statutory Instrument 2007/2157)
<b>New Ordinary Shares</b>	the new Ordinary Shares to be issued pursuant to Fundraising
<b>Nomination Committee</b>	the Company's nomination committee, further details of which are set out in Part XV of this document
<b>Non-CREST Shareholder</b>	a Shareholder who holds their Ordinary Shares in certificated form, that is not in CREST
<b>Notice of General Meeting</b>	the notice of General Meeting which forms part of this document
<b>N+1 Singer</b>	Nplus1 Singer Advisory LLP, in its capacity as sponsor, financial adviser and joint broker to the Company
<b>Official List</b>	the Official List of the FSA
<b>Open Offer</b>	the conditional invitation to Qualifying Shareholders to subscribe for the Open Offer Shares at the Issue Price on the terms and subject to the conditions set out in this document and in the case of Qualifying Non-CREST Shareholders only, the Application Form

<b>Open Offer Entitlement</b>	the <i>pro rata</i> entitlement of Qualifying Shareholders to subscribe for 1 Open Offer Share for approximately every 11.284 Existing Ordinary Shares registered in their name as at the Record Date, on and subject to the terms of the Open Offer
<b>Open Offer Shares</b>	the 12,500,000 New Ordinary Shares for which Qualifying Shareholders are being invited to apply to be issued pursuant to the terms of the Open Offer
<b>Ordinary Shares or Shares</b>	ordinary shares of 25 pence each in the share capital of Communisis
<b>Overseas Shareholders</b>	Shareholders with registered addresses outside the United Kingdom or who are citizens or residents of countries outside the United Kingdom
<b>Participant ID</b>	the identification code or membership number used in CREST to identify a particular CREST Member or other CREST Participant
<b>Pension Scheme</b>	the Communisis Pension Plan
<b>Pension Trustees</b>	the trustees of the Pension Scheme
<b>Placing</b>	the conditional placing, by N+1 Singer and Cenkos, as agents of and on behalf of Communisis, of the Placing Shares subject to clawback pursuant to the Open Offer, on behalf of the Company on the terms and subject to the conditions contained in the Placing Agreement
<b>Placing Agreement</b>	the conditional placing agreement dated 14 February 2013 between Communisis, N+1 Singer and Cenkos relating to the Firm Placing and Placing and further described in paragraph 13 of Part XV of this document
<b>Placing Placee</b>	any person that has conditionally agreed to subscribe for the Placing Shares
<b>Placing Shares</b>	the 12,500,000 New Ordinary Shares for which placees are being invited to subscribe pursuant to the Placing, subject to clawback to satisfy applications from Qualifying Shareholders under the Open Offer
<b>Pounds Sterling or £</b>	the lawful currency of the United Kingdom
<b>Prospectus Rules</b>	the Prospectus Rules published by the FSA under Section 73A of FSMA
<b>Qualifying CREST Shareholders</b>	Qualifying Shareholders holding Ordinary Shares in uncertificated form in CREST at the Record Date
<b>Qualifying Non-CREST Shareholders</b>	Qualifying Shareholders holding Ordinary Shares in certificated form at the Record Date
<b>Qualifying Shareholders</b>	holders of Ordinary Shares on the register of members of Communisis at the Record Date with the exclusion of Overseas Shareholders with a registered address or resident in any Excluded Territory
<b>Record Date</b>	close of business on 11 February 2013
<b>Registrars or Receiving Agent</b>	Capita Registrars

<b>Regulatory Information Service</b>	one of the regulatory information services authorised by the UK Listing Authority to receive, process and disseminate regulatory information in respect of listed companies
<b>Regulation S</b>	Regulation S under the US Securities Act
<b>Remuneration Committee</b>	the Company’s remuneration committee further details of which are set out in Part XV of this document
<b>Resolutions</b>	the resolutions to be proposed at the General Meeting set out in the Notice of General Meeting (each a “ <b>Resolution</b> ”)
<b>Shareholder</b>	a holder of Ordinary Shares
<b>Share Schemes</b>	the LTIP, the Sharesave Scheme, the ESOS 2000 and the ESOS 2010
<b>Sharesave Scheme</b>	the Communitis Sharesave Scheme 2007
<b>UK Listing Authority or UKLA</b>	the FSA in its capacity as the competent authority for the purposes of Part VI of FSMA and in the exercise of its functions in respect of the admission to the Official List otherwise than in accordance with Part VI of FSMA
<b>Uncertificated or in uncertificated form</b>	recorded on the relevant register of the share or 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
<b>United Kingdom or UK</b>	the United Kingdom of Great Britain and Northern Ireland
<b>United States or US</b>	the United States of America
<b>US Securities Act</b>	the US Securities Act of 1933
<b>VAT</b>	value added tax

# NOTICE OF GENERAL MEETING

## Communis plc

*(Registered in England and Wales under number 02916113)*

### Notice of General Meeting

Notice is hereby given that a General Meeting of Communis plc (the “**Company**”) will be held at the offices of Pinsent Masons LLP, 30 Crown Place, Earl Street, London EC2A 4ES, on 5 March 2013, for the purposes of considering and, if thought fit, passing the following resolutions of which Resolutions 1, 2 and 4 will be proposed as ordinary resolutions and Resolution 3 will be proposed as a special resolution:

1. THAT, subject to and conditional upon Resolutions 2 and 3 being duly passed, the Directors be and are hereby generally and unconditionally authorised to exercise all powers of the Company in accordance with section 551 of the Companies Act 2006 (the “**Act**”) to allot shares in the Company and to grant rights to subscribe for or to convert any security into such shares (all of which transactions are hereafter referred to as an allotment of “relevant securities”) up to an aggregate nominal amount of £12,500,000 pursuant to the Firm Placing, Placing and Open Offer (as defined in the Company’s prospectus dated 14 February 2013), which authority shall be in addition to the existing authority conferred on the Directors on 2 May 2012, which shall continue in full force and effect. The authority conferred by this resolution shall expire at the Company’s next annual general meeting (unless previously revoked or varied by the Company in general meeting), save that the Company may, before such expiry, revocation or variation make an offer or agreement which would or might require relevant securities to be allotted after such expiry, revocation or variation and the Directors may allot relevant securities in pursuance of such offer or agreement as if the authority hereby conferred had not expired or been revoked or varied.
2. THAT, subject to and conditional upon Resolutions 1 and 3 being duly passed, the Directors be hereby generally authorised to allot Ordinary Shares, at an issue price that is at a discount of more than 10 per cent. to the closing middle market price of the Ordinary Shares as at 13 February 2013 (being the last Business Day before the announcement of the Firm Placing, Placing and Open Offer) such power (unless and to the extent previously revoked, varied or renewed by the Company in a general meeting) to expire on the conclusion of the next annual general meeting of the Company.
3. THAT, subject to and conditional upon Resolutions 1 and 2 being duly passed, in addition to all other existing powers of the Directors under section 570 of the Act which shall continue in full force and effect, the Directors be and are hereby empowered pursuant to section 570 of the Act to allot equity securities (within the meaning of section 560 of the Act) for cash pursuant to the authority conferred by Resolution 1 above, as if section 561 of the Act did not apply to any such allotment. Such power shall, subject to the continuance of the authority conferred by Resolution 1, expire on the conclusion of the next annual general meeting of the Company but may be revoked or varied from time to time by special resolution so that the Company may before such expiry, revocation or variation make an offer or agreement which would or might require equity securities to be allotted after such expiry, revocation or variation and the Directors may allot equity securities in pursuance of such offer or agreement as if such power had not expired or been revoked or varied.
4. THAT, subject to and conditional upon all of Resolutions 1, 2 and 3 being duly passed, the Directors be and are hereby generally and unconditionally authorised, upon the exercise of an option granted under the Sharesave Scheme, to capitalise reserves of the Company and apply the same to the extent required to meet the amount by which the exercise price of such an option is, following an adjustment in accordance with the rules of the Sharesave Scheme, less than the nominal value of an Ordinary Share.

By order of the Board

**Sarah Louise Caddy**  
*Company Secretary*

14 February 2013

*Registered Office:*  
Wakefield Road  
Leeds  
West Yorkshire  
LS10 1DU

## NOTES

### Website address

1. Information regarding the meeting is available from [www.communisis.com](http://www.communisis.com)

### Entitlement to attend and vote

2. Only those holders of ordinary shares registered on the Company's register of members at 6.00 p.m. on 3 March 2013; or, if this meeting is adjourned, at 6.00 p.m. on the day two days prior to the adjourned meeting, shall be entitled to attend and vote at the meeting.

### Appointment of Proxies

3. Members entitled to attend, speak and vote at the meeting (in accordance with Note 2 above) are entitled to appoint one or more proxies to attend, speak and vote in their place. If you wish to appoint a proxy please use the Form of Proxy enclosed with this document or follow the instructions at note 7 below if you wish to appoint a proxy through the CREST electronic proxy appointment service. In the case of joint members, only one need sign the Form of Proxy. The vote of the senior joint member will be accepted to the exclusion of the votes of the other joint members. For this purpose, seniority will be determined by the order in which the names of the members appear in the register of members in respect of the joint shareholding. The completion and return of the Form of Proxy will not stop you attending and voting in person at the meeting should you wish to do so. A proxy need not be a member of the Company. You may appoint more than one proxy provided each proxy is appointed to exercise the rights attached to a different share or shares held by you. If you choose to appoint multiple proxies use a separate copy of this form (which you may photocopy) for each proxy, and indicate after the proxy's name the number of shares in relation to which they are authorised to act (which, in aggregate, should not exceed the number of ordinary shares held by you). Please also indicate if the proxy instruction is one of multiple instructions being given. All forms must be signed and returned in the same envelope.
4. You can appoint the Chairman of the Meeting, or any other person, as your proxy. If you wish to appoint someone other than the Chairman, cross out the words "the Chairman of the Meeting" on the Form of Proxy and insert the full name of your appointee.
5. You can instruct your proxy how to vote on each resolution by ticking the "For" and "Against" boxes as appropriate (or entering the number of shares which you are entitled to vote). If you wish to abstain from voting on any resolution please tick the box which is marked "Vote Withheld". It should be noted that a vote withheld is not a vote in law and will not be counted in the calculation of the proportion of votes "For" and "Against" a resolution. If you do not indicate on the Form of Proxy how your proxy should vote, he/she can exercise his/her discretion as to whether, and if how so how, he/she votes on each resolution, as he/she will do in respect of any other business (including amendments to resolutions) which may properly be conducted at the meeting.

A company incorporated in England and Wales or Northern Ireland should execute the Form of Proxy under its common seal or otherwise in accordance with Section 44 of the Companies Act 2006 or by signature on its behalf by a duly authorised officer or attorney whose power of attorney or other authority should be enclosed with the Form of Proxy.

### **Appointment of Proxy using Hard Copy Form**

6. The Form of Proxy and any power of attorney (or a notarially certified copy or office copy thereof) under which it is executed must be received by Capita Registrars, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU by 9.00 a.m. on 1 March 2013 in respect of the meeting. Any Forms of Proxy received before such time will be deemed to have been received at such time. In the case of an adjournment, the Form of Proxy must be received by Capita Registrars no later than 48 hours before the rescheduled meeting.

On completing the Form of Proxy, sign it and return it to Capita Registrars at the address shown on the reverse of the Form of Proxy. As postage has been pre-paid no stamp is required. You may, if you prefer, return the Form of Proxy in a sealed envelope to the address shown above.

### **Appointment of proxy online**

7. As an alternative to completing your hard-copy proxy form, you can appoint a proxy electronically at [www.capitashareportal.com](http://www.capitashareportal.com). For an electronic proxy appointment to be valid, your appointment must be received by no later than 9.00 a.m. on 1 March 2013.

### **Appointment of Proxies through CREST**

8. CREST Members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting to be held on the above date and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST Personal Members or other CREST Sponsored Members, and those CREST Members who have appointed a voting service provider(s), should refer to their CREST Sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

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

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

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

All messages relating to the appointment of a proxy or an instruction to a previously appointed proxy, which are to be transmitted through CREST, must be lodged by 9.00 a.m. on 1 March 2013 in respect of the meeting. Any such messages received before such time will be deemed to have been received

at such time. In the case of an adjournment, all messages must be lodged with Capita Registrars no later than 48 hours before the rescheduled meeting.

### **Termination of proxy appointments**

9. In order to revoke a proxy instruction you will need to inform the Company. Please send a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Capita Registrars, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU.

In the case of a member which is a company, the revocation notice must be executed under its common seal or otherwise in accordance with section 44 of the Companies Act 2006 or by signature on its behalf by an officer or attorney whose power of attorney or other authority should be included with the revocation notice.

If you attempt to revoke your proxy appointment but the revocation is received after the time specified in note 2 above then, subject to the paragraph directly below, your proxy will remain valid.

If you submit more than one valid proxy appointment in respect of the same ordinary shares, the appointment received last before the latest time for receipt of proxies will take precedence.

Completion of a Form of Proxy will not preclude a member from attending and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will be automatically terminated.

### **Issued Shares and total voting rights**

10. The total number of shares in issue in the Company is 141,047,775 ordinary shares of 25p each. The total number of ordinary shares with voting rights is 141,047,775. On a vote by a show of hands, every holder of ordinary shares who (being an individual) is present by a person, by proxy or (being a corporation) is present by a duly authorised representative, not being himself a member, shall have one vote. On a poll every holder of ordinary shares who is present in person or by proxy shall have one vote for every ordinary share held by him.

### **Communication**

Except as provided above, members who have general queries about the meeting should use the following means of communication (no other methods of communication will be accepted):

- calling Capita Registrars' shareholder helpline (lines are open from 9.00 a.m. to 5.30 p.m. Monday to Friday):
  - (i) From UK: 0871 664 0321 (calls cost 10p per minute plus network extras);
  - (ii) From overseas: +44 208 639 3399 (calls from outside the UK are charged at applicable international rates); or
- in writing to Capita Registrars.

You may not use any electronic address provided either:

- in this notice of meeting; or
- any related documents (including the Form of Proxy for this meeting) to communicate with the Company for any purposes other than those expressly stated.

