

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

Part II of this document comprises an explanatory statement in compliance with section 879 of the Companies Act 2006. If you are in any doubt as to what action you should take, you are recommended to seek your own personal financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent professional adviser who is authorised under the Financial Services and Markets Act 2000 if you are resident in the United Kingdom or from an appropriately authorised independent financial adviser if you are in a relevant territory outside the United Kingdom.

If you have sold or otherwise transferred all of your Xploite Shares, please send this document and the accompanying documents at once to the purchaser or transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. However, these documents must not be forwarded, distributed or transmitted in, into or from any jurisdiction where to do so would violate the relevant laws in that jurisdiction. If you have sold or otherwise transferred only part of your holding of Xploite Shares, you should retain these documents and consult the bank, stockbroker or other agent through whom the sale or transfer was effected.

This document sets out the details of the Proposal to be effected by way of a scheme of arrangement between Xploite and the Scheme Shareholders. If the Scheme becomes effective, it will be binding on all Scheme Shareholders, including those who do not attend and/or vote to approve the Scheme or who attend and/or vote against it at the Meetings, and it will result in the cancellation of the trading of all the Xploite Shares on AIM.

Notices convening the Court Meeting and the General Meeting, both of which will be held at 100 Fetter Lane, London EC4A 1BN on 6 April 2010, are set out at the end of this document. The Court Meeting will start at 11.00 a.m. and the General Meeting will start at 11.15 a.m. (or as soon thereafter as the Court Meeting is concluded or adjourned). Xploite Shareholders should read carefully the whole of this document and the accompanying Forms of Proxy. Your attention is drawn in particular to the letter from the Chairman of Xploite, contained in Part I of this document, which contains the unanimous recommendation of the Xploite Directors that the Xploite Shareholders vote in favour of the Resolutions to be proposed at the Court Meeting and at the General Meeting.

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## **RECOMMENDED PROPOSAL**

by

**AVISEN PLC**

for the acquisition of

**XPLOITE PLC**

**to be effected by means of a Scheme of Arrangement**

**under Part 26 of the Companies Act 2006**

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**THE ACTION TO BE TAKEN IN RESPECT OF THE MEETINGS IS SET OUT ON PAGES 33 AND 34 UNDER THE HEADING "ACTION TO BE TAKEN" IN PART II OF THIS DOCUMENT.**

Xploite Shareholders will find accompanying this document: (i) a BLUE Form of Proxy for use at the Court Meeting; and (ii) a WHITE Form of Proxy for use at the General Meeting. Whether or not you intend to attend the meetings in person please complete and sign both the enclosed Forms of Proxy. To be valid, the relevant Form of Proxy and any authority under which it is executed (or a copy of the authority certified notarially or in some other way approved by the Xploite Directors) must be completed and returned in accordance with the instructions printed thereon by post or (during normal business hours only) by hand to Xploite's Receiving Agent: Capita Registrars, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, as soon as possible, but in any event so as to be received at least 48 hours before the time appointed for the relevant Meeting. If the BLUE Form of Proxy for the Court Meeting is not returned by the above time, it may be handed to the Chairman of the Court Meeting before the start of the Court Meeting. In the case of the General Meeting, unless the WHITE Form of Proxy is returned by the time mentioned in the instructions printed on it, it shall be invalid. The completion and return of a Form of Proxy will not prevent you from attending and voting in person at either the Court Meeting or the General Meeting (as appropriate), or any adjournment thereof, if you so wish and are so entitled.

Avisen may purchase Xploite Shares otherwise than under the Proposal, such as in the open market or through privately negotiated purchases. Such purchases may be made either directly or through a broker and must comply with the applicable laws of England and Wales, as well as (as applicable) the AIM Rules, the rules of the London Stock Exchange and the City Code. Information about any such purchases must be made available from a Regulatory Information Service.

No person has been authorised to make representations on behalf of Avisen or Xploite concerning the Scheme or the Proposal in this document which are inconsistent with the statements contained herein and any such representation, if made, may not be relied upon as having been so authorised.

The summary of the principal provisions of the Scheme contained in this document is qualified in its entirety by reference to the Scheme itself, the full text of which is set out in Part X of this document. Each Xploite Shareholder is advised to read and carefully consider the text of the Scheme itself.

The statements contained herein (or incorporated by reference into this document) are made as at the date of this document, unless some other time is specified in relation to them, and issue of this document shall not give rise to any implication that there has been no change in the facts set forth herein (or incorporated by reference into this document) since such date. Nothing contained herein (or incorporated by reference into this document) shall be deemed to be a profit forecast, projection or estimate of the future financial performance of the Xploite Group or the Avisen Group or the Enlarged Group. No statement in this document should be interpreted to mean that future earnings per Xploite Share or per Avisen Share for current and future financial periods will necessarily match or exceed the historical or published earnings per Xploite Share or per Avisen Share.

Neither the content of Avisen's or Xploite's website (or any other website) nor the content of any website accessible from hyperlinks on any such website is incorporated into, or forms any part of, this document, save where specifically stated herein.

**Brewin Dolphin, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting exclusively for Xploite and no-one else in connection with the Proposal and will not be responsible to anyone other than Xploite for providing the protections afforded to clients of Brewin Dolphin nor for providing advice in relation to the Proposal or the content of, or any matter or arrangement referred to in, this document.**

**Zeus Capital, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting exclusively for Avisen and no-one else in connection with the Proposal and will not be responsible to anyone other than Avisen for providing the protections afforded to clients of Zeus Capital nor for providing advice in relation to the Proposal or the content of, or any matter or arrangement referred to in, this document.**

If you have any questions relating to this document, any of the Meetings or the completion or return of the Forms of Proxy, please telephone Capita Registrars between 9.00 a.m. and 5.00 p.m. (London time) Monday to Friday on 0871 664 0321 from within the United Kingdom or +44 208 639 3399 if calling from outside the United Kingdom. Calls to the 0871 664 0321 number cost 10 pence per minute (including VAT) plus your service provider's network extras. Calls to the helpline from outside the United Kingdom 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. The helpline cannot provide legal, financial or taxation advice on the merits of the Scheme or the Proposal.

## **ACTION TO BE TAKEN**

The action to be taken by Xploite Shareholders is further described on page 15 and in paragraph 10 of Part II of this document. Copies of this document and any revisions thereto will be available for inspection at the offices of Beachcroft LLP, 100 Fetter Lane, London EC4A 1BN during normal business hours on any Business Day until the end of the Offer Period.

## **INFORMATION FOR UNITED STATES AND OTHER OVERSEAS SHAREHOLDERS**

The publication or distribution of this document in any Restricted Jurisdiction may be restricted by law and therefore any persons who are subject to the laws of any Restricted Jurisdiction into whose possession this document comes should inform themselves about, and observe, any applicable legal and regulatory requirements and restrictions. Any failure to comply with the applicable requirements or restrictions may constitute a violation of the securities laws of any such jurisdiction. Further details in relation to Overseas Shareholders are contained in paragraph 9 of Part II of this document.

All Xploite Shareholders or other persons (including nominees, trustees and custodians) who would otherwise intend to, or may have a contractual or legal obligation to, forward this document and/or the accompanying Forms of Proxy to a Restricted Jurisdiction should refrain from doing so and seek appropriate professional advice before taking any action.

This document does not constitute an offer to sell or issue or an invitation to purchase or subscribe for any securities or a solicitation of an offer to buy any securities or a solicitation of any vote or approval pursuant to this document, the offer or otherwise in any jurisdiction in which such offer or solicitation is unlawful. This document does not constitute a prospectus or a prospectus equivalent document. This document and the accompanying documents have been prepared for the purposes of complying with English law and the City Code and the information disclosed may not be the same as that which would have been disclosed if this document had been prepared in accordance with the laws of any Restricted Jurisdiction. This document is not an offer to sell securities in the United States. Neither the SEC nor any other US federal or state securities commission or regulatory authority has reviewed, approved or disapproved of, or passed an opinion on, the accuracy or adequacy of this document, the Scheme or any of the proposals herein. Any representation to the contrary is a criminal offence in the United States.

Notice to US investors in Xploite: the Proposal relates to the shares of an English company and is to be made by means of a scheme of arrangement provided for under the laws of England and Wales. The Proposal is subject to the disclosure requirements and practices applicable in England and Wales to schemes of arrangement, which differ from the disclosure and other requirements of the US securities laws and tender offer rules. The Xploite and Avisen financial information included in, and incorporated by reference into, this document has been prepared in accordance with International Financial Reporting Standards (“IFRS”) that may not be comparable to the financial statements of US companies. US generally accepted accounting principles differ in certain significant respects from IFRS. None of the financial information included in, or incorporated by reference into, this document has been audited in accordance with auditing standards generally accepted in the United States or the auditing standards of the Public Company Accounting Oversight Board (United States).

The receipt of New Avisen Shares by a US holder of Xploite Shares as consideration for the cancellation of its Xploite Shares pursuant to the Proposal may be a taxable transaction for US federal income tax purposes and under applicable US state and local, as well as foreign and other tax laws. Each US holder of Xploite Shares is urged to consult his independent professional adviser immediately regarding the tax consequences of the Proposal applicable to him.

It may be difficult for US holders of Xploite Shares to enforce their rights and claims arising out of US federal securities laws, since Avisen and Xploite are located in countries other than the United States, and all of their officers and directors are residents of countries other than the United States. US holders of Xploite Shares may not be able to sue a non-US company or its officers or directors in a non-US court for violations of US securities laws. Further, it may be difficult to compel a non-US company and its affiliates to subject themselves to a US court’s judgement.

## **FORWARD-LOOKING STATEMENTS**

Certain statements contained herein constitute forward-looking statements. The forward-looking statements contained herein include statements about the expected effects of the Proposal, the expected timing and scope of the Proposal and other statements other than in relation to historical facts. Forward-looking statements including, without limitation, statements typically containing words such as “intends”, “anticipates” “targets”, “estimates”, “believes”, “should”, “plans”, “will”, “expects” and similar expressions or statements that are not historical facts are intended to identify those expressions or statements as forward-looking statements. The statements are based on the assumptions and assessments by the boards of Avisen and Xploite and are naturally subject to uncertainty and changes in circumstances. By their nature, forward-looking statements involve risk and uncertainty and the factors described in the context of such forward-looking statements in this document could cause actual results and developments to differ materially from those expressed in or implied by such forward-looking statements. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by such forward-looking statements. These factors include, but are not limited to, the

satisfaction or waiver of the conditions to the Scheme, local and global political and economic conditions, future revenues of Avisen and/or Xploite being lower than expected, expected cost savings from the Proposal or other future transactions not being realised fully or in line with expected timeframes, competitive pressures in the industry increasing, foreign exchange rate fluctuations and interest rate fluctuations (including those from any potential credit rating decline) and legal or regulatory developments and changes. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements.

Neither Xploite nor Avisen, nor any of their respective associates or directors, officers or advisers, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied by any forward-looking statements contained herein will actually occur. Other than in accordance with their legal or regulatory obligations (including under the AIM Rules, the Disclosure and Transparency Rules of the Financial Services Authority and the City Code), neither Xploite nor Avisen is under any obligation and each of them expressly disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

#### **DEALING DISCLOSURE REQUIREMENTS**

Under the provisions of Rule 8.3 of the City Code, if any person is, or becomes, “interested” (directly or indirectly) in 1 per cent. or more of any class of “relevant securities” of Xploite or Avisen, all “dealings” in any “relevant securities” of Xploite or Avisen (including by means of an option in respect of, or a derivative referenced to, any such “relevant securities”) must be publicly disclosed by no later than 3.30 p.m. (London time) on the Business Day following the date of the relevant transaction. This requirement will continue until the date on which the Scheme becomes effective, lapses or is otherwise withdrawn or on which the “Offer Period” otherwise ends. If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire an “interest” in “relevant securities” of Xploite or Avisen, they will be deemed to be a single person for the purpose of Rule 8.3.

Under the provisions of Rule 8.1 of the City Code, all “dealings” in “relevant securities” of Xploite or Avisen by Avisen or Xploite, or by any of their respective “associates”, must be disclosed by no later than 12.00 noon (London time) on the Business Day following the date of the relevant transaction. A disclosure table, giving details of the companies in whose “relevant securities” “dealings” should be disclosed, and the number of such securities in issue, can be found on the Panel’s website at [www.thetakeoverpanel.org.uk](http://www.thetakeoverpanel.org.uk).

“Interests in securities” arise, in summary, when a person has long economic exposure, whether conditional or absolute, to changes in price of securities. In particular, a person will be treated as having an “interest” by virtue of the ownership or control of securities, or by virtue of any option in respect of, or derivative referenced to, securities.

Terms in quotation marks are defined in the City Code, which can also be found on the Panel’s website. If you are in any doubt as to whether or not you are required to disclose a “dealing” under Rule 8, you should contact an independent financial adviser authorised under the FSMA or consult the Panel on 020 7382 9026.

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## DEFINITIONS

In this document, unless inconsistent with the subject or context or defined otherwise under the Scheme, the following expressions bear the following meanings:

<b>“Act”</b>	the Companies Act 2006;
<b>“Acquisition”</b>	the proposed acquisition of the entire issued and to be issued ordinary share capital of Xploite by Avisen pursuant to the Proposal;
<b>“Admission”</b>	the admission to trading on AIM of the New Avisen Shares;
<b>“AIM”</b>	the AIM market operated by the London Stock Exchange;
<b>“AIM Rules”</b>	the Rules and Guidance notes for AIM Companies and their nominated advisers issued by the London Stock Exchange from time to time relating to AIM traded securities and the operation of AIM;
<b>“Anix”</b>	the IT services and infrastructure solutions operations of Xploite carried on under the Anix brand;
<b>“Announcement”</b>	the announcement made by Avisen and Xploite on 11 March 2010 regarding the Proposal and the Scheme made pursuant to Rule 2.5 of the City Code;
<b>“Articles”</b>	the articles of association of Xploite from time to time;
<b>“Avisen” or “Offeror”</b>	Avisen plc;
<b>“Avisen Board” or “Avisen Directors”</b>	the board of directors of Avisen as at the date of this document whose names are set out in paragraph 2.2 of Part VI of this document;
<b>“Avisen General Meeting”</b>	the general meeting (or any adjournment thereof) of the Holders of Avisen Shares to be convened to consider and, if thought fit, to approve the resolutions to be proposed thereat in connection with the issue of the New Avisen Shares under the Scheme;
<b>“Avisen Group”</b>	Avisen, its subsidiaries and subsidiary undertakings;
<b>“Avisen Resolutions”</b>	the resolutions to be proposed at the Avisen General Meeting in order to give effect to the Scheme;
<b>“Avisen Shares”</b>	ordinary shares of £0.05 each in the capital of Avisen;
<b>“Business Day”</b>	a day, not being a Saturday, Sunday or public holiday, on which the clearing banks in London are generally open for business;
<b>“Brewin Dolphin”</b>	Brewin Dolphin Investment Banking, a trading name of Brewin Dolphin Limited, a company incorporated under the laws of England and Wales with registered number 2135876;
<b>“Cantono”</b>	Cantono plc, a company incorporated under the laws of England and Wales with registered number 05354873;

<b>“Capita Registrars”</b>	a trading name of Capita Registrars Limited;
<b>“certificated” or “in certificated form”</b>	recorded on the relevant register of the share or other security as being held in certificated form (that is, not in CREST);
<b>“Close of Business”</b>	in respect of a Business Day, 6.00 p.m. on that Business Day;
<b>“Closing Price”</b>	as regards securities quoted on AIM, the closing middle market quotation of a share derived from AIM;
<b>“Code”, “Takeover Code” or “City Code”</b>	the City Code on Takeovers and Mergers issued by the Panel;
<b>“Conditions”</b>	the “Conditions to the Implementation of the Scheme and Further Terms of the Proposal” set out in Part IV of this document and “Condition” means any one of them;
<b>“Connected Person”</b>	has the meaning given to it in section 252 of the Act;
<b>“Consideration Shares”</b>	the 3.6 New Avisen Shares to be issued under the terms of the Proposal in respect of each Scheme Share;
<b>“Court”</b>	the High Court of Justice of England and Wales;
<b>“Court Meeting”</b>	the meeting (and any adjournment thereof) of the Scheme Shareholders convened by an order of the Court pursuant to Part 26 of the Act to be held at 100 Fetter Lane, London EC4A 1BN at 11.00 a.m. on 6 April 2010 at which the Scheme Shareholders will be asked to consider and, if thought fit, approve the Scheme (with or without amendment) and any adjournment thereof, notice of which is set out on page 85 of this document;
<b>“Court Orders”</b>	the Scheme Court Order and the Reduction Court Order;
<b>“CREST”</b>	the relevant system (as defined in the Regulations) of which Euroclear is the Operator (as defined in the Regulations);
<b>“CREST Application Host”</b>	the system that is operated to receive, manage and control the processing of messages by CREST;
<b>“CREST Manual”</b>	the CREST manual issued by Euroclear;
<b>“CREST member”</b>	a person who is, in relation to CREST, a system-member (as defined in the Regulations);
<b>“CREST participant”</b>	a person who is, in relation to CREST, a system-participant (as defined in the Regulations);
<b>“CREST sponsor”</b>	a person who is, in relation to CREST, a sponsoring system-participant (as defined in the Regulations);
<b>“CREST sponsored member”</b>	a CREST member admitted to CREST as a sponsored member under the sponsorship of a CREST sponsor;

<b>“Effective Date”</b>	the date on which the Reduction Court Order is delivered to the Registrar of Companies in England and Wales;
<b>“Enlarged Group”</b>	the Avisen Group as enlarged by the Acquisition;
<b>“Enlarged Issued Share Capital”</b>	all of the issued Avisen Shares following the issue of the New Avisen Shares, assuming the Scheme becomes effective;
<b>“Euroclear”</b>	Euroclear UK & Ireland Limited;
<b>“Forms of Proxy”</b>	the respective forms of proxy for use in connection with the Court Meeting and the General Meeting or either of them as the context requires;
<b>“FSA”</b>	the Financial Services Authority;
<b>“FSMA”</b>	the Financial Services and Markets Act 2000 (as amended);
<b>“General Meeting”</b>	the general meeting (and any adjournment thereof) of Xploite Shareholders convened in connection with the Scheme to be held at 100 Fetter Lane, London EC4A 1BN at 11.15 a.m. on 6 April 2010 to consider and, if thought fit, to approve the Special Resolutions in relation to the Scheme (with or without amendment), notice of which is set out on page 86 of this document;
<b>“HMRC”</b>	HM Revenue & Customs;
<b>“Holder”</b>	a registered holder of shares and includes any person(s) entitled by transmission;
<b>“Inducement Fee”</b>	the fee to be paid by Xploite to Avisen pursuant to the Non-Solicitation Agreement, as set out further in paragraph 12 of Part I of this document;
<b>“London Stock Exchange” or “LSE”</b>	London Stock Exchange plc;
<b>“Meetings”</b>	the Court Meeting and the General Meeting and Meeting means either of them;
<b>“New Avisen Shares”</b>	up to 82,814,227 new Avisen Shares to be issued to Scheme Shareholders, as consideration for the New Xploite Shares pursuant to the Proposal;
<b>“New Xploite Shares”</b>	23,003,952 new Xploite Shares to be issued to Avisen under the terms of the Scheme;
<b>“Non-Solicitation Agreement”</b>	the non-solicitation agreement between Avisen and Xploite dated 18 January 2010 described in paragraph 7.2 of Part VI of this document;
<b>“Offer Period”</b>	the period commencing on 11 March 2010, being the date of the Announcement until announcement via a Regulatory Information Service by Xploite and/or Avisen that the Scheme has become effective or that the Scheme has lapsed or been withdrawn;

<b>“Overseas Shareholders”</b>	Xploite Shareholders who are resident in, or nationals or citizens of, jurisdictions outside the United Kingdom or who are nominees of, or custodians or trustees for, citizens or nationals of countries other than the United Kingdom;
<b>“Panel” or “Takeover Panel”</b>	the Panel on Takeovers and Mergers;
<b>“Participant ID”</b>	the identification code or membership number used in CREST to identify a CREST member or other CREST participant;
<b>“Proposal”</b>	the recommended acquisition by Avisen of the entire issued and to be issued share capital of Xploite to be effected by way of the Scheme and subject to the Conditions and on the terms of this document including, where the context so requires, any subsequent revision, variation, extension or renewal of such proposal;
<b>“Proposed Directors”</b>	Ian Smith, Robert Arrowsmith and Tony Weaver, all of whom will be appointed on the Effective Date;
<b>“Reduction of Capital”</b>	the proposed reduction of the ordinary share capital of Xploite under Part 17, Chapter 10 of the Act by the cancellation and extinguishing of the Scheme Shares, to be effected as part of the Scheme;
<b>“Reduction Court Hearing”</b>	the hearing at which the Reduction Court Order is made;
<b>“Reduction Court Order”</b>	the order of the Court to be granted at the Reduction Court Hearing to confirm the Reduction of Capital provided for by the Scheme;
<b>“Regulations”</b>	the Uncertificated Securities Regulations 2001 (SI 2001 No. 01/3755);
<b>“Regulatory Information Service”</b>	has the same meaning as defined in the AIM Rules;
<b>“Resolutions”</b>	the resolutions to be proposed at the Court Meeting (or any adjournment thereof) and the General Meeting (or any adjournment thereof), as appropriate;
<b>“Restricted Jurisdiction”</b>	any jurisdiction where local laws or regulations may result in a significant risk of civil, regulatory or criminal exposure for Avisen or Xploite were information or documentation concerning the Proposal to be sent or made available to Xploite Shareholders in that jurisdiction;
<b>“Scheme” or “Scheme of Arrangement”</b>	the proposed scheme of arrangement under Part 26 of the Act between Xploite and the Scheme Shareholders, with or subject to any modification, addition or condition approved or imposed by the Court and agreed to by Xploite and Avisen, the full terms of which are set out in Part X of this document and (as the case may be) any supplemental circular(s);

<b>“Scheme Court Hearing”</b>	the hearing at which the Scheme Court Order is made;
<b>“Scheme Court Order”</b>	the order of the Court granted at the Scheme Court Hearing to sanction the Scheme under Part 26 of the Act;
<b>“Scheme Document”</b>	this document dated 12 March 2010;
<b>“Scheme Record Time”</b>	6.00 p.m. on the Business Day immediately preceding the Reduction Court Hearing;
<b>“Scheme Shareholders”</b>	the Holders of Scheme Shares;
<b>“Scheme Shares”</b>	<ul style="list-style-type: none"> <li>● the Xploite Shares in issue at 6.00 p.m. on the date of this document;</li> <li>● (if any) Xploite Shares issued after the date of this document and before the Voting Record Time; and</li> <li>● (if any) Xploite Shares issued at or after the Voting Record Time and before the Scheme Record Time, either on terms that the original or any subsequent holders of such shares shall be bound by the Scheme, or in respect of which the original or any subsequent holders of such shares are, or shall have agreed in writing to be, bound by the Scheme,</li> </ul> <p>in each case, save for any shares held, legally or beneficially, by Avisen;</p>
<b>“SEC”</b>	the US Securities and Exchange Commission;
<b>“Securities Act”</b>	the United States Securities Act of 1933 (as amended);
<b>“South Africa”</b>	the Republic of South Africa, its provinces, possessions, and territories and all areas subject to its jurisdiction and any political sub-division thereof;
<b>“Special Resolutions”</b>	the special resolutions to be proposed at the General Meeting to approve the Scheme, the Reduction of Capital and to amend the Articles;
<b>“SRA”</b>	storage resource analysis;
<b>“Storage Fusion”</b>	Storage Fusion Limited, a wholly-owned subsidiary of Xploite;
<b>“Storage Fusion Business”</b>	the business of Storage Fusion, being the development and sale of the SRA software;
<b>“subsidiary”</b>	has the meaning given by section 1159 of the Act;
<b>“subsidiary undertaking”</b>	has the meaning given by section 1162 of the Act;
<b>“takeover offer”</b>	the acquisition of the entire issued and to be issued ordinary share capital of Xploite by means of a takeover offer made pursuant to the City Code;

<b>“TFE instruction”</b>	a Transfer from Escrow instruction (as described in the CREST manual issued by Euroclear);
<b>“TTE instruction”</b>	a Transfer to Escrow instruction (as described in the CREST manual issued by Euroclear) in relation to Xploite Shares in uncertificated form;
<b>“UK” or “United Kingdom”</b>	the United Kingdom of Great Britain and Northern Ireland;
<b>“UK Listing Authority” or “UKLA”</b>	the FSA in its capacity as a competent authority under the Financial Services and Markets Act 2000;
<b>“uncertificated” or “uncertificated form”</b>	recorded on the relevant register of the share or security concerned as being held in uncertificated form (that is, in CREST), and title to which, by virtue of the Regulations, may be transferred by means of CREST;
<b>“United States” or “US”</b>	the United States of America, its territories and possessions, the District of Columbia, and all other areas subject to its jurisdiction;
<b>“Voting Record Time”</b>	6.00 p.m. on 4 April 2010, or, in the event that the Court Meeting is adjourned by more than 48 hours, 6.00 p.m. on the day which is two days before such adjourned meeting;
<b>“Xploite” or the “Company”</b>	Xploite plc;
<b>“Xploite Board” or “Xploite Directors”</b>	the board of directors of Xploite as at the date of this document whose names are set out in paragraph 2.1 of Part VI of this document;
<b>“Xploite EMI Options”</b>	the 1,206,898 Xploite Options exercisable under the Xploite EMI Option Scheme;
<b>“Xploite EMI Option Scheme”</b>	the EMI option scheme adopted by the Xploite Board on 19 March 2007;
<b>“Xploite Group”</b>	Xploite, its subsidiaries and subsidiary undertakings;
<b>“Xploite Non-Executive Directors”</b>	the non-executive directors of Xploite;
<b>“Xploite’s Receiving Agent” or “Capita Registrars”</b>	Capita Registrars of The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU;
<b>“Xploite Shares”</b>	the existing unconditionally allotted or issued and fully paid ordinary shares of £0.10 each in the capital of Xploite and any further such shares of £0.10 each in the capital of Xploite which are unconditionally allotted or issued before the Scheme becomes effective;
<b>“Xploite Shareholders”</b>	holders of Xploite Shares from time to time;
<b>“Xploite Option”</b>	an option over a Xploite Share which has been granted to a holder pursuant to the Xploite Option Schemes;

<b>“Xploite Option Schemes”</b>	the Xploite EMI Share Option Scheme and the Xploite Unapproved Share Option Scheme;
<b>“Xploite Unapproved Share Option Scheme”</b>	the unapproved option scheme adopted by the Xploite Board on 19 March 2007; and
<b>“Zeus Capital”</b>	Zeus Capital Limited, a company registered in England and Wales under company number 4417845.

All quoted share prices contained in this document have been rounded to two decimal places.

All references to share premium prices in this document have been rounded to one decimal place.

Unless otherwise indicated, all references in this document to times are to London times.

## GLOSSARY

### **“Balanced Scorecard”**

the balanced scorecard is a performance management tool which has been developed from a concept of measuring if the smaller-scale operational activities of a company are aligned with its larger-scale objectives in terms of vision and strategy;

### **“BI”**

business intelligence; specifically skills, knowledge, technologies, applications and practices used to help a business acquire a better understanding of market behaviour and business context. Businesses may refer to the collected information itself or the explicit knowledge developed from the information. BI applications provide historical, current, and predictive views of business operations, most often using operational data;

### **“CPM”**

corporate performance management is a set of processes that help organisations optimise their business performance. It is a framework for organising, automating and analysing business methodologies, metrics, processes and systems that drive business performance. CPM helps businesses make efficient use of not only their financial, but also their human, material and other resources;

### **“KPI”**

key performance indicators are financial and non-financial metrics used to help an organisation define and measure progress toward organisational goals. KPIs can be delivered through BI techniques to assess the present state of the business and to assist in prescribing a course of action. KPIs are frequently used to ‘value’ difficult to measure activities such as the benefits of leadership development, engagement, service, and satisfaction. KPIs are typically tied to an organisation’s strategy through techniques such as the Balanced Scorecard;

### **“Performance Management”**

performance management is a tool designed to help organisations achieve their strategic goals. Performance management techniques are designed to help ensure that an organisation’s data works in the furtherance of organisational goals to provide information that is actually useful in achieving them;

### **“Value-based Management”**

this is a management approach that is designed to ensure companies are run consistently on value, i.e. typically to maximise shareholder value. Value-based Management comprises three key concepts – ‘Creating Value’ (ways to actually increase or generate maximum future value), ‘Managing for Value’ (governance, change management, organisational culture, communication, leadership) and ‘Measuring Value’.

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

<i>Event</i>	<i>Time and/or date<sup>1</sup></i>
Latest time for lodging BLUE Forms of Proxy for the Court Meeting <sup>2</sup>	11.00 a.m. 4 April 2010
Latest time for lodging WHITE Forms of Proxy for the General Meeting	11.15 a.m. 4 April 2010
Voting Record Time for the Meetings <sup>3</sup>	6.00 p.m. 4 April 2010
Avisen General Meeting	10.00 a.m. on 6 April 2010
Court Meeting	11.00 a.m. 6 April 2010
General Meeting <sup>4</sup>	11.15 a.m. 6 April 2010
Last day of dealings in, and registration of transfers in CREST of Xploite Shares	12 April 2010
Disablement in CREST of Xploite Shares	7.00 a.m. 13 April 2010
Xploite Shares suspended	7.00 a.m. 13 April 2010
Scheme Court Hearing	13 April 2010
Scheme Record Time	6.00 p.m. 14 April 2010
Reduction Court Hearing	15 April 2010
Effective Date of the Scheme	15 April 2010
Cancellation of admission of Xploite Shares on AIM	7.00 a.m. on 16 April 2010
Admission of the New Avisen Shares to trading on AIM	8.00 a.m. on 16 April 2010
Crediting of New Avisen Shares to CREST accounts	16 April 2010
Latest date for despatch of the share certificates of the New Avisen Shares to be issued to Xploite Shareholders	29 April 2010

1 The dates and times above are indicative only and will depend, *inter alia*, on the date on which: (i) the Conditions are either satisfied or waived (to the extent they are capable of being waived); (ii) the Court sanctions the Scheme and confirms the associated Reduction of Capital; and (iii) the Reduction of Capital is registered by the Registrar of Companies in England and Wales. If any of the expected dates change, Xploite will give adequate notice of any change by issuing an announcement through a Regulatory Information Service.

2 If any of the Meetings are adjourned by more than 48 hours, then the Voting Record Time for the reconvened Meeting will be 6.00 p.m. on the day which is two days before such reconvened Meeting.

3 The BLUE Form of Proxy for the Court Meeting may alternatively be handed to Xploite's Registrars on behalf of the Chairman of the Court Meeting at the start of the Court Meeting.

4 If the Court Meeting has not been concluded or adjourned prior to the scheduled commencement of the General Meeting, the commencement of the General Meeting will be delayed until the Court Meeting has been concluded or adjourned.

**THE FOLLOWING INFORMATION DOES NOT PURPORT TO BE COMPLETE AND SHOULD BE READ IN CONJUNCTION WITH THE FULL TEXT OF THIS DOCUMENT FROM WHICH IT IS DERIVED. XPLOITE SHAREHOLDERS SHOULD READ THE WHOLE OF THIS DOCUMENT AND, IN PARTICULAR, THE LETTER FROM THE CHAIRMAN OF XPLOITE SET OUT IN PART I AND THE EXPLANATORY STATEMENT FROM BREWIN DOLPHIN SET OUT IN PART II OF THIS DOCUMENT AND SHOULD NOT RELY SOLELY ON THE INFORMATION SET OUT BELOW.**

## **THE RECOMMENDED PROPOSAL**

- This document contains a recommended Proposal whereby Scheme Shareholders will receive, for every Scheme Share, 3.6 New Avisen Shares.
- The Proposal values each Scheme Share at 52.2 pence and values the entire issued share capital of Xploite at approximately £11.38 million, based on the closing price of 36.5 pence per Xploite share and 14.5 pence per Avisen Share on 10 March 2010, the last Business Day prior to the date of the Announcement.
- The Proposal, assuming exercise of all the Xploite EMI Options and the surrender and cancellation of the balance of the Xploite Options held under the Xploite Option Schemes, will result in the issue of approximately 82,814,227 New Avisen Shares to Scheme Shareholders, representing approximately 36.87 per cent. of the Enlarged Issued Share Capital following the Scheme becoming effective.
- The Xploite Directors have unanimously recommended that Xploite Shareholders vote in favour of the Resolutions as they have irrevocably undertaken to do so in respect of their 4,425,617 Xploite Shares representing approximately 20.31 per cent. of the existing issued ordinary share capital of Xploite.
- An irrevocable undertaking to vote in favour of the Resolutions has also been received from Herald Investment Management Limited in respect of 1,976,910 Xploite Shares, representing approximately 9.07 per cent. of the existing issued ordinary share capital of Xploite.
- Non-binding letters of intent to vote in favour of the Resolutions have also been received from certain Xploite Shareholders in respect of 2,318,193 Xploite Shares, representing approximately 10.64 per cent. of the existing issued ordinary share capital of Xploite.
- In aggregate, irrevocable undertakings and non-binding letters of intent to vote in favour of the Resolutions have been received in respect of 8,720,720 Xploite Shares, representing approximately 40.01 per cent. of the existing issued share capital of Xploite.

## **ACTION TO BE TAKEN**

The Scheme must be approved by a majority in number of Scheme Shareholders representing at least 75 per cent. in nominal value of the Scheme Shares, present and voting, either in person or by proxy, at the Court Meeting. The vote will be on a poll.

Implementation of the Scheme also requires the passing of a special resolution at the General Meeting.

You will find enclosed with this document:

- a BLUE reply-paid Form of Proxy for use in respect of the Court Meeting on 6 April 2010 at 11.00 a.m. (attaching an attendance card in relation to the Court Meeting); and
- a WHITE reply-paid Form of Proxy for use in respect of the General Meeting on 6 April 2010 at 11.15 a.m. (attaching an attendance card in relation to the General Meeting).

**Whether or not you plan to attend the Meetings, please complete and sign both the BLUE and WHITE Forms of Proxy** and return them as soon as possible, but in any event so as to be received by no later than 11.00 a.m. and 11.15 a.m. respectively on 4 April 2010.

In either case, if the Meetings are adjourned, the relevant Form(s) of Proxy should be received not later than 48 hours before the time fixed for the adjourned meeting.

The return of the BLUE and WHITE Forms of Proxy will enable your votes to be counted at the Meetings in the event of your absence. All Forms of Proxy are reply-paid for use in the United Kingdom only, for your convenience. If the BLUE Form of Proxy for use at the Court Meeting is not lodged by the time and date referred to above it may be handed to the Company's Registrar, on behalf of the Chairman of the Court Meeting, at the start of the Court Meeting.

**In the case of the General Meeting, unless the WHITE Form of Proxy is returned by the time and date referred to above and as mentioned in the instructions printed on it, it shall be invalid.**

**The completion and return of a Form of Proxy will not prevent you from attending and voting in person at either the Court Meeting or the General Meeting (as appropriate), or any adjournment thereof, if you so wish and are so entitled.**

#### ***Electronic appointment of proxies by Xploite Shareholders holding shares through CREST***

Xploite Shareholders who hold shares through CREST and who wish to appoint a proxy or proxies for the Meetings by using the CREST electronic proxy appointment service may do so 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 to be made by means of CREST to be valid, the 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 instructions given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the Registrar (CREST participant ID RA10) at least 48 hours prior to the Court Meeting or General Meeting, as applicable. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Applications Host) from which the Registrars are able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers, should note that Euroclear 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) 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 sponsor or voting service provider(s) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

Xploite may treat as invalid a CREST proxy instruction in the circumstances set out in the Regulations.

**IT IS IMPORTANT THAT AS MANY VOTES AS POSSIBLE ARE CAST, EITHER IN PERSON OR BY PROXY, SO THAT THE COURT CAN BE SATISFIED THAT THERE IS A FAIR AND REASONABLE REPRESENTATION OF SCHEME SHAREHOLDER OPINION.**

**YOU ARE THEREFORE STRONGLY URGED TO EXERCISE YOUR RIGHTS BY COMPLETING THE FORMS OF PROXY APPLICABLE TO YOU OR BY ATTENDING THE MEETINGS AND VOTING IN PERSON.**

If you have any questions relating to this document, any of the Meetings or the completion or return of the Forms of Proxy, please telephone Capita Registrars between 9.00 a.m. and 5.00 p.m. (London time) Monday to Friday on 0871 664 0321 from within the United Kingdom or +44 20 8639 3399 if calling from outside the United Kingdom. Calls to the 0871 664 0321 number cost 10 pence per minute (including VAT) plus your service provider's network extras. Calls to the helpline from outside the United Kingdom 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. The helpline cannot provide legal, financial or taxation advice on the merits of the Scheme or the Proposal.

## STATISTICS

Proposed number of New Xploite Shares to be acquired by Avisen*	23,003,952
Number of Avisen Shares in issue at the date of this document	141,799,928
Number of Consideration Shares*	approximately 82,814,227
Enlarged Issued Share Capital	approximately 224,614,155
Consideration Shares as a percentage of the Enlarged Issued Share Capital	approximately 36.87 per cent.
Market capitalisation of the Enlarged Group immediately following Admission**	£32,569,052
AIM trading symbol	AVIL
ISIN	GB00B09LQS34

\* Based on 21,797,054 Xploite Shares in issue on 10 March 2010 (being the last Business Day prior to the date of the Announcement) and following the exercise of the Xploite EMI Options. The exact number of Consideration Shares shall be determined on 14 April 2010, prior to the Scheme Record Time.

\*\* Based on the closing price of Avisen Shares of 14.5 pence on 10 March 2010 (being the last Business Day prior to the date of the Announcement).

## PART I

### LETTER OF RECOMMENDATION FROM THE CHAIRMAN OF XPLOITE

# Xploite PLC

*(Incorporated in England with registered number 03897926)*

*Directors:*

John Standen *(Non-Executive Chairman)*  
Ian Smith *(Chief Executive Officer)*  
Robert Arrowsmith *(Chief Financial Officer)*  
Tony Weaver *(Chief Operating Officer)*  
Richard Ramsay *(Non-Executive Director)*

*Registered office:*

100 Fetter Lane  
London  
EC4A 1BN

12 March 2010

*To Xploite Shareholders and, for information only, to persons with information rights and participants in the Xploite Option Schemes.*

Dear Xploite Shareholder,

### **RECOMMENDED PROPOSAL FOR THE ACQUISITION BY AVISEN PLC OF XPLOITE PLC**

#### **1. Introduction**

On 11 March 2010, the boards of Xploite and Avisen announced that they had agreed terms under which the entire share capital of Xploite would be acquired by Avisen in consideration for the issue of 3.6 New Avisen Shares for each Scheme Share. The Proposal is to be implemented by means of a Scheme of Arrangement under the Act, which requires the approval of Scheme Shareholders and the sanction of the Scheme and confirmation of the Reduction of Capital by the Court.

I am writing to you today to explain the background to, and the details of, the Proposal, to seek your support for and approval of the Proposal and to explain the reasons why the Xploite Directors, who have been advised by Brewin Dolphin, consider the terms of the Proposal to be fair and reasonable and why they unanimously recommend that you vote in favour of the Resolutions to give effect to the Proposal, as the Xploite Directors have irrevocably undertaken to do in respect of their beneficial holdings of 4,425,617 Xploite Shares representing approximately 20.31 per cent. of the existing issued ordinary share capital of Xploite. In providing its advice to the Xploite Board, Brewin Dolphin has taken into account the commercial assessments of the Xploite Directors.

In order to approve the terms of the Proposal, Scheme Shareholders will need to vote in favour of the Resolution to be proposed at the Court Meeting and Xploite Shareholders will need to vote in favour of the Resolutions to be proposed at the General Meeting to be held on 6 April 2010. The unanimous recommendation of the Xploite Directors and advice to Xploite Shareholders is set out in paragraph 18 of this letter.

Your attention is drawn to paragraph 5.3.4 of Part VI of this document and, in particular, the disclosure of my interest in 23,148 Avisen Shares and the interest of Ian Smith in a similar number of Avisen Shares. These Avisen Shares were acquired pursuant to the reverse takeover by Avisen of Z Group plc, in which we were both shareholders and of which Ian Smith was a Non-Executive Director. Further information in relation to the Proposal and the Scheme is contained in the Explanatory Statement set out in Part II of this document.

Statements made or referred to in this letter concerning Avisen's reasons for the Proposal and to the intentions and expectations of Avisen and its subsidiaries reflect the views of the Avisen Board. Statements made or referred to in this letter concerning the background to and reasons for the Xploite Directors recommending the Proposal reflect the views of the Xploite Board.

## **2. Summary of the Proposal**

It is intended that the Proposal will be implemented by means of a Court-sanctioned Scheme of Arrangement pursuant to Part 26 of the Act involving a reduction of capital of Xploite under the Act. The Scheme is subject to the satisfaction (or, where applicable, waiver) of the Conditions and sanction of the Court. The terms of the Scheme are set out in full in Part X of this document.

The Scheme provides that, if it becomes effective, all of the Scheme Shares will be cancelled under the Reduction of Capital and a like number of New Xploite Shares will be issued, fully paid, to Avisen. The reserve arising from the cancellation of the Scheme Shares will be used in paying up in full such New Xploite Shares. In exchange, under the Proposal, all Scheme Shareholders will be entitled to receive:

### **For each Scheme Share: 3.6 fully paid New Avisen Shares**

Xploite will become a wholly owned subsidiary of Avisen on the Effective Date. Avisen is a public company incorporated in England and Wales, its shares are admitted to trading on AIM.

The Proposal values the entire issued share capital of Xploite at approximately £11.38 million and each Xploite Share at 52.2 pence (based on the Closing Price of 14.5 pence per Avisen Share on 10 March 2010, the last Business Day prior to the Announcement).

Entitlements to New Avisen Shares will be rounded down to the nearest whole number of Avisen Shares. Fractions of New Avisen Shares will not be allotted or issued to Scheme Shareholders. Fractional entitlements of New Avisen Shares will be aggregated and sold in the market and the net cash proceeds of the sale distributed to the Scheme Shareholders entitled thereto.

### **Scheme becoming effective**

It is expected that subject to the satisfaction (or, where applicable, waiver) of the Conditions, including passing of the Avisen Resolutions (further details of which are set out in paragraph 10 of Part III of this document), the Scheme Court Hearing to sanction the Scheme will be held on 13 April 2010, the Reduction Court Hearing to confirm the Reduction of Capital will be held on 15 April 2010 and that the Effective Date will be 15 April 2010. The Proposal is conditional upon the Scheme becoming effective by no later than 14 July 2010, or such later date as Xploite and Avisen may agree (with, where applicable, the consent of the Panel and (if required) the approval of the Court), failing which it will lapse.

It is expected that the admission of the Xploite Shares to trading on AIM and dealings in such shares will be suspended from 7.00 a.m. on 13 April 2010.

The Scheme requires the approval of a majority in number of the Scheme Shareholders representing at least seventy-five per cent. in nominal value of the Scheme Shares present and voting (either in person or by proxy) at the Court Meeting (voting at which shall be conducted by way of a poll). In addition, the Reduction of Capital will require the approval of Xploite Shareholders at the General Meeting.

If the Scheme becomes effective, it will be binding on all Scheme Shareholders, irrespective of whether or not they attended or voted at the Court Meeting or the General Meeting. Further details of the Scheme are set out in the Explanatory Statement in Part II of this document as required by Part 26 of the Act.

Avisen intends to make an application to the LSE for admission to trading on AIM of its New Avisen Shares as soon as possible but, in any event, not later than 16 April 2010.

### **Interests in the Enlarged Group**

Following the Scheme becoming effective, existing Avisen Shareholders will hold 141,799,928 Avisen Shares representing approximately 63.13 per cent. of the Enlarged Issued Share Capital of Avisen and existing Scheme Shareholders will hold approximately 82,814,227 Avisen Shares representing approximately 36.87 per cent. of the Enlarged Issued Share Capital of Avisen.

The New Avisen Shares shall rank *pari passu* with all other Avisen Shares in issue on the date on which the New Avisen Shares are issued and shall have the right to receive all dividends, distributions and other entitlements made or paid on the Avisen Shares for which the record date occurs after such date.

### **3. Background to and reasons for the Proposal**

Avisen is a business and technology consultancy specialising in Performance Management with a focus on strategy creation, development and implementation. It provides advisory services and software distribution of solutions in the corporate performance management market. Avisen aims to provide specialist advice to enable organisations to build more effective capabilities to manage the performance of their businesses and allow them to achieve their desired targets.

Avisen was admitted to trading on AIM on 2 February 2009 following its reverse takeover of Z Group plc. Since its admission, Avisen has pursued a “buy and build” strategy in the Corporate Performance Management market and to date has completed five acquisitions which are described in paragraph 6 of Part III of this document.

The Avisen management team has demonstrated its ability to rapidly absorb the new businesses in order to achieve cost savings and to grow the recurring income base of the Avisen Group through software and solution support.

Avisen now provides advisory services and software distribution to a growing number of blue chip corporations. Examples include: Tesco, Kettle Foods and Heineken.

The boards of Avisen and Xploite believe that Avisen’s acquisition of Xploite will allow the Enlarged Group to:

- establish a more experienced management team with a broader skill set through the appointment of Ian Smith, Robert Arrowsmith and Tony Weaver to the Avisen Board. This will further enhance the Enlarged Group’s ability to identify future opportunities to enhance shareholder value;
- utilise the cash resources of Xploite in order to accelerate the growth of the Enlarged Group, both organically and by further acquisitions in the business and technology sector; and
- optimise the Storage Fusion Business as part of Avisen’s existing performance management services.

Further information on Avisen and the strategy for the Enlarged Group is set out in Part III of this document and paragraph 7 of Part I of this document respectively.

### **4. Background to and reasons for recommending the Proposal**

The Xploite Board has considered the terms of the Proposal and unanimously recommends that Xploite Shareholders vote in favour of the Resolutions to be proposed at the Meetings.

The Xploite Board therefore advises that each Xploite Shareholder should consider carefully the information set out below in making a decision as to whether to approve the Proposal. This is not intended to be an exhaustive list of relevant factors and Xploite Shareholders should consider their individual circumstances carefully before deciding whether to vote in favour of the Resolutions to be proposed at the Meetings.

#### ***Significant premium to current Xploite share price***

The Proposal represents a premium of approximately:

- 43.01 per cent. to the Closing Price of 36.5 pence per Xploite Share on 10 March 2010, the last Business Day prior to the Announcement; and
- 43.80 per cent. to the average Closing Price of 36.3 pence per Xploite Share over the three month period ended on and including 10 March 2010,

in each case based on a Closing Price for Avisen Shares of 14.5 pence on 10 March 2010.

### ***Continued exposure to 'Buy and Build' strategy under Xploite management team***

As outlined in paragraph 5 below, the Company, under the leadership of the current executive management team, headed by Ian Smith, our Chief Executive Officer, has successfully executed a buy and build strategy and has been able to return a total of £19.8 million in cash to shareholders since 2003.

Most recently, in October 2009, your board proposed a tender offer to allow the Xploite Shareholders at that time the opportunity to realise part of their investment in Xploite by tendering their shares for sale and announced the Company's intention to purchase up to 19 million shares (46.57 per cent. of the then issued share capital) at 50 pence per share.

As stated in the tender offer circular, since the Company disposed of Anix in June 2009, the Xploite Directors had not been able to identify suitable acquisitions of scale which would allow the Company to continue to implement its 'buy and build' strategy, and it was therefore proposed that the Company's focus shift to the sourcing of smaller acquisitions with a lesser requirement for significant cash investment. Accordingly, it was decided that 'surplus' cash totalling £9.5 million would be returned to shareholders through a tender offer.

On 20 November 2009 it was announced that approximately 70 per cent. of the Company's share capital had been tendered, representing a clear vindication of the Xploite Board's decision to make the tender offer.

The Xploite Board believes that the structure of the Proposal allows existing Xploite Shareholders to continue to participate in a buy and build strategy led by an experienced board of directors which will include the current executive management team of Xploite and, further, that the Company will benefit from the ability to execute that strategy from a larger platform.

### ***Positive impact on Storage Fusion***

As outlined in paragraph 5 below, since the sale of Anix in June 2009, the main operating business of the Company has been Storage Fusion.

The Xploite Board remains confident that the measures adopted to date to address Storage Fusion's underperformance, described further in paragraph 5 below, will have the effect of significantly increasing the revenue and cash generation of the Storage Fusion Business over time and it remains the Xploite Board's objective to ensure that the Storage Fusion Business is cash positive on a month-to-month basis.

Nevertheless, the Xploite Directors believe that Storage Fusion would benefit further from increased scale and cost efficiencies gained from being part of a larger operator and one with a mutually beneficial client base such as Avisen.

The Xploite Board is confident that Avisen is a sound strategic fit for Storage Fusion and will provide an appropriate platform on which to further develop its revenue generating activities. The Xploite Directors believe that exposure to Avisen's customer base will increase market awareness of the SRA software and, in turn, increase customer volumes, supporting the continued growth of the business and maintaining its recent improved levels of performance.

The Xploite Board has worked hard to position Storage Fusion to allow it to exploit the market opportunities for its product and the Board remains confident about the prospects for this business, particularly as part of the Enlarged Group.

The Xploite Directors believe that the combination of Avisen and Storage Fusion will deliver improved performance of the existing trading business whilst maintaining a strategy to identify, acquire, consolidate and develop businesses in the IT services sector.

## **5. Information on Xploite**

### ***Corporate History***

Xploite floated on the AIM market of the London Stock Exchange in 2001, under the name Offshore Telecom plc, as a provider of satellite communication for the global leisure marine market. Having conducted a strategic review in April 2003, the Xploite Board withdrew from the satellite communication market and focused its attention on high performance IT network solutions.

Between 2003 and 2006, Xploite acquired nine businesses in the network integration sector of the IT industry. These businesses were consolidated into two operating divisions and in February 2006 and June 2006 Xploite disposed of these two operating divisions realising a profit of £19.2 million. In November 2006 Xploite returned £10.3 million to Shareholders through a reduction of share capital.

In February 2007, Xploite embarked on a new strategic development phase by announcing its plans to acquire and consolidate in the managed services sector of the IT industry. In the year ended 31 October 2007, Xploite acquired four businesses pursuant to this strategy which were all rebranded as “Anix” and, in December 2008, acquired Blue River Systems Limited which was fully integrated with the existing Anix businesses by 30 April 2009.

In October 2007, Xploite purchased the software business, Itheon Ltd. Itheon was acquired for its software development skills rather than monitoring software, which then represented the majority of its activities. The monitoring software business was sold in October 2008 whilst Xploite retained the SRA software business, which is now operated by Storage Fusion.

Since February 2007, the Xploite Group has disposed of three businesses: in September 2007, Fujin Technology Trading Limited; in October 2008, Itheon (less the SRA software business); and, in June 2009, Anix for £31.5 million (less a deduction for debt and working capital of c. £3 million).

When Xploite announced the disposal of Anix, it also announced that the Xploite Group would continue to seek further ways to create shareholder value through acquisitions in the Information Communications market.

### ***Storage Fusion***

Since the sale of Anix, the main operating business of Xploite is that of Storage Fusion, a SRA software business which comprised part of the business of Itheon before it was hived out into Storage Fusion.

Storage Fusion owns a range of tools that are focussed on storage analytics. These tools are offered using a Software as a Service (SaaS) business model and sold to customers both through licensed resellers and through a direct sales channel.

In the most recent reported results, announced on 2 February 2010, your board reported that Storage Fusion recorded a loss of £0.4 million for the twelve months to 31 October 2009 with sales momentum being slower to develop than originally envisaged, due in part to the software being sold on an enterprise licence basis. In addition, the Xploite Directors believe that the recent economic climate has hindered purchasing decisions at the large corporate organisations targeted by Storage Fusion and that, as a result, the Storage Fusion Business has not achieved the levels of profitability that the Xploite Directors believe it has the potential to achieve.

The Storage Fusion marketing and pricing strategy has recently been altered to address this issue and the SRA software is now distributed to customers using resellers, supported by certain direct sales activity. Since altering its approach Storage Fusion has secured six of the leading resellers in the market and has a visible pipeline of opportunities with blue chip organisations which are beginning to convert into sales, demonstrating the viability of the SRA product.

The Xploite Board is confident that, as demonstrated by the series of contract wins announced on 26 October 2009, early indications are positive and in line with the revised business plan for the Storage Fusion Business.

### ***Current Trading and Prospects***

Xploite released its preliminary results for the 12 months ended 31 October 2009 on 2 February 2010.

Xploite reported total turnover for the year of £27.8 million (2008: £48.0 million) and total profit for the year (after tax) of £4.4 million (2008: £1.5 million) although it was highlighted that those results should be reviewed in the context of significant change for the Xploite Group both in the 2009 financial year (and in the months that followed) and the reporting requirements for continuing and discontinued operations.

A summary of the total results for the year and the prior year are shown in the table below:

	2009			2008		
	Continuing £'000	Discontinued £'000	Total £'000	Continuing £'000	Discontinued £'000	Total £'000
Sales	140	27,701	27,841	1,800	46,207	48,007
Total profit/(loss) for the year	(1,833)	6,263	4,430	(1,359)	2,900	1,541

Further financial information on Xploite is contained in, and incorporated by reference into, Part VII of this document and includes the last three years of financial information published by Xploite.

The Xploite Board is mindful that, further to the announcement by the Company on 16 March 2009, the dispute between VBHG Limited and Cantono, further details of which are set out in paragraph 9.1.1 of Part VI of this document, is continuing. The Xploite Board continues to believe that the unparticularised claims of Cantono are opportunistic, speculative and lack merit and, were proceedings to be issued, they would be vigorously defended.

### **6. Information on Avisen**

Further information on Avisen is set out in Parts III, VIII and IX of this document.

### **7. Strategy of the Enlarged Group**

The Proposed Directors together with Marcus Hanke, Marcus Yeoman and Louis Peacock intend to create shareholder value both through further acquisitions and organic growth. The Proposed Directors together with Marcus Hanke, Marcus Yeoman and Louis Peacock will be focused on acquiring additional businesses that either extend the customer base of Avisen's current offering or provide complementary services and support that can be delivered to the current client base or sold through its sales channels.

The Enlarged Group's strategy will be to:

- continue to increase market share in the CPM market through an increased service offering to a growing number of large corporate customers;
- optimise the Storage Fusion Business as part of Avisen's existing Performance Management services; and
- utilise the cash resources of Xploite in order to accelerate the growth of the Enlarged Group both organically and by further acquisitions in the business and technology sector.

In the opinion of the Proposed Directors, Marcus Hanke, Marcus Yeoman and Louis Peacock, having made due and careful enquiries, the working capital available to the Enlarged Group will be sufficient for its present requirements that is, for at least the twelve months following the Effective Date.

### **8. Directors, management, employees and location of the Enlarged Group**

The Enlarged Group will be led by a team comprising Marcus Hanke as Chief Executive Officer, Ian Smith as Executive Chairman, Robert Arrowsmith as Chief Financial Officer, Tony Weaver as Chief Operating Officer and Louis Peacock as Executive Officer. The non-executive director will be Marcus Yeoman.

Following the Scheme becoming effective, Keith Jones will step down from the Avisen Board. In addition, Jonathan Claydon will resign as a non-executive chairman of Avisen.

Richard Ramsay and I will resign as directors of Xploite immediately following the Scheme becoming effective.

Details of the interests of the Xploite Directors in Xploite Shares and the Xploite Option Schemes are set out in paragraph 5 of Part VI of this document.

Pending any agreement to the contrary, and subject to the approval of Avisen's remuneration committee, the current terms of service of Ian Smith, Tony Weaver and Robert Arrowsmith will continue to apply.

Avisen intends to safeguard fully the existing employment rights of employees of both the Xploite Group and the Avisen Group.

The Enlarged Group will be headquartered in London.

A brief summary of the biographies of Marcus Hanke, Marcus Yeoman and Louis Peacock are set out below:

**Marcus Hanke (aged 38), Chief Executive Officer**

Marcus Hanke began his career at Price Waterhouse (now PricewaterhouseCoopers). He qualified as a chartered management accountant and has since worked in industry with Compass Group Plc and consulting with KPMG and Deloitte. In 2003, he formed an independent Performance Management company which was subsequently acquired by Cognos Inc. in 2004. In 2006, Mr Hanke joined Avisen as the Managing Partner and has led the growth of the services business and the diversification into software distribution.

Over the last 10 years Mr Hanke has led several corporate Performance Management programmes rolled out in Europe, the Middle East and Africa and has advised some global software application vendors in this area. He specialises in corporate performance management, Value-based Management and the technology enablement of these processes.

**Marcus Yeoman (aged 46), Non-Executive Director**

Marcus Yeoman has 20 years' experience as a director of small companies. He is currently non-executive chairman of Storyboard Asset plc listed on PLUS, as well as holding directorships of a number of private companies which have engaged him principally to assist them with their growth strategies.

His early career started with the formation of three companies in IT infrastructure and distribution, after which he moved into small company broking and corporate work with Rathbone Stockbrokers Limited and Cheviot Capital (Nominees) Limited. Since 2003, he has been acting as a consultant or non-executive director to smaller companies in the high growth sector. He has also assisted a number of quoted companies with M&A work.

**Louis Peacock (aged 39), Executive Officer**

Louis Peacock was born in South Africa where he qualified as a chartered accountant with Arthur Andersen before moving to the UK in 1996. He has 15 years of commercial, enterprise resource planning (ERP) systems implementation, corporate performance management and business process re-engineering experience, the majority of this being with Maconomy A.S., the ERP software vendor which is listed in Copenhagen. Prior to joining Avisen, Louis was managing director of Solution Minds (UK) Ltd, a planning and business intelligence solutions business. Solution Minds (UK) Ltd was acquired by Avisen in January 2008.

**9. Irrevocable Undertakings**

Avisen has received irrevocable undertakings from each of the Xploite Directors to vote or procure the vote in favour of the Resolutions in respect of their entire beneficial holdings of Xploite Shares amounting, in aggregate, to 4,425,617 Xploite Shares (representing approximately 20.31 per cent. of the existing issued share capital of Xploite).

Avisen has also received an irrevocable undertaking from Herald Investment Management Limited to vote or procure the vote in favour of the Resolutions in respect of its entire beneficial holdings of Xploite Shares amounting to 1,976,910 Xploite Shares (representing approximately 9.07 per cent. of the existing issued share capital of Xploite).

In addition, Avisen has received non-binding letters of intent from certain Xploite Shareholders to vote or procure the vote in favour of the Resolutions in respect of their entire beneficial holdings of Xploite Shares amounting, in aggregate, to 2,318,193 Xploite Shares (representing approximately 10.64 per cent. of the existing issued share capital of Xploite).

In aggregate, Avisen has received irrevocable undertakings and non-binding letters of intent to vote in favour of the Resolutions in respect of 8,720,720 Xploite Shares, representing approximately 40.01 per cent. of the existing issued share capital of Xploite.

Irrevocable undertakings to vote in favour of the Avisen Resolutions at the Avisen General Meeting have been secured from the holders of 67,669,457 Avisen Shares (including all members of the Avisen Board) representing approximately 47.72 per cent. of the Avisen Shares in issue at the date of this document.

Further details of the irrevocable undertakings and letters of intent (including the circumstances in which they shall lapse) are set out in paragraph 4 of Part VI of this document.

#### **10. The Xploite Directors and the effect of the Scheme on their interests**

Details of the interests of the Xploite Directors in Xploite Shares and Xploite Option Schemes are set out in paragraph 5 of Part VI of this document. Xploite Shares held by the Xploite Directors will be subject to the Scheme.

Particulars of the service agreements and letters of appointment of the Xploite Directors are set out in paragraph 6 of Part VI of this document.

The effect of the Scheme on Xploite Options held by certain Xploite Directors in the Xploite Option Schemes is described in paragraph 6 of Part II of this document.

Save as set out above, the effect of the Scheme on the interests of the Xploite Directors does not differ from its effect on the interests of any other Xploite Shareholder.

The Xploite Directors have given irrevocable undertakings to Avisen to vote in favour of the Proposal (see paragraph 4 of Part VI of this document).

#### **11. The effect of the Scheme on the Xploite Option Schemes**

A summary of the effect of the Scheme on the Xploite Option Schemes is set out in paragraph 6 of Part II of this document.

#### **12. Inducement Fee**

Xploite entered into a Non-Solicitation Agreement with Avisen on 18 January 2010, which provides, amongst other things, that Xploite will pay to Avisen an Inducement Fee of approximately £115,000 in certain circumstances. An overview of certain material provisions of the Non-Solicitation Agreement (including circumstances in which such Inducement Fee becomes payable) is set out in paragraph 7.2 of Part VI of this document.

#### **13. Conditions**

The Conditions to the Proposal are set out in full in Part IV of this document. In summary, the implementation of the Scheme is conditional, *inter alia*, upon:

- the approvals of the Xploite Shareholders and Scheme Shareholders referred to in paragraph 14 below;
- the sanction and confirmation of the Court referred to in paragraph 4 of Part II;

- the Scheme becoming effective by no later than 14 July 2010 or such later date as Xploite and Avisen may agree with (where applicable) the consent of the Panel and the approval of the Court, failing which the Scheme will lapse;
- approval by the Avisen Shareholders of the Avisen Resolutions; and
- admission of the New Avisen Shares to trading on AIM.

#### 14. Meetings

The Scheme and the Proposal are subject to the satisfaction (or, where applicable, waiver) of the Conditions set out in Part IV of this document. In addition, the implementation of the Scheme will require approval by a special resolution of Xploite Shareholders to be proposed at the General Meeting. In order to become effective, the Scheme must be approved by Scheme Shareholders at the Court Meeting (at which voting will be conducted by way of a poll). The approval required at the Court Meeting is a majority in number of those Scheme Shareholders present and voting, whether in person or by proxy, representing not less than 75 per cent. in value of the Scheme Shares held by such Scheme Shareholders.

#### 15. Further information

Your attention is drawn in this document to the Explanatory Statement in Part II, the Conditions in Part IV, the risk factors in Part V, the additional information in Part VI, the financial information on Xploite contained in Part VII, the financial information on Avisen and Avisen Group Limited contained in Parts VIII and IX respectively, the Scheme in Part X, information on taxation in Part XI and to the notices of the Court Meeting and General Meeting which form part of this document.

#### 16. Action to be taken

Your attention is drawn to paragraph 10 of the Explanatory Statement contained in Part II which explains the action you should take in relation to the Proposal.

If you are in any doubt about the Proposal or the action you should take, you are recommended immediately to seek your own financial advice from your stockbroker, bank manager, solicitor, accountant or other independent professional adviser authorised under FSMA, if you are in the United Kingdom, or from another appropriately qualified independent financial adviser.

#### 17. Taxation

Your attention is drawn to Part XI of this document, which summarises certain limited aspects of the UK tax treatment of Scheme Shareholders. If you are in any doubt as to your tax position, or if you are subject to tax in any jurisdiction other than the UK, you should consult an appropriate adviser without delay.

#### 18. Recommendation

**The Xploite Board, who have been so advised by Brewin Dolphin, consider the terms of the Proposal to be fair and reasonable and in the best interests of Xploite and the Xploite Shareholders as a whole. In providing advice to the Xploite Board, Brewin Dolphin has taken into account the commercial assessments of the Xploite Board.**

**Accordingly, the Xploite Directors unanimously recommend that the Xploite Shareholders vote in favour of the Resolutions to be proposed at the Meetings as they have irrevocably undertaken to do in relation to their entire beneficial holdings amounting, in aggregate, to 4,425,617 Xploite Shares, representing, in aggregate, approximately 20.31 per cent. of the Xploite Shares in issue on 10 March 2010 (being the latest practicable date prior to the publication of the Announcement).**

Yours faithfully,



John Standen  
Chairman

## PART II

### EXPLANATORY STATEMENT

(in compliance with section 897 of the Act)



BREWIN DOLPHIN  
INVESTMENT BANKING

Brewin Dolphin Limited  
12 Smithfield Street  
London  
EC1A 9BD

12 March 2010

*To Xploite Shareholders and, for information only, to persons with information rights and participants in the Xploite Option Schemes*

Dear Xploite Shareholder,

#### **RECOMMENDED PROPOSAL FOR THE ACQUISITION BY AVISEN PLC OF XPLOITE PLC**

##### **1. Introduction**

On 11 March 2010, the Xploite Board and the Avisen Board announced that they had reached agreement on terms for Avisen to acquire the entire issued and to be issued share capital of Xploite. The Proposal is to be effected by means of a Scheme of Arrangement under Part 26 of the Act, which requires the approval of Xploite Shareholders and the sanction of the Scheme and confirmation of the Reduction of Capital by the Court. The terms of the Scheme are set out below and in Part X of this document.

**Your attention is drawn to the letter from the Chairman of the Xploite Board, John Standen, on behalf of the Xploite Board, which is set out in Part I of this document, and to the remainder of this document. That letter contains, amongst other things, (a) the background to the Proposal, (b) the background to and reasons for the recommendation and (c) the unanimous recommendation by the Xploite Directors to Xploite Shareholders to vote in favour of the Resolutions to approve and implement the Scheme to be proposed at the Meetings. The letter states that the Xploite Directors, who have been so advised by Brewin Dolphin, consider the terms of the Proposal to be fair and reasonable and in the best interests of the Xploite Shareholders as a whole. In providing its advice to the Xploite Directors, Brewin Dolphin has taken into account the commercial assessments of the Xploite Directors.**

In giving its advice, Brewin Dolphin is advising the Xploite Board in relation to the Proposal and is not acting for any Xploite Director in his personal capacity or for any Xploite Shareholder or Xploite Option holder. Brewin Dolphin will not be responsible to any such person for providing the protections afforded to its customers or for advising any such person in relation to the Proposal. In particular, Brewin Dolphin will not owe any duties or responsibilities to any particular Xploite Shareholder or Xploite Option Holder (or any person other than the Xploite Directors) concerning the Proposal.

Brewin Dolphin has been authorised by the Xploite Directors to write to you to set out the terms of the Proposal and to provide you with other relevant information. The Scheme is set out in full in Part X of this document. Your attention is also drawn to the other parts of this document, including paragraph 1 of Part VI of this document, which indicates who has responsibility for the information contained in this document, including this explanatory statement.

**Xploite Shareholders should read the whole of this document before deciding whether or not to vote in favour of the Resolutions to approve and implement the Scheme.**

## **2. Summary of the Proposal**

It is intended that the Proposal will be implemented by means of the Scheme which is subject to the Conditions, details of which are set out in full in Parts X and IV respectively.

The Scheme provides that, if it becomes effective, all of the Scheme Shares will be cancelled under the Reduction of Capital and a like number of New Xploite Shares will be issued, fully paid, to Avisen. The reserve arising from the cancellation of the Scheme Shares will be used in paying up in full such New Xploite Shares. In exchange, under the Proposal, all Scheme Shareholders will be entitled to receive:

### **For each Scheme Share: 3.6 fully paid New Avisen Shares**

Xploite will become a wholly-owned subsidiary of Avisen on the Effective Date.

The Proposal represents a premium of approximately:

- 43.01 per cent. to the Closing Price of 36.5 pence per Xploite Share on 10 March 2010, the last Business Day prior to the Announcement; and
- 43.80 per cent. to the average Closing Price of 36.3 pence per Xploite Share over the three month period ended on and including 10 March 2010,

in each case based on a Closing Price for Avisen Shares of 14.5 pence on 10 March 2010.

The Proposal values the entire issued share capital of Xploite at approximately £11.38 million.

Entitlements to New Avisen Shares will be rounded down to the nearest whole number of Avisen Shares. Fractions of New Avisen Shares will not be allotted or issued to Scheme Shareholders. Fractional entitlements of New Avisen Shares will be aggregated and sold in the market and the net cash proceeds of the sale distributed to the Scheme Shareholders entitled thereto.

### **Scheme becoming effective**

It is expected that subject to the satisfaction (or, where applicable, waiver) of the Conditions, including passing of the Avisen Resolutions, further details of which are set out in paragraph 10 of Part III of this document), the Scheme Court Hearing to sanction the Scheme will be held on 13 April 2010, the Reduction Court Hearing to confirm the Reduction of Capital will be held on 15 April 2010 and that the Effective Date will be 15 April 2010. The Proposal is conditional upon the Scheme becoming effective by no later than 14 July 2010, or such later date as Xploite and Avisen may agree (with, where applicable, the consent of the Panel and (if required) the approval of the Court), failing which it will lapse.

It is expected that the admission of the Xploite Shares to trading on AIM and dealings in such shares will be suspended from 7.00 a.m. on 13 April 2010.

The Scheme requires the approval of a majority in number of the Scheme Shareholders representing at least seventy-five per cent. in nominal value of the Scheme Shares present and voting (either in person or by proxy) at the Court Meeting (voting at which shall be conducted by way of a poll). In addition, the Reduction of Capital will require the approval of Xploite Shareholders at the General Meeting.

If the Scheme becomes effective, it will be binding on all Scheme Shareholders, irrespective of whether or not they attended or voted at the Court Meeting or the General Meeting. Further details of the Scheme are set out at paragraph 4 of this Part II.

Avisen intends to make an application to the LSE for admission to trading on AIM of its New Avisen Shares as soon as possible and, in any event, not later than 16 April 2010.

### **3. The Xploite Directors and the effect of the Scheme on their interests**

Details of the interests of the Xploite Directors in Xploite Shares and the Xploite Option Schemes are set out in paragraph 5 of Part VI of this document. Xploite Shares held by the Xploite Directors will be subject to the Scheme.

Particulars of the service agreements and letters of appointment of the Xploite Directors are set out in paragraph 6 of Part VI of this document.

The effect of the Scheme on Xploite Options held by certain Xploite Directors in the Xploite Option Schemes is described in paragraph 6 of this Part II of this document.

Save as set out above, the effect of the Scheme on the interests of the Xploite Directors does not differ from its effect on the interests of any other Scheme Shareholder.

The Xploite Directors have given irrevocable undertakings to Avisen to vote in favour of the Proposal (see paragraph 4 of Part VI of this document).

### **4. Structure of the Scheme**

#### ***Introduction***

It is intended that the Proposal will be effected by means of a Court-approved scheme of arrangement between Xploite and the Scheme Shareholders under Part 26 of the Act (although Avisen reserves, with the consent of the Takeover Panel, the right to elect to effect the Proposal by way of a takeover offer).

The purpose of the Scheme is to enable Avisen to become the owner of the entire issued share capital of Xploite. The procedure involves an application by Xploite to the Court to sanction the Scheme at the Scheme Court Hearing and to confirm the cancellation of the Scheme Shares at the Reduction Court Hearing, in consideration for which the Scheme Shareholders will, under the terms of the Scheme, receive the Consideration Shares.

Under the Scheme, each Scheme Share will be cancelled (the "Reduction of Capital") and a like number of New Xploite Shares will be issued fully paid to Avisen. The reserve arising from the cancellation of the Scheme Shares will be used in paying up in full such New Xploite Shares.

For the Scheme (including the Reduction of Capital) to become effective, a special resolution implementing the Scheme must be passed by Xploite Shareholders at the General Meeting. In addition, the Scheme must be approved by a majority in number of those Scheme Shareholders present and voting either in person or by proxy at the Court Meeting representing 75 per cent. or more in value of all Scheme Shares held by such Scheme Shareholders at the Court Meeting (at which, voting will be conducted by way of a poll).

The Scheme also requires the sanction of the Court, as well as satisfaction (or waiver (where applicable)) of the other Conditions set out in Part IV of this document. The Reduction of Capital will take effect on the registration of the Reduction Court Order confirming the reduction by the Registrar of Companies. The Scheme will become effective in accordance with its terms on delivery of an office copy of the Court Orders to the Registrar of Companies in England and Wales and on registration of the Reduction Court Order by the Registrar of Companies in England and Wales.

### ***The Meetings***

Before the Court's approval can be sought to sanction the Scheme, the Scheme will require approval by the Scheme Shareholders at the Court Meeting and the passing of the Resolutions by Xploite Shareholders at the General Meeting.

The relevant holders of Scheme Shares whose names appear on the register of members of Xploite on the Voting Record Date shall be entitled to attend and vote at the Court Meeting and the General Meeting or, if the Court Meeting or the General Meeting is adjourned or postponed by more than 48 hours, then the relevant holders of Scheme Shares whose names appear on the register of members of Xploite at 6.00 p.m. on the date two days prior to the adjourned or postponed meeting shall be so entitled.

### ***The Court Meeting***

The Court Meeting, which has been convened for 11.00 a.m. on 6 April 2010 is being held at the direction of the Court to seek the approval of Scheme Shareholders for the Scheme. Voting at the Court Meeting will be by way of poll and each Scheme Shareholder present in person or by proxy will be entitled to one vote for each Scheme Share held.

In order to become effective the Scheme must be approved at the Court Meeting (at which voting will be conducted by way of a poll) by the passing of a resolution by a majority in number of the Scheme Shareholders, present and voting, either in person or by proxy at such meeting, representing not less than 75 per cent. in value of the Scheme Shares held by such Scheme Shareholders.

**It is important that as many votes as possible are cast at the Court Meeting, so that the Court may be satisfied that there is a fair and reasonable representation of the opinion of the Scheme Shareholders.**

### ***General Meeting***

The General Meeting has been convened for 11.15 a.m. on 6 April 2010 (or as soon thereafter as the Court Meeting has been concluded or adjourned), to consider and, if thought fit, pass the Special Resolution (which requires votes in favour representing not less than 75 per cent. of the votes attached to Xploite Shares voted at the General Meeting) to approve:

- (i) the Reduction of Capital by the cancellation and extinguishing of the Scheme Shares;
- (ii) subject to the Reduction of Capital taking effect, the increase in Xploite's share capital by the creation of such number of New Xploite Shares as is equal to the number of Scheme Shares cancelled pursuant to (i) above, the resulting reserve in the books of account of Xploite being applied in paying up in full such New Xploite Shares;
- (iii) the authorising of the Xploite Directors to take all such actions as are necessary for implementing the Scheme including the giving of authority to the Xploite Directors pursuant to section 551 of the Act; and
- (iv) the amendment of the Articles to ensure that (subject to the Scheme becoming effective) any Xploite Shares issued under the Xploite Option Schemes or otherwise after the Scheme Record Time will be automatically exchanged for the Consideration Shares on the same terms as under the Scheme.

Any Xploite Shares issued, including on the exercise of an option under the Xploite Option Schemes, at or after the Scheme Record Time will not be subject to the Scheme. However, under the proposed amendment to the Articles any Xploite Shares issued under the Xploite Option Schemes or otherwise between the Voting Record Time and the Scheme Record Time will be subject to the Scheme. It is also proposed to amend the Articles so that (subject to the Scheme becoming effective) any Xploite Shares issued to any person other than Avisen after the Effective Date will be automatically exchanged for consideration on the same terms as under the Scheme. These amendments will avoid any person other than Avisen being left with Xploite Shares after trading in such shares has ceased on AIM.

### ***Sanction of the Scheme and confirmation of the Reduction of Capital by the Court***

The implementation of the Scheme can only take place if all the Conditions have been satisfied (or, where applicable, waived). Assuming the satisfaction (or, where applicable, waiver) of the Conditions, the Scheme will become effective in accordance with its terms on the delivery to the Registrar of Companies in England and Wales by Xploite of the Scheme Court Order and the Reduction Court Order. Once the Scheme becomes effective, it will be binding on all Scheme Shareholders whether or not they voted in favour of the Scheme.

### ***Cancellation of Admission to trading on AIM of Xploite Shares***

It is expected that the last day of dealings in, and for registration of transfers of, Xploite Shares will be 12 April 2010 and dealings in Xploite Shares will be suspended with effect from 7.00 a.m. on 13 April 2010.

Prior to the Scheme becoming effective, application will be made to the London Stock Exchange for the admission to trading on AIM of the Xploite Shares to be cancelled at 7.00 a.m. on 16 April 2010.

If the Scheme becomes effective, the New Xploite Shares will be issued to Avisen fully paid and free from all liens, equitable interests, charges, encumbrances and other third party rights of any nature whatsoever and together with all rights attaching to them, including the right to receive and retain all dividends and distributions (if any) declared, made or payable after the Effective Date. Xploite will not declare, make or pay any dividends or distributions prior to the Effective Date.

On the Effective Date, share certificates in respect of Scheme Shares will cease to be valid and should be destroyed. In addition, on the Effective Date, entitlements to Scheme Shares held within the CREST system will be cancelled.

On the Scheme becoming effective, it will be binding on all holders of Scheme Shares including any Scheme Shareholders who did not vote to approve the Scheme or who voted against the Scheme.

## **5. Conditions to the Proposal and implementation of the Scheme**

The Conditions to the Proposal are set out in full in Part IV of this document. In summary, the implementation of the Scheme is conditional, *inter alia*, upon:

- the approvals of the Xploite Shareholders and Scheme Shareholders referred to in paragraph 4 above;
- the sanction and confirmation of the Court referred to in paragraph 4 above;
- the Scheme becoming effective by no later than 14 July 2010 or such later date as Xploite and Avisen may agree with (where applicable) the consent of the Panel and the approval of the Court, failing which the Scheme will lapse;
- approval by the Avisen Shareholders of the Avisen Resolutions; and
- admission of the New Avisen Shares to trading on AIM.

## **6. Xploite Option Schemes**

The Scheme will extend to any Xploite Shares which are unconditionally allotted, issued and fully paid prior to the Scheme Record Time to satisfy the exercise of options and vesting of awards under the Xploite Option Schemes, but the Scheme will not extend to any Xploite Shares allotted or issued at any time on or after the Scheme Record Time. By virtue of the new article (details of which are set out in the notice of General Meeting) which is proposed to be inserted into Xploite's Articles, Xploite Shares issued after the Scheme Record Time, if any, will be automatically transferred to Avisen and/or its nominee(s) in return for the same consideration as Scheme Shareholders are entitled to receive under the Scheme.

Certain Xploite Directors, namely Ian Smith, Robert Arrowsmith and Tony Weaver, together with one other participant, an ex-employee of Xploite who retains options which remain exercisable, are the only holders of Xploite Options. In accordance with the rules of the Xploite Option Schemes, outstanding options will become exercisable during the six month period from the date on which the Scheme takes effect is granted and will then lapse. The holders of Xploite Options have indicated to Xploite that they intend to exercise their Xploite EMI Options prior to and conditional upon the grant of the Scheme Court Order. The Scheme will extend to Xploite Shares allotted pursuant to the exercise of Xploite Options prior to the Scheme Record Time. In addition, these same holders of Xploite Options have agreed with Xploite that they will surrender and agree to the cancellation of all their rights in the balance of their Xploite Options over 2,250,000 Xploite Shares, representing all the options granted under the Xploite Unapproved Share Option Scheme, for nil consideration, conditional upon the delivery of the Scheme Court Order to the Registrar of Companies for England and Wales, and that accordingly the balance of the Xploite Options will lapse with effect from the Effective Date of the Scheme.

No further grants will be made to Xploite employees or other participants under the Xploite Option Schemes before the Scheme Court Hearing, nor thereafter, provided the Scheme becomes effective in accordance with its terms.

The holders of the Xploite Options have undertaken to Avisen that they shall not exercise any Xploite Options which they hold under the Xploite Unapproved Share Option Scheme at any time from the date of the Announcement.

In light of the above, Avisen does not intend to make any proposals to the holders of Xploite Options pursuant to Rule 15 of the City Code.

## **7. Settlement**

Except with the consent of the Panel (such consent only being granted in exceptional circumstances and where all Scheme Shareholders are to be treated equally), settlement of the consideration to which any Scheme Shareholder is entitled under the Scheme will be implemented in full, in accordance with the terms of the Scheme, free of any liens, rights of set off, counterclaims or other analogous rights to which Avisen may otherwise be, or claim to be, entitled against such Scheme Shareholder.

Subject to the Scheme becoming effective, currently expected to take place on or around 15 April 2010, settlement of the consideration to which any Scheme Shareholder is entitled under the Scheme will be effected in the following manner:

### ***Xploite Shares held in certificated form***

Where, at the Scheme Record Time, a Scheme Shareholder holds Xploite Shares in certificated form, settlement of New Avisen Shares to which the Scheme Shareholder is entitled shall be settled by a new share certificate despatched no later than 14 days after the Effective Date by first class post to the address appearing in the register of members of Xploite at the Scheme Record Time or by such other method as may be approved by the Panel.

Fractions of New Avisen Shares will not be issued or allotted to Scheme Shareholders pursuant to the Scheme. Entitlements to New Avisen Shares will be rounded down to the nearest whole number of Avisen Shares. With effect from the Effective Date, share certificates for Xploite Shares held in certificated form will cease to be valid and should be destroyed upon receipt by the former Scheme Shareholder of share certificate(s) for the New Avisen Shares.

### ***Xploite Shares held in uncertificated form***

Where, at the Scheme Record Time, a Scheme Shareholder holds Xploite Shares in uncertificated form, settlement of any New Avisen Shares to which the Scheme Shareholder is entitled will be issued to such shareholders in uncertificated form and shall be effected by means of CREST on 16 April 2010.

## **8. United Kingdom Taxation**

Your attention is drawn to Part XI of this document, which summarises certain limited aspects of the UK treatment of Scheme Shareholders. If you are in any doubt as to your tax position, or if you are subject to tax in any jurisdiction other than the UK, you should consult an appropriate adviser without delay.

## **9. Overseas Shareholders**

The attention of Overseas Shareholders (and any person including, without limitation, any custodian, nominee or trustee who may have an obligation to forward any document in connection with the Proposal outside the United Kingdom) is drawn to paragraph 5 of Part X of this document.

The availability of the Proposal for Overseas Shareholders may be affected by the laws of the relevant jurisdiction in which they are located or of which they are citizens. Overseas Shareholders should inform themselves about and observe any applicable legal or regulatory requirements of their jurisdictions. It is the responsibility of each Overseas Shareholder to satisfy himself as to the full observance of the laws of the relevant jurisdiction in connection with the Scheme, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with other necessary formalities which are required to be observed and the payment of any issue, transfer or other taxes due in such jurisdiction.

This document and the accompanying documents have been prepared for the purpose of complying with English law and the City Code. This document and the conditions and further terms set out in this document are governed by English law and are subject to the jurisdiction of the English courts. Therefore, the information disclosed in this document may not be the same as that which would have been disclosed if this document had been prepared in accordance with the laws and regulations of any other jurisdiction. Custodians, nominees and trustees should observe these restrictions and should not send or distribute this document or the accompanying documents in or into any such Restricted Jurisdiction.

If the issue of New Avisen Shares to any Overseas Shareholder, or to any person who is reasonably believed to be an Overseas Shareholder, would or may infringe the laws of such jurisdiction or would or may require any governmental or other consent or any registration, filing or other formality which cannot be complied with, or compliance with which would be unduly onerous, Avisen may in its sole discretion determine that such shares be sold on behalf of such person at the best price which can reasonably be obtained at the time of sale and the net proceeds of such sale be paid to the persons entitled thereto. In the absence of bad faith or wilful default, neither Avisen nor Xploite nor any person appointed to sell such shares shall have any liability for any loss or damage arising as a result of the timing or terms of such sale.

## **10. Action to be taken**

The Scheme must be approved by a majority in number of Scheme Shareholders representing at least 75 per cent. in nominal value of the Scheme Shares, present and voting, either in person or by proxy, at the Court Meeting. The vote will be on a poll.

Implementation of the Scheme also requires the passing of a special resolution at the General Meeting.

You will find enclosed with this document:

- a BLUE reply-paid Form of Proxy for use in respect of the Court Meeting on 6 April 2010 at 11.00 a.m. (attaching an attendance card in relation to the Court Meeting); and
- a WHITE reply-paid Form of Proxy for use in respect of the General Meeting on 6 April 2010 at 11.15 a.m. (attaching an attendance card in relation to the General Meeting).

**Whether or not you plan to attend the Meetings, please complete and sign both the BLUE and WHITE Forms of Proxy and return them as soon as possible, but in any event so as to be received by no later than 11.00 a.m. and 11.15 a.m. respectively on 4 April 2010.**

In either case, if the Meetings are adjourned, the relevant Form(s) of Proxy should be received not later than 48 hours before the time fixed for the adjourned meeting.

The return of the BLUE and WHITE Forms of Proxy will enable your votes to be counted at the Meetings in the event of your absence. All Forms of Proxy are reply-paid for use in the United Kingdom only for your convenience. If the BLUE Form of Proxy for use at the Court Meeting is not lodged by the time and date referred to above it may be handed to the Company's Registrar, on behalf of the Chairman of the Court Meeting at the start of the Court Meeting.

**In the case of the General Meeting, unless the WHITE Form of Proxy is returned by the time and date referred to above as mentioned in the instructions printed on it, it shall be invalid.**

**The completion and return of a Form of Proxy will not prevent you from attending and voting in person at either the Court Meeting or the General Meeting (as appropriate), or any adjournment thereof, if you so wish and are so entitled.**

#### *Electronic appointment of proxies by Xploite Shareholders holding shares through CREST*

Xploite Shareholders who hold shares through CREST and who wish to appoint a proxy or proxies for the Meetings by using the CREST electronic proxy appointment service may do so 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 to be made by means of CREST to be valid, the 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 instructions given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the Registrar (CREST participant ID RA10) at least 48 hours prior to the Court Meeting or General Meeting, as applicable. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Applications Host) from which the Registrars are able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers, should note that Euroclear 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) 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 sponsor or voting service provider(s) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

Xploite may treat as invalid a CREST proxy instruction in the circumstances set out in the Regulations.

**IT IS IMPORTANT THAT AS MANY VOTES AS POSSIBLE ARE CAST, EITHER IN PERSON OR BY PROXY, SO THAT THE COURT CAN BE SATISFIED THAT THERE IS A FAIR AND REASONABLE REPRESENTATION OF SCHEME SHAREHOLDER OPINION.**

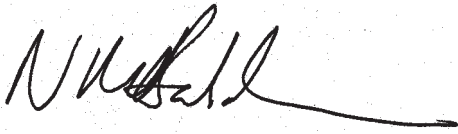
**YOU ARE THEREFORE STRONGLY URGED TO EXERCISE YOUR RIGHTS BY COMPLETING THE FORMS OF PROXY APPLICABLE TO YOU OR BY ATTENDING THE MEETINGS AND VOTING IN PERSON.**

If you have any questions relating to this document, any of the Meetings or the completion or return of the Forms of Proxy, please telephone Capita Registrars between 9.00 a.m. and 5.00 p.m. (London time) Monday to Friday on 0871 664 0321 from within the United Kingdom or +44 20 8639 3399 if calling from outside the United Kingdom. Calls to the 0871 664 0321 number cost 10 pence per minute (including VAT) plus your service provider's network extras. Calls to the helpline from outside the United Kingdom 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. The helpline cannot provide legal, financial or taxation advice on the merits of the Scheme or the Proposal.

#### **11. Further Information**

The terms of the Scheme are set out in full in Part X of this document. Your attention is also drawn to the further information contained in this document and, in particular, to the Conditions in Part IV, the risk factors in Part V, the financial information on Xploite contained in, and incorporated by reference into, Part VII, the financial information on Avisen and Avisen Group Limited contained in, and incorporated by reference into, Parts VIII and IX respectively, the information on taxation in Part XI and the additional information set out in Part VI of this document.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Neil R Baldwin', with a long horizontal flourish extending to the right.

Neil R Baldwin  
for and on behalf of  
Brewin Dolphin Limited

## PART III

### INFORMATION ON AVISEN

#### 1. Introduction

Avisen is a business and technology consultancy specialising in Performance Management with a focus on strategy creation, development and implementation. It provides advisory services and software distribution of solutions in the corporate Performance Management market.

Avisen aims to provide specialist advice to enable organisations to build more effective capabilities in order to manage the performance of their businesses and allow them to achieve their desired targets. The solutions and advice provided by Avisen are used to assist clients in a number of areas including:

- Development and implementation of improved business strategies;
- Profitability management and cost reduction services; and
- Business or corporate performance management.

Through its expertise, Avisen's objective is to deliver the following 'hard' and 'soft' benefits to its clients:

#### 2. 'Hard' Benefits

- Improved and more effective process management
- Resource optimisation
- Timely access to data and insight
- Reduced time/costs to plan and report performance
- Reduced time/costs to inform internal/external stakeholders of business performance

#### 'Soft' benefits

- Higher levels of customer satisfaction
- Goal-focused processes
- Operational efficiencies and higher employee satisfaction
- Demonstrable regulatory compliance
- Alignment between all levels of the organisation in relation to company purpose, values and goals

#### 3. Corporate performance management ("CPM")

CPM encompasses the processes used to manage corporate performance (such as strategy formulation, budgeting, revenue planning and financial forecasting); the methodologies that drive facets of these processes (such as Balanced Scorecard or Value-based Management); and the metrics used to measure performance against strategic and operational performance goals. CPM provides the capability to support processes, methodologies and metrics, which are targeted at strategic users and corporate-level decision makers. These are key to establishing links between operational execution and strategy, and for leveraging BI investments to bring consistency to financial and operational reporting to improve business and regulatory reporting procedures.

The primary functional areas and the main application components of CPM can be described as follows:

- (1) **Budgeting, planning and forecasting** – These applications support the development of all aspects of budgets, plans and forecasts. They encompass short-term financially focused budgets, longer-term plans and high-level strategic plans, as well as providing the ability to dynamically create forecasts and specific scenarios;

- (2) **Profitability modelling and optimisation** – This includes activity-based costing applications which determine and allocate costs at a highly granular level, and activity-based management applications which provide capabilities to enable users to model the impact on profitability of different cost and resource allocation strategies;
- (3) **Scorecard applications** – A scorecard is a generic BI capability which includes the functionality of dashboards (i.e. an easy tool with which to visualise data) but which also has the capability to link key performance indicators to a strategy map with a hierarchical cause-and-effect relationship among the KPIs. Scorecards are often used in conjunction with a particular methodology, such as Balanced Scorecard, to drive alignment across an organisation;
- (4) **Financial consolidation** – This supports the requirement to enable organisations to reconcile, consolidate, summarise and aggregate financial data based on different accounting standards. These solutions are a core part of CPM because they create the audited, enterprise-level view of financial information; and
- (5) **Statutory and financial reporting** – CPM requires specialised reporting tools that can format output as structured financial statements, and they may also need to support specific generally accepted accounting principles (GAAP) presentation rules, such as US GAAP or International Financial Reporting Standards.

#### 4. The Performance Management market

Independent market research firm, Gartner, estimated in November 2007 that the CPM software suites market will be worth \$3 billion by 2011 with a compound annual growth rate of 14 per cent. Gartner states that budgeting, planning and forecasting applications are still the most commonly deployed components of CPM, but scorecards and dashboards have become more popular, driven by more strategically focused initiatives. It also states that mature economies in the US and Western Europe still form the majority of CPM activity and that demand for CPM suites is increasing from midsize enterprises, which represent one of the most dynamic areas of the business application software sector.

AMR Research, in its 2008 report on BI and Performance Management spending, estimated that total global spending for BI and Performance Management programs will reach \$57.1 billion for the year. It estimated that spending would be broken up into the following categories: BI (27 per cent.); dashboards and scorecards (23 per cent.); budgeting and planning (18 per cent.); analytics infrastructure (18 per cent.); and analytics applications (14 per cent.). It also estimated that companies plan to buy approximately \$13.4 billion of BI/Performance Management-related software products in 2008.

#### 5. Avisen Group's Existing Operations

Avisen Group's current operations are divided under the following brands, "Avisen" and "Inca".

##### *"Avisen"*

The Avisen brand is the Avisen Group's advisory services and traditional consulting brand, which is served by two trading entities in the UK and the Netherlands. Client work undertaken by these entities is positioned as "technology independent" (i.e. not reliant on software applications) and the team utilised for these types of engagement have broad skills across business disciplines ranging from strategic planning, operational planning, Balanced Scorecard and operational excellence change programmes alongside an awareness of multiple technology platforms.

Avisen's primary offering is a framework methodology called 'Keeping Strategy Alive'. It is underpinned by a process called PlanPoint® and, in the future, it is intended that it will be served by a proprietary software solution called StrategyGPSTM. It is intended that StrategyGPS™ will be rolled out to clients during 2010 and will be focused on providing them with a greater strategic insight into their own businesses.

The basic principles behind PlanPoint® and Strategy GPSTM can be summarised as follows:

- PlanPoint® – this is Avisen’s methodology to manage the strategic planning process.
- StrategyGPSTM – this is Avisen’s proprietary software which is intended to enable clients to effectively and constantly measure their performance against predetermined goals or actions. The software will utilise the Planpoint® methodology to manage the planning cycle.

### **“Inca”**

Avisen announced the acquisition of Inca Holdings Limited (“Inca”) on 17 July 2009. Inca is the largest EMEA IBM Cognos partner, providing customers with the full suite of IBM Cognos products.

IBM Cognos solutions are made up of ‘planning and consolidation’ to plan and drive performance and BI to analyse, create reports and understand the ‘why’ behind performance. When integrated within an organisation, all three components deliver Corporate Performance Management, enabling senior level executives to manage and monitor an organisation’s performance.

Inca’s professional services division has implemented IBM Cognos solutions for over 400 companies across a range of industry sectors, many of which are supported by Inca’s application support centre.

The trading businesses of Eon Enterprises Limited, Inca Holdings Limited and Quadrum Consulting Limited (all of which have been acquired by Avisen following its admission to AIM and described in more detail below) have now been consolidated under the “Inca” brand.

In addition, Solution Minds (UK) Limited, which was acquired by Avisen prior to its admission to AIM has also been consolidated under the “Inca” brand.

The consolidation of these businesses has strengthened the Avisen Group’s customer base and resulted in significantly improved recurring revenue streams. A summary of the acquisitions completed by the Avisen Group since its admission to AIM on 2 February 2009 is set out below:

## **6. Acquisitions**

### ***Wexner Global Limited***

On 27 February 2009, Avisen entered into an agreement to acquire the business and certain assets of Wexner Global Limited (“Wexner”), a strategy and performance management consultancy firm. Wexner has a successful history of working with blue chip clients to develop and implement their strategy. It works with them, with the aim of improving their profitability through increased productivity and cost reduction, transforming both their finance and their operational functions.

The total consideration for Wexner was £120,000 which was satisfied by the issue of new Avisen Shares. Wexner’s unaudited management accounts for the year ended 31 December 2008 reported a profit after tax of £71,903 on turnover of £1,134,137.

### ***Eon Enterprises Limited***

On 27 April 2009, Avisen announced the acquisition of the entire issued share capital of Eon Enterprises Limited (“Eon”). Eon’s sole wholly owned subsidiary, Infocube Limited (“Infocube”), is a leading Cognos and IBM Business Partner.

Infocube, founded in 1988, provides practical and cost-effective, BI planning, forecasting and data warehousing solutions for its clients. Infocube works in partnership with Cognos, an IBM company, and the world’s leading developer of enterprise BI and Performance Management software, in order to provide a comprehensive range of services, including software licences, consultancy, development, training and post implementation support.

The total consideration for Eon was £585,130 which was satisfied through a cash payment of £130,000 and the issue of Avisen Shares. Infocube's unaudited management accounts for the period ended 31 March 2008 showed profit before tax of £103,086 on turnover of £1,208,501.

#### ***Quadrum Consulting (Proprietary) Limited***

On 9 July 2009, Avisen announced the acquisition of the business and assets of Quadrum Consulting (Proprietary) Limited ("Quadrum"). Quadrum is a leading IBM Cognos Business Partner in South Africa and specialises in the IBM Cognos TM1 offering.

The acquisition of Quadrum enabled Avisen to be positioned as a leading IBM Cognos reseller and consultancy both in the UK and also South Africa.

The total consideration for Quadrum was £200,000, satisfied through the issue of Avisen Shares. Quadrum's unaudited management accounts for the year ended 28 February 2009 reported profit before tax of £98,280 on turnover of £312,117.

#### ***Inca Holdings Limited***

On 17 July 2009, Avisen announced the acquisition of the entire issued share capital of Inca Holdings Limited ("Inca"). Inca and its wholly owned subsidiaries (together "Inca Group") as described above principally act as a reseller of IBM Cognos software and develop their own enterprise planning software product called 'Inca Planning'.

The total consideration for Inca was £3,500,000, satisfied through the issue of Avisen Shares. The unaudited accounts for Inca Software and Inca Technology for the year ended 28 February 2009 showed an operating profit of £257,529 (2008: £1,043,618) on turnover of £5,720,190 (2008: £6,585,573).

On 8 October 2009, Avisen announced that following a full review of the Inca Group's business within the context of Avisen's operations it was decided to discontinue the operations of Inca Technology International Limited. In addition to needing continued financial support from Avisen, Inca Technology also required significant management time which could be better utilised in focusing on Avisen's core activities. Inca Technology was placed into administration on 8 October 2009.

The Inca Software business remains core to Avisen having enabled it to become a leading reseller of IBM Cognos Software in the UK.

#### ***iCentric Consulting (Pty) Limited***

On 2 December 2009, Avisen announced the acquisition of 57.5 per cent. of the issued share capital of iCentric Consulting (Proprietary) Limited ("iCentric") for a nominal cash consideration. iCentric is a reseller of IBM Cognos software in South Africa and specialises in the IBM Cognos business intelligence suite of products.

iCentric is a specialist business intelligence solutions provider focusing exclusively on the suite of business intelligence products produced by IBM Cognos. Established in 2004, iCentric has in excess of 50 active customers and over 20 staff. iCentric is the leading business intelligence provider on this particular suite of products in Johannesburg, the largest single market in South Africa.

Further details on each of the acquisition agreements described above are set out in Paragraph 7.1 of Part VI of this document.

## **7. Revenue model**

The Avisen Group generates revenues through three types of service, which are described below:

- **Advisory consulting** – Charged on a professional day rate and, in certain circumstances, charged on a fixed fee or targeted results basis.

- **Technology consulting** – This service is similar to advisory consulting but is software specific. Consulting time is sold to implement a software application and is charged on a professional day rate.
- **Software distribution and support and Maintenance** – The software distribution follows normal software purchase and revenue recognition guidelines. This involves an upfront perpetual license fee followed by an annual support and maintenance charge. Avisen has software distribution agreements with a number of software vendors such as IBM Cognos and Profitbase.

## 8. Corporate Clients and previous projects

- Tesco** On 12 October 2009, Avisen announced that Tesco, the world’s third largest grocery retailer, had selected Acorn’s System’s Performance Analyzer™ to enhance its financial reporting capability in Tesco Direct. Acorn Performance Analyzer™, distributed exclusively in the UK by Avisen, was selected following a competitive evaluation of a range of cost and profit optimisation offerings.
- Heineken** Avisen was engaged, together with other suppliers, to review the current state of Heineken’s Performance Management cycle and processes in 2006. This involved the creation of a business case and a program to align processes across more than 80 operating companies from breweries to sales operations) within Heineken. The program, codenamed ‘CIL’ (Corporate Information Logistics) is ongoing and being led internally by Heineken’s Group Control & Accounting function. It covers all financial and managerial information processes and is now in the implementation and rollout phase with an expected completion date in 2011.
- BAE Systems** Solution Minds (UK) Ltd, now part of the Avisen Group, was originally engaged to lead the implementation of a new enterprise resource planning (Maconomy ERP) solution as part of the Advanced Technology Centre division of BAE Systems (“BAE”) in September 2000, which BAE now use across its entire Shared Services group. Solution Minds (UK) Ltd has since been engaged in several subsequent projects, the latest of which commenced in February 2007 and was completed in July 2008, to implement a replacement sales and operational planning solution at the Technology and Engineering Services section of BAE’s Shared Services division.

### *Current Trading and Prospects*

Following a period of significant growth both organically and through acquisition, Avisen now provides advisory services and software distribution to a growing number of blue chip corporations in the Performance Management market.

Avisen released its unaudited half yearly results for the six months ended 31 July 2009 on 30 October 2009.

Avisen reported turnover of £2.23 million and pre tax profit of £91,641. It was highlighted that due to the number and size of acquisitions completed since Avisen’s admission to AIM on 2 February 2009 (through the reverse takeover of Z Group plc) that the Avisen board anticipated that the Avisen Group’s revenues would improve significantly in the six months to 31 January 2010. Avisen now has over 400 clients in software support with an order book of over £2.5 million of higher margin recurring software support renewals.

As anticipated, the Avisen Group experienced improved revenue growth in the second half of the financial year and trading for the year ended 31 January 2010 was satisfactory. The results for the period to 31 January 2010 will be released following the Effective Date and no later than 31 July 2010.

Further financial information on Avisen and Avisen Group Limited is contained in, and incorporated by reference into, Part VIII and Part IX respectively of this document.

## **9. Effect of the Proposal on Avisen**

Following the Scheme becoming effective, Xploite will become a wholly owned subsidiary of Avisen. Existing Avisen Shareholders will hold 141,799,928 Avisen Shares, representing approximately 63.13 per cent. of the Enlarged Issued Share Capital of Avisen.

As at the date of this document, Xploite has cash resources of approximately £3 million and is due to receive up to £3.65 million in cash by September 2010 by way of deferred consideration. As summarised in paragraph 7.3.1 of Part VI, certain members of the Xploite Group or former members of the Xploite Group have entered into agreements under which the relevant company has provided, and Xploite has guaranteed, certain warranties, representations, indemnities and undertakings. Any successful claims (including the potential claim referred to below and in paragraph 9.1.1 of part VI of the Scheme Document) made under the terms of these agreements could significantly impact on the existing cash resources of the Enlarged Group and on the timing and amount of any deferred consideration (or amounts held in escrow) to be paid to the Xploite Group.

In particular, on 19 February 2010, Xploite received details of potential claims amounting to approximately £4,538,000 in relation to the ongoing dispute between VBHG Limited and Cantono. The Xploite Directors remain of the opinion that the unparticularised Cantono claims are opportunistic, speculative and lack merit and, were proceedings to be issued, they would be vigorously defended. Details of the potential litigation with Cantono are set out in paragraph 9.1.1 of Part VI of this document.

The Enlarged Group will utilise the cash resources of Xploite to accelerate growth, both organically and by further acquisitions in the business and technology sector.

The Enlarged Group will also look to optimise the Storage Fusion Business as part of Avisen's existing Performance Management services.

## **10. The Avisen Resolutions.**

Implementation of the Scheme requires that up to 82,814,227 Consideration Shares be allotted to Xploite Shareholders. Accordingly, and as Avisen currently has insufficient authorised and unallotted share capital to allow it to effect the allotment of the Consideration Shares, a general meeting of the Holders of Avisen Shares is to be convened at 10.00 a.m. on 6 April 2010 at which resolutions to:

- increase the authorised share capital of Avisen from £10,000,000 to £15,000,000 by the creation of 100,000,000 New Avisen Shares of £0.05 each; and
- authorise the allotment of the Consideration Shares on a non-pre-emptive basis,

will be put to the Holders of Avisen Shares for approval.

Irrevocable undertakings to vote in favour of the Avisen Resolutions at the said general meeting have been secured from the holders of 67,669,457 Avisen Shares (including all members of the Avisen Board) representing approximately 47.72 per cent. of the Avisen Shares in issue at the date of this document.

## PART IV

### CONDITIONS TO THE IMPLEMENTATION OF THE SCHEME AND FURTHER TERMS OF THE PROPOSAL

1. The Proposal will be conditional upon the Scheme becoming unconditional and becoming effective, subject to the City Code, by no later than 14 July 2010 or such later date (if any) as Avisen and Xploite may, with the consent of the Panel, agree and (if required) the Court may approve.
2. The Scheme will be conditional upon the following Conditions:
  - (a) approval of the Scheme by a majority in number of the Scheme Shareholders entitled to vote and present and voting, either in person or by proxy, at the Court Meeting or at any adjournment of any such meeting, representing no less than 75 per cent. in value of the Scheme Shares so voted;
  - (b) the resolutions in connection with, or necessary to approve and implement, the Scheme as set out in the notice of the General Meeting in this document being duly passed by the requisite majority at the General Meeting or at any adjournment thereof;
  - (c) the sanction of the Scheme and the confirmation of the Reduction of Capital by the Court (in each case without modification or with modification as agreed by Avisen and Xploite) and the delivery for registration of each of the Court Orders to the Registrar of Companies in England and Wales and the registration by the Registrar of Companies in England and Wales of the Reduction Court Order;
  - (d) the Avisen Resolutions being duly passed at the Avisen General Meeting, or any adjournment thereof; and
  - (e) admission of the New Avisen Shares to trading on AIM becoming effective in accordance with the AIM Rules or if Avisen so determines (subject to consent of the Panel) the London Stock Exchange agreeing to admit such shares to trading on AIM subject to the allotment of such New Avisen Shares and/or the Scheme becoming or being declared unconditional in all respects.
3. In addition, Xploite and Avisen have agreed that the Scheme will also be conditional upon the following Conditions and, accordingly, the necessary actions to make the Scheme effective will not be taken unless such Conditions (as amended, if appropriate) have been satisfied, (or, where applicable, waived) (or, in each case, any other customary pre-admission conditions with the consent of the Panel):
  - (a) no Third Party (as defined below) having intervened and there not continuing to be outstanding any statute, regulation or order of any Third Party in each case which is or is likely to be material in the context of the Proposal which would or might reasonably be expected to:
    - (i) make the Scheme, its implementation or the acquisition or proposed acquisition by Avisen of any shares or other securities in, or control of, Xploite or any member of the Xploite Group void, illegal or unenforceable in any jurisdiction, or otherwise, directly or indirectly, restrain, prevent, prohibit, restrict or delay the same or impose additional conditions or obligations with respect to the Scheme or such acquisition, or otherwise impede, challenge or interfere with the Scheme or such acquisition, or require amendment to the terms of the Scheme or the acquisition or proposed acquisition of any Xploite Shares or the acquisition of control or management of Xploite or the Xploite Group by Avisen or any member of the Avisen Group;

- (ii) limit or delay, or impose any material limitations on, the ability of any member of the Avisen Group to acquire or to hold or to exercise effectively, directly or indirectly, all or any rights of ownership in respect of shares, loans or other securities convertible into Xploite Shares in, or to exercise voting or management control over, any member of the Xploite Group;
- (iii) require, prevent or delay the divestiture or alter the terms envisaged for any proposed divestiture by any member of the Avisen Group of any shares or other securities in Avisen;
- (iv) require, prevent or delay the divestiture or alter the terms envisaged for any proposed divestiture by any member of the Xploite Group or by any member of the Avisen Group of all or any portion of their respective businesses, assets or properties or limit the ability of any of them to conduct any of their respective businesses or to own or control any of their respective assets or properties or any part thereof;
- (v) except pursuant to the Scheme or sections 974-991 of the Act, require any member of the Avisen Group or of the Xploite Group to acquire, or to offer to acquire, any shares or other securities (or the equivalent) in any member of the Xploite Group or the Avisen Group owned by any third party;
- (vi) limit the ability of any member of the Avisen Group to conduct or integrate or co-ordinate its business, or any material part of it, with the businesses or any part of the businesses of any other member of the Avisen Group or of the Xploite Group;
- (vii) otherwise adversely affect any or all of the business, assets, profits, financial or trading position or prospects of any member of the Avisen Group or of the Xploite Group in each such case to the extent that it is material in the context of the Xploite Group and/or the Avisen Group taken as a whole,

and all applicable waiting and other time periods during which any Third Party could intervene under the laws of any relevant jurisdiction having expired, lapsed or been terminated;

- (b) all notifications and filings which are necessary or are reasonably considered appropriate by Avisen having been made, all appropriate waiting and other time periods (including any extensions of such waiting and other time periods) under any applicable legislation or regulation of any relevant jurisdiction having expired, lapsed or been terminated (as appropriate) and all statutory or regulatory obligations in any relevant jurisdiction having been complied with or obtained on terms and in a form reasonably satisfactory to Avisen, in each case (and to the extent that it is material) in connection with the Scheme or the Proposal or the acquisition or the proposed acquisition of any shares or other securities in, or control or management of, Xploite or any other member of the Xploite Group or the carrying on by any member of the Xploite Group of its business, unless otherwise waived by Avisen, and no temporary restraining order, preliminary or permanent injunction or other order having been issued and being in effect by a court or other Third Party of competent jurisdiction which has the effect of making the Scheme or the Proposal illegal or otherwise prohibiting the consummation of the Scheme or the Proposal;
- (c) all Authorisations which are necessary or are reasonably considered necessary or appropriate by Avisen in any relevant jurisdiction for or in respect of the Scheme or the Proposal or the acquisition or proposed acquisition of any shares or other securities in, or control or management of, Xploite or any other member of the Xploite Group by any member of the Avisen Group or the carrying on by any member of the Xploite Group of its business having been obtained, in terms and in a form reasonably satisfactory to Avisen, from all appropriate Third Parties or from any persons or bodies with whom any member of the Xploite Group has entered into contractual arrangements and all such Authorisations remaining in full force and effect and there being no notice or intimation of any intention to revoke, suspend, restrict, modify or not to renew any of the same in connection with the Scheme or the Proposal;

- (d) since 10 March 2010 and except as Disclosed, there being no provision of any arrangement, agreement, licence, permit, franchise or other instrument to which any member of the Xploite Group or the Avisen Group is a party, or by or to which any such member or any of its assets is or are or may be bound, entitled or subject or any circumstance, which, in each case as a consequence of the Scheme or the Proposal or the acquisition or proposed acquisition of any shares or other securities in, or control of, Xploite or any other member of the Xploite Group or the Avisen Group by any member of the Avisen Group or otherwise, could or might reasonably be expected to result in:
- (i) any monies borrowed by or any other indebtedness or liabilities (actual or contingent) of, or any grant available to, any member of the Xploite Group or Avisen Group being or becoming repayable or capable of being declared repayable immediately or prior to its stated repayment date or the ability of any member of the Xploite Group or Avisen Group to borrow monies or incur any indebtedness being withdrawn or inhibited or becoming capable of being withdrawn;
  - (ii) the creation or enforcement of any mortgage, charge or other security interest over the whole or any part of the business, property, assets or interests of any member of the Xploite Group or Avisen Group or any such mortgage, charge or other security interest (wherever created, arising or having arisen) becoming enforceable;
  - (iii) any such arrangement, agreement, licence, permit, franchise or other instrument, or the rights, liabilities, obligations or interests of any member of the Xploite Group or Avisen Group thereunder, being, or becoming capable of being, terminated or adversely modified or affected or any adverse action being taken or any obligation or liability arising thereunder;
  - (iv) any material asset or material interest of any member of the Xploite Group or Avisen Group being or falling to be disposed of or ceasing to be available to any member of the Xploite Group or Avisen Group or any right arising under which any such asset or interest could be required to be disposed of or could cease to be available to any member of the Xploite Group or Avisen Group otherwise than in the ordinary course of business;
  - (v) any member of the Xploite Group or the Avisen Group ceasing to be able to carry on business under any name under which it presently does so;
  - (vi) the creation of material liabilities (actual or contingent) by any member of the Xploite Group or the Avisen Group other than in the ordinary course of business;
  - (vii) the rights, liabilities, obligations or interests of any member of the Xploite Group or the Avisen Group under any such arrangement, agreement, licence, permit, franchise or other instrument or the interests or business of any such member in or with any other person, firm, company or body (or any arrangement or arrangements relating to any such interests or business) being terminated or adversely modified or affected; or
  - (viii) the financial or trading position or the prospects or the value of any member of the Xploite Group being prejudiced or adversely affected; and
  - (ix) except as aforesaid, no event having occurred which, under any provision of any such arrangement, agreement, licence, permit or other instrument, would be reasonably likely to result in any of the events or circumstances which are referred to in paragraphs (i) to (viii) of this Condition 3(d);
- (e) since 10 March 2010 and except as Disclosed by Xploite or otherwise as a result of the Proposal no member of the Xploite Group having:
- (i) issued or agreed to issue, or authorised the issue of, additional shares of any class, or securities convertible into or exchangeable for, or rights, warrants or options to subscribe for or acquire, any such shares or convertible securities or transferred or sold any shares out of treasury other than: (A) as between Xploite and wholly-owned subsidiaries of Avisen; or (B) any shares issued upon the exercise of any options granted under the Xploite Option Schemes;

- (ii) purchased or redeemed or repaid any of its own shares or other securities or reduced or made any other change to any part of its share capital;
- (iii) recommended, declared, paid or made any dividend or other distribution whether payable in cash or otherwise or made any bonus issue (other than to Xploite or a wholly-owned subsidiary of Xploite);
- (iv) except as between Xploite and its wholly-owned subsidiaries or between such wholly-owned subsidiaries, made or authorised any material change in its loan capital;
- (v) (other than any acquisition or disposal in the ordinary course of business or a transaction between Xploite and a wholly-owned subsidiary of Xploite or between such wholly-owned subsidiaries) merged with, demerged or acquired any body corporate, partnership or business or acquired or disposed of or transferred, mortgaged, charged or created any security interest over any assets or any right, title or interest in any assets (including shares in any undertaking and trade investments) or authorised the same (in each case to an extent which is material in the context of the Xploite Group taken as a whole);
- (vi) issued, agreed to issue or authorised the issue of, or made any change in or to, any debentures or (except in the ordinary course of business or except as between Xploite and its wholly-owned subsidiaries or between such wholly-owned subsidiaries) incurred or increased any indebtedness or liability (actual or contingent) which in any case is material in the context of the Xploite Group taken as a whole;
- (vii) entered into, varied, or authorised any agreement, transaction, arrangement or commitment (whether in respect of capital expenditure or otherwise) which (A) is of a long term, onerous or unusual nature or magnitude or which is reasonably likely to involve an obligation of such nature or magnitude; or (B) is reasonably likely to restrict the business of any member of the Xploite Group, and which in any case is material in the context of the Xploite Group taken as a whole;
- (viii) other than pursuant to the Scheme (except as between Xploite and its wholly-owned subsidiaries or between such wholly-owned subsidiaries), entered into, implemented, effected or authorised any merger, demerger, reconstruction, amalgamation, scheme, commitment or other transaction or arrangement in respect of itself or another member of the Xploite Group, which in any case is material in the context of the Xploite Group taken as a whole;
- (ix) entered into or varied the terms of, or made any offer (which remains open for acceptance) to enter into or vary the terms of any contract, service agreement or arrangement with any of the directors or senior executives of any member of the Xploite Group;
- (x) save in relation to the Scheme, taken any corporate action or had any legal proceedings instituted or threatened against it or petition presented or order made for its winding-up (voluntarily or otherwise), dissolution or reorganisation or for the appointment of a receiver, administrator, administrative receiver, trustee or similar officer of all or any material part of its assets and revenues or any analogous proceedings in any jurisdiction or appointed any analogous person in any jurisdiction which in any case is material in the context of the Xploite Group taken as a whole;
- (xi) been unable, or admitted in writing that it is unable, to pay its debts or having stopped or suspended (or threatened to stop or suspend) payment of its debts generally or ceased or threatened to cease carrying on all or a substantial part of its business;
- (xii) waived or compromised any claim, which is material in the context of the Xploite Group taken as a whole;
- (xiii) (other than in connection with the Scheme) made any alteration to its memorandum or articles of association which is material in the context of the Scheme or the Proposal;

- (xiv) (other than in connection with the Scheme) proposed, agreed to provide or modified the terms of any share option scheme, incentive scheme or other benefit (including in relation to any personal defined contribution pension scheme(s) of any director or any person employed by the Xploite Group) relating to the employment or termination of employment of any person employed by the Xploite Group; or
  - (xv) entered into any agreement, commitment or arrangement or passed any resolution or made any Proposal (which remains open for acceptance) or proposed or announced any intention with respect to any of the transactions, matters or events referred to in this Condition 3(e);
- (f) since 10 March 2010 and except as Disclosed by Xploite:
- (i) there having been no adverse change or deterioration in the business, assets, financial or trading positions or profit or prospects of any member of the Xploite Group which in any case is material in the context of the Xploite Group taken as a whole;
  - (ii) no contingent or other liability of any member of the Xploite Group having arisen or become apparent or increased which in any case is material in the context of the Xploite Group taken as a whole;
  - (iii) no litigation, arbitration proceedings, prosecution or other legal proceedings to which any member of the Xploite Group is or may become a party (whether as plaintiff, defendant or otherwise) having been threatened, announced, implemented or instituted by or against or remaining outstanding against or in respect of any member of the Xploite Group which in any case is material in the context of the Xploite Group taken as a whole; and
  - (iv) no enquiry or investigation by, or complaint or reference to, any Third Party having been threatened, announced, implemented, instituted by or against or remaining outstanding against or in respect of any member of the Xploite Group which in any case is material in the context of the Xploite Group taken as a whole;
- (g) Avisen not having discovered, other than to the extent otherwise publicly announced by Xploite prior to the Announcement (by the delivery of an announcement to a Regulatory Information Service) or as otherwise fairly disclosed prior to the date of the Announcement in writing to Avisen by or on behalf of Xploite in the course of negotiations:
- (i) that any financial or business or other information concerning the Xploite Group disclosed at any time by or on behalf of any member of the Xploite Group, whether publicly or to any member of the Avisen Group, is misleading or contains any misrepresentation of fact or omits to state a fact necessary to make any information contained therein not misleading to an extent which in any case is material in the context of the Xploite Group taken as a whole;
  - (ii) that any member of the Xploite Group is subject to any liability (actual or contingent) which is not disclosed in Xploite's annual report and accounts for the financial year ended 31 October 2009 and which in any case is material in the context of the Xploite Group taken as a whole; or
  - (iii) any information which affects the import of any information disclosed at any time by or on behalf of any member of the Xploite Group to an extent which is material in the context of the Xploite Group taken as a whole;
- (h) since 10 March 2010 and save as otherwise Disclosed by Avisen, no member of the Avisen Group having (in each case to an extent which is material in the context of the Avisen Group taken as a whole):
- (i) issued or agreed to issue, or authorised the issue of, additional shares of any class, class, or securities convertible into or exchangeable for, or rights, warrants or options to subscribe for or acquire, any such shares or convertible securities or transferred or sold any shares out of treasury;

- (ii) purchased or redeemed or repaid any of its own shares or other securities or reduced or made any other change to any part of its share capital;
- (iii) recommended, declared, paid or made any dividend or other distribution whether payable in cash or otherwise or made any bonus issue (other than to Avisen or a wholly-owned subsidiary of Avisen);
- (iv) except as between, Avisen and its wholly-owned subsidiaries or between such wholly owned subsidiaries, made or authorised any material change in its loan capital;
- (v) (other than any acquisition or disposal in the ordinary course of business or a transaction between Avisen and a wholly-owned subsidiary of Avisen or between such wholly-owned subsidiaries) merged with, demerged or acquired any body corporate, partnership or business or acquired or disposed of or transferred, mortgaged, charged or created any security interest over any assets or any right, title or interest in any assets (including shares in any undertaking and trade investments) or authorised the same;
- (vi) issued, agreed to issue or authorised the issue of, or made any change in or to, any debentures or (except in the ordinary course of business or except as between Avisen and its wholly-owned subsidiaries or between such wholly-owned subsidiaries) incurred or increased any indebtedness or liability (actual or contingent);
- (vii) entered into, varied, or authorised any agreement, transaction, arrangement or commitment (whether in respect of capital expenditure or otherwise) which (A) is of a long term, onerous or unusual nature or magnitude or which is reasonably likely to involve an obligation of such nature or magnitude; or (B) is reasonably likely to restrict the business of any member of the Avisen Group;
- (viii) other than pursuant to the Scheme (except as between Avisen and its wholly-owned subsidiaries or between such wholly-owned subsidiaries), entered into, implemented, effected or authorised any merger, demerger, reconstruction, amalgamation, scheme, commitment or other transaction or arrangement in respect of itself or another member of the Avisen Group;
- (ix) entered into or varied the terms of, or made any offer (which remains open for acceptance) to enter into or vary the terms of any contract, service agreement or arrangement with any of the directors or senior executives of any member of the Avisen Group;
- (x) save in relation to the Scheme, taken any corporate action or had any legal proceedings instituted or threatened against it or petition presented or order made for its winding-up (voluntarily or otherwise), dissolution or reorganisation or for the appointment of a receiver, administrator, administrative receiver, trustee or similar officer of all or any material part of its assets and revenues or any analogous proceedings in any jurisdiction or appointed any analogous person in any jurisdiction;
- (xi) been unable, or admitted in writing that it is unable, to pay its debts or having stopped or suspended (or threatened to stop or suspend) payment of its debts generally or ceased or threatened to cease carrying on all or a substantial part of its business;
- (xii) (other than in connection with the Scheme) made any alteration to its memorandum or articles of association which is material in the context of the Scheme;
- (xiii) waived or compromised any claim which is material in the context of the Avisen Group;
- (xiv) (other than in connection with the Scheme) proposed, agreed to provide or modified the terms of any share option scheme, incentive scheme or other benefit (including in relation to any personal defined contribution pension scheme(s) of any director or any person employed by the Avisen Group) relating to the employment or termination of employment of any senior person employed by the Avisen Group; or

- (xv) entered into any agreement, commitment or arrangement or passed any resolution or made any offer (which remains open for acceptance) or proposed or announced any intention with respect to any of the transactions, matters or events referred to in this Condition (h);
- (i) in the period since 10 March 2010 and save as Disclosed by Avisen:
  - (i) there having been no adverse change or deterioration in the business, assets, financial or trading positions or profit or prospects of any member of the Avisen Group which in any case is material in the context of the Avisen Group taken as a whole;
  - (ii) no contingent or other liability of any member of the Avisen Group having arisen or become apparent or increased which in any case is material in the context of the Avisen Group taken as a whole;
  - (iii) no litigation, arbitration proceedings, prosecution or other legal proceedings to which any member of the Avisen Group is or may become a party (whether as plaintiff, defendant or otherwise) having been threatened, announced, implemented or instituted by or against or remaining outstanding against or in respect of any member of the Avisen Group which in any case is material in the context of the Avisen Group taken as a whole; and
  - (iv) no enquiry or investigation by, or complaint or reference to, any Third Party having been threatened, announced, implemented, instituted by or against or remaining outstanding against or in respect of any member of the Avisen Group which in any case is material in the context of the Avisen Group taken as a whole; and
- (j) save as Disclosed by Avisen, Xploite not having discovered (in each case to an extent which is material in the context of the Avisen Group taken as a whole):
  - (i) that any financial or business or other information concerning the Avisen Group disclosed at any time by or on behalf of any member of the Avisen Group, whether publicly or to any member of the Xploite Group, is misleading or contains any misrepresentation of fact or omits to state a fact necessary to make any information contained therein not misleading to an extent;
  - (ii) that any member of the Avisen Group is subject to any liability (actual or contingent) which is not disclosed in Avisen's annual report and accounts for the financial year ended 31 January 2009 or unaudited interim accounts for the six month period ended 31 July 2009; or
  - (iii) any information which affects the import of any information disclosed at any time by or on behalf of any member of the Avisen Group.

### **Further Terms of the Proposal**

1. If the Panel requires Avisen to make an offer for Xploite Shares under the provisions of Rule 9 of the City Code, Avisen may (with the consent of Xploite) make such alterations to the conditions of the Proposal, including to the Conditions set out in paragraph 2 of this Part IV of this document, as are necessary to comply with the provisions of that Rule.
2. Avisen reserves the absolute right to elect, subject to the prior consent of the Panel, to implement the Proposal by way of a takeover offer in accordance with the City Code as it may determine in its absolute discretion. In such event, such offer will be implemented on the same terms (subject to appropriate amendment, including (without limitation and subject to the consent of the Panel) an acceptance condition set at 90 per cent. (or such lesser percentage (being more than 50 per cent.) as Avisen may decide) of the Xploite Shares to which such offer would relate.
3. New Xploite Shares will be acquired by Avisen fully paid and free from all liens, equitable interests, charges, encumbrances and other third party rights of any nature whatsoever and together with all rights attaching to them, including the right to receive and retain all dividends and distributions (if any) declared, made or payable after the Effective Date.

4. The Proposal will be on the terms and will be subject, amongst other things, to the Conditions which are set out in this document and accompanying Forms of Proxy and such further terms as may be required to comply with the AIM Rules, the provisions of the City Code and the provisions of the Act. The Scheme will be governed by the laws of England and Wales.
5. The availability of the Proposal to persons not resident in the United Kingdom may be affected by the laws of the relevant jurisdictions. Persons who are not resident in the United Kingdom should inform themselves about and observe any applicable requirements.
6. All of the Conditions set out in paragraphs 3 (a) to (g) of this Part IV must be fulfilled, be determined by Avisen (only to the extent that such Conditions remain to be satisfied by Xploite) to be or remain satisfied or (if capable of waiver) be waived by the Scheme Record Time, failing which the Proposal will lapse. Subject to the requirements of the Panel, Avisen reserves the right to waive all or any of the Conditions in paragraphs 3(a) to 3(g) (inclusive) of this Part IV, in whole or part. Avisen shall be under no obligation to waive (if capable of waiver), to determine to be or remain satisfied or to treat as fulfilled any of the Conditions in paragraphs 3(a) to 3(g) (inclusive) of this Part IV by a date earlier than the date specified in paragraph 1 of this Part IV above for the fulfilment thereof, notwithstanding that the other Conditions of the Proposal may at such earlier date have been waived or fulfilled and that there are, at such earlier date, no circumstances indicating that any of such Conditions may not be capable of fulfilment.
7. Subject to the requirements of the Panel, Xploite reserves the right to waive all or any of the Conditions in paragraph 3(d) (only to the extent that such Conditions remain to be satisfied by Avisen) and 3(h) to 3(j) (inclusive) of this Part IV, in whole or part. Xploite shall be under no obligation to waive (if capable of waiver), to determine to be or remain satisfied or to treat as fulfilled any of the Conditions in paragraphs 3(h) to 3(j) (inclusive) of this Part IV by a date earlier than the date specified in paragraph 1 of this Part IV above.
8. For the purpose of these Conditions:
  - (a) “Third Party” means any central bank, government, government department or governmental, quasi-governmental, supranational, statutory, regulatory or investigative body, authority (including any national anti-trust or merger control authority), court, trade agency, association, institution or professional or environmental body or any other person or body whatsoever in any relevant jurisdiction;
  - (b) a Third Party shall be regarded as having “intervened” if it has decided to take, institute, implement or threaten any action, proceeding, suit, investigation, enquiry or reference or made, proposed or enacted any statute, regulation, decision or order or taken any measures or other steps or required any action to be taken or information to be provided or otherwise having done anything and “intervene” shall be construed accordingly; and
  - (c) “Authorisations” means authorisations, orders, grants, recognitions, determinations, certificates, confirmations, consents, licences, clearances, provisions and approvals.
  - (d) “Disclosed” means;
    - (i) as disclosed in Xploite’s annual report and accounts for the year ended 31 October 2009; or
    - (ii) as disclosed in Avisen’s annual report and accounts for the year ended 31 January 2009; or
    - (iii) as publicly announced by any member of the Xploite Group or the Avisen Group (through a Regulatory Information Service) prior to the date of this document; or
    - (iv) as disclosed in this document; or
    - (v) as otherwise fairly disclosed prior to the date of the Announcement in writing to Xploite or Avisen by or on behalf of Avisen or Xploite in the course of negotiations.

## PART V

### RISK FACTORS

Xploite Shareholders should carefully consider the risks described below before making a decision in relation to the Proposal and the Scheme. This Part V contains what the Xploite Directors and Avisen Directors believe to be the principal risk factors associated with the Enlarged Group which should be taken into account in deciding whether or not to vote in favour of the Scheme. It should be noted that this list is not exhaustive and that other risk factors will apply to the Enlarged Group. If any of the following risks actually occur, the Enlarged Group's business, financial condition and/or results or future operations could be materially adversely affected. In such circumstances, the trading price of the ordinary shares of Avisen (including the New Avisen Shares) could decrease and a shareholder may lose all or part of their investment.

There can be no certainty that the Enlarged Group will be able to implement successfully the strategy set out in this document. Additional risks and uncertainties not currently known to the Xploite Directors and Avisen Directors or which the Xploite Directors and Avisen Directors currently deem immaterial, may also have an adverse effect on the Enlarged Group.

This document contains forward-looking statements that involve risks and uncertainties. The Enlarged Group's actual results could differ materially from those anticipated in the forward-looking statements as a result of many factors, including the risks faced by the Enlarged Group which are described below and elsewhere in this document.

Scheme Shareholders should carefully consider the other information in this document. The risks listed below are in no priority and do not necessarily comprise all the risks presently known to the Xploite Directors or Avisen Directors or which they currently deem immaterial associated with the Enlarged Group.

#### 1. Market risks

Scheme Shareholders should be aware that the value of shares can go down as well as up and that an investment in a share that is traded on AIM may be less readily realisable and may carry a higher degree of risk than an investment in a share listed on the Official List of the UK Listing Authority. The price which investors may realise for their New Avisen Shares, as and when they are able to do so, may be influenced by a large number of factors, some of which are specific to the Enlarged Group and others of which are extraneous.

It may be difficult for an investor to sell his or her New Avisen Shares and he or she may receive less than the investment made by him or her for them. The market for shares in smaller public companies is less liquid than for larger public companies. Consequently, the share price may be subject to greater fluctuation on small volumes of shares, and thus the New Avisen Shares may be difficult to sell at a particular price.

The market price of the Avisen Shares may not reflect the underlying value of the Enlarged Group's profits or net assets.

#### 2. Business risks relating to the Enlarged Group

##### *The Enlarged Group's future business performance depends on the award of contracts*

The Enlarged Group's success depends on its ability to renew contracts with existing clients and to attract new clients. A substantial portion of the Enlarged Group's future revenues will be directly or indirectly derived from new contracts. Failure to gain new business or renew contracts may adversely affect the Enlarged Group's future.

The Enlarged Group's dependence on the award or renewal of contracts means that its revenue stream is not constant and has the potential to be particularly sporadic. Delays in revenue delivery in future accounting periods may adversely affect the Enlarged Group's results and, therefore, the market price of its shares.

### ***Liabilities under service contracts***

Certain contracts entered into by the Enlarged Group require certain members of the Enlarged Group to indemnify the client against certain losses resulting from the performance of the contract. There have been no claims to date but, in the event such liabilities arise, they could have an adverse impact on the Enlarged Group.

### ***Termination of contracts***

While Avisen and Xploite are not aware of any client that may wish to terminate any material contract many of the contracts can be terminated on three months' or shorter notice by the client and should any such contracts be terminated the Enlarged Group would lose the benefit of the contract.

### ***Attraction and retention of key management and employees***

The successful operation of the Enlarged Group will depend partly upon the performance and expertise of its current and future management and employees. The loss of the services of Marcus Hanke or other members of the Enlarged Group's key management or employees, or a loss of the ability to continue to attract and retain qualified employees, may have a material adverse effect on the Enlarged Group.

### ***Loss of major customers***

Although Avisen has a number of clients with repeat business, a loss of a major client or group of clients, which accounted for a significant amount of Avisen's revenues, may have an impact on the Enlarged Group's revenues and profitability.

## **3. Rapid Growth**

If the Enlarged Group's business and operations experience rapid growth and its systems and controls have not been developed to manage this growth effectively, the Enlarged Group's business and operating results could be harmed and the Enlarged Group may have to incur significant expenditure to implement the additional operational and control requirements necessary to meet such growth.

## **4. Reliance on intellectual property**

Avisen and Xploite rely and will, in future, rely on intellectual property laws and third party non-disclosure agreements to protect its intellectual property rights. Despite precautions which may be taken by the Enlarged Group to protect its products, unauthorised parties may attempt to copy, or obtain and use its products. To the extent that intellectual property rights protect the Enlarged Group, litigation may be necessary to protect such rights and could result in substantial costs to the Enlarged Group, diverting its effort from its main business operations with no guarantee of success. The failure or inability of the Enlarged Group to protect its proprietary information, and the expense of doing so, could have a material adverse effect on its operating results and financial condition.

## **5. Entry into new markets and development of new products**

The Enlarged Group's future growth will be highly dependent on its ability to generate business in new sectors and additional geographic markets. Whilst the Xploite Directors and Avisen Directors strongly believe that the areas they are targeting in the medium term will prove rewarding there is no guarantee that the Enlarged Group will be able to generate the level of sales or profitability anticipated if the costs of entry into and operating in these new areas prove to be higher than expected or demand for the Enlarged Group's products and services proves to be lower than anticipated.

## **6. Competition**

The Enlarged Group may face competition, including from domestic and overseas competitors who have greater capital and other resources and superior brand recognition than the Enlarged Group and may be able to provide better products or adopt more aggressive pricing policies. There is no assurance that the Enlarged Group will be able to compete successfully in such a marketplace.

## **7. The Enlarged Group's objectives may not be fulfilled**

The value of an investment in the Enlarged Group is dependent upon the Enlarged Group achieving the aims set out in this document. There can be no guarantee that the Enlarged Group will achieve the level of success that the Xploite Directors and Avisen Directors expect.

## **8. Economic, political, judicial, administrative, taxation or other regulatory matters**

The Enlarged Group may be adversely affected by changes in economic, political, judicial, administrative, taxation or other regulatory factors, as well as other unforeseen matters. In particular, the Enlarged Group's financial performance may be adversely affected by such changes in other jurisdictions in which it operates e.g. the Netherlands or South Africa.

## **9. Taxation Framework**

This document has been prepared in accordance with current UK tax legislation, practice and concession and interpretation thereof. Any change in the Enlarged Group's tax status or in taxation, legislation practice and concession and interpretation thereof could affect the Enlarged Group's ability to provide returns to its shareholders or diminish post tax returns to its shareholders. Statements in this document concerning the taxation of investors in ordinary shares are based on current tax law and practice which is subject to change. The taxation of an investment in the company depends on the individual circumstances of investors.

## **10. Substantial Shareholding Exemption**

A potential tax liability has been identified within the Xploite Group which could give rise to a corporation tax liability for the Enlarged Group. Xploite IHC Limited sold its shares in VBHG Limited in June 2009 and it was anticipated by the Xploite Board that the substantial shareholding exemption ("SSE") would be available to exempt from the charge to corporation tax any gain made on the sale. The Xploite audited accounts for the year ended 31 October 2009 included no associated tax liability, as the tax provision was prepared on the basis that the SSE would be available. Whilst the Xploite Board has been advised that there are good arguments to support the conclusion that the conditions for SSE on the disposal of VBHG have been satisfied and that the risk of a tax liability arising is relatively low, the position cannot be guaranteed. If the availability of this exemption were to be denied, a liability to corporation tax would arise which would be material in the context of the Enlarged Group. The possibility of this tax crystallising is not increased if the Scheme becomes effective.

## **11. Potential Litigation Risks**

The Enlarged Group could be significantly impacted by any unfavourable outcome in the potential dispute with Cantono and its administrators which is referred to in more detail at paragraph 9.1.1 of Part VI. The Xploite Directors remain of the opinion that the unparticularised Cantono claims are opportunistic, speculative and lack merit and, were proceedings to be issued, they would be vigorously defended.

In addition, the attention of Xploite Shareholders is drawn to paragraph 7.3.1(d) of Part VI of this document and the reference to the warranties and indemnities given by Xploite IHC and which are guaranteed by Xploite. Xploite IHC is due to receive up to £3,150,000 as the deferred consideration under the terms of the VBHG SPA, once released from escrow in September 2010. However, there can be no guarantee that these monies will be paid in whole or in part as there is a right of set off against any warranty and indemnity claims. To date, no such claims have been made, nor have the Xploite Directors received a notice of any such claim. However, under the indemnities given under the VBHG SPA, were a successful claim to be made against VBHG in respect of the Cantono litigation, the quantum of that successful claim would, subject to any defence thereto that Xploite might have, fall to be recovered from Xploite under the said indemnity and could be deducted from the sum held in escrow.

## **12. General risks**

If any or all of the above risks actually occur, the Enlarged Group's business, financial conditions, results or future operations could be materially adversely affected. In such a case, the price of the New Avisen Shares could decline and investors may lose all or part of their investment. Additional risks and uncertainties not presently known to the Xploite Directors or Avisen Directors which the Directors currently deem immaterial, may also have an adverse effect upon the Enlarged Group.

## PART VI

### ADDITIONAL INFORMATION

#### 1. Responsibility

- 1.1 The Xploite Directors (whose names are set out in paragraph 2.1 below) accept responsibility for all information contained in this document, except for the information for which the Avisen Directors or the Proposed Directors together with Marcus Hanke, Marcus Yeoman and Louis Peacock in respect of the Enlarged Group, as the case may be, take responsibility. To the best of the knowledge and belief of the Xploite Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 1.2 The Avisen Directors (whose names are set out in paragraph 2.2 below) accept responsibility for all information contained in this document insofar as it relates to the Avisen Group, the Avisen Directors and their interests. To the best of the knowledge and belief of the Avisen Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 1.3 The Proposed Directors, together with Marcus Hanke, Marcus Yeoman and Louis Peacock, accept responsibility for all information contained in this document insofar as it relates to the Enlarged Group. To the best of the knowledge and belief of the Proposed Directors and each of Marcus Hanke, Marcus Yeoman and Louis Peacock (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they are responsible under this paragraph 1.3 is in accordance with the facts and does not omit anything likely to affect the import of such information.

#### 2. Directors

- 2.1 The Xploite Directors and their respective roles are:

<b>Name</b>	<b>Role</b>
John Standen	Non-Executive Chairman
Ian Smith	Chief Executive Officer
Tony Weaver	Executive Chief Operating Officer
Robert Arrowsmith	Executive Chief Financial Officer
Richard Ramsay	Non-Executive Director

The registered office of Xploite is 100 Fetter Lane, London EC4A 1BN. Xploite is a public limited company.

- 2.2 The Avisen Directors and their respective roles are:

<b>Name</b>	<b>Role</b>
Jonathan Claydon	Non-Executive Chairman
Marcus Hanke	Chief Executive Officer
Keith Jones	Executive Director
Louis Peacock	Interim Financial Director
Marcus Yeoman	Non-Executive Director

The principal and head office of Avisen is Sterling House, 20 Station Road, Gerrards Cross SL9 8EL. Avisen is a public limited company.

### 3. London Stock Exchange Prices

The following table shows the Closing Prices of Xploite Shares and Avisen Shares as derived from the AIM section of the Daily Official List on (i) the first dealing day of each of the six months immediately prior to the date of this document and (ii) 10 March 2010 (being the last dealing day immediately before the commencement of the Offer Period):

Date	Avisen Share Price (Pence)	Xploite Share Price (pence)
10 March 2010	14.50	36.5
1 March 2010	14.25	34.5
1 February 2010	14.25	36.0
4 January 2010	14.25	38.5
1 December 2009	14	39.5
2 November 2009	13.25	44
1 October 2009	13.75	46
1 September 2009	15.25	46

### 4. Irrevocable undertakings and letters of intent

#### 4.1 Xploite Directors

The following directors of Xploite who are Xploite Shareholders have given irrevocable undertakings to Avisen to vote in favour of the Scheme and the Resolutions at the Meetings (and, if Avisen exercises its right to acquire the Xploite Shares by means of a takeover offer, to accept any such offer):

Name	Xploite Shares	Approximate % of issued Xploite Share Capital
Ian Smith	3,850,062	17.66
Tony Weaver	515,957	2.37
Richard Ramsay	34,863	0.16
Robert Arrowsmith	12,729	0.06
John Standen	12,006	0.06

The undertakings given by the Xploite Directors cease to be binding if the Scheme is withdrawn, unless Avisen exercises its right to announce a takeover offer of the entire issued share capital of Xploite, in which case it shall cease to have effect on the withdrawal or lapsing of the takeover offer.

#### 4.2 Other Xploite Shareholders

The following Xploite Shareholder has given an irrevocable undertaking to Avisen to vote in favour of the Scheme and the Resolutions at the Meetings (and, if Avisen exercises its right to acquire the Xploite Shares by means of a takeover offer, to accept any such offer):

Name	Xploite Shares	Approximate % of issued Xploite Share Capital
Herald Investment Management Limited	1,976,910	9.07

The undertakings referred to in this paragraph 4.2 will cease to be binding if the requisite majorities fail to approve the Resolutions at the Meetings, the Proposal otherwise lapses or fails to complete by 14 July 2010, or upon the announcement of a competing offer at a price above the value of the Proposal.

In addition, the following Xploite Shareholders have given non-binding letters of intent to Avisen to vote in favour of the Scheme and the Resolutions at the Meetings:

<b>Name</b>	<b>Xploite Shares</b>	<b>Approximate % of issued Xploite Share Capital</b>
Cazenove Capital Management Limited	868,193	3.98
Paul Bailey	1,450,000	6.65

In aggregate, Avisen has received undertakings and letters of intent to vote in favour of the Resolutions from Xploite Shareholders amounting to 8,720,720 Xploite Shares, representing approximately 40.01 per cent. of the existing issued share capital of Xploite.

All the irrevocable undertakings have been given on the basis of the Conditions.

## **5. Shareholdings and dealings**

Certain terms used in this paragraph 5 of this Part VI are defined in paragraph 5.5.7 below.

### **5.1 Interests in Xploite Shares**

5.1.1 At the close of business on the Disclosure Date, the interests of the Xploite Directors, their immediate families, related trusts and persons connected with such Xploite Directors (within the meaning of section 252 of the Act), all of which are beneficial unless otherwise stated, in relevant securities of Xploite were as follows:

<b>Name</b>	<b>Xploite Shares</b>	<b>Approximate % of issued Xploite Share Capital</b>
Ian Smith	3,850,062	17.66
Tony Weaver	515,957	2.37
Richard Ramsay	34,863	0.16
Robert Arrowsmith	12,729	0.06
John Standen <sup>1</sup>	12,006	0.06

<sup>1</sup> 6,003 Xploite Shares are held in the name of Standen Consult Limited, John Standen's consultancy company.

5.1.2 At the Disclosure Date, options over the following number of Xploite Shares had been granted to the Xploite Directors and remain outstanding:

Name	Number of 'A' Options	Number of 'B' Options	Number of 'C' Options	Number of 'D' Options
Ian Smith	344,828	20,114	364,942	364,944
Tony Weaver	344,828	20,114	364,942	364,944
Robert Arrowsmith	344,828	20,114	364,942	364,944
<b>Performance Condition –</b>				
<b>Share Price</b>	58p	58p	87p	116p
<b>Date of Grant</b>	19 March 2007	19 March 2007	19 March 2007	19 March 2007
<b>Expiry Date</b>	19 March 2017	19 March 2012	19 March 2012	19 March 2102
<b>Exercise Price</b>	29p	29p	29p	29p

The 'A' Options are the Xploite EMI Options referred to in paragraph 6 of Part II of this document. The 'B', 'C' & 'D' Options are options granted under the Xploite Unapproved Share Option Scheme.

5.1.3 As at the Disclosure Date, no member of the Avisen Group had any interest in the relevant securities of Xploite.

5.1.4 At the Disclosure Date, Brewin Dolphin, financial adviser to Xploite, did not own or control any Xploite Shares or Xploite Options.

5.1.5 As at the Disclosure Date, none of the Avisen Directors, their immediate families and their connected persons (within the meaning of section 252 of the Act) had any interests in Xploite Shares or Xploite Options.

5.1.6 At the Disclosure Date, Zeus Capital, financial adviser to Avisen, did not own or control any Xploite Shares or Xploite Options.

5.1.7 At the Disclosure Date, the following Xploite Options for employees remain outstanding:

Number of Options	Issue Date	Exercise price	Expiry date
172,414	19 March 2007	0.29p	19 March 2017

5.1.8 Beachcroft LLP, the solicitors to Xploite, owns 159,429 shares in Xploite, representing approximately 0.73 per cent. of Xploite's issued share capital, which are held in the name of Worldwide Nominees Limited.

## 5.2 Dealings in Xploite Shares:

5.2.1 Other than as set out below, none of the Xploite Directors, their immediate families, related trusts and persons connected with such Xploite Directors (within the meaning of section 252 of the Act) has dealt for value in Xploite Shares during the Disclosure Period.

<b>Name</b>	<b>Transaction Type</b>	<b>Number of Xploite Shares</b>	<b>Date</b>
Ian Smith	Tender Offer	2,106,171	23/11/09
	Sale	120,000	25/06/09
Tony Weaver	Tender Offer	287,543	23/11/09
	Sale	120,000	25/06/09
Robert Arrowsmith	Tender Offer	12,227	23/11/09
Richard Ramsay	Tender Offer	35,137	23/11/09
John Standen	Tender Offer	6,497	23/11/09
Standen Consult Limited <sup>1</sup>	Tender Offer	6,497	23/11/09

<sup>1</sup> Standen Consult Limited is John Standen's consultancy company.

5.2.2 The following Xploite Shares have been issued during the Disclosure Period:

<b>Number of Xploite Shares issued</b>	<b>Price</b>	<b>Date</b>	<b>Value (£)</b>
1,280,000	31.25	22/06/09	400,000

5.2.3 No grants of options have been made by Xploite during the Disclosure Period.

5.2.4 Other than as set out below, none of the Avisen Directors, their immediate families, related trusts and persons connected with such Avisen Directors (within the meaning of section 252 of the Act) has dealt for value in Xploite Shares during the Disclosure Period.

<b>Name</b>	<b>Transaction Type</b>	<b>Number of Xploite Shares</b>	<b>Date</b>
Louis Peacock	Sale	9,852	12 June 2009
Marcus Yeoman	Sale	30,000	23 April 2009
	Sale	20,000	19 May 2009
	Sale	10,000	26 May 2009
	Sale	50,000	1 June 2009
Springtime Consultants <sup>1</sup> Limited	Sale	25,000	21 May 2009
	Sale	15,000	26 May 2009
	Sale	30,000	28 May 2009
	Purchase	50,000	1 June 2009
	Tender Offer	28,295	23 November 2009
	Sale	10,000	23 November 2009
	Sale	10,000	24 November 2009
	Sale	1,705	10 December 2009

<sup>1</sup> Springtime Consultants Limited is Marcus Yeoman's consultancy company.

5.2.5 No member of the Avisen Group has dealt for value in Xploite Shares during the Disclosure Period.

5.2.6 During the Disclosure Period the following dealings for value in Xploite Shares by Brewin Dolphin, financial adviser to Xploite, have taken place:

<b>Date</b>	<b>Transaction</b>	<b>Number of Shares</b>	<b>Price (p)</b>
1 July 2009	Purchase	12,500	49
2 July 2009	Purchase	25,000	49
3 July 2009	Sale	37,500	49
30 July 2009	Purchase	25,000	48
31 July 2009	Sale	25,000	48

### 5.3 Interests in Avisen Shares

5.3.1 At the close of business on the Disclosure Date, the interests of the Avisen Directors, their immediate families, related trusts and persons connected with such Avisen Directors (within the meaning of section 252 of the Act), all of which are beneficial unless otherwise stated, in relevant securities of Avisen were as follows:

Name	Number of Avisen Shares	Approximate % of issued Avisen Share Capital
Jonathan Claydon <sup>1</sup>	1,729,170	1.22
Marcus Hanke <sup>2</sup>	28,867,551	20.36
Keith Jones <sup>3</sup>	7,285,363	5.14
Louis Peacock <sup>4</sup>	8,811,156	6.21
Marcus Yeoman <sup>5</sup>	1,381,572	0.97

1 1,345,170 Avisen Shares are held directly by Jonathan Claydon and 384,000 Avisen Shares are held in the name of Clachan Nominees Limited;

2 These Avisen Shares are held in the name of Strand Nominees Limited;

3 These Avisen Shares are held by Keith Jones' partner, Odette McMahon;

4 8,811,156 Avisen Shares are held in the name of Pershing Nominees Limited; and

5 1,182,640 Avisen Shares are held in the name of Pershing Nominees Limited, 35,000 Avisen Shares are held in the name of Redmayne (Nominees) Limited and 163,932 Avisen Shares are held in the name of Springtime Consultants Limited, Marcus Yeoman's consulting company.

5.3.2 At the Disclosure Date, no options over Avisen Shares had been granted to the Avisen Directors.

5.3.3 At the Disclosure Date, the following warrants in Avisen had been granted to Avisen Directors and remain outstanding:

Name	Number of Avisen Warrants	Issue date	Exercise price (p)	Expiry date	Balance
Marcus Hanke	262,292	17 July 2009	15.25	17 July 2012	262,292
Marcus Yeoman	163,932	17 July 2009	15.25	17 July 2012	163,932

5.3.4 At the Disclosure Date, John Standen, chairman of Xploite, and Ian Smith, CEO of Xploite, each hold 23,148 Avisen Shares, each representing approximately 0.02 per cent. of Avisen's issued share capital.

5.3.5 Save as disclosed at paragraph 5.3.4, at the Disclosure Date, none of the Xploite Directors, their immediate families, related trusts and persons connected with such Xploite Directors (within the meaning of section 252 of the Act) had interests in any Avisen Shares or options over Avisen Shares.

5.3.6 At the Disclosure Date, no member of the Xploite Group had any interest in relevant securities of Avisen.

5.3.7 At the Disclosure Date, Brewin Dolphin, financial adviser to Xploite, did not own or control any Avisen Shares or options over Avisen Shares.

5.3.8 At the Disclosure Date, Zeus Capital, financial adviser to Avisen, did not own or control any options or warrants over Avisen Shares.

## 5.4 Dealings in Avisen Shares

5.4.1 Other than as set out below, none of the Avisen Directors, their immediate families, related trusts and persons connected with such Avisen Directors (within the meaning of section 252 of the Act) has dealt for value in Avisen Shares during the Disclosure Period.

<b>Name</b>	<b>Transaction Type</b>	<b>Number of Avisen Shares</b>	<b>Date</b>
Marcus Hanke	Purchase	262,292	17 July 2009
Marcus Yeoman	Purchase	163,932	17 July 2009
Marcus Hanke	Purchase	36,000	11 March 2009
Marcus Yeoman	Purchase	35,000	11 March 2009
Louis Peacock	Purchase	43,400	11 March 2009

5.4.2 No grants of options have been made by Avisen to Avisen Directors during the Disclosure Period.

5.4.3 None of the Xploite Directors, their immediate families, related trusts and persons connected with such Xploite Directors (within the meaning of section 252 of the Act) has dealt for value in Avisen Shares during the Disclosure Period.

5.4.4 No member of the Xploite Group has dealt for value in Avisen Shares during the Disclosure Period.

## 5.5 General

5.5.1 Save as disclosed in this paragraph 5, at the close of business on the Disclosure Date, neither Avisen nor any of its subsidiaries, nor the Avisen Directors, their immediate families, any related trust or connected persons, nor any persons acting in concert with Avisen had any arrangement as defined in paragraph 5.5.7 below, owned or controlled or (in the case of the Avisen Directors, their immediate families, any related trust or connected persons) is interested in any relevant securities of Xploite or of Avisen nor has any such person dealt for value therein during the Disclosure Period.

5.5.2 Save as disclosed in this paragraph 5, at the close of business on the Disclosure Date, neither Xploite nor any of its subsidiaries, nor the Xploite Directors, their immediate families, any related trust or connected persons owns or controls or (in the case of the Xploite Directors, their immediate families, any related trust or connected persons) is interested in any relevant securities of Avisen nor has any such person dealt for value therein during the Disclosure Period.

5.5.3 Save as disclosed in this paragraph 5, at the close of business on the Disclosure Date, no bank, stockbroker, or financial or professional adviser to Xploite or to a Paragraph (a) associate of Xploite or person acting in concert with Xploite (nor any person controlling, controlled by or under the same control as any such bank, stockbroker, or financial or professional adviser (other than an exempt principal trader or an exempt fund manager)), nor any Paragraph (a) associate of Xploite nor any pension fund or employee benefit trust of Xploite or any Paragraph (a) associate of Xploite, nor any person whose investments are managed on a discretionary basis by a fund manager (other than an exempt fund manager) which is controlled by, controls or is under the same control as Xploite or any bank, stockbroker, or financial or professional adviser to Xploite, owned or controlled any relevant securities nor had such person dealt for value therein during the Disclosure Period.

- 5.5.4 At the close of business on the Disclosure Date, save for the irrevocable undertakings disclosed in paragraph 4 of this Part VI of this document, neither Avisen nor any person acting in concert with Avisen, for the purposes of the Proposal, nor Xploite nor any associate of Xploite had entered into any arrangement in relation to relevant securities of Avisen.
- 5.5.5 At the close of business on the Disclosure Date neither Avisen nor any person acting in concert with Avisen has borrowed or lent any relevant securities of Xploite or Avisen, save for any borrowed shares which have either been on-lent or sold.
- 5.5.6 At the close of business on the Disclosure Date neither Xploite nor any person acting in concert with Xploite has borrowed or lent any relevant securities of Xploite or Avisen, save for any borrowed shares which have either been on-lent or sold.
- 5.5.7 For the purpose of this paragraph 5:

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

“associate” means:

- (a) subsidiaries and associated companies of Xploite or Avisen (as appropriate) and companies of which any subsidiaries or associated companies are associated companies (“relevant companies”);
- (b) advisers (including corporate brokers) to Xploite or Avisen or any relevant company covered in (a) above, including persons controlling, controlled by or under the same control as such advisers;
- (c) the Avisen Directors or the Xploite Directors (as appropriate) and the directors of any relevant company covered in (a) above (together in each case with their close relatives and related trusts);
- (d) the pension funds of Avisen and Xploite or any relevant company covered in (a) above;
- (e) an investment company, unit trust or other person whose investments an associate (as otherwise defined in this paragraph 5.5.7) manages on a discretionary basis, in respect of the relevant investment accounts;
- (f) an employee benefit trust of Avisen or Xploite or any relevant company covered in (a) above; and
- (g) a company having a material trading arrangement with Avisen or Xploite (as appropriate);

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

“Disclosure Date” means 10 March 2010, being the latest practicable date prior to the date of the Announcement;

“Disclosure Period” means the period commencing on 11 March 2009 (being the date 12 months prior to the commencement of the Offer Period) and ending on the Disclosure Date;

“Paragraph (a) associate” means any company which is an associate of Xploite or Avisen (as the case may be) by virtue of paragraph (a) of the definition of “associate” above; and

“relevant securities” means Xploite Shares and/or Avisen Shares and securities convertible into, or rights to subscribe for, Xploite Shares and/or Avisen Shares, options (including traded options) in respect thereof and derivatives referenced thereto.

For the purpose of this paragraph 5 ownership of interests of 20 per cent. or more of the equity share capital of a company will make it an associate and “control” means a holding, or aggregate holdings, of shares carrying 30 per cent. or more of the voting rights attributable to the share capital of a company which are currently exercisable at a general meeting, irrespective of whether the holding or aggregate holding gives *de facto* control.

## 6. Xploite Director’s Service Agreements and Terms of Appointment

Set out below are details of the current terms of appointment of the Xploite Directors. Under Xploite’s Articles of Association at least one third of all directors are required to resign by rotation at each Annual General Meeting. Details of the remuneration for Xploite Directors is as follows:

<b>Director</b>	<b>Date of contract/ Letter of Appointment</b>	<b>Commencement Date</b>	<b>Salary</b>	<b>Notice Period</b>	<b>Other benefits</b>	<b>Bonus</b>
Ian Smith	12 February 2007	4 April 2003	£150,000 per annum	6 months	Non-contractual right to access to the Xploite Option Schemes	Discretionary
Tony Weaver	12 February 2007	5 April 2003	£150,000 per annum	6 months	Non-contractual right to access to the Xploite Option Schemes	Discretionary
Robert Arrowsmith	12 February 2007	12 February 2007	£150,000 per annum	6 months	Non-contractual right to access to the Xploite Option Schemes	Discretionary
John Standen	19 April 2007	19 April 2007	£45,000 plus VAT per annum	3 months	None	None
Richard Ramsay	25 July 2007	25 July 2007	£30,000 per annum	1 month	None	None

No terms of appointment have been entered into or amended within six months of this document.

## 7. Material Contracts

### 7.1 Avisen Group

- 7.1.1 The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by Avisen and its subsidiaries since 11 March 2008 (being the date two years prior to the commencement of the Offer Period) and are or may be material:

- (a) An agreement dated 18 January 2010 between Avisen and Xploite under the terms of which Xploite agrees to certain undertakings relating to non-solicitation of a competing offer for Xploite (the “Non-Solicitation Agreement”). Further details of the Non-Solicitation Agreement are set out in paragraph 7.2 below of this Part VI.
- (b) A Nominated Adviser and Broker Agreement dated 3 December 2009 between (1) Avisen; (2) the Avisen Board and (3) Zeus pursuant to which Zeus has agreed to act as nominated adviser and broker to Avisen for the purposes of the AIM Rules and as financial adviser to Avisen. The appointment as nominated adviser continues for a fixed term of one year from appointment and thereafter is terminable on three months’ notice given by either Avisen or Zeus. Zeus will receive an annual fee of £30,000 for its services as nominated adviser, which is payable twelve months from the date of the agreement. The agreement contains indemnities and warranties from Avisen and warranties from the Avisen Board in favour of Zeus together with provisions which enable Zeus to terminate the agreement in certain circumstances.
- (c) An agreement for the sale of certain assets of Inca Technology International Limited (in administration) dated 10 October 2009. Inca Technology International Limited had been placed in administration on 8 October 2009. The assets of Inca Technology International Limited (in administration) which were sold were the goodwill, IT equipment, intellectual property rights, customer information, the Inca Planning software and all supporting literature, demonstration materials and training aids.
- The terms of the agreement entered into by the administrators and the purchaser prohibit the disclosure of the name of the purchaser and the level of proceeds from the sale.
- (d) An agreement for the sale of assets and goodwill of Morgan Benjamin Limited (in administration) dated 10 September 2009 entered into between Morgan Benjamin Limited (in administration), Stephen Blandford Ryman and Conrad Beighton (the joint administrators) and Avisen. Morgan Benjamin Limited had been placed in administration on 7 August 2009. The purchase price was £25,100 plus VAT apportioned as £2,000 in respect of the computer hardware acquired and £23,100 in respect of the goodwill of Morgan Benjamin Limited. Avisen agreed to indemnify Morgan Benjamin Limited (in administration) and the joint administrators in respect of hire rental charges relating to any leased equipment and any claim made against Morgan Benjamin Limited (in administration) and/or the joint administrators relating to Avisen’s use of the trade name, Morgan Benjamin.
- (e) A share purchase agreement dated 16 July 2009 between Avisen and the shareholders of Inca Holdings Limited for the purchase of the entire issued share capital of Inca Holdings Limited. The purchase price was £3,500,000 to be satisfied by the issue of 22,950,820 ordinary shares of 5 pence each in the capital of Avisen. Pursuant to the share purchase agreement, Inca Holdings Limited became a wholly-owned subsidiary of Avisen. Inca Holdings Limited had two subsidiaries; Inca Software Limited and Inca Technology International Limited which remained as wholly-owned subsidiaries of Inca Holdings Limited.

- (f) Pursuant to a warrant instrument executed by Avisen on 17 July 2009, Avisen created and issued 3,278,689 warrants upon the terms and conditions of the warrant instrument entitling holders of such warrants to subscribe for up to 3,278,689 ordinary shares of £0.05 each in the share capital of Avisen. The warrants are exercisable at 15.25 pence per Avisen Share at any time from six months following the issue of the warrants until 17 July 2012. Application was not be made for the warrants to be admitted to trading on any recognised stock exchange.
- (g) An agreement entered into on 8 July 2009 between Quadrum Consulting (Proprietary) Limited, Avisen (Proprietary) Limited, Douard le Roux and Steven Joffe for the sale as a going concern of the business of computer software, support and consulting carried on by Quadrum Consulting (Proprietary) Limited to Avisen (Proprietary) Limited. The purchase price was the issue of such number of ordinary shares to the value of £200,000 in the capital of Avisen. Pursuant to this acquisition, the employees employed in the business transferred their employment to Avisen automatically under the Transfer of Undertakings (Protection of Employment) Regulations.
- (h) A share purchase agreement dated 24 April 2009 between Ian James Stone and Avisen for the purchase of the entire issued share capital of Eon Enterprises Limited. The purchase price was £700,000 to be satisfied by a cash payment of £130,000 to be paid in three instalments of £30,000 being paid on completion, £35,000 being paid by 30 May 2009 and the balance of £65,000 being paid by 30 July 2009 and the issue of 2,889,711 ordinary shares of 5 pence each in the capital of Avisen. Pursuant to the share purchase agreement, Eon Enterprises Limited became a wholly-owned subsidiary of Avisen. Eon Enterprises Limited had one wholly-owned subsidiary, InfoCube Limited which remained a wholly-owned subsidiary of Eon Enterprises Limited.
- (i) The acquisition agreement dated 7 January 2009 between (1) Avisen (then known as Z Group plc), (2) and the shareholders of Avisen Group Limited, pursuant to which Avisen agreed to acquire the entire issued share capital of Avisen Group Limited, conditional on certain conditions precedent, including the admission of Avisen to AIM, which occurred on 27 February 2009.
- (i) The total consideration payable to the shareholders of Avisen Group Limited was satisfied by the issue of the consideration shares in Avisen.
- (ii) The shareholders of Avisen Group Limited gave certain representations and warranties customary for a transaction of this type which concerned the business, assets and affairs of Avisen Group Limited and its subsidiaries. The warranties relating to tax issues continue for seven years from completion, and the non-tax warranties continue until three months following the publication of the audited consolidated accounts of the enlarged Avisen Group for the year ending 31 December 2009. Claims for breach of warranty are subject to a threshold provision, and a total aggregate cap of £1,500,000. The acquisition agreement also contained certain indemnities from the shareholders of Avisen Group Limited concerning the acquisitions of Solution Minds (UK) Ltd and the business and assets of Harvey Jones Systems (Proprietary) Limited, and a customary indemnity in relation to corporation tax and other tax liabilities for the period prior to completion of this acquisition.

- (j) An undertaking dated 7 January 2009, given by certain directors of the Avisen Board in favour of (1) Avisen and (2) its Nominated Adviser at the time, pursuant to which such shareholders have each undertaken on behalf of themselves and others deemed to be connected with them, not to dispose of any Avisen Shares, save in the event of an intervening court order, a takeover becoming or being declared unconditional, or as regards an individual, in the event of the death of an individual for a period of 12 months following admission of Avisen Shares to AIM and for a further period of 12 months except with the prior written consent of the Nominated Advisor, which consent shall not be unreasonably withheld or delayed.
- (k) A Trademark Assignment Agreement dated 7 January 2009 between (1) Marcus Hanke and (2) Avisen pursuant to which Marcus Hanke agreed to assign to Avisen certain trademarks and trademark applications (such as 'Avisen' 'StrategyGPS' and 'PlanPoint') which are relevant to the business of Avisen and which were registered in his name/pending registration in his name.
- (l) A Domain Name Assignment Agreement dated 7 January 2009 between (1) Andrew Turner and (2) Avisen pursuant to which Andrew Turner agreed to assign to Avisen certain domain names which are relevant to the business of Avisen and which were registered in his name.
- (m) On 7 January 2009, Jon Claydon and Ian Smith delivered irrevocable undertakings to Avisen and John East & Partners, the then nominated advisor, in respect of their shareholdings. They agreed, *inter alia*, that they would procure so far as they were able that the registered holder of their shares took all such action as was necessary for the terms of the undertaking to be complied with in full in connection with Avisen's admission to AIM.
- (n) On 22 December 2008 Jack Bekhor and Jamie True delivered irrevocable undertakings to Avisen and John East & Partners, the then nominated advisor, in respect of their holdings of Avisen Shares. They agreed, *inter alia*, that they would procure so far as they were able that the registered holder of their shares took all such action as was necessary for the terms of the undertaking to be complied with in full in connection with Avisen's admission to AIM.
- (o) An asset purchase agreement dated 2 November 2008, effective from 31 October 2008, between Avisen Group Limited, Dawnglen Investments (Proprietary) Limited and Harvey Jones Systems (Proprietary) Limited and Keith Jones for the acquisition of the business and assets of Harvey Jones Systems (Proprietary) Limited. The consideration paid was the Rand equivalent of £25,000. Pursuant to that agreement Harvey Jones Systems (Proprietary) Limited became a wholly owned subsidiary of Avisen Group Limited.

## 7.2 Non-Solicitation Agreement

- (a) Xploite entered into a non-solicitation agreement with Avisen on 18 January 2010 under which Xploite has agreed, in certain circumstances, to pay to Avisen an Inducement Fee of approximately £115,000 being an amount equal to 1 per cent. of the aggregate value of the issued share capital of Xploite at the offer price per Xploite Share at the time of the Announcement.

Pursuant to the terms of the Non-Solicitation Agreement, Xploite unconditionally and irrevocably undertook with Avisen (on behalf of itself and as trustee for its associates (as such term is defined in the Code)) that it shall not solicit, initiate,

encourage, negotiate or otherwise seek to procure and that it shall use reasonable endeavours to procure that none of its directors or professional advisers or agents or employees shall solicit, initiate, encourage, negotiate or otherwise seek to procure any discussions or negotiations with any third party in contemplation of an Independent Competing offer for a period commencing on the date hereof and expiring at midnight on 31 March 2010.

In the event that Xploite does receive an Independent Competing Offer during the period to 31 March, Xploite has undertaken to Avisen that it shall:

- (i) not recommend any such Independent Competing Offer for a period of three business days from the date the Independent Competing Offer is made to enable Avisen to match the value of any such offer or revise its Proposal; and
- (ii) in the event Xploite does make a revised proposal at a price per Xploite Share equal to or greater than the Independent Competing Offer or makes a revised proposal which would in the reasonable opinion of Brewin Dolphin, provides equal or superior financial value to Xploite Shareholders give a unanimous and unqualified recommendation of such revised Proposal provided Avisen announces its revised proposal within seven business days from the date of the Independent Competing Offer.

In addition, Xploite unconditionally and irrevocably undertook with Avisen not to directly or indirectly offer or agree or enter into any work fee, inducement or break fee or other similar arrangement with any party other than Avisen until after 31 March 2010.

The Inducement Fee shall be payable by Xploite if it breaches any of the above provisions.

### 7.3 Xploite Group

7.3.1 The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by Xploite or any member of the Xploite Group since 11 March 2008 (being the date two years prior to the commencement of the Offer Period) and are or may be material:

- (a) an agreement dated 18 January 2010 between Avisen and Xploite under the terms of which Xploite agrees to certain undertakings relating to non-solicitation of a competing Proposal (the “Non-Solicitation Agreement”). Further details of the Non-Solicitation Agreement are set out in paragraph 7.2 above of this Part VI.
- (b) an agreement for the sale and purchase of the issued share capital of Itheon Limited between (1) VBHG Limited (“VBHG”), (2) Blue Chip Customer Engineering Limited and (3) Xploite dated 31 October 2008, pursuant to which Xploite is guarantor of the obligations of VBHG as seller. VBHG’s obligations include, *inter alia*:
  - (i) indemnities given in respect of certain potential contractual liabilities and unrecovered book debts;
  - (ii) restrictive covenants relating to, *inter alia*, carrying on of a competing business, soliciting customers, enticing away employees and using the name “Itheon”;
  - (iii) a tax indemnity; and
  - (iv) warranties given in respect of the target’s business;

- (c) an agreement dated 26 November 2008 for the sale and purchase of the entire issued share capital of Blue River Systems Limited between (1) VBHG Limited (at that time, a wholly owned subsidiary of Xploite) and (2) Cantono PLC. Prior to the purchase of Blue River Systems, various assets were transferred from other companies within the Cantono group to Blue River Systems, with a view to ensuring that VBHG acquired Blue River Systems with all the assets required to enable it to carry on its business. Blue River Systems was transferred out of the Xploite Group pursuant to the terms of the agreement referred to at paragraph 7.3.1(d) below;
- (d) an agreement for the sale and purchase of the entire issued share capital of VBHG Limited between (1) Xploite IHC Limited (“IHC”), (2) ACS Business Process Solutions Limited (“ACS”) and (3) Xploite dated 22 May 2009 (“VBHG SPA”), pursuant to which, Xploite is guarantor of the obligations of IHC as seller. IHC’s obligations include, *inter alia*:
  - (i) warranties and representations given in respect of the target’s business;
  - (ii) indemnities given in respect of certain ongoing litigation, breaches of warranty, any breach or non-performance under the VBHG SPA, any legal proceedings brought against VBHG or a member of its group based upon facts existing prior to completion, certain transfers of issued share capital to VBHG and bonus payments to certain employees;
  - (iii) a tax indemnity; and
  - (iv) restrictive covenants relating to, *inter alia*, carrying on of a competing business, soliciting customers, enticing away employees, using the name “Anix” and using any confidential information.

Under the terms of the VBHG SPA, ACS acquired the entire issued share capital of VBHG for £31.5 million in cash which was adjusted on completion, being 12 June 2009, by reference to debt and working capital. The initial closing price paid to IHC was £28,385,000.

The VBHG SPA contains a mechanism for the final closing price to be agreed between the parties. If the determined final closing price is higher than the initial closing price, ACS will pay the difference to IHC. IHC and ACS are currently in the process of agreeing the final closing price.

On completion, ACS placed £3,150,000 into an escrow account. Subject to various possible deductions, this amount will be released to IHC in September/October 2010. The Xploite Board is currently negotiating with ACS the quantum of any such deductions; the Xploite Board remains confident that the entire escrow sum, or substantially all of it, will be released as contracted for.

- (e) a Financial Adviser and Broker Agreement dated 21 July 2009 between (1) Xploite and (2) Brewin Dolphin Investment Banking pursuant to which Brewin Dolphin has agreed to act as financial adviser, nominated adviser and broker to Xploite for the purposes of the AIM Rules. The exclusive appointment as nominated adviser, financial adviser and broker continues for a fixed term of 12 months from appointment and thereafter is terminable on three months’ notice given by either Xploite or Brewin Dolphin. Brewin Dolphin will receive an annual fee of £50,000 (exclusive of VAT) for its services, which is payable in four equal instalments, commencing on the 21 July 2009.

- (f) On 21 October 2009, Xploite entered into an agreement with Brewin Dolphin for the repurchase by Xploite of the Xploite Shares purchased by Brewin Dolphin pursuant to the tender offer (discussed below) (“Repurchase Agreement”).
- (g) On 13 November 2009, the shareholders of Xploite approved in general meeting a proposed tender offer pursuant to which Brewin Dolphin purchased 18,999,901 Xploite Shares (representing approximately 46.5 per cent. of the then issued share capital) at a price of 50 pence per Xploite Share. Those Xploite Shares were subsequently repurchased by Xploite pursuant to the terms of the Repurchase Agreement and were cancelled.
- (h) The Xploite Directors have each irrevocably undertaken to Xploite and Avisen to approve the Scheme in relation to their respective Xploite Shares. Further details of the Irrevocable Undertakings are set out in paragraph 4 of Part VI of this document.

### 7.3 Xploite IHC Limited

There have been no contracts, not being contracts entered into in the ordinary course of business, that have been entered into in the two year period beginning on 11 March 2008 by Xploite IHC Limited that are, or may be, material to Xploite IHC Limited.

### 7.4 FBHG LIMITED

There have been no contracts, not being contracts entered into in the ordinary course of business, that have been entered into in the two year period beginning on 11 March 2008 by FBHG Limited that are, or may be, material to FBHG Limited.

### 7.5 Storage Fusion Limited

There have been no contracts, not being contracts entered into in the ordinary course of business, that have been entered into in the two year period beginning on 11 March 2008 by Storage Fusion Limited that are, or may be, material to Storage Fusion Limited.

## 8. Other Information

- 8.1 No proposal exists in connection with the Proposal for any payment or other benefit to be made or given to any Xploite Director as compensation for loss of office or as consideration for or in connection with his retirement from office.
- 8.2 No agreement, arrangement or understanding (including any compensation arrangement) exists between Avisen or any person acting in concert with it for the purposes of the Proposal, and any of the directors, recent directors, shareholders or recent shareholders of Xploite or any person interested or recently interested in shares of Xploite having any connection with, or dependence upon, the Proposal.
- 8.3 No agreement, arrangement or understanding exists whereby the beneficial ownership of any of the shares to be acquired by Avisen pursuant to the Proposal will be transferred to any other person, save that Avisen reserves the right to transfer any such shares to any member of the Avisen Group.
- 8.4 Neither Avisen nor any person acting in concert with it for the purposes of the Proposal, nor Xploite or any associate of Xploite has any indemnity or option arrangement or any agreement or understanding, formal or informal, of whatever nature, relating to relevant securities of Xploite or Avisen, as the case may be, which may be an inducement to deal or refrain from dealing.

- 8.5 The emoluments of the Avisen Directors will not be affected by the acquisition of Xploite.
- 8.6 Save as disclosed in this document there has been no material change in the financial or trading position of Avisen since 31 January 2009, being the date to which Avisen prepared its last published audited consolidated accounts.
- 8.7 Save as disclosed in this document, there has been no material change in the financial or trading position of Xploite since 31 October 2009, being the date to which Xploite prepared its last published audited consolidated accounts.
- 8.8 Brewin Dolphin has given and has not withdrawn its written consent to the issue of this document with the inclusion of the explanatory statement in Part II of this document and the references herein to its name in the form and context in which they are included.
- 8.9 Zeus Capital has given and has not withdrawn its written consent to the issue of this document with the inclusion of the references herein to its name in the form and context in which they are included.
- 8.10 In accordance with Rule 19.11 of the City Code, a copy of this document will be published on Xploite's website at [www.xploite.com](http://www.xploite.com) and on Avisen's website at [www.avisenplc.com](http://www.avisenplc.com).
- 8.11 The Scheme is governed by the laws of England and Wales and is subject to the jurisdiction of the courts of England and Wales. The rules of the City Code will, so far as they are appropriate, apply to the Scheme.

## 9. Litigation

### 9.1 Xploite

- 9.1.1 Under the agreement referred to at paragraph 7.3.1(c) of this Part VI (the "Cantono SPA"), VBHG Limited (at that time, a wholly owned subsidiary of Xploite), purchased the entire issued share capital of Blue River Systems Limited from Cantono PLC ("Cantono"). Prior to the purchase of Blue River Systems, various assets were transferred from other companies within the Cantono group to Blue River Systems, with a view to ensuring that VBHG acquired Blue River Systems with all the assets required to enable it to carry on its business.

On 10 February 2009, written notice was given on behalf of VBHG and Blue River Systems to Cantono, CSF Managed Services PLC, NSA Solutions Limited and iRevolution Limited of claims for breaches of contract and warranty in relation to the various asset purchase agreements and the Cantono SPA. The claims were valued at approximately £1.2 million. The breaches were denied by Cantono who in turn indicated that VBHG would owe it approximately £1.8 million.

The relevant liabilities of VBHG, which is no longer part of the Xploite Group, may fall within the scope of an indemnity given by Xploite under the terms of the VBHG SPA.

The substantive response from Cantono's solicitors to the notice of 10 February 2009 was dated 26 February 2009. Cantono was placed in administration on 23 June 2009. On 19 February 2010, solicitors for Cantono (and presumably for the administrators of Cantono, although the letter does not state as much) wrote to VBHG and put it on notice of five claims against VBHG and/or companies within its "group" and that VBHG could expect to receive draft particulars of claim in due course.

The quantum of the potential claims was stated to be approximately £4,538,000 (including the amount which Cantono had previously alleged was due from VBHG in February 2009).

No details or documentation in support of these claims have been supplied, Cantono's solicitors stating that they will shortly be providing VBHG with a formal "letter before claim" and a draft of the proposed particulars of claim. As at the date hereof nothing further has been heard from Cantono's solicitors and Xploite's request for a meeting with the administrators of Cantono has not been responded to.

The Xploite Directors remain of the opinion that the unparticularised Cantono claims referred to in the letter of 12 February 2010 or otherwise are opportunistic, speculative and lack merit and, were proceedings to be issued, they would be vigorously defended.

Under the terms of the VBHG SPA, Xploite has the conduct, on behalf of VBHG, of the dispute with Cantono.

No legal proceedings have been issued by any of the parties.

iRevolution Limited was wound up pursuant to a creditors voluntary liquidation on 22 June 2009, CSF Managed Services PLC was wound up pursuant to a creditors voluntary liquidation on 22 June 2009, NSA Solutions Limited appears as an active company although there is a proposal to strike it off.

9.1.2 Save as disclosed in 9.1.1 above, Xploite is not, nor has it been, involved in any legal or arbitration proceedings nor are any such proceedings pending or threatened, of which the Xploite Directors are aware, which may have or have had during the 12 months prior to the date of this document, a significant effect on Xploite's financial position.

## 9.2 Avisen

9.2.1 The Avisen Group is not, nor has it been, involved in any legal or arbitration proceedings nor are any such proceedings pending or threatened, of which the Avisen Directors are aware, which may have or have had during the 12 months prior to the date of this document, a significant effect on the Avisen Group's position.

## 10. Bases and sources of information

In this document:

- 10.1 unless otherwise stated, financial information relating to Xploite has been extracted from the report and accounts of Xploite for the periods ended 31 October 2007, 31 October 2008 and 31 October 2009;
- 10.2 unless otherwise stated, financial information relating to Avisen has been extracted from the report and accounts of Avisen for the periods ended 28 February 2007, 29 February 2008 and 31 January 2009 and the unaudited interim statement for the six months ended 31 July 2009;
- 10.3 the calculation of the value of the issued share capital of Xploite is based upon 21,797,054 Xploite Shares in issue on 10 March 2010 plus the number of New Xploite Shares following the exercise of the Xploite EMI Options by the holders thereof, conditional upon the Scheme becoming effective, but excluding treasury shares (according to the records of Xploite);
- 10.4 the calculation of the number of New Avisen Shares to be issued in respect the Proposal is based upon the number of Xploite Shares in issue (as described in 10.3 above) and on the assumption that all Xploite EMI Options are exercised before the Effective Date;
- 10.5 the proportion of the enlarged capital of Avisen to be issued to the Scheme Shareholders and the holders of Xploite EMI Options is based on a total of 141,799,928 Avisen Shares in issue on the Disclosure Date (according to the records of Avisen) plus the number of Xploite EMI Options;

- 10.6 unless otherwise stated, all historic share prices quoted for Xploite Shares have been sourced from AIM and represent Closing Prices for Xploite Shares on the relevant dates; and
- 10.7 unless otherwise stated, all historic share prices quoted for Avisen Shares have been sourced from AIM and represent Closing Prices for Avisen Shares on the relevant dates.

## **11. Documents on display**

Copies of the following documents will be available for inspection during normal business hours on any weekday (public holidays excepted) up to and including the Effective Date at the offices of Beachcroft LLP, 100 Fetter Lane, London EC4A 1BN and at [www.xploite.co.uk](http://www.xploite.co.uk) or as otherwise available on websites referred to in this document:

- 11.1 the memorandum and articles of association of Xploite;
- 11.2 the memorandum and articles of association of Avisen;
- 11.3 the audited consolidated accounts of Xploite for the financial periods ended 31 October 2007, 31 October 2008 and 31 October 2009;
- 11.4 the audited consolidated accounts of Avisen for the financial periods ended 28 February 2007, 29 February 2008 and 31 January 2009 and the unaudited interim statement for the six months ended 31 July 2009;
- 11.5 the letters of appointment and service agreements referred to in paragraph 6 above;
- 11.6 the material contracts referred to in paragraph 7 above;
- 11.7 the letters of consent referred to in paragraphs 8.8 and 8.9 above;
- 11.8 the irrevocable undertakings and non-binding letters of intent referred to in paragraph 4 above;
- 11.9 this document and the Forms of Proxy;
- 11.10 the rules of the Xploite Option Schemes; and
- 11.11 notices from participants in the Xploite Option Schemes.

Dated 12 March, 2010

## PART VII

### FINANCIAL INFORMATION ON XPLOITE

Xploite applies International Financial Reporting Standards (“IFRS”), endorsed by the EU, as the basis for preparation of its financial statements. These financial statements are prepared on a historical cost basis as modified by the requirements of IFRS to present financial assets and liabilities at their fair value, making the required adjustments through the income statement.

#### 1. Statutory accounts for financial periods ended 31 October 2009, 2008 & 2007

Statutory accounts of Xploite prepared in accordance with UK GAAP for the financial year ended 31 October 2007 (the “2007 Accounts”) and in accordance with IFRS for each of the two financial years ended 31 October 2008 (the “2008 Accounts”) (including IFRS comparative figures or the financial year 31 October 2007) and 31 October 2009 (the “2009 Accounts”), in respect of which Xploite’s auditors PricewaterhouseCoopers LLP, Chartered Accountants regulated by the Institute of Chartered Accountants in England and Wales, of Buckingham Gate, Gatwick, West Sussex RH6 0PP, made unqualified reports. The 2007 Accounts and the 2008 Accounts have been approved by the shareholders of Xploite and delivered to the Registrar of Companies. The 2009 Accounts are subject to shareholder approval and will be delivered to the Registrar of Companies in England and Wales once such approval has been obtained.

#### 2. Published report and accounts for financial periods ended 31 October 2009, 31 October 2008 and 31 October 2007

The published annual report and audited accounts of Xploite for each of the financial periods ended 31 October 2009, 2008 and 2007 (which are incorporated into this document by reference), included, on the pages specified in the table below, the following information:

Nature of Information	For the year ended 31 October 2009	For the year ended 31 October 2008	For the year ended 31 October 2007
Link to website containing the financial information	<a href="http://www.xploite.co.uk/investors/downloads/Annual_Report_2009.pdf">www.xploite.co.uk/investors/downloads/Annual_Report_2009.pdf</a>	<a href="http://www.xploite.co.uk/investors/downloads/Annual_Report_2008.pdf">www.xploite.co.uk/investors/downloads/Annual_Report_2008.pdf</a>	<a href="http://www.xploite.co.uk/investors/downloads/Xploite_AR07%20Final%2025%202%2008.pdf">www.xploite.co.uk/investors/downloads/Xploite_AR07%20Final%2025%202%2008.pdf</a>
Income Statement	14	15	13
Balance Sheet	15	16	15
Cash Flow Statement	17	18	17
Statement of Changes in Equity	16	17	46
Accounting Policies	19-26	20-28	19-22
Notes to Financial Statements	19-55	20-58	19-50
Independent Auditors’ Report	9	14	12

The published financial information referenced above (and, where applicable, incorporated into this document by reference) can be viewed at [www.xploite.co.uk](http://www.xploite.co.uk) and directly using the weblinks detailed in the above table.

A hard copy of the above-referenced financial information will not be sent to recipients of this document unless specifically requested. Recipients of this document may request a hard copy of the above-referenced financial information of Xploite by writing to Xploite’s Company Secretary, Beach Secretaries Limited, 100 Fetter Lane, London EC4A 1BN or by telephoning 020 7894 6118. Relevant documents will be posted within two Business Days of receipt of such a request.

## PART VIII

### FINANCIAL INFORMATION ON AVISEN

Avisen applies International Financial Reporting Standards (“IFRS”), endorsed by the EU, as the basis for preparation of its financial statements. These financial statements are prepared on a historical cost basis as modified by the requirements of IFRS to present financial assets and liabilities at their fair value, making the required adjustments through the income statement.

#### **1. Statutory accounts for financial periods ended 31 January 2009, 29 February 2008 & 28 February 2007**

The statutory accounts for Avisen, which will include the consolidated financial statements of Avisen, for the current financial year ended 31 January 2010 will be prepared using reverse acquisition accounting as the basis of consolidation in order to show a true and fair view of the progress of the Avisen Group to date. Under reverse acquisition accounting the comparative information to be included in the consolidated financial statements of Avisen is that in relation to the deemed acquirer in the reverse acquisition, which was Avisen Group Limited. Financial information on Avisen Group Limited is included in Part IX of this Document.

Statutory accounts of Avisen, which were prepared in accordance with UK GAAP for the financial year ended 28 February 2007, in respect of which Avisen’s auditors Baker Tilly UK Audit LLP, Chartered Accountants regulated by the Institute of Chartered Accountants in England and Wales, of 2 Bloomsbury Street, London WC1B 3ST, made an unqualified report, and in accordance with IFRS for the financial year ended 29 February 2008 (including IFRS comparative figures or the financial year ended 29 February 2008) and the financial period ended 31 January 2009, in respect of which Avisen’s auditors Horwath Clark Whitehill LLP, Chartered Accountants regulated by the Institute of Chartered Accountants in England and Wales, of St Bride’s House, 10 Salisbury Square, London, EC4Y 8EH, made unqualified reports, have been approved by the shareholders of Avisen and delivered to the Registrar of Companies.

#### **2. Unaudited financial statements for the six months ended 31 July 2009**

The financial information provided in Avisen’s financial statements for the six months ended 31 July 2009 (the “Interim Statement”) does not constitute “statutory accounts” within the meaning of the 2006 Act. This financial information has been prepared on the basis consistent with the accounting policies applied for the period ended 31 January 2009 and in accordance with the requirements of IAS 34, ‘Interim Financial Reporting’, except for the impact of the adoption of the Standards and Interpretations relating to IAS 1 (revised) and IFRS 8. The adoption of IAS 1 (revised) and IFRS 8 have resulted in changes to the presentation of Avisen’s financial information, but have not affected recognition or measurement criteria.

The Interim Statement (which is incorporated into this document by reference) includes certain information as specified in the table in paragraph 3 below.

#### **3. Published report and accounts for financial periods ended 31 January 2009, 29 February 2008 and 28 February 2007**

The published annual report and audited accounts of Avisen for each of the financial periods ended 31 January 2009, 29 February 2008 and 28 February 2007 (which are incorporated into this document by reference) and the Interim Statement included, on the pages specified in the table below, the following information:

<b>Nature of Information</b>	<b>For the six months ended 31 July 2009</b>	<b>For the period ended 31 January 2009</b>	<b>For the year ended 29 February 2008</b>	<b>For the year ended 28 February 2007</b>
<b>Link to website containing the financial information</b>	www.avisen.com/media/images/avi9_2111.pdf	www.avisen.com/media/images/avi2_2105.pdf	www.avisen.com/media/images/avi3_2106.pdf	www.avisen.com/media/images/avi_march_2214.pdf
<b>Income Statement</b>	3	14	15	22
<b>Balance Sheet</b>	4	15	16	23
<b>Cash Flow Statement</b>	6	17	18	25
<b>Statement of Changes in Equity</b>	5	16	17	42
<b>Accounting Policies</b>	7-8	18-19	19-21	26-27
<b>Notes to Financial Statements</b>	7-9	18-26	19-33	26-44
<b>Independent Auditors' Report</b>	N/A	13	14	21

The published financial information referenced above (and, where applicable, incorporated into this document by reference) can be viewed at [www.avisen.com](http://www.avisen.com) and directly using the weblinks detailed in the above table.

A hard copy of the above-referenced financial information will not be sent to recipients of this document unless specifically requested. Recipients of this document may request a hard copy of the above-referenced financial information of Avisen by writing to Avisen's Company Secretary, London Registrars plc, or by telephoning 020 7831 3314. Relevant documents will be posted within two Business Days of receipt of such a request.

## PART IX

### FINANCIAL INFORMATION ON AVISEN GROUP LIMITED

Avisen Group Limited prepared statutory accounts in accordance with UK GAAP for each of the financial years ended 31 March 2006, 31 March 2007 and 31 March 2008 and for the financial period ended 31 January 2009 which were approved by the shareholders of Avisen Group Limited and delivered to the Registrar of Companies. The statutory accounts of Avisen Group Limited did not include consolidated financial information.

**1. Consolidated Financial Information for the financial periods ended 30 September 2008, 31 March 2008, 31 March 2007 and 31 March 2006**

Consolidated financial information in respect of Avisen Group Limited for each of the financial years ended 31 March 2006, 31 March 2007, 31 March 2008 and for the six month period ended 30 September 2008, was included in the AIM admission document dated 7 January 2009 published by Avisen. That consolidated financial information was prepared in accordance with International Financial Reporting Standards (“IFRS”) endorsed by the EU. The financial information was prepared on a historical cost basis as modified by the requirements of IFRS to present financial assets and liabilities at their fair value, making the required adjustments through the income statement. Avisen’s reporting accountants, Horwath Clark Whitehill LLP, Chartered Accountants regulated by the Institute of Chartered Accountants in England and Wales, of St Bride’s House, 10 Salisbury Square, London EC4Y 8EH, made an unqualified report on the consolidated financial information on Avisen Group Limited included in Avisen’s AIM admission document in accordance with Standards of Investment Reporting issued by the Auditing Practices Board in the United Kingdom, for the purposes of the AIM admission document.

**2. Published Admission Document for Avisen plc containing consolidated financial information on Avisen Group Limited**

The published admission document for Avisen plc, dated 7 January 2009, included, on the pages specified below, the following consolidated financial information on Avisen Group Limited:

<b>Nature of Information</b>	<b>For the six months ended 30 September 2008</b>	<b>For the year ended 31 March 2008</b>	<b>For the year ended 31 March 2007</b>	<b>For the fifteen month period ended 31 March 2006</b>
<b>Link to website containing the financial information</b>	<a href="http://www.avisen.com/media/images/avi4_2107.pdf">www.avisen.com/media/images/avi4_2107.pdf</a>	<a href="http://www.avisen.com/media/images/avi4_2107.pdf">www.avisen.com/media/images/avi4_2107.pdf</a>	<a href="http://www.avisen.com/media/images/avi4_2107.pdf">www.avisen.com/media/images/avi4_2107.pdf</a>	<a href="http://www.avisen.com/media/images/avi4_2107.pdf">www.avisen.com/media/images/avi4_2107.pdf</a>
<b>Income Statement</b>	29	29	29	29
<b>Balance Sheet</b>	30	30	30	30
<b>Cash Flow Statement</b>	33	33	33	33
<b>Statement of Changes in Equity</b>	31	31	31	31
<b>Accounting Policies</b>	34-36	34-36	34-36	34-36
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The financial information referenced above (and, where applicable, incorporated into this document by reference) can be viewed at [www.avisen.com](http://www.avisen.com) and directly using the weblinks detailed in the above table.

A hard copy of the above-referenced financial information will not be sent to recipients of this document unless specifically requested. Recipients of this document may request a hard copy of the above-referenced admission document of Avisen by writing to Avisen's Company Secretary, London Registrars plc or by telephoning 020 7831 3314. Relevant documents will be posted within two Business Days of receipt of such a request.

## **PART X**

### **THE SCHEME OF ARRANGEMENT**

IN THE HIGH COURT OF JUSTICE  
CHANCERY DIVISION  
COMPANIES COURT

**IN THE MATTER OF XPLOITE PLC**

and

**IN THE MATTER OF THE COMPANIES ACT 2006**

**SCHEME OF ARRANGEMENT**

(under Part 26 of the Companies Act 2006)

between

**XPLOITE PLC**

and

**THE HOLDERS OF ITS SCHEME SHARES**

(as hereinafter defined)

#### **PRELIMINARY**

(A) In this Scheme, unless inconsistent with the subject or context, the following expressions bear the following meanings:

<b>“Act”</b>	the Companies Act 2006;
<b>“Articles”</b>	the articles of association of Xploite from time to time;
<b>“Avisen”</b>	Avisen plc;
<b>“Avisen Shares”</b>	ordinary shares of £0.05 each in the capital of Avisen;
<b>“Business Day”</b>	a day, not being a Saturday, Sunday or public holiday, on which the clearing banks in London are open for business;
<b>“certificated” or “in certificated form”</b>	recorded on the relevant register of the share or other security as being held in certificated form (that is, not in CREST);
<b>“Conditions”</b>	means the “Conditions to the Implementation of the Scheme and Further Terms of the Proposal” set out in Part IV of the Scheme Document and “Condition” means any one of them;
<b>“Consideration Shares”</b>	the 3.6 New Avisen Shares to be issued under the terms of the Proposal in respect of each Scheme Share;
<b>“Court”</b>	the High Court of Justice of England and Wales;
<b>“Court Hearings”</b>	the hearings by the Court of the claim form to sanction the Scheme under Section 896 of the Act and confirm the Reduction of Capital which forms part of it;

<b>“Court Orders”</b>	means the Scheme Court Order and the Reduction Court Order;
<b>“CREST”</b>	the relevant system (as defined in the Regulations) of which Euroclear is the Operator (as defined in the Regulations);
<b>“Effective Date”</b>	means the date on which the Reduction Court Order is delivered to the Registrar of Companies in England and Wales;
<b>“Euroclear”</b>	Euroclear UK & Ireland Limited, the operator or CREST;
<b>“New Avisen Shares”</b>	the new Avisen Shares to be issued to Scheme Shareholders, as consideration for the New Xploite Shares pursuant to the Proposal;
<b>“New Xploite Shares”</b>	new Xploite Shares to be issued under the terms of the Scheme;
<b>“Panel” or “Takeover Panel”</b>	the Panel on Takeovers and Mergers;
<b>“Proposal”</b>	means the recommended acquisition by Avisen of the entire issued and to be issued share capital of Xploite to be effected by way of the Scheme and subject to the Conditions and on the terms set out in the Scheme Document including, where the context so requires, any subsequent revision, variation, extension or renewal of such proposal;
<b>“Reduction of Capital”</b>	the proposed reduction of the ordinary share capital of the Company under Part 17, Chapter 10 of the Act by the cancellation and extinguishing of the Scheme Shares, to be effected as part of the Scheme;
<b>“Reduction Court Order”</b>	the order of the Court to be granted at the second of the Court Hearings to confirm the Reduction of Capital provided for by the Scheme;
<b>“Regulations”</b>	the Uncertificated Securities Regulations 2001 (SI 2001 No. 01/3755);
<b>“Scheme” or “Scheme of Arrangement”</b>	the proposed scheme of arrangement under Part 26 of the Act between Xploite and the Scheme Shareholders, with or subject to any modification, addition or condition approved or imposed by the Court and agreed to by Xploite and Avisen, the full terms of which are set out in this Part X of the Scheme Document and (as the case may be) any supplemental circular(s);
<b>“Scheme Court Order”</b>	the order of the Court to sanction the Scheme to be granted at the first of the Court Hearings;
<b>“Scheme Document”</b>	the document posted to Xploite Shareholders dated 12 March 2010;
<b>“Scheme Record Time”</b>	means 6.00 p.m. on the Business Day immediately preceding the Court Hearing to confirm the Reduction of Capital;

<b>“Scheme Shareholders”</b>	means the Holders of Scheme Shares;
<b>“Scheme Shares”</b>	means: <ul style="list-style-type: none"> <li>● the Xploite Shares in issue at 6.00 p.m. on the date of the Scheme Document;</li> <li>● (if any) Xploite Shares issued after the date of the Scheme Document and before the Voting Record Time; and</li> <li>● (if any) Xploite Shares issued at or after the Voting Record Time and before the Scheme Record Time, either on terms that the original or any subsequent holders of such shares shall be bound by the Scheme, or in respect of which the original or any subsequent holders of such shares are, or shall have agreed in writing to be, bound by the Scheme,</li> </ul> <p>in each case, save for any share held legally or beneficially by Avisen;</p>
<b>“uncertificated” or “uncertificated form”</b>	recorded on the relevant register of the share or security concerned as being held in uncertificated form (that is, in CREST), and title to which, by virtue of the Regulations, may be transferred by means of CREST;
<b>“Voting Record Time”</b>	6.00 p.m. on 4 April 2010, or, in the event that the Meeting of the Scheme Shareholders to approve the Scheme is adjourned by more than 48 hours, 6.00 p.m. on the day which is two days before such adjourned meeting;
<b>“Xploite” or the “Company”</b>	Xploite plc;
<b>“Xploite Board” or “Xploite Directors”</b>	the board of directors of Xploite whose names are set out in paragraph 2.1 of Part VI of the Scheme Document;
<b>“Xploite EMI Options”</b>	the 1,206,898 Xploite Options exercisable under the Xploite EMI Option Scheme;
<b>“Xploite EMI Option Scheme”</b>	the EMI option scheme adopted by the Xploite Board on 19 March 2007;
<b>“Xploite Option”</b>	an option over a Xploite Share which has been granted to a holder pursuant to the Xploite Option Schemes;
<b>“Xploite Option Schemes”</b>	the Xploite EMI Share Option Scheme and the Xploite Unapproved Share Option Scheme;
<b>“Xploite Shareholders”</b>	holders of Xploite Shares;
<b>“Xploite Shares”</b>	ordinary shares of £0.10 each in the capital of Xploite; and
<b>“Xploite Unapproved Share Option Scheme”</b>	the unapproved option scheme adopted by the Xploite Board on 19 March 2007.

- (B) The share capital of Xploite at the date of this Scheme is £6,000,000 divided into 60,000,000 Xploite Shares of which, as at the date of this document, 21,797,054 have been issued and are fully paid and the remainder are unissued.
- (C) Options to acquire 3,456,898 Xploite Shares have been granted pursuant to the Xploite Option Schemes and remain unexercised at the date of this document. Waivers in respect of 2,250,000 Xploite Options have been received from the holders thereof. Notices to exercise Xploite EMI Options have also been received by Xploite. Both the waivers and the notices are conditional upon delivery of the Scheme Court Order to the Registrar of Companies in England and Wales.
- (D) The share capital of Avisen at the date of the Scheme Document is £10,000,000 divided into 200,000,000 Avisen Shares of which, as at the date of the Scheme Document 141,799,928 have been issued and are fully paid and the remainder are unissued. Avisen has convened a general meeting of the Holders of Avisen Shares at which resolutions to increase its authorised share capital and allot the Consideration Shares will be put to the Holders of the Avisen Shares for approval.
- (E) Avisen has agreed to appear by counsel at the Court Hearings, to consent thereto and to undertake to the Court to be bound thereby and to execute and do or procure to be executed and done all such documents, acts and things as may be necessary or desirable to be executed or done by it for the purpose of giving effect to the Scheme.
- (F) Certain Xploite Shareholders, as detailed in paragraph 4 of Part VI of the Scheme Document, have irrevocably undertaken to be bound by the Scheme.
- (G) It is proposed that Avisen will acquire a single Xploite Share before the Scheme Record Time.

## THE SCHEME

### 1. Cancellation of the Xploite Shares and allotment and issue of New Xploite Shares

- 1.1 The share capital of Xploite shall be reduced by cancelling and extinguishing the Scheme Shares. Subject to and forthwith upon the Reduction of Capital taking effect and, notwithstanding anything to the contrary in the Articles, Xploite shall apply the reserve arising as a result of the cancellation of the Scheme Shares in paying up in full at par such number of New Xploite Shares as have an aggregate nominal value equal to the aggregate nominal value of, and which have the same rights as, the Scheme Shares so cancelled, all of which shall be allotted and issued credited as fully paid to Avisen and/or its nominee.

### 2. Consideration for cancellation of the Scheme Shares

- 2.1 In consideration for the cancellation of the Scheme Shares and the allotment and issue to Avisen of the New Xploite Shares as provided in clause 1.1, Avisen shall issue to or for the account of each Holder of the Scheme Shares (as appearing in the register of members of Xploite at the Scheme Record Time), for each Scheme Share held, 3.6 New Avisen Shares.
- 2.2 Fractional entitlements to New Avisen Shares will not be issued to Scheme Shareholders. Entitlements to New Avisen Shares will be rounded down to the nearest whole number of Avisen Shares.
- 2.3 The New Avisen Shares shall rank *pari passu* with all other Avisen Shares in issue on the date on which the New Avisen Shares are issued and shall have the right to receive all dividends, distributions and other entitlements made or paid on the Avisen Shares for which the record date occurs after the date of such issue.
- 2.4 The provisions of this clause 2 will be subject to any prohibition or condition imposed by law or regulation.

### 3. Certificates and Cancellation

- 3.1 With effect from and including the Effective Date:
- (a) all certificates representing Scheme Shares shall cease to be valid for any purpose and each Scheme Shareholder shall be bound at the request of Xploite to deliver up the same to Xploite or to any person nominated by Xploite for cancellation; and
  - (b) in respect of those Scheme Shareholders holding Scheme Shares in uncertificated form, Euroclear shall be instructed to cancel such holders' entitlements to such Scheme Shares.
- 3.2 As regards uncertificated Scheme Shares, appropriate entries will be made in Xploite's register of members with effect from the Effective Date to reflect their cancellation.

### 4. Settlement

- 4.1 Where, at the Scheme Record Time, a Scheme Shareholder holds Scheme Shares in certificated form, settlement of any Consideration Shares to which such person is entitled shall be settled by the issue of New Avisen Shares no later than 14 days after the Effective Date. Share certificates in respect of these shares will be sent by first class post to the address appearing in the register of members of Xploite at the Scheme Record Time or by such other method as may be approved by the Panel. Share certificates will be issued in the name of the Scheme Shareholder concerned (or, in the case of joint holders, to the holder whose name stands first in the register of members of the Company in respect of the joint holding concerned). The issue of any such share certificate referred to in this clause shall be a complete discharge for the value represented thereby.

- 4.2 Where, at the Scheme Record Time, a Scheme Shareholder holds Scheme Shares in uncertificated form, settlement of any Consideration Shares to which such person is entitled shall be effected by means of CREST by Avisen procuring the crediting to the appropriate CREST account through which such person holds such uncertificated Scheme Shares in respect of the Consideration Shares due to him not later than 14 days after the Effective Date. The crediting of such account shall be a complete discharge of Avisen's obligations under this Scheme with reference to payments through CREST. Avisen reserves the right to pay any Consideration Shares referred to in this clause 4.2 to all or any relevant CREST shareholders at the Scheme Record Time in the manner referred to in clause 4.1 if, for any reason, it wishes to do so.
- 4.3 None of Xploite, Avisen, nor their nominees shall be responsible for any loss or delay in the transmission of certificates sent in accordance with this Scheme which shall be sent at the risk of the addressee.
- 4.4 The provisions of this clause 4 shall take effect subject to any prohibition or condition imposed by law.

## **5. Overseas Shareholders**

The provisions of the Scheme shall be subject to any prohibition or condition imposed by law. If, in respect of any holder of Scheme Shares with a registered address in a jurisdiction outside the United Kingdom, Avisen is advised that the allotment and/or issue of New Avisen Shares pursuant to the terms of the Scheme would infringe any laws of such jurisdiction or would require Avisen to observe any governmental or other consent or any registration, filing or other formality, Avisen may determine that no New Avisen Shares shall be allotted and/or issued to such holder but shall instead be allotted and issued to a nominee appointed by Avisen as trustee for such holder, on terms that the nominee shall, as soon as practicable following the Effective Date, sell the New Avisen Shares so allotted and issued at the best price which can reasonably be obtained and shall account for the net proceeds of such sale (after deduction of all related expenses and commissions) to the holder of such Xploite Shares.

## **6. Operation of this Scheme**

- 6.1 The Scheme shall become fully effective in accordance with its terms as soon as an office copy of the Scheme Court Order has been delivered to the Registrar of Companies of England and Wales for registration and an office copy of the Reduction Court Order has been delivered to the Registrar of Companies of England and Wales for registration.
- 6.2 Unless this Scheme shall become effective in accordance with its terms on or before 14 July 2010 or such later date, if any, as Xploite and Avisen may agree and the Court may allow, this Scheme shall never become effective.

## **7. Modification**

Xploite and Avisen may jointly consent, on behalf of all persons affected, to any modification of, or addition to, this Scheme or to any condition approved or imposed by the Court.

Dated: 12 March 2010

## PART XI

### UNITED KINGDOM TAXATION

The following paragraphs, which are intended as a general guide only, are based on current legislation and practice of HMRC. They summarise certain limited aspects of the UK taxation treatment of the Scheme, do not constitute tax advice and relate only to the position of Scheme Shareholders who are resident or ordinarily resident in the UK for taxation purposes and who hold their Scheme Shares beneficially as an investment (other than under a personal equity plan or an individual savings account) and who have not (and are not deemed to have) acquired their Scheme Shares by virtue of an office or employment. In addition, certain categories of Scheme Shareholders, such as brokers, dealers or traders in shares or securities, insurance companies and collective investment schemes may be subject to special rules and this summary does not apply to such Scheme Shareholders. If you are in any doubt as to your taxation position, or you are subject to taxation in a jurisdiction other than the UK, you should consult an appropriate independent professional financial adviser immediately.

Special tax provisions may apply to Scheme Shareholders who have acquired or who acquire their Scheme Shares by exercising options or awards under the Xploite Option Schemes, including provisions imposing a charge to income tax. This summary does not apply to such shareholders and such shareholders are advised to seek independent professional advice.

#### 1. UK taxation on chargeable gains

##### 1.1 *Acquisition of New Avisen Shares*

To the extent that a Scheme Shareholder receives Avisen Shares in exchange for his Scheme Shares under the Scheme and does not hold (either alone or together with persons connected with him) more than 5 per cent. of, or of any class of, shares in or debentures of Xploite, he should not be treated as having made a disposal of his Scheme Shares. Instead, the New Avisen Shares should be treated as the same asset as the Scheme Shares in respect of which they are issued and treated as acquired at the same time and for the same consideration as those Scheme Shares.

Any Scheme Shareholder who holds (either alone or together with persons connected with him) more than 5 per cent. of, or of any class of, shares in or debentures of Xploite is advised that an application for clearance has been made to HMRC under section 138 of the Taxation of Chargeable Gains Act 1992 in respect of the Scheme. If such clearance is given, any such shareholder will be treated in the manner described in the preceding paragraph. The Scheme is not conditional on such clearance being obtained.

##### 1.2 *Disposal of New Avisen Shares*

A subsequent disposal of the New Avisen Shares may, depending on the circumstances of the person making the disposal (including the availability of exemptions and allowable losses), give rise to a liability to UK tax on capital gains.

Any chargeable gain or allowable loss on a disposal of the New Avisen Shares should be calculated taking into account the allowable original cost to the holder of acquiring the Scheme Shares, in respect of which the relevant New Avisen Shares were issued under the Scheme.

Additionally, for corporate shareholders, when calculating a chargeable gain but not an allowable loss, indexation allowance on the original allowable cost should be added.

The rate of tax for individuals within the charge to UK capital gains tax is 18 per cent. Entrepreneurs Relief may be available, subject to certain conditions being satisfied, which would reduce the effective rate of Capital Gains Tax on some of the gain to 10 per cent. Companies within the charge to UK corporation tax will be subject to tax on chargeable gains at the rate of corporation tax applicable to them (generally 28 per cent.).

## **2. Tax on income – dividends on New Avisen Shares**

Avisen will not be required to withhold tax at source when paying a dividend.

A United Kingdom resident individual Scheme Shareholder who receives a dividend from Avisen will be entitled to a tax credit which may be set off against the shareholder's total income tax liability on the dividend. The tax credit will be equal to 10 per cent. of the aggregate of the dividend and the tax credit (the "gross dividend"), which is also equal to one-ninth of the cash dividend received. Such an individual Scheme Shareholder who is liable to income tax at the basic rate will be subject to tax on the dividend at the rate of 10 per cent. of the gross dividend, so that the tax credit will satisfy in full such shareholder's liability to income tax on the dividend. In the case of such an individual Scheme Shareholder who is liable to income tax at the higher rate, the tax credit will be set against but not fully match the shareholder's tax liability on the gross dividend and such shareholder will have to account for additional income tax equal to 22.5 per cent. of the gross dividend (which is also equal to 25 per cent. of the cash dividend received) to the extent that the gross dividend when treated as the top slice of the shareholder's income falls above the threshold for higher rate income tax.

From 6 April 2010, a new tax rate of 42.5 per cent. applies for taxpayers who receive dividends, to the extent that their earnings exceed £150,000. In the case of such an individual Scheme Shareholder who is liable to income tax at the new higher rate, the tax credit will be set against but not fully match the shareholder's tax liability on the gross dividend and such shareholder will have to account for additional income tax equal to 32.5 per cent. of the gross dividend (which is also equal to approximately 36.1 per cent. of the cash dividend received).

A United Kingdom resident individual Scheme Shareholder who is not liable to income tax in respect of the gross dividend and other United Kingdom resident taxpayers who are not liable to United Kingdom tax on dividends, including pension funds and charities, will not be entitled to claim repayment of the tax credit attaching to dividends paid by Avisen.

Scheme Shareholders who are within the charge to corporation tax will be subject to corporation tax on dividends paid by Avisen, unless the dividends fall within an exempt class and certain other conditions are met. It is expected that dividends paid by Avisen to a Scheme Shareholder who, together with any connected person, holds 10 per cent. or less of the issued share capital of Avisen, would generally be exempt.

Non-United Kingdom resident Scheme Shareholders will not generally be able to claim repayment from HMRC of any part of the tax credit attaching to dividends paid by Avisen. A Scheme Shareholder resident outside the United Kingdom may also be subject to foreign taxation on dividend income under local law. Scheme Shareholders who are not resident for tax purposes in the United Kingdom should obtain their own tax advice concerning tax liabilities on dividends received from Avisen.

## **3. Stamp duty and stamp duty reserve tax ("SDRT")**

### **3.1 *Receipt of New Avisen Shares***

No stamp duty or SDRT will generally be payable by Scheme Shareholders as a result of the Scheme.

### 3.2 *Subsequent Dealings in Avisen Shares*

Transfers on sale of New Avisen Shares will generally be subject to United Kingdom stamp duty at the rate of 0.5 per cent. of the consideration given for the transfer (rounded up to the next £5). The purchaser normally pays the stamp duty.

An agreement to transfer New Avisen Shares will normally give rise to a charge to SDRT at the rate of 0.5 per cent. of the amount or value of the consideration payable for the transfer.

If a duly stamped transfer in respect of the agreement is produced within six years of the date on which the agreement is made (or, if the agreement is conditional, the date on which the agreement becomes unconditional) any SDRT paid is repayable, generally with interest, and otherwise the SDRT charge is cancelled. SDRT is, in general, payable by the purchaser.

Paperless transfers of New Avisen Shares within the CREST system are generally liable to SDRT, rather than stamp duty, at the rate of 0.5 per cent. of the amount or value of the consideration payable. CREST is obliged to collect SDRT on relevant transactions settled within the CREST system. Deposits of New Avisen Shares into CREST will not generally be subject to SDRT, unless the transfer into CREST is itself for consideration.

Where New Avisen Shares are transferred:

- (a) to, or to a nominee for, a person whose business is or includes the provision of clearance services; or,
- (b) to, or to a nominee or agent for, a person whose business is or includes issuing depositary receipts,

as part of this Scheme of Arrangement there should be no stamp duty or SDRT following a recent European Court decision.

The above statements in this section are intended as a general guide to the current stamp duty and SDRT position. Certain categories of person are not liable to stamp duty or SDRT and others may, although not primarily liable for tax, be required to notify and account for SDRT under the Stamp Duty Reserve Tax Regulations.

## NOTICE OF COURT MEETING FOR XPLOITE SHAREHOLDERS

IN THE HIGH COURT OF JUSTICE  
CHANCERY DIVISION  
COMPANIES COURT

### IN THE MATTER OF XPLOITE PLC

and

### IN THE MATTER OF THE COMPANIES ACT 2006

NOTICE IS HEREBY GIVEN that, by an order dated 12 March 2010 made in the above matter, the Court has directed a meeting be convened of the Scheme Shareholders (as defined in the Scheme referred to below) for the purpose of considering and, if thought fit, approving (with or without modification) a scheme of arrangement proposed to be made between Xploite PLC (the “**Company**”) and the holders of Scheme Shares (as therein defined) and that such meeting will be held at the offices of Beachcroft LLP, 100 Fetter Lane, London EC4A 1BN at 11.00 a.m. on 6 April 2010 (“**Court Meeting**”) at which place and time all Scheme Shareholders are requested to attend.

At the Court Meeting the following resolution will be proposed:

“THAT the scheme of arrangement (the “**Scheme**”) between the Company and the Scheme Shareholders (as defined in the Scheme), a print of which has been produced to this meeting and for the purposes of identification signed by the chairman hereof, be approved and the directors of the Company be authorised to take all such action as they may consider necessary or appropriate for carrying the Scheme into effect.”

A copy of the said Scheme and a copy of the statement required to be furnished pursuant to section 897 of the Companies Act 2006 are incorporated in the scheme document of which this notice forms part.

**Shareholders entitled to attend and vote at the meeting may vote in person at the meeting or they may appoint another person as their proxy to attend and vote in their stead. A proxy need not be a member of the Company. A BLUE form of proxy for use at the meeting is enclosed with this notice. Completion and return of a BLUE form of proxy will not prevent a Scheme Shareholder from attending and voting in person at the meeting, or any adjournment thereof, if he wishes to do so.**

In the case of Scheme Shareholders who are joint holders of Scheme Shares, the vote of the senior Scheme Shareholder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other joint holder(s) and for this purpose seniority will be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.

**It is requested that the BLUE forms of proxy for this meeting be returned either by post or, during normal business hours only, by hand to Capita Registrars, as soon as possible, but in any event so as to be received at least 48 hours before the time appointed for the Court Meeting but if forms are not so lodged they may be handed to Capita Registrars at the meeting on behalf of the chairman of the meeting before the taking of the poll.**

The entitlement of a Scheme Shareholder to vote at the meeting or any adjournment thereof, and the number of votes which may be cast thereat, will be determined by reference to the register of members of the Company at 6.00 p.m. on 4 April 2010, or, if the Court Meeting is adjourned by more than 48 hours, at 6.00 p.m. on the day which is two days before such adjourned meeting.

By the said order, the Court has appointed John Standen, or, failing him, Richard Ramsay, or failing him, Ian Smith to act as chairman of the Court Meeting and has directed the chairman to report the result of the Court Meeting to the Court.

The said Scheme will be subject to the subsequent sanction of the Court.

Dated 12 March 2010

# NOTICE OF XPLOITE PLC GENERAL MEETING

## XPLOITE PLC (the “Company”)

NOTICE IS HEREBY GIVEN that a General Meeting of the Company will be held at the offices of Beachcroft LLP, 100 Fetter Lane, London EC4A 1BN on 6 April 2010 at 11.15 a.m. (or, if later, as soon thereafter as the Court Meeting (as defined in the Scheme Document referred to below) shall have concluded or been adjourned) to consider and, if thought fit, pass the following resolutions, which shall be proposed as a special resolutions:

### SPECIAL RESOLUTIONS

1. THAT, for the purpose of giving effect to the scheme of arrangement (the “**Scheme**”) proposed to be made between the Company and holders of Scheme Shares (as defined in the Scheme), and the proposed acquisition of the Company by Avisen plc (the “**Proposal**”) in the manner and on the terms and conditions set out or referred to in the scheme circular of which this notice forms part (the “**Scheme Document**”) in its original form, or with or subject to any modification, addition or condition approved or imposed by the Court:
  - 1.1 upon the Scheme becoming effective, every issued ordinary share of £0.10 each in the capital of the Company held at the Scheme Record Time (as defined in the Scheme) shall confer upon the holder thereof the right to receive Consideration Shares (as defined in the Scheme) pursuant to the Proposal under the terms of the Scheme;
  - 1.2 the share capital of the Company be reduced by cancelling and extinguishing all the Scheme Shares held at the Scheme Record Time (the “**Reduction**”);
  - 1.3 forthwith and contingently upon the Reduction taking effect the reserve arising in the books of account of the Company as a result of the cancellation of the Scheme Shares be applied in paying up in full at par such number of new ordinary shares of £0.10 each (“**New Xploite Shares**”) as shall be equal to the number of Scheme Shares cancelled pursuant to paragraph 1.2 above, which shall be allotted and issued, credited as fully paid, to Avisen plc;
  - 1.4 the directors of the Company be and are hereby authorised pursuant to and in accordance with section 551 of the Companies Act 2006 to give effect to this resolution and accordingly effect the allotment of the New Xploite Shares referred to in paragraph 1.3 above, provided that:
    - (a) the authority shall expire on the fifth anniversary of the date of this resolution;
    - (b) the maximum aggregate nominal amount of shares which may be allotted hereunder shall be the aggregate nominal amount of the New Xploite Shares;
    - (c) the authority shall be without prejudice to any other authority under section 551 of the Companies Act 2006 (or section 80 of the Companies Act 1985) previously granted before the date on which this resolution is passed; and
  - 1.5 the directors of the Company be and are hereby authorised to take all such actions as they may consider necessary or appropriate for carrying the Scheme into effect; and
2. THAT forthwith upon the passing of this special resolution, the articles of association of the Company be amended by the adoption and inclusion of the following new Article 3A:

#### “3A Scheme of Arrangement

- 3A.1 In this Article, references to the “Scheme” are to the Scheme of Arrangement dated 15 April 2010 under Part 26 of the Companies Act 2006 between the Company and the holders of Scheme Shares

(as defined in the Scheme), as it may be modified or amended in accordance with its terms, and expressions defined in the Scheme or (if not so defined in the Scheme) defined in the Scheme Document dated 12 March 2010 and circulated with the Scheme pursuant to Section 897 of the Companies Act 2006, shall have the same meanings where used in this Article.

- 3A.2 Notwithstanding any other provision of these Articles, if any Xploite Shares are issued on or after the Voting Record Time (other than to Avisen or any person identified by written notice to the Company as its nominee(s)) but before the Scheme Record Time, such Xploite Shares shall be issued subject to the terms of the Scheme and the holder or holders of such Xploite Shares shall be bound by the Scheme accordingly.
- 3A.3 Subject to the Scheme becoming effective, if, at any time on or after the Scheme Record Time, Xploite Shares (“**New Xploite Shares**”) are issued to any person (a “**New Member**”) other than to Avisen or any person identified by written notice to the Company by Avisen as its nominee(s) and/or designated subsidiary, such New Shares shall be transferred immediately free of all encumbrances to Avisen (or as Avisen may direct by notice in writing to the Company) in consideration for, and conditionally upon the issue or transfer free of all encumbrances to the New Member (as soon as is practicable after the Effective Date) of such Consideration Shares as the New Member would have been entitled to receive in aggregate if the New Xploite Shares transferred hereunder had been Scheme Shares and the New Member had been the holder thereof at the Scheme Record Time.
- 3A.4 To give effect to any such transfer required by Article 3A.3, the Company may appoint any person to execute and deliver a form of transfer on behalf of the New Member in favour of Avisen (or as directed by Avisen). Pending the registration of Avisen (or its designated subsidiary and/or nominee(s)) as the holder of any New Xploite Shares to be transferred pursuant to the Article 3A.3, Avisen shall be empowered to appoint a person nominated by the directors of Avisen to act as attorney on behalf of the New Member of such share in accordance with such directions as Avisen may give in relation to any dealings with, or disposal of, such share (or any interest therein), exercising any rights attaching thereto or receiving any distribution or other benefit accruing or payable in respect thereof and the registered holder of such share shall exercise all rights attaching thereto in accordance with the directions of Avisen but not otherwise. The issue of the Consideration Shares in respect of any shares transferred pursuant to this Article 3A.4 shall be made within 14 Business Days of the date of transfer of such shares.”

BY ORDER OF THE BOARD

Registered office:

100 Fetter Lane

London

EC4A 1BN

Beach Secretaries Limited

Company Secretary

Registered in England No. 01839416

12 March 2010

## Notes:

1. A member of the Company is entitled to appoint another person as his proxy to exercise all or any rights to attend and to speak and vote at the meeting of the Company. You may appoint more than one proxy in relation to the meeting, provided each proxy is appointed to exercise the rights attaching to a different share.
2. A WHITE Form of Proxy is enclosed. To be valid, the WHITE Form of Proxy, together with the authority (if any) under which it is executed or a notarially certified copy of such authority, must be returned to Xploite's Receiving Agent: Capita Registrars, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU so as to be received by no later than 11.15 a.m. on 4 April 2010, or not less than 48 hours before the time appointed for any adjourned or postponed meeting.
3. The completion and return of a WHITE Form of Proxy will not preclude a member from attending and voting in person at the meeting.
4. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company has specified that only those shareholders registered on the register of members of the Company as at 6.00 p.m. on 4 April 2010 ("Voting Record Time"), shall be entitled to attend and vote at the meeting in respect of the number of ordinary shares in the Company registered in their name at that relevant time. If the meeting is adjourned or postponed to a time not more than 48 hours after the Voting Record Time applicable to the original meeting, the Voting Record Time will also apply for the purpose of determining the entitlement of members to attend and vote (and for the purposes of determining the number of votes they may cast) at the adjourned or postponed meeting. If however, the meeting is adjourned or postponed for a longer period of time then, to be so entitled, members must be entered on the register of members at 6.00 p.m. on the day which is two days before the date fixed for the adjourned or postponed meeting.
5. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by utilising 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.
6. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "**CREST Proxy Instruction**") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by Capita Registrars (ID: RA10) by 11.15 a.m. on 4 April 2010. 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 Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
7. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. 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, to procure that their 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 system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

8. The Company may treat an instruction as invalid in the circumstances set out in regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
9. Copies of the Company's existing articles of association and copies of the articles of association as proposed to be amended by paragraph 2 of the special resolution set out in the notice of the General Meeting and copies of the service agreements between the Company and its directors are available for inspection at the offices of Beachcroft LLP, 100 Fetter Lane, London EC4A 1BN during normal business hours on a weekday (Saturdays, Sundays and public holidays excepted) until opening of business on the day on which the General Meeting is held and will also be available for inspection at the place of the General Meeting for at least 15 minutes prior to and during the General Meeting.
10. Documents available for inspection

Copies of the following documents will be available for inspection at the office of Beachcroft LLP, 100 Fetter Lane, London EC4A 1BN, during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the date of this document until the close of the General Meeting:

- (a) the current memorandum and articles of association of Xploite and Avisen;
- (b) the proposed new articles of association of Xploite and the full terms of the proposed amendments to the articles of association;
- (c) the audited and consolidated accounts of Xploite for the relevant financial period;
- (d) the rules of the Xploite Option Schemes and notices from participants in the Share Option Schemes;
- (e) the material contracts referred to in paragraph 7 of Part VI of the Scheme Document;
- (f) the Xploite Directors' service contracts and Letters of Appointment referred to in paragraph 6 of Part VI of the Scheme Document;
- (g) the written consents referred to in paragraphs 8.8 and 8.9 of Part VI of the Scheme Document;
- (h) the irrevocable undertakings and non-binding letters of intent referred to in paragraph 4 of Part VI of the Scheme Document; and
- (i) the Scheme Document incorporating, *inter alia*, the Notice of the Court Meeting, this notice of General Meeting and the Forms of Proxy, all dated on the date hereof.





