

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.** If you are in any doubt about the contents of this document, or the action you should take, you are recommended immediately to seek your own personal financial advice from your stockbroker, bank manager, solicitor, accountant, fund manager or other independent financial adviser authorised under the Financial Services and Markets Act 2000 or from an appropriately authorised independent financial adviser if you are in a territory outside the United Kingdom.

Copies of this document are being sent to shareholders of Dillistone Group Plc ("**Dillistone**" or the "**Company**"). If you have sold or otherwise transferred all of your ordinary shares of 5 pence each in the issued share capital of Dillistone ("**Ordinary Shares**") please forward this document and the accompanying form of proxy to be used in connection with this annual general meeting of the Company ("**AGM**" or "**Meeting**") ("**Form of Proxy**") at once to the purchaser or transferee or to the stockbroker or other agent through whom the sale or transfer was effected for onward delivery to the purchaser or transferee. If you have sold or transferred only part of your holding in Ordinary Shares you should retain this document and consult the stockbroker, bank or other agent through whom the sale or transfer was effected.

The distribution of this document in jurisdictions other than the UK may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

This document does not constitute any offer to issue or sell or a solicitation of any offer to subscribe for or buy Ordinary Shares.

---

**Dillistone Group Plc**

*(Registered in England and Wales with company number 4578125)*

**Notice of Annual General Meeting**

**29 May 2012**

---

**Notice of the Meeting, to be held at 11.00 a.m. at the offices of Dillistone Group Plc, 3rd Floor, 50-52 Paul Street, London EC2A 4LB on 29 May 2012, is set out at the end of this document.**

**A Form of Proxy is enclosed with this document for use in connection with the Meeting. To be valid the Form of Proxy for use in connection with the Meeting should be completed, signed and returned to reach the Company Secretary, Dillistone Group Plc, 3rd Floor, 50-52 Paul Street, London EC2A 4LB by not later than 11.00 a.m. on 25 May 2012.** The completion and return of the Form of Proxy will not preclude you from attending and voting in person at the Meeting should you wish. For full details on proxy appointments, see the notes to the Notice of AGM and the Form of Proxy.

## Dillistone Group Plc

30 April 2012

Dear Shareholder,

I am writing to inform you that this year's annual general meeting of Dillistone Group Plc will be held on Tuesday 29 May 2012 at 11.00 a.m. at the offices of the Company at 3rd Floor, 50-52 Paul Street, London EC2A 4LB. Details of the business to be considered are set out in the notice of meeting ("**Notice**") which follows this letter. I should like to make some comments on a number of the matters to be dealt with at the AGM.

### ***Resolutions 3 & 4 - Re-election of Directors***

These resolutions concern the re-election of Jason Starr and Alex James, who are retiring at the Meeting by rotation in accordance with article 83 of the Company's articles of association. The Board of Directors of Dillistone ("**Board**" or "**Directors**"), following its evaluation of the performance of the Directors offering themselves for re-election, confirms that each of the Directors is performing effectively and demonstrates commitment to their role.

### ***Resolution 7 - Directors' power to allot shares***

Section 549 of the Companies Act 2006 (the "**Act**") stipulates that directors cannot allot shares or rights to subscribe for shares in a company (other than the shares allotted in accordance with an employees' share scheme) unless they are authorised to do so by its shareholders in general meeting. The Directors' current authority to allot shares was granted at last year's annual general meeting and is due to expire at the conclusion of the Meeting. Resolution 7 seeks new authority from shareholders (to the exclusion of the previous general authority granted at last year's annual general meeting) for the Directors to allot relevant securities up to an aggregate nominal value £303,271. This general authority equates to approximately one-third of the nominal value of the issued share capital of the Company in each case. The Directors do not have any present intentions of exercising this authority, but they consider it desirable that the specified amount of unissued share capital is available for issue so that they can more readily take advantage of possible opportunities. Unless renewed, revoked, varied or extended, this authority will expire at the conclusion of the next annual general meeting of the Company.

### ***Resolution 8 - Directors' power to allot shares for cash***

Resolution 8 authorises the Directors in certain circumstances to allot equity securities for cash other than in accordance with statutory pre-emption rights (which require a company to offer all allotments for cash first to existing shareholders in proportion to their holdings). The relevant circumstances are either where (i) the allotment takes place in connection with a rights issue or (ii) the allotment is limited to a maximum nominal amount of £136,472 (equating to 2,729,440 ordinary shares of 5p each, respectively), representing approximately 15% of the nominal value of the issued ordinary share capital of the Company in each case. Unless renewed, revoked, varied or extended, this authority will expire at the conclusion of the next annual general meeting of the Company. Resolution 8 will also give the Directors power to sell Ordinary Shares held in treasury on a non pre-emptive basis, subject always to the limitations noted above. The Directors consider that the power proposed to be granted by Resolution 8 is necessary to retain flexibility, although they do not have any intention at the present time of exercising such power.

### ***Resolution 9 - Authority to purchase shares (market purchases)***

Under Resolution 9, which is proposed as a special resolution, the Company will seek to renew the current limited authority to make purchases in the market of its own Ordinary Shares subject to specified limits, including the minimum and maximum prices which may be paid. The maximum number of Ordinary Shares which the Company may purchase pursuant to this authority is limited to, 1,819,627 Ordinary Shares, representing approximately 10% of the issued share capital of the Company in each case.

In seeking this authority the Board is not indicating any commitment to buy back Ordinary Shares. The Board will only exercise the authority if, in the light of market conditions prevailing at the time, it considers that the purchases of Ordinary Shares can be expected to result in an increase in earnings per share and be in the best interests of shareholders generally. The Directors do, however, consider it desirable for this authorisation to be available to provide flexibility in the management of the Company's capital reserves. In the event of any purchase under this authority, the Directors would either hold the purchased Ordinary Shares in treasury or cancel them. The authority will expire at the conclusion of the next annual general meeting of the Company.

### **Action to be taken**

Whether or not you intend to come to the AGM, please complete and return the accompanying Form of Proxy to the Company Secretary so as to be received no later than 11.00 a.m. on 25 May 2012. By doing so, you will not preclude yourself from attending and voting in person at the Meeting.

### **Recommendation**

Your Board considers each of the proposed resolutions to be in the best interests of the Company and its shareholders as a whole. Accordingly, your Directors unanimously recommend that you vote in favour of the resolutions as they intend to do in respect of their own beneficial shareholdings amounting to 8,407,019 Ordinary Share representing approximately 46.20 per cent. of the issued share capital of the Company.

Yours faithfully

**Mike Love**

*Non-Executive Chairman*

## **Dillistone Group Plc**

### **Notice of Annual General Meeting**

Notice is hereby given that the Annual General Meeting (the "**AGM**" or "**Meeting**") of Dillistone Group Plc (the "**Company**") will be held at the offices of Dillistone Group Plc at 3rd Floor, 50-52 Paul Street, London EC2A 4LB on Tuesday 29 May 2012 at 11.00 a.m. for the following purposes:

#### **Ordinary Business**

To consider and, if thought fit, pass the following resolutions, which will be proposed as ordinary resolutions:

1. **Report and accounts**

To receive the audited annual accounts of the Company for the year ended 31 December 2011, together with the directors' report and the auditor's report on those annual accounts.

2. **Declaration of dividend**

To declare a final dividend of 2.3333 pence per ordinary share of 5 pence each in the issued share capital of the Company for the year ended 31 December 2011 payable on 26 June 2012 to shareholders who are on the register of members of the Company at 5.00 p.m. on 1 June 2012.

3. **Re-election of Director**

To re-elect Jason Starr, who retires by rotation in accordance with the Company's articles of association.

4. **Re-election of Director**

To re-elect Alex James, who retires by rotation in accordance with the Company's articles of association.

5. **Re-appointment of auditors**

To appoint Grant Thornton as auditors of the Company to hold office from the conclusion of this Meeting until the conclusion of the next general meeting at which accounts are laid before the Company.

6. **Auditors' remuneration**

To authorise the directors to determine the remuneration of the auditors.

7. **Directors' authority to allot shares**

That, in substitution for any equivalent authorities and powers granted to the directors prior to the passing of this resolution, the directors be and they are generally and unconditionally authorised pursuant to Section 551 of the Companies Act 2006 (the "**Act**") to exercise all powers of the Company to allot shares in the Company, and grant rights to subscribe for or to convert any security into shares of the Company (such shares, and rights to subscribe for or to convert any security into shares of the Company being "**relevant securities**") up to an aggregate nominal amount of £303,271 provided that, unless previously revoked, varied or extended, this authority shall expire on the conclusion of the annual general meeting of the Company to be held in 2013, except that the Company may at any time before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such an offer or agreement as if this authority had not expired.

## **Special Business**

To consider and, if thought fit, pass the following resolutions which will be proposed as special resolutions.

### **8. Directors' power to allot shares for cash**

That the Directors be and they are empowered pursuant to Section 570(1) of the Act to allot equity securities (as defined in Section 560(1) of the Act) of the Company wholly for cash pursuant to the authority of the directors under Section 551 of the Act conferred by resolution 10 above and/or by way of a sale of treasury shares (by virtue of Section 573 of the Act), in each case as if Section 561(1) of the Act did not apply to such allotment, provided that:

- (a) the power conferred by this resolution shall be limited to:
  - (i) the allotment of equity securities in connection with an offer of equity securities to the holders of ordinary shares in the capital of the Company in proportion as nearly as practicable to their respective holdings of such shares, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or legal or practical problems under the laws of, or the requirements of any regulatory body or any stock exchange;
  - (ii) the allotment, otherwise than pursuant to sub-paragraph (i) above, of equity securities up to an aggregate nominal amount of £136,472; and
- (b) unless previously revoked, varied or extended, this power shall expire on the conclusion of the annual general meeting of the Company to be held in 2013 except that the Company may before the expiry of this power make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such an offer or agreement as if this power had not expired.

### **9. Authority to purchase shares (market purchases)**

That the Company be and it is generally and unconditionally authorised to make market purchases (within the meaning of Section 693(4) of the Act) of ordinary shares of 5 pence each of the Company provided that:

- (a) the maximum number of ordinary shares hereby authorised to be acquired is 1,819,627,
- (b) the minimum price which may be paid for any such share is 5 pence (exclusive of expenses);
- (c) the maximum price (exclusive of expenses) which may be paid for any such shares is an amount equal to 110% of the average of the middle market quotations for an ordinary share as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the ordinary share is contracted to be purchased; and
- (d) the authority hereby conferred shall expire at the conclusion of the annual general meeting of the Company to be held in 2013, save that the Company may, prior to the expiry of such authority, make an offer or agreement which would or might require ordinary shares to be purchased by the Company after such expiry and the Company may purchase ordinary shares notwithstanding such expiry.

*Dated: 30 April 2012*

*By order of the Board*

*Registered Office:*

*3rd Floor  
50-52 Paul Street  
London  
EC2A 4LB*

*Julie Pomeroy  
Company Secretary*

**Notes:**

1. A member who is entitled to attend, speak and vote may appoint a proxy to attend, speak and vote instead of him. A proxy need not also be a member of the Company but must attend the AGM in order to represent you. A member may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares (so a member must have more than one share to be able to appoint more than one proxy). A form of proxy is enclosed. The notes to the form of proxy include instructions on how to appoint the Chairman of the AGM or another person as proxy. To be effective the form must reach the Company Secretary, Dillistone Group Plc, 3rd Floor, 50-52 Paul Street, London EC2A 4LB by 11.00 a.m. on 25 May 2012.
2. If you wish to attend the AGM in person, you should make sure that you arrive at the venue for the AGM in good time before the commencement of the meeting. You may be asked to provide proof of your identity in order to gain admission.
3. Copies of the Executive Directors' service contracts with the Company and any of its subsidiary undertakings and letters of appointment of the Non-Executive Directors are available for inspection at the registered office of the Company during the usual business hours on any weekday (Saturday, Sunday or public holidays excluded) from the date of this notice until the conclusion of the AGM.
4. Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those persons registered in the register of members of the Company at 6.00 p.m. on 25 May 2012 (or if the AGM is adjourned, 48 hours (excluding, in the calculation of such time period, any part of a day that is not a working day) before the time fixed for the adjourned AGM) shall be entitled to attend and vote at the AGM in respect of the number of shares registered in their name at that time. Any changes to the register of members after such time shall be disregarded in determining the rights of any person to attend or vote at the AGM.
5. As at 25 April 2012 (being the latest practicable date prior to publication of this document) the Company's issued share capital consists of 18,196,277 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 25 April 2012 are 18,196,277.
6. Completion and return of a form of proxy does not preclude a member from attending and voting at the AGM or at any adjournment thereof in person.
7. In the case of joint holders, the signature of only one of the joint holders is required on the form of proxy but the vote of the first named on the register of members will be accepted to the exclusion of the other joint holders.
8. A member that is a company or other organisation not having a physical presence cannot attend in person but can appoint someone to represent it. This can be done in one of two ways: either by the appointment of a proxy (described in Note 1 above) or of a corporate representative. Members considering the appointment of a corporate representative should check their own legal position, the Company's articles of association and the relevant provisions of the Companies Act 2006.