

**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 general meeting of the Company ("**GM**" 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 General Meeting**

**29 November 2011**

---

**Notice of the Meeting, to be held at 10.00 a.m. on 29 November 2011 at the offices of Dillistone Group Plc, 3rd Floor, 50-52 Paul Street, London EC2A 4LB, 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 10.00 a.m. on 25 November 2011.** 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 GM and the Form of Proxy.

## Dillistone Group Plc

14 October 2011

Dear Shareholder,

I am writing to inform you that a general meeting ("**GM**") of Dillistone Group Plc will be held on 29 November 2011 at 10.00 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 general meeting ("**Notice**") which follows this letter. I should like to make some comments on the matters to be dealt with at the GM.

### **Dividend Rectification**

This GM is being convened to address a technical issue that has arisen in respect of the dividends (the "**Dividends**") paid by the Company for the years ended 31 December 2006 through to the year ended 31 December 2010.

In the years 2006 to 2010, the Company paid the Dividends to shareholders in part out of distributable profits generated in the year in which the Dividends were paid, rather than in respect to the distributable reserves available by reference to the last filed annual accounts or relevant Interim Accounts (as defined below). At all times there were sufficient distributable reserves within the overall group of companies of which the Company is the holding company (the "**Group**") to facilitate the Dividend payments. Details of the individual Dividends are set out in the Notice.

As explained in more detail below, shareholders will be asked at the GM to vote on four resolutions, as set out in the Notice in this document, which rectify and ratify the payment of the Dividends, which were made in breach of the Companies Act 1985 (the "**1985 Act**") or the Companies Act 2006 (the "**2006 Act**") (the 1985 Act and the 2006 Act, together the "**Acts**"), and to release any claims that the Company may have against its shareholders or directors (whether past, present or future) in respect of the Dividends paid (the "**Resolutions**").

Under the Acts, any distribution made by a company to its shareholders must not exceed the amount of distributable reserves reported in the last annual accounts of the company circulated to shareholders. In the event that the last annual accounts do not show sufficient distributable reserves to pay all or any part of the dividends concerned, then it is a requirement of the Acts that a company prepares unaudited interim accounts demonstrating sufficient distributable reserves prior to payment of such dividend ("**Interim Accounts**"). In the case of a public company, Interim Accounts need to have been properly prepared and filed with the Registrar of Companies before a dividend is declared or (in the case of an interim dividend) paid.

Whilst the Group did have sufficient distributable reserves at the relevant times to cover the whole amounts of the Dividends at the time that those Dividends were paid, sufficient distributable reserves had not been distributed from the other companies within the Group and paid to the Company by way of intra-group dividends. Accordingly, although the Group as a whole had sufficient distributable reserves to cover the payment of the Dividends (as shown by the consolidated balance sheets for the Group), the payment of the Dividends by reference to the Company's individual balance sheets has given rise to certain technical breaches of the Acts, which can be remedied by the passing of the proposed Resolutions.

As a result of these breaches, the Company may have claims under the Acts against present and past shareholders who were recipients of the Dividends to recover from each of those shareholders those parts of the Dividends paid to each such shareholder as were technically paid in breach of the Acts.

The Company may also have claims against those past and present directors who participated at the board meetings at which the decisions were taken to pay the Dividends. It is clearly not the Company's intention to make any such claim against either its shareholders or directors.

The Company has been advised by external legal advisers that this matter can be remedied by: (i) the passing of the Resolutions, including the resolutions to waive any rights of the Company against past and present directors who approved the payment of the Dividends (as well as in respect of future directors) and those shareholders who received the Dividends; and (ii) the approval for the Company to enter into deeds of release in favour of such directors (the "**Directors' Deed of Release**") and shareholders (the "**Shareholders' Deed of Release**") (the Directors' Deed of Release and the Shareholders' Deed of Release, together the "**Releases**"). In view of the directors' interest in the Directors' Deed of Release and also the shareholders' interest in the Shareholders' Deed of Release, the Company has been advised by its external legal advisers to seek shareholder approval before entering into the Releases. Shareholders will, therefore, be asked to vote on Resolutions 1, 2 and 3, which will be proposed as special resolutions at the GM, to rectify and ratify the payment of the Dividends made in breach of the Acts, and to waive the rights the Company may have against the Shareholders; and Resolution 4, which will be proposed as an ordinary resolution, to approve the release of the directors from any claims the Company may have against them as well as authorising the Company to enter in to the Directors' Deed of Release.

The entry in to the Releases will ensure that both shareholders who received the Dividends and the past and present directors who approved the payment of the Dividends will be released to the fullest extent permitted by law from liability for any claims the Company may have to recover the amounts paid by way of the Dividends (to the extent that such amounts technically infringe the Acts). Draft forms of the Releases are available for inspection as explained later in this document.

Interim Accounts for the six months to 30 June 2011 which have been prepared by the Company and have been filed with the Registrar of Companies, show distributable reserves sufficient to allow the appropriation of reserves necessary to rectify the Dividends.

If any non-United Kingdom tax-resident shareholder has any doubt about his or her foreign tax position, he or she should consult his or her own professional adviser.

### **Action to be Taken**

A Form of Proxy in relation to the GM accompanies this document. You are asked to complete, sign and date this Form of Proxy in accordance with the instructions printed on it and return it as soon as possible and, in any event, so as to be received by the Company no later than 10.00 a.m. on 25 November 2011.

Completion and return of the Form of Proxy will not preclude you from attending the GM and voting in person if you wish to do so.

### **Quorum and Voting**

The quorum for the GM is two shareholders present in person or by proxy. Resolutions 1, 2 and 3, which are proposed as special resolutions, are required to be passed by a majority of not less than 75 per cent of the votes cast; and Resolution 4, which is proposed as an ordinary resolution, is required to be passed by a majority of not less than 50 per cent of the votes cast.

### **Recommendation**

The directors will not be voting on Resolution 4 or providing a recommendation as to how shareholders should vote on the Resolutions in view of their interest in the subject matter of these proposals. However, the board of directors of the Company unanimously recommends that shareholders exercise their right to vote on the Resolutions to be proposed at the GM.

Yours sincerely

**Mike Love**  
*Non-Executive Chairman*

## Dillistone Group Plc

### Notice of General Meeting

Notice is hereby given that the General Meeting (the "**GM**" 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 29 November 2011 at 10.00 a.m. for the following purposes:

#### Special Resolutions

##### 1 THAT:

1.1 the payment of the following amounts in respect of the following dividends ("**Dividends**") and the entry in the audited accounts of the Company for each such dividend as specified below whereby distributable profits of the Company were appropriated ("**Appropriation**") to the payment of such dividends be and is hereby ratified and confirmed:

- (a) the pre-flotation dividend paid on 24 May 2006 of £3.81 per share ("**Pre-flotation Dividend**") and the Appropriation entered in the audited accounts for the year ended 31 December 2006;
- (b) the interim dividend paid on 12 October 2006 of 2.5p per share ("**2006 Interim Dividend**") to shareholders on the register at close of business on 6 October 2006 and the Appropriation entered in the audited accounts for the year ended 31 December 2006;
- (c) the interim dividend paid on 19 October 2007 of 2.5p per share ("**2007 Interim Dividend**") to shareholders on the register at close of business on 28 September 2007 and the Appropriation entered in the audited accounts for the year ended 31 December 2007;
- (d) the final dividend paid on 23 May 2008 of 6p per share ("**2007 Final Dividend**") to shareholders on the register at close of business on 25 April 2008 and the Appropriation entered in the audited accounts for the year ended 31 December 2008;
- (e) the interim dividend paid on 3 October 2008 of 3.5p per share ("**2008 Interim Dividend**") to shareholders on the register at close of business on 12 September 2008 and the Appropriation entered in the audited accounts for the year ended 31 December 2008;
- (f) the final dividend paid on 9 June 2009 of 7p per share ("**2008 Final Dividend**") to shareholders on the register at close of business on 8 May 2009 and the Appropriation entered in the audited accounts for the year ended 31 December 2009;
- (g) the interim dividend paid on 30 October 2009 of 3.5p per share ("**2009 Interim Dividend**") to shareholders on the register at close of business on 9 October 2009 and the Appropriation entered in the audited accounts for the year ended 31 December 2009;
- (h) the second interim dividend paid on 1 April 2010 of 7p per share ("**2009 Second Interim Dividend**") to shareholders on the register at close of business on 5 March 2010 and the Appropriation entered in the audited accounts for the year ended 31 December 2010; and
- (i) the interim dividend paid on 5 November 2010 of 3.5p per share ("**2010 Interim Dividend**") to shareholders on the register at close of business on 8 October 2010 and the Appropriation entered in the audited accounts for the year ended 31 December 2010.

2 **THAT** any and all claims that the Company may have in respect of the payment of any of the Dividends against its shareholders who appeared on the register on the relevant record date be released ("**Release**") with effect from 29 November 2011 and a deed of release in favour of such

shareholders be entered in to by the Company in the form of the deed produced to the Meeting and signed by the Chairman for the purposes of identification.

- 3 **THAT** the Company's directors be and are hereby authorised to appropriate in respect of any distribution, as necessary, involved in the giving of such Release the following distributable reserves of the Company:
- (a) £585,000 realised profits available for distribution generated in the year ended 31 December 2006 (as shown in Note 2 of the interim accounts ("**Interim Accounts**", a copy of which is produced to the Meeting and signed by the Chairman for the purposes of identification) in connection to the payment of the 2006 Pre flotation Dividend of £400,000 and the 2006 Interim Dividend of £135,000;
  - (b) £226,000 realised profits available for distribution generated in the year ended 31 December 2007 (as shown in Note 2 of the Interim Accounts) in connection to the payment of the 2007 Interim Dividend of £135,000;
  - (c) £629,000 realised profits available for distribution generated in the year ended 31 December 2008 (as shown in Note 2 of the Interim Accounts) in connection to the payment of the 2007 Final Dividend of £324,000 and the 2008 Interim Dividend of £189,000;
  - (d) £364,000 realised profits available for distribution generated in the year ended 31 December 2009 (as shown in Note 2 of the Interim Accounts) in connection to the payment of the 2008 Final Dividend of £396,000 and the 2009 Interim Dividend of £198,000; and
  - (e) £1,245,000 realised profits available for distribution generated in the year ended 31 December 2010 (as shown in Note 2 of the Interim Accounts) in connection to the payment of the 2009 Second Interim Dividend of £396,000 and of the 2010 Interim Dividend of £199,000.

### **Ordinary Resolution**

- 4 **THAT** conditional on the passing of Resolutions 1, 2 and 3 set out in the Notice of General Meeting convening this Meeting, any and all claims that the Company may have against its directors (whether past, present or future) arising in connection to the payment of any of the Dividends be released with effect from 29 November 2011 and a deed of release in favour of such directors be entered in to by the Company in the form of the deed produced to the Meeting and signed by the Chairman for the purposes of identification

*Dated: 14 October 2011*

*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 GM 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 GM 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 10.00 a.m. on 25 November 2011.
2. If you wish to attend the GM in person, you should make sure that you arrive at the venue for the GM 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. 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 November 2011 (or if the GM 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 GM) shall be entitled to attend and vote at the GM 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 GM.
4. As at 7 October 2011 (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 7 October 2011 are 18,196,277.
5. Completion and return of a form of proxy does not preclude a member from attending and voting at the GM or at any adjournment thereof in person.
6. 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.
7. 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 Notes 1 to 2 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.