

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt about the contents of this document or about what action to take, you are recommended immediately to seek your own professional advice from your stockbroker, solicitor, accountant or other appropriately qualified independent financial adviser authorised under the Financial Services and Markets Act 2000 if you are taking advice in the United Kingdom or, if you are taking advice in another jurisdiction, from another appropriately authorised independent financial adviser. All Shareholders are advised to consult their professional advisers regarding their own tax position.

If you have sold or otherwise transferred all of your shares in Security Research Group plc you should at once forward this document and reply paid envelope (for use in the UK only) (but not any accompanying Tender Form or form of proxy which is personal to you) to the purchaser or transferee or to the stockbroker, bank or other person through whom the sale or transfer was effected, for transmission to the purchaser or transferee. However, such documents should not be forwarded or transmitted in or into any Restricted Jurisdiction.

Northland, which is authorised and regulated by the UK Financial Services Authority, is acting for Security Research Group plc in connection with the matters referred to herein and is not advising any other person or treating any other person as a customer in relation to such matters and will not be responsible to any such person for providing the protections afforded to customers of Northland or for providing advice in connection with the matters referred to herein.

SECURITY RESEARCH GROUP PLC

(formerly PSG Solutions plc)

(Incorporated and Registered in England and Wales with registered number 03170812)

Proposals for a Tender Offer by Northland

Notice of General Meeting

The availability of the Tender Offer to Shareholders who are not resident in the United Kingdom may be affected by the laws of the relevant jurisdiction in which they are located. Persons who are not resident in the United Kingdom should read the paragraph headed "Overseas Shareholders" set out in Part 2 of this document and should inform themselves about, and observe, any applicable legal or regulatory requirements.

The Tender Offer is not being made, directly or indirectly, in or into, or by use of the mails, or by any means or instrumentally (including, without limitation, facsimile transmission, telex and telephone) of interstate or foreign commerce or of any facility of a national securities exchange, of any Restricted Jurisdiction and the Tender Offer cannot be accepted by any such use, means, instrumentality or facility from or within any Restricted Jurisdiction.

Accordingly, unless otherwise determined by Northland and permitted by applicable law and regulation, neither this document nor the accompanying Tender Form nor any related document, is being, or may be, directly or indirectly, mailed, transmitted or otherwise forwarded, distributed, or sent in, into or from any Restricted Jurisdiction, and persons receiving this document, the accompanying Tender Form and/or any related document (including without limitation, trustees, nominees or custodians) must not mail or otherwise forward, distribute or send it in, into or from such Restricted Jurisdiction, as to do so may invalidate any purported acceptance of the Tender Offer. Any person (including, without limitation, trustees, nominees or custodians) who would, or otherwise intends to, or who may have a contractual or legal obligation to, forward this document together with the accompanying Tender Form and/or any related document to any jurisdiction outside the United Kingdom, should seek appropriate advice before taking any action.

A notice convening a General Meeting of Security Research Group plc to be held at 133, Ebury Street, London, SW1W 9QU on 10 January 2013 is set out at the end of this document. The accompanying form of proxy for use in connection with the meeting should be completed and returned to the registrars of Security Research Group PLC, Capita Registrars at PXS, 34 Beckenham Road, Beckenham, BR3 4TU as soon as possible, but in any event so as to arrive not later than 10.00 a.m. on 8 January 2013. Completion of the Form of Proxy will not preclude you from attending the General Meeting or any adjournment of that meeting.

If you are a Qualifying Shareholder holding shares in certificated form and wish to participate in the proposed Tender Offer, you should complete and return the accompanying Tender Form to Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU (using the accompanying reply paid envelope for use within the UK only) by not later than 1.00 p.m. on 9 January 2013.

If you are a Qualifying Shareholder holding shares in uncertificated form and wish to participate in the proposed Tender Offer, you should send the TTE instruction through CREST so as to settle by no later than 1.00 p.m. on 9 January 2013.

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DEFINITIONS

“AIM”	The AIM market operated by the London Stock Exchange
“AIM Rules”	The rules of the London Stock Exchange governing admission to and operation of AIM
“Act”	The Companies Act 2006
“Annual Financial Statements”	the Company’s annual financial statements issued on 6 July 2012
“Board” or “Directors”	The board of directors of the Company
“Business Day”	Any day other than a Saturday, Sunday or public holiday on which banks are open in the City of London for the transaction of general commercial business
“Capita Registrars”	a trading name of Capita Registrars Limited
“certificated form” or “certificated”	Ordinary Shares not recorded on the Register as being in uncertificated form in CREST
“Company” or “SRG”	Security Research Group plc
“CREST”	The relevant system (as defined in the Regulations) in respect of which Euroclear is the Operator (as defined in the Regulations)
“CREST Member”	A person who has been admitted by Euroclear as a system member (as defined in the Regulations)
“CREST Participant”	A person who is, in relation to CREST, a system-participant (as defined in the Regulations)
“CREST Sponsor”	A CREST Participant admitted to CREST as a CREST sponsor
“CREST Sponsored Member”	A CREST Member admitted to CREST as a CREST sponsored member
“Electronic Tender”	An electronic tender of Ordinary Shares in accordance with paragraphs 4.5(b) and 5.2 of Part 2 of this document
“Euroclear”	Euroclear UK and Ireland Limited
“General Meeting”	The General Meeting of the Company to be held at 133 Ebury Street, London, SW1W 9QU at 10.00 a.m. on 10 January 2013
“Group”	SRG and all its subsidiary undertakings at the date hereof
“Interim Report”	The Company’s interim report issued on 15 November 2012
“London Stock Exchange”	London Stock Exchange plc
“Northland”	Northland Capital Partners Limited
“Options”	Share options issued pursuant to the Option Scheme
“Options Scheme”	The share option scheme for directors of the Company issued in February 2006 and April 2007
“Ordinary Shares”	The issued ordinary shares of 20 pence each in the Company
“Overseas Shareholder”	A Shareholder who is resident in, or a citizen of, a jurisdiction outside the United Kingdom
“Panel”	The Panel on Takeovers and Mergers

“Participant ID”	The identification code or membership number used in CREST to identify a particular CREST Member or other CREST Participant
“Proposals”	The proposals for the Tender Offer and the Repurchase, as described in this document
“Qualifying Shareholders”	Shareholders who are entitled to participate in the Tender Offer who are on the Register on the Tender Offer Record Date and who are not Restricted Shareholders
“Receiving Agent” or “Escrow Agent”	Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU
“Register”	The Company’s register of members
“Registrar”	Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU
“Regulations”	The Uncertificated Securities Regulations 2001 (SI 2001 3755)
“Regulatory Information Service”	Any of the services approved by the London Stock Exchange plc for the distribution of the AIM announcements and included within the list maintained on the website of the London Stock Exchange plc
“Repurchase”	The purchase by the Company of Ordinary Shares by way of an on market purchase pursuant to the Repurchase Agreement
“Repurchase Agreement”	The agreement dated 11 December 2012 between the Company and Northland for the repurchase by the Company of the Ordinary Shares purchased by Northland pursuant to the Tender Offer (or otherwise a corresponding number of Ordinary Shares) by way of an on market purchase
“Resolution”	The resolution to be proposed at the General Meeting
“Restricted Jurisdiction”	Each of the United States, Canada, Australia, New Zealand, South Africa and Japan and any other jurisdiction where the mailing of this document into or inside such jurisdiction would constitute a violation of the laws of such jurisdiction
“Restricted Shareholder”	A Shareholder with a registered address in a Restricted Jurisdiction
“Shareholders”	Holders of Ordinary Shares
“tender” and “tendered”	Refers to tenders by Shareholders of Ordinary Shares pursuant to the Tender Offer
“Tender Form”	The tender form issued with this document to Shareholders for use in respect of Ordinary Shares held in certificated form
“Tender Offer”	The invitation by Northland to Qualifying Shareholders to tender Ordinary Shares for sale to Northland on the terms and subject to the conditions set out in this document and, in the case of Ordinary Shares held in certificated form only, in the Tender Form
“Tender Offer Closing Date”	1.00 p.m. on 9 January 2013
“Tender Offer Price”	The price of 225 pence per Ordinary Share, being the price at which Northland is to purchase Ordinary Shares under the Tender Offer

“Tender Offer Record Date”	5.00 p.m. on 9 January 2013
“TFE instruction”	A transfer from escrow instruction (as defined by the CREST manual issued by Euroclear)
“TTE instruction”	A transfer to escrow instruction (as defined by the CREST manual issued by Euroclear)
“UK” or “United Kingdom”	The United Kingdom of Great Britain and Northern Ireland
“uncertificated” or “in uncertificated form”	Ordinary Shares which are recorded on the register of members of the Company as being held in uncertificated form in CREST and title to which, by virtue of the Regulations, may be transferred by means of CREST

EXPECTED TIMETABLE OF EVENTS

Announcement of the Proposals	12 December 2012
Tender Offer opens	12 December 2012
Latest time for receipt of forms of proxy	10.00 a.m. on 8 January 2013
Latest time for receipt of Tender Forms and TTE Instructions in relation to the Tender Offer	1.00 p.m. on 9 January 2013
Tender Offer Record Date	5.00 p.m. on 9 January 2013
General Meeting	10.00 a.m. on 10 January 2013
Announcement of results of Tender Offer	10 January 2013
Posting of cheques in respect of the Tender Offer, along with any balance certificates or the crediting of CREST accounts by	17 January 2013

PART 1

LETTER FROM THE CHAIRMAN

SECURITY RESEARCH GROUP PLC

(Incorporated in England and Wales under the Companies Act 1985 with the registered number 03170812)

Directors:

Jonathan Mervis (*Chairman*)
John Warwick (*Finance Director and Company Secretary*)
Tweedie Brown CBE (*Deputy Chairman*)
Bernie Connor (*Group Chief Executive*)
David Holme (*Non Executive Director*)

Registered Office:

133 Ebury Street
London
SW1W 9QU

12 December 2012

Dear Shareholder,

Tender Offer to purchase-up to 4,856,582 Ordinary Shares at 225 pence per Ordinary Share in the proportion of one Ordinary Share for every five Ordinary Shares held by each Shareholder, representing 20 per cent. of the Company's issued share capital and Notice of General Meeting

Introduction

SRG announced today that it intended to return surplus cash to Shareholders by way of a tender offer, pursuant to which Northland will purchase on behalf of the Company up to 20 per cent. of the Company's Ordinary Shares (one Ordinary Share for every five held) at a price of 225 pence per Ordinary Share (these Ordinary Shares will then be purchased from Northland by the Company and cancelled).

The purpose of this circular is to explain the proposals and recommend that Shareholders vote in favour of the Resolution to be proposed at the General Meeting.

Background to the Tender Offer

In accordance with my stated intention in the Interim Report to make a further tender offer to Shareholders, the Company will return up to £10,927,310 to accepting Qualifying Shareholders.

The Directors consider the Tender Offer price of 225p per Ordinary Share better reflects the current value of the Group than the Company's current share price.

Acceptance of the Tender Offer will constitute a return of capital of 225 pence per Share in respect of each Ordinary Share tendered.

Details of the Tender Offer

The Directors propose that the Tender Offer be made, pursuant to which Northland will purchase up to 20 per cent. of the Company's Ordinary Shares at a price of 225 pence per Ordinary Share. The Ordinary Shares purchased by Northland under the Tender Offer will be subsequently purchased by the Company under the terms of the Repurchase Agreement and will then be cancelled. The Tender Offer is subject to the conditions set out in the Repurchase Agreement being fulfilled. Following completion of the Repurchase Agreement, the Company's issued share capital will be reduced to 19,426,324 Ordinary Shares, assuming the Tender Offer is taken up in full. The Tender Offer is open to Shareholders on the Register at 5.00 p.m. on 9 January 2013.

How to accept the Tender Offer

A. *Ordinary Shares in certificated form (that is, not in CREST)*

Shareholders who hold Ordinary Shares in certificated form will also find accompanying this document a **Tender Form** for use in connection with the Tender Offer. Such Shareholders who wish to tender some or all of the Ordinary Shares registered in their name on the Tender Offer Record Date should complete the **Tender Form** in accordance with the instructions printed thereon and in Part 2 of this document.

The completed, signed and witnessed Tender Forms **together with your valid share certificates and/or other document(s) of title** should be sent either by post or by hand (during normal business hours only) to the Receiving Agents, Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU by no later than 1.00 p.m. on 9 January 2013.

A reply paid envelope is enclosed for this purpose (for use within the UK only).

B. *Ordinary Shares in uncertificated form (that is, in CREST)*

Shareholders who hold Ordinary Shares in CREST (uncertificated form) who wish to take advantage of the Tender Offer should comply with those procedures set out in Parts 2 and 3 of this document in respect of transferring uncertificated Ordinary Shares in escrow through CREST.

To do so they should ensure that their CREST nominee custodians, brokers or financial advisers have been advised to send the TTE instruction through CREST so as to settle by no later than 1.00 p.m. on 9 January 2013.

Shareholder's option to tender for more or less than their one in five entitlement

Shareholders tendering up to one Ordinary Share for every five held will be satisfied in full (subject to completion of the Tender Offer).

Shareholders may tender for shares in addition to the one-in-five offer. Any Ordinary Shares tendered will be satisfied in full in respect of the additional Ordinary Shares tendered for provided that the aggregate number of shares tendered does not exceed 4,856,582 Ordinary Shares.

Any Ordinary Shares tendered for in addition to the one-in-five offer will to the extent necessary be scaled back *pro-rata* so that the aggregate number of shares tendered does not exceed 4,856,582 Ordinary Shares.

General Meeting

The Tender Offer is being made subject to the passing of a special resolution which will be proposed at a General Meeting. The purchase of shares from Northland pursuant to the Repurchase Agreement will be funded from available cash of the Company and paid out of its distributable reserves.

The authorisation of the Repurchase Agreement and, accordingly the implementation of the Tender Offer, requires, *inter alia*, the passing of a special resolution.

There is set out at the end of this document a notice convening a General Meeting of the Company to be held at the offices of the Company at 133 Ebury Street, London SW1W 9QU on 10 January 2013 at 10.00 a.m.

Undertakings by Directors and other Shareholders

The Directors have undertaken to tender for the full entitlement of their current shareholdings. The Company has received irrevocable undertakings from Hawk Investment Holdings Limited, Retro Grand Limited, Seraffina Holdings Limited, Groundlinks Limited and the Directors which are the registered holders of, in aggregate, 14,603,765 Ordinary Shares, representing approximately 60.1 per cent. of the Company's current issued share capital, to accept the Tender Offer in full and to vote in favour of the Resolution.

Option Scheme

In accordance with the terms of the Option Scheme the Directors will consider the effect of the Tender Offer on the terms of the Options, and the terms of the Options may be adjusted accordingly.

Related Party Transaction

The Directors of the Company are considered to be related parties to the Company and therefore the transaction is considered to be a related party transaction pursuant to Rule 13 of the AIM Rules for Companies. The Company's nominated adviser, Northland, considers that the terms of the transaction are fair and reasonable insofar as the Company's shareholders are concerned.

Directors' responsibility

The Directors accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Recommendations by the Directors

The Directors unanimously consider that the proposals described in this document are in the best interests of Shareholders and recommend that Shareholders vote in favour of the proposed Resolution and that they follow the action being taken by the Directors and other Shareholders (representing holders of approximately 60.1 per cent. of the issued share capital) and participate in the Tender Offer in full.

Yours faithfully

Jonathan Mervis

Chairman

PART 2

TERMS AND CONDITIONS OF THE TENDER OFFER

Shareholders who do not wish to participate under the Tender Offer need take no action.

1. Introduction

Qualifying Shareholders on the Register on the Tender Offer Record Date are being invited to tender their Ordinary Shares for purchase by Northland on the terms and subject to the conditions set out in this document and, in the case of certificated Ordinary Shares only, in the Tender Form. The Company will, in turn, repurchase from Northland the Ordinary Shares purchased by Northland pursuant to the Tender Offer (or otherwise a corresponding number of Ordinary Shares). All of the Ordinary Shares purchased by the Company will be cancelled.

2. Terms of the Tender Offer

2.1 The Tender Offer is conditional upon the following (together, the “Tender Conditions”):

- (a) the passing of the Resolution;
- (b) Northland being satisfied that the Company has paid funds to Northland in accordance with the terms of the Repurchase Agreement (to hold on trust for the Company pending completion of the Tender Offer), sufficient to allow Northland to complete the purchase of the Ordinary Shares to be acquired by Northland pursuant to the Tender Offer;
- (c) Northland being satisfied that the Company is in a position to purchase all Ordinary Shares which it is required to purchase from Northland out of profits available for distribution (as defined in section 830 of the Act);
- (d) the Repurchase Agreement not having been terminated in accordance with its terms; and
- (e) the Tender Offer not having been terminated in accordance with paragraph 2.22 of this Part 2.

Northland will not purchase the Ordinary Shares pursuant to the Tender Offer unless the Tender Conditions have been satisfied. The Tender Conditions may not be waived by Northland or the Company. If any of the above conditions is not satisfied by 7.00 a.m. on 11 January 2013 (or such later time and date as the Company and Northland may agree), the Tender Offer will not proceed and will lapse.

- 2.2 All Ordinary Shares tendered by Shareholders under the Tender Offer will be tendered at a price of 225 pence per Ordinary Share. Ordinary Shares may not be tendered at any other price.
- 2.3 Subject to the terms of the Tender Offer, Northland will purchase Ordinary Shares tendered by Qualifying Shareholders under the Tender Offer at the Tender Offer Price on 10 January 2013.
- 2.4 The total number of Ordinary Shares purchased pursuant to the Tender Offer will not exceed 4,856,582 Ordinary Shares (equivalent to a maximum total amount payable of £10,927,310).
- 2.5 The Tender Offer is only available to Qualifying Shareholders on the Register on the Tender Offer Record Date and is only being made in respect of the number of Ordinary Shares registered in those Shareholders’ names at such time.
- 2.6 Tender Forms once duly completed (for Ordinary Shares held in certificated form) and submitted to the Receiving Agent and TTE instructions which have settled (for Ordinary Shares held in uncertificated form) will become irrevocable and cannot be withdrawn. All questions as to the validity (including time of receipt) will be determined by Northland, in its sole discretion, which determination shall be final and binding (except as otherwise required under applicable law). None of the Company, Northland nor any other person is or will be obliged to give notice of any defects or irregularities and none of them will incur any liability for failure to give such notice.

- 2.7 The Tender Offer will close at 1.00 p.m. on the Tender Offer Closing Date and no Tender Forms or TTE instructions received after that time will be accepted.
- 2.8 All or any part of a holding of Ordinary Shares may be tendered. Only whole numbers of Ordinary Shares may be tendered and, in the event of scaling back, successful tenders will be rounded down to the nearest whole number of Ordinary Shares in accordance with paragraph 2.18 of this Part 2.
- 2.9 Ordinary Shares successfully tendered under the Tender Offer will be sold to Northland fully paid and free from all liens, charges, equitable interests and encumbrances and with all rights attaching to the same. Ordinary Shares successfully tendered under the Tender Offer (or a corresponding number of Ordinary Shares) will be sold by Northland to the Company through the facilities of the London Stock Exchange plc and will subsequently be cancelled and will not rank for any dividends, distribution or other equity related rights declared by the Company after that date.
- 2.10 All tenders of Ordinary Shares held in certificated form must be made on the Tender Form duly completed in accordance with the procedures set out below and on the Tender Form (which constitute part of the terms of the Tender Offer).
- 2.11 All tenders of Ordinary Shares held in uncertificated form must be made by the input and settlement of an appropriate TTE instruction in CREST in accordance with the procedure set out below and the relevant procedures in the CREST manual.
- 2.12 A tender will only be valid if the procedures contained in this document and, for Shareholders who hold Ordinary Shares in certificated form, in the Tender Form, or, as applicable, for Shareholders who hold Ordinary Shares in uncertificated form, the relevant parts of the CREST manual, are complied with.
- 2.13 The Tender Offer will be governed by, and construed in accordance with, English law and the delivery of a Tender Form or the input of a TTE instruction by a Shareholder will constitute submission to the jurisdiction of the English courts.
- 2.14 The result of the Tender Offer and, if applicable, the extent to which excess tenders will be scaled down, is expected to be announced by Northland and the Company on 10 January 2013.
- 2.15 All documents and remittances sent by or to Shareholders and all instructions made by or on behalf of a Shareholder in CREST relating to the Tender Offer will be sent at the relevant Shareholder's own risk. If the Tender Offer does not become unconditional, or does not proceed, and lapses, in respect of Ordinary Shares held in certificated form, Tender Forms, certificates and other documents of title will be returned by post to Shareholders not later than five Business Days after the date of such lapse, or, in the case of Ordinary Shares held in uncertificated form (that is, in CREST), the Receiving Agent will provide instructions to Euroclear to transfer all Ordinary Shares held in escrow by TFE instruction to the original available balances to which those Ordinary Shares relate.
- 2.16 If only part of a holding of Ordinary Shares is successfully tendered pursuant to the Tender Offer, the relevant Shareholder will be entitled to receive the following:
- (a) if Ordinary Shares are held in certificated form, a certificate in respect of the unsold Ordinary Shares; or
 - (b) if Ordinary Shares are held in uncertificated form (that is, in CREST), the transfer by the Receiving Agent by TFE instruction to the original available balances of those unsold Ordinary Shares.
- 2.17 Further copies of the Tender Form may be obtained on request from the Receiving Agent at Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, Telephone: Capita Registrars on 0871 664 0321 or, if calling from overseas on +44 20 8639 3399. Calls to the 0871 664 0321 number cost 10 pence per minute from a BT landline. Other network providers' costs may vary. Lines are open 9.00 a.m. to 5.30 p.m. (London time) Monday to Friday. Calls to the helpline from outside the UK will be charged at the applicable international rate.

Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Offer nor give any financial, legal or tax advice.

- 2.18 Under the Tender Offer, Shareholders will be entitled to sell up to 20 per cent. (one Ordinary Share for every five Ordinary Shares held) of their shareholdings. They may tender to sell more or less than this number. If they tender to sell a number less than or equal to 20 per cent. of their Ordinary Shares, their tender will be satisfied in full (subject to completion of the Tender Offer and no outstanding options to subscribe for Ordinary Shares being exercised between the date of this document and the Tender Offer Record Date). Shareholders may tender more than their *pro rata* entitlement of Ordinary Shares to the extent that other Shareholders tender less than their *pro rata* entitlement of Ordinary Shares. If the number of Ordinary Shares validly tendered exceeds 4,856,582 and if and to the extent that any Shareholders have tendered less than their *pro rata* entitlement under the Tender Offer, surplus tenders will be accepted in proportion to the number of additional Ordinary Shares tendered so that the total number of Ordinary Shares purchased pursuant to the Tender Offer does not exceed 4,856,582. The decision of Northland as to the treatment of fractions or other issues arising from any scaling back will be conclusive and binding on all Shareholders.
- 2.19 All questions as to the number of Ordinary Shares tendered and the validity, form, eligibility (including the time of receipt) and acceptance for payment of any tender of Ordinary Shares under the Tender Offer will be determined by Northland in its sole discretion, which determination shall be final and binding on all parties except as otherwise required under applicable law. Northland reserves the absolute right to reject any or all tenders it determines not to be in proper form or the acceptance of payment for which may, in the opinion of Northland, be unlawful. Northland also reserves the absolute right to waive any of the terms or conditions of the Tender Offer (other than the Tender Conditions) and any defect or irregularity in the tender of any particular Ordinary Shares or any particular holder thereof. Unless Northland determines otherwise, no tender of Ordinary Shares will be deemed to be validly made until all defects or irregularities have been cured or waived. In the event of a waiver, the consideration under the Tender Offer will not be despatched (in respect of Ordinary Shares in certificated form) or made by way of CREST payment (in respect of Ordinary Shares in uncertificated form) to the relevant Shareholder until after (in the case of Ordinary Shares in certificated form) the Tender Form is complete in all respects and the share certificate(s) and/or other document(s) of title satisfactory to Northland have been received or (in the case of Ordinary Shares in uncertificated form) the relevant TTE instruction has settled. None of the Receiving Agent, Northland, the Company nor any other person is or will be obliged to give notice of any defects or irregularities in any tender and none of them will incur any liability for failure to give any such notice.
- 2.20 Ordinary Shares will be purchased under the Tender Offer free of all commissions and dealing charges.
- 2.21 The failure of any person to receive a copy of this document or the Tender Form shall not invalidate any aspect of the Tender Offer.
- 2.22 The Directors reserve the right to terminate the Tender Offer at any time on or before announcement of the result of the Tender Offer if, having been advised by Northland, they conclude that its implementation is no longer in the best interests of the Company and Shareholders as a whole or if the purchase of Ordinary Shares by the Company may have adverse fiscal consequences (whether by reason of any change in legislation, practice, circumstances or otherwise) for the Company and/or Shareholders as a whole which were unexpected. If the Tender Offer is terminated the Directors will not proceed with the Cancellation and the Company will make an announcement through a Regulatory Information Service that such is the case.

3. Overseas Shareholders

- 3.1 Overseas Shareholders should inform themselves about and observe any applicable or legal regulatory requirements. If you are in any doubt about your position, you should consult your professional adviser in the relevant jurisdiction.

- 3.2 The making of the Tender Offer in, or to persons resident in, jurisdictions outside the United Kingdom or to persons who are citizens, residents or nationals of other countries may be affected by the laws of the relevant jurisdiction. Shareholders who are not resident in the United Kingdom, or who are citizens, residents or nationals of countries outside the United Kingdom should inform themselves about and observe any applicable legal requirements. It is the responsibility of any Overseas Shareholder wishing to take up the Tender Offer to satisfy himself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental or other consents which may be required, the compliance with other necessary formalities and the payment of any transfer or other taxes or other requisite payments due in such jurisdiction. Any Overseas Shareholder will be responsible for any such transfer or other taxes or other requisite payments by whomsoever payable and the Company, the Registrars and Northland and any person acting on their behalf shall be fully indemnified and held harmless by such Shareholder for any such transfer or other taxes or other requisite payments such person may be required to pay. No steps have been taken to qualify the Tender Offer or to authorise the extending of the Tender Offer or the distribution of the Tender Form in any territory outside the United Kingdom.
- 3.3 In particular, the Tender Offer is not being made directly or indirectly in, into or from or by use of the mail or by any means or instrumentality (including, without limitation, facsimile transmission, telex, and telephone) of interstate or foreign commerce, or any facility of a national securities exchange, of the United States, Canada, Australia, New Zealand, Japan or South Africa or any other Restricted Jurisdiction and the Tender Offer cannot be accepted by any such use, means, instrumentality or facility from within the United States, Canada, Australia, New Zealand, Japan or South Africa or any other Restricted Jurisdiction. Accordingly, copies of this document, the Tender Form and any related documents are not being and must not be mailed or otherwise distributed or sent in, into, or from the United States, Canada, Australia, New Zealand, Japan or South Africa or any other Restricted Jurisdiction, including to Shareholders with registered addresses in the United States, Canada, Australia, New Zealand, Japan or South Africa or any other Restricted Jurisdiction, or to persons who are custodians, nominees or trustees holding Ordinary Shares for persons in the United States, Canada, Australia, New Zealand, Japan or South Africa or any other Restricted Jurisdiction. Persons receiving such documents (including, without limitation, custodians, nominees and trustees) should not distribute, send or mail them in, into or from the United States, Canada, Australia, New Zealand, Japan or South Africa or any other Restricted Jurisdiction or use such mails or any such means, instrumentality or facility in connection with the Tender Offer, and doing so will render invalid any related purported acceptance of the Tender Offer. Persons wishing to accept the Tender Offer should not use such mails or any such means, instrumentality or facility for any purpose, directly or indirectly, relating to acceptance of the Tender Offer. Envelopes containing a Tender Form should not be postmarked in or otherwise despatched from the United States, Canada, Australia, New Zealand, Japan or South Africa or any other Restricted Jurisdiction and all accepting Shareholders must provide addresses outside the United States, Canada, Australia, New Zealand, Japan or South Africa or any other Restricted Jurisdiction for the remittance of cash or return of Tender Forms and share certificates.
- 3.4 If, in connection with making the Tender Offer, notwithstanding the restrictions described above, any person (including, without limitation, custodians, nominees and trustees), whether pursuant to a contractual or legal obligation or otherwise, forwards this document, the Tender Form or any related documents in, into or from the United States, Canada, Australia, New Zealand, Japan or South Africa or any other Restricted Jurisdiction or uses the mails of, or any means or instrumentality (including, without limitation, facsimile transmission, telex and telephone) of interstate or foreign commerce, or any facility of a national securities exchange, of the United States, Canada, Australia, New Zealand, Japan or South Africa or any other Restricted Jurisdiction in connection with such forwarding, such persons should:
- (a) inform the recipient of such fact;
 - (b) explain to the recipient that such action may invalidate any purported acceptance by the recipient; and
 - (c) draw the attention of the recipient to this section of this document.

- 3.5 The provisions in this paragraph and/or any other terms of the Tender Offer relating to Overseas Shareholders may be waived, varied or modified as regards specific Shareholders or on a general basis by Northland in its absolute discretion but only if Northland is satisfied that such waiver, variation or modification will not constitute or give rise to a breach of applicable securities or other law. Subject to this, the provisions in this paragraph headed “Overseas Shareholders” supersede any terms of the Tender Offer inconsistent therewith. References to a Shareholder shall include references to the persons executing a Tender Form and in the event of more than one person executing Tender Forms, the provisions in this paragraph shall apply to them jointly and severally.

4. Procedure for tendering

4.1 Different procedures for certificated and uncertificated Ordinary Shares

If you hold Ordinary Shares in certificated form, you may only tender such Ordinary Shares by completing and returning the Tender Form, in accordance with the instructions printed thereon and set out in **paragraph 4.2 below**. If you hold Ordinary Shares in uncertificated form (that is, in CREST) you may only tender such Ordinary Shares by TTE instruction in accordance with the procedure set out in **paragraph 4.3 below** and, if those Ordinary Shares are held under different member account IDs, you should send a separate TTE instruction for each member account ID.

4.2 Ordinary Shares held in certificated form

To participate in the Tender Offer, Shareholders holding Ordinary Shares in certificated form must complete, sign, have witnessed and return the Tender Form in accordance with these instructions and the instructions on the Tender Form.

The following instructions should be read together with the notes on the Tender Form.

To take up the Tender Offer in respect of Ordinary Shares held in certificated form, you must complete Box 2 and sign and have witnessed Box 3 of the accompanying Tender Form in accordance with the instructions thereon.

You should complete separate Tender Forms for Ordinary Shares held in certificated form but under different designations. Additional copies of the Tender Form can be obtained from the Receiving Agent.

Completed, signed and witnessed Tender Forms, together with your valid share certificates and/or other documents of title, should be sent by post in the accompanying reply-paid envelope (for use in the UK only) or (during normal business hours only) delivered by hand to the Receiving Agent at Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU as soon as possible and, in any event, so as to be received no later than 1.00 p.m. on the Tender Offer Closing Date. No tenders received after that time will be accepted.

Duly completed Tender Forms sent by any of the means set out above and received signed and complete in all respects by the prescribed time will be treated as tenders of Ordinary Shares in accordance with the terms and conditions of the Tender Offer. No acknowledgement of receipt of documents will be given.

The completed and signed Tender Form should be accompanied by the relevant share certificate(s) and/or other document(s) of title.

The instructions on the Tender Form shall be deemed to form part of the terms of the Tender Offer.

If you have lost your share certificate and/or other document of title, you should write to the Registrars at Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU for a letter of indemnity in respect of the lost share certificate and/or other document of title. When completed in accordance with the instructions given, such indemnity should be returned by post or (during normal business hours only) by hand to the Receiving Agent at Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU so as to be received as soon as possible and, in any event, no later than 1.00 p.m. on the Tender Offer Closing Date. A fee may be payable by the Shareholder in respect of each letter of indemnity.

If you are in any doubt as to the procedure for acceptance, please telephone Capita Registrars on 0871 664 0321 from within the UK or on + 44 20 8639 3399 if calling from outside the UK. Calls to the 0871 664 0321 number cost 10 pence per minute from a BT landline. Other network providers' costs may vary. Lines are open 9.00 a.m. to 5.30 p.m. (London time) Monday to Friday. Calls to the helpline from outside the UK will be charged at the applicable international rate. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. For legal reasons, the Receiving Agent will not be able to give advice on the merits of the Tender Offer or provide legal, financial or personal taxation advice and, accordingly, for such advice you should consult your stockbroker, solicitor, accountant, bank manager or other independent professional adviser.

By signing and returning a Tender Form, you will be deemed to have appointed Northland as your agent in respect of the tender process. Northland will therefore issue a contract note on behalf of all Shareholders whose Ordinary Shares are so purchased under the Tender Offer and will remit the cash consideration to Capita Registrars with instructions that such consideration be remitted to Shareholders in accordance with the instructions set out on the Tender Form.

4.3 Ordinary Shares in uncertificated form (that is, in CREST)

If your Ordinary Shares are in uncertificated form, to tender such shares under the Tender Offer you should take (or procure the taking of) the action set out below to transfer (by means of a TTE instruction) the number of Ordinary Shares you wish to tender under the Tender Offer to the relevant escrow account specifying Capita Registrars (in its capacity as a CREST Participant under Capita Registrar's Participant ID and Member Account ID as referred to below) as the escrow agent, as soon as possible and in any event so that the transfer to escrow settles by no later than 1.00 p.m. on the Tender Offer Closing Date. Please note that settlement cannot take place on weekends or bank holidays (or other times at which the CREST system is non-operational) and you should therefore ensure you time the input of any TTE instructions accordingly.

The input and settlement of a TTE instruction in accordance with this paragraph shall constitute an offer to Northland to sell to it the number of Ordinary Shares at the price indicated on the terms of the Tender Offer by transferring such shares to the relevant escrow account as detailed below.

If you are a CREST Sponsored Member, you should refer to your CREST Sponsor before taking any action. Only your CREST Sponsor will be able to send the TTE instruction to Euroclear in relation to the Ordinary Shares which you wish to tender. The Corporate Action Number is allocated by Euroclear and can be found by viewing the relevant corporate action details in CREST.

To tender Ordinary Shares you should send (or, if you are a CREST Sponsored Member, procure that your CREST Sponsor sends) a TTE instruction to Euroclear in relation to such Ordinary Shares.

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

- (a) the number of Ordinary Shares to be transferred to the relevant escrow account;
- (b) your Member Account ID;
- (c) your Participant ID;
- (d) the Participant ID of the Receiving Agent, in its capacity as a CREST receiving agent, which is RA10;
- (e) the Member Account ID of the Receiving Agent, which is 27849SRG. The input and settlement of a TTE instruction in accordance with this paragraph (which has not been validly withdrawn) shall constitute an offer to Northland to sell to it the number of Ordinary Shares at the Tender Offer Price on the terms of the Tender Offer, by transferring such shares to the relevant escrow account as detailed above;
- (f) the ISIN number in respect of the Ordinary Shares, which is GB00B0WHXB01;

- (g) the intended settlement date;
- (h) the contact name and telephone number inserted in the shared note field;
- (i) the corporate action number for the Tender Offer, which is allocated by Euroclear and can be found by viewing the relevant corporate action details in CREST; and
- (j) input with a standard delivery instruction priority of 80.

After settlement of the TTE instruction, you will not be able to access the Ordinary Shares concerned for any transaction or charging purposes, notwithstanding that they will be held by Capita Registrars as the escrow agent until completion or lapse of the Tender Offer. If the Tender Offer becomes unconditional, Capita Registrars will transfer the successfully tendered Ordinary Shares to Northland, returning any Ordinary Shares not successfully tendered to you.

You are recommended to refer to the CREST manual published by Euroclear for further information on the CREST procedures outlined below.

You should note that Euroclear does not make available special procedures, in CREST, for any particular corporate action. Normal system timings and limitations will therefore apply in connection with a TTE instruction and its settlement. You should therefore ensure that all necessary action is taken by you (or by your CREST Sponsor) to enable a TTE instruction relating to your Ordinary Shares to settle prior to 1.00 p.m. on the Tender Offer Closing Date. In this connection you are referred in particular to those sections of the CREST manual concerning practical limitations of the CREST system and timings.

The Company and/or Northland will make an appropriate announcement if any of the details contained in this paragraph relating to settlement in CREST are materially altered.

4.4 Deposits of Ordinary Shares into, and withdrawals of Ordinary Shares from, CREST

Normal CREST procedures (including timings) apply in relation to any Ordinary Shares that are, or are to be, converted from uncertificated to certificated form or vice versa during the course of the Tender Offer (whether such conversion arises as a result of a transfer of Ordinary Shares relating to the Tender Offer or otherwise). Shareholders who are proposing to convert any Ordinary Shares are recommended to ensure that the conversion procedures are implemented in sufficient time to enable the person with a holding in or acquiring the Ordinary Shares as a result of the conversion to take all necessary steps in connection with the take up of the Tender Offer (in particular, as regards delivery of share certificates and/or other documents of title or transfers to an escrow balance as described above) prior to 1.00 p.m. on the Tender Offer Closing Date, whether in certificated or uncertificated form.

4.5 Validity of tenders

(a) Tender Forms

Northland reserves the right to treat as valid only Tender Forms which are received entirely in order by 1.00 p.m. on the Tender Offer Closing Date and which are accompanied by the relevant share certificate(s) and/or other document(s) of title or a satisfactory indemnity in lieu thereof in respect of the entire number of Ordinary Shares tendered.

(b) Validity of Electronic Tenders

A Tender Form which is received in respect of Ordinary Shares held in uncertificated form will not constitute a valid tender and will be disregarded. Shareholders holding Ordinary Shares in uncertificated form who wish to tender such shares should note that a TTE instruction will only be a valid tender as at the Tender Offer Closing Date, if it has settled before 1.00 p.m. on that date.

An appropriate announcement will be made if any of the details contained in this paragraph are altered.

(c) General

Notwithstanding the completion of a valid Tender Form or settlement of a TTE instruction, as applicable, the Tender Offer may lapse in accordance with the conditions set out above.

The decision of Northland as to which Ordinary Shares have been validly tendered shall be conclusive and binding on all Shareholders.

If you are in any doubt as to how to complete the Tender Form or as to the procedure for making an electronic tender please contact Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU. You are reminded that, if you are a CREST sponsored member, you should contact your CREST sponsor before taking any action.

Shareholders should note that once tendered Ordinary Shares may not be sold, transferred, charged or otherwise disposed of.

5. Effect of Tender

5.1 Tender Forms

Each Shareholder by whom or, as applicable, on whose behalf a Tender Form is executed and lodged, including a Tender Form which is treated by Northland as valid, irrevocably undertakes, represents, warrants and agrees to and with Northland (so as to bind him, his personal representatives, heirs, successors and assigns) that:

- (a) the execution of the Tender Form shall constitute an offer to Northland to sell to it such number of certificated Ordinary Shares as are inserted either in Box 1 or Box 2 of the Tender Form or deemed to be tendered, in each case on and subject to the terms and conditions set out or referred to in this document and the Tender Form and that, once lodged, such tender shall be irrevocable;
- (b) such Shareholder has full power and authority to tender, sell, assign or transfer the Ordinary Shares in respect of which such offer is accepted (together with all rights attaching thereto) and, when the same are purchased by Northland, Northland will acquire such Ordinary Shares with full title guarantee and free from all liens, charges, encumbrances, equitable interests, rights of pre-emption or other third party rights of any nature and together with all rights attaching thereto, on or after the Tender Offer Closing Date, including the right to receive all dividends and other distributions declared, paid or made after that date;
- (c) such execution and lodgement, shall, subject to the Tender Offer becoming unconditional, constitute the irrevocable appointment of each of Northland and any director or officer of Northland as such Shareholder's agent, and an irrevocable instruction to them as such, to:
 - (i) complete and execute any and all instruments of transfer and/or other documents or forms and take any and all actions which are necessary or, in such agent's absolute discretion, desirable to give effect to the purchase and cancellation of the Ordinary Shares the subject of the Tender Form;
 - (ii) deliver such instruments of transfer and/or other documents or forms at the discretion of the agent, together with the share certificates and/or other documents of title relating to such Ordinary Shares, for registration within six months of the Tender Offer becoming unconditional and to do all such other acts and things as may in the opinion of such agent be necessary or expedient for the purpose of, or in connection with, the Tender Offer and to vest in Northland or its nominee(s) or such other person(s) Northland may direct such Ordinary Shares;
 - (iii) procure the purchase of the Ordinary Shares which are the subject of the Tender Form and sell such Ordinary Shares to the Company for cancellation; and

- (iv) despatch or otherwise make payment of the proceeds of sale in respect of the purchased Ordinary Shares in accordance with the settlement provisions set out below;
- (d) such Shareholder shall not take any action which would prevent the Company or the Registrars from cancelling the Ordinary Shares tendered under the Tender Offer;
- (e) such Shareholder agrees to ratify and confirm each and every act or thing which may be done or effected by Northland or any of its directors or officers or any person nominated by Northland or any of its directors or officers or the Company or any of its directors in the proper exercise of their or his powers and/or authorities hereunder;
- (f) such Shareholder with a holding of Ordinary Shares in certificated form will deliver to the Receiving Agent their share certificate and/or other document of title in respect of the Ordinary Shares referred to in subparagraph (a) above, or an indemnity acceptable to Northland in lieu thereof, or will procure the delivery of such document(s) to such person(s) as soon as possible thereafter and, in any event, by no later than 1.00 p.m. on the Tender Offer Closing Date;
- (g) the provisions of the Tender Form constitute part of the terms and conditions of the Tender Offer;
- (h) such Shareholder shall do all such acts and things as shall be necessary or expedient and execute any additional documents deemed by Northland to be desirable, in each case to complete the purchase of the Ordinary Shares and/or to perfect any of the authorities expressed to be given hereunder;
- (i) such Shareholder has observed the laws of all relevant jurisdictions, obtained any requisite consents, complied with all applicable formalities, that the invitation under the Tender Offer may be made to him under the laws of the relevant jurisdiction, and has not taken or omitted to take any action which would otherwise result in Northland or the Company acting in breach of any applicable legal or regulatory requirement in respect of the purchase of the Ordinary Shares tendered by him under the Tender Offer;
- (j) such Shareholder has not received or sent copies or originals of this document, the Tender Form or any related documents in, into or from the United States, Canada, Australia, New Zealand, Japan or South Africa or any other Restricted Jurisdiction and has not otherwise utilised in connection with the Tender Offer, directly or indirectly, the mails or any means or instrumentality (including, without limitation, facsimile transmission, telex and telephone) of interstate or foreign commerce, or of any facility of a national securities exchange, of the United States, Canada, Australia, New Zealand, Japan or South Africa or any other Restricted Jurisdiction; that this document or the Tender Form have not been mailed or otherwise sent in, into or from the United States, Canada, Australia, New Zealand, Japan or South Africa or any other Restricted Jurisdiction and such Shareholder is accepting the Tender Offer from outside the United States, Canada, Australia, New Zealand, Japan or South Africa or any other Restricted Jurisdiction;
- (k) the despatch of a cheque to a Shareholder as referred to in paragraph 6 of this Part 2 headed "Settlement", will discharge fully any obligation of Northland to pay such Shareholder the consideration to which he is entitled under the Tender Offer;
- (l) on execution a Tender Form takes effect as a deed; and
- (m) the execution of a Tender Form constitutes such Shareholder's submission to the jurisdiction of the courts of England and Wales in relation to all matters arising out of or in connection with the Tender Offer or the Tender Form.

A reference in this paragraph to a Shareholder includes a reference to the person or persons executing a Tender Form and in the event of more than one person executing a Tender Form, the provisions of this paragraph will apply to them jointly and severally.

5.2 Electronic Tenders

Each Shareholder by whom, or on whose behalf, a TTE instruction which is treated by Northland and the Company as valid is made irrevocably undertakes, represents, warrants and agrees to and with Northland (so as to bind him, his personal representatives, heirs, successors and assigns) that:

- (a) the input of the TTE instruction shall constitute an offer to sell to Northland such number of Ordinary Shares as are specified in the TTE instruction or deemed to be tendered, in each case, on and subject to the terms and conditions set out or referred to in this document and the TTE instruction and that, once the TTE instruction has settled, such tender shall be irrevocable;
- (b) such Shareholder has full power and authority to tender, sell, assign or transfer the Ordinary Shares in respect of which the Tender Offer is accepted (together with all rights attaching thereto) and, when the same are purchased by Northland, Northland will acquire such Ordinary Shares with full title guarantee and free from all liens, charges, encumbrances, equitable interests, rights of pre-emption or other third party rights of any nature and together with all rights attaching thereto, on or after the Tender Offer Closing Date, including the right to receive all dividends and other distributions declared, paid or made after that date;
- (c) the input of the TTE instruction, which has effect as a tender under the Tender Offer, will, subject to the Tender Offer becoming unconditional, constitute the irrevocable appointment of the Receiving Agent as such Shareholder's escrow agent and an irrevocable instruction and authority to the escrow agent: (i) subject to the Tender Offer becoming unconditional, to transfer to itself and then to transfer to Northland by means of CREST (or to such person or persons as Northland may direct) all of the Relevant Ordinary Shares (as defined below); and (ii) if the Tender Offer does not become unconditional and lapses or is terminated, or there are Ordinary Shares which have not been successfully tendered under the Tender Offer, as promptly as practicable after the lapsing or termination of the Tender Offer, or the unsuccessful tender, to transfer the Relevant Ordinary Shares back to the original available balances from which those Ordinary Shares came. For the purposes of this paragraph Relevant Ordinary Shares means Ordinary Shares in uncertificated form and in respect of which a transfer or transfers to escrow has or have been effected pursuant to the procedures described in this Part 2;
- (d) such Shareholder shall not take any action which would prevent the Company or the Registrars from cancelling the Ordinary Shares tendered under the Tender Offer;
- (e) such Shareholder agrees to ratify and confirm each and every act or thing which may be done or effected by Northland and/or the Receiving Agent or any of their respective directors or officers or any person nominated by Northland or the Receiving Agent or any of their respective directors or officers or the Company or any of its directors in the proper exercise of their respective powers and/or authorities hereunder;
- (f) if, for any reason, any Ordinary Shares in respect of which a TTE instruction has been made are, prior to 1.00 p.m. on the Tender Offer Closing Date, converted into certificated form, the Electronic Tender in respect of such Ordinary Shares shall cease to be valid and the Shareholder will need to comply with the procedures for tendering Ordinary Shares in certificated form as set out in this Part 2 in respect of the Ordinary Shares so converted, if he wishes to make a valid tender of such Ordinary Shares pursuant to the Tender Offer;
- (g) such Shareholder shall do all such acts and things as shall be necessary or expedient and execute any additional documents deemed by Northland to be desirable, in each case to complete the purchase of the Ordinary Shares and/or to perfect any of the authorities expressed to be given hereunder;
- (h) such Shareholder has observed the laws of all relevant jurisdictions, obtained any requisite consents, complied with all applicable formalities, that the invitation under the Tender Offer may be made to him under the laws of the relevant jurisdiction, and has not taken or omitted

to take any action which would otherwise result in Northland or the Company acting in breach of any applicable legal or regulatory requirement in respect of the purchase of the Ordinary Shares tendered by him under the Tender Offer;

- (i) such Shareholder has not received or sent copies or originals of this document, the Tender Form or any related documents in, into or from the United States, Canada, Australia, New Zealand, Japan or South Africa or any other Restricted Jurisdiction and has not otherwise utilised in connection with the Tender Offer, directly or indirectly, the mails or any means or instrumentality (including, without limitation, facsimile transmission, telex and telephone) of interstate or foreign commerce, or of any facility of a national securities exchange, of the United States, Canada, Australia, New Zealand, Japan or South Africa or any other Restricted Jurisdiction at the time of the input of the relevant TTE instruction; that the TTE instruction has not been sent from the United States, Canada, Australia, New Zealand, Japan or South Africa or any other Restricted Jurisdiction and such Shareholder is accepting the Tender Offer from outside the United States, Canada, Australia, New Zealand, Japan or South Africa or any other Restricted Jurisdiction;
- (j) the creation of a payment obligation in favour of such Shareholder's payment bank in accordance with the CREST payment arrangements as referred to in paragraph 6 of this Part 2 headed "Settlement" will, to the extent of the obligations so created, discharge fully any obligation of Northland to pay to such Shareholder the consideration to which he is entitled under the Tender Offer; and
- (k) the input of the TTE instruction constitutes such Shareholder's submission to the jurisdiction of the courts of England and Wales in relation to all matters arising out of or in connection with the Tender Offer.

6. Settlement

Settlement of the consideration to which any Shareholder is entitled pursuant to tenders accepted by Northland as complete in all respects will be made by the dispatch of cheques or CREST messages as follows:

6.1 Ordinary Shares in certificated form

Where an accepted tender relates to Ordinary Shares held in certificated form, cheques for the consideration due will be despatched by the Receiving Agent by first class post to the person or agent whose name and address (outside the United States, Canada, Australia, New Zealand, Japan or South Africa or any other Restricted Jurisdiction) is set out in Box 1 or Box 4 of the Tender Form or, if none is set out, to the registered address of the tendering Shareholder or, in the case of joint holders, the registered address of the first named Shareholder. All payments will be made in pounds sterling by cheque, drawn on a branch of a UK clearing bank.

6.2 Ordinary Shares in uncertificated form (that is, in CREST)

Where a purchase relates to Ordinary Shares held by Shareholders in uncertificated form, the consideration due will be paid through CREST, by the Receiving Agent (on behalf of Northland, or, as the case may be, the Company) procuring the creation of a payment obligation in favour of the payment banks of accepting Shareholders in accordance with the CREST payment arrangement.

PART 3

ADDITIONAL INFORMATION RELATING TO CREST

Note: CREST sponsored members should refer to their CREST sponsor, as only their CREST sponsor will be able to take the necessary action specified below. CREST members who wish to tender all or any of their Ordinary Shares for purchase by Northland should refer to the CREST Manual for further information on the CREST procedures referred to in Part 2 and this Part 3.

Northland may in its sole discretion:

1. accept an alternative properly authenticated dematerialised instruction from a CREST member or (where applicable) a CREST sponsor in substitution for or in addition to a TTE instruction and subject to such further terms and conditions as Northland may determine;
2. treat a properly authenticated instruction (in this sub-paragraph the “first instruction”) as not constituting a valid TTE instruction if, at the time at which Capita Registrars receives a properly authenticated dematerialisation instruction giving details of the first instruction, either Northland or Capita Registrars has received actual notice from Euroclear of any matters referred to in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001 in relation to the first instruction. These matters include notice that any information contained in the first instruction was incorrect or notice of lack of authority to send the first instruction; and
3. accept an alternative instruction or notification from a CREST member or CREST sponsored member or (where applicable) a CREST sponsor, or extend the time for settlement of a TTE instruction or any alternative instruction or notification, in the event that, for reasons or due to circumstances outside the control of any CREST member or CREST sponsored member or (where applicable) CREST sponsor, the CREST member or CREST sponsored member is unable validly to exercise his or her rights under the Tender Offer by means of the above procedures. In normal circumstances, this discretion is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or of any part of CREST) or on the part of the facilities and/or systems operated by Capita Registrars in connection with CREST.

PART 4

TAXATION

1. Introduction

The comments below are intended only as a general guide to the current tax position under the laws of the United Kingdom and practice of HM Revenue & Customs (“HMRC”) in respect of Shareholders who are resident in the United Kingdom for tax purposes and who hold their Ordinary Shares beneficially as investments and not on trading account. Companies within the charge to corporation tax in the United Kingdom are assumed not to fall within Chapter 7, Part 6 of the Corporation Tax Act 2009 in respect of Ordinary Shares.

Shareholders who are in any doubt as to their tax position or who are subject to tax in a jurisdiction other than the United Kingdom should consult their professional adviser.

In addition, Shareholders who have claimed reliefs under the Enterprise Investment Scheme or the Corporate Venturing Scheme, or who are Venture Capital Trusts, are strongly recommended to consult their own professional advisers immediately for advice on the tax implications of the Tender Offer.

2. The Tender Offer

Since Northland will be acting as principal, an individual Shareholder who tenders Ordinary Shares to Northland pursuant to the Tender Offer should be treated, for the purposes of United Kingdom taxation of chargeable gains (“CGT”), as though he had sold them in the ordinary way to a third party.

Therefore, if the Ordinary Shares are held as a capital asset by the Shareholder, the sale will constitute a disposal for the purposes of CGT and, depending on the individual Shareholder’s particular circumstances (including the availability of any exemptions, reliefs and allowable losses), a chargeable gain or an allowable loss could therefore arise for a Shareholder resident or ordinarily resident in the United Kingdom.

Subject to available reliefs (such as capital losses), a corporate Shareholder is taxable on all of its chargeable gains. Corporate Shareholders are entitled to indexation allowance on the cost of their investment up to the date the chargeable gain is realised. A Shareholder whose allowable expenditure in relation to his Ordinary Shares exceeds their gross proceeds of sale would realise a capital loss (although a loss cannot be created or increased by indexation allowance). If an allowable loss arises to a Shareholder on the sale of Ordinary Shares pursuant to the Tender Offer, such Shareholder is recommended to seek professional advice on the potential utilisation of such allowable loss.

A corporate shareholder who owns 10 per cent. or more of the ordinary shares may qualify for the substantial shareholdings exemption and is recommended to seek professional advice.

3. Anti-avoidance provisions

You should be aware of the anti-avoidance provisions at Chapter 1, Part XVII of the Income and Corporation Taxes Act 1988 (for corporates) and Chapter 1, Part 13 of the Income Tax Act 2007 (for individuals), which HMRC may apply where they have reason to believe that a person obtains a tax advantage in consequence of a “transaction in securities”.

Were HMRC to seek to apply any of these provisions to the proceeds of sale of a Shareholder’s Ordinary Shares, the general effect would be to tax some or all of such proceeds as income. These rules only apply in certain circumstances and do not apply where it can be shown that the transaction in question was entered into for bona fide commercial reasons and did not involve as one of its main objectives the obtaining of an income tax or corporate tax advantage. In view of these restrictions on the application of the anti-avoidance provisions, no application has been made by the Company for clearance from HMRC in respect of the application of the above provisions. Shareholders are advised to take independent advice as to the potential application of the above provisions in light of their own particular circumstances.

4. Stamp Duty and Stamp Duty Reserve Tax

Except in relation to depositary receipt arrangements or clearance services where special rules apply:

- no stamp duty or stamp duty reserve tax will be payable on the proceeds payable to Shareholders by Northland under the Tender Offer; and
- stamp duty at the rate of 0.5 per cent. (rounded up to the nearest £5) of the total price payable by the Company to Northland will be payable by the Company on the purchase of the Ordinary Shares tendered under the Tender Offer. This cost will be borne by the Company and will not be charged to tendering Shareholders.

SECURITY RESEARCH GROUP PLC

NOTICE OF GENERAL MEETING

Notice is hereby given that a general meeting of Security Research Group plc (the “Company”) will be held on 10 January 2013 at 10.00 a.m. at 133 Ebury Street, London, SW1W 9QU to transact the following business:

SPECIAL BUSINESS

To consider and, if thought fit, pass the following resolution as a special resolution:

THAT, in addition to the authority pursuant to resolution 8 at the Annual General Meeting on 7 August 2012, the Company be and is generally and unconditionally authorised to make market purchases (within the meaning of section 693(4) of the Companies Act 2006) of ordinary shares of 20 pence each, provided that:

- a. the maximum aggregate number of ordinary shares that may be purchased is 4,856,582;
- b. the price which may be paid for an ordinary share shall be 225 pence, exclusive of all expenses, which shall be both the maximum and the minimum price for the purpose of section 701 of the Companies Act 2006; and
- c. the authority conferred by this resolution shall expire at the conclusion of the Company’s next annual general meeting or 31 August 2013 whichever is earlier save that the Company may, before the expiry of the authority granted by this resolution, enter into a contract to purchase ordinary shares which will or may be executed wholly or partly after the expiry of such authority.

BY ORDER OF THE BOARD

John Warwick
Company Secretary

Registered Office:

133 Ebury Street
London
SW1W 9QU

12 December 2012

Notes:

1. General

- 1.1 The resolution above seeks authority for the Company to make market purchases of its own ordinary shares and is proposed as a special resolution. If passed, the resolution gives authority for the Company to purchase up to 4,856,582 of its ordinary shares, representing 20 per cent. of the Company’s issued ordinary share capital.
- 1.2 The resolution specifies the fixed price which may be paid for any ordinary shares purchased under this authority. The authority will expire at the Company’s next annual general meeting.

2. Entitlement to attend and vote

Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those members registered in the Company’s register of members at:

- 2.1 6.00 p.m. on 8 January 2013; or,
- 2.2 if this meeting is adjourned, at 6.00 p.m. on the day two days prior to the adjourned meeting, shall be entitled to attend and vote at the meeting.

3. Appointment of proxies

- 3.1 If you are a member of the Company at the time set out in note 2 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the meeting and you should have received a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.
- 3.2 A proxy does not need to be a member of the Company but must attend the meeting to represent you. Details of how to appoint the chairman of the meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the meeting you will need to appoint your own choice of proxy (not the chairman) and give your instructions directly to them.
- 3.3 You may appoint more than one proxy provided each proxy is appointed in respect of a specified number of shares within your holding. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, please refer to the notes on the form of proxy.

4. Appointment of proxy using hard copy proxy form

- 4.1 The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote. To appoint a proxy using the proxy form, the form must be:
- 4.1.1 completed and signed;
 - 4.1.2 sent or delivered to Capita Registrars at PXS, 34 Beckenham Road, Beckenham, BR3 4TU; and
 - 4.1.3 received by Capita Registrars at PXS, 34 Beckenham Road, Beckenham, BR3 4TU no later than 48 hours before the time of the meeting or any adjournment of the meeting.
- 4.2 In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by a duly authorised officer of the company or an attorney for the company.
- 4.3 Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

5. Appointment of proxy by joint members

In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

6. Changing proxy instructions

- 6.1 To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also applies in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.
- 6.2 Where you have appointed a proxy using the hard copy proxy form and would like to change the instructions using another hard copy proxy form, please contact Capita Registrars, by telephoning 0871 664 0300 or, if calling from outside the UK, +44 208 639 3399. Calls to the Capita Registrars 0871 664 0300 number are charged at 10 pence per minute (including VAT) plus any of your service provider's network extras. Lines are open from 9.00 a.m. to 5.30 p.m., Monday to Friday. Calls to the Capita Registrars +44 208 639 3399 number from outside the UK are charged at applicable international rates.
- 6.3 If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

7. Termination of proxy appointments

- 7.1 In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Capita Registrars at PXS, 34 Beckenham Road, Beckenham, BR3 4TU. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by a duly authorised officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.
- 7.2 The revocation notice must be received by Capita Registrars at PXS, 34 Beckenham Road, Beckenham, BR3 4TU no later than 48 hours before the time of the meeting or any adjournment of the meeting.
- 7.3 If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.
- 7.4 Appointment of a proxy does not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.

