

**THIS DOCUMENT AND THE ACCOMPANYING FORM OF PROXY ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or the action you should take you are recommended to seek advice from your solicitor, accountant, stockbroker, bank manager or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000 who specialises in advising in connection with shares and other securities if you are in the United Kingdom or, if you are resident outside the United Kingdom, from another appropriately qualified independent financial adviser.**

If you have sold or otherwise transferred all of your shares in Carpathian PLC (the “**Company**”) please send this document, together with the accompanying Form of Proxy, to the purchaser or transferee or to the stockbroker, bank or other agent through or to whom the sale or transfer was effected, for transmission to the purchaser or transferee. If you have sold or transferred part only of your holding of shares in the Company you should retain this document and consult the stockbroker, bank or other agent through whom the sale or transfer was effected.

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# Carpathian PLC

*(Incorporated and registered in the Isle of Man under the Isle of Man Companies Act 2006 with registered number 004145V)*

## Notice of Annual General Meeting

**including a proposed scheme for the Return of Cash to Shareholders**

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Your attention is drawn to the letter from the Chairman of the Company set out in Part 1 of this document which recommends that you vote in favour of each of the Resolutions to be proposed at the Annual General Meeting referred to below.

A notice convening the Annual General Meeting to be held at IOMA House, Hope Street, Douglas, Isle of Man IM1 1AP at 10:00 a.m. on 6 August 2010 is set out at the end of this document. A Form of Proxy for use in connection with the Annual General Meeting is enclosed.

Whether or not you propose to attend the Annual General Meeting you are requested to complete the Form of Proxy in accordance with the instructions printed thereon and return it to Computershare Investor Services (Jersey) Limited, PO Box 329, Queensway House, Hilgrove Street, St Helier, Jersey JE4 9XY, as soon as possible but in any event, to be valid, it must be completed and returned so as to arrive not later than 10:00 a.m. on 4 August 2010. Proxy voting in respect of uncertificated shares in the Company may also be registered through CREST (see note 11 to the Form of Proxy).

No application has been or will be made to the London Stock Exchange for any of the New Shares or the Deferred Shares to be admitted to trading on AIM, nor have the New Shares or the Deferred Shares been admitted, nor will they be admitted, to trading on any other recognised investment exchange.

The offering of New Shares or Deferred Shares has not been, nor will it be, registered under the US Securities Act or the relevant state securities laws of the United States but will be offered in reliance on an exemption from the registration requirements of the US Securities Act. Neither the New Shares nor the Deferred Shares may be transferred in the United States unless pursuant to a transaction which has been registered under the US Securities Act and/or relevant state securities laws or pursuant to an exemption therefrom.

None of the New Shares or Deferred Shares have been approved, disapproved or otherwise recommended by any US United States Securities and Exchange Commission or any other federal or state securities commission or other regulatory authority or any non-US securities commission or regulatory authority nor have any such authorities confirmed the accuracy or determined the adequacy of this document. Any representation to the contrary is a criminal offence in the United States.

A summary of the action to be taken by Shareholders of the Company is set out on page 11 and in the notice of Annual General Meeting set out at the end of this document. The return of one or more completed Forms of Proxy or the giving of an electronic proxy instruction will not prevent you from attending the Annual General Meeting and voting in person if you wish to do so (and are so entitled).

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## **EXPECTED TIMETABLE**

Last time and date for receipt of Forms of Proxy	10:00 a.m. on 4 August 2010
Annual General Meeting	10:00 a.m. on 6 August 2010

## DEFINITIONS

"**the Act**" the Companies Act 2006 of the Isle of Man (as amended from time to time);

"**AIM**" a market operated by the London Stock Exchange plc;

"**Alternative 1**" the first alternative that will be made available to holders of New Shares on the basis and the terms described in Part 2 of this document;

"**Alternative 2**" the second alternative that will be made available to holders of New Shares on the basis and the terms described in Part 2 of this document;

"**Annual General Meeting**" the annual general meeting of the Company to be held at IOMA House, Hope Street, Douglas, Isle of Man IM1 1AP on 6 August 2010, notice of which is set out in Part 7 of this document;

"**B Shares**" the unlisted B shares of €0.0001 each in the capital of the Company, the rights and restrictions of which are set out in Part 3 of this document;

"**Board**" or "**Directors**" the board of directors of the Company;

"**CREST**" the relevant system (as defined in the Uncertificated Securities Regulations 2006 of the Isle of Man) in respect of which Euroclear is the Operator (as defined in such regulations);

"**CREST Manual**" the manual, as amended from time to time, produced by Euroclear describing the CREST system and supplied by Euroclear to users and participants thereof;

"**CREST Proxy Instruction**" a properly authenticated CREST message appointing and instructing a proxy to attend and vote in the place of the Shareholder at the Annual General Meeting and containing the information required to be contained therein by the CREST Manual;

"**C Shares**" the unlisted C shares of €0.0001 each in the capital of the Company, the rights and restrictions of which are set out in Part 3 of this document;

"**Current Articles**" the current articles of association of the Company;

"**D Shares**" the unlisted D shares of €0.0001 each in the capital of the Company, the rights and restrictions of which are set out in Part 3 of this document;

"**Deferred Shares**" the unlisted deferred shares of €0.0001 each in the capital of the Company, the rights and restrictions of which are set out in Part 4 of this document;

"**Euroclear**" Euroclear UK and Ireland Limited;

"**Excluded Jurisdiction**" the United States, Australia, Japan, Canada or the Republic of South Africa;

"**Excluded Shareholders**" (i) a Shareholder with an address in any Excluded Jurisdiction on the Company's register of members (ii) any person resident in any Excluded Jurisdiction who holds

Ordinary Shares including directly, or as or through, a nominee, trustee or custodian; and (iii) persons who appear at any time to the Directors to fall within paragraph (ii) of this definition;

**"Form of Election"** a form of election to be issued by the Company following the announcement of each Return of Cash;

**"Form of Proxy"** the form or proxy enclosed with this document for use by Shareholders in connection with the Annual General Meeting;

**"Group"** the Company and its subsidiaries from time to time, and **"Group Company"** means any company in the Group;

**"New Articles"** the new articles of association of the Company proposed to be adopted pursuant to Resolution 4;

**"New Share Alternatives"** the offer of Alternative 1 and Alternative 2;

**"New Share Dividend"** shall have the meaning given to it in paragraph 3 of Part 1 of this document;

**"New Shares"** the B Shares, C Shares and D Shares;

**"Notice"** the notice of Annual General Meeting set out in Part 7 of this document;

**"Ordinary Shares"** the ordinary shares of €0.01 each in the capital of the Company;

**"Record Date"** in relation to each class of New Shares, such date as the Board shall determine at the relevant time in respect of that particular class of New Shares;

**"Registrars"** IOMA Fund and Investment Management Limited of IOMA House, Hope Street, Douglas, Isle of Man IM1 1AP, the registrars of the Company;

**"Repurchase Date"** in relation to a Return of Cash, the date designated as the "Repurchase Date" in the Form of Election or any letter to Shareholders accompanying the Form of Election;

**"Resolutions"** the resolutions set out in the Notice;

**"Return of Cash"** the transactions comprising the creation, issue and allotment of a class of New Shares, the issue of a Form of Election and the New Share Alternatives;

**"Shareholder"** a holder of share(s) in the capital of the Company;

**"Solvency Test"** shall have the meaning given to it in paragraph 2 of Part 1 of this document;

**"subsidiary"** has the meaning set out in section 220 of the Act;

**"Surplus Cash"** such amounts as the Board may determine from time to time as being available for distribution by the Company to Shareholders by way of a Return of Cash;

**"United Kingdom"** or **"UK"** the United Kingdom of Great Britain and Northern Ireland;

**"US"** or **"United States"** the United States of America (including the states of the United States and the District of Colombia), its possessions and territories and all areas subject to its jurisdiction; and

**"US Securities Act"** United States Securities Act of 1933 (as amended from time to time).

## PART 1

### LETTER FROM THE CHAIRMAN

*Incorporated and registered in the Isle of Man under the  
Isle of Man Companies Act 2006 with registered number 004145V*

*Directors:*

Rory Patrick Macnamara\* (Chairman)  
Patrick Rupert Cottrell\*  
Philip Peter Scales\*  
Timothy Graham Walker\*

*Registered office:*

*IOMA House  
Hope Street  
Douglas, Isle of Man  
IM1 1AP*

(\* non-executive)

14 July 2010

*To all Shareholders*

Dear Sir or Madam,

#### **Annual General Meeting and proposed scheme for the Return of Cash to Shareholders**

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

In addition to the business usually conducted by the Company at its Annual General Meeting (namely, the proposal and, if thought fit, adoption of resolutions to approve the audited accounts, the re-appointment of certain Directors, the re-appointment of the Company's auditors and the granting of authorities to allot new shares), the Board has concluded that it is in the best interests of the Company and the Shareholders to propose a resolution at the forthcoming Annual General Meeting to establish a scheme by which cash can be returned to Shareholders.

The Company has previously announced that it will distribute excess cash to Shareholders where possible. The Board considers it preferable to establish, in advance of holding any excess cash, a scheme by which cash can be returned to Shareholders in a flexible form and in a timely manner. It is intended that the proposals will enable your Board to effect this following the generation of such excess cash without convening any further general meeting of Shareholders.

The Company intends to implement a Return of Cash as and when disposals of assets of the Company give rise to Surplus Cash. The timing and order of disposals is presently uncertain, but as disposals by the Company are completed and announced, the details of any Return of Cash will subsequently be notified to Shareholders.

##### **2. Background to and reasons for the proposal**

In light of the strategy of the Company to dispose of assets and return Surplus Cash to Shareholders, the Board is mindful of the fact that it has a range of institutional, corporate

and individual Shareholders and, as such, proposes adopting a flexible mechanism by which any Surplus Cash can be returned. Having considered the available options, the Board is proposing a structure to allow future cash distributions by the Company to be effected by the bonus issue of newly created classes of shares (B Shares, C Shares and D Shares), to be issued to Shareholders pro rata to their holdings of Ordinary Shares when the Company is in a position to return cash to Shareholders. Subject to the issue of a class of New Shares to Shareholders on the Company's register on the relevant Record Date, each Shareholder (save for the Excluded Shareholders) shall be afforded the opportunity to elect to receive the Return of Cash in one of two ways, further details of which are set out below.

The Return of Cash proposal has been chosen as it gives each Shareholder (save for Excluded Shareholders) the choice to receive their Return of Cash in the form of a payment for the repurchase of their New Shares or a dividend thereon, or a combination of the above, and allows the Company to return Surplus Cash to Shareholders without having to seek Shareholder approval on each and every occasion it wishes to do so.

The Company does not currently have sufficient cash resources to enable it to implement a Return of Cash, but anticipates that it may be in a position to do so if and when certain disposals take place at prices which permit such distribution. Shareholders should be aware there is no certainty of any disposals taking place or of any Return of Cash within any particular timeframe. However, as previously announced, the Board is at varying stages of negotiation with a number of parties in relation to disposals of certain assets and is hopeful that some or all of such negotiations will enable a Return of Cash to be implemented.

Pursuant to the terms of Resolution 4, Shareholder approval is being sought for, amongst other things, amendments being made to the Current Articles which will be implemented by the adoption of the New Articles, which provide for the creation of the B Shares, C Shares and D Shares and contain authority for the Board to issue such shares in separate tranches in respect of future Returns of Cash.

Prior to any Return of Cash, the Directors will need to be satisfied, on reasonable grounds, that the Company will, immediately following a Return of Cash, satisfy the statutory solvency test set out in section 49 of the Act (the "**Solvency Test**"). The Company will satisfy the Solvency Test if (i) the Company is able to pay its debts as they become due in the normal course of the Company's business and (ii) the value of the Company's assets exceeds the value of its liabilities. The Board intends to make a Return of Cash only when the Company is in possession of sufficient Surplus Cash and is able to satisfy the Solvency Test.

The purpose of this document is to provide Shareholders with information relating to the Annual General Meeting and the proposed scheme for the Return of Cash, to explain the reasons for such scheme and why the Board considers it to be in the best interest of the Company and Shareholders as a whole. **Shareholders should read the whole of this document and not just rely on the summarised information set out in this letter.**

### 3. **Return of Cash and the New Share Alternatives**

Should the Board determine, having regard to the ability of the Company to satisfy the Solvency Test (as described above), that the Company is in possession of Surplus Cash, and that it wishes to implement a Return of Cash, the Company shall notify Shareholders by way of an announcement confirming the aggregate amount of the Return of Cash, the intention to issue a class of New Shares to Shareholders and the relevant Record Date in relation to such New Shares. Following such announcement, the Shareholders will receive:

**One New Share of that class for each Ordinary Share held on the relevant Record Date, irrespective of whether you choose Alternative 1 or Alternative 2.**

The rights and restrictions attaching to the New Shares are set out in Part 3 of this document.

The Company will then provide Shareholders with a Form of Election pursuant to which Shareholders (save for Excluded Shareholders) will be asked to elect to receive the Return of Cash either by way of Alternative 1 (share buy-back) or by way of Alternative 2 (dividend) or any combination of these in respect of their New Shares. A summary of each of the New Share Alternatives is set out below. Shareholders who fail to make a valid election will be deemed to have elected for Alternative 2. Excluded Shareholders may not choose Alternative 1 and so will be deemed to have elected for Alternative 2. Further details of the terms and basis upon which the New Share Alternatives will be proposed are set out in Part 2 of this document.

Before taking any action Shareholders should read Part 5 of this document 'United Kingdom Taxation in relation to the Return of Cash' since electing for one or other of the New Share Alternatives will give rise to different UK tax consequences. Shareholders are not required to choose any alternative at present and the guidance on UK tax is necessarily limited to the current legislation as at the date of this document.

**Shareholders who are in any doubt as to their tax position should consult an appropriate professional adviser.**

#### **Alternative 1**

If you choose Alternative 1 in respect of some or all of your New Shares, those New Shares in respect of which you have made such election will be repurchased by the Company at the price per New Share specified in the relevant Form of Election. In addition, following their repurchase, such New Shares will be cancelled and will not be reissued.

Shareholders should refer to Part 5 of this document for guidance on the expected UK tax treatment of Alternative 1.

Shareholders who fail to make a valid election will be deemed to have elected for Alternative 2. Excluded Shareholders may not choose Alternative 1 and will be deemed to have elected for Alternative 2.

## **Alternative 2**

If you choose Alternative 2 (or are deemed to have elected for Alternative 2) in respect of some or all of your New Shares, you will receive a dividend of the amount specified in the Form of Election per New Share in respect of those New Shares, such dividend being referred to in this document as the "**New Share Dividend**". Immediately following the payment of the New Share Dividend, the New Shares in respect of which such dividend has been paid will automatically convert into Deferred Shares and will be repurchased by the Company for a nominal sum on such date as the Directors may determine. The Deferred Shares will not be listed and will carry extremely limited rights, details of which are set out in Part 4 of this document.

Shareholders should refer to Part 5 of this document for guidance on the expected UK tax treatment of Alternative 2.

Shareholders who fail to make a valid election will be deemed to have elected for Alternative 2. Excluded Shareholders will also be deemed to have elected for Alternative 2 and, accordingly, are only entitled to receive the New Share Dividend.

## **4. Annual General Meeting**

Your approval is being sought for each of the Resolutions and the adoption of the structure enabling the Return of Cash on the terms set out in this document.

A notice of Annual General Meeting which has been convened for 10:00 a.m. on 6 August 2010 for this purpose is set out at Part 7 of this document. A Form of Proxy to be used in conjunction with the Annual General Meeting is enclosed with this document.

The Company is obliged under Isle of Man law to present its audited financial statements to the members in a general meeting within six months of the date to which such annual financial statements are made up (being, in the case of the Company, 31 December). The Isle of Man Financial Supervision Commission (the "**FSC**") may, however, grant an extension to this timeframe for any special reason upon application being made to it. The Directors determined that it would be beneficial for the Return of Cash proposals to be considered by Shareholders in conjunction with the business presented to the Company's 2010 annual general meeting and therefore made application to the FSC for an extension, which application was granted in order to allow the Annual General Meeting to be held on 6 August 2010.

## **5. Summary explanation of the Resolutions to be put to the Annual General Meeting**

At the Annual General Meeting, Shareholders will be asked to consider ordinary and special business as set out in the Notice.

Resolutions 1 to 3 inclusive, which will be proposed as ordinary resolutions, relate to the approval of the audited accounts of the Company for the year ended 31 December 2009, the re-appointment of Mr Philip Scales as a Director and the re-appointment of KPMG Audit LLC as the auditors to the Company.

Resolution 4 will be proposed as a special resolution which, if passed, will see the adoption of the New Articles containing provisions designed to facilitate the Return of Cash. If Resolution 4 is not passed at the Annual General Meeting, the Company will not be able to implement the Return of Cash on the terms set out in this document.

Resolution 5 will be proposed as an ordinary resolution which, if passed, will grant the Directors the authority to allot Ordinary Shares up to an aggregate par value of €773,827, such authority to expire at the conclusion of the next annual general meeting of the Company or the date which is 15 months after the date of the passing of such resolution, whichever is earlier.

Resolution 6 will be proposed as a special resolution which, if passed, will disapply the pre-emption provisions of the Company's articles of association in respect of the allotment for cash of Ordinary Shares up to an aggregate par value of €116,074, such disapplication to expire on the same date as the expiration of any authority given in the terms of Resolution 5.

## **6. Adoption of the New Articles**

As the Current Articles need to be updated in order to implement the Return of Cash, it is proposed that the New Articles are adopted in substitution for the Current Articles. The New Articles reflect the following key changes to the Current Articles:

- (a) an increase in the amount of share capital of the Company available for issue to enable the Company to issue B Shares, C Shares and D Shares in connection with the Return of Cash proposals and the ability of the Board to issue B Shares, C Shares and D Shares, and to effect Returns of Cash, without any additional shareholder authority;
- (b) the incorporation of the rights and restrictions attaching to the B Shares, C Shares and D Shares (as more particularly summarised in Part 3 of this document);
- (c) the incorporation of the rights and restrictions attaching to the Deferred Shares (as more particularly summarised in Part 4 of this document);
- (d) the right of the Board, subject to compliance with the Solvency Test, to reduce the paid up share capital of the Company from time to time by means of the cancellation in whole or in part of amounts standing to the credit of the Company's share premium account and their reclassification as distributable reserves of the Company; and
- (e) the ability of the Company to circulate copies of the Company's annual accounts and reports to members by way of electronic communication, should the Company be in possession of a valid email address furnished to the Company by a member for that purpose.

Whilst not specifically required for the purposes of the Return of Cash proposal, the Board considers that the changes referred to in sub-paragraphs (d) and (e) above would be beneficial to Shareholders.

Copies of the New Articles are available for review from the Company's registered office at any time before the AGM; in addition, copies of the New Articles will be available on the Company's website at <http://www.carpathianplc.com> and at the Annual General Meeting.

7. **United Kingdom taxation in relation to the Return of Cash**

If you are a Shareholder resident in the UK (for tax purposes), a tax liability may arise in respect of the repurchase proceeds and/or dividend which you may receive under any Return of Cash depending upon your individual circumstances. A guide to the general tax position of United Kingdom Shareholders as at the date of this document is set out in Part 5 of this document. **You are strongly advised to read Part 5 of this document and to seek professional advice tailored to your specific circumstances.**

Shareholders should note that the Company has not applied for any tax clearances with respect to the Return of Cash in the UK or in any other jurisdiction.

8. **Excluded Shareholders**

The attention of those Shareholders who are not resident in the United Kingdom or who are citizens, residents or nationals of other countries is drawn to the information set out in paragraph 4 of Part 2 of this document.

9. **Action to be taken**

Resolutions 1, 2, 3 and 5 are to be proposed as ordinary resolutions, requiring approval by more than 50 per cent of the votes cast at the Annual General Meeting (whether in person or by proxy). Resolutions 4 and 6 are to be proposed as special resolutions, requiring approval by at least 75 per cent of the votes cast at the Annual General Meeting (whether in person or by proxy).

You will find enclosed a reply-paid Form of Proxy for use at the Annual General Meeting. Whether or not you are able to attend, you are requested to complete the Form of Proxy in accordance with the instructions set out on the form and return it to Computershare Investor Services (Jersey) Limited, PO Box 329, Queensway House, Hilgrove Street, St Helier, Jersey JE4 9XY as soon as possible and, in any event, so as to arrive by no later than 10:00 a.m. on 4 August 2010.

Proxy voting in respect of uncertificated Ordinary Shares may also be registered through CREST (see note 11 to the Form of Proxy). The completion and return of a Form of Proxy or the giving of an electronic proxy instruction will not preclude you from attending and voting in person at the Annual General Meeting if you wish.

10. **Recommendation**

**The Board unanimously recommends that you vote in favour of the Resolutions to be proposed at the Annual General Meeting and in particular Resolution 4 as the Directors intend to do in respect of their own beneficial holdings amounting to 100,000 Ordinary Shares in aggregate, representing approximately 0.04 per cent of the current voting share capital of the Company.**

Yours faithfully

Rory Macnamara  
for and on behalf of  
Carpathian PLC

## PART 2

### DETAILS OF THE RETURN OF CASH

#### 1. **Conditions to the implementation of the Return of Cash**

The ability of the Company to implement a Return of Cash in the future is conditional on the approval by Shareholders of Resolution 4 to be proposed at the Annual General Meeting, the satisfaction of the Solvency Test which is a matter to be determined by the Board at the time of each Return of Cash) and the Company having sufficient reserves representing the Company's paid up share premium to pay up in full the par value of the New Shares to be issued in respect of the Return of Cash.

You are encouraged to vote on the Return of Cash by completing and returning your Form of Proxy for the Annual General Meeting or by completing and transmitting a CREST proxy instruction to Computershare Investor Services (Jersey) Limited, PO Box 329, Queensway House, Hilgrove Street, St Helier, Jersey JE4 9XY as soon as possible and, in any event, so as to arrive by no later than 10:00 a.m. on 4 August 2010 as no New Shares will be able to be created and issued in the future, and no Return of Cash will take effect, unless Resolution 4 is passed.

#### 2. **Allotment of New Shares**

In the event that the Company decides to effect a Return of Cash in the future, it is proposed to capitalise a sum not exceeding €75,000 (in respect of the issue of any class of New Shares) standing to the credit of any reserve or fund of the Company representing the Company's paid up share premium. Amounts so capitalised will then be applied in paying up in full the par value of the New Shares of a particular class (being B Shares, C Shares or D Shares), to be allotted to Shareholders on the basis of one New Share of the class of New Share being issued for each Ordinary Share held at the relevant Record Date.

The Resolutions provide the Company with sufficient authority to allot New Shares to option holders in the event that such options are exercised prior to the relevant Record Date.

The New Shares will have limited rights as more fully set out in Part 3 of this document. No share certificates will be issued for any New Shares. The New Shares will not be admitted to trading on any recognised investment exchange.

#### 3. **The New Share Alternatives**

On each occasion that the Company wishes to implement a Return of Cash it will notify Shareholders in advance by way of an announcement confirming the aggregate amount of Surplus Cash, the intention to issue a class of New Shares and the relevant Record Date in relation to such New Shares. The Company will then provide a Form of Election pursuant to which Shareholders (other than Excluded Shareholders) will be asked to elect to receive the Return of Cash either by way of Alternative 1, Alternative 2 or any combination of these alternatives.

**Shareholders (other than Excluded Shareholders) may choose Alternative 1, Alternative 2 or any combination of these alternatives in respect of their New Shares. Excluded Shareholders may not choose Alternative 1 and will be deemed to have elected for Alternative 2. Shareholders who fail to make an election or fail to return a validly executed Form of Election will be deemed to have elected for Alternative 2 in respect of their entire holding of New Shares.**

#### **Alternative 1**

Pursuant to Alternative 1, Shareholders may elect to have all or some of the New Shares issued to them pursuant to a Return of Cash repurchased by the Company, on the Repurchase Date, at the price per New Share specified in the Form of Election free of all dealing expenses and commissions.

Share certificates will not be issued in respect of New Shares which are to be repurchased by the Company by way of Alternative 1. In addition, following their repurchase, such New Shares will be cancelled and will not be reissued.

**Shareholders should read carefully Part 5 'United Kingdom taxation in relation to the Return of Cash' of this document before deciding whether to elect for Alternative 1.**

#### **Alternative 2**

Shareholders may elect to receive a New Share Dividend in respect of all or some of their New Shares. Shareholders who fail to make an election or fail to return a validly executed Form of Election will be deemed to have elected for Alternative 2 in respect of their entire holding of New Shares.

Following payment of the New Share Dividend, those New Shares on which the New Share Dividend has been paid will be converted into Deferred Shares, with the Shareholder receiving one Deferred Share for each such New Share. No share certificates will be issued in respect of either the New Shares on which the New Share Dividend is paid or in respect of the Deferred Shares.

The Deferred Shares will have extremely limited rights as more fully set out in Part 4 of this document. The Deferred Shares will not be admitted to trading on any recognised investment exchange.

The Company may repurchase all Deferred Shares then in issue at any time for an aggregate consideration of €0.01. In view of its negligible amount, entitlement to any of the aggregate consideration of €0.01 will not be sent to individual Shareholders.

**Shareholders should read carefully Part 5 'United Kingdom taxation in relation to the Return of Cash' of this document before deciding whether to elect for Alternative 2.**

#### 4. **Non-United Kingdom Shareholders**

Shareholders who are not resident in the United Kingdom or the Isle of Man or who are citizens, residents or nationals of other countries should consult their professional advisers to ascertain whether a Return of Cash will be subject to any restrictions or require compliance with any formalities imposed by the laws or regulations of, or any body or authority located in, the jurisdiction in which they are resident or to which they are subject. In particular, it is the responsibility of any Shareholder not resident in the United Kingdom or the Isle of Man or a citizen, resident or national of another country wishing to receive the New Share Dividend or have New Shares repurchased or otherwise dispose of any shares in the Company to satisfy himself or herself as to full observance of the laws of each relevant jurisdiction in connection with a Return of Cash including the obtaining of any government, exchange control or other consents which may be required, or the compliance with other necessary formalities needing to be observed and the payment of any issue, transfer or other taxes or duties in such jurisdiction.

The distribution of this document in certain jurisdictions may be restricted by law. Persons into whose possession this document comes should inform themselves about and observe any such restrictions. Neither this document nor any other document issued or to be issued by or on behalf of the Company in connection with the Return of Cash constitutes an invitation, offer or other action on the part of the Company in any jurisdiction in which such invitation, offer or other action is unlawful.

In the event that the Company is advised that it would or might be in breach of legal or regulatory requirements in any jurisdiction, or the Company would or might be required to make filings or take any other action in any jurisdiction as a result of its issuing New Shares to Shareholders who have registered addresses in any Excluded Jurisdiction or who are citizens, residents or nationals of other countries, it is proposed that the New Shares to which such Shareholders are entitled will not be allotted to such Shareholders but may be issued to a nominee with the proceeds of the Return of Cash being remitted to such Shareholders.

If the Company is advised that it would or might be in breach of legal or regulatory requirements in any jurisdiction, or that the Company would or might be required to make filings or take any other action in any jurisdiction as a result of an election made pursuant to a Form of Election, or the repurchase by the Company of New Shares from a Shareholder who has a registered address in any Excluded Jurisdiction or who is a citizen, resident or a national of a country outside the UK or a trustee, custodian or nominee holding New Shares on behalf of such persons, such Shareholder shall be deemed to have elected for Alternative 2 and so to receive the New Share Dividend in respect of the relevant New Shares (unless the Company otherwise determines in its absolute discretion).

A resident, citizen or national of the United States is not entitled to participate in Alternative 1. A trustee, custodian or nominee holding New Shares on behalf of a resident, citizen or national of the United States is not entitled to participate in Alternative 1 in respect of such New Shares and must therefore not execute a Form of Election to participate in the same in respect of such New Shares. Without prejudice to the

generality of the foregoing, any such Shareholders will only be entitled to receive the New Share Dividend.

The above provisions of this paragraph relating to Excluded Shareholders may be waived, varied or modified as regards specific Shareholders or on a general basis by the Company in its absolute discretion.

**5. Securities law considerations in the United States**

Without prejudice to the generality of the foregoing, the offering of the New Shares or the Deferred Shares, as the case may be, has not been, nor will it be, registered under the US Securities Act or the relevant state securities laws of the United States. Neither the New Shares nor the Deferred Shares may be transferred in the United States unless pursuant to a transaction which has been registered under the US Securities Act and relevant state securities laws or pursuant to an exemption therefrom.

## PART 3

### RIGHTS AND RESTRICTONS ATTACHED TO THE NEW SHARES

The provisions of the New Articles relating to B Shares, C Shares and D Shares are summarised below:

1. The Board may, subject to satisfaction of the Solvency Test, resolve to capitalise any sum standing to the credit of any reserve or fund of the Company representing the Company's paid up share premium and appropriate the sum resolved to be capitalised to pay up in full, at a price equal to the aggregate par value of such shares, B Shares, C Shares or D Shares in proportion to the existing holdings of Ordinary Shares of the relevant members of the Company.
2. The Board may make up to three separate bonus issues of shares as described in paragraph 1 above, the first issue being in respect of shares forming a class identified by the title "B Shares", the second issue being in respect of shares forming a class identified by the title "C Shares" and the third issue being in respect of shares forming a class identified by the title "D Shares" (each a "**Class**").
3. On or around the date of allotment of each Class (the "**New Shares**"), the Board shall send a form of election to the holders of Ordinary Shares or, in respect of Ordinary Shares held in uncertificated form, shall invite the relevant holders to submit an instruction by means of CREST (each a "**Form of Election**") under which the holders of Ordinary Shares shall be entitled, subject to certain limitations and restrictions, to elect in relation to any New Shares to be issued to them to:
  - (i) accept an offer by the Company to purchase the New Shares (the "**Purchase Offer**") for cash consideration per New Share equal to the New Share Dividend (as defined in paragraph 6 below) (the "**Purchase Offer Consideration**"); or
  - (ii) receive the New Share Dividend.
4. Holders of New Shares who have not returned to the Company or its registrar a duly completed Form of Election by the deadline for receipt of valid Forms of Election specified in the Form of Election (or such later time and/or date as the Directors may determine) (the "**Relevant Time**") electing to accept either the New Share Dividend or the Purchase Offer will be deemed to have elected to receive the New Share Dividend in relation to each New Share held by them.
5. The Directors shall determine all questions as to form and validity, including the timing of receipt, of any Form of Election in their absolute discretion and may, if they so determine, accept a Form of Election which is received after the Relevant Time or which is not correctly completed.
6. A single dividend per New Share (the "**New Share Dividend**") shall, subject to satisfaction of the Solvency Test, be payable to the holders of New Shares in respect of which an election has been made, or is deemed to have been made, to receive the New Share Dividend.

7. The New Share Dividend shall become payable on the date specified in the Form of Election or such later date as the Directors may determine (the “**New Share Dividend Date**”). Each New Share in respect of which such dividend becomes payable shall, on such date (or such other date as the Directors may determine in their absolute discretion), be automatically converted into a deferred share of €0.0001 par value with the rights and restrictions described in Part 4 of this document (a “**Deferred Share**”).
8. The holders of the New Shares shall not be entitled to any interest arising in respect of the New Share Dividend and shall not be entitled to any further right of participation in the profits of the Company.
9. Any New Share Dividend payable on any New Shares which is unclaimed for a period of 12 years from the date of due payment shall be forfeited and shall revert to the Company.
10. In respect of the holders of New Shares who have elected to accept the Purchase Offer in respect of some or all of their New Shares (the “**Purchase Offer Shares**”), the Company shall, subject to satisfaction of the Solvency Test, effect the purchase of the Purchase Offer Shares on the New Share Dividend Date and shall pay the Purchase Offer Consideration to such holders in the same manner and at the same time as the payment of the New Share Dividend.
11. By completing and returning a Form of Election, a holder of New Shares electing to accept the Purchase Offer will irrevocably appoint any Director to act as his agent and attorney with authority to take all such actions and execute all such documents as may be required by the Company to give effect to the purchase by the Company of the Purchase Offer Shares.
12. On a return of capital or winding-up (excluding any intragroup reorganisation on a solvent basis), the holders of New Shares shall be entitled, in priority to any payment to the holders of Ordinary Shares, to a sum per New Share held by them equal in value to the New Share Dividend.
13. The holders of New Shares shall not be entitled to any further right of participation in the profits or assets of the Company in excess of that specified in paragraph 12 above. If on such a winding-up or return of capital the amounts available for payment are insufficient to cover in full the amounts payable on the New Shares, the holders of such shares will share rateably in the distribution of assets (if any) in proportion to the full preferential amounts to which they are entitled.
14. The holders of the New Shares shall not be entitled, in their capacity as holders of such shares, to receive notice of any general meeting of the Company nor to attend, speak or vote at any such general meeting unless the business of the meeting includes the consideration of a resolution for the winding-up (excluding any intra-group reorganisation on a solvent basis) of the Company, in which case the holders of the New Shares shall have the right to attend the general meeting and shall be entitled to speak and vote only on any such resolution.
15. Whenever the holders of the New Shares are entitled to vote at a general meeting of the Company, on a show of hands every holder thereof who (being an individual) is present in

person or (being a corporation) by a representative shall have one vote, and on a poll every such holder present in person or by proxy shall have one vote for each New Share registered in the name of such holder.

16. The Company may from time to time create, allot and issue further shares, whether ranking *pari passu* with or in priority to the New Shares. The creation, allotment or issue of any such further shares (whether or not ranking in any respect in priority to the New Shares) shall be treated as being in accordance with the rights attaching to the New Shares and shall not involve a variation of such rights for any purpose or require the consent of the holders of New Shares.
17. The reduction by the Company of its paid up share capital representing the amounts paid up on the New Shares shall be in accordance with the rights attaching to the New Shares and shall not involve a variation of such rights for any purpose and the Company shall be authorised at any time to reduce its paid up share capital in any manner (subject to compliance with the Articles) without obtaining the consent of the holders of the New Shares.
18. The New Shares shall not be listed on any stock exchange or held in uncertificated form nor shall any share certificates be issued in respect of such shares. The New Shares shall not be transferable.
19. Notwithstanding any contrary provision in the Articles:
  - (a) if, in respect of any holder of Ordinary Shares with a registered address in a jurisdiction outside the Isle of Man or the United Kingdom or whom the Board reasonably believes to be a citizen, resident or national of a jurisdiction outside the Isle of Man or the United Kingdom (an **"Overseas Shareholder"**), the Board is advised or reasonably determines that the allotment and/or issue of New Shares pursuant to the Articles:
    - (i) would or might infringe the laws of such jurisdiction; or
    - (ii) would or might require the Company to comply with any governmental or other consent or any registration, filing or other formality with which the Company is unable to comply or compliance with which the Company regards, in its absolute discretion, as unduly onerous or disproportionate,then the New Shares to which such holder shall be entitled may, instead of being issued to such holder, be issued to a nominee appointed by the Company for such holder and such New Share shall be sold on behalf of the nominee for a price per New Share equal to the New Share Dividend and the net proceeds of sale shall be paid to the holder in accordance with his entitlements; and
  - (b) if, in respect of any Overseas Shareholder not caught by sub-paragraph (a) above, the Board is advised or reasonably determines that the Overseas Shareholder is not entitled to participate in the Purchase Offer, such Overseas Shareholder shall be deemed to have elected to receive the New Share Dividend notwithstanding any contrary election in the Overseas Shareholder's Form of Election.

## PART 4

### RIGHTS AND RESTRICTONS ATTACHED TO THE DEFERRED SHARES

The provisions of the New Articles relating to the Deferred Shares are summarised below:

1. The Deferred Shares shall confer no right to participate in the profits of the Company.
2. On a return of capital on a winding-up (excluding any intra-group re-organisation on a solvent basis) there shall be paid to the holders of the Deferred Shares the amount paid up or credited as paid up on such Deferred Shares after paying to the holders of the Ordinary Shares and holders of any other shares in issue, the amount paid up or credited as paid up on the Ordinary Shares and/ or the shares in issue, as the case may be, held by them respectively, together with the sum of £1,000,000 on each Ordinary Share. The holders of the Deferred Shares shall not be entitled to any further right of participation in the assets of the Company.
3. The holders of the Deferred Shares shall not be entitled to receive notice of any general meeting of the Company or to attend, speak or vote at any such meeting.
4. The Company may from time to time create, allot and issue further shares, whether ranking *pari passu* with or in priority to the Deferred Shares, and on such creation, allotment or issue any such further shares (whether or not ranking in any respect in priority to the Deferred Shares) shall be treated as being in accordance with the rights attaching to the Deferred Shares and shall not involve a variation of such rights for any purpose or require the consent of the holders of the Deferred Shares. The reduction by the Company of its paid up share capital representing the amounts paid up on the Deferred Shares shall be in accordance with the rights attaching to the Deferred Shares and shall not involve a variation of such rights for any purpose and the Company shall be authorised at any time to reduce its paid up share capital in any manner (subject to compliance with the Articles) without obtaining the consent of the holders of the Deferred Shares.
5. The Deferred Shares shall not be listed on any stock exchange nor shall any share certificates be issued in respect of such shares. The Deferred Shares shall not be transferable except as described in paragraph 6 below or with the written consent of the Directors.
6. The Company shall have irrevocable authority at any time after the adoption of this Article, (subject to the provisions of the Act) without obtaining the sanction of the holder or holders of the Deferred Shares to:
  - (a) appoint any person to execute on behalf of any holder of Deferred Shares a transfer of all of the Deferred Shares or any part thereof (and/or an agreement to purchase and transfer the same) to the Company or to such person as the Directors may determine (whether or not an officer of the Company), and purchase the same in any case for not more than €0.01 for all the Deferred Shares then being purchased; and

- (b) cancel all or any of the Deferred Shares so purchased by the Company in accordance with the Act.

## PART 5

### UK TAXATION IN RELATION TO THE RETURN OF CASH

The following summary of the tax treatment in the UK is intended as a general guide only and does not constitute tax advice. It is based on certain aspects of current UK tax law and HM Revenue & Customs ("HMRC") published practice as at the date of this document, both of which are subject to change, possibly with retrospective effect. The summary relates only to shareholders who are resident, and in the case of individuals, ordinarily resident in the UK for tax purposes and who hold their Ordinary Shares as investments. It may not be applicable to certain Shareholders, including dealers in securities or employees.

Any Shareholder who is in any doubt as to his or her tax position or who is subject to tax in a jurisdiction other than the UK should consult an appropriate professional adviser.

The following comments are in the context of an issue of New Shares.

#### Allotment of New Shares

For the purposes of UK taxation of capital gains and corporation tax on chargeable gains ("CGT"):

- the issue of New Shares should be treated as a reorganisation of the capital of the Company. Accordingly, Shareholders will not be treated as having made a disposal of all or part of their Ordinary Shares. Instead, the new holding of both the Ordinary Shares and the New Shares will be treated as the same asset as the Ordinary Shares before the bonus issue, and as having been acquired at the same time as the Ordinary Shares; and
- as a result of the bonus issue, a Shareholder's original base cost in the Ordinary Shares will be apportioned between the Ordinary Shares and New Shares by reference to the value of these shares immediately after the bonus issue.

#### Alternative 2 – New Share Dividend

Under Alternative 2, a New Share Dividend will be paid on the New Shares in issue, following which the New Shares will be converted into Deferred Shares.

##### *Tax on income*

UK resident individual Shareholders will, subject to their personal circumstances, be liable to tax on the New Share Dividend as income. A notional tax credit of 1/9th of the New Share Dividend may be available to reduce the effective rate of UK income tax on dividends received by individual shareholders.

UK resident corporate shareholders may be exempt from corporation tax on the dividend under provisions introduced by Finance Act 2009. However such shareholders should note that the tax treatment of distributions paid by foreign companies out of share premium account can be uncertain. Based upon HMRC's arguments in a recent case, it is possible that HMRC may seek to recharacterise such a distribution as a capital receipt.

### *Taxation on chargeable gains*

For CGT purposes, the New Share Dividend and the consequent conversion of the New Shares into Deferred Shares should not be treated as giving rise to a disposal or part disposal of the New Shares in the hands of an individual Shareholder.

Shareholders who receive the New Share Dividend on their New Shares should note that a proportion of the base cost, for CGT purposes, will be attributed to the New Shares and this amount will continue to be attributed to the New Shares following their conversion into Deferred Shares (notwithstanding that the Deferred Shares will have limited rights or value). Correspondingly, only a proportion of the base cost of the original holding of Ordinary Shares will be available on a subsequent disposal of Ordinary Shares.

If the New Share Dividend were to be recharacterised as a capital receipt in the hands of a UK corporate Shareholder, then the transaction would be treated as a disposal of the New Shares for UK tax purposes.

### **Alternative 1 – repurchase of New Shares by the Company**

The Company has been advised that the repurchase of the New Shares should be treated as a disposal of those shares for UK tax purposes. Any gain or loss arising to a Shareholder will be calculated by the reference to the difference between the repurchase price and the Shareholder's base cost in the New Shares that are repurchased (see above for details of how the base cost of the New Shares will be calculated).

Subject to the comments below regarding Transactions in Securities and the Offshore Fund Rules, no part of the proceeds received by a Shareholder on the repurchase of the New Shares should be an income distribution in the Shareholder's hands.

### *Transactions in securities*

In certain circumstances, HMRC may apply the provisions contained in Chapter 1, Part 13 Income Tax Act 2007 or Part 15 Corporation Tax Act 2010 where they consider a person has obtained a tax advantage as a result of a "transaction in securities" and where it cannot be shown that the transactions are effected for genuine commercial reasons and that the obtaining of a tax advantage was not the main reason or one of the main reasons for the transaction.

Were these provisions to apply, UK resident shareholders may be liable to tax as if they had received a dividend equal to the proceeds received on the repurchase of their New Shares by the Company.

The Company has not applied for a clearance from HMRC in this regard.

### *Offshore fund rules*

The UK tax treatment of any disposal of the Ordinary Shares or New Shares is subject to the application of the UK Offshore Fund Rules. These rules were amended with effect from 1 December 2009 and include, amongst other things, a new definition of "offshore fund". If the Company were an offshore fund under the new Offshore Fund rules, gains arising to a

Shareholder on disposal of the New Shares (or Ordinary Shares) may be subject to tax as income and not as a capital gain.

The application of the new Offshore Fund Rules is not entirely certain in all cases. However, it is considered that the proposed Return of Cash arrangements should not in themselves result in the Company being treated as an “offshore fund” under the new Offshore Fund Rules.

#### Stamp Duty

There should be no Stamp Duty or Stamp Duty Reserve Tax payable on the issue of the New Shares, the conversion of New Shares to Deferred Shares or the repurchase by the Company of either the New Shares or the Deferred Shares.

## PART 6

### EXPLANATION OF THE RESOLUTIONS

The following is an explanation of the Resolutions to be proposed at the Annual General Meeting.

Resolutions 1 to 3 (inclusive) comprise ordinary business and will be proposed as ordinary resolutions requiring a simple majority of votes to be carried. Resolutions 4 to 6 (inclusive) comprise special business and will be proposed as special resolutions requiring a majority of at least three-quarters to be carried, except Resolution 5 which will be proposed as an ordinary resolution.

#### **Resolution 1: receiving the Report and Accounts**

The Directors will present to Shareholders at the Annual General Meeting the accounts of the Company for the financial year ended 31 December 2009, together with their report and the auditor's report on those accounts.

#### **Resolution 2: re-appointing Philip Scales**

Under the Current Articles, one third of the Directors must retire by rotation at each annual general meeting of the Company. Philip Scales is the Director required to retire at the Annual General Meeting, and is offering himself for re-appointment. Philip Scales is also a member of the Audit Committee.

#### **Resolution 3: re-appointing the auditors**

Resolution 3 is an ordinary resolution proposing the re-appointment of KPMG Audit LLC, Douglas, Isle of Man as auditor of the Company, until the conclusion of the next Annual General Meeting of the Company at which accounts are laid before the Company, and that the Directors are authorised to determine their remuneration.

#### **Resolution 4: Adoption of the New Articles**

Resolution 4 is a special resolution proposing the adoption of the New Articles. An explanation of the differences between the Current Articles and the New Articles is set out in paragraph 8 of Part 2 of this document.

#### **Resolution 5: Allotment of New Shares**

Under the Company's articles of association, the Directors may allot unissued Ordinary Shares if authorised to do so by an ordinary resolution of the Shareholders.

Resolution 5, an ordinary resolution, seeks approval from Shareholders to renew the Directors' authority to allot unissued Ordinary Shares up to an aggregate par value of €773,827, which represents 77,382,700 Ordinary Shares equivalent to approximately 33.3% of the issued share capital of the Company as at the date of this circular. A corresponding authority was given to the directors at the Company's last annual general meeting.

The authority proposed by Resolution 5 will expire at the conclusion of the Company's next annual general meeting to be held after the passing of Resolution 5 or (if sooner) on the date being 15 months following the passing of the Resolution.

#### **Resolution 6: disapplying pre-emption rights**

Where shares are allotted pursuant to a general authority, as provided for by Resolution 5, and they are to be allotted wholly for cash consideration, that allotment must be made subject to the provisions of article 5.2 of the Company's articles of association. This article requires that any new shares to be allotted are offered on a pre-emptive basis to existing Shareholders, i.e. in proportion to their existing holdings prior to being allotted in any other fashion. There may, however, be circumstances where the Directors wish to allot shares for cash other than to the Shareholders strictly pro rata to their holdings, but this may not be done unless the Shareholders have first waived their pre-emption rights. A disapplication of these rights was granted at the Company's last annual general meeting and that disapplication expires at the end of the Annual General Meeting.

Resolution 6, which is proposed as a special resolution, seeks approval from Shareholders to renew the Directors' authority to allot Ordinary Shares wholly for cash, as if article 5.2 of the New Articles (if Resolution 4 is passed) or the Current Articles (if Resolution 4 is not passed) did not apply, up to an aggregate par value of €116,074, representing 11,607,400 Ordinary Shares (equivalent to approximately 5% of the issued share capital of the Company as at the date of this circular).

The authority proposed by Resolution 6 will expire at the conclusion of the Company's next annual general meeting to be held after the passing of Resolution 6 or (if sooner) on the date being 15 months following the passing of the Resolution.

There is, at present, no intention on the part of the Directors to exercise this authority.

## PART 7

### NOTICE OF ANNUAL GENERAL MEETING

## CARPATHIAN PLC

*(Incorporated under the Companies Act 2006 of the Isle of Man  
and registered in the Isle of Man under number 004145V)*

(the "Company")

**NOTICE IS HEREBY GIVEN** that the **2010 ANNUAL GENERAL MEETING** of the Company (the "**Annual General Meeting**") will be held at IOMA House, Hope Street, Douglas, Isle of Man IM1 1AP on 6 August 2010, at 10:00 a.m.

**A.** At the Annual General Meeting, the following ordinary business will be transacted:-

The consideration and, if thought fit, passing of the following resolutions which will be proposed as ordinary resolutions:

1. **THAT** the audited accounts of the Company for the year ended 31 December 2009 and the reports of the Directors and the Auditors and any other document required to be annexed thereto be and they are hereby considered and adopted.
2. **THAT** Philip Scales who, having agreed to retire but, being eligible, offers himself for re-election, be and he is hereby re-appointed as a Director of the Company.
3. **THAT** KPMG Audit LLC, Douglas, Isle of Man be and they are hereby re-appointed as Auditors to the Company and that the Directors be and they are hereby authorised to determine their remuneration.

**B.** In addition, the following special business will be transacted:

4. The consideration and, if thought fit, passing of the following resolution which will be proposed as a special resolution:
  - (a) **THAT** the current Articles of Association of the Company (the "**Current Articles**") be deleted in their entirety and the regulations contained in the document submitted to the meeting, and for the purpose of identification signed by the Chairman, be approved and adopted as the new Articles of Association of the Company (the "**New Articles**") in substitution for, and to the exclusion of, the Current Articles;
  - (b) to the extent that the ordinary shares of €0.01 each in the capital of the Company ("**Ordinary Shares**") are or will be deemed to be varied or abrogated by the creation and allotment of B Shares, C Shares or D Shares (as such terms are defined in the New Articles), such variation or abrogation is hereby approved; and

(c) the proposed scheme for the return of cash to the shareholders as described in the circular to the shareholders dated 14 July 2010 be approved and the directors of the Company be authorised to do all such acts, matters and things as they may consider to be necessary for the purposes of implementing the same.

5. The consideration and, if thought fit, passing of the following resolution which will be proposed as an ordinary resolution:

**THAT** in revocation of any existing general authority granted to the Directors for the purposes of article 5.1 of the Current Articles, the Directors be generally and unconditionally authorised in accordance with article 5.1 of the New Articles (if Resolution 4 is passed) or the Current Articles (if Resolution 4 is not passed) to exercise all the powers of the Company to allot Ordinary Shares up to an aggregate par value of €773,827; such authority to expire (unless and to the extent previously revoked, varied or renewed by the Company in general meeting) at the conclusion of the next Annual General Meeting of the Company or, if earlier, the date 15 months after the date of passing this resolution; provided that this authority shall allow the Company, before such expiry, to make an offer or enter into an agreement which would or might require Ordinary Shares to be allotted after this authority expires and the Directors may allot such Ordinary Shares in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

6. The consideration and, if thought fit, passing of the following resolution which will be proposed as a special resolution:

**THAT** the provisions of article 5.2 of the New Articles (if Resolution 4 is passed) or the Current Articles (if Resolution 4 is not passed) requiring shares proposed to be issued for cash first to be offered to the members in proportion as nearly as may be to the number of the existing shares held by them respectively be and it is hereby disapplied in relation to any allotment of Ordinary Shares pursuant to the authority in Resolution 5 above; provided that this disapplication shall be limited to the allotment for cash of Ordinary Shares up to an aggregate par value of €116,074 and shall expire (unless and to the extent previously revoked, varied or renewed by special resolution) at the conclusion of the next Annual General Meeting of the Company or, if earlier, the date 15 months after the date of passing this resolution; provided that this authority shall allow the Company, before such expiry, to make an offer or enter into an agreement which would or might require Ordinary Shares to be allotted after this authority expires and the Directors may allot such Ordinary Shares in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

*Registered office:*  
IOMA House  
Hope Street  
Douglas  
Isle of Man IM1 1AP

*By Order of the Board*  
P P Scales  
Company Secretary

Dated 14 July 2010

