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If you have sold or otherwise transferred all of your Ordinary Shares, please forward this document and the accompanying Form of Proxy as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee. If you have sold or otherwise transferred some of your Ordinary Shares, you should contact your stockbroker, banker or other agent through whom the sale or transfer was effected.

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# Nasstar plc

*(Incorporated in England and Wales with registered number 05623736)*

**Proposed acquisition of Modrus Limited**  
**Placing of 177,333,334 new Ordinary Shares at 7.5 pence per share**  
**and**  
**Notice of General Meeting**



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Your attention is drawn to the letter from the Chairman of Nasstar plc set out on pages 5 to 11 of this document which recommends you to vote in favour of the Resolution to be proposed at the General Meeting.

Notice of a General Meeting of the Company to be held at Datapoint House, 400 Queensway Business Park, Queensway, Telford, Shropshire TF1 7UL at 10.00 a.m. on 31 August 2016 is set out on pages 12 and 13 of this document. The accompanying Form of Proxy for use at the General Meeting should be completed in accordance with the instructions printed thereon and returned as soon as possible to Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA by not later than 10.00 a.m. on 26 August 2016. Completion and return of the Form of Proxy will not preclude Shareholders from attending and voting in person at the General Meeting should they so wish.

This document does not constitute or form part of any offer or instruction to purchase, subscribe for or sell any shares or other securities in Nasstar plc nor shall it or any part of it or the fact of its distribution form the basis of, or be relied on in connection with, any contract therefor. This document does not constitute an offer to the public of transferable securities and so is not subject to the requirements of any legislation that implements the EU Prospectus Directive.

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Copies of this document will be available, free of charge, for a period of one month from the date of this document at the Company's registered office, Datapoint House 400 Queensway Business Park, Queensway, Telford, Shropshire, England, TF1 7UL, during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted).

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## PLACING STATISTICS

Placing Price	7.5 pence
Gross proceeds of the Placing	£13.3 million
Net proceeds of the Placing	£12.7 million
Number of Ordinary Shares in issue on the date of this document	384,875,619
Number of Placing Shares	177,333,334
Number of Consideration Shares	17,333,334
Enlarged Issued Share Capital	579,542,287
Placing Shares as a percentage of the Enlarged Issued Share Capital	30.6%
Consideration Shares as a percentage of the Enlarged Issued Share Capital	2.9%

## EXPECTED TIMETABLE FOR ADMISSION

Latest time and date for receipt of Forms of Proxy	10.00 a.m. on 26 August 2016
General Meeting	10.00 a.m. on 31 August 2016
Admission and dealings in the Placing Shares expected to commence on AIM <sup>1</sup>	8.00 a.m. on 1 September 2016
Admission and dealings in the Consideration Shares expected to commence on AIM	8.00 a.m. on 2 September 2016
Completion of the Acquisition	8.00 a.m. on 2 September 2016
Expected date for CREST accounts to be credited for the Placing Shares (where applicable)	1 September 2016
Despatch of definitive share certificates (where applicable) for Placing Shares and the Consideration Shares on or around	15 September 2016

<sup>1</sup> being the completion date of the Placing

## DEFINITIONS

The following definitions apply throughout this document and the Form of Proxy, unless the context otherwise requires:

<b>“Acquisition Agreement”</b>	the conditional agreement for the Company’s acquisition of Modrus between Edward Armitage (1), Maria Armitage (2), Mark Osborne (3) and the Company (4) dated 12 August 2016
<b>“Acquisition”</b>	the proposed acquisition of the entire issued share capital of Modrus Limited
<b>“Admission”</b>	the admission of the Placing Shares and the Consideration Shares to trading on AIM, becoming effective in accordance with the AIM Rules
<b>“AIM”</b>	the market of that name operated by London Stock Exchange plc
<b>“AIM Rules”</b>	the AIM Rules for Companies, published by the London Stock Exchange plc
<b>“Board”</b>	the board of directors of the Company
<b>“the Company” or “Nasstar”</b>	Nasstar plc
<b>“Consideration Shares”</b>	the 17,333,334 new Ordinary Shares to be issued by the Company to Edward Armitage who is one of the Vendors in accordance with the Acquisition Agreement
<b>“Directors”</b>	the directors of the Company
<b>“Enlarged Issued Share Capital”</b>	all of the Ordinary Shares in issue on Admission
<b>“Enlarged Group”</b>	the Group as enlarged by the Acquisition
<b>“finnCap”</b>	finnCap Limited
<b>“Form of Proxy”</b>	the form of proxy for use by Shareholders in connection with the General Meeting
<b>“General Meeting”</b>	the general meeting of the Company convened for 10.00 a.m. on 31 August 2016
<b>“Group”</b>	the group comprising the Company and its subsidiary undertakings
<b>“Modrus”</b>	Modrus Limited
<b>“Ordinary Shares”</b>	ordinary shares of 1 penny each in the capital of the Company
<b>“Placing”</b>	the conditional placing of the Placing Shares pursuant to the Placing Agreement
<b>“Placing Agreement”</b>	the agreement dated 12 August 2016 between the Company and finnCap relating to the Placing
<b>“Placing Price”</b>	7.5 pence per Placing Share
<b>“Placing Shares”</b>	177,333,334 new Ordinary Shares
<b>“Resolution”</b>	the resolution set out in the Notice of General Meeting
<b>“Shareholders”</b>	holders of Ordinary Shares
<b>“Substantial Shareholder”</b>	a 10 per cent. (or greater) shareholder in an AIM traded company
<b>“Vendors”</b>	the sellers of Modrus under the Acquisition Agreement, being Edward Armitage, Maria Armitage and Mark Osborne

## LETTER FROM THE CHAIRMAN OF NASSTAR PLC

*(Incorporated in England and Wales with registered number 05623736)*

*Directors:*

Lord Daresbury (*Non-executive Chairman*)  
David Redwood (*Deputy Chairman*)  
Nigel Redwood (*Chief Executive Officer*)  
Niki Redwood (*Finance Director*)  
Nick Bate (*Non-executive Director*)  
Angus McCaffery (*Non-executive Director*)  
Mike Read (*Non-executive Director*)

*Registered Office:*

Datapoint House  
400 Queensway Business Park Queensway  
Telford  
Shropshire  
England, TF1 7UL

15 August 2016

To Shareholders and, for information only, to holders of Options

Dear Shareholder

### **Proposed acquisition of Modrus Limited Conditional Placing of 177,333,334 new Ordinary Shares at 7.5 pence per share and Notice of General Meeting**

#### **1. Introduction**

The Company announced today that it has conditionally agreed to acquire Modrus for a total consideration of £13.0 million. £11.7 million of the consideration will be paid in cash and the balance will be satisfied by the issue to the Vendors of 17,333,334 new Ordinary Shares. To fund the cash element of the acquisition consideration the Company has also today announced the conditional Placing by finnCap of 177,333,334 new Ordinary Shares at 7.5p per share to raise £13.3 million (before expenses). The excess funds raised under the terms of the Placing over the £11.7 million cash consideration will be used to fund costs relating to the Acquisition and the Placing (£0.6 million) with the balance of £1.0 million used to reduce the Company's indebtedness.

The Placing is conditional on, inter alia, the passing of the Resolution at the General Meeting. It is expected that, subject to passing this Resolution, the Placing Shares will be admitted to trading on AIM on Thursday 1 September 2016 and that the Consideration Shares will be admitted to trading on Friday 2 September 2016.

The Placing Price represents a discount of approximately 13.0 per cent. to the closing mid-market price of 8.625 pence per Ordinary Share on 12 August 2016 (being the last practical date prior to the announcement of the Acquisition and the Placing).

The Placing is not conditional on completion of the Acquisition. As a result it is possible that the Placing Shares could be issued without the Acquisition proceeding.

**The purpose of this document is to explain the background to and reasons for the Placing, to explain why the Board considers the Placing to be in the best interests of the Company and its Shareholders, and why the Directors unanimously recommend that you vote in favour of the Resolution to be proposed at the General Meeting, as they intend to do in respect of the 37,642,249 Ordinary Shares held, directly or indirectly, by them representing approximately 9.8 per cent. of the total voting rights of the Company.**

#### **2. Information on Modrus**

Modrus was founded in 2004 by current Managing Director Edward Armitage and Mark Osborne. Modrus provides Information Technology ("IT") managed services and telecoms solutions to SMEs, offering a comprehensive cloud service including virtual desktop, managed exchange and internet based telephony services ("VoIP") overlaid with full connectivity services. It also offers a full IT managed service package for

customers including software, hardware and support. Modrus has approximately 140 managed service clients with the majority of revenue derived from clients ranging in size from approximately 50 to 250 users. Given the nature of Modrus's services, customers tend to be contracted for long periods (typically three years) and tend to renew contracts, providing a high level of revenue visibility, with current monthly recurring revenue carried forward amounting to approximately £468,000 per month.

Modrus delivers a number of services:

- a) Per User Managed Service ("PUMS"), encompassing the complete outsourcing of a client's IT department, covering software, hardware and support (Modrus Office) or virtual desktop (Modrus Virtual Office). PUMS also includes Modrus Managed Exchange, the hosting and management of Microsoft Exchange for a customer. PUMS wraps all the technology a client may need into a simple package, priced per user per month.
- b) Unified Communications ("UC"), which incorporates a full connectivity service including VoIP and Skype for Business, hosted in the cloud and integrated with a customer's Hosted Exchange. Modrus has developed its own in-house solution to assist in the on-boarding of new UC clients, minimising the risks and downtime associated with traditional 'switch overs'.
- c) Infrastructure as a Service ("IAAS"), the provision of an IT platform and related support to a customer's in-house IT department.
- d) Support, the on-going support a customer may need that is not covered under any PUMS agreement or existing contract term.
- e) ISV ("Independent Software Vendors"), the provision of cloud hosting servers to ISVs for onward selling to their customers, typically on a subscription basis.
- f) Project, services that relate to one-off projects, mostly for existing clients.

Modrus has focused principally on direct sales to five key vertical sectors, being recruitment, professional services (comprising primarily financial services organisations and property services), media, private education and software vendors. Businesses in these verticals tend to rely heavily on their IT systems making them very suitable for outsourced IT solutions such as those provided by Modrus.

Summary financial information on Modrus is as follows:

	<i>Year Ended</i> 31 March 2014 £'000	<i>Year Ended</i> 31 March 2015 £'000	<i>Year Ended</i> 31 March 2016 £'000
Service revenue	3,525	4,781	5,210
Project revenue	972	916	873
Total revenue	4,497	5,812	6,083
Gross profit	2,822	3,721	4,174
<i>Gross profit %</i>	62.8%	64.0%	68.6%
Adjusted EBITDA*	708	841	1,608
<i>Adjusted EBITDA %</i>	15.7%	14.5%	30.9%
Profit before tax	201	(106)	957
Net cash from operating activities	789	733	936
Net assets	231	74	646
<b>Other Information:</b>			
<i>Recurring revenue percentage</i>	78.4%	82.3%	85.6%

\*Adjusted to exclude non-recurring advisory fees, new client set up costs and systems development expenditure

Source: Audited accounts/Unaudited management information

Modrus has grown its business successfully over the course of the last three years, driven principally by Service segment revenues (comprising the services referred to in a) to e) above) which grew at a compound annual growth rate of approximately 22 per cent. over the period. PUMS revenues accounted for the majority of such growth following investment into this segment, resulting in new client wins and organic sales growth in 2015 (mainly from upselling additional services to customers and customer user volume increases).

Gross profit margins improved across the three years as certain non-profitable contracts were actively managed out of the business and as greater focus was given to the Service segment. Whilst investment was made in the Services segment, whose revenues are of a long term and recurring nature, costs were reduced within the Projects segment, in which margins are typically much lower and in which work is more ad hoc in nature.

Modrus has benefitted from strong operating cashflow conversion, with Service segment billing taking place either monthly or quarterly in advance.

Modrus's top ten customers accounted for 49.0 per cent. of total revenue in its financial year to 31 March 2016. Key Service segment customers (those with revenues in excess of £100,000, of which there were 17 in 2016, out of a total of approximately 140) contributed 63.3 per cent. of total revenues in the year to 31 March 2016. Customer churn has been minimal historically, with churn in 2015 and 2016 being below 10 per cent. of Service segment revenues in each year, of which a significant proportion was initiated by Modrus for commercial reasons.

Modrus is headquartered in Bournemouth and currently employs 43 people in the UK and four in New Zealand. The New Zealand based employees provide a 24 hour help desk service to Modrus's clients. Modrus is a Microsoft Gold Partner and is certified to ISO 27001.

### **3. Background to and Reasons for the Acquisition**

As the Board made clear when Nasstar acquired the e-know.net business in January 2014, there are a range of reasons why an organisation might move its information technology to a Hosted Desktop solution. The Directors believe that the commercial logic for organisations to do so are no less strong today, with hosted solutions continuing to offer a level of flexibility, functionality, cost effectiveness, resilience and security beyond that which many, particularly smaller businesses are likely to be able to achieve themselves.

Since the successful acquisition of e-know.net, the Board has made two further successful acquisitions, each of which has been consistent with Nasstar's stated expansion strategy of organic growth, augmented by selective acquisitions, in each case providing some element of:

- specific sector knowledge; or
- penetration into new target vertical markets; or
- intellectual property; or
- technical expertise or certification.

The focus on specific vertical markets has been a key element to the Group since the acquisition of e-know.net, whose focus on regulated businesses (in particular the legal, financial services and recruitment sectors) had been instrumental in its success. Regulated sectors continue to be viewed by the Board as being particularly receptive to hosted IT solutions; the burden of regulation and compliance on these sectors makes them receptive to the high levels of functionality and security provided by an outsourced solution.

The acquisition of Kamanchi (July 2014) added to the Group's exposure to the recruitment sector, whilst the acquisition of VESK Group (October 2015) added to the Group's presence in the legal and logistics sectors as well as bringing with it G-Cloud accreditation, which has enabled the Group to build a presence in the public sector.

The acquisition of Modrus continues in the same vein, adding breadth as well as scale to the Group, which the Directors believe is important in building resilience to the Group's future earnings.

Likewise, with similar levels of recurring revenues (approximately 86 per cent.), typical contract duration and low customer churn to Nasstar, the Directors believe the Acquisition to be highly complementary to the quality of current Group earnings.

The acquisition of Modrus builds scale in the Group's Recruitment and Financial Services segments, adds complementary exposure to vertical markets in which the Group is not currently represented, including Media, Property Services and software vendors.

The Directors have identified a number of areas in which they consider long term synergies can be achieved including:

- the consolidation of Modrus's premises in London into Nasstar's existing footprint, in which spare capacity exists;
- eliminating Modrus's current data centre costs, using existing Nasstar data centre capacity;
- leveraging Nasstar's preferential software license purchasing rates to improve buying terms for Modrus;
- possible cross-selling opportunities, in particular in relation to some of Kamanchi's specialist Recruitment sector specific capabilities, as well as the in-house technology developed by Modrus in its Unified Communications service offering;
- achieving better utilisation of the Group's existing London based resources as a result of Modrus's London based customers;
- using Modrus's New Zealand based support office as a platform for growing the Enlarged Group's out of hours support function on a lower cost basis than would be the case in the United Kingdom.

As well as bringing with it additional technically able staff, the Directors believe that the wider geographic footprint resulting from the Acquisition will be helpful in terms of increasing the catchment area from which to recruit suitably qualified technical people in future.

Taken together, the Acquisition and the Placing are expected to be modestly earnings enhancing in Nasstar's first financial year following Completion. On an underlying basis the Acquisition and Placing is expected to be more materially earnings enhancing in the first full financial year following Completion, that is in Nasstar's financial year to 31 December 2017.

#### **4. Terms of the Acquisition**

Under the terms of the Acquisition Agreement, the Company has agreed to acquire Modrus for a total consideration of £13.0 million which is being satisfied through a cash payment of £11.7 million and the issue of 17,333,334 new Ordinary Shares to Edward Armitage (one of the Vendors) that, at the Placing Price, have a value of £1.3 million.

Completion of the Acquisition agreement is conditional, inter alia, upon:

- i. Shareholders' approval of the Resolution.
- ii. Admission of the Consideration Shares.

The Vendors have agreed to a formal lock-in in respect of the Consideration Shares from Admission until 30 June 2017, following which such shares will be subject to a 12 month orderly marketing provision.

Modrus is to be acquired on a cash free/debt free basis though with a normalised level of working capital retained in Modrus ahead of and at Completion.

Edward Armitage and the senior management team of Modrus have all agreed to remain with the Enlarged Group for a minimum period of twelve months following completion of the Acquisition.

#### **5. Information on the Placing and use of Proceeds**

The Company is proposing to raise, in aggregate, £13.3 million (before commissions and expenses) by means of the Placing. The Placing Shares will represent approximately 30.6 per cent. of the Enlarged Issued Share Capital. The aggregate net proceeds after costs related to the Placing and Acquisition are expected to be £12.7 million.

The net proceeds of the Placing will be used to fund the cash element of the Acquisition (£11.7 million) with the balance (£1.0 million) to be used in the short term to reduce Group debt (which at 30 June 2016 stood at £6.3 million on a gross basis, with £4.9 million net of cash held at the same date) which will lead to a reduction in margin paid on the Group's existing borrowing. In due course the Board does expect to make



further acquisitions and feels that reducing the Group's indebtedness at this stage is a useful precursor to this.

The Placing Shares and the Consideration Shares shall, when issued, rank in full for any dividend or other distribution declared, made or paid after Admission and otherwise equally in all respects with the existing Ordinary Shares.

Application will be made to the London Stock Exchange for the Placing Shares and the Consideration Shares to be admitted to trading on AIM and it is anticipated that trading in the Placing Shares will commence on AIM at 8.00 a.m. on 1 September 2016 and that trading in the Consideration Shares will commence on AIM at 8.00 a.m. on 2 September 2016.

The Placing is conditional upon, amongst other things,

- i. none of the conditions to the Acquisition Agreement having ceased to be capable of being satisfied and no circumstances having arisen which enable the Company not to proceed with the Acquisition;
- ii. the Placing Agreement becoming unconditional in all other respects (save for Admission); and
- iii. admission of the Placing Shares to trading on AIM becoming effective by not later than 8:00 a.m. on 1 September 2016 or such later date (being not later than 8.00 a.m. on 30 September 2016) as the Company and finnCap may agree.

Pursuant to the terms of the Placing Agreement, finnCap as agent for the Company, has agreed to use its reasonable endeavours to procure placees for the Placing Shares at the Placing Price; the Placing Agreement contains warranties from the Company in favour of finnCap in relation to, inter alia, the accuracy of the information contained in the documents relating to the Placing and certain other matters relating to the Company and its business. In addition, the Company has agreed to indemnify finnCap in relation to certain liabilities that it and persons associated with finnCap may incur in respect of the Placing.

finnCap may terminate the Placing Agreement in specified circumstances (including for breach of warranty at any time prior to Admission, if such breach is reasonably considered by finnCap to be material in the context of the Placing) and in the event of a force majeure event or material adverse change occurring at any time prior to Admission.

## **6. Current Trading and Prospects**

Nasstar reported full year results to 31 December 2015 in April 2016. We reported revenue and Adjusted EBITDA\* growth of 23 per cent. and 27 per cent. respectively, improving gross margins, and a better than expected year end cash position. All of our principal Key Performance Indicators (KPIs) showed an improved or maintained position and the integration of VESK Group, acquired in October 2015, was reported to be progressing to plan. It was against this backdrop that the Board was pleased to declare Nasstar's first ever dividend.

Since reporting our 2015 results the Group has continued to trade in line with the Board's expectations, securing notable hosted desktop contracts in both the legal and recruitment sectors whilst successfully cross-selling the Group's new public cloud integrated services to other Group customers. While it is too early to fully assess the wider economic implications of the UK's decision to leave the EU, we recognise the increased uncertainty in the macroeconomic outlook. We do however believe the Group remains well positioned, benefitting from high levels of recurring revenue, providing an essential service to our clients on a more reliable, efficient and flexible cost basis than they would be likely to achieve themselves. The Group incurs its licence costs (approximately £1.6 million during the year to 31 December 2015) in US Dollars so any prolonged period of Sterling weakness relative to the US Dollar would have a small impact on results, including the extent of any synergy benefits derived from the Acquisition in due course. Interim results for the 6 months to 30 June 2016 will be announced on 26 September 2016.

Nasstar has specifically enhanced its management team in order to facilitate the integration of acquisitions to ensure the potential long term operational gearing can be achieved. For example in January 2016, after a thorough recruitment process, the Group appointed David McCarthy as Managing Director of the Group. David's role is to support Nigel Redwood in the day to day operations of the Group, including, in particular, the integration of the Group's acquisitions. David's appointment has allowed Nigel to focus more on the

execution of the Group's strategy and the sourcing of further acquisition opportunities such as Modrus. This hire has been particularly successful with a positive impact operationally and within the client base.

Two further important initiatives were also announced in April 2016, namely an enhanced marketing plan and a brand unification process, each intended to contribute to the organic growth opportunity available to us.

The enhanced marketing plan involved some new senior hires into the Group, including a new Head of Sales, Chief Marketing Officer and Group Sales Director and the targeting of further vertical markets.

The new brand strategy was officially launched on 18 July 2016. The Board felt that unifying the Group under one brand was necessary to reflect the scale and breadth the Group has now achieved and to create a clear process and strategy for consolidating new brands in the future.

The Directors believe that with the new sub-Board management layer and the new single brand, the Group is well positioned to accelerate any "go to market" benefits of future acquisitions and easily realising marketing synergies.

\*Adjusted EBITDA comprises earnings adjusted for interest, taxation, depreciation, amortisation, share based payments and exceptional items.

## **7. Related Party Transactions**

Kestrel Partners LLP ("Kestrel") and Hargreave Hale Limited ("Hargreave Hale") are related parties of the Company for the purposes of the AIM Rules for Companies by virtue of their status as Substantial Shareholders of the Company pursuant to the AIM Rules for Companies. Kestrel and Hargreave Hale have agreed to subscribe for 34,029,904 and 19,861,332 Placing Shares respectively as part of the Placing, conditional on Admission. Taking into account the related party transactions noted above, the Directors consider, having consulted with the Company's nominated adviser, finnCap, that the terms of the Placing with such related parties are fair and reasonable insofar as the Company's shareholders are concerned.

## **8. General Meeting**

At the end of this document you will find a notice convening the General Meeting to be held at Datapoint House, 400 Queensway Business Park, Queensway, Telford, Shropshire TF1 7UL on 31 August 2016 at 10.00 a.m.

The notice contains the text of the special Resolution that is to be proposed at the General Meeting to authorise the Directors to allot the Consideration Shares pursuant to the Acquisition Agreement and the Placing Shares under the Placing and to disapply Shareholders' pre-emption rights under the Companies Act 2006 in respect of the Placing Shares. Both the Placing and the Acquisition are conditional on the passing of this Resolution.

The Resolution, if passed, will allow the Placing Shares to be issued at a price of 7.5 pence each (representing a 13.0 per cent discount to the closing middle market price for an Ordinary Share of 8.625 pence for the day immediately prior to the date of this document) without them first being offered to Shareholders generally in accordance with their statutory pre-emption rights. The Directors have concluded that proceeding with a placing, rather than a rights issue or open offer, is the most suitable option available to the Company for financing the Acquisition and raising additional funds through the issue of Ordinary Shares and that issuing the Placing Shares at such a discount under the Placing is fair and reasonable so far as all existing Shareholders are concerned.

## **9. Action to be taken**

Shareholders have been sent a Form of Proxy for use in connection with the General Meeting. Whether or not you propose to attend the General Meeting in person, you are requested to complete the Form of Proxy and to return it to the Company's Registrars, Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA, so as to arrive not later than 10.00 a.m on 26 August 2016. Unless the Form of Proxy is received by that time, it will be invalid. The completion and return of a Form of Proxy will not preclude you from attending the General Meeting and voting in person if you so wish.

## **10. Recommendation**

**The Directors consider the Resolution to be proposed at the General Meeting to be in the best interests of the Company and the Shareholders as a whole. Consequently, the Directors unanimously recommend that you vote in favour of the Resolution to be proposed at the General Meeting, as they intend to do in respect of the 37,642,249 Ordinary Shares held, directly or indirectly, by them representing approximately 9.8 per cent. of the total voting rights of the Company.**

Yours faithfully

**Lord Daresbury**  
*Chairman*

## NOTICE OF GENERAL MEETING

# Nasstar plc

(Incorporated in England and Wales with registered number 05623736)

NOTICE IS HEREBY GIVEN that a General Meeting of Nasstar plc (the "Company") shall be held at Datapoint House, 400 Queensway Business Park, Queensway, Telford, Shropshire TF1 7UL on 31 August 2016 at 10.00 a.m. for the purpose of passing the following resolution:

### SPECIAL RESOLUTION

- (a) the directors are generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot shares in the Company but so that (i) the maximum amount of shares that may be allotted under this authority are shares with an aggregate nominal value of £1,946,666.68, (ii) this authority is limited to the allotment of ordinary shares of one penny each pursuant to the Acquisition Agreement (as defined in the document containing the notice of this meeting) and pursuant to the Placing (as defined in that document), (iii) this authority shall expire on 30 September 2016, (iv) the Company may make any offer or agreement before such expiry which would or might require shares to be allotted after such expiry, and (v) this authority shall be in addition and without prejudice to any other authorities vested in the directors to allot shares or to grant rights to subscribe for or to convert any security into shares; and
- (b) the directors are empowered pursuant to section 571 of the Companies Act 2006 to allot equity securities, as defined in section 560 of that Act, pursuant to the authority conferred on them by paragraph (a) of this resolution as if section 561 of that Act did not apply to any such allotment, provided that this power may only be exercised in respect of shares to be allotted pursuant to the Placing (as defined in the document containing the notice of this meeting) and shall expire when such authority expires and save that, before the expiry of this power, the Company may make any offer or agreement which would or might require equity securities to be allotted after such expiry.

*By Order of the Board*

**Niki Redwood**  
*Company Secretary*

*Registered Office:*

Datapoint House  
400 Queensway Business Park Queensway  
Telford  
Shropshire  
England, TF1 7UL

Dated: 15 August 2016

Notes:

1. A member who is entitled to attend and vote at the meeting is entitled to appoint another person, or two or more persons in respect of different shares held by him, as his proxy to exercise all or any of his rights to attend and to speak and vote at the meeting.
2. The right of a member of the Company to vote at the meeting will be determined by reference to the register of members. A member must be registered as the holder of ordinary shares by 6.00 p.m. on 26 August 2016 in order to be entitled to attend and vote at the meeting as a member in respect of those shares.
3. Forms for the appointment of a proxy in respect of the meeting have been provided to members with this notice of meeting. To be valid, a proxy appointment form must be completed in accordance with the instructions that accompany it and then delivered (together with any power of attorney or other authority under which it is signed, or a certified copy of such item) to Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA so as to be received by 10.00 a.m. on 26 August 2016. Members who hold their shares in uncertificated form may also use "the CREST voting service" to appoint a proxy electronically, as explained below.

4. CREST members who wish to appoint one or more proxies through the CREST system operated by Euroclear UK & Ireland Limited ("Euroclear") may do so by using the procedures described in "the CREST voting service" section of the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed one or more voting service providers, should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment or a proxy instruction made using the CREST voting service to be valid, the appropriate CREST message (a "CREST proxy appointment instruction") must be properly authenticated in accordance with Euroclear's specifications and must contain all the relevant information required by Euroclear. To be valid, the message (regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy) must be transmitted so as to be received by Neville Registrars Limited (ID 7RA11), as the Company's "issuer's agent", by 6.00 p.m. on 26 August 2016. After this time any change of instruction to a proxy appointed through the CREST system should be communicated to the appointee through other means. The time of the message's receipt will be taken to be when (as determined by the timestamp applied by the CREST Applications Host) the issuer's agent is first able to retrieve it by enquiry through the CREST system in the prescribed manner. Euroclear does not make available special procedures in the CREST system for transmitting any particular message. Normal system timings and limitations apply in relation to the input of CREST proxy appointment instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or a CREST sponsored member or has appointed any voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as is necessary to ensure that a message is transmitted by means of the CREST system by any particular time. CREST members and, where applicable, their CREST sponsors or voting service providers should take into account the provisions of the CREST Manual concerning timings as well as its section on "Practical limitations of the system". In certain circumstances the Company may, in accordance with the Uncertificated Securities Regulations 2001 or the CREST Manual, treat a CREST proxy appointment instruction as invalid.

