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If you have sold or otherwise transferred all of your Ordinary Shares in Ten Alps PLC, please forward this document, together with the accompanying Form of Proxy, at once to the purchaser or transferee or the bank, stockbroker, or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

**THIS DOCUMENT SHALL NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY PLACING SHARES OR ANY OTHER SECURITY SHARES, NOR SHALL THERE BE ANY SALE OF SUCH SECURITIES, IN ANY JURISDICTION IN WHICH SUCH AN OFFER, SOLICITATION OR SALE WOULD BE UNLAWFUL.**

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the UK Listing Authority. It is emphasised that no application is being made for the admission of the Placing Shares to the Official List. The London Stock Exchange has not itself examined or approved the contents of this document. A prospective investor should be aware of the potential risks in investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser.

**THE WHOLE OF THIS DOCUMENT SHOULD BE READ. YOUR ATTENTION IS DRAWN, IN PARTICULAR, TO THE LETTER FROM THE CHAIRMAN OF THE COMPANY WHICH IS SET OUT IN PART I OF THIS DOCUMENT AND WHICH CONTAINS A UNANIMOUS RECOMMENDATION BY THE DIRECTORS OF THE COMPANY THAT YOU VOTE IN FAVOUR OF THE RESOLUTION.**

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## TEN ALPS PLC

*(Incorporated in Scotland with registered number SC075133)*

### **PROPOSED PLACING OF 58,750,000 ORDINARY SHARES AT 8 PENCE PER SHARE**

### **NOTICE OF EXTRAORDINARY GENERAL MEETING**

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Canaccord Genuity, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting as the Company's broker in connection with the Placing. Canaccord Genuity is acting exclusively for the Company and no one else in relation to the Placing and will not be responsible to anyone other than the Company for providing the protections afforded to clients of Canaccord Genuity or for providing advice in relation to the matters contained in this document or any other matter concerning the Placing. Canaccord Genuity has not authorised the contents of or any part of this document and no liability whatsoever is accepted by Canaccord Genuity for the accuracy of any information or opinions contained in this document or for the omission of any material information for which it is not responsible.

No person has been authorised to give any information or make any representations other than as contained in this document and, if given or made, such information or representations must not be relied on as having been authorised by the Company or Canaccord Genuity. Without prejudice to the Company's obligations under the AIM Rules, the delivery of this document shall not, under any circumstances, create any implication that there has been no change in the affairs of the Company or the Group since the date of this document or that the information contained herein is correct as at any time subsequent to its date.

**The distribution of this document in jurisdictions other than the United Kingdom may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe such restrictions. Any failure to comply with any such restrictions may constitute a violation of the securities laws of such jurisdictions and so incur the risk of civil or criminal liabilities.**

This document is not for distribution in, or into, the United States of America, Canada, Australia, South Africa or Japan. Accordingly, the Placing Shares may not, subject to certain exceptions, be offered directly or indirectly in, or into, the United States of America, Canada, Australia, South Africa or Japan. The Placing Shares have not been and will not be registered under the United States Securities Act 1933 (as amended) or under the securities legislation of any state of the United States of America, Canada, Australia, South Africa or Japan and they may not be sold directly or indirectly within the United States of America, Canada, Australia, South Africa or Japan or to or for the account of any national, citizen or resident of the United States of America, Canada, Australia, South Africa or Japan or to a US person (within the definition of Regulation S made under the United States Securities Act 1933 (as amended)).

There is set out in this document notice of an Extraordinary General Meeting of the Company to be held at the offices of Canaccord Genuity Limited, Cardinal Place, 7th Floor, 80 Victoria Street, London SW1E 5JL at 10 a.m. on 14 January 2011. A Form of Proxy for use at the Extraordinary General Meeting is included with this document. **To be valid, Forms of Proxy should be completed in accordance with the instructions printed thereon and the notes to the Notice of Extraordinary General Meeting and returned so as to be received by the Company's registrars, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU not later than 10 a.m. on 12 January 2011.** Completion and return of Forms of Proxy will not preclude Shareholders from attending and voting at the meeting should they so wish.

Copies of this document are available from the Company's registered office at Links House Suite 4/2, Links Place, Edinburgh EH6 7EZ from the date of this document until the date of the Extraordinary General Meeting. This document will also be available for download from the Company's website <http://www.tenalps.com>.

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## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Date of this document	22 December 2010
Latest time and date for receipt of completed Forms of Proxy for EGM	10 a.m. on 12 January 2011
Extraordinary General Meeting	10 a.m. on 14 January 2011
Admission and commencement of dealings in Placing Shares on AIM	8 a.m. on 17 January 2011

If any details contained in the timetable above should change, the revised times and dates will be notified by means of an announcement through a Regulatory Information Service.

## PLACING STATISTICS

Placing Price	8 pence
Number of Ordinary Shares in issue at the date of this document	73,791,012
Number of Placing Shares	58,750,000
Gross proceeds receivable by the Company*	£4.7 million
Number of Ordinary Shares in issue following the Placing**	132,541,012
Number of Placing Shares as a percentage of the Enlarged Share Capital	44.33%

\* On the assumption that all of the Placing Shares are issued pursuant to the Placing but not including any proceeds received pursuant to the Herald Loan Notes

\*\* On the assumption that none of the Company's outstanding options are exercised and that all of the Placing Shares are issued pursuant to the Placing

## DEFINITIONS

The following definitions apply throughout this document unless the context requires otherwise.

“Act”	the Companies Act 2006
“Admission”	admission of the Placing Shares to trading on AIM and such admission becoming effective in accordance with Rule 6 of the AIM Rules
“AIM”	AIM, a market operated by the London Stock Exchange
“AIM Rules”	together, the AIM Rules for Companies and the AIM Rules for Nominated Advisers governing admission to and operation of AIM
“AIM Rules for Companies”	the AIM Rules for Companies published by the London Stock Exchange
“AIM Rules for Nominated Advisers”	the AIM Rules for Nominated Advisers published by the London Stock Exchange
“Bank” or “BOS”	Bank of Scotland PLC
“Bank Facility”	the new lending facility proposed to be provided by the Bank to the Company (the principal terms of which have been agreed with the Bank and set out in a letter of intent dated 17 December 2010) and which is conditional upon the Placing
“BRIC”	Brazil, Russia, India and China
“Canaccord Genuity”	Canaccord Genuity Limited
“Company” or “Ten Alps”	Ten Alps PLC, registered number SC075133
“Directors” or “Board”	the directors of the Company whose names are set out on page 7 of this document
“Enlarged Share Capital”	the 132,541,012 Ordinary Shares in issue immediately following Admission, including the Placing Shares to be issued under the Placing (but excluding any shares issued pursuant to the exercise of options before Admission)
“Extraordinary General Meeting” or “EGM”	the extraordinary general meeting of the Company convened for 10 a.m. on 14 January 2010 as set out in the notice contained in this document
“Form of Proxy”	the form of proxy for use at the EGM, included with this document
“Government”	the government of the United Kingdom
“Group”	the Company and its subsidiaries at the date of this document
“Grant Thornton Corporate Finance”	the corporate finance division of Grant Thornton, which is authorised and regulated by the Financial Services Authority to carry on investment business and the Company’s nominated adviser for the purposes of the AIM Rules
“Grant Thornton”	Grant Thornton UK LLP, a limited liability partnership registered in England and Wales whose principal place of business is Grant Thornton House, Melton Street, Euston Square, London NW1 2EP

“Herald”	Herald Investment Management Limited and/or any fund or partnership managed by it
“Herald Loan Notes”	the loan notes to be issued by the Company to Herald conditional upon the conditions to the Placing being satisfied (or waived) in full
“Interim Results”	the interim results of the Company for the six month period to 30 September 2010
“Issued Share Capital”	the 73,791,012 Ordinary Shares in issue as at the date of this document
“London Stock Exchange”	London Stock Exchange plc
“Management Placees”	A M Connock, N Patel, R F Z Geldof KBE, A J Dunleavy, A D Allen, T J D Hoare and P Bertram
“Official List”	the official list of the UK Listing Authority
“Ordinary Shares”	the ordinary shares of 2 pence each in the capital of the Company
“Placing”	the proposed placing of the Placing Shares at the Placing Price
“Placing Agreement”	the agreement dated 21 December 2010 between Canaccord Genuity and the Company relating to the Placing
“Placing Price”	8 pence per Placing Share
“Placing Shares”	58,750,000 new Ordinary Shares, of which 56,343,750 have been conditionally placed by Canaccord Genuity, by way of placing letters addressed to institutional investors and T J D Hoare, and 2,406,250 which are proposed to be subscribed for by the other Management Placees under separate subscription letters, in both cases subject to, <i>inter alia</i> , the passing of the Resolution at the EGM
“Proposals”	together the Placing, the entering into of the Bank Facility and the issue of the Herald Loan Notes
“Resolution”	the resolution set out in the notice of EGM contained in this document
“Shareholders”	holders of Ordinary Shares
“UK”	the United Kingdom of Great Britain and Northern Ireland
“UK Listing Authority”	the Financial Services Authority in its capacity as the competent authority for the purposes of Part VI of the Financial Services and Market Act 2000

## **FORWARD-LOOKING STATEMENTS**

This document includes “forward-looking statements” which include all statements other than statements of historical facts, including, without limitation, those regarding the Group’s financial position, business strategy, plans and objectives of management for future operations, and any statements preceded by, followed by or that include forward-looking terminology such as the words “targets”, “believes”, “estimates”, “expects”, “aims”, “intends”, “will”, “can”, “may”, “anticipates”, “would”, “should”, “could” or similar expressions or the negative thereof. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond the Group’s control that could cause the actual results, performance or achievements of the Group to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Group’s present and future business strategies and the environment in which the Group will operate in the future. These forward-looking statements speak only as at the date of this document. The Group expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained herein to reflect any change in the Group’s expectations with regard thereto or any change in events, conditions or circumstances on which any such statements are based. As a result of these factors, the events described in the forward-looking statements in this document may not occur.

**PART I**  
**LETTER FROM THE CHAIRMAN**  
**TEN ALPS PLC**  
*(Registered in Scotland No. SC075133)*

*Directors:*

A B Walden (*Non-executive Chairman*)\*  
A M Connock (*Chief Executive*)  
N Patel (*Group Financial Director*)  
A J Dunleavy (*Executive Director*)  
R F Z Geldof KBE (*Non-executive Director*)  
T J D Hoare (*Non-executive Director*)

\* the Independent Director

*Registered Office:*

Links House Suite 4/2  
Links Place  
Edinburgh  
EH6 7EZ

22 December 2010

To Shareholders and, for information only, to the holders of options

Dear Shareholder

**Proposed Placing of 58,750,000 Ordinary Shares at 8 pence per share**

**1. Introduction**

The Company announced yesterday the conditional placing of 58,750,000 new Ordinary Shares at 8 pence per share with institutional and other investors. The Placing is subject to Shareholder approval at an extraordinary general meeting of the Company to be convened on 14 January 2011, as set out in the notice of EGM contained in this document. The placing of the Placing Shares, subject to the passing of the Resolution, will raise gross proceeds of £4.7 million for the Company. The Placing Shares represent 79.62 per cent. of the existing issued share capital of the Company, and the Placing Price of 8 pence per share represents a discount of 5.88 per cent. to the closing price of 8.5 pence per Ordinary Share on 21 December 2010, being the latest trading date prior to the issue of this document.

The Company also announced yesterday that it has provisionally agreed the principal terms of a new lending facility with BOS to replace the existing group facility and has also provisionally agreed an injection of a further funding of £1.5 million from one of its existing shareholders, each of which is conditional upon the Placing being completed. It is proposed that the new shareholder funding will be injected by way of secured loan notes issued by the Company.

The purpose of this document is to explain the background to the Proposals, to set out the reasons why your Board believes that the Proposals are in the best interests of the Company and its Shareholders as a whole and to seek the approval of Shareholders for the Resolution set out in the notice of EGM which is required for the purpose of the Placing.

The Placing Shares are not being offered on a *pro rata* basis to existing Shareholders. The Placing is accordingly conditional, *inter alia*, upon Shareholders resolving to disapply statutory pre-emption rights. You will find set out at the end of this document a notice of EGM which has been convened for 14 January 2011 at which a resolution will be proposed to approve, *inter alia*, the allotment and issue of the Placing Shares. **You should complete and return the Form of Proxy for use at the EGM enclosed with this document whether or not you intend to attend the meeting.**

**2. Background and Reasons for the Proposals**

In Autumn 2010 the Company was faced with two major challenges.

The first challenge was the loss of the public sector contract relating to Teachers' TV. Following the Government's comprehensive spending review of October 2010, six months' notice was given to the Company of the cancellation of the Teachers' TV contract. This was two years earlier than the expected

date of expiry or further renewal of such contract. This contract was worth approximately £10.7 million in revenue and £1 million of EBITDA per annum to the Group. The Directors are investigating whether the Company can pursue Teachers' TV on a commercially funded basis.

The second challenge was the weak performance in B2B operations, due to an advertising downturn in non-core sectors, contract churn and associated restructuring costs.

Through the Placing and the issue of the Herald Loan Notes, the Company proposes to raise £6.2 million before expenses in order to fund its refinancing and reorganisation plans, details of which are set out below. The Company believes that these plans will address the issues raised by the challenges referred to above.

### **3. Refinancing**

The Company proposes to enter into a new lending facility with the Bank and further proposes to issue the Placing Shares in order to raise £4.7 million (before expenses) and to issue the Herald Loan Notes for an aggregate amount of £1.5 million.

#### ***Bank Facility***

The Company has agreed to enter into a new lending facility with BOS, the key terms of which are set out in a conditional letter of intent. The new facility will replace the existing facility and will comprise a term loan of £6.95million for a period ending on 31 March 2014 and will be subject to an interest rate (based on a ratchet) of between 3 and 4 per cent. above LIBOR. The loan repayment schedule provides for loan repayments to be made on 31 March 2012, 31 March 2013 and 31 March 2014 of the amount of £1 million, £1 million and £4.95 million respectively. The Bank Facility will be secured on all the assets of the Company and various group companies by way of fixed and floating charges. The Bank Facility is also conditional upon the Placing being completed.

#### ***Placing***

Canaccord Genuity has agreed, pursuant to the Placing Agreement, to use its reasonable endeavours to conditionally place 56,343,750 Placing Shares at the Placing Price. The part of the Placing carried out by Canaccord Genuity has not been underwritten and is conditional upon the conditions to the Placing Agreement being satisfied (or waived) in full and it not being terminated in accordance with its terms. The conditions include (i) the Resolution being passed at the EGM, (ii) Herald having subscribed for the Herald Loan Notes and the issue of the Herald Loan Notes being conditional only on completion of the Placing, and (iii) the only remaining conditions to drawdown under the Bank Facility being completion of the Placing and the issue of the Loan Notes.

The Management Placees (other than T J D Hoare) propose to subscribe for, in aggregate, 2,406,250 Placing Shares pursuant to subscription letters to be addressed to the Company, such subscriptions being conditional upon the Resolution being passed at the EGM. T J D Hoare has agreed to subscribe for 3,125,000 Placing Shares pursuant to a placing letter sent to him by Canaccord Genuity.

Application will be made for the Placing Shares to be admitted to trading on AIM, which, subject to the passing of the Resolution, is expected to occur on or around 17 January 2011. The Placing Shares will, if they are admitted, rank *pari passu* with existing Ordinary Shares.

#### ***Issue of Loan Notes***

The Company has conditionally secured an injection of £1.5 million from Herald, a substantial shareholder in the Company. Herald has, conditional upon the Placing being completed, subscribed for £1.5 million of new loan notes in the Company. The Herald Loan Notes provide for repayment by 31 March 2016 and carry an interest charge of 2 per cent. above BOS's margin prevailing at the commencement of each six month interest period. The interest will be compounded every six months and paid when the loan notes are repaid. The Herald Loan Notes are not convertible into Ordinary Shares or any other class of share in the Company. The Herald Loan Notes will be secured on all the assets of the Company by way of fixed and floating charges. Herald has also entered into a deed of priorities with BOS as to the ranking and repayment of their relative securities and debts.

## ***Conditions***

Shareholders should note that the Placing is conditional upon the conditions set out in the Placing Agreement of which one condition is the Resolution being passed at the EGM. Each of the Bank Facility and the Herald Loan Notes is also conditional upon the Placing being completed. Therefore should the Placing not become (or be declared) unconditional in all respects then the Bank Facility will not be finalised and the injection of £1.5 million of further funding pursuant to the Herald Loan Notes will not be received by the Company.

## **4. Reorganisation**

The Company aims to increase operational performance by creating two distinct and focused operating assets, in TV & Education content and in B2B.

### ***TV & Education Content Asset***

The TV & Education content production asset will continue to be called Ten Alps and will comprise six operating units: in TV – Brook Lapping, Blakeway, Films of Record, Below the Radar (in Belfast) and Ten Alps Asia (in Singapore); and in education output and online services – DBDA (a unit which was previously in the B2B Asset's Business Information Unit). Should the Teachers' TV project be continued commercially it will also be in this asset.

Ten Alps TV & Education will be run by Alex Connock (focussing on business development) and Nitil Patel (focussing on profits growth targets).

### ***B2B Asset***

The second asset, which will be renamed in early 2011, will comprise two units: Business Information and Media Services.

The Business Information unit now comprises three businesses in the UK and one in Asia concentrating on B2B sectors in print and online. Predominately producing sponsored or advertising-funded content, its strategy is to reduce its product range and concentrate on higher-margin growth sectors with high-quality content. This unit also aims to reduce its reliance on non-core sectors and move to owned titles and online distribution models.

The Media Services unit now consists of a single UK reporting entity in B2B communication services. It derives revenues via fee-based creative services in print, online, video, events, branding and design, and commission-based creative services either through media buying or media sales. The consolidation into one unit creates a fully integrated communications service with reduced overheads, which will exit lower-profit media sales clients and construction/marine sectors, and drive new business activity.

The B2B Asset will be run by Adrian Dunleavy and Derek Morren.

## **5. Future Strategy**

The Directors believe that, with management concentrating on organic growth, the Company can rebuild profit on the revised revenue and cost levels.

The TV & Education Content asset will aim to continue producing high-quality TV and education content. It will develop new genres particularly in TV formats, whilst providing integrated online content and educational online games. It will also develop existing international client leads, specifically in Asia, US and the BRIC countries and continue cutting fixed costs by switching to a freelance cost model (approximately £0.3 million annualised cost saving has already been achieved for the 2011-12 financial year). The Directors plan to market its portfolio of rights-owned projects in both TV and online, such as Newton TV, an online science channel, and Children's Traffic Club, a multi-platform education service and potential TV animation with international potential. The Directors will also continue discussions to explore the commercialisation of the Teachers' TV service.

The Business Information unit of the B2B Asset has a stable revenue run rate and has sufficient product stock in place. This unit will now concentrate on expanding into high margin core growth sectors with a focus on owned and online rich-content products. It will also benefit from the restructuring and

overhead savings of approximately £1.7 million in the forthcoming financial year, which will have cost a total of approximately £0.57 million to implement in the current financial year. The restructuring is scheduled to complete before the end of the current financial year.

The Media Services Unit of the B2B Asset will aim to shift its revenue profile to higher-margin contracts, using an integrated communications offer and to exploit the current business pipeline. As a result of the consolidation into one unit, the Media Services Unit has also benefited from the restructuring actions taken and has lowered its overhead base on an annualised basis by approximately £0.3 million, at a total cost of approximately £0.1 million, during the current financial year.

## **6. Use of Proceeds**

The issue of the Placing Shares and the Herald Loan Notes will raise gross proceeds of £6.2 million for the Company.

The Company intends to use the net proceeds of the Placing and the issue of the Herald Loan Notes for the following purposes:

- Bank term loan repayment (£2.5 million);
- Reduce the current group overdraft (approximately £1 million)
- Discharge a deferred consideration payment (£0.77 million)
- Implement further restructuring in the B2B Asset (up to £0.33 million)
- Provide general working capital to the Group (up to £1 million).

The expected use of the net proceeds of the Placing and the issue of the Herald Loan Notes referred to above represents the Directors' current intentions based on the Company's present plans and business condition. The Company will retain broad discretion in the allocation and use of the net proceeds.

If Shareholders were not to approve the Resolution to be proposed at the EGM, the Placing will not proceed, the Bank Facility will not be completed and the injection of £1.5 million of further funds pursuant to the Herald Loan Notes will not be made.

## **7. Interim Results**

The Company also announced yesterday its Interim Results. A copy of the Interim Results can be found on the Company's website at [www.tenalps.com](http://www.tenalps.com).

## **8. Appointment of New Chairman**

The Company also announced yesterday that, subject to the Placing being completed, Peter Bertram is to be appointed as Chairman to and a non-executive director of the Company with Brian Walden remaining on the Board as a non-executive director. A full announcement disclosing all the details as required by Schedule 2 paragraph (g) of the AIM Rules will be made once these proposals have been confirmed.

## **9. Increase in Share Authorities**

The Company has a current issued share capital of 73,791,012 Ordinary Shares. Following the completion of the Placing, the Company will have an Enlarged Share Capital of 132,541,012 Ordinary Shares.

Section 551 of the Act prohibits the Directors from allotting any shares in the Company without prior authority from Shareholders. Section 570 of the Act gives holders of equity securities certain rights of pre-emption on the issue for cash of new equity securities.

The Directors currently have existing authority to issue 36,895,500 Ordinary Shares (this being approximately 50 per cent. of the Issued Share Capital) of which 11,068,650 Ordinary Shares can be allotted by Directors on a non pre-emptive basis. These authorities are to expire at the conclusion of the next annual general meeting or, if earlier, on 25 November 2011. These authorities are not sufficient to implement the Placing.

Therefore, in order to implement the Placing, the Directors are seeking new authorities to allot shares on a non pre-emptive basis, such new authorities to replace, in their entirety, the existing authorities summarised in the preceding paragraph. If the Resolution proposed for the grant of the new authorities is not passed the existing authorities to issue shares as conferred on the Directors at the last annual general meeting will remain unaffected.

The Directors therefore are seeking an appropriate Section 551 authority and power to disapply Section 561(1) over 72,004,100 Ordinary Shares with an aggregate nominal value of £1,440,082. The new authority and disapplication will allow the Directors to issue the Placing Shares pursuant to the Placing and to have flexibility to issue further Ordinary Shares in order, amongst other things, to fund future acquisitions by issuing consideration shares should appropriate future opportunities arise. The new authority and disapplication will expire at the conclusion of the next annual general meeting of the Company.

Once the new authority and disapplication has been used for the Placing, the Directors will have authority to allot a further 13,254,100 Ordinary Shares which will represent approximately 10 per cent. of the Enlarged Share Capital and all of which can be allotted on a non pre-emptive basis.

The effect of the issue of the Placing Shares will be to substantially dilute the interests of those existing Shareholders that are not participating in the Placing. At 8 pence per share (being a discount of 5.88 per cent. in the closing price of 8.5 pence per Ordinary Share on 21 December 2010, being the last trading day prior to the date of this document) the Placing will raise £4.7 million before expenses.

Shareholders are also being asked to approve the deletion from the Company's articles of association, with effect from the date of the Resolution, of the maximum amount of shares that may be allotted by the Company.

#### **10. Extraordinary General Meeting**

Set out at the end of this document, Shareholders will find a notice convening an Extraordinary General Meeting of the Company, to be held at the offices of Canaccord Genuity Limited, Cardinal Place, 7th Floor, 80 Victoria Street, London SW1E 5JL. The Extraordinary General Meeting will commence at 10 a.m. on 14 January 2011. A Form of Proxy for use at the EGM is included with this document.

At the Extraordinary General Meeting, a resolution will be proposed seeking Shareholder approval to:

1. remove any reference to a maximum authorised share capital in accordance with the Act;
2. grant the Directors the authority to issue and allot new Ordinary Shares up to a nominal value of £1,440,082 under section 551 of the Act; and
3. grant the Directors pursuant to Section 570 of the Act authority to allot securities (as defined in Section 560(1) of the Act) for cash pursuant to the authority conferred by item 2 above, as if Section 561(1) of the Act did not apply.

The Resolution is proposed as a special resolution, and so requires the approval of 75 per cent. or more of the Shareholders attending the EGM and voting in person or by proxy.

All Shareholders are permitted to vote on the Resolution.

Shareholders should be aware that the Placing is conditional upon, *inter alia*, the passing of the Resolution. The Bank Facility and the issue of the Herald Loan Notes are conditional upon the Placing. If the Resolution is not passed then the Proposals will not proceed.

#### **11. Action to be Taken**

Shareholders will find included with this document a Form of Proxy for use at the Extraordinary General Meeting to be held at 10 a.m. on 14 January 2011.

**It is important that you complete and sign the enclosed Form of Proxy in accordance with the instructions printed thereon and return it to the Company's registrars, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, as soon as possible and in any event so as to arrive no later than 10 a.m. on 12 January 2011.** Completion and return of the Form of Proxy will not preclude you from attending and voting at the meeting, should you wish to do so.

## 12. Related Parties

Each of the Management Placees (other than P Bertram) constitutes a related party under the AIM Rules by virtue of being a director of the Company or of a Group Company. In the case of P Bertram, he will be a related party upon his appointment as a director at the conclusion of the EGM. Together the Management Placees propose to subscribe for, in aggregate, 5,531,250 Placing Shares (together the "Director Transactions"). Herald constitutes a related party under the AIM Rules by virtue of being a "substantial shareholder" in the Company (as defined in the AIM Rules). Herald has conditionally agreed to subscribe for 21,875,000 Placing Shares and has conditionally subscribed for £1.5 million of new loan notes in the Company (the "Herald Transactions").

The Independent Director considers, having consulted with Grant Thornton Corporate Finance, that the terms of the Director Transactions and the Herald Transactions are fair and reasonable insofar as the Shareholders are concerned.

## 13. Directors' Shareholdings and Significant Shareholders

Should the Resolution be passed and the Placing Shares be issued and allotted, Herald will be interested in 34,703,028 Ordinary Shares representing an interest of 26.18 per cent. of the Enlarged Share Capital. In addition the Directors, some of whom are participating in the Placing, will have the following interests in Ordinary Shares following the Placing.

	<i>Shareholding</i>			<i>Percentage</i>	<i>Number of Options</i>
	<i>Existing</i>	<i>Placing</i>	<i>Total</i>		
A M Connock	3,243,706	375,000	3,618,706	2.73	592,000
R F Z Geldof KBE	3,855,978	468,750	4,324,728	3.26	542,000
N Patel	18,000	312,500	330,500	0.25	592,000
A J Dunleavy	84,900	625,000	709,900	0.54	492,000
A B Walden	68,750	0	68,750	0.05	0
T J D Hoare	1,036,000	3,125,000	4,161,000	3.14	0
P Bertram*	0	312,500	312,500	0.24	0

\* to be appointed with effect from the close of the EGM

## 14. Recommendation

**The Directors consider that the terms of the Placing and the Herald Loan Notes are likely to promote the success of the Company and are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors unanimously recommend Shareholders to vote in favour of the Resolution to be proposed at the Extraordinary General Meeting, as they propose to do in respect of their own beneficial holdings of 8,307,334 Ordinary Shares, which amount to approximately 11.26 per cent. of the Issued Share Capital.**

Yours sincerely

**Brian Walden**

*Non-Executive Chairman*

## NOTICE OF EXTRAORDINARY GENERAL MEETING

### TEN ALPS PLC

(Registered in Scotland No. SC075133)

Notice is hereby given that an Extraordinary General Meeting of Ten Alps PLC (the “**Company**”) will be held at the offices of Canaccord Genuity Limited, Cardinal Place, 7th Floor, 80 Victoria Street, London SW1E 5JL, at 10 a.m. on 14 January 2011 to consider and, if thought fit, pass the following resolution which will be proposed as a special resolution:

#### SPECIAL RESOLUTION

THAT:

1. any provision of the Company’s memorandum of association which is a provision described in paragraph 42(1) of Schedule 2 to the Companies Act 2006 (Commencement No.8, Transitional Provisions and Savings) Order 2008, and by which virtue of paragraph 42(2) of Schedule 2 to that Order has with effect from 1 October 2009 been treated as a provision to the Company’s articles of association and any other provision of the Company’s articles of association, which sets a maximum amount of shares that may be allotted by the Company, be deleted from the Company’s articles of association with effect from the date of this resolution; and
2. the directors be generally and unconditionally authorised pursuant to and in accordance with section 551 of the Companies Act 2006 (“Act”) to allot relevant securities (as such term is defined in the notes to this Notice) in the Company of up to maximum aggregate nominal value of £1,440,082 (equal to approximately 97.58 per cent. of the issued ordinary share capital as at the date of this resolution) such authority to replace in its entirety the authority granted at the last annual general meeting and to expire at the conclusion of the next annual general meeting of the Company, save that the Company may make an offer or agreement before the expiry of this authority which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities pursuant thereto as if the authority conferred hereby had not expired; and
3. the directors be generally and unconditionally empowered pursuant to section 570 of the Act to make allotments of equity securities (within the meaning of section 560 of the Act) for cash pursuant to and up to the full extent of the authority conferred by paragraph 2 of this resolution as if section 561 of the Act did not apply to any allotment and this power shall replace in its entirety the power granted at the last annual general meeting and shall expire at the conclusion of the next annual general meeting of the Company, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of any such offer or agreement as if the power conferred hereby had not expired.

*By Order of the Board*

Nitil Patel  
Secretary  
22 December 2010

*Registered office:*  
Links House Suite 4/2  
Links Place,  
Edinburgh EH6 7EZ

#### Notes:

1. A member is entitled to appoint another person as his proxy to exercise all or any of his rights to attend and to speak and vote at the Extraordinary General Meeting. A member may appoint more than one proxy in relation to the meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. You may not appoint more than one proxy to exercise the rights attached to any one share. To appoint more than one proxy please see notes to the form of proxy. A proxy need not be a member of the Company but must attend the meeting to represent you.
2. A member can only appoint a proxy using the procedures set out in these notes and the notes in the form of proxy. A form of proxy is enclosed. The appointment of a proxy will not preclude a member from subsequently attending and voting at the meeting in person should he wish to do so.
3. To be valid, the instrument appointing a proxy, and any power of attorney or other authority under which it is executed (or a duly certified copy of any such power or authority), must be completed, signed and sent to the Company’s Registrars, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, so as to arrive no later than 48 hours before the

time for holding the meeting or any adjournment of it or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) for the taking of the poll at which it is to be used. In the case of a member which is a company, the form of proxy must be executed under its common seal or signed on its behalf by an authorised officer of the company or an attorney for the company.

4. Holders of ordinary shares of two pence each in the capital of the Company (“Ordinary Shares”) are entitled to attend and vote at general meetings of the Company. The total number of issued Ordinary Shares on 21 December 2010, which is the latest practicable date before the publication of this document, was 73,791,012. On a vote by show of hands every member who is present has one vote and every proxy present who has been duly appointed by a member entitled to vote has one vote. On a poll vote every member who is present in person or by proxy has one vote for every Ordinary Share of which he is the holder.
5. Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that entitlement to attend and vote at the meeting, and the number of votes which may be cast at the meeting, will be determined by reference to the Company’s register of members at 6 p.m. on 12 January 2011 or, if the meeting is adjourned, 48 hours before the time fixed for the adjourned meeting (as the case may be). In each case, changes to the register of members after such time will be disregarded in determining the rights of any person to attend or vote at this meeting.
6. For the purposes of the resolution, ‘relevant securities’ means:
  - (a) shares in the Company other than shares allotted pursuant to:
    - (i) an employee share scheme (as defined by section 1166 of the Act);
    - (ii) a right to subscribe for shares in the Company where the grant of the right itself constituted a relevant security; or
    - (iii) a right to convert securities into shares in the Company where the grant of the right itself constituted a relevant security; and
  - (b) any right to subscribe for or to convert any security into shares in the Company other than rights to subscribe for or convert any security into shares allotted pursuant to an employee share scheme (as defined by section 1166 of the Act).

