



reserve and to reduce the nominal value of the Existing Ordinary Shares. The Directors then propose to apply the reserve arising to eliminate the Company's accumulated deficit on its profit and loss account and, indeed, to create distributable profits on the balance sheet of the Company of approximately £3.96 million. The Directors believe that, subject to the future performance of the Company, this should give the Company the ability to make distributions to Shareholders and/or buy back its own ordinary shares in the future if, as and when the Directors may consider that it is appropriate to do so, However, the Directors cannot give any guarantee either that the Company will make any distributions or purchases of own shares or as to the size of any distributions or purchases of own shares which may be made.

The Reduction of Capital does not involve any distribution or repayment of capital or share premium by the Company and will not reduce the underlying net assets of the Company.

### **CANCELLATION OF THE COMPANY'S DEFERRED SHARES, SHARE PREMIUM ACCOUNT AND CAPITAL REDEMPTION RESERVE AND REDUCTION OF THE NOMINAL VALUE OF THE EXISTING ORDINARY SHARES**

The cancellation of the Company's Deferred Shares, share premium account and capital redemption reserve and the reduction of the nominal value of the Company's Existing Ordinary Shares from one penny to 0.1 pence will only become effective if (in the following order) (i) resolution 2 is approved by Shareholders at the General Meeting and the Reduction of Capital is approved by the holders of Deferred Shares, (ii) confirmation is given by the Court, and (iii) the Court order and a statement of capital are delivered to and registered by Companies House.

As noted above, the cancellation of the Company's Deferred Shares, share premium account and capital redemption reserve and the reduction of the nominal value of the Company's Existing Ordinary Shares from one penny to 0.1 pence should enable the Directors to eliminate the current deficit on the Company's profit and loss account and create distributable profits.

### **SHARE OPTIONS**

The Company currently operates an Enterprise Management Incentive Scheme and an Unapproved Share Option Scheme for its directors and employees. As at the date of the Circular, the Company has the following outstanding options over 27,500,000 Existing Ordinary Shares, as follows:

<i>Option holder</i>	<i>Date of grant</i>	<i>Plan under which option granted</i>	<i>Exercise period</i>	<i>Number of options granted and unexercised</i>	<i>Exercise price per share (pence)</i>
Stephen Goodwin	5 February 2007	EMI	Between 2 and 10 years if target price achieved	5,000,000	1.50
	5 May 2010	EMI	Between 2 and 10 years if target price achieved	2,500,000	1.25
Luke Jeffrey	5 February 2007	EMI	Between 2 and 10 years if target price achieved	1,000,000	1.50
	5 November 2008	EMI	Between 2 and 10 years if target price achieved	1,000,000	1.00

	5 May 2010	EMI	Between 2 and 10 years if target price achieved	1,000,000	1.25
Other employees	5 February 2007	EMI	Between 2 and 10 years if target price achieved	2,000,000	1.50
	5 November 2008	EMI	Between 2 and 10 years if target price achieved	3,000,000	1.00
	5 May 2010	EMI	Between 2 and 10 years if target price achieved	9,500,000	1.25
Barrie Whipp	5 May 2010	Unapproved	Between 5 May 2010 and 5 May 2020 (both dates inclusive) if target price achieved	2,500,000	1.25

The remuneration committee of the Company will consider what, if any, adjustments need to be made to the number of option shares and/or the exercise price following completion of the Reduction of Capital in accordance with the terms of the Enterprise Management Incentive Scheme and the Unapproved Share Option Scheme (as the case may be).

## **GENERAL MEETING AND APPROVAL BY THE HOLDERS OF THE DEFERRED SHARES**

The cancellation of the Company's Deferred Shares, share premium account and capital redemption reserve and the reduction of the nominal value of the Company's Existing Ordinary Shares from one penny to 0.1 pence requires the approval of Shareholders by special resolution in general meeting as well as the approval of the holder of the Deferred Shares.

A notice convening a General Meeting of the Company, to be held at the offices of Shipleys LLP at 10 Orange Street, Haymarket, London, WC2H 7DQ on 26 January 2016 at 11.30 a.m. and at which resolution 2 set out in the Notice of the General Meeting will be proposed, is set out at the end of the Circular. Resolution 2 to approve the Reduction of Capital will be proposed as a special resolution requiring a majority of not less than 75 per cent. of the votes cast.

In December 2015, the Company exercised its right under the Company's existing articles of association to transfer all of the Deferred Shares, without making any payment or obtaining the approval of the holders of the Deferred Shares, to one of the Directors, Mr Goodwin. Mr Goodwin, as the sole holder of the Deferred Shares, will give the requisite approval of the Reduction of Capital and the adoption of the New Articles at around the time of the General Meeting.

## **APPLICATION TO THE COURT**

If resolution 2 to be proposed at the General Meeting is approved, and assuming approval of the Reduction of Capital is also given by the holder of the Deferred Shares, the Board intends to make an application to the Court promptly following the General Meeting to confirm the Reduction of Capital. To this end, provisional dates have been obtained for hearing the Company's application. These dates are

subject to change depending on the Court's timetable, but the present timetable provides for the final hearing of the Company's application to take place on 24 February 2016.

Prior to confirming the cancellation of the Deferred Shares, share premium account and capital redemption reserve and the reduction of the nominal value of the Company's Existing Ordinary Shares from one penny to 0.1 pence, the Court will need to be satisfied that the creditors of the Company at the Effective Date are not prejudiced by the same. The Company will put in place such form of creditor protection as is appropriate to satisfy the Court in this regard, which may include, amongst other things, the Company (i) seeking consent from certain creditors, and/or (ii) giving an undertaking to the Court to create a special, non-distributable reserve, with any such reserve to remain until the relevant creditors of the Company at the Effective Date who are not protected at that date by other means have been otherwise protected or discharged.

The precise form of creditor protection is a question for the Court and the Company will give such creditor protections as the Court requires and the Company's solicitors advise are appropriate. The Board reserves the right not to pursue an application for an order confirming the Reduction of Capital if it appears that the creditor protection which would be required by the Court would be unduly onerous or otherwise contrary to the interests of the Company.

### **EFFECT OF THE REDUCTION OF CAPITAL**

Subject to approval by Shareholders and the holder of the Deferred Shares, and to Court consent, the amounts resulting from the cancellation of the Company's Deferred Shares, share premium account and capital redemption reserve and the reduction of the nominal value of the Company's Existing Ordinary Shares from one penny to 0.1 pence will be credited to the Company's profit and loss account to create (subject to the Court's confirmation) distributable profits that the Company will be able to use when making any future distributions to Shareholders or purchases of own shares.

The Reduction of Capital does not involve any distribution or repayment of capital or share premium by the Company and will not reduce the underlying net assets of the Company.

### **AUTHORITY FOR PURCHASE OF OWN SHARES**

In order to facilitate Share Buy-Backs at a future date, the Board is seeking the authority of Shareholders to enable the Company to purchase New Ordinary Shares in the market in accordance with the Act. The terms of the proposed authority for such purchases by the Company are set out in full in resolution 3 as set out in the Notice of General Meeting. Save as may otherwise be permitted by the Act from time to time, any such Share Buy-Backs would be conditional upon the Company having sufficient distributable profits at the relevant time to fund such Share Buy-Backs. The Directors currently do not envisage that the Company would have such distributable profits unless the Reduction of Capital is implemented in full.

The authority sought from Shareholders for Share Buy-Backs will be limited to a maximum of 44,548,623 New Ordinary Shares (representing approximately 10 per cent. of the total issued ordinary share capital of the Company as at the date of the Circular). New Ordinary Shares so purchased may be cancelled or held as treasury shares. The authority will expire at the conclusion of the first annual general meeting falling three years from the passing of resolution 3 as set out in the Notice of General Meeting. The Directors may seek renewal of such authority at future annual general meetings of the Company, if they believe that this would be in the best interests of the Company.

The minimum price that can be paid for an ordinary share of the Company is 0.1 pence, which will be the nominal value of a New Ordinary Share following the Reduction of Capital. The maximum price that can be paid is 5 per cent. over the average of the middle market prices for an ordinary share of the Company, derived from the Daily Official List of the London Stock Exchange, for the five business days immediately before the day on which the New Ordinary Share is contracted to be purchased. The Directors intend to exercise this right only when, in light of the market conditions prevailing at the time and taking into account all relevant factors (for example, the effect on earnings per share), they believe that such purchases are in the best interests of the Company and Shareholders generally. The overall position of the Company will be taken into account before deciding upon this course of action. The decision as to whether any such New Ordinary Shares of the Company bought back will be cancelled or held in treasury will be made by the Directors on the same basis at the time of the purchase.

## NEW ARTICLES OF ASSOCIATION

The Board proposes the adoption of the New Articles subject to the passing of resolution 1 at the General Meeting and the approval of the holder of the Deferred Shares to bring its articles into line with changes which were introduced by the Act. A copy of the proposed New Articles is available for inspection at the registered office of the Company during usual business hours on any business day up to and including the day of the General Meeting and will also be available for inspection at the General Meeting for at least 15 minutes prior to and during the meeting. Additionally the proposed New Articles are available for inspection on the Company's website at the following address: [www.crimsonside.co.uk](http://www.crimsonside.co.uk).

## ADMISSION

Following the Reduction of Capital becoming effective, the New Ordinary Shares will be admitted to trading on AIM. It is expected that admission of the New Ordinary Shares to trading on AIM will take place on 25 February 2016. The ISIN number for the New Ordinary Shares will remain unchanged, and the Company does not propose to issue new share certificates to Shareholders as a result of the Reduction of Capital. The existing share certificates which have been issued to Shareholders in respect of their holdings of Existing Ordinary Shares will remain valid in respect of the New Ordinary Shares.

## RECOMMENDATION

**The Directors consider that the Resolutions are in the best interests of the Company and would promote the success of the Company for the benefit of its Shareholders as a whole. Accordingly, the Directors unanimously recommend that Shareholders vote in favour of the Resolutions to be proposed at the General Meeting as they intend to do in respect of their own beneficial shareholdings amounting, in aggregate, to 155,189,994 Existing Ordinary Shares, representing approximately 35 per cent. of the Company's existing issued ordinary share capital (excluding the 9,150,000 Existing Ordinary Shares in which Stephen Goodwin has an interest as a trustee which, however, he also intends to use to vote in favour of the Resolutions).**

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication of the Circular	30 December 2015
Latest time and date for receipt of Forms of Proxy	11.30 a.m. on 24 January 2016
General Meeting	11.30 a.m. on 26 January 2016
Court hearing of application to confirm the Reduction of Capital	24 February 2016
Record Date for the Reduction of Capital	close of business on 24 February 2016
Effective Date of the Reduction of Capital	25 February 2016
Admission effective and dealings commence on AIM in the New Ordinary Shares	8.00 a.m. on 25 February 2016

### General notes:

- (1) *The date of the Court hearing is subject, amongst other things, to change by the Court.*
- (2) *The Effective Date is dependent upon, amongst other things, the date upon which the Court confirms the Reduction of Capital.*
- (3) *Each of the times and dates set out above is based on current expectations and is subject to change. If any of the above times and/or dates is changed, the revised times and/or dates will be notified to Shareholders by announcement through a regulatory information service.*
- (4) *All above references to times are to London times.*

## **DEFINITIONS**

The following definitions and terms apply throughout this announcement unless otherwise stated or the context requires otherwise:

<b>"Act"</b>	the Companies Act 2006;
<b>"Circular"</b>	the circular containing the Notice of General Meeting and background information which was mailed to Shareholders on 30 December 2015
<b>"Crimson Tide Company"</b>	or <b>"the</b> Crimson Tide plc, a company incorporated and registered in England and Wales with registered number 00113845;
<b>"Court"</b>	the High Court of Justice of England and Wales;
<b>"CREST"</b>	the system for paperless settlement of trades and the holding of uncertificated shares administered through Euroclear UK & Ireland Limited in accordance with the Uncertificated Securities Regulations 2001 (SI 2001/3755) as amended from time to time;
<b>"Deferred Shares"</b>	deferred shares of 19 pence each in the capital of the Company;
<b>"Directors" or "Board"</b>	the board of directors of the Company as at the date of the Circular;
<b>"Effective Date"</b>	the date on which the Reduction of Capital becomes effective;
<b>"Existing Ordinary Shares"</b>	ordinary shares of one penny each in the capital of the Company;
<b>"Form of Proxy"</b>	the accompanying form of proxy for use in connection with the General Meeting;
<b>"General Meeting"</b>	the general meeting of the Company to be held at the offices of Shipleys LLP at 10 Orange Street, Haymarket, London, WC2H 7DQ on 26 January 2016 at 11.30 a.m., notice of which is set out at the end of the Circular;
<b>"New Articles"</b>	the new articles of association of the Company proposed to be adopted by the Company subject to the passing of resolution 1 at the General Meeting and to the approval of the holder of the Deferred Shares;
<b>"New Ordinary Shares"</b>	ordinary shares of 0.1 pence each in the capital of the Company;
<b>"Notice of General Meeting"</b>	the notice convening the General Meeting contained in the Circular;
<b>"Reduction of Capital"</b>	the proposed cancellation of the Deferred Shares and the Company's share premium account and capital redemption reserve and the proposed reduction of the nominal value of each Existing Ordinary Share from one penny to 0.1 pence under Part 17, Chapter 10 of the Act, as described in the Circular;
<b>"Resolutions"</b>	the special resolutions to be proposed at the General Meeting as set out in the Notice of General Meeting at the end of the Circular;
<b>"Share Buy-Backs"</b>	buy-backs by the Company of its own shares in accordance with the authority sought in accordance with resolution 3 as set out in the Notice of General Meeting;
<b>"Shareholders"</b>	the holders of Existing Ordinary Shares; and

**"Shares"**

Deferred Shares and/or Existing Ordinary Shares, as the case may be.