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**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF YOU ARE IN ANY DOUBT AS TO WHAT ACTION YOU SHOULD TAKE, YOU ARE RECOMMENDED TO SEEK YOUR OWN PERSONAL FINANCIAL ADVICE IMMEDIATELY FROM YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER INDEPENDENT PROFESSIONAL ADVISER WHO IS AUTHORISED UNDER THE FINANCIAL SERVICES AND MARKETS ACT 2000 (AS AMENDED) IF YOU ARE RESIDENT IN THE UNITED KINGDOM OR FROM AN APPROPRIATELY AUTHORISED INDEPENDENT FINANCIAL ADVISER IF YOU ARE IN A RELEVANT TERRITORY OUTSIDE THE UNITED KINGDOM.**

**PART II OF THIS DOCUMENT COMPRISES AN EXPLANATORY STATEMENT IN COMPLIANCE WITH SECTION 897 OF THE COMPANIES ACT. THIS DOCUMENT RELATES TO A SCHEME OF ARRANGEMENT WHICH, IF IMPLEMENTED, WILL RESULT IN THE CANCELLATION OF ADMISSION TO TRADING OF GREEN COMPLIANCE SHARES ON AIM.**

If you have sold or otherwise transferred all of your Green Compliance Shares, please send this document and the accompanying documents at once to the purchaser or transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. However, these documents must not be forwarded, distributed or transmitted in, into or from any jurisdiction where to do so would violate the relevant laws in that jurisdiction. The release, publication or distribution of this document in or into jurisdictions other than the United Kingdom may be restricted by the laws of those jurisdictions and therefore persons into whose possession this document comes should inform themselves about, and observe, any such restrictions. Failure to comply with any such restrictions may constitute a violation of the securities laws of any such jurisdiction. If you have sold or otherwise transferred only part of your holding of Green Compliance Shares, you should retain these documents and consult the bank, stockbroker or other agent through whom the sale or transfer was effected.

This document sets out the details of the Offer to be effected by way of a scheme of arrangement between Green Compliance and the Scheme Shareholders. If the Scheme becomes effective, it will be binding on all Scheme Shareholders, including those who do not attend and/or vote to approve the Scheme or who attend and/or vote against it at the Meetings, and it will result in the cancellation of the trading of all Green Compliance Shares on AIM and the admission to trading of the New APC Shares on AIM.

This document does not constitute a prospectus within the meaning of Section 85 of FSMA, and has not been drawn up in accordance with the Prospectus Rules published by the FCA and a copy has not been, and will not be, approved or filed with the FCA. This document contains no offer to the public under the meaning of FSMA, the Companies Act 2006 or otherwise.

Application will be made by APC to the London Stock Exchange for the New APC Shares to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings in the New APC Shares will commence on the Business Day following the Effective Date which, subject to the satisfaction of certain conditions, including the sanction of the Scheme by the Court, is expected on 15 September 2014.

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**RECOMMENDED SHARE OFFER**  
by  
**APC TECHNOLOGY GROUP PLC**  
for  
**GREEN COMPLIANCE PLC**  
*(incorporated in England and Wales with registered number 04022406)*  
to be implemented by means of a Scheme of Arrangement  
under Part 26 of the Companies Act 2006  
Circular to Green Compliance plc shareholders and Explanatory Statement  
under Section 897 of the Companies Act 2006  
and  
Notice of Court Meeting and General Meeting

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**THIS DOCUMENT AND THE ACCOMPANYING FORMS OF PROXY SHOULD BE READ AS A WHOLE. YOUR ATTENTION IS DRAWN TO THE LETTER FROM THE CHAIRMAN OF GREEN COMPLIANCE IN PART I OF THIS DOCUMENT, WHICH CONTAINS THE UNANIMOUS RECOMMENDATION OF THE GREEN COMPLIANCE DIRECTORS THAT YOU VOTE IN FAVOUR OF THE SCHEME AT THE COURT MEETING AND THE GENERAL MEETING OF GREEN COMPLIANCE. A LETTER FROM N+1 SINGER EXPLAINING THE SCHEME APPEARS IN PART II OF THIS DOCUMENT AND CONSTITUTES AN EXPLANATORY STATEMENT IN COMPLIANCE WITH SECTION 897 OF THE COMPANIES ACT 2006.**

**THE ACTION TO BE TAKEN IN RESPECT OF THE MEETINGS IS SET OUT ON PAGE 12 UNDER THE HEADING "ACTION TO BE TAKEN" AND IN PARAGRAPH 12 OF PART II OF THIS DOCUMENT.**

Notices convening the Court Meeting and the General Meeting, both of which will be held at the offices of N+1 Singer at One Bartholomew Lane, London EC2N 2AX on 5 September 2014, are set out at the end of this document. The Court Meeting will start at 10:00 a.m. and the General Meeting will start at 10:15 a.m. (or as soon thereafter as the Court Meeting is concluded or adjourned).

Green Compliance Shareholders will find accompanying this document: (i) a BLUE Form of Proxy for use at the Court Meeting; and (ii) a WHITE Form of Proxy for use at the General Meeting. Whether or not you intend to attend the meetings in person please complete and sign both the enclosed Forms of Proxy. To be valid, the relevant Form of Proxy and any authority under which it is executed (or a copy of the authority certified notarially or in some other way approved by the Green Compliance Directors) must be completed and returned in accordance with the instructions printed thereon by post or (during normal business hours only) by hand to Green Compliance's registrar, Neville Registrars, as soon as possible, but in any event so as to be received by no later than 10:00 a.m. on 3 September 2014 (for the BLUE Form of Proxy) and by 10:15 a.m. on 3 September 2014 (for the WHITE Form of Proxy). If the BLUE Form of Proxy for the Court Meeting is not returned by the above time, it may be handed to the Chairman of the Court Meeting before the start of the Court Meeting. In the case of the General Meeting, unless the WHITE Form of Proxy is returned by the time mentioned above, it shall be invalid.

The completion and return of a Form of Proxy will not prevent you from attending and voting in person at either the Court Meeting or the General Meeting (as appropriate), or any adjournment thereof, if you so wish and are so entitled.

The statements contained herein (or incorporated by reference into this document) are made as at the date of this document, unless some other time is specified in relation to them, and issue of this document shall not give rise to any implication that there has been no change in the facts set forth herein (or incorporated by reference into this document) since such date. Nothing contained herein (or incorporated by reference into this document) shall be deemed to be a profit forecast, projection or estimate of the future financial performance of Green Compliance or APC or the Enlarged Group. No statement in this document should be interpreted to mean that future earnings per Green Compliance Share or per APC Share for current and future financial periods will necessarily match or exceed the historical or published earnings per Green Compliance Share or per APC Share.

APC may purchase Green Compliance Shares otherwise than under the Offer, such as in the open market or through privately negotiated purchases. Such purchases may be made either directly or through a broker and must comply with the applicable laws of England and Wales, as well as (as applicable) the AIM Rules, the rules of the London Stock Exchange and the City Code. Information about any such purchases must be made available from a Regulatory Information Service.

No person has been authorised to make representations on behalf of APC or Green Compliance concerning the Scheme or the Offer in this document which are inconsistent with the statements contained herein and any such representation, if made, may not be relied upon as having been so authorised.

The summary of the principal provisions of the Scheme contained in this document is qualified in its entirety by reference to the Scheme itself, the full text of which is set out in Part XI of this document. Each Green Compliance Shareholder is advised to read and carefully consider the text of the Scheme itself.

Neither the content of APC's or Green Compliance's website (or any other website) nor the content of any website accessible from hyperlinks on any such website is incorporated into, or forms any part of, this document, save where specifically stated herein.

N+1 Singer, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively for Green Compliance and no-one else in connection with the Offer and will not be responsible to anyone other than Green Compliance for providing the protections afforded to clients of N+1 Singer nor for providing advice in relation to the Offer or the content of, or any matter or arrangement referred to in, this document.

Strand Hanson, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively for APC and no-one else in connection with the Offer and will not be responsible to anyone other than APC for providing the protections afforded to clients of Strand Hanson nor for providing advice in relation to the Offer or the content of, or any matter or arrangement referred to in, this document.

If you have any questions relating to the completion or the return of the Forms of Proxy, please telephone Neville Registrars between 9.00 a.m. and 5.00 p.m. (London time) Monday to Friday on 0121 585 1131 or, if calling from outside UK, + 44 121 585 1131. Please note that calls to this number may be monitored or recorded and no advice on the Offer can be given.

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## **ACTION TO BE TAKEN**

The action to be taken by Green Compliance Shareholders is further described on page 12 and in paragraph 12 of Part II of this document. Copies of this document and any revisions thereto will be available for inspection at the offices of N+1 Singer during normal business hours on any Business Day until the end of the Offer Period.

## **INFORMATION FOR UNITED STATES AND OTHER OVERSEAS SHAREHOLDERS**

The publication or distribution of this document in any Restricted Jurisdiction may be restricted by law and therefore any persons who are subject to the laws of any Restricted Jurisdiction into whose possession this document comes should inform themselves about, and observe, any applicable legal and regulatory requirements and restrictions. Any failure to comply with the applicable requirements or restrictions may constitute a violation of the securities laws of any such jurisdiction. Further details in relation to Overseas Shareholders are contained in paragraph 11 of Part II of this document.

All Green Compliance Shareholders or other persons (including nominees, trustees and custodians) who would otherwise intend to, or may have a contractual or legal obligation to, forward this document and/or the accompanying Forms of Proxy to a Restricted Jurisdiction should refrain from doing so and seek appropriate professional advice before taking any action.

This document does not constitute an offer to sell or issue or an invitation to purchase or subscribe for any securities or a solicitation of an offer to buy any securities or a solicitation of any vote or approval pursuant to this document, the offer or otherwise in any jurisdiction in which such offer or solicitation is unlawful. This document does not constitute a prospectus or a prospectus equivalent document. This document and the accompanying documents have been prepared for the purposes of complying with English law and the City Code and the information disclosed may not be the same as that which would have been disclosed if this document had been prepared in accordance with the laws of any Restricted Jurisdiction. This document is not an offer to sell securities in the United States. Neither the SEC nor any other US federal or state securities commission or regulatory authority has reviewed, approved or disapproved of, or passed an opinion on, the accuracy or adequacy of this document, the Scheme or any of the proposals herein. Any representation to the contrary is a criminal offence in the United States.

### **Notice to US investors in Green Compliance**

Green Compliance is an English company. Accordingly, shareholders in the United States should note that the acquisition of Green Compliance by APC relates to the shares of a “foreign private issuer” as defined under Rule 3b-4 under the US Securities Exchange Act 1934, as amended (the “Exchange Act”) and is proposed to be made by means of a scheme of arrangement provided for under, and governed by, the laws of English and Wales. Neither the proxy solicitation nor the tender offer rules under the Exchange Act will apply to the Scheme.

In addition, the Offer relates to the shares of an English company and is to be made by means of a scheme of arrangement provided for under the laws of England and Wales. The Offer is subject to the disclosure requirements and practices applicable in England and Wales to schemes of arrangement, which differ from the disclosure and other requirements of the US securities laws and tender offer rules. The Green Compliance and APC financial information included in, and incorporated by reference into, this document has been prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted in the European Union and may not be comparable to the financial statements of US companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States. US generally accepted accounting principles differ in certain significant respects from IFRS. None of the financial information included in, or incorporated by reference into, this document has been audited in accordance with auditing standards generally accepted in the United States or the auditing standards of the Public Company Accounting Oversight Board (United States).

The receipt of New APC Shares by a US holder of Green Compliance Shares as consideration for the transfer of its Green Compliance Shares pursuant to the Offer may be a taxable transaction for US federal income tax purposes and under applicable US state and local, as well as foreign and other tax laws. Each US holder of Green Compliance Shares is urged to consult his independent professional adviser immediately regarding the tax consequences of the Offer applicable to him.

It may be difficult for US holders of Green Compliance Shares to enforce their rights and claims arising out of US federal securities laws, since APC and Green Compliance are located in countries other than the United States, and all of their officers and directors are residents of countries other than the United States. US holders of Green Compliance Shares may not be able to sue a non-US company or its officers or directors in a non-US court for violations of US securities laws. Further, it may be difficult to compel a non-US company and its affiliates to subject themselves to a US court's judgement.

The New APC Shares to be issued pursuant to the Scheme have not been and will not be registered under the Securities Act or under the relevant securities laws of any state or territory or other jurisdiction of the United States. Accordingly, the New APC Shares may not be offered, sold, resold, delivered, distributed or otherwise transferred, directly or indirectly, in or into the United States, absent registration under the Securities Act or an exemption therefrom.

The New APC Shares are expected to be offered in the United States, if at all, in reliance upon the exemption from the registration requirements of the Securities Act provided by Section 3(a)(10) thereof. None of the securities referred to in this document have been approved or disapproved by the US Securities and Exchange Commission, any state securities commission in the United States or any other US regulatory authority, nor have such authorities passed upon or determined the adequacy or accuracy of this document. Any representation to the contrary is a criminal offence in the United States.

## **FORWARD-LOOKING STATEMENTS**

Certain statements contained herein constitute forward-looking statements. The forward-looking statements contained herein include statements about the expected effects of the Offer, the expected timing and scope of the Offer and other statements other than in relation to historical facts. Forward-looking statements including, without limitation, statements typically containing words such as "intends", "anticipates" "targets", "estimates", "believes", "should", "plans", "will", "expects" and similar expressions or statements that are not historical facts are intended to identify those expressions or statements as forward-looking statements. The statements are based on the assumptions and assessments by the boards of APC and Green Compliance and are naturally subject to uncertainty and changes in circumstances. By their nature, forward-looking statements involve risk and uncertainty and the factors described in the context of such forward-looking statements in this document could cause actual results and developments to differ materially from those expressed in or implied by such forward-looking statements. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by such forward-looking statements. These factors include, but are not limited to, the satisfaction or waiver of the conditions to the Scheme, local and global political and economic conditions, future revenues of APC and/or Green Compliance being lower than expected, expected cost savings from the Offer or other future transactions not being realised fully or in line with expected timeframes, competitive pressures in the industry increasing, foreign exchange rate fluctuations and interest rate fluctuations (including those from any potential credit rating decline) and legal or regulatory developments and changes. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements.

Neither Green Compliance nor APC, nor any of their respective associates or directors, officers or advisers, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied by any forward-looking statements contained herein will actually occur. Other than in accordance with their legal or regulatory obligations (including under the AIM Rules, the Disclosure and Transparency Rules of the Financial Conduct Authority and the City Code), neither Green Compliance nor APC is under any obligation and each of them expressly disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

## DEALING DISCLOSURE REQUIREMENTS

Under Rule 8.3(a) of the Code, any person who is interested in 1 per cent. or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any securities exchange offeror is first identified. An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 p.m. (London time) on the 10th business day following the commencement of the offer period and, if appropriate, by no later than 3.30 p.m. (London time) on the 10th business day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Code, any person who is, or becomes, interested in 1 per cent. or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror, save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 p.m. (London time) on the business day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3.

Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).

Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Takeover Panel's website at [www.thetakeoverpanel.org.uk](http://www.thetakeoverpanel.org.uk), including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. You should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.

## GENERAL

### **Electronic Communications**

Addresses, electronic addresses and certain other information provided by Green Compliance Shareholders, persons with information rights and other relevant persons for the receipt of communications from Green Compliance will be provided to APC during the Offer Period as required under Section 4 of Appendix 4 to the Takeover Code to comply with Rule 2.12(c) of the Takeover Code.

### **Rounding**

Certain figures included in this document have been subjected to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

## DEFINITIONS

In this document, unless inconsistent with the subject or context or defined otherwise under the Scheme, the following expressions bear the following meanings:

<b>“Act”</b>	the Companies Act 2006;
<b>“Admission”</b>	the admission to trading on AIM of the New APC Shares;
<b>“AIM”</b>	the AIM market operated by the London Stock Exchange;
<b>“AIM Rules”</b>	the Rules and Guidance notes for AIM Companies and their nominated advisers issued by the London Stock Exchange from time to time;
<b>“Announcement”</b>	the announcement made by APC and Green Compliance on 30 July 2014 regarding the Offer and the Scheme made pursuant to Rule 2.7 of the City Code;
<b>“APC” or “Offeror”</b>	APC Technology Group plc;
<b>“APC Board” or “APC Directors”</b>	the board of directors of APC as at the date of this document whose names are set out in paragraph 2(c) of Part VI of this document;
<b>“APC General Meeting”</b>	the general meeting (or any adjournment thereof) of the holders of APC Shares to be convened to consider and, if thought fit, to approve the resolutions to be proposed in connection with the issue of the New APC Shares as consideration under the Offer (with or without amendment);
<b>“APC Group”</b>	APC, its subsidiaries and subsidiary undertakings;
<b>“APC Resolution(s)”</b>	the resolution(s) to be proposed at the APC General Meeting in order to grant the APC Directors authority to issue and allot the New APC Shares as consideration under the Offer (with or without amendment);
<b>“APC Shareholders”</b>	holders of APC Shares from time to time;
<b>“APC Shares”</b>	ordinary shares of £0.02 each in the capital of APC;
<b>“Articles”</b>	the articles of association of Green Compliance from time to time;
<b>“Business Day”</b>	a day, not being a Saturday, Sunday or public holiday, on which the clearing banks in London are open for business;
<b>“certificated” or “in certificated form”</b>	recorded on the relevant register of the share or other security as being held in certificated form (that is, not in CREST);
<b>“Close of Business”</b>	in respect of a Business Day, 6.00 p.m. on that Business Day;
<b>“Closing Price”</b>	as regards securities quoted on AIM, the closing middle market quotation of a share derived from AIM;
<b>“Code”, “Takeover Code” or “City Code”</b>	the City Code on Takeovers and Mergers issued by the Panel;
<b>“Conditions”</b>	the “Conditions to the Implementation of the Scheme and Further Terms of the Offer” set out in Part IV of this document and “Condition” means any one of them;
<b>“Connected Person”</b>	has the meaning given to it in section 252 of the Act;

<b>“Court”</b>	the High Court of Justice of England and Wales;
<b>“Court Meeting”</b>	the meeting (and any adjournment thereof) convened by an order of the Court pursuant to Part 26 of the Act to be held at the offices of N+1 Singer, One Bartholomew Lane, London EC2N 2AX at 10:00 a.m. on 5 September 2014 to consider and, if thought fit, approve the Scheme (with or without amendment) and any adjournment thereof, notice of which is set out on page 87 of this document;
<b>“CREST”</b>	the relevant system (as defined in the Regulations) of which Euroclear is the Operator (as defined in the Regulations);
<b>“Effective Date”</b>	the date on which the Scheme Court Order is delivered to the Registrar of Companies in England and Wales;
<b>“Enlarged Group”</b>	the APC Group as enlarged by the recommended acquisition by APC of the Green Compliance Group pursuant to the Scheme;
<b>“Enlarged Group Directors”</b>	the directors of the board of the Enlarged Group, which will comprise the APC Directors and, as currently anticipated, Richard Hodgson, further details of which are set out in paragraph 7 of Part I;
<b>“Enlarged Issued Share Capital”</b>	all of the issued APC Shares following the issue of the New APC Shares, assuming the Scheme becomes effective;
<b>“Euroclear”</b>	Euroclear UK & Ireland Limited;
<b>“Existing APC Shares”</b>	the 58,557,991 APC Shares in issue at the date of this document, all of which are admitted to trading on AIM;
<b>“Existing APC Shareholders”</b>	the holders of the Existing APC Shares;
<b>“FCA”</b>	the Financial Conduct Authority;
<b>“Forms of Proxy”</b>	as the context may require, either or both of (i) the BLUE form of proxy for use at Court Meeting, and (ii) the WHITE form of proxy for use at the General Meeting, each of which accompanies this document;
<b>“FSMA”</b>	the Financial Services and Markets Act 2000 (as amended);
<b>“General Meeting”</b>	the general meeting (and any adjournment thereof) of Green Compliance Shareholders convened in connection with the Scheme to be held at the offices of N+1 Singer, One Bartholomew Lane, London EC2N 2AX at 10:15 a.m. on 5 September 2014 to consider and, if thought fit, to approve the Special Resolution in relation to the Scheme (with or without amendment), notice of which is set out on page 90 of this document;
<b>“Green Compliance” or the “Company”</b>	Green Compliance plc;
<b>“Green Compliance 2013 Refinancing”</b>	the placing of 350,000,000 ordinary shares of £0.01 each in Green Compliance at 1p per share to raise proceeds of £3.5 million, announced by Green Compliance on 11 September 2013;
<b>“Green Compliance Board” or “Green Compliance Directors”</b>	the board of directors of Green Compliance as at the date of this document whose names are set out in paragraph 2(a) of Part VI of this document;

<b>“Green Compliance Fire”</b>	Pyramid Fire Protection Ltd, previously a Green Compliance subsidiary involved in the provision of portable fire applications, fire alarms, fire risk assessment and training;
<b>“Green Compliance Group”</b>	Green Compliance, its subsidiaries and subsidiary undertakings;
<b>“Green Compliance Non-Executive Directors”</b>	the non-executive directors of Green Compliance;
<b>“Green Compliance Loan Notes”</b>	the principal amount of £200,000 of 7.5 per cent. convertible loan notes and the principal amount of £550,000 of 12 per cent. convertible loan notes, issued by Green Compliance listed in paragraph 7(b) of Part VI of this document;
<b>“Green Compliance Options”</b>	the 1,307,790 options over Green Compliance Shares issued under the Green Compliance Enterprise Management Incentive Share Option Plan 2010;
<b>“Green Compliance Pest”</b>	the Green Compliance business involving pest control, eradication and prevention;
<b>“Green Compliance Pension Scheme”</b>	the pension scheme established by Green Compliance in respect of its employees;
<b>“Green Compliance Shareholders”</b>	holders of Green Compliance Shares from time to time;
<b>“Green Compliance Shares”</b>	the existing 475,875,829 unconditionally allotted or issued and fully paid ordinary shares of £0.01 each in the capital of Green Compliance and any further such shares of £0.01 each in the capital of Green Compliance which are unconditionally allotted or issued before the Scheme becomes effective;
<b>“Green Compliance Water”</b>	the water hygiene, treatment and legionella control business owned and operated by Green Compliance;
<b>“Green Compliance Warrants”</b>	the 157,646,476 warrants over Green Compliance Shares listed in paragraph 7(a) of Part VI of this document;
<b>“HMRC”</b>	HM Revenue & Customs;
<b>“ISL”</b>	Invisible Systems Limited;
<b>“London Stock Exchange” or “LSE”</b>	London Stock Exchange plc;
<b>“Meetings”</b>	the Court Meeting and the General Meeting and Meeting means either of them;
<b>“Minimise”</b>	the trading brand name under which the APC Group’s clean technology subsidiaries operate;
<b>“Minimise Energy”</b>	the trading brand name under which APC Group subsidiaries operate LED lighting, energy monitoring and control, and other energy efficiency related products and technologies;
<b>“Morrisons”</b>	Wm Morrison Supermarkets plc;
<b>“N+1 Singer”</b>	together Nplus1 Singer Advisory LLP and Nplus1 Singer Capital Markets Limited;
<b>“Neville Registrars” or “Registrar”</b>	Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA;

<b>“New APC Shares”</b>	up to 17,924,791 new APC Shares to be issued to Scheme Shareholders as consideration for the Green Compliance Shares pursuant to the terms of the Scheme and otherwise pursuant to the Offer;
<b>“Offer”</b>	the recommended offer made by APC to acquire the entire issued and to be issued share capital of Green Compliance to be implemented by way of the Scheme and subject to the Conditions and on the terms of this document including, where the context so requires, any subsequent revision, variation, extension or renewal of such proposal, including by way of a contractual takeover offer;
<b>“Offer Period”</b>	the period commencing on 30 July 2014 being the date of the Announcement until announcement via a Regulatory Information Service by Green Compliance and/or APC that the Scheme has become effective or that the Scheme has lapsed or been withdrawn;
<b>“Opening Position Disclosure”</b>	an announcement pursuant to Rule 8 of the Code containing details of interests or short positions in, or rights to subscribe for, any relevant securities of a party to an offer;
<b>“Overseas Shareholders”</b>	Green Compliance Shareholders who are residents in, or nationals or citizens of, jurisdictions outside the United Kingdom or who are nominees of, or custodians or trustees for, citizens or nationals of countries other than the United Kingdom;
<b>“Panel” or “Takeover Panel”</b>	the Panel on Takeovers and Mergers;
<b>“Regulations”</b>	the Uncertificated Securities Regulations 2001 (SI 2001 No. 01/3755);
<b>“Regulatory Information Service”</b>	has the same meaning as defined in the AIM Rules;
<b>“Relevant Shareholder”</b>	Green Compliance Shareholders other than APC or any subsidiary undertaking or nominee of APC;
<b>“Resolutions”</b>	the resolutions to be proposed at the Court Meeting (or any adjournment thereof) and the General Meeting (or any adjournment thereof), as appropriate, and the Written Resolution;
<b>“Restricted Jurisdiction”</b>	any jurisdiction where local laws or regulations may result in a significant risk of civil, regulatory or criminal exposure for APC or Green Compliance were information or documentation concerning the Offer to be sent or made available to Green Compliance Shareholders in that jurisdiction;
<b>“Scheme” or “Scheme of Arrangement”</b>	the proposed scheme of arrangement under Part 26 of the Act between Green Compliance and the Scheme Shareholders, with or subject to any modification, addition or condition approved or imposed by the Court and agreed to by Green Compliance and APC, the full terms of which are set out in Part XI of this document and (as the case may be) any supplemental circular(s);
<b>“Scheme Court Hearing”</b>	the hearing at which the Scheme Court Order is made;
<b>“Scheme Court Order”</b>	the order of the Court sanctioning the Scheme under Part 26 of the Act;
<b>“Scheme Document”</b>	this document dated 13 August 2014;

<b>“Scheme Record Time”</b>	6.00 p.m. on the Business Day immediately preceding the Scheme Court Hearing;
<b>“Scheme Shareholders”</b>	the holders of Scheme Shares;
<b>“Scheme Shares”</b>	Green Compliance Shares (excluding any held by APC or registered in the name of any member of the APC Group or any person known to the Company to be a nominee for APC): <ul style="list-style-type: none"> <li>• in issue at 6.00 p.m. on the date of this document;</li> <li>• (if any) issued after 6.00 p.m. on the date of this document and before the Voting Record Time; and</li> <li>• (if any) issued on or after the Voting Record Time and on or before the Scheme Record Time, either on terms that the original or any subsequent holders of such shares shall be bound by the Scheme, or in respect of which the original or any subsequent holders of such shares are, or shall have agreed in writing to be, bound by the Scheme;</li> </ul>
<b>“SEC”</b>	the US Securities and Exchange Commission;
<b>“Securities Act”</b>	the United States Securities Act of 1933 (as amended);
<b>“Special Resolution”</b>	the special resolution to be proposed at the General Meeting to approve the implementation of the Scheme;
<b>“Strand Hanson”</b>	Strand Hanson Limited, a company registered in England and Wales under company number 2780169;
<b>“subsidiary”</b>	has the meaning given by section 1159 of the Act;
<b>“subsidiary undertaking”</b>	has the meaning given by section 1162 of the Act;
<b>“UK” or “United Kingdom”</b>	the United Kingdom of Great Britain and Northern Ireland;
<b>“UK Listing Authority” or “UKLA”</b>	the FCA in its capacity as a competent authority under the Financial Services and Markets Act 2000;
<b>“uncertificated” or “uncertificated form”</b>	recorded on the relevant register of the share or security concerned as being held in uncertificated form (that is, in CREST), and title to which, by virtue of the Regulations, may be transferred by means of CREST;
<b>“United States” or “US”</b>	the United States of America, its territories and possessions, the District of Columbia, and all other areas subject to its jurisdiction;
<b>“Voting Record Time”</b>	6.00 p.m. on 3 September 2014, or, in the event that the Court Meeting is adjourned by more than 48 hours, 6.00 p.m. on the day which is two Business Days before such adjourned meeting; and
<b>“Written Resolution”</b>	the extraordinary resolution approving the application to the relevant Green Compliance Loan Notes of the amendments made to the Green Compliance articles of association proposed in connection with the Scheme proposed to be put to each class of holders of the Green Compliance Loan Notes in accordance with the terms of the Green Compliance Loan Notes and to be passed by way of a written resolution.

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

<i>Event</i>	<i>Time and/or date<sup>1</sup> 2014</i>
Latest time for lodging Forms of Proxy for the:	
Court Meeting (BLUE form) <sup>2</sup>	10:00 a.m. on 3 September
General Meeting (WHITE form)	10:15 a.m. on 3 September
Voting Record Time for the Meetings <sup>3</sup>	6:00 p.m. on 3 September
Court Meeting	10:00 a.m. on 5 September
General Meeting <sup>4</sup>	10:15 a.m. on 5 September
APC General Meeting	11:00 a.m. on 5 September
Latest date for passing of the Written Resolution	11 September
Last day of dealings in, and registration of transfers in CREST of Green Compliance Shares	11 September
Scheme Record Time	6:00 p.m. on 11 September
Green Compliance Shares suspended	7:30 a.m. on 12 September
Scheme Court Hearing to sanction the Scheme	12 September
Effective Date of the Scheme	12 September
Cancellation of admission of Green Compliance Shares on AIM	7:00 a.m. on 15 September
Admission of the New APC Shares to trading on AIM	8:00 a.m. on 15 September
Crediting of New APC Shares to CREST accounts	15 September
Latest date for despatch of the share certificates of the New APC Shares to be issued to Green Compliance Shareholders	26 September
The date by which the Scheme must become unconditional and effective, failing which it will lapse <sup>5</sup>	31 December

Unless otherwise indicated, all references in this document to times are to London times.

### Notes

- 1 The dates and times above are indicative only and will depend, *inter alia*, on the date on which: (i) the Conditions are either satisfied or waived (to the extent they are capable of being waived); (ii) the Court sanctions the Scheme; and (iii) the Scheme is registered by the Registrar of Companies in England and Wales. If any of the expected dates change, Green Compliance will give adequate notice of any change by issuing an announcement through a Regulatory Information Service.
- 2 The BLUE Form of Proxy for the Court Meeting may alternatively be handed to the Registrar on behalf of the Chairman of the Court Meeting at the start of the Court Meeting.
- 3 If either of the Meetings are adjourned by more than 48 hours, then the Voting Record Time for the reconvened Meeting will be 6.00 p.m. on the day which is two Business Days before such reconvened Meeting.
- 4 If the Court Meeting has not been concluded or adjourned prior to the scheduled commencement of the General Meeting, the commencement of the General Meeting will be delayed until the Court Meeting has been concluded or adjourned.
- 5 This date may be extended by agreement between APC and Green Compliance with the consent of the Panel and (if required) the approval of the Court.

**THE FOLLOWING INFORMATION DOES NOT PURPORT TO BE COMPLETE AND SHOULD BE READ IN CONJUNCTION WITH THE FULL TEXT OF THIS DOCUMENT FROM WHICH IT IS DERIVED. GREEN COMPLIANCE SHAREHOLDERS SHOULD READ THE WHOLE OF THIS DOCUMENT AND, IN PARTICULAR, THE LETTER FROM THE CHAIRMAN OF GREEN COMPLIANCE SET OUT IN PART I AND THE EXPLANATORY STATEMENT FROM N+1 SINGER SET OUT IN PART II OF THIS DOCUMENT AND SHOULD NOT RELY SOLELY ON THE INFORMATION SET OUT BELOW.**

### **THE RECOMMENDED OFFER**

- This document contains a recommended Offer whereby Scheme Shareholders will receive, for every 71 Scheme Shares, 2 New APC Shares.
- The Offer values each Scheme Share at 1 pence and values the entire issued share capital of Green Compliance at approximately £4.76 million, based on the closing price of 35.5 pence per APC Share on 29 July 2014, being the last Business Day prior to the date of the Announcement.
- The Offer is expected to result in the issue of 13,404,952 New APC Shares to Scheme Shareholders, representing approximately 18.63 per cent. of the Enlarged Issued Share Capital following the Scheme becoming effective (assuming no further Green Compliance Shares or APC Shares are issued in the period between the date of this document and the Effective Date or following the Scheme becoming effective).
- The Green Compliance Directors have unanimously recommended that Green Compliance Shareholders vote in favour of the Resolutions as they have irrevocably undertaken to do so in respect of their 35,545,576 Green Compliance Shares representing approximately 7.47 per cent. of the existing issued ordinary share capital of Green Compliance.
- Irrevocable undertakings to vote in favour of the Resolutions have also been received from certain other Green Compliance Shareholders in respect of 196,898,673 Green Compliance Shares, representing approximately 41.38 per cent. of the existing issued ordinary share capital of Green Compliance.

### **ACTION TO BE TAKEN**

The Scheme must be approved by a majority in number of Relevant Shareholders representing at least 75 per cent. in value of the Scheme Shares held by the Relevant Shareholders present and voting (either in person or by proxy) at the Court Meeting (voting at which shall be conducted by way of a poll).

Implementation of the Scheme also requires the passing of a special resolution at the General Meeting.

You will find enclosed with this document:

- a BLUE reply-paid Form of Proxy for use in respect of the Court Meeting on 5 September 2014 at 10:00 a.m. (attaching an attendance card in relation to the Court Meeting); and
- a WHITE reply-paid Form of Proxy for use in respect of the General Meeting on 5 September 2014 at 10:15 a.m. (attaching an attendance card in relation to the General Meeting).

Green Compliance is seeking approval for an amendment to the Articles in connection with the Scheme at the General Meeting. In order for the alteration of the Articles to apply to the Green Compliance Loan Note holders, a separate written resolution must be signed by the holders of the relevant Green Compliance Loan Notes representing at least 75 per cent. in nominal value of that class of the outstanding Green Compliance Loan Notes.

The Scheme is conditional on the approval by APC Shareholders of certain resolutions at the APC General Meeting to approve the issue of New APC Shares as the consideration under the Offer.

**Whether or not you plan to attend the Meetings, please complete and sign both the BLUE and WHITE Forms of Proxy and return them as soon as possible, but in any event so as to be received by no later than 10:00 a.m. and 10:15 a.m. respectively on 3 September 2014.**

In either case, if the Meetings are adjourned, the relevant Forms of Proxy should be received not later than 48 hours, excluding non-Business Days, before the time fixed for the adjourned meeting.

The return of the BLUE and WHITE Forms of Proxy will enable your votes to be counted at the Meetings in the event of your absence. All Forms of Proxy are reply-paid for use in the United Kingdom only, for your convenience. If the BLUE Form of Proxy for use at the Court Meeting is not lodged by the time and date referred to above it may be handed to the Registrar, on behalf of the Chairman of the Court Meeting, at the start of the Court Meeting.

**In the case of the General Meeting, unless the WHITE Form of Proxy is returned by the time and date referred to above and as mentioned in the instructions printed on it, it shall be invalid.**

**The completion and return of a Form of Proxy will not prevent you from attending and voting in person at either the Court Meeting or the General Meeting (as appropriate), or any adjournment thereof, if you so wish and are so entitled.**

**IT IS IMPORTANT THAT AS MANY VOTES AS POSSIBLE ARE CAST, EITHER IN PERSON OR BY PROXY, SO THAT THE COURT CAN BE SATISFIED THAT THERE IS A FAIR AND REASONABLE REPRESENTATION OF RELEVANT SHAREHOLDER OPINION.**

**YOU ARE THEREFORE STRONGLY URGED TO EXERCISE YOUR RIGHTS BY COMPLETING THE FORMS OF PROXY APPLICABLE TO YOU OR BY ATTENDING THE MEETINGS AND VOTING IN PERSON.**

**THE GREEN COMPLIANCE DIRECTORS UNANIMOUSLY RECOMMEND THAT YOU VOTE IN FAVOUR OF THE RESOLUTIONS TO BE PROPOSED AT THE COURT MEETING AND THE GENERAL MEETING.**

### **Helpline**

If you have any questions relating to the completion or return of the Forms of Proxy, please telephone Neville Registrars between 9.00 a.m. and 5.00 p.m. (London time) Monday to Friday on 0121 585 1131 or, if calling from outside UK, + 44 121 585 1131. Please note that calls to this number may be monitored or recorded and no advice on the Offer can be given.

Calls to this number are charged at your network provider's standard rate. Calls from mobile phones or those made from overseas will cost considerably more.

## STATISTICS

Number of Green Compliance Shares in issue as at the date of this document	475,875,829
Number of Existing APC Shares in issue at the date of this document	58,557,991
Expected Number of New APC Shares*	13,404,952
Expected Enlarged Issued Share Capital**	71,962,943
Expected New APC Shares as a percentage of the expected Enlarged Issued Share Capital**	approximately 18.63 per cent.
Expected market capitalisation of the Enlarged Group immediately following Admission***	£25.5 million

APC TIDM APC

APC ISIN GB0000373984

\* The number of New APC Shares to be issued pursuant to the Scheme is expected to be determined on 11 September 2014, prior to the Scheme Record Time, based on the number of Scheme Shares in issue as at that date.

\*\* Based on the number of Green Compliance Shares and APC Shares in issue as at 12 August 2014, being the last practicable date prior to the publication of this document.

\*\*\* Based on the closing price of one APC Share of 35.5 pence on 12 August 2014 (being the last Business Day prior to the date of this document) and the expected Enlarged Issued Share Capital.

## PART I

### LETTER OF RECOMMENDATION FROM THE CHAIRMAN OF GREEN COMPLIANCE

#### GREEN COMPLIANCE PLC

*(Incorporated in England with registered number 04022406)*

*Directors:*

Bob Holt *(Chairman and Chief Executive Officer)*  
Richard Hodgson *(Chief Finance and Operating Officer)*  
John Charlton *(Director, Shared Services)*  
Edward Brown *(Non-Executive Director)*

*Registered office:*  
Unit 2 Derwent Close  
Warndon  
Worcester  
WR4 9TY

13 August 2014

*To Green Compliance Shareholders and, for information only, to holders of Green Compliance Options, Green Compliance Loan Notes and Green Compliance Warrants and persons with information rights.*

Dear Green Compliance Shareholder,

#### RECOMMENDED SHARE OFFER BY APC TECHNOLOGY GROUP PLC FOR GREEN COMPLIANCE PLC

##### 1. Introduction

On 30 July 2014, the boards of Green Compliance and APC announced that they had agreed the terms of a merger between APC and Green Compliance, whereby the entire issued and to be issued share capital of Green Compliance will be acquired by APC in consideration for the issue of 2 New APC Shares for every 71 Scheme Shares. The Offer is to be implemented by way of a Scheme of Arrangement under Part 26 of the Act, which requires the approval of Relevant Shareholders and the sanction of the Scheme by the Court.

I am writing to you today to explain the background to, and the details of, the Offer, to seek your support for and approval of the Offer and to explain the reasons why the Green Compliance Directors, who have been so advised by N+1 Singer, Green Compliance's nominated and financial adviser, consider the terms of the Offer to be fair and reasonable and in the best interests of Green Compliance Shareholders. Accordingly the Green Compliance Directors unanimously recommend that you vote in favour of the Resolutions, and that the holders of Green Compliance Loan Notes sign the relevant Written Resolution, as the Green Compliance Directors who hold Green Compliance Shares have irrevocably undertaken to do in respect of their beneficial holdings of, in aggregate, 35,545,576 Green Compliance Shares (representing approximately 7.47 per cent. of the existing issued ordinary share capital of Green Compliance) and their entire beneficial holdings of Green Compliance Loan Notes (representing approximately 37.5 per cent. of outstanding nominal value of the class of 7.5 per cent. Green Compliance Loan Notes). In providing its advice to the Green Compliance Board, N+1 Singer has taken into account the commercial assessments of the Green Compliance Directors.

In order to approve the terms of the Offer, Relevant Shareholders should vote in favour of the Resolution to be proposed at the Court Meeting and Green Compliance Shareholders should vote in favour of the Resolutions to be proposed at the General Meeting, both of which are to be held on 5 September 2014. In order for the holders of the Green Compliance Loan Notes to be bound by the alteration to the Articles, the holders of each class of the Green Compliance Loan Notes should sign the relevant Written Resolution. Details of the actions you should take are set out in paragraph 12 of the Explanatory Statement set out in Part II of this document. The unanimous recommendation of the Green Compliance Directors to Green Compliance Shareholders is set out in paragraph 17 of this letter.

Statements made or referred to in this letter concerning APC's reasons for the Offer and to the intentions and strategy of APC and its subsidiaries reflect the views of the APC Board. Statements made or referred to in this letter concerning the background to and reasons for the Green Compliance Directors recommending the Offer reflect the views of the Green Compliance Board.

## **2. Summary of the Offer**

It is intended that the Offer will be implemented by means of a Court-sanctioned scheme of arrangement pursuant to Part 26 of the Act. The Scheme is subject to the satisfaction (or, where applicable, waiver) of the Conditions and the sanction of the Scheme by the Court. The terms of the Scheme are set out in full in Part XI of this document.

The Scheme provides that, if it becomes effective, all of the Scheme Shares will be transferred to APC. In exchange, under the Offer, all Scheme Shareholders will be entitled to receive:

### **For every 71 Scheme Shares: 2 New APC Shares**

Assuming the Offer is successful, Green Compliance will become a wholly owned subsidiary of APC on the Effective Date. APC is a public company incorporated in England and Wales. Its shares are admitted to trading on AIM and admission of the New APC Shares to trading on AIM is expected to take place on the Business Day following the Effective Date of the Scheme. Further information on APC is set out in paragraph 6 of this Part I and in Part III of this document.

The Offer values the entire existing issued share capital of Green Compliance at approximately £4.76 million and each Green Compliance Share at 1 pence (based on the Closing Price of 35.5 pence per APC Share on 29 July 2014, being the last Business Day prior to the date of the Announcement).

Entitlements to New APC Shares will be rounded down to the nearest whole number of APC Shares. Fractions of New APC Shares will not be allotted or issued to Scheme Shareholders. Fractional entitlements of New APC Shares will be aggregated and sold in the market and the net cash proceeds of the sale retained for the benefit of the Enlarged Group.

Green Compliance Shareholders should note that the value of the consideration that they will ultimately receive (once the Scheme is implemented and becomes effective in accordance with its terms) will depend upon the market value of New APC Shares received by them following the Effective Date, and this value may vary, as APC is a listed company whose shares are admitted to trading on AIM.

### ***Scheme structure***

It is expected that subject to the satisfaction (or, where applicable, waiver) of the Conditions, including the passing of the APC Resolution(s) (further details of which are set out in paragraph 4 of Part III of this document), the Scheme Court Hearing to sanction the Scheme will be held on 12 September 2014 and that the Effective Date will be 12 September 2014. The Offer is conditional upon the Scheme becoming effective by no later than 31 December 2014, or such later date as Green Compliance and APC may agree (with, where applicable, the consent of the Panel and (if required) the approval of the Court), failing which it will lapse.

It is expected that the admission of the Scheme Shares to trading on AIM will be cancelled at 7.00 a.m. on 15 September 2014 and dealings in such shares will be suspended from 7.30 a.m. on 12 September 2014.

In order to become effective, the Scheme must be approved at the Court Meeting (at which voting will be conducted by way of a poll) by the passing of a resolution by a majority in number of the Relevant Shareholders, present and voting, either in person or by proxy, at such meeting, representing not less than 75 per cent. in value of the Scheme Shares held by such Relevant Shareholders. Green Compliance is seeking approval for an amendment to the Articles in connection with the Scheme at the General Meeting. In order for the Green Compliance Loan Note holders to be bound by the proposed amendment to the Articles a separate written resolution must be signed by the holders of the relevant Green Compliance Loan Notes representing at least 75 per cent. in nominal value of each class of the outstanding Green Compliance Loan Notes.

The Scheme is conditional on the approval by APC Shareholders of the APC Resolution(s) at the APC General Meeting to approve the issue of New APC Shares as the consideration under the Offer. Notice of the APC General Meeting will be sent to APC Shareholders on or about the date of this document.

As at the date of this document, irrevocable undertakings have been received from certain Green Compliance Shareholders, who are not Green Compliance Directors, holding, in aggregate, 196,898,673 Green Compliance Shares, representing approximately 41.38 per cent. of the issued share capital of Green Compliance, and £300,000 of the principal amount of Green Compliance Loan Notes, representing approximately 54.55 per cent. of the outstanding principal amount of the 12 per cent. Green Compliance Loan Notes.

If the Scheme becomes effective, it will be binding on all Scheme Shareholders, irrespective of whether or not they attended or voted at the Court Meeting or the General Meeting. Further details of the Scheme are set out in the Explanatory Statement in Part II of this document as required by Part 26 of the Act.

Application will be made to the London Stock Exchange for the New APC Shares to be admitted to trading on AIM. If the Scheme becomes effective, it is expected that Admission will become effective and that trading in the New APC Shares will commence on AIM on the Business Day following the Effective Date.

If the Scheme becomes effective, Green Compliance will become a wholly owned subsidiary of APC on the Effective Date and Green Compliance Shareholders will receive the New APC Shares referred to above.

Prior to the Scheme becoming effective, application will be made to the London Stock Exchange for the admission to trading on AIM of the Green Compliance Shares to be cancelled. APC intends to re-register Green Compliance as a private company under the relevant provisions of the Act as soon as practicable after cancellation of trading of the Green Compliance Shares on AIM.

APC reserves the right to switch from implementing the Offer by means of a scheme of arrangement under Part 26 of the Act to a contractual takeover offer, in accordance with paragraph 8 of Appendix 7 of the Code, with the consent of the Panel.

### ***Interests in the Enlarged Group***

Based on the number of APC Shares in issue as at 12 August 2014, being the latest practicable date prior to the posting of this document, 13,404,952 New APC Shares are expected to be issued as consideration pursuant to the Scheme, assuming no further Green Compliance Shares or APC Shares are issued in the period between the date of this document and the Effective Date.

On this basis, following the Scheme becoming effective, the Existing APC Shareholders will hold 58,557,991 APC Shares representing approximately 81.37 per cent. of the Enlarged Issued Share Capital of APC and Scheme Shareholders will hold approximately 13,404,952 APC Shares representing approximately 18.63 per cent. of the Enlarged Issued Share Capital.

The New APC Shares issued under the Scheme will be credited as fully paid and free from all liens, charges and encumbrances whatsoever and will rank *pari passu* with the Existing APC Shares, including in respect of the right to receive all dividends, distributions and other entitlements made or paid on the APC Shares for which the record date occurs after the date of their issue.

The APC Directors are seeking authority to allot up to a maximum of 17,924,791 New APC Shares as consideration in connection with the Offer and in order to issue additional New APC Shares in respect of any Green Compliance Options, Green Compliance Warrants or Green Compliance Loan Notes which are exercised and entitled to receive consideration under the terms of the Offer, which would represent approximately 23.44 per cent. of the Enlarged Issued Share Capital. Given the value of the 2 New APC Shares to be received for every 71 Scheme Shares under the terms of the Offer, it is not currently expected that the holders of these securities will choose to exercise them. Further details of the impact of the Offer on these securities are summarised at paragraph 9 below.

### **3. Background to and reasons for the Offer**

In December 2009, Green Compliance was restructured with the stated intention of executing a buy and build strategy to become a significant participant in the UK “blue collar” compliance services sector. While it was able to execute some 15 acquisitions in the period to December 2011, the financial crisis which began in 2008 severely affected its on-going access to additional equity and debt funding required for it to continue to grow by acquisition and also led to a reduction in the trading of each of its main units at the time that the consolidation of these units into the Green Compliance Group was being executed.

Accordingly, with on-going financial pressure, a lack of expansion capital and reduced trading, the then directors of Green Compliance embarked upon a restructuring of the business, its strategy and its financing, which culminated in the Green Compliance 2013 Refinancing which involved a write down of debt facilities and an equity fundraising of approximately £3.5 million at 1 pence per Green Compliance Share. The successful Green Compliance 2013 Refinancing was completed during the financial year ended 31 March 2014 which, coupled with the divestment of the Green Compliance Pest business and Green Compliance Fire business, has allowed Green Compliance to exit that financial year completely focused on its water hygiene and treatment business.

The Green Compliance Water business is now a national one stop water management company offering all forms of water treatment and water hygiene, including legionella control, water risk assessments and water sustainability projects, such as rain water capture and grey water re-use. Green Compliance Water has a direct customer list of around 750 clients, to which it provides water treatment and water hygiene compliance services via 145 employees, operating from four premises nationally. The Green Compliance Directors believe that Green Compliance’s customer reach is significantly larger than this due to the composition of the existing customer base, which includes many facilities management companies, each of which act on behalf of, in some cases, hundreds of businesses or organisations.

Continuing revenues in the Green Compliance Water business for the year ended 31 March 2014 totalled £8.1 million with an operating profit before exceptional costs, share based payments and amortisation in Green Compliance Water of £0.1 million. Green Compliance Group had net assets as at 31 March 2014 of £4.4 million.

#### ***The UK Water hygiene & treatment market***

The basic definition of water treatment is the purifying of water to make it suitable for household or business use. The water treatment industry in the UK is worth an estimated £3.8 billion in 2013/14. Water treatment requirements are estimated to be split relatively evenly between domestic and commercial/industrial use. Based on the estimated industry value of £3.8 billion, the commercial areas of the UK water treatment industry are estimated to be valued at approximately £2 billion in 2013/14. A significant percentage of the market relates to the treatment of water in storage, both open and underground reservoirs. The majority of this work is undertaken by water companies, or large global businesses (e.g. GE Water, Nalco).

However, there is a significant addressable market for water treatment services with large corporate organisations, SMEs and commercial organisations such as Green Compliance Water services and this is estimated to be worth in excess of £1 billion per annum in the UK.

Under UK government regulations (Health & Safety Act 1974, ACoP (L8) 4th Edition 2013, COSHH 2002 and Water Supply Regulations 1999), anyone serving the public has a legal duty to prepare and manage a scheme for maintaining safe water quality. Hospitality and leisure facilities, healthcare providers, care homes, as well as employers in general, are therefore faced with the same obligation. As well as requiring risk assessments, organisations subject to the legislation are required to have access to competent help in applying the provisions of health and safety law, water storage and supply and specification for the design, installation, testing and maintenance of services supplying hot and cold water for use within public buildings. All these regulations are principally driven by the necessity to prevent legionella from developing in water systems.

Green Compliance Water provides a comprehensive service across the water hygiene spectrum and the Green Compliance Directors believe that it therefore has an addressable market in the UK for water hygiene services of an estimated £241 million and that this market is growing at an estimated 5 per cent. compound annual growth rate.

The main driver for this is the growing concern for companies around water sustainability as water consumption outstrips population growth; water supplies are threatened by pollution, population growth, urbanisation and climate change; water charges increase through metering and acknowledgment of the move to charging and a growing awareness from consumers of the importance of water quality, safety and security.

The Green Compliance Directors also believe that there are further opportunities to service the wider water market as it moves towards greater sustainability products and ultimately the supply of water as the market deregulates. In addition, the Green Compliance directors believe that the Green Compliance customer base and existing water management relationships with those customers gives them access to this increasing market.

### ***The wider sustainability market***

The sustainability market is a large and growing market internationally and in the UK in particular:

- the International Energy Agency estimates that investment in key energy efficiency markets worldwide was US\$244 billion in 2013, and must increase to US\$1 trillion by 2030 to avoid a two degree global temperature rise;
- investment is being driven by the need for businesses to take action or see profits eroded by the cost of energy and punitive legislation;
- improving economic conditions are encouraging businesses to implement strategies created over the past five years; and
- opportunities in energy efficiency will be mirrored by technologies being developed for ‘embedded generation’, energy storage, water and waste management.

Sustainability covers both energy and water and the Green Compliance Directors believe that a number of their existing customers include both energy and water as part of their considerations in relation to sustainability. Additionally, there is evidence to suggest that a significant number of these customers have an individual or team with responsibility for both energy management and water management. Increasingly the market is viewing these two sub-sectors together, as companies look for similar solutions to both issues and with new entrants to the market offering combined solutions to asset owners or facilities managers which are typically Green Compliance’s and APC’s customers. This synergy, in relation to sustainability, is also being driven by the proposed deregulation of the supply of water to businesses in England which is expected to come into effect in 2017 (Water Act 2014).

The Green Compliance Directors believe that all of these factors provide significant revenue opportunities for a sustainable water management offering that sits alongside a wider sustainability engagement with customers, as customers come to view water more and more in the same way as they view other sustainability issues such as energy efficiency and waste management.

To date APC has not been active in the water market, although it does have a stated strategy of increasing the products and services in its sustainability focused business, ‘Minimise’. APC has seen significant growth in its energy efficiency focused business, which shares a common type of customer to Green Compliance in that it is typically asset owners and facilities managers which are focused on issues of sustainability.

Through APC’s Minimise business it has a growing expertise, customer base and pipeline in energy efficiency related products and solutions. APC currently has three main sustainability offerings:

- Minimise Energy: these include energy monitoring, LED lighting, boiler optimisation, solar gain reduction, remote energy control and electric motor optimisation;
- Minimise Solutions: energy procurement, energy strategy development, building accreditation, energy measurement and verification; and
- Minimise Finance: bespoke Energy Efficiency Service Agreement (EESA) funding which enables businesses to achieve energy reduction targets through an upfront reduction in capital expenditure.

The proposed acquisition allows APC to move into:

- Water Sustainability: including rain and waste water harvesting, water consumption monitoring and management, leak detection and remediation, and the management of water hygiene (especially legionella control) or water treatment needs versus water conservation needs.

The abovementioned set of water sustainability products are either currently offered by Green Compliance to its customer base or are in development by Green Compliance. In addition, Green Compliance's customer base is already actively engaged with Green Compliance in seeking to procure these products across a larger end customer base.

Following this acquisition the Enlarged Group will seek to pursue a strategy to further extend the sustainability offering into:

- Renewable energy generation: thermal solar PV-T, heat pumps, hybrid solar solutions and embedded generation; and
- Energy from waste: on-site waste processing and waste to energy generation.

#### **4. Background to and reasons for recommending the Offer**

The Green Compliance Directors have overseen a considerable period of restructuring in the past eighteen months with the disposal of the Green Compliance Fire business in July 2013, the Green Compliance Pest business in December 2013, both for an equivalent price of approximately 65 per cent. of revenue on initial cash consideration, and with the fundraising in September 2013 to raise gross funds of £3.5 million at 1 pence per Green Compliance Share. Whilst this financial restructuring is complete, they believe that the Offer from APC should be considered by Green Compliance Shareholders taking into account a number of considerations other than just the implied value per Green Compliance Share of the Offer, as they have, and on which they have based their commercial assessment as set out below.

While the proposed acquisition represents a strategic step for APC to engage in the water aspect of the sustainability agenda by acquiring Green Compliance rather than by seeking to develop its own business in this space or by making smaller bolt-on acquisitions to form a water division, the Green Compliance Directors believe it also allows Green Compliance Shareholders access to an Enlarged Group focused on building further expertise and businesses in the area of sustainability. In addition, they believe that the Enlarged Group, and therefore Green Compliance Shareholders, will benefit from the cost savings and synergies set out below, while also providing improved liquidity for Green Compliance Shareholders in the short, medium and long term.

The Green Compliance Directors have been active in exploring alternatives for the Green Compliance Water business. Strategically they have considered further acquisitions to grow the Green Compliance Water business and its offering but in the absence of further access to competitively priced debt or equity finance this has proven to be difficult and has been affected by the recent corporate history of Green Compliance.

In addition, the Green Compliance Directors have sought interest from potential acquirers for the Green Compliance Water business. While some interest was expressed by potential acquirers, the values discussed were at a significant discount to the trading multiples achieved for the Green Compliance Fire and Green Compliance Pest businesses. In addition, in the event that the Green Compliance Water business were to be sold, Green Compliance would be left as a cash shell with no trading operations, the Green Compliance Directors would then have been required to set out a new investing policy to be approved by Green Compliance Shareholders or to return cash achieved from the sale of the Green Compliance Water business to Green Compliance Shareholders. Having evaluated different methods of returning cash to Green Compliance Shareholders under this scenario, the Green Compliance Directors do not believe that cash could be returned to Green Compliance Shareholders in an efficient manner which would result in cash per share being returned to each shareholder significantly above the implied value per Green Compliance Share represented by the Offer.

In particular the Green Compliance Directors believe that while the initial value represented by the Offer is at a discount to the current share price of Green Compliance, the Enlarged Group offers an attractive investment for Green Compliance Shareholders for a number of reasons. In addition to the expected annual cost savings associated with Green Compliance no longer being an independently listed business, there are a number of revenue and operational synergies from which the Enlarged Group is expected to benefit. In particular the customer bases of Green Compliance and APC, while both being within the sustainability area, are almost entirely complementary and therefore represent a significant and immediate opportunity for cross-selling of energy and water services and products. A number of these customers are already seeking to engage with either Green Compliance or APC on their respective water/energy related sustainability product offerings and making enquiries on how Green Compliance or APC might further assist them with the wider sustainability agenda, of either energy or water which is currently not part of its offering.

The Green Compliance Directors also believe that the Enlarged Group will benefit from the investment made when Green Compliance was a multi-vertical business in terms of Green Compliance's ability to service its customers using its unique cloud based service delivery platform. While at present this platform enables Green Compliance's customers to access their water compliance data via online customer portals, thereby enhancing Green Compliance's customers overall compliance visibility and allowing them to deal swiftly with incidents as they occur across a large number of sites, the APC Directors believe that this can be extended quickly and cost effectively to APC's customers for the benefit of the Enlarged Group. Additionally, as Green Compliance currently operates from four sites in the UK, none of which overlap substantially with APC's current base, the Green Compliance Directors believe that the Enlarged Group will benefit from this enhanced footprint and as an entity active in the UK sustainability market and that normal purchasing and operating synergies will accrue due to improved market presence and size.

As part of the discussions with the APC Board, the APC Directors have also identified a number of commercial opportunities. One example of this is an immediate benefit in terms of a new route to market for APC's ISL technology which has been specifically developed to address legionella risk. This remote monitoring technology can also be used to measure water flow rates and water pressure in much the same way that it measures electricity and gas consumption. As such it can be sold to the Enlarged Group's customers as a water applicable smart metering solution which collects data on an on-going basis. This is expected to immediately benefit the Enlarged Group's customers through better visibility of their water consumption and therefore ways in which they might reduce or improve consumption to reduce cost and/or enhance sustainability using the existing online cloud based customer portal that Green Compliance operates. In addition the APC Directors believe that the Enlarged Group will be well positioned to benefit from the deregulation of the UK water supply market in 2017, as it will have a large set of data on water consumption across a large and diverse estate. The aggregation of this water usage data will position the Enlarged Group as a water partner for these customers and potentially as a significant participant with purchasing power in the then de-regulated open market.

In addition, it is expected that the integration of the two businesses will strengthen the depth and quality of the senior management of the Enlarged Group at Board and operating level as the two management teams are integrated.

Recurring annualised cost savings of approximately £0.53 million have been identified as a result of the Offer, predominantly associated with Green Compliance no longer being required to maintain an independent quotation on AIM and the majority of which are expected to be realised in the first year of operation (this statement constitutes a quantified financial benefits statement under Rule 28 of the Code, further details of which are provided in Part X of this document). Achieving these cost savings and implementing the Enlarged Group strategy to achieve the synergies described above are expected to positively impact the financial and operational performance of the Enlarged Group. The expected cost savings are made up of professional advisers fees of approximately £110,000 (including nominated adviser and broker, legal, audit related matters, registrars and public relations related fee), discontinued directors fees as a result of only having one board of directors of approximately £350,000 and £70,000 in respect of staffing and National Insurance costs. There are no material costs expected in connection

with realising the expected financial benefits above. The Enlarged Group Directors consider that the identified cost savings would only accrue as a direct result of the success of the Offer and could not be achieved independently of the Offer.

As a result, the Green Compliance Directors, having considered the terms of the Offer, unanimously recommend that Green Compliance Shareholders, and as applicable, Relevant Shareholders, vote in favour of the Resolutions to be proposed at the Meetings.

The Green Compliance Directors advise that each Green Compliance Shareholder consider carefully the information set out in this document before making a decision as to whether to approve the Offer. This is not intended to be an exhaustive list of relevant factors and Green Compliance Shareholders and, as applicable, Relevant Shareholders should consider their individual circumstances carefully before deciding whether to vote in favour of the Resolutions to be proposed at the Meetings.

The primary reasons for recommending the Offer can be summarised as follows:

- given the corporate history of Green Compliance and as a small business focused solely on the water market, Green Compliance has restricted access to cost effective sources of both debt and equity capital to accelerate organic growth or to make further acquisitions;
- even if a disposal of the Green Compliance Water business on an acceptable multiple within an acceptable timeframe could be achieved and cash returned to Green Compliance Shareholders, the Green Compliance Directors do not expect this to deliver a material enhancement to the implied value of the Offer;
- that significant cost savings and synergies can be achieved through the Offer;
- that the improved liquidity expected as part of the Enlarged Group will benefit all Green Compliance Shareholders;
- that the combination of the Green Compliance online cloud based customer portal with the APC ISL technology will provide a compelling route to market for additional water sustainability services such as water consumption monitoring and management;
- the Enlarged Group as a provider of sustainability services and products nationally will be a significant platform for further growth as it benefits from the critical mass of improved customer relationships and enhanced productivity and purchasing power; and
- that the integration of the two businesses will strengthen the depth and quality of the senior management of the Enlarged Group at board and operating level as the two management teams are integrated.

### ***Effect of the Offer***

The Offer represents a discount of approximately 6.98 per cent. to the Closing Price of 1.075 pence per Green Compliance Share on 12 August 2014, being the last Business Day prior to the publication of this document.

The Offer represents a discount of approximately 25.93 per cent. to the Closing Price of 1.35p per Green Compliance Share on 29 July 2014, being the last Business Day prior to the Announcement.

The Offer represents a discount of approximately 36.17 per cent. to the average Closing Price for Green Compliance Shares of 1.57p over the three month period ended on and including 29 July 2014.

The Offer represents the equivalent price to the Green Compliance 2013 Restructuring at which time £3.5 million was raised from certain Green Compliance Shareholders at 1 pence per Green Compliance Share.

## **5. Current Trading and Prospects**

Following a period of significant reorganisation, Green Compliance is now a focused, stable water hygiene and treatment business which offers a platform for growth in the markets it services.

The Green Compliance Directors recognise that this growth may be restricted by the recent trading history of the Green Compliance Group and the restricted access it has to cost effective sources of capital to fund more aggressive growth.

The attention of Green Compliance Shareholders is also drawn to Green Compliance's announcement on 30 July 2014, containing Green Compliance's unaudited preliminary results for the twelve months ended 31 March 2014.

## **6. Information on APC**

### ***Overview***

APC was incorporated in 1982 and currently operates two key business units: a supplier and installer of cleantech related energy efficiency devices and a specialist electronic component distributor.

Under the 'Minimise' brand, the APC Group promotes a range of technologies developed to reduce energy consumption and carbon emissions, through its wholly owned subsidiary, Minimise Energy. These products are either sold individually or may be combined to provide an integrated, multi-technology solution to the energy efficiency challenges of an entire organisation. Minimise Holdings was established to hold the APC Group's investments in its cleantech portfolio, the first of which was Minimise Limited, in which APC initially invested in 2008.

The sustainability related businesses represents a diversification of the original APC business which, since incorporation, has acted as a distributor of specialist electronic components for more than 60 manufacturers of electronic components and systems. During the past 32 years, APC has developed long-standing relationships with manufacturers of specialist electronic components and with customers who put significant value on APC's technical expertise, attention to detail and its deep understanding of the unique challenges of their individual markets. Markets include sub-sectors with high barriers to entry such as defence, aerospace, space, transportation, medical and industrial sectors. Products are wide ranging in their complexity and application, and are sold through a number of semi-autonomous teams. Each team focuses on specific technologies or markets but are true to APC's central business strategy of adding value in the supply chain.

### ***APC's target market***

#### ***Cleantech Activities – Minimise***

APC began to invest in the area of sustainability as a means to diversify its revenue stream in 2008 with its initial investment in Minimise Limited. It has since gone on to develop a significant operation which is growing quickly in the area of energy efficiency, where it typically sells systems and services to asset owners or facilities managers with responsibility for energy matters and/or sustainability. As APC has successfully grown its customer base in this area, a number of its existing clients have sought to explore other areas of sustainability which APC can assist them with.

Following a lengthy restructuring process, pursuant to which Minimise Limited was merged into Minimise Energy, the APC Group has streamlined its cleantech subsidiaries under the Minimise brand. Revenue in the last 12 months was dominated by the sale of LED lighting, however, additional technologies are now being added to the product portfolio, as the emphasis moves from being an LED lighting provider to a company offering complete energy efficiency solutions. A number of companies trade under the Minimise brand:

- **Minimise Energy**, which provides LED lighting, energy monitoring and control, and other energy efficiency related products and technologies;
- **Minimise Solutions**, which provides sustainability related consulting services; and
- **Minimise Finance**, which is developing funding solutions for energy efficiency related projects.

APC also has interests in North America, where it owns 60 per cent. of Minimise Energy Americas LLC, which offers the same products and services as those offered in the UK subject to the prevailing product certification requirements which vary from country to country.

Monitoring and control of power consumption forms a critical part of effective strategies to improve energy efficiency and key to the APC Group's future expansion is the technology provided by ISL in which APC acquired a 25 per cent. stake in June 2013.

ISL manufactures innovative wireless energy monitoring and control tools, and also has a cloud based, wireless, monitoring and control platform, which can be deployed with a minimum of disruption. Through ISL's cloud based systems, bespoke software data is gathered and this information is displayed on dashboards within a comprehensive reporting suite, enabling Minimise Energy to first monitor and then control energy consumption, either directly or via secondary technologies, such as LED lighting. The ISL platform also provides live feedback as to the effectiveness of any such secondary technologies and is the feedback mechanism on which future project finance packages will be based.

ISL enables clients to operate buildings in an environmentally friendly way, providing visibility of site operational consumption, highlighting where energy use can be reduced and therefore where cost savings can be made. ISL products are sold both directly and via Minimise Energy.

Building on its successful relationship with Morrisons, Minimise Energy is expanding its customer base across a number of different market sectors and is now seeing success in efforts to diversify its customer base. The APC Directors believe that initial success in each new market sector will generate multiple new customer relationships, as the benefits of Minimise Energy's range of LED lighting and other energy efficient technologies become apparent.

#### *Electronic Component Distribution*

APC's traditional electronic component distribution business continues to provide a relatively stable platform from which APC has been able to diversify into emerging high growth markets. The distribution model is based upon investment in well qualified and experienced sales teams who are encouraged to focus on securing the inclusion of APC's wide ranging product lines into new developments taking place across its long-standing customer base. APC's engineering and commercial experience add value to its customers and suppliers, by providing an effective bridge between the two, ensuring the most appropriate components are selected for each new application.

Approximately 65 per cent. of APC's distribution sales are into applications in markets where component reliability is of paramount importance, such as the defence, aerospace, space, medical, transport and oil industries, where the gestation period for new design-in work can be lengthy but where production cycles often run for many years.

APC operates the same value added business model in less mission-critical applications which represent the remaining 35 per cent. of revenues. A thorough understanding of industrial applications is frequently demonstrated at application specific engineering seminars operated by APC. These well attended events underline the expertise of the sales teams and reinforce the concept of adding value. This has been recently recognised by Renesas Electronics Europe which has appointed APC as the lead distributor in the UK of the NLT range of TFT displays.

#### *APC's Current Trading*

On 25 July 2014, APC received an order for the installation of LED lighting at three buildings operated by one of the UK's foremost high street banks. The order, valued at £0.425 million, is expected to be fulfilled during the remainder of this financial year ended 31 August 2014 and the very early part of the next financial year and is expected to be the first of a number of projects from this customer.

In July 2014, APC commenced the delivery of LED lighting to one of the UK's major food and clothing retailers for the installation into refrigeration units in its approximate 500 stores. The retailer requested that delivery of the order commenced in advance of the purchase order being raised to avoid delay when adding Minimise as an approved supplier thereby enabling the project to be completed by mid-September 2014. Whilst too early to determine with certainty, it is the APC Directors current expectations that the majority of this order will be invoiced at the end of the current financial year or very early in September 2014. The order, which has an initial value of £1 million, is expected to increase in value when the full approximately 500 stores have been surveyed and this contract is anticipated to be part of a wider roll out of low energy lighting to this retailer in which APC hopes to participate.

Minimise remains in the final stages of negotiations for orders with other new and significant customers in various market sectors which, if placed, will generate significant growth and further reduce reliance on any one customer in the next financial year.

On 25 July 2014, APC completed the acquisition of a 10 per cent. interest in Open Energy Market Limited (“OEM”), the UK’s first autonomous online energy procurement platform for corporate energy users, for £0.2 million in cash. Subject to certain performance milestones, APC has the option to purchase a further 15 per cent. of OEM, at the same valuation, over the next 12-18 months. OEM’s online procurement platform, which will be marketed and sold as a service offered by APC’s Minimise Solutions business, provides energy buyers direct access to the UK’s top 14 gas and electricity providers offering an efficient and fully transparent way to manage their energy procurement. OEM’s customer base includes both public and private sector companies and the technology is proven to generate total energy cost savings of between 2 per cent. and 10 per cent. over traditional procurement methods.

APC’s electronic component distribution business continues to perform in line with expectations.

## **7. Management, employees and locations**

APC recognises the achievements of the management and employees of Green Compliance, and intends that Green Compliance will continue to develop and grow as part of the Enlarged Group. The APC Directors intend to continue to develop the existing strategies of Green Compliance and APC, and does not currently intend to change the location of the Enlarged Group’s places of business or to redeploy any of its material fixed assets or to effect material changes to the workforce or their general conditions of employment.

The APC Directors intend to safeguard fully the existing contractual and statutory employment rights of employees of both the Green Compliance Group and the APC Group including the contributions into the Green Compliance Pension Scheme, the accrual of benefits for existing members of such scheme and the admission of new members. The Enlarged Group will be headquartered in Kent, United Kingdom, in respect of its PLC and operations function. It is currently intended that all of Green Compliance’s existing operating facilities will be maintained. The APC Directors confirm that no management incentivisation arrangements are proposed to be put in place with members of Green Compliance’s management team who are interested in Green Compliance Shares.

The Enlarged Group will be led by the current APC Board and it is currently anticipated that Richard Hodgson will join the board of the Enlarged Group on the Scheme becoming effective.

Biographies for the anticipated directors of the Enlarged Group are set out below:

### ***Leonard Seelig – Non-Executive Chairman***

Leonard Seelig has had a successful career in finance spanning over 25 years and including senior positions in the US and Europe with America’s largest banks. Mr. Seelig is currently actively involved both at an operating and board level in several companies in the green technology space, including: an anaerobic digestion operating and development company currently completing construction on its second commercial scale plant with a significant roll out planned; a European on-shore wind developer with well-developed assets in Northern Ireland, Poland and elsewhere; and a solar energy development finance company actively involved throughout Europe and increasingly in North America and select emerging markets.

Mr. Seelig’s educational background includes a Bachelor of Commerce from the University of Witwatersrand in South Africa, and a Master of Science in Agricultural Economics from Texas A&M University in America.

### ***Mark Robinson – Chief Executive Officer***

Mark joined APC in 1985 as a sales engineer and was appointed to its board in 1992. In June 2001, Mark Robinson was appointed Managing Director and then Chief Executive Officer of APC in September 2004. He has been responsible for the expansion into new business areas for APC and has overseen the efforts to enhance operating efficiencies and increase market penetration in recent years.

### ***Richard Hodgson – Chief Financial & Operating Officer***

Richard qualified as a chartered accountant whilst working for the financial services group of Deloitte in London. He then spent several years in the music industry working as a finance director for Universal Music International and Warner Music International. This was followed by seven years in the business services industries as European Finance Director for Iron Mountain Europe, Chief Financial Officer for Triplearc plc, an AIM listed print management company and most recently as Chief Financial Officer for Reconomy, a private equity backed waste management company.

### ***Phil Lancaster – Operations Director***

Phil joined APC in 1995 as a product manager and in June 2000 was appointed General Manager of APC's distribution business. He was responsible for developing APC as a dominant technically based sales presence in the UK's military and aerospace markets. Phil was appointed to the board of APC in September 2003 and then to Operations Director in April 2006. He has been responsible for improving operating efficiencies and for the successful integration of APC's acquisitions.

### ***Ian Davidson – Non-Executive Director***

Ian has 40 years' experience in the electronic components industry. He has led start-up and turnaround situations as well as running a number of substantial distribution businesses for Diploma PLC, Lex Electronics and most recently the Adtron group of companies. During his career he has worked with the most technically advanced products, been involved with companies such as Intel, NEC and Motorola and recognised the importance of differentiation and focus for business success.

### ***Tessa Laws – Non-Executive Director***

Ms. Laws trained as lawyer, and, once qualified, specialised in corporate transactions in the media and renewable energy sectors. Tessa has since successfully established her own legal practice and consultancy.

## **8. Intentions of APC and strategy of the Enlarged Group**

The Offer represents an opportunity for APC to engage in the water aspect of the sustainability agenda. Following the successful completion of the proposed acquisition of Green Compliance, APC will gain access to a large and, in many cases, environmentally aware customer base which is interested in the whole sustainability agenda, via Green Compliance's existing trusted water management relationships. These customers are already engaged with Green Compliance in sustainable solutions from solid chemical systems to rain water capture and grey water recycling systems. A number of APC's customers have sought access to further sustainability related services from APC, and with the entry into the water sub-sector, if the Offer completes, the APC Board believes that there is a significant revenue upside for the Enlarged Group through the access and cross-selling into these relationships with a wider suite of sustainable products.

The proposed acquisition, if completed, is expected to generate a new revenue generation route for the ISL technology which has been specifically developed to address legionella risk. The ISL remote monitoring technology can also be used to measure water flow rates and water pressure in much the same way that it measures electricity and gas consumption. Through smart metering, the APC Directors believe that the Enlarged Group can offer customers better visibility of their water consumption and therefore ways to reduce cost and enhance sustainability. This revenue opportunity is enhanced as this monitoring can be built in to the existing online cloud based customer portal that Green Compliance operates.

Accordingly, the APC Directors believe that the Enlarged Group will be well positioned to benefit from the de-regulation of the water supply market in 2017, at which point the Enlarged Group is expected to have a large set of data on water consumption across an extensive estate. This water usage data could then be aggregated into the open market allowing customers further cost reduction opportunities.

In addition, the APC Directors believe that there are a number of potential cost savings which will accrue for the benefit of the Enlarged Group Shareholders once the Scheme becomes effective as set out above.

In the medium to long term, the Enlarged Group would seek to create shareholder value both through further acquisitions and organic growth particularly related to, but not necessarily exclusive to, the sustainability sector. As previously mentioned, increasingly the market is viewing water and energy as part

of their considerations in relation to sustainability. In both cases the focus is on understanding consumption then taking steps to control usage and reduce costs by reducing waste, buying more efficiently, generating energy on site and harvesting water for use within the building. It is envisaged that future acquisitions would contribute to the Enlarged Group's ability to help companies do this.

Set out below is a table showing the service offerings which APC currently has in place and also the areas where APC is looking to extend that offering, with the acquisition of Green Compliance allowing the Enlarged Group entry into the water sustainability market.

<i>APC service offerings already in place</i>			<i>APC target service offerings</i>		
<i>Energy</i>	<i>Solutions</i>	<i>Finance</i>	<i>Water</i>	<i>Generation</i>	<i>Waste</i>
Energy Efficiency Improvement	Sustainability Related Consulting Services	Sustainability Related Project Financing	Water Management	On-site Energy Generation & Storage	Waste Management and Processing
Energy monitoring	Sustainability strategy development	Energy efficiency service agreements	Waste water harvesting	Thermal solar panels	On-site waste processing
LED lighting	Energy procurement	Bespoke on and off balance sheet financing	Water consumption monitoring & reporting	Photo-voltaic panels	Local waste to energy generation
Boiler optimisation	Measurement & verification		Leak detection	Thermal photo-voltaic panels	
Solar gain reduction	Sustainability reporting		Legionella risk mitigation	Heat pumps	
Remote energy control	Building accreditation		Water hygiene control	Hybrid thermal photo-voltaic systems	
Electric motor optimisation	Social engagement				

The APC Directors believe that the acquisition will be earnings per share accretive (before any one-off transaction and integration costs) in the first full year of ownership following completion of the Scheme. This statement should not be construed as a profit forecast or be interpreted to mean that the future profits and earnings per share of the Enlarged Group will necessarily be greater or less than the historic published profits and earnings per share of APC.

## **9. Green Compliance Options, Green Compliance Warrants and Green Compliance Loan Notes**

The Scheme will extend to any Green Compliance Shares issued or unconditionally allotted prior to the date on which the Scheme becomes effective, including any Green Compliance Shares unconditionally allotted or issued upon the exercise of rights over Green Compliance Shares granted by Green Compliance under the Green Compliance Options, Green Compliance Warrants or (unless settled in cash by Green Compliance) the Green Compliance Loan Notes.

The Green Compliance Options entitle the option holders to be given notice of any takeover offer and to be given a right to exercise their Green Compliance Options during any period (ending before APC obtains control of Green Compliance) that the Remuneration Committee of Green Compliance shall specify. To the extent that Green Compliance Options are not exercised during such period, they will lapse. Green Compliance's Remuneration Committee has determined that the relevant period will run from the date of this document until the Scheme Record Time. Holders of Green Compliance Options will not be entitled to exercise their Green Compliance Options after the Scheme Record Time as they will have lapsed in accordance with their terms and the period specified by the Green Compliance Remuneration Committee referred to above. Under the terms of the Scheme, any Green Compliance Shares issued pursuant to Green Compliance Options being exercised between the date of this document and the Scheme Record Time will be transferred to APC in exchange for New APC Shares on the basis of the number of New APC Shares offered for each Green Compliance Share under the terms of the Scheme.

The Green Compliance Warrants entitle the holders of the Green Compliance Warrants to be given notice of any takeover offer. While the takeover offer remains open for acceptance the holders of Green Compliance Warrants are entitled to exercise their Green Compliance Warrants to convert into Green Compliance Shares prior to the Scheme Record Time. The Green Compliance Warrants do not lapse if they have not been exercised by the Scheme Record Time. Under the terms of the Scheme, any Green Compliance Shares

issued pursuant to Green Compliance Warrants being exercised between the date of this document and the Scheme Record Date, and at any time thereafter prior to the expiry date of the relevant Green Compliance Warrants, will be transferred to APC in exchange for New APC Shares on the basis of the number of New APC Shares offered for each Green Compliance Share under the terms of the Scheme.

The Green Compliance Loan Notes entitle the holders of the Green Compliance Loan Notes to be given notice of any change of control and of their entitlement to convert their Green Compliance Loan Notes into Green Compliance Shares. Under the terms of the Scheme, and the Articles as amended in connection with the Scheme, subject to the approval of the holders of Green Compliance Loan Notes as referred to below, any Green Compliance Shares issued pursuant to Green Compliance Loan Notes being exercised between the date of this document and the Scheme Record Time, and at any time thereafter prior to their redemption, will be transferred to APC in exchange for New APC Shares on the basis of the number of New APC Shares offered for each Green Compliance Share under the terms of the Scheme.

In order for the holders of Green Compliance Loan Notes to potentially receive New APC Shares pursuant to the Articles as amended in connection with the Scheme, as referred to above, the Written Resolution for each class of Green Compliance Loan Notes is required to be signed by the holders of 75 per cent. in nominal value of that class of Green Compliance Loan Notes.

The despatch of this document to the holders of the Green Compliance Options, Green Compliance Warrants and the Green Compliance Loan Notes is deemed to be appropriate notice in accordance with the terms of the Green Compliance Options, Green Compliance Warrants and the Green Compliance Loan Notes.

Further details in relation to the effect of the Scheme on the Green Compliance Options, Green Compliance Warrants and Green Compliance Loan Notes are set out in paragraph 9 of Part II of this document.

#### **10. Irrevocable Undertakings**

APC has received irrevocable undertakings from each of the Green Compliance Directors (i) to vote or procure the vote in favour of the Resolutions in respect of their entire legal and/or beneficial holdings of Green Compliance Shares amounting, in aggregate, to 35,545,576 Green Compliance Shares (representing approximately 7.47 per cent. of the existing issued share capital of Green Compliance) and (ii) (as appropriate) to sign the relevant Written Resolution in respect of all their holdings of Green Compliance Loan Notes (representing approximately 37.50 per cent. of the outstanding principal value of the 7.5 per cent. Green Compliance Loan Notes).

APC has also received irrevocable undertakings from Rockridge Investments, Raymond Horney and Henderson Global Investors (in its capacity as discretionary investment manager) (i) to vote or procure the vote in favour of the Resolutions in respect of their entire legal and/or beneficial holdings of Green Compliance Shares amounting to, in aggregate, 196,898,673 Green Compliance Shares (representing approximately 41.38 per cent. of the existing issued share capital of Green Compliance) and (ii) (as appropriate) to sign the relevant Written Resolution in respect of all their holdings of Green Compliance Loan Notes (representing approximately 54.55 per cent. of the outstanding principal value of the 12.5 per cent. class of Green Compliance Loan Notes).

Irrevocable undertakings to vote in favour of the APC Resolution(s) at the APC General Meeting have been secured from the holders of 29,077,170 APC Shares (including all members of the APC Board) representing approximately 49.66 per cent. of the APC Shares in issue at the date of this document.

Further details of the irrevocable undertakings (including the circumstances in which they shall lapse) are set out in paragraph 4 of Part VI of this document.

#### **11. The Green Compliance Directors and the effect of the Scheme on their interests**

Details of the interests of the Green Compliance Directors in Green Compliance Shares are set out in paragraph 4 of Part VI of this document. Green Compliance Shares held by the Green Compliance Directors will be subject to the Scheme.

Particulars of the service agreements and letters of appointment of the Green Compliance Directors are set out in paragraph 5 of Part VI of this document.

Save as set out above, the effect of the Scheme on the interests of the Green Compliance Directors does not differ from its effect on the interests of any other Green Compliance Shareholder.

The Green Compliance Directors have given irrevocable undertakings to APC to vote in favour of the Offer (see paragraph 4 of Part VI of this document).

## **12. Conditions**

The Conditions to the Offer are set out in full in Part IV of this document. In summary, the implementation of the Scheme is conditional, *inter alia*, upon:

- the approvals of the Green Compliance Shareholders and, as applicable, Relevant Shareholders referred to in paragraph 13 below;
- the sanction of the Court referred to in paragraph 6 of Part II;
- the Scheme becoming effective by no later than 31 December 2014 or such later date as Green Compliance and APC may agree with (where applicable) the consent of the Panel and the approval of the Court (if required), failing which the Scheme will lapse;
- approval by the APC Shareholders of the APC Resolution(s) at the APC General Meeting; with the approval of such resolutions being required in order to implement the Scheme and authorise the allotment of New APC Shares to Scheme Shareholders and otherwise pursuant to the Offer; and
- confirmation by the London Stock Exchange of Admission of the New APC Shares to trading on AIM.

## **13. Meetings and Written Resolutions**

The Scheme and the Offer are subject to the satisfaction (or, where applicable, waiver) of the Conditions set out in Part IV of this document. In order to become effective, the Scheme must be approved by Relevant Shareholders at the Court Meeting (at which voting will be conducted by way of a poll). The approval required at the Court Meeting is a majority in number of those Relevant Shareholders present and voting, whether in person or by proxy, representing not less than 75 per cent. in value of the Green Compliance Shares held by such Relevant Shareholders. The proposed amendment to the Articles requires the approval by Green Compliance Shareholders at the General Meeting of the Special Resolution. In order for the Green Compliance Loan Note holders to potentially receive New APC Shares pursuant to the proposed amendment to the Articles, a separate written resolution must be signed by the holders of the relevant class of the Green Compliance Loan Notes representing at least 75 per cent. in nominal value of that class of Green Compliance Loan Notes.

## **14. Further information**

Your attention is drawn in this document to the Explanatory Statement in Part II and the remaining Parts III to XIII which form part of this document.

## **15. Action to be taken**

Your attention is drawn to paragraph 12 of the Explanatory Statement contained in Part II which explains the action you should take in relation to the Offer.

If you are in any doubt about the Offer or the action you should take, you are recommended immediately to seek your own financial advice from your stockbroker, bank manager, solicitor, accountant or other independent professional adviser authorised under FSMA, if you are in the United Kingdom, or from another appropriately qualified independent financial adviser.

## 16. Taxation

Your attention is drawn to Part VII of this document, which summarises certain limited aspects of the UK tax treatment of Scheme Shareholders. If you are in any doubt as to your tax position, or if you are subject to tax in any jurisdiction other than the UK, you should consult an appropriate adviser without delay.

## 17. Recommendation

The Green Compliance Directors have reviewed APC's strategy for the Enlarged Group, and consider that the effects of the Offer on all Green Compliance interests, including employment and pensions, APC's strategic plans for Green Compliance, potential cost savings and commercial synergies and the strategy for employment and the locations of Green Compliance places of business, are fair and reasonable.

**The Green Compliance Directors, who have been so advised by N+1 Singer, consider the terms of the Offer to be fair and reasonable and in the best interests of Green Compliance and the Green Compliance Shareholders as a whole. In providing advice to the Green Compliance Directors, N+1 Singer has taken into account the commercial assessments of the Green Compliance Directors.**

**Accordingly, the Green Compliance Directors unanimously recommend that the Green Compliance Shareholders vote in favour of the Resolutions and that the holders of Green Compliance Loan Notes sign the relevant Written Resolution, as they have irrevocably undertaken to do in relation to their entire beneficial holdings of, in aggregate, 35,545,576 Green Compliance Shares, representing, in aggregate, approximately 7.47 per cent. of the Green Compliance Shares in issue on 12 August 2014 (being the latest practicable date prior to the publication of this document) and their entire beneficial holding of Green Compliance Loan Notes (representing 37.5 per cent. of the outstanding nominal value of the class of 7.5 per cent. Green Compliance Loan Notes.**

Yours faithfully,

**Bob Holt**

*Chairman and Chief Executive*

## PART II

### EXPLANATORY STATEMENT (in compliance with section 897 of the Act)

#### Nplus1 Singer Advisory LLP

Nplus1 Singer Advisory LLP  
1 Bartholomew Lane  
London EC2N 2AX

13 August 2014

*To Green Compliance Shareholders and, for information only, to holders of Green Compliance Options, Green Compliance Loan Notes and Green Compliance Warrants and to persons with information rights.*

Dear Green Compliance Shareholder,

#### RECOMMENDED SHARE OFFER FOR GREEN COMPLIANCE PLC BY APC TECHNOLOGY GROUP PLC

##### 1. Introduction

On 30 July 2014, the boards of Green Compliance and APC announced that they had reached agreement on the terms of a merger between APC and Green Compliance, whereby the entire issued and to be issued share capital of Green Compliance will be acquired by APC in consideration for the issue of 2 APC Shares for every 71 Scheme Shares.

The Offer is to be implemented by way of a scheme of arrangement under Part 26 of the Act, which requires the approval of Relevant Shareholders and the sanction of the Scheme by the Court. The terms of the Scheme are set out below and in Part XI of this document.

**Your attention is drawn to the letter from the Chairman of the Green Compliance Board, Bob Holt, on behalf of the Green Compliance Board, which is set out in Part I of this document, and to the remainder of this document. That letter contains, *inter alia*, (a) the background to the Offer, (b) the background to and reasons for the recommendation and (c) the unanimous recommendation by the Green Compliance Directors to Green Compliance Shareholders to vote in favour of the Resolutions to approve and implement the Scheme to be proposed at the Meetings. The letter states that the Green Compliance Directors, who have been so advised by N+1 Singer, consider the terms of the Offer to be fair and reasonable and in the best interests of the Green Compliance Shareholders as a whole. In providing its advice to the Green Compliance Directors, N+1 Singer has taken into account the commercial assessments of the Green Compliance Directors.**

In giving its advice, N+1 Singer is advising the Green Compliance Board in relation to the Offer and is not acting for any Green Compliance Director in his personal capacity or for any Green Compliance Shareholder. N+1 Singer will not be responsible to any such person for providing the protections afforded to its customers or for advising any such person in relation to the Offer. In particular, N+1 Singer will not owe any duties or responsibilities to any particular Green Compliance Shareholder (or any person other than the Green Compliance Directors) concerning the Offer.

N+1 Singer has been authorised by the Green Compliance Directors to write to you to set out the terms of the Offer and to provide you with other relevant information. The Scheme is set out in full in Part XI of this document. Your attention is also drawn to the other parts of this document, including paragraph 1 of Part VI of this document, which indicates responsibility for the information contained in this document, including this explanatory statement.

##### ***Background to, and reasons for, the Offer***

Information relating to the background to, and reasons for, the Offer is set out in paragraph 3 of Part I of this document (Letter from the Chairman of Green Compliance).

### ***Background to, and reasons for, the Green Compliance Directors' recommendation***

Information relating to the background to, and reasons for, the Green Compliance Directors' recommendation of the Offer is set out in paragraph 4 of Part I of this document (Letter from the Chairman of Green Compliance).

**Green Compliance Shareholders should read the whole of this document before deciding whether or not to vote in favour of the Resolutions or (as appropriate) sign the Written Resolution to approve and implement the Scheme.**

## **2. Summary of the Offer**

It is intended that the Offer will be implemented by means of a Court-sanctioned scheme of arrangement pursuant to Part 26 of the Act. The Scheme is also subject to the Conditions, details of which are set out in full in Part IV.

The Scheme provides that, if it becomes effective, all of the Scheme Shares will be transferred to APC. In exchange, under the Offer, all Scheme Shareholders will be entitled to receive:

### **For each 71 Scheme Shares: 2 New APC Shares**

Assuming the Offer is successful, Green Compliance will become a wholly-owned subsidiary of APC on the Effective Date. APC is a public company incorporated in England and Wales. Its shares are admitted to trading on AIM and admission of the New APC Shares to trading on AIM is expected to take place on the Business Day following the Effective Date of the Scheme.

The Offer represents a discount of 6.98 per cent. to the Closing Price of 1.075 pence per Green Compliance Share on 12 August 2014, being the last Business Day prior to the date of this document, a discount of 25.93 per cent. to the Closing Price of 1.35 pence per Green Compliance Share on 29 July 2014, being the last Business Day prior to the date of the Announcement, and a discount of 36.17 per cent. to the average Closing Price of 1.57 pence per Green Compliance Share over the three month period ended on and including 29 July 2014.

The Offer values the entire existing issued share capital of Green Compliance at approximately £4.76m and each Green Compliance Share at 1 pence (based on the Closing Price of 35.5 pence per APC Share on 29 July 2014, being the last Business Day prior to the date of the Announcement).

Entitlements to New APC Shares will be rounded down to the nearest whole number of APC Shares. Fractions of New APC Shares will not be allotted or issued to Scheme Shareholders. Fractional entitlements of New APC Shares will be aggregated and sold in the market and the net cash proceeds of the sale retained for the benefit of the Enlarged Group.

Green Compliance Shareholders should note that the value of the consideration that they will ultimately receive (once the Scheme is implemented and becomes effective in accordance with its terms) will depend upon the market value of New APC Shares received by them following the Effective Date, and this value may vary, as APC is a listed company whose shares are admitted to trading on AIM.

## **3. Scheme structure**

It is expected that subject to the satisfaction (or, where applicable, waiver) of the Conditions, including passing of the APC Resolution(s), further details of which are set out in paragraph 4 of Part III of this document, the Scheme Court Hearing to sanction the Scheme will be held on 12 September 2014 and that the Effective Date will be 12 September 2014. The Offer is conditional upon the Scheme becoming effective by no later than 31 December 2014, or such later date as Green Compliance and APC may agree (with, where applicable, the consent of the Panel and (if required) the approval of the Court), failing which it will lapse.

It is expected that the admission of the Green Compliance Shares to trading on AIM will be cancelled at 7.00 a.m. on 15 September 2014 and dealings in such shares will be suspended from 7.30 a.m. on 12 September 2014.

The Scheme requires the approval of a majority in number of the Relevant Shareholders representing at least 75 per cent. in value of the Scheme Shares held by the Relevant Shareholders present and voting (either in person or by proxy) at the Court Meeting (voting at which shall be conducted by way of a poll). Green Compliance is seeking approval for an amendment to the Articles in connection with the Scheme at the General Meeting. In order for the alteration of the Articles to apply to the Green Compliance Loan Note holders, a separate written resolution must be signed by the holders of the relevant Green Compliance Loan Notes representing at least 75 per cent. in nominal value of that class of the outstanding Green Compliance Loan Notes.

The Scheme is conditional on the approval by APC Shareholders of certain resolutions at the APC General Meeting to approve the issue of New APC Shares as consideration under the Offer.

If the Scheme becomes effective, it will be binding on all Scheme Shareholders, irrespective of whether or not they attended or voted at the Court Meeting or the General Meeting. Further details of the Scheme are set out at paragraph 6 of this Part II.

APC intends to make an application to the London Stock Exchange for admission to trading on AIM of the New APC Shares. It is expected that admission of the New APC Shares will become effective and dealings will commence at 8.00 a.m. on 15 September 2014, being the Business Day following the date on which the Scheme becomes effective.

If the Scheme becomes effective, Green Compliance will become a wholly owned subsidiary of APC on the Effective Date and Green Compliance Shareholders will receive the New APC Shares referred to above.

Prior to the Scheme becoming effective, application will be made to the London Stock Exchange for the admission to trading on AIM of the Green Compliance Shares to be cancelled. APC intends to re-register Green Compliance as a private company under the relevant provisions of the Act as soon as practicable after cancellation of trading of the Green Compliance Shares on AIM.

APC reserves the right to switch from implementing the Offer by means of a scheme of arrangement under Part 26 of the Act to a contractual takeover offer, in accordance with paragraph 8 of Appendix 7 of the Code, with the consent of the Panel.

#### **4. Financial effects of the Offer**

As a result of and should the Scheme become effective, APC expects to consolidate Green Compliance's assets and liabilities. As at 31 March 2014, being the end of Green Compliance's financial year, and under Green Compliance's historical accounting policies, Green Compliance had a book tangible net asset value of £(1.83) million. A fair value assessment of Green Compliance's assets, liabilities and business will be required to be carried out under APC's accounting policies following completion of the Offer to determine the on-going tangible and intangible carrying values at which the Green Compliance business will be carried on APC's Balance Sheet.

Under the Scheme, Green Compliance Shareholders will receive 2 New APC Shares for every 71 Green Compliance Shares held. The following table sets out, for illustrative purposes only and on the bases and assumptions set out in the notes below, the financial effects of the Offer on the capital value and income for a holder of one Green Compliance Share, if the Scheme becomes effective:

(a) ***Increase/Decrease in Capital Value as at 29 July 2014***

	<i>Note</i>	<i>Pence</i>
Market value of 2 New APC Shares	1	71.00
Market value of 71 Green Compliance Shares	2	95.85
Decrease in capital value	5	24.85
<b>This represents an decrease of</b>		<b>25.93%</b>

(b) ***Increase/Decrease in Capital Value as at 12 August 2014***

	<i>Note</i>	<i>Pence</i>
Market value of 2 New APC Shares	3	71.00
Market value of 71 Green Compliance Shares	4	76.325
Decrease in capital value	5	5.33
<b>This represents an decrease of</b>		<b>6.98%</b>

(c) ***Increase in Income***

	<i>Note</i>	<i>Pence</i>
Dividend income from of 2 New APC Shares	6	Nil
Dividend income from 71 Green Compliance Shares	6	Nil
Increase/Decrease in Income	6	Nil
<b>This represents an increase in income of</b>		<b>Nil%</b>

Notes:

- (1) The market value of one New APC Share is based on the closing mid-market quotation of 35.5 pence per APC Share as at the Close of Business on 29 July 2014, being the latest practicable date prior to publication of the Announcement.
- (2) The market value of one Green Compliance Share is based on the closing mid-market quotation of 1.35 pence per Green Compliance Share as at the Close of Business on 29 July 2014, being the latest practicable date prior to the publication of the Announcement.
- (3) The market value of one New APC Share is based on the closing mid-market quotation of 35.5 pence per APC Share as at the Close of Business on 12 August 2014, being the latest practicable date prior to publication of this document.
- (4) The market value of one Green Compliance Share is based on the closing mid-market quotation of 1.075 pence per Green Compliance Share as at the Close of Business on 12 August 2014, being the latest practicable date prior to the publication of this document.
- (5) In assessing the financial effects of receiving New APC Shares, no account has been taken of any potential taxation liability of a Green Compliance Shareholder or of any timing differences in the payment of any dividends.
- (6) Neither APC nor Green Compliance has paid a dividend for their respective most recent completed financial periods.

## **5. The Green Compliance Directors and the effect of the Scheme on their interests**

Details of the interests of the Green Compliance Directors in Green Compliance Shares are set out in paragraph 4 of Part VI of this document. Green Compliance Shares held by the Green Compliance Directors will be subject to the Scheme.

Particulars of the service agreements and letters of appointment of the Green Compliance Directors are set out in paragraph 5 of Part VI of this document.

Save as set out above, the effect of the Scheme on the interests of the Green Compliance Directors does not differ from its effect on the interests of any other Scheme Shareholder.

The Green Compliance Directors have given irrevocable undertakings to APC to vote in favour of the Offer (see paragraph 4 of Part VI of this document).

## **6. Structure of the Scheme**

### ***Introduction***

It is intended that the Offer will be effected by means of a Court-approved scheme of arrangement between Green Compliance and the Scheme Shareholders under Part 26 of the Act (although APC reserves, with the consent of the Takeover Panel, the right to elect to effect the Offer by way of a contractual takeover offer).

The purpose of the Scheme is to enable APC to become the owner of the entire issued and to be issued share capital of Green Compliance. The procedure involves an application by Green Compliance to the Court to sanction the Scheme at the Scheme Court Hearing in consideration for which the Scheme Shareholders will, under the terms of the Scheme, receive the New APC Shares. The Scheme provides that, if it becomes effective, all of the Scheme Shares will be transferred to APC in consideration for the issue of the New APC Shares to the Scheme Shareholders.

In addition, the Scheme must be approved by a majority in number of those Relevant Shareholders present and voting, either in person or by proxy, at the Court Meeting representing 75 per cent. or more in value of all Scheme Shares held by such Relevant Shareholders (at which, voting will be conducted by way of a poll).

Green Compliance is seeking approval for an amendment of the Articles in connection with the Scheme at the General Meeting. In order for the Green Compliance Loan Note holders to be bound by the alteration to the Articles, a separate written resolution must be signed by the holders of the Green Compliance Loan Notes representing at least 75 per cent. in nominal value of each class of Green Compliance Loan Notes.

The Scheme is conditional on the approval by APC Shareholders of certain resolutions at the APC General Meeting to approve the issue of New APC Shares as consideration under the Offer.

The Scheme also requires the sanction of the Court, as well as satisfaction (or waiver, where applicable) of the other Conditions set out in Part IV of this document. The Scheme shall become fully effective in accordance with its terms as soon as an office copy of the Scheme Court Order has been delivered to the Registrar of Companies of England and Wales for registration.

### ***The Meetings and Written Resolutions***

Before the Court's approval can be sought to sanction the Scheme, the Scheme will require approval by the Relevant Shareholders at the Court Meeting and the passing of the Special Resolution by Green Compliance Shareholders at the General Meeting.

The relevant holders of Scheme Shares whose names appear on the register of members of Green Compliance on the Voting Record Date shall be entitled to attend and vote at the Court Meeting and the General Meeting or, if the Court Meeting or the General Meeting is adjourned or postponed by more than 48 hours, then the relevant holders of Scheme Shares whose names appear on the register of members of Green Compliance at 6.00 p.m. on the date two Business Days prior to the adjourned or postponed meeting shall be so entitled.

The approval required at the Court Meeting is a majority in number of those Relevant Shareholders present and voting, whether in person or by proxy, representing not less than 75 per cent. in value of the Green Compliance Shares held by such Relevant Shareholders. The proposed amendment to the Articles requires the approval by Green Compliance Shareholders at the General Meeting of the Special Resolution. In order for the Green Compliance Loan Note holders to potentially receive New APC Shares pursuant to the proposed amendment to the Articles, a separate written resolution must be signed by the holders of the relevant class of the Green Compliance Loan Notes representing at least 75 per cent. in nominal value of that class of Green Compliance Loan Notes.

### ***The Court Meeting***

The Court Meeting, which has been convened for 10.00 a.m. on 5 September 2014, is being held at the direction of the Court to seek the approval of Relevant Shareholders for the Scheme. Voting at the Court Meeting will be by way of poll and each Relevant Shareholder present in person or by proxy will be entitled to one vote for each Scheme Share held.

In order to become effective the Scheme must be approved at the Court Meeting (at which voting will be conducted by way of a poll) by the passing of a resolution by a majority in number of the Relevant Shareholders, present and voting, either in person or by proxy, at such meeting, representing not less than 75 per cent. in value of the Scheme Shares held by such Relevant Shareholders.

**It is important that as many votes as possible are cast at the Court Meeting, so that the Court may be satisfied that there is a fair and reasonable representation of the opinion of the Relevant Shareholders.**

### ***General Meeting***

The General Meeting has been convened for 10.15 a.m. on 5 September 2014 (or as soon thereafter as the Court Meeting has been concluded or adjourned), to consider and, if thought fit, pass the Special Resolution (which requires votes in favour representing not less than 75 per cent. of the votes attached to Green Compliance Shares voted at the General Meeting) to approve:

- (i) the authorising of the Green Compliance Directors to take all such actions as are necessary for implementing the Scheme including the giving of authority to the Green Compliance Directors pursuant to section 551 of the Act; and
- (ii) the alteration of the Articles to facilitate the Scheme.

### ***Sanction of the Scheme***

The implementation of the Scheme can only take place if all the Conditions have been satisfied (or, where applicable, waived). Assuming the satisfaction (or, where applicable, waiver) of the Conditions, the Scheme will become effective in accordance with its terms on the delivery to the Registrar of Companies in England and Wales by Green Compliance of the Scheme Court Order. Once the Scheme becomes effective, it will be binding on all Scheme Shareholders whether or not they voted in favour of the Scheme.

The Scheme requires the sanction of the Court. The Scheme Hearing to sanction the Scheme is expected to be held on 12 September 2014. All Green Compliance Shareholders are entitled to attend the Scheme Hearing, in person or through counsel or other suitably qualified persons, to support or oppose the sanction the Scheme.

APC has agreed to appear by Counsel at the Scheme Hearing to consent to the Scheme and to undertake to the Court to execute and do and procure to be executed and done all such documents, acts and things as may be necessary or desirable to be executed or done for the purpose of giving effect to the Scheme.

### ***Cancellation of Admission to trading on AIM of Green Compliance Shares***

Unless the Meetings are adjourned, it is expected that the last day of dealings in, and for registration of transfers of, Green Compliance Shares will be 11 September 2014, and dealings in Green Compliance Shares will be suspended with effect from 7.30 a.m. on 12 September 2014.

Prior to the Scheme becoming effective, application will be made to the London Stock Exchange for the admission to trading on AIM of the Green Compliance Shares to be cancelled at 7.00 a.m. on 15 September 2014.

If the Scheme becomes effective, the Green Compliance Shares will be transferred to APC fully paid and free from all liens, equitable interests, charges, encumbrances and other third party rights of any nature whatsoever and together with all rights attaching to them, including the right to receive and retain all dividends and distributions (if any) declared, made or payable after the Effective Date. Green Compliance will not declare, make or pay any dividends or distributions prior to the Effective Date.

On the Effective Date, share certificates in respect of Scheme Shares will cease to be valid and should be destroyed. In addition, on the Business Day following the Effective Date, entitlements to Scheme Shares held within the CREST system will be cancelled.

On the Scheme becoming effective, it will be binding on all holders of Scheme Shares including any Scheme Shareholders who did not vote to approve the Scheme or who voted against the Scheme.

APC intend to re-register Green Compliance as a private company under the relevant provisions of the Act as soon as practicable after cancellation of trading of the Green Compliance Shares on AIM.

## **7. Conditions to the Offer and implementation of the Scheme**

The Conditions to the Offer are set out in full in Part IV of this document. In summary, the implementation of the Scheme is conditional, *inter alia*, upon:

- the approvals of the Green Compliance Shareholders and, as applicable, Relevant Shareholders;
- the sanction of the Court referred to in paragraph 6 above;
- the Scheme becoming effective by no later than 31 December 2014 or such later date as Green Compliance and APC may agree with (where applicable) the consent of the Panel and the approval of the Court (if required), failing which the Scheme will lapse;
- approval by the APC Shareholders of the APC Resolution(s) at the APC General Meeting; approval of such resolutions is required in order to implement the Scheme and authorise the allotment of New APC Shares to Scheme Shareholders and otherwise pursuant to the Offer; and
- confirmation by the London Stock Exchange of Admission of the New APC Shares to trading on AIM.

## **8. Settlement**

Except with the consent of the Panel (such consent only being granted in exceptional circumstances and where all Scheme Shareholders are to be treated equally), settlement of the consideration to which any Scheme Shareholder is entitled under the Scheme will be implemented in full, in accordance with the terms of the Scheme, free of any liens, rights of set off, counterclaims or other analogous rights to which APC may otherwise be, or claim to be, entitled against such Scheme Shareholder.

Subject to the Scheme becoming effective, currently expected to take place on 12 September 2014, settlement of the consideration to which any Scheme Shareholder is entitled under the Scheme will be effected in the following manner:

### ***Green Compliance Shares held in certificated form***

Where, at the Scheme Record Time, a Scheme Shareholder holds Scheme Shares in certificated form, settlement of New APC Shares to which the Scheme Shareholder is entitled shall be settled by a new share certificate despatched no later than 14 days after the Effective Date by first class post to the address appearing in the register of members of Green Compliance at the Scheme Record Time or by such other method as may be approved by the Panel.

Fractions of New APC Shares will not be issued or allotted to Scheme Shareholders pursuant to the Scheme. Entitlements to New APC Shares will be rounded down to the nearest whole number of APC Shares. With effect from the Effective Date, share certificates for Green Compliance Shares held in certificated form will cease to be valid and should be destroyed upon receipt by the former Scheme Shareholder of share certificate(s) for the New APC Shares.

### ***Green Compliance Shares held in uncertificated form***

Where, at the Scheme Record Time, a Scheme Shareholder holds Green Compliance Shares in uncertificated form, settlement of any New APC Shares to which the Scheme Shareholder is entitled will be issued to such shareholders in uncertificated form and shall be effected by means of CREST, expected to be on the Business Day following the Effective Date.

## **9. Green Compliance Options, Green Compliance Warrants and Green Compliance Loan Notes**

The Scheme will extend to any Green Compliance Shares issued or unconditionally allotted prior to the date on which the Scheme becomes effective, including any Green Compliance Shares unconditionally allotted or issued upon the exercise of rights over Green Compliance Shares granted by Green Compliance under the Green Compliance Options, Green Compliance Warrants or (unless settled in cash by Green Compliance) the Green Compliance Loan Notes.

The Green Compliance Options entitle the option holders to be given notice of any takeover offer and to be given a right to exercise their Green Compliance Options during any period (ending before APC obtains control of Green Compliance) that the Remuneration Committee of Green Compliance shall specify. To

the extent that Green Compliance Options are not exercised during such period, they will lapse. Green Compliance's Remuneration Committee has determined that the relevant period will run from the date of this document until the Scheme Record Time. Holders of Green Compliance Options will not be entitled to exercise their Green Compliance Options after the Scheme Record Time as they will have lapsed in accordance with their terms and the period specified by the Green Compliance Remuneration Committee referred to above. Under the terms of the Scheme, any Green Compliance Shares issued pursuant to Green Compliance Options being exercised between the date of this document and the Scheme Record Time will be transferred to APC in exchange for New APC Shares on the basis of the number of New APC Shares offered for each Green Compliance Share under the terms of the Scheme.

The Green Compliance Warrants entitle the holders of the Green Compliance Warrants to be given notice of any takeover offer. While the takeover offer remains open for acceptance the holders of Green Compliance Warrants are entitled to exercise their Green Compliance Warrants to convert into Green Compliance Shares prior to the Scheme Record Time. The Green Compliance Warrants do not lapse if they have not been exercised by the Scheme Record Time. Under the terms of the Scheme, any Green Compliance Shares issued pursuant to Green Compliance Warrants being exercised between the date of this document and the Scheme Record Date, and at any time thereafter prior to the expiry date of the relevant Green Compliance Warrants, will be transferred to APC in exchange for New APC Shares on the basis of the number of New APC Shares offered for each Green Compliance Share under the terms of the Scheme.

The Green Compliance Loan Notes entitle the holders of the Green Compliance Loan Notes to be given notice of any change of control and of their entitlement to convert their Green Compliance Loan Notes into Green Compliance Shares. Under the terms of the Scheme, and the Articles as amended in connection with the Scheme, subject to the approval of the holders of Green Compliance Loan Notes as referred to below, any Green Compliance Shares issued pursuant to Green Compliance Loan Notes being exercised between the date of this Document and the Scheme Record Time, and at any time thereafter prior to their redemption, will be transferred to APC in exchange for New APC Shares on the basis of the number of New APC Shares offered for each Green Compliance Share under the terms of the Scheme.

In order for the holders of Green Compliance Loan Notes to potentially receive New APC Shares pursuant to the Articles as amended in connection with the Scheme, as referred to above, the Written Resolution for each class of Green Compliance Loan Notes is required to be signed by the holders of 75 per cent. in nominal value of that class of Green Compliance Loan Notes.

The despatch of this Document to the holders of the Green Compliance Options, Green Compliance Warrants and the Green Compliance Loan Notes is deemed to be appropriate notice in accordance with the terms of the Green Compliance Options, Green Compliance Warrants and the Green Compliance Loan Notes.

## **10. United Kingdom Taxation**

Your attention is drawn to Part VII of this document, which summarises certain limited aspects of the UK treatment of Scheme Shareholders. If you are in any doubt as to your tax position, or if you are subject to tax in any jurisdiction other than the UK, you should consult an appropriate adviser without delay.

## **11. Overseas Shareholders**

The attention of Overseas Shareholders (and any person including, without limitation, any custodian, nominee or trustee who may have an obligation to forward any document in connection with the Offer outside the United Kingdom) is drawn to this paragraph 11.

The availability of the Offer for Overseas Shareholders may be affected by the laws of the relevant jurisdiction in which they are located or of which they are citizens. Overseas Shareholders should inform themselves about and observe any applicable legal or regulatory requirements of their jurisdictions. It is the responsibility of each Overseas Shareholder to satisfy himself as to the full observance of the laws of the relevant jurisdiction in connection with the Scheme, including the obtaining of any governmental,

exchange control or other consents which may be required, or the compliance with other necessary formalities which are required to be observed and the payment of any issue, transfer or other taxes due in such jurisdiction.

This document and the accompanying documents have been prepared for the purpose of complying with English law and the City Code. This document and the conditions and further terms set out in this document are governed by English law and are subject to the jurisdiction of the English courts. Therefore, the information disclosed in this document may not be the same as that which would have been disclosed if this document had been prepared in accordance with the laws and regulations of any other jurisdiction. Custodians, nominees and trustees should observe these restrictions and should not send or distribute this document or the accompanying documents in or into any such Restricted Jurisdiction.

If the issue of New APC Shares to any Overseas Shareholder, or to any person who is reasonably believed to be an Overseas Shareholder, would or may infringe the laws of such jurisdiction or would or may require any governmental or other consent or any registration, filing or other formality which cannot be complied with, or compliance with which would be unduly onerous, APC may in its sole discretion determine that such shares be sold on behalf of such person at the best price which can reasonably be obtained at the time of sale and the net proceeds of such sale be paid to the persons entitled thereto. In the absence of bad faith or wilful default, neither APC nor Green Compliance nor any person appointed to sell such shares shall have any liability for any loss or damage arising as a result of the timing or terms of such sale.

The New APC Shares to be issued pursuant to the Scheme have not been and will not be registered under the Securities Act or under the relevant securities laws of any state or territory or other jurisdiction of the United States but will be issued in reliance on the exemption from the registration requirements of the Securities Act provided by Section 3(a)(10) thereof. For the purpose of qualifying for such exemption, Green Compliance will advise the Court that APC intends to rely on this Section 3(a)(10) exemption based on the Court's sanctioning of the Scheme as an approval of the Scheme following hearings on the Scheme's fairness to Green Compliance Shareholders, at which hearing all Green Compliance Shareholders are entitled to attend in person or through counsel to support or oppose the sanctioning of the Scheme and with respect to which notification has been given to all such Green Compliance Shareholders.

New APC Shares issued to an Green Compliance Shareholder who is neither an "affiliate" (within the meaning of the Securities Act), for the purposes of the Securities Act, of Green Compliance or APC prior to the Effective Date, nor an affiliate of APC after the Effective Date, would not be "restricted securities" under the Securities Act and such New APC Shares may be sold by such person in ordinary secondary market transactions without restriction under the Securities Act. Persons who are affiliates of Green Compliance or APC prior to the Effective Date, or an affiliate of APC after the Effective Date, may, under Rule 145(d) under the Securities Act, be subject to timing, manner of sale and volume restrictions on the sale of New APC Shares received in connection with the Scheme. Affiliates of a company are generally defined as persons who directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, that company. Whether a person is an affiliate of a company for purposes of the Securities Act depends on the circumstances, but affiliates can include certain officers, directors and significant shareholders. Persons who believe they may be affiliates of Green Compliance or APC should consult their own legal advisers before any sale of securities received pursuant to the Scheme.

The New APC Shares have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission in the United States or any other US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the Scheme, the Offer or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the United States.

The New APC Shares have not been and will not be listed on a US securities exchange or quoted on any inter-dealer quotation system in the United States. APC does not intend to take any action to facilitate a market in New APC Shares in the United States.

## **12. Action to be taken**

The Scheme must be approved by a majority in number of Relevant Shareholders representing at least 75 per cent. in value of the Scheme Shares held by the Relevant Shareholders present and voting (either in person or by proxy) at the Court Meeting (voting at which shall be conducted by way of a poll).

Implementation of the Scheme also requires the passing of a special resolution at the General Meeting.

You will find enclosed with this document:

- a BLUE reply-paid Form of Proxy for use in respect of the Court Meeting on 5 September 2014 at 10.00 a.m. (attaching an attendance card in relation to the Court Meeting); and
- a WHITE reply-paid Form of Proxy for use in respect of the General Meeting on 5 September at 10.15 a.m. (attaching an attendance card in relation to the General Meeting).

Green Compliance is seeking approval for an amendment to the Articles in connection with the Scheme at the General Meeting. In order for the alteration of the Articles to apply to the Green Compliance Loan Note holders, a separate written resolution must be signed by the holders of the relevant class of Green Compliance Loan Notes representing at least 75 per cent. in nominal value of that class of the outstanding Green Compliance Loan Notes.

The Scheme is conditional on the approval by APC Shareholders of certain resolutions at the APC General Meeting to approve the issue of New APC Shares as the consideration under the Offer.

**Whether or not you plan to attend the Meetings, please complete and sign both the BLUE and WHITE Forms of Proxy and return them as soon as possible, but in any event so as to be received by no later than 10.00 a.m. and 10.15 a.m. respectively on 3 September 2014.**

In either case, if the Meetings are adjourned, the relevant Form(s) of Proxy should be received not later than 48 hours, excluding non-working days, before the time fixed for the adjourned meeting.

The return of the BLUE and WHITE Forms of Proxy will enable your votes to be counted at the Meetings in the event of your absence. All Forms of Proxy are reply-paid for use in the United Kingdom only for your convenience. If the BLUE Form of Proxy for use at the Court Meeting is not lodged by the time and date referred to above it may be handed to the Registrar, on behalf of the Chairman of the Court Meeting at the start of the Court Meeting.

**In the case of the General Meeting, unless the WHITE Form of Proxy is returned by the time and date referred to above as mentioned in the instructions printed on it, it shall be invalid.**

**The completion and return of a Form of Proxy will not prevent you from attending and voting in person at either the Court Meeting or the General Meeting (as appropriate), or any adjournment thereof, if you so wish and are so entitled.**

**IT IS IMPORTANT THAT AS MANY VOTES AS POSSIBLE ARE CAST, EITHER IN PERSON OR BY PROXY, SO THAT THE COURT CAN BE SATISFIED THAT THERE IS A FAIR AND REASONABLE REPRESENTATION OF RELEVANT SHAREHOLDER OPINION.**

**YOU ARE THEREFORE STRONGLY URGED TO EXERCISE YOUR RIGHTS BY COMPLETING THE FORMS OF PROXY APPLICABLE TO YOU OR BY ATTENDING THE MEETINGS AND VOTING IN PERSON.**

If you have any questions relating to the completion or return of the Forms of Proxy, please telephone Neville Registrars between 9.00 a.m. and 5.00 p.m. (London time) Monday to Friday on 0121 585 1131 or, if calling from outside UK, + 44 121 585 1131. Please note that calls to this number may be monitored or recorded and no advice on the Offer can be given.

### **13. Further Information**

The terms of the Scheme are set out in full in Part XI of this document. Your attention is also drawn to the further information contained in this document and, in particular, to the Conditions in Part IV, the risk factors in Part V, the financial information on Green Compliance contained in, and incorporated by reference into Part VIII, the financial information on APC contained in, and incorporated by reference into, Part IX, the information on taxation in Part VII, the additional information set out in Part VI and the quantified financial benefits statement set out in Part X of this document.

Yours faithfully,

**Andrew Craig**

for and on behalf of

Nplus1 Singer Advisory LLP

## PART III

### INFORMATION ON APC TECHNOLOGY GROUP PLC

#### 1. Introduction

APC was incorporated in 1982 and currently operates two key business units: a supplier and installer of cleantech related energy efficiency devices and a specialist electronic component distributor.

Under the Minimise brand, APC initially invested in 2008 and fully acquired in 2013, the APC Group promotes a range of technologies developed to reduce energy consumption and associated carbon emissions through its wholly owned subsidiary, Minimise Energy. These products are either sold individually or may be combined to provide an integrated, multi-technology solution. Minimise Holdings was established in to hold the APC Group's investments in its cleantech portfolio, the first of which was Minimise Limited, in which APC initially invested in 2008.

Products currently include LED based lights, primarily for the B2B market, and the imop™, a product which improves the operational efficiency of electric motors. Having acquired a company with monitoring and controls IP and expertise, APC now offers solutions that enable organisations to better understand energy consumption habits at the macro and micro level of detail. This service offering is provided by Minimise Solutions and will be used as the basis for the verification of energy savings achieved through energy efficiency projects funded by Minimise Finance.

APC is also the authorised UK distributor for more than 60 manufacturers of electronic components and systems under its specialist electronic component distributors business, operating in markets including defence aerospace, transportation, medical and industrial sectors.

#### ***Group strategy***

##### *APC's Sustainability Activities*

APC operates its sustainability activities through Minimise Holdings. This entity has four key subsidiaries: Minimise Energy (100 per cent. owned), Minimise Solutions (100 per cent. owned), Minimise Finance (100 per cent. owned), Minimise Energy Americas (60 per cent. owned) and one key associate company, ISL (25 per cent. owned).

The three families of products within this subsidiary are currently LEDs, the imop™ and monitoring and control solutions.

##### *Minimise Energy:*

Minimise Energy Limited focuses on the promotion, sale and installation of individual energy efficient technologies such as LED based lighting, the imop™ and monitoring & controls solutions. In 2013 APC completed the 100 per cent. acquisition of Minimise Limited after establishing the business in 2008 with a 19 per cent. stake and increasing its ownership to 51 per cent. in 2012. As part of a lengthy restructuring process, Minimise Limited was merged into Minimise Energy, in November 2013. Since 2012 revenues have primarily been related to the sale and installation of LED lighting into the retail estate of Morrisons but efforts to reduce the reliance on one large customer is now starting to bear fruit. Business development activities are underway with more than 100 customers, including around ten potentially significant customers which the board are confident will make a significant contribution to revenues in the Company's next financial year and beyond.

##### *Invisible Systems:*

In July 2013, APC completed the acquisition of 25 per cent. of the issued share capital of ISL, the cloud based, end-to-end monitoring and control solutions business focused on improving energy efficiency within the built environment. This provides an energy monitoring and control capability that is non-invasive, quick and simple to implement in both new and retrofit applications. Its existing customer base includes both public and private sector organisations and the technology is proven to enable average

savings of between 15 per cent. and 30 per cent. typically providing a return on investment of between 12 and 18 months. ISL's products are approved in the UK, Europe and the Americas and will underpin APC's strategy of expanding its business model overseas.

APC and ISL also entered into a distribution agreement whereby APC will sell ISL's products and services through its Minimise branded subsidiaries located throughout the UK as well as overseas.

Also included within the share purchase agreement between APC and ISL are various put and call options which, if exercised, could potentially result in APC acquiring 100 per cent. of ISL over the put and call options exercise period.

**Electronic Components**

APC Distribution has been servicing the UK electronics industry for the past 32 years, acting as a distributor of specialist electronic components for more than 60 manufacturers of electronic components and systems. During this time it developed long standing relationships with manufacturers of specialist components and with customers who put value on APC's technical expertise, attention to detail and its deep understanding of the unique challenges of their individual markets. Markets include defence, aerospace, space, transportation, medical and industrial sectors. The products provided are wide ranging in their complexity and in their application, and are sold through a number of semi-autonomous teams. Each team focuses on specific technologies or markets but are true to the Company's central business strategy of adding value to the supply chain.

Seven electronic component product families:

<i>Business</i>	<i>Description</i>	<i>Applications</i>
APC Novacom	Exclusive electronic components for RF and Microwave systems suitable for all Military, Defence, Commercial & Medical Applications	Active Devices, Amplifiers, Cable Assemblies and Connectors, Capacitors and Resistors, Filters, Frequency Sources, Passive Devices, Semiconductors and Switches
APC Hi-Rel	Represents a number of specialist manufacturers of electronic components for high reliability, high temperature and high voltage applications	Power Supplies, Avionics Data Bus, Semiconductors and Opto Electronics, High Voltage, High Temperature, Passive Components, Oil and Gas, Space and Power Control
APC Hero	Provides technical and design-in support on key Technology Product Sectors	Sensor, Communications, Data Loggers, Ultracapacitors, Data Entry, LEDs, Embedded Computing, Displays and Digital Signage
APC Contech	Provides Application Specific Keyboards and Data Entry Solutions	Medigenic Infection Control, Logic Keyboard Editing, Ipad Stands, Cases and Carts, Tipro Dispatch Terminals, Industrial and Secure Log-on Keyboards, Custom Keyboards, Keysets and Panels, Displays, Tablets and Medical PCs, Printers, Cheque/Card Readers, Barcode Scanners
APC Locator	Solutions provider for Obsolete and Allocated Electronic components	Oil and Gas, Military and Aerospace, Rail and Transport, Testing Solutions, Anti-Counterfeit, Up-screening, Re-Qualification, Kitting, Die and Custom Packaging

<i>Business</i>	<i>Description</i>	<i>Applications</i>
APC Displays+	Provides technical and design-in support to help provide solutions for Embedded and Display requirements	Embedded Computing, Displays, Digital Signage
APC Time	Offers time and frequency synchronisation for blue chip companies, government departments, banks, insurance groups and telecom companies	LANTIME M Series – NTP Time Server, PTPv2/ IEEE 1588-2008 Products, PCI-PCIe Computer Clocks, GPS Systems, USB Devices, Antennas/Signal-Distribution

## **2. Current Trading and Prospects**

On 25 July 2014, APC received an order for the installation of LED lighting at three buildings operated by one of the UK's foremost high street banks. The order, valued at £0.425 million, is expected to be fulfilled during the remainder of this financial year ended 31 August 2014 and the very early part of the next financial year and is expected to be the first of a number of projects from this customer.

In July 2014, APC commenced the delivery of LED lighting to one of the UK's major food and clothing retailers for the installation into refrigeration units in its approximate 500 stores. The retailer requested that delivery of the order commenced in advance of the purchase order being raised to avoid delay when adding Minimise as an approved supplier thereby enabling the project to be completed by mid-September 2014. Whilst too early to determine with certainty, it is the APC Directors current expectations that the majority of this order will be invoiced at the end of the current financial year or very early in September 2014. The order, which has an initial value of £1 million, is expected to increase in value when the full approximately 500 stores have been surveyed and this contract is anticipated to be part of a wider roll out of low energy lighting to this retailer in which APC hopes to participate.

Minimise remains in the final stages of negotiations for orders with other new and significant customers in various market sectors which, if placed, will generate significant growth and further reduce reliance on any one customer in the next financial year.

On 25 July 2014, APC completed the acquisition of a 10 per cent. interest in Open Energy Market Limited ("OEM"), the UK's first autonomous online energy procurement platform for corporate energy users, for £0.2 million in cash. Subject to certain performance milestones, APC has the option to purchase a further 15 per cent. of OEM, at the same valuation, over the next 12-18 months. OEM's online procurement platform, which will be marketed and sold as a service offered by APC's Minimise Solutions business, provides energy buyers direct access to the UK's top 14 gas and electricity providers offering an efficient and fully transparent way to manage their energy procurement. OEM's customer base includes both public and private sector companies and the technology is proven to generate total energy cost savings of between 2 per cent. and 10 per cent. over traditional procurement methods.

APC's electronic component distribution business continues to perform in line with expectations.

## **3. Effect of the Offer on APC**

Following completion of the Scheme, Green Compliance will become a wholly owned subsidiary of APC. Existing APC Shareholders are expected to hold 58,557,991 APC Shares, representing approximately 81.37 per cent. of the Enlarged Issued Share Capital of APC (assuming no further Green Compliance Shares or APC Shares are issued in the period between the date of this document and the Effective Date or following the Scheme becoming effective).

The Enlarged Group's strategy is set out in paragraph 8 of Part I of this document.

#### **4. The APC Resolution(s)**

Implementation of the Offer requires that up to a maximum of 17,924,791 New APC Shares be allotted as consideration in connection with the Offer. APC Shareholders' approval will be required to authorise the allotment of the New APC Shares.

Accordingly, a general meeting of APC Shareholders is to be convened at 11.00 a.m. on 5 September 2014 at which resolutions to authorise the allotment of the New APC Shares will be put to the Existing APC Shareholders for approval.

Irrevocable undertakings to vote in favour of the APC Resolution(s) at this general meeting have been secured from the holders of 29,077,170 APC Shares (including all members of the APC Board) representing approximately 49.66 per cent. of the APC Shares in issue at the date of this document.

## PART IV

### CONDITIONS TO THE IMPLEMENTATION OF THE SCHEME AND FURTHER TERMS OF THE OFFER

1. The Offer is conditional upon the Scheme becoming unconditional and becoming effective, subject to the Takeover Code, by no later than 31 December 2014 (the “Long Stop Date”) or such later date (if any) as APC and Green Compliance may, with the consent of the Panel, agree and (if required) the Court may approve.
2. The Scheme is conditional upon satisfaction of the following Conditions:
  - (a) approval of the Scheme by a majority in number of the Relevant Shareholders entitled to vote and present and voting, either in person or by proxy, at the Court Meeting or at any reconvened Court Meeting following an adjournment, representing not less than 75 per cent. in value of the Scheme Shares so voted;
  - (b) the Special Resolutions being duly passed by the requisite majority at the General Meeting or at any reconvened General Meeting following an adjournment;
  - (c) all resolutions in connection with or required to approve and implement the Scheme as set out in the notice of the General Meeting (including, without limitation, the Special Resolutions) being duly passed by the requisite majority at the General Meeting;
  - (d) the sanction of the Scheme (without modification or with modification as agreed by APC and Green Compliance) and the delivery for registration of the Scheme Court Order to the Registrar of Companies in England and Wales and the registration by the Registrar of Companies in England and Wales of the Court Order if so ordered; and
  - (e) the APC Resolutions being duly passed at the APC General Meeting or reconvened APC General Meeting following an adjournment.
3. In addition, the Offer is conditional on the following Conditions and, accordingly, the necessary actions to make the Scheme effective shall not be taken unless the following Conditions have been satisfied (or where applicable) waived:
  - (a) the London Stock Exchange having confirmed to APC (and such confirmation not having been withdrawn) that the New APC Shares will be admitted to trading on AIM;
  - (b) no government or governmental, quasi-governmental, supranational, statutory, administrative or regulatory body, authority, court, trade agency, professional body, association, institution, environmental body or other body or person whatsoever in any jurisdiction (each a “**Relevant Authority**”) having decided to take, institute, implement or threaten, and there not continuing to be outstanding, any action, proceedings, suit, investigation, enquiry or reference, or made, proposed or enacted any statute, regulation, order or decision, or taken any other steps, that would or might:
    - (i) make the Scheme or the acquisition or the proposed acquisition of any Green Compliance Shares or other securities in, or control or management of, Green Compliance or any other member of the Wider Green Compliance Group or the carrying on by any member of the Wider Green Compliance Group of its business void, unenforceable or illegal or directly or indirectly restrict, prohibit, delay or otherwise interfere with the implementation of, or impose additional conditions or obligations with respect to, or otherwise challenge, the Scheme or the acquisition or the proposed acquisition of any Green Compliance Shares or other securities in, or control or management of, Green Compliance or any other member of the Wider Green Compliance Group or the carrying on by any member of the Wider Green Compliance Group of its business;

- (ii) require, prevent or delay a divestiture by any member of the Wider APC Group of any Green Compliance Shares;
- (iii) require, prevent or delay the divestiture or alter the terms of any proposed divestiture by any member of the Wider APC Group or by any member of the Wider Green Compliance Group of all or any part of their respective businesses, assets or property or impose any limitation on the ability of any of them to conduct all or any portion of their respective businesses or to own all or any portion of their respective assets or property;
- (iv) impose any limitation on or result in a delay in the ability of any member of the Wider APC Group or of any member of the Wider Green Compliance Group to acquire or hold or to exercise effectively, directly or indirectly, all or any rights of ownership in respect of shares or loans or securities convertible into shares or the equivalent in the Wider APC Group or of any member of the Wider Green Compliance Group respectively or to exercise management control over any such member;
- (v) require any member of the Wider APC Group or any member of the Wider Green Compliance Group to offer to acquire directly or indirectly any shares or other securities in any member of the Wider Green Compliance Group owned by any third party;
- (vi) affect adversely the assets, business, profits, financial or trading position or prospects of any member of the Wider APC Group or any member of the Wider Green Compliance Group to an extent which is material in the context respectively of the Wider Green Compliance Group or the Wider APC Group;
- (vii) result in any member of the Wider Green Compliance Group or any member of the Wider APC Group ceasing to be able to carry on business under any name under which it presently carries on business;
- (viii) otherwise, directly or indirectly, materially prevent or prohibit, restrict, restrain or delay or otherwise to a material extent interfere with the implementation of, or impose material additional conditions or obligations with respect to, or otherwise materially challenge, impede, interfere or require material amendment of, the Scheme or the acquisition or proposed acquisition of any shares or other securities in, or control or management of, Green Compliance or any member of the Wider Green Compliance Group; or
- (ix) impose any material limitation on the ability of any member of the Wider APC Group or of any member of the Wider Green Compliance Group to conduct, integrate or co-ordinate all or any part of its business with all or any part of the business of any other member of the Wider APC Group and/or the Wider Green Compliance Group to an extent which is material in the context respectively of the Wider Green Compliance Group or the Wider APC Group,

and all applicable waiting and other time periods during which any such Relevant Authority could decide to take, implement, threaten or institute any such action, proceedings, suit, investigation, enquiry or reference under the laws of any jurisdiction having expired, lapsed or been terminated;

- (c) all necessary filings, notifications or applications having been made, all applicable waiting periods (including any extensions thereof) under any applicable legislation or regulations of any jurisdiction having expired, lapsed or been terminated and all statutory or regulatory obligations in any relevant jurisdiction having been complied with or obtained, in each case in respect of the Scheme or the acquisition or the proposed acquisition of any Green Compliance Shares or other securities in, or control or management of, Green Compliance or any other member of the Wider Green Compliance Group or the carrying on by any member of the Wider Green Compliance Group of its business;

- (d) all authorisations, orders, grants, recognitions, confirmations, consents, clearances, licences, permissions, exemptions and approvals (“**Authorisations**”) necessary or appropriate or required for or in respect of the Scheme or the acquisition or the proposed acquisition of any Green Compliance Shares or other securities in, or control or management of, Green Compliance or any other member of the Wider Green Compliance Group or to carry on the business of any member of the Wider Green Compliance Group or APC having been obtained, in terms and in a form satisfactory to APC, from all appropriate Relevant Authorities and from any persons or bodies with whom any member of the Wider Green Compliance Group or APC has entered into contractual arrangements and all such Authorisations remaining in full force and effect and there being no notice or intimation of any intention to revoke, suspend, restrict, modify or not to renew any of the same and all necessary statutory or regulatory obligations in any jurisdiction having been complied with;
- (e) save as Disclosed to APC, there being no provision of any agreement, arrangement, licence, permit or other instrument to which any member of the Wider Green Compliance Group is a party or by or to which any such member or any of its assets is or are or may be bound, entitled or subject and which, in consequence of the Scheme or the Offer or the acquisition or proposed acquisition of any Green Compliance Shares or other securities in, or control or management of, Green Compliance or any other member of the Wider Green Compliance Group, or the issuance or proposed issuance of New APC Shares to Scheme Shareholders, or otherwise, could or might result in, or might reasonably be expected to result in:
  - (i) any monies borrowed by, or any other indebtedness (actual or contingent) of any such member of the Wider Green Compliance Group being or becoming repayable or capable of being declared repayable immediately or earlier than the repayment date stated in such agreement, arrangement, licence, permit or other instrument, or the ability of any such member to borrow monies or incur any indebtedness being withdrawn or inhibited or becoming capable of being withdrawn or inhibited;
  - (ii) the interests or business of any member of the Wider Green Compliance Group in or with any other person, firm, company or body (or any arrangements relating to such interests or business) being terminated, modified or adversely affected;
  - (iii) any material assets of any member of the Wider Green Compliance Group being or falling to be disposed of or charged in any manner howsoever or any right arising under which any such asset or interest could be required to be disposed of or charged in any manner howsoever;
  - (iv) the creation or enforcement of any mortgage, charge or other security interest over the whole or any part of the business, property, assets or interests of any member of the Wider Green Compliance Group or any such mortgage, charge or other security interest (whenever created, arising or having arisen) becoming enforceable;
  - (v) any such agreement, arrangement, licence, permit or other instrument, or the rights, liabilities, obligations or interests of any member of the Wider Green Compliance Group thereunder, being, or becoming capable of being, terminated or adversely modified or adversely affected or any obligation or liability arising or any adverse action being taken or arising thereunder;
  - (vi) any liability of any member of the Wider Green Compliance Group to make any severance, termination, bonus or other payment to any of its directors or other officers;
  - (vii) the rights, liabilities, obligations, interests or business of any member of the Wider Green Compliance Group under any such arrangement, agreement, licence, permit, lease or instrument or the interests or business of any member of the Wider Green Compliance Group in or with any other person or body or firm or company (or any arrangement or arrangement relating to any such interests or business) being or becoming capable of being terminated, or adversely modified or affected in a manner that is materially adverse to the Wider Green Compliance Group as a whole;

- (viii) any member of the Wider Green Compliance Group ceasing to be able to carry on business under any name under which it presently carries on business;
  - (ix) the value of, or the financial or trading position or prospects of, any member of the Wider Green Compliance Group being prejudiced or adversely affected; or
  - (x) the creation or acceleration of any liability (actual or contingent) by any member of the Wider Green Compliance Group other than trade creditors or other liabilities incurred in the ordinary course of business,
 

and no event having occurred which, under any provision of any such agreement, arrangement, licence, permit or other instrument to which any member of the Wider Green Compliance Group is a party or by or to which any such member or any of its assets are bound, entitled or subject, would or might reasonably be expected to result in any of the events or circumstances as are referred to in Conditions 3(d)(i) to (x);
- (f) no member of the Wider Green Compliance Group having since 31 March 2013, save as Disclosed to APC:
- (i) issued or agreed to issue, or authorised or proposed or announced its intention to authorise or propose the issue of, additional shares of any class, or securities or securities convertible into, or exchangeable for, or rights, warrants or options to subscribe for or acquire, any such shares, securities or convertible securities or transferred or sold, or agreed to transfer or sell or authorised or proposed the transfer or sale of, Green Compliance Shares out of treasury;
  - (ii) recommended, declared, paid or made or proposed to declare, pay or make any bonus issue, dividend or other distribution in respect of the share capital of Green Compliance;
  - (iii) merged with any body corporate or implemented, effected, authorised, proposed or announced any intention to implement, effect, authorise or propose any merger, demerger, reconstruction, amalgamation, partnership, joint venture, scheme, commitment, acquisition, disposal, transfer, mortgage or charge of or granting of any security over assets or shares or loan capital (or the equivalent thereof) in any undertaking or undertakings;
  - (iv) purchased or redeemed or repaid any of its own shares or other securities or reduced or made any other change to any part of its share capital;
  - (v) issued, authorised or proposed or announced an intention to authorise or propose the issue of any debentures or made any change in or to the terms of any debentures or incurred or increased any indebtedness or become subject to any contingent liability which is material in the context of the Wider Green Compliance Group taken as a whole;
  - (vi) entered into, varied or authorised any contract, arrangement, agreement, transaction or commitment (whether in respect of capital expenditure or otherwise) which is of a long term, unusual or onerous nature or magnitude or which is or could reasonably be expected to be materially restrictive or onerous on the business of any member of the Wider Green Compliance Group and which is material in the context of the Wider Green Compliance Group taken as a whole;
  - (vii) entered into or varied the terms of, or made any offer (which remains open for acceptance) to enter into or vary the terms of any contract, service agreement, commitment or arrangement with any director or senior executive of any member of the Wider Green Compliance Group;

- (viii) proposed, agreed to provide or modified the terms of any share option scheme, incentive scheme or other benefit (including in relation to any personal defined contribution or defined benefit pension scheme) relating to the employment or termination of employment of any employee of the Wider Green Compliance Group;
  - (ix) been unable, or admitted in writing that it is unable, to pay its debts or commenced negotiations with one or more of its creditors with a view to rescheduling or restructuring any of its indebtedness, or having stopped or suspended (or threatened to stop or suspend) payment of its debts generally or ceased or threatened to cease carrying on all or a substantial part of its business;
  - (x) taken or proposed any steps, corporate action or had any legal proceedings instituted or threatened against it in relation to the suspension of payments, a moratorium of any indebtedness, its winding-up (voluntary or otherwise), dissolution, reorganisation or for the appointment of a receiver, administrator, manager, administrative receiver, trustee or similar officer of all or any material part of its assets or revenues or any analogous or equivalent steps or proceedings in any jurisdiction or appointed any analogous person in any jurisdiction or had any such person appointed;
  - (xi) (other than in connection with the Scheme) made any alteration to its memorandum or articles of association;
  - (xii) waived or compromised or settled any claim in respect of the Wider Green Compliance Group which is material in the context of the Wider Green Compliance Group taken as a whole; or
  - (xiii) entered into any contract, commitment or agreement to, or passed any resolution with respect to, or announced any intention to, or to propose to, effect any of the transactions or events referred to in this paragraph;
- (g) since 31 March 2013, and save as Disclosed to APC:
- (i) no adverse change and no circumstance having arisen which would or might reasonably be expected to result in any adverse change in the business, assets, financial or trading position or profits or prospects or operational performance of any member of the Wider Green Compliance Group which in any such case is , or might reasonably be expected to be, material in the context of the Wider Green Compliance Group taken as a whole;
  - (ii) no litigation, arbitration proceedings, prosecution or other legal proceedings to which any member of the Wider Green Compliance Group is or may become a party (whether as plaintiff, defendant or otherwise) having been threatened, announced or instituted or remaining outstanding in respect of any member of the Wider Green Compliance Group and which in any such case is likely to adversely affect any member of the Wider Green Compliance Group to an extent which is, or might reasonably be expected to be, material in the context of the Wider Green Compliance Group taken as a whole;
  - (iii) no enquiry or investigation by, or complaint or reference to, any Relevant Authority having been threatened, announced, implemented or instituted by or against or remaining outstanding against or in respect of any member of the Wider Green Compliance Group which is, or which might reasonably be expected to be, material in the context of the Wider Green Compliance Group taken as a whole; or
  - (iv) no contingent or other liability having arisen or been incurred or become apparent or increased which is, or might reasonably be expected to be, material in the context of the Wider Green Compliance Group taken as a whole;

- (h) save as Disclosed to APC, APC not having discovered:
  - (i) that any financial or business or other information concerning the Wider Green Compliance Group disclosed at any time, whether publicly or otherwise, by or on behalf of any member of the Green Compliance Group, to APC or its advisers is misleading or contains a material misrepresentation of fact or omits to state a fact necessary to make the information contained therein not misleading which is, or might reasonably be expected to be, material in the context of the Wider Green Compliance Group taken as a whole;
  - (ii) that any partnership, company or other entity in which any member of the Wider Green Compliance Group has an interest and which is not a subsidiary undertaking of Green Compliance is subject to any liability, contingent or otherwise, which is or might reasonably be expected to be material in the context of the Wider Green Compliance Group taken as a whole; or
  - (iii) any information which affects the import of any information disclosed at any time by or on behalf of any member of the Wider Green Compliance Group to an extent which is material in the context of the Wider Green Compliance Group taken as a whole;
- (i) save as Disclosed to APC, APC not having discovered that:
  - (i) any past or present member of the Wider Green Compliance Group has not complied with all applicable legislation or regulations of any jurisdiction or any notice or requirement of any Relevant Authority or all contractual provisions relating in each case to the protection of the environment or planning or health and safety including those relating to the storage, carriage, disposal, discharge, spillage or leak of waste or disposal or emission of any hazardous substance or any substance likely to impair the environment or harm human health which non compliance would be likely to give rise to any liability (whether actual or contingent) on the part of any member of the Wider Green Compliance Group or APC which is, or might reasonably be expected to be, material in the context of the Wider Green Compliance Group taken as a whole or APC (as appropriate);
  - (ii) there has been a disposal, discharge, spillage or leak of waste or disposal or emission of any hazardous substance or any substance likely to impair the environment or harm human health on, or from, any land, or other asset, owned, occupied, managed or made use of at any time by any past or present member of the Wider Green Compliance Group, or in which any such member may now or previously have had an interest, which would be likely to give rise to any liability (whether actual or contingent) on the part of any member of the Wider Green Compliance Group or the Wider APC Group which in any such case is, or might reasonably be expected to be, material in the context of the Wider Green Compliance Group taken as a whole;
  - (iii) there is or is likely to be any obligation or liability (whether actual or contingent) to make good, repair, re-instate or clean up any property now or previously owned, occupied or made use of by any past or present member of the Wider Green Compliance Group or in which any such member may now or previously have had an interest under any environmental legislation or regulation or notice, circular or order of any Relevant Authority in any jurisdiction which in any such case is, or might reasonably be expected to be, material in the context of the Wider Green Compliance Group taken as a whole; or
  - (iv) any member of the Wider Green Compliance Group or any person that performs or has performed services for or on behalf of any such member is or has engaged in any activity, practice or conduct which would constitute an offence under the Bribery Act 2010 or any other applicable anti-corruption legislation.

### **Certain Further Terms of the Offer**

1. If APC is required by the Panel to make an offer for Green Compliance Shares under the provisions of Rule 9 of the Takeover Code, APC may make such alterations to any of the above Conditions and terms of the Offer as are necessary to comply with the provisions of that Rule.
2. Except with the consent of the Panel, the Offer will not proceed if:
  - (i) the European Commission initiates proceedings in respect of the proposed acquisition of Green Compliance by APC under Article 6(1)(c) of Council Regulation (EEC) 4064/89 or makes a referral to a competent authority of the United Kingdom under Article 9(1) of that regulation; or
  - (ii) there is a referral to the UK Competition and Markets Authority in respect of the proposed acquisition of Green Compliance by APC.
3. APC reserves the right to elect (subject to the consent of the Panel) to implement the acquisition of the Green Compliance Shares by way of a contractual offer as an alternative to the Scheme in accordance with paragraph 8 of Appendix 7 of the Takeover Code. In such event, the acquisition will be implemented by APC and/or a wholly-owned subsidiary of APC on substantially the same terms as those which would apply to the Scheme subject to appropriate amendments, including (without limitation) an acceptance condition set at such percentage of the shares to which such offer relates, being more than 50 per cent., as APC may decide.
4. To the extent permitted by law and subject to the requirements of the Takeover Panel, APC reserves the right to waive all or any of Conditions 3 (b) to (h) in whole or in part. APC shall be under no obligation to waive or to treat as fulfilled any of Conditions 3 (b) to (h) (inclusive) by a date earlier than the Long Stop Date notwithstanding that the other Conditions of the Offer may at such earlier date have been waived or fulfilled and that there are at such earlier date no circumstances indicating that any of such Conditions may not be capable of fulfillment.
5. In the event that the Offer is implemented by way of a contractual offer, the Green Compliance Shares acquired under the Offer shall be acquired fully paid and free from all liens, equities, charges, encumbrances, options, rights of pre-emption and any other third party rights and interests of any nature and together with all rights attaching or accruing to them, including voting rights and the right to receive and retain in full all dividends and other distributions (if any) declared, made or paid on or after the date of the Announcement.
6. The availability of the Offer to persons not resident in the United Kingdom may be affected by the laws of the relevant jurisdictions. Persons who are not resident in the United Kingdom should inform themselves about and observe any applicable requirements.
7. The availability of the New APC Shares to persons not resident in the United Kingdom may be affected by the laws of the relevant jurisdictions. Persons who are not resident in the United Kingdom should inform themselves about and observe any applicable requirements.
8. The New APC Shares to be issued under the Scheme will be issued credited as fully paid and will rank in full for all dividends and other distributions, if any, declared, made or paid after the date of the Announcement and otherwise shall rank parri passu with the issued ordinary shares in APC.
9. Fractions of New APC Shares will not be allotted or issued to Scheme Shareholders but the entitlements of Scheme Shareholders will be rounded down to the nearest whole number of New APC Shares.
10. The Offer price is offered on the basis that Green Compliance Shareholders will not receive any further dividends beyond 30 July 2014. If any additional dividend were to be declared, the Offer price would be adjusted downwards on an equivalent basis.

11. The Offer is not being made, directly or indirectly, in, into or from, or by use of the mails of, or by any means of instrumentality (including, but not limited to, facsimile, e-mail or other electronic transmission, telex or telephone) of interstate or foreign commerce of, or of any facility of a national, state or other securities exchange of, any jurisdiction where to do so would violate the laws of that jurisdiction.
12. Under Rule 13.5 of the Takeover Code, APC may not invoke a condition to the Offer so as to cause the Offer not to proceed, to lapse or to be withdrawn unless the circumstances which give rise to the right to invoke the condition are of material significance to APC in the context of the Offer. The determination of whether or not such a condition can be invoked would be determined by the Panel. The conditions contained in Conditions 1, 2 and 3(a) are not subject to this provision of the Takeover Code.
13. Under Rule 13.6 of the Takeover Code, Green Compliance may not invoke or cause or permit APC to invoke any condition to the Offer unless the circumstances which give rise to the right to invoke the condition are of material significance to the Green Compliance Shareholders in the context of the Offer. The determination of whether or not such a condition can be invoked would be determined by the Panel. The conditions contained in Conditions 1, 2 and 3(a) are not subject to this provision of the Takeover Code.
14. The Offer is governed by the law of England and Wales and is subject to the jurisdiction of the English courts and to the Conditions and further terms set out in this document. The Scheme will be subject to the applicable requirements of the Takeover Code, the Panel and the London Stock Exchange (including the AIM Rules).

## **Definitions**

**“Disclosed to APC”:** (i) disclosed via a Regulatory Information Service at or before 5.30 p.m. on 12 August 2014 by or on behalf of Green Compliance; (ii) fairly disclosed by or on behalf of Green Compliance in documents made available to APC or its advisers at or before 5.30 p.m. on 29 July 2014; or (iii) fairly disclosed in the annual report and accounts of Green Compliance for the financial year ended 31 March 2013;

**“Wider Green Compliance Group”:** Green Compliance, its subsidiaries, subsidiary undertakings and associated undertakings and any other body corporate, partnership, joint venture or person in which Green Compliance and such undertakings (aggregating their interests) have a direct or indirect interest of 20 per cent. or more of the voting or equity capital or equivalent;

**“Wider APC Group”:** APC, its subsidiaries, subsidiary undertakings and associated undertakings and any other body corporate, partnership, joint venture or person in which APC and such undertakings (aggregating their interests) have a direct or indirect interest of 20 per cent. or more of the voting or equity capital or equivalent;

“subsidiary”, “subsidiary undertaking”, “associated undertaking” and “undertaking” have the meanings given by the Companies Act 2006.

## PART V

### RISK FACTORS

**Green Compliance Shareholders should carefully consider the risks described below before making a decision in relation to the Offer and the Scheme. This Part V contains what the Green Compliance Directors and APC Directors believe to be the principal risk factors associated with the Enlarged Group which should be taken into account in deciding whether or not to vote in favour of the Scheme. It should be noted that this list is not exhaustive and that other risk factors will apply to the Enlarged Group. If any of the following risks actually occur, the Enlarged Group's business, financial condition and/or results or future operations could be materially adversely affected. In such circumstances, the trading price of the ordinary shares of APC (including the New APC Shares) could decrease and a shareholder may lose all or part of their investment.**

**There can be no certainty that the Enlarged Group will be able to implement successfully the strategy set out in this document. Additional risks and uncertainties not currently known to the Green Compliance Directors and APC Directors or which the Green Compliance Directors and APC Directors currently deem immaterial, may also have an adverse effect on the Enlarged Group.**

**This document contains forward-looking statements that involve risks and uncertainties. The Enlarged Group's actual results could differ materially from those anticipated in the forward-looking statements as a result of many factors, including the risks faced by the Enlarged Group which are described below and elsewhere in this document.**

**Green Compliance Shareholders should carefully consider the other information in this document. The risks listed below are in no priority and do not necessarily comprise all the risks presently known to the Green Compliance Directors or APC Directors or which they currently deem immaterial associated with the Enlarged Group.**

#### **Business risks relating to the Enlarged Group**

##### ***The Enlarged Group's future business performance depends on the award of contracts***

The Enlarged Group's success will depend on its ability to renew contracts with existing clients and to attract new clients. A substantial portion of the Enlarged Group's future revenues would be directly or indirectly derived from new contracts. Failure to gain new business or renew contracts may adversely affect the Enlarged Group's future.

The Enlarged Group's dependence on the award or renewal of contracts would mean that its revenue stream is not constant and has the potential to be particularly sporadic. Delays in revenue delivery in future accounting periods may adversely affect the Enlarged Group's results and, therefore, the market price of its shares.

##### ***The future performance of the Enlarged Group cannot be guaranteed***

There is no certainty and no representation or warranty is given by any person that the Enlarged Group will be able to achieve any returns referred to in this document. The financial operations of the Enlarged Group may be adversely affected by general economic conditions, by conditions within the global financial markets generally or by the particular financial condition of other parties doing business with the Enlarged Group.

##### ***The Enlarged Group's ability to pursue its strategy could be impacted by adverse global economic conditions***

Any economic downturn either globally or locally in any area in which the Enlarged Group operates may have an adverse effect on the demand for the Enlarged Group's products and services and the ability of the Directors to deliver against the Enlarged Group's business plan.

***The Enlarged Group's ability to pursue its strategy could be impacted by changes in social and political factors***

The Enlarged Group's ability to pursue its strategy may be affected by changes in social and political factors in the markets in which the Enlarged Group's will operate in or expects to operate in. If such changes were to materialise the Enlarged Group Directors may decide to change certain aspects of the Enlarged Group's strategy. This may entail the development of alternative products and services, which could place additional strain on the Enlarged Group's capital resources and may adversely impact on the revenue and profitability of the Enlarged Group.

***Attraction and retention of key management and employees***

The successful operation of the Enlarged Group will depend partly upon the performance and expertise of its current and future management and employees. The loss of the services of one or more of the Enlarged Group's key management or employees, or a loss of the ability to continue to attract and retain qualified employees, may have a material adverse effect on the Enlarged Group.

***Loss of major customers***

Although APC has a number of clients with repeat business, a loss of a major client or group of clients, which accounted for a significant amount of APC's revenue, may have an impact on the Enlarged Group's revenue and profitability.

***Rapid Growth***

If the Enlarged Group's business and operations experience rapid growth and its systems and controls have not been developed to manage this growth effectively, the Enlarged Group's business and operating results could be harmed and the Enlarged Group may have to incur significant expenditure to implement the additional operational and control requirements necessary to meet such growth.

***Reliance on intellectual property***

APC and Green Compliance rely and will, in future, rely on intellectual property laws and third party nondisclosure agreements to protect its intellectual property rights. Despite precautions which may be taken by the Enlarged Group to protect its products, unauthorised parties may attempt to copy, or obtain and use its products. To the extent that intellectual property rights protect the Enlarged Group, litigation may be necessary to protect such rights and could result in substantial costs to the Enlarged Group, diverting its effort from its main business operations with no guarantee of success. The failure or inability of the Enlarged Group to protect its proprietary information, and the expense of doing so, could have a material adverse effect on its operating results and financial condition.

***The Enlarged Group is subject to the risk of labour disputes and adverse employee relations***

The Enlarged Group's contractors or service providers may be limited in their flexibility in dealing with their staff due to the presence of trade unions among their staff. If there is a material disagreement between contractors or service providers and their staff belonging to trade unions, the Enlarged Group's operations could suffer an interruption or shutdown that could have a material adverse effect on its business, results of operations or financial condition.

***Competition***

The Enlarged Group may face competition, including from domestic and overseas competitors who have greater capital and other resources and superior brand recognition than the Enlarged Group and may be able to provide better products or adopt more aggressive pricing policies. There is no assurance that the Enlarged Group will be able to compete successfully in such a marketplace.

***The Enlarged Group's objectives may not be fulfilled***

The value of an investment in the Enlarged Group is dependent upon the Enlarged Group achieving the aims set out in this document. There can be no guarantee that the Enlarged Group will achieve the level of success that the Green Compliance Directors and APC Directors expect.

***Economic, political, judicial, administrative, taxation or other regulatory matters***

The Enlarged Group may be adversely affected by changes in economic, political, judicial, administrative, taxation or other regulatory factors, as well as other unforeseen matters.

### ***Credit Risk***

Credit risk is the risk of financial loss to the Enlarged Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Enlarged Group's receivables from customers.

The Enlarged Group ensures that customers are contacted on issue of invoices to ensure that they meet the customer's expectations. Efforts are then made to collect the monies that are outstanding as soon as they fall due. After all reasonable attempts have been made to ensure collection of outstanding monies the Enlarged Group would consider the use of legal action in an attempt to secure any outstanding monies that it has a legal right to.

### ***The Enlarged Group's insurance policies may be inadequate to cover the cost of claims made against the Enlarged Group***

While the Enlarged Group will maintain commercial insurance at a level it believes is appropriate against certain risks commonly insured in the industry, there is no guarantee that it will be able to obtain the desired levels of cover on acceptable terms in the future. Furthermore, the nature of these risks is such that liabilities could exceed policy limits or that certain risks could be excluded from the Enlarged Group's insurance coverage. There are also likely to be risks against which the Enlarged Group cannot insure or against which it may elect not to insure. The potential costs that could be associated with any liabilities not covered by insurance or in excess of insurance coverage may cause substantial delays and require significant capital outlays, adversely affecting the Enlarged Group's earnings and competitive position in the future and, potentially, its financial position. The Enlarged Group's operations could suffer losses which may not be fully compensated by insurance. In addition, certain types of risks may be, or may become, either uninsurable or not economically insurable, or may not be currently or in the future covered by the Enlarged Group's insurance policies. Any of the foregoing could have a material adverse effect on the Enlarged Group's operating results, business prospects and financial condition.

### ***The Enlarged Group may become the subject of or involved with significant disputes or litigation***

Whilst the Enlarged Group will take such precautions as it regards appropriate to avoid or minimise the likelihood of any legal proceedings or claims, or any resulting financial loss to the Enlarged Group, the Enlarged Group Directors cannot preclude the possibility of litigation or disputes being brought against the Enlarged Group. Any litigation or disputes brought in the future involving the Enlarged Group's products or services could have a material adverse effect on the Enlarged Group's business.

There can be no assurance that claimants in any litigation or dispute proceedings will not be able to devote substantially greater financial resources to any such proceedings or that the Enlarged Group will prevail in any such litigation or dispute. Any litigation or dispute, whether or not determined in the Enlarged Group favour or settled by the Enlarged Group, may be costly and may divert the efforts and attention of the Enlarged Group's management and other personnel from normal business operations.

The Enlarged Group's insurance may not necessarily cover any of the claims brought against the Enlarged Group or may not be adequate to protect it against all liability that may be imposed. Any litigation, dispute or regulatory investigation or actions brought in the future could have a material adverse effect on the Enlarged Group's reputation, business, financial condition and operating results.

### ***Integration risk***

The Enlarged Group's success may in part be dependent upon APC's ability to integrate Green Compliance and any other businesses that it may acquire in the future without disruption to the existing business. If the Scheme becomes effective, the process of integrating Green Compliance may create unforeseen operating difficulties and expenditures and pose management, administrative and financial challenges. Specifically, integrating operations and personnel and pre-completion or post completion costs may prove more difficult and/or expensive than anticipated, potentially resulting in lower than expected financial returns for the Enlarged Group.

### ***Potential requirement for further investment***

Any future acquisitions, expansion, activity and/or business development may require additional capital, whether from equity or debt sources. There can be no guarantee that the necessary funds will be available on a timely basis, on favourable terms, or at all, or that such funds if raised, would be sufficient. If additional funds are raised by issuing equity securities, dilution to the then existing shareholdings may result. Debt funding may require assets of the Enlarged Group to be secured in favour of the lender, which security may be exercised if the Enlarged Group were to be unable to comply with the terms of the relevant debt facility agreement. The level and timing of future expenditure will depend on a number of factors, some of which are outside the Enlarged Group's control. If the Enlarged Group is not able to obtain additional capital on acceptable terms, or at all, it may be forced to curtail or abandon such planned acquisition opportunities, expansion, activity and/or business development and any of the above could have a material adverse effect on the Enlarged Group.

### ***Taxation Framework***

This document has been prepared in accordance with current UK tax legislation, practice and concession and interpretation thereof. Any change in the Enlarged Group's tax status or in taxation, legislation practice and concession and interpretation thereof could affect the Enlarged Group's ability to provide returns to its shareholders or diminish post tax returns to its shareholders. Statements in this document concerning the taxation of investors in ordinary shares are based on current tax law and practice which is subject to change. The taxation of an investment in the company depends on the individual circumstances of investors.

### ***The Enlarged Group's operations could be subject to events of force majeure***

The Enlarged Group's operations now or in the future may be adversely affected by risks outside the control of the Enlarged Group including labour unrest, civil disorder, war, subversive activities or sabotage, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions which could have the effect of making the performance of relevant contracts by members of the Enlarged Group, or by their contract counterparties, impossible or substantially difficult to perform.

### **General risks**

If any or all of the above risks actually occur, the Enlarged Group's business, financial conditions, results or future operations could be materially adversely affected. In such a case, the price of the New APC Shares could decline and investors may lose all or part of their investment. Additional risks and uncertainties not presently known to the Green Compliance Directors or APC Directors which the directors currently deem immaterial, may also have an adverse effect upon the Enlarged Group.

### ***General risks of investing in shares traded on AIM***

Application will be made for the New APC Shares to be admitted to AIM, a market designated primarily for emerging or smaller companies. Neither the London Stock Exchange nor the FCA has examined or approved the contents of this document. It may be more difficult for investors to realise their investment on AIM than to realise an investment in a company whose shares are quoted on the Official List. The share price of publicly traded early stage companies can be highly volatile. The price at which the shares are traded and the price at which investors may realise their investments will be influenced by a large number of factors, some not specific to the Enlarged Group and its operations.

### ***The trading price of the New APC Shares may be subject to market price volatility and the market price of the New APC Shares may decline in response to developments that are unrelated to the Enlarged Group's operating performance***

In addition to the other risks described in this document, the trading price of the New APC Shares may be subject to significant fluctuations in response to a number of events and factors including, but not limited to, actual or anticipated variations in operating results or recommendations by securities analysts, the share price performance of other companies that investors may deem comparable to the Enlarged Group and the performance of the industry generally, news reports relating to trends in the Enlarged Group's markets and macro-economic conditions in such markets and market conditions in the industry and the industries of customers and the economy as a whole. Actual or expected changes in the Enlarged

Group's or its competitors' growth rates, changes in the market valuation of similar companies, large purchases or sales of APC Shares, sales of APC Shares by directors or shareholders, the liquidity (or the absence of liquidity) in APC Shares, currency fluctuations and the denominations in which the Enlarged Group conducts business and holds cash reserves, policy, legislative or regulatory changes and general economic conditions may also be factors in trading price fluctuations. These, and other, events and factors may adversely affect the trading price of New APC Shares, regardless of the Enlarged Group's performance.

***Future issues of APC Shares may result in immediate dilution of shareholders***

The Enlarged Group may decide to issue additional shares in the future in subsequent public offerings or private placements to meet the future working capital and funding requirements of the Enlarged Group. If additional funds are raised through the issuance of new shares or equity linked securities of the Enlarged Group, other than on a pro-rata basis to existing shareholders, or if existing shareholders do not subscribe for additional shares or equity linked securities on a pro-rata basis in accordance with their existing shareholdings, this will dilute their existing ownership interests in the Enlarged Group. Shareholders may experience subsequent dilution and/or such securities may have preferred rights, options and pre-emption rights senior to the Enlarged Group's shares. In addition, the issue of additional shares by the Enlarged Group, or the possibility of such issue, may cause the trading price of the Enlarged Group shares to decline and may make it more difficult for Enlarged Group shareholders to sell the Enlarged Group's shares at a desirable time or price.

***Forward-looking statements***

Certain statements contained in this document may constitute forward-looking statements. Forward-looking statements include statements concerning the plans, objectives, goals, strategies and future operations and performance of APC, Green Compliance or the Enlarged Group and the assumptions underlying these forward-looking statements. APC, Green Compliance and the Enlarged Group uses the words "anticipates", "estimates", "expects", "believes", "intends", "plans", "may", "will", "could" or "should", and any similar expressions to identify forward-looking statements.

Any such forward-looking statement involves known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of APC, Green Compliance or the Enlarged Group or industry results to be materially different from any future results, performance or achievements expressed or implied by any such forward looking statements. Such forward-looking statements are based on numerous assumptions regarding present and future business strategies and the environment in which APC, Green Compliance or the Enlarged Group will operate in the future. These forward-looking statements speak only as of the date of this document. APC, Green Compliance or the Enlarged Group expressly disclaims any obligation or undertakings to release publicly any updates or revisions to any forward looking statement contained herein, save as required to comply with any legal or regulatory obligations, to reflect any change in the APC's, Green Compliance's or the Enlarged Group's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. All subsequent written or oral forward-looking statements attributable to APC, Green Compliance or the Enlarged Group, or persons acting on behalf of APC, Green Compliance or the Enlarged Group, are expressly qualified in their entirety by the cautionary statements contained throughout this document. As a result of these risks, uncertainties and assumptions, a prospective investor should not place undue reliance on these forward looking statements.

## PART VI

### ADDITIONAL INFORMATION

#### 1. Responsibility Statements

- (a) The Green Compliance Directors, whose names are set out in paragraph 2(a) of this Part VI, each accept responsibility for the information contained in this document other than information for which responsibility is taken by others pursuant to paragraph 1(b) of this Part VI. To the best of the knowledge and belief of the Green Compliance Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.
- (b) The APC Directors, whose names are set out in paragraph 2(c) of this Part VI, each accept responsibility for the information contained in this document relating to the APC Group and the APC Directors and members of their immediate families, related trusts and persons connected with them (within the meaning of section 346 of the Companies Act). To the best of the knowledge and belief of the APC Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.

#### 2. The Green Compliance Directors and the APC Directors

- (a) The Green Compliance Directors, and their respective functions, are as follows:

<i>Name</i>	<i>Position held</i>
John William Charles Charlton	Director & Company Secretary
Richard George Hodgson	Chief Finance and Operating Officer
Robert Holt	Chairman & Chief Executive
Edward Forrest Brown	Non-Executive Director

- (b) Green Compliance, whose registered number is 04022406, has its registered office at Unit 2 Derwent Close, Warndon, Worcester, WR4 9TY. The same address is the business address of each of the Green Compliance Directors.

- (c) The APC Directors, and their respective functions, are as follows:

<i>Name</i>	<i>Position held</i>
Leonard Robert Seelig	Non-Executive Chairman
Mark Roger Robinson	Chief Executive Officer
John McLaren Davidson	Non-Executive Director
Phillip James Lancaster	Operations Director
Tessa Rebecca Laws	Non-Executive Director

- (d) APC, whose registered number is 01635609, has its registered office at 47 Riverside, Sir Thomas Longley Road, Medway City Estate, Rochester, Kent, ME2 4DP. The same address is the business address of each of the APC Directors.

### 3. Market Quotations

The following table shows the closing middle market price, as derived from the AIM section of the daily official list of the London Stock Exchange, for Green Compliance Shares and APC Shares on the first Business Day in each of the six months immediately prior to the date of publication of this document, on 29 July 2014 (the last Business Day prior to the commencement of the Offer Period) and 12 August (the last practicable date prior to publication of this document):

<i>Date</i>	<i>Green Compliance Shares pence</i>	<i>APC Shares pence</i>
03/02/2014	2.20	57.40
03/03/2014	1.90	50.35
01/04/2014	1.90	51
01/05/2014	1.80	49.25
02/06/2014	1.675	48
01/07/2014	1.375	34.62
29/07/2014	1.35	35.50
01/08/2014	1.05	39
12/08/2014	1.075	35.50

### 4. Interests and Dealings

#### (a) *Definitions*

For the purposes of this paragraph 4:

- (i) **acting in concert** with a party means any such person acting or deemed to be acting concert with that party for the purposes of the Code;
- (ii) **arrangement** includes any indemnity or option arrangements, and any agreement or understanding, formal or informal, of whatever nature, relating to relevant securities which may be an inducement to deal or to refrain from dealing;
- (iii) **associate** means:
  - (A) any parent companies, subsidiaries, fellow subsidiaries and associated companies of APC or (as the case may be) Green Compliance, and companies of which any such companies are associated companies;
  - (B) connected advisers and persons controlling, controlled by or under the same control as such connected advisers;
  - (C) the APC Directors or (as the case may be) the Green Compliance Directors, or the directors of any company covered in (A) above (together, in each case, with any member of their immediate families and related trusts); and
  - (D) the pension funds of APC or (as the case may be) Green Compliance, or any company covered in (A) above;
- (iv) references to a **bank** do not mean a bank whose sole relationship with APC or as the case may be) Green Compliance, or a company covered in (A) above is the provision of normal commercial banking services or such activities in connection with the Offer as confirming that cash is available, handling acceptances and other registration work;
- (v) **connected adviser** includes an organisation which (A) is advising APC or (as the case may be) Green Compliance in relation to the Offer, (B) is corporate broker to APC or (as the case may be) Green Compliance, (C) is advising a person acting in concert with APC or (as the case may be) the Green Compliance Directors in relation to the Offer or in relation to the matter which is the reason for that person being a member of the concert party or (D) is advising a relevant associate in relation to the Offer;

- (vi) **dealing or dealt** includes:
  - (A) acquiring or disposing of relevant securities of the right (whether conditional or absolute) to exercise or direct the exercise of voting rights attaching to relevant securities, or of general control of relevant securities;
  - (B) taking, granting, acquiring, disposing of, entering into, closing out, terminating, exercising (by either party) or varying an option in respect of any relevant securities;
  - (C) subscribing or agreeing to subscribe for relevant securities;
  - (D) exercising or converting any relevant securities carrying conversion or subscription rights;
  - (E) acquiring, disposing of, entering into, closing out, exercising (by either party) of any rights under, or varying of, a derivative referenced, directly or indirectly, to relevant securities;
  - (F) entering into, terminating or varying the terms of any agreement to purchase or sell relevant securities; and
  - (G) any other action resulting, or which may result, in an increase or decrease in the number of relevant securities in which a person is interested or in respect of which he has a short position;
- (vii) **derivative** includes any financial product the value of which, in whole or in part, is determined directly or indirectly by reference to the price of an underlying security but which does not include the possibility of delivery of such underlying securities;
- (viii) **disclosure period** means the period commencing on 30 July 2013 (being the date 12 months prior to the commencement of the Offer Period) and ending on 12 August 2014 (the last practicable date prior to publication of this document);
- (ix) **interest** in relevant securities includes where a person:
  - (A) owns relevant securities;
  - (B) has the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to the relevant securities or has general control of them;
  - (C) by virtue of any agreement to purchase, option or derivative, has the right or option to acquire relevant securities or call for their delivery or is under an obligation to take delivery of them, whether the right, option or obligation is conditional or absolute and whether it is in the money or otherwise;
  - (D) is party to any derivative whose value is determined by reference to their price and which results, or may result, in his having a long position in them;
  - (E) has received an irrevocable commitment in respect of relevant securities; or
  - (F) is, for the purposes of Part 22 of the Act, taken to be interested in such relevant securities;
- (x) **relevant associate** means APC or (as the case may be) Green Compliance and the subsidiaries and associated companies of APC or (as the case may be) Green Compliance and companies of which any such subsidiaries or associated companies are associated companies;
- (xi) **relevant securities** means Green Compliance Shares, APC Shares and any securities of either company convertible into, or rights to subscribe for, or options (including traded options) in respect of, or derivatives referenced to, such shares;
- (xii) **short position** means any short position (whether conditional or absolute and whether in the money or otherwise) including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery;
- (xiii) ownership or control of 20 per cent. or more of the equity share capital of a company is regarded as the test of **associated company status** and **control** means an interest in relevant securities carrying 30 per cent. or more of the voting rights attributable to the share capital of the company which are currently exercisable at a general meeting, irrespective of whether the interest gives de facto control; and

- (xiv) references to a **pension fund** of APC or (as the case may be) Green Compliance or of a company which is a relevant associate do not include any such pension funds which are managed under an agreement or arrangement with an independent third party in the terms set out in Note 6 on the definition of **acting in concert** in the Code.

(b) **Interests and Dealings in APC**

- (i) As at the last day of the disclosure period, the interests and short positions of the APC Directors, the members of their immediate families and their related trusts, the persons acting in concert with APC and the persons having an arrangement with either APC or any person acting in concert with APC, in APC Shares (excluding any interests held through outstanding options, awards or allocations granted under any share option scheme) were as follows:

<i>Party</i>	<i>No. of APC Shares</i>
Mark Robinson	917,020
Phil Lancaster	391,700
John (Ian) Davidson	40,000
Leonard Seelig	89,753
Tessa Laws	5,000
Roger Robinson	9,603,821

- (ii) During the disclosure period there have been the following dealings in APC Shares by APC, the APC Directors, the persons acting in concert with APC and the persons having an arrangement with either APC or any person acting in concert with APC:

<i>Name</i>	<i>Transaction</i>	<i>No. of APC Shares</i>	<i>APC Share price pence</i>
Leonard Seelig	Buy (27.12.13)	9,007	58.45
Leonard Seelig	Buy (05.02.13)	41,153	56.80
Beverlee Seelig	Buy (27.12.13)	16,189	57.63
Beverlee Seelig	Buy (23.01.14)	20,636	55.00

- (iii) As at the last day of the disclosure period, the following options and awards over APC Shares had been granted to the APC Directors, their immediate families, related trusts, the persons acting in concert with APC and the persons having an arrangement with either APC or any person acting in concert with APC under the terms of the APC share option scheme and remained outstanding:

<i>Name</i>	<i>No. of APC Shares under option</i>	<i>Exercise price pence</i>	<i>Exercise period</i>
Mark Robinson	732,000	9p	2004 – Oct 2014
	750,000	38.25	2013 – 2023
Phil Lancaster	117,000	9p	06.10.04 – 05.10.14
	500,000	9p	10.09.04 – 09.09.14
	500,000	38.75p	24.09.13 – 23.09.23
John (Ian) Davidson	25,000	10p	2011 – 2020
	75,000	10p	2013 – 2020
	50,000	85p	2014 – 2023
Leonard Seelig	200,000	85p	31.08.14 – 31.08.24
	100,000	24.75p	25.01.13 – 25.01.24
Tessa Laws	50,000	85p	31.08.14 – 31.08.24
	100,000	10p	31.08.13 – 20.09.22

- (iv) Irrevocable undertakings to vote in favour of the APC Resolution(s) at the APC General Meeting have been secured from the holders of 29,077,170 APC Shares (including all members of the APC Board) representing approximately 49.66 per cent. of the APC Shares in issue at the date of this document:

<i>Name</i>	<i>Number of APC Shares</i>	<i>Percentage of issued share capital</i>
Roger Robinson and related family trusts	9,603,821	16.40%
James Weekes	4,329,145	7.39%
John Mitchell and related family trusts	3,935,500	6.72%
Lance Ridden	3,330,342	5.69%
Hargreave Hale Limited	3,326,000	5.68%
Marco Franchi	3,104,489	5.30%
Mark Robinson	917,020	1.57%
Phil Lancaster	396,100	0.68%
Leonard Seelig	89,753	0.15%
John (Ian) Davidson	40,000	0.07%
Tessa Laws	5,000	0.01%
<b>Total</b>	<b>29,077,170</b>	<b>49.66%</b>

The irrevocable undertakings will continue to be binding in the event that the Offer is to be implemented by way of a contractual takeover offer. The irrevocable undertakings will cease to be binding if the Scheme does not proceed in accordance with its terms or is amended or lapses or is withdrawn.

(c) ***Interests and Dealings in Green Compliance***

- (i) APC has received irrevocable undertakings from each of the Green Compliance Directors (i) to vote or procure the vote in favour of the Resolutions in respect of their entire beneficial holdings of Green Compliance Shares amounting, in aggregate, to 35,545,576 Green Compliance Shares (representing approximately 7.47 per cent. of the existing issued share capital of Green Compliance) (or, if the Offer is to be implemented by way of a contractual takeover offer, to accept or procure the acceptance of such offer) and (ii) (as appropriate) to sign the relevant Written Resolution in respect of all of their holdings of the 7.5 per cent. class of Green Compliance Loan Notes (representing 37.5 per cent. of the outstanding principal value of that class of Green Compliance Loan Notes):

<i>Name</i>	<i>Number of Green Compliance Shares</i>	<i>Percentage of issued share capital</i>	<i>Value of Green Compliance 7.5% Loan Notes (£)</i>	<i>Percentage of 7.5% Loan Notes</i>
Bob Holt	30,560,366	6.42%	50,000	25.0%
Richard Hodgson	2,230,541	0.47%	10,000	5.0%
John Charlton	2,243,337	0.47%	10,000	5.0%
Edward Brown	511,332	0.11%	5,000	2.5%
<b>Total</b>	<b>35,545,576</b>	<b>7.47%</b>	<b>75,000</b>	<b>37.5%</b>

The irrevocable undertakings given by the Green Compliance Directors remain binding in all circumstances, including if a higher competing offer is announced, unless the Scheme lapses or is withdrawn.

APC has also received irrevocable undertakings from certain other Green Compliance Shareholders to (i) vote or procure the vote in favour of the Resolutions in respect of their entire beneficial holdings of Green Compliance Shares amounting to 196,898,673 Green Compliance Shares (representing approximately 41.38 per cent. of the existing issued share capital of Green Compliance) (or, if the Offer is to be implemented by way of a contractual takeover offer, to accept or procure the acceptance of such offer) and (ii) (as appropriate) to

sign the Written Resolution in respect of all of their holdings of the 12 per cent. class of Green Compliance Loan Notes (representing approximately 54.55 per cent. of the outstanding principal value of that class of Green Compliance Loan Notes):

<i>Name</i>	<i>Number of Green Compliance Shares</i>	<i>Percentage of issued share capital</i>	<i>Value of Green Compliance 12% Loan Notes (£)</i>	<i>Percentage of 12% Loan Notes</i>
Rockridge Investments	118,750,000	24.95%	300,000	54.55%
Raymond Horney	17,781,666	3.74%	—	—
Henderson Global Investors <sup>1</sup>	60,367,007	12.69%	—	—
<b>Total</b>	<b>196,898,673</b>	<b>41.38%</b>	<b>300,000</b>	<b>54.55%</b>

Note:

1. In its capacity as discretionary investment manager

The irrevocable undertakings listed above will cease to be binding in the event that there is a competing offer which values the Green Compliance Shares at more than 10 per cent. higher than the value under the Scheme and the offer is not matched by APC within the normal time limits in the Code.

- (ii) As at the last day of the disclosure period, the interests and short positions of the Green Compliance directors and members of their immediate families and their related trusts, the persons acting in concert with Green Compliance and the persons having an arrangement with either Green Compliance or any person acting in concert with Green Compliance, in Green Compliance Shares (excluding any interests held through outstanding options, convertible securities, awards or allocations granted under the Green Compliance Share Schemes or held by Green Compliance Employee Benefit Trust Limited) were as follows:

<i>Name</i>	<i>No. of Green Compliance Shares</i>
Richard Hodgson	2,230,541
John Charlton	2,243,337
Bob Holt	30,560,366
Edward Brown	511,332

- (iii) During the disclosure period there have been the following dealings in Green Compliance Shares by the Green Compliance Directors, the persons acting in concert with Green Compliance and the persons having an arrangement with either Green Compliance or any person acting in concert with Green Compliance:

<i>Name</i>	<i>Transaction</i>	<i>No. of Green Compliance Shares</i>	<i>Green Compliance Share price pence</i>
Richard Hodgson	Placing	1,500,000	1
John Charlton	Placing	1,500,000	1
Bob Holt	Placing	28,460,366	1
Edward Brown	Placing	500,000	1

- (iv) As at the last day of the disclosure period, the following rights to subscribe for relevant securities of Green Compliance has been granted to the Green Compliance Directors, their immediate families, related trusts, the persons acting in concert with Green Compliance and the persons having an arrangement with either Green Compliance or any person acting in concert with Green Compliance, under the terms of the Green Compliance share option scheme and remained outstanding:

<i>Name</i>	<i>Relevant Securities</i>	<i>Number</i>	<i>Latest Date of Exercise</i>	<i>Exercise Price (£)</i>
Richard Hodgson	Green Compliance Options	411,653	31 December 2017	0.01
	Green Compliance Options	66,691	31 May 2018	0.0125
	Green Compliance Warrants	1,250,000	27 January 2018	0.02
	Green Compliance Loan Notes	£10,000	16 July 2015	*0.50
Bob Holt	Green Compliance Options	617,475	31 December 2017	0.01
	Green Compliance Warrants	3,000,000	27 January 2018	0.02
	Green Compliance Loan Notes	£50,000	16 July 2015	*0.50
John Charlton	Green Compliance Options	211,971	31 May 2018	0.0125
	Green Compliance Warrants	1,250,000	27 January 2018	0.02
	Green Compliance Loan Notes	£10,000	16 July 2015	*0.50
Edward Brown	Green Compliance Options	Nil	—	—
	Green Compliance Warrants	Nil	—	—
	Green Compliance Loan Notes	£5,000	16 July 2015	0.02

\* or, if higher, the volume weighted average price of Green Compliance Shares during the 20 business day period prior to the announcement of the Offer becoming wholly unconditional.

- (v) As at the last day of the disclosure period, Green Compliance Employee Benefit Trust Limited held 4 Shares.

(d) **General**

Save as disclosed in this paragraph 4:

- (i) as at the last day of the disclosure period, neither APC, nor any other member of the APC Group, nor any of the APC Directors, nor (in the case of the APC Directors) any member of their respective immediate families or related trusts, nor any person acting in concert with APC, nor any person with whom APC had an arrangement, was interested in, directly or indirectly, had any right to subscribe for, or had any short position in relation to, any relevant securities of Green Compliance and nor had any such person dealt for value therein during the disclosure period;
- (ii) as at the last day of the disclosure period, neither Green Compliance nor any of the Green Compliance Directors, nor (in the case of the Green Compliance Directors) any of their immediate families or related trusts, nor any person acting in concert with Green Compliance, nor any person with whom Green Compliance had an arrangement, was interested in, directly or indirectly, had any right to subscribe for, or any short position in relation to, any relevant securities of APC, and nor had any such person dealt for value therein during the disclosure period;
- (iii) as at the last day of the disclosure period, no relevant associate, nor any pension fund of Green Compliance or of any company which is a relevant associate, nor any employee benefit trust of Green Compliance or of any company which is a relevant associate, nor any connected adviser or any person controlling, controlled by or under the same control as any such adviser (except for an exempt principal trader or an exempt fund manager) had an interest in, directly or indirectly, or a right to subscribe for, or any short position in relation to, relevant securities of Green Compliance or of APC and nor had any such person dealt for value therein during the disclosure period;

- (iv) neither Green Compliance, nor APC nor any person acting or presumed to be acting in concert with Green Compliance or with APC had borrowed or lent (including for these purposes any financial collateral arrangements of the kind referred to in Note 4 on Rule 4.6 of the Code) any relevant securities in Green Compliance or APC (save for any borrowed shares which have been either on-lent or sold) during the disclosure period;
- (v) as at the last day of the disclosure period Green Compliance had not redeemed or purchased any Green Compliance relevant securities;
- (vi) as at the last day of the disclosure period APC had not redeemed or purchased any APC relevant securities;
- (vii) there is no agreement, arrangement or understanding (including any compensation arrangement) which exists between APC or any person acting, or presumed to be acting, in concert with APC and any of the directors, recent directors, shareholders or recent shareholders of Green Compliance, or any other person interested or recently interested in Green Compliance Shares, having any connection with or dependence upon the Offer; and
- (viii) there is no arrangement which exists between Green Compliance or any person acting, or presumed to be acting, in concert with Green Compliance, or between APC or any person acting, or presumed to be acting, in concert with APC, and any other person.

## 5. Service Contracts

Save as disclosed below, there are no service contracts in force between any Green Compliance Director, or any proposed Green Compliance Director, and Green Compliance or any of its subsidiaries and no such contract has been entered into or amended during the six months preceding the date of publication of this document.

### (a) *Executive Green Compliance Directors*

Service contracts have been entered into with each of the executive Green Compliance Directors, the particulars of which are set out below:

<i>Name</i>	<i>Date of Agreement</i>	<i>Notice Period</i>	<i>Basic Salary</i> £
Richard Hodgson	21 January 2010	26 weeks	165,000
John Charlton	16 March 2009	26 weeks	100,000

Each of the service contracts referred to above provides that termination of the relevant Director's employment may be made by making a payment in lieu of notice to the relevant Director.

The Remuneration Committee may in its discretion award a bonus to each of the executive Green Compliance Directors. No bonus was awarded to them in the financial year ended 31 March 2014.

The executive Green Compliance Directors also participate in the Green Compliance share option scheme further described in paragraph 6 of this Part VI.

For further information on the proposals which have been agreed with APC for options and allocations held by Green Compliance Directors under the Green Compliance share option scheme, please refer to paragraph 9 of Part II (*Explanatory Statement*) of this document and paragraph 6 of this Part VI.

### (b) *Non-Executive Green Compliance Directors*

A letter of appointment dated 16 March 2009, was entered into between (1) Green Compliance and (2) Bob Holt setting out the terms of Bob Holt's appointment as a non-executive director of Green Compliance. The appointment is for an initial period of 12 months and may be terminated by either party serving at least 3 months' written notice on the other, expiring no sooner than the first anniversary of such letter. The letter of appointment contains provisions for early termination, *inter alia*, in the event of a material or persistent breach by the director. An annual fee of £15,000 was payable to Bob Holt (to be reviewed annually). However, with effect from 1 June 2013, at the

time that Bob Holt took over the role of Chief Executive of Green Compliance, Green Compliance agreed to increase this fee to £100,000 per annum to be paid to him at such time as is agreed with Bob Holt. No benefits are provided to him under the appointment.

A letter of appointment dated 22 October 2010, was entered into between (1) Green Compliance and (2) Edward Brown setting out the terms of Edward Brown's appointment as a non-executive director of Green Compliance. The appointment is for an initial period of 3 months and may be terminated by either party serving at least 3 months' written notice on the other. The letter of appointment contains provisions for early termination, *inter alia*, in the event of a material or persistent breach by the director. An annual fee of £20,000 is payable to Edward Brown but no benefits are provided to him under the appointment

## 6. Green Compliance Share Scheme

Green Compliance established an enterprise management incentive share option scheme under which (including the options granted to Green Compliance Directors as set out in paragraph 4 of this Part VI) options over 1,307,790 Green Compliance Shares remain outstanding.

## 7. Warrants and Loan Notes

### (a) Warrants

Green Compliance has granted the following warrants to the persons set out in the table below. The Green Compliance Warrants entitle the holders thereof to subscribe for the relevant number of Green Compliance Shares set out below at a price of 2p per Green Compliance Share and such warrants must be exercised by the fifth anniversary of their date of grant or otherwise lapse. In the event of a change of control the holders of Green Compliance Warrants are entitled to exercise the Green Compliance Warrants.

<i>Warrant Holder</i>	<i>Number of Shares</i>	<i>Exercise Price</i>	<i>Expiry Date</i>
Cazenove UK Smaller Companies Fund	26,550,000	2p per share	28 January 2018
Barnard Nominees Limited	2,500,000	2p per share	2 April 2018
Nortrust Nominees Limited	5,641,494	2p per share	2 April 2018
Harewood Nominees Limited (assigned from HSBC Global Custody Nominee (UK) Limited (A/C 934567) on 7 October 2013)	2,358,506	2p per share	28 January 2018
Cheviot Capital (Nominees) Limited	3,750,000	2p per share	28 January 2018
Baronsmead VCT PLC	5,035,000	2p per share	28 January 2018
Baronsmead VCT 2 PLC	5,035,000	2p per share	28 January 2018
Baronsmead VCT 3 PLC	5,035,000	2p per share	28 January 2018
Baronsmead VCT 4 PLC	5,035,000	2p per share	28 January 2018
Baronsmead VCT 5 PLC	4,860,000	2p per share	28 January 2018
John Charlton	1,250,000	2p per share	28 January 2018
Richard Hodgson	1,250,000	2p per share	28 January 2018
N+1 Singer	7,136,476	2p per share	28 January 2018
Reginald Benjamin Pomphrett	2,500,000	2p per share	28 January 2018
Robert Holt	3,000,000	2p per share	28 January 2018
Rockridge Investments S.A. HSBC Global Custody Nominee (UK) Limited (A/C 978777)	40,000,000	2p per share	
HSBC Global Custody Nominee (UK) Limited (A/C 667656)	8,355,000	2p per share	28 January 2018
Unicorn AIM VCT PLC	8,355,000	2p per share	28 January 2018
	20,000,000	2p per share	28 January 2018

(b) **Loan Notes**

On 3 July 2012 Green Compliance issued two separate series of loan notes, £200,000 of convertible 7.5 per cent. loan notes and £550,000 of convertible 12 per cent. loan notes. Both sets of Green Compliance Loan Notes are due for repayment in full on 31 July 2015 and can be converted at the option of the holders of the Green Compliance Loan Notes into Green Compliance Shares at the rate of 50p per Green Compliance Share of, if higher, the volume weighted average price of Green Compliance Shares over the 20 Business Days prior to the date of the relevant conversion notice.

The loan notes are held as follows:-

<i>7.5% Loan Note Holder</i>	<i>Amount</i>
John Prowse	£40,000.00
Richard Hodgson	£10,000.00
Trevor Malcom Brennand	£5,000.00
Michael Graham Kennedy	£5,000.00
Edward Brown	£5,000.00
Robert Holt	£25,000.00
Anthony Beale	£5,000.00
John Dobson	£25,000.00
Chris Butler	£25,000.00
Peter Priestley	£20,000.00
Robert Holt	£25,000.00
John Charlton	£10,000.00
<i>12% Loan Note Holder</i>	<i>Amount</i>
Unicorn AIM VCT PLC	£250,000.00
Rockridge Investments S.A.	£300,000.00

**8. Material Contracts**

The following are summaries of the principal contents of each material contract not being a contract entered into in the ordinary course of business) that has been entered into by members of the Green Compliance Group and members of the APC Group in the period from 30 July 2012 (the date two years prior to the commencement of the Offer Period) to 12 August 2014 (the last practicable date prior to publication of this document).

(a) **Green Compliance**

- (i) Pursuant to a share purchase agreement dated 15 March 2010 between (1) the shareholders of Waterchem Limited and (2) the Company, the Company agreed to acquire the entire issued share capital of Waterchem Limited in consideration for a) payment of £4 million in cash at completion, b) the issue and allotment of 100,000,000 ordinary shares of 1p each and c) the issue of £533,919 unsecured loan notes by the Company, plus certain additional consideration in accordance with the terms of the agreement. As detailed in paragraph 7 of this Part VI as, at the date of this document £50,000.00 remains unpaid by the Company to John Dobson and Chris Butler in respect of the loan notes granted. The terms of the agreement concerning payment of the additional consideration were subsequently varied by a supplemental agreement between the same parties.
- (ii) Pursuant to a placing agreement dated 10 January 2013 between (1) N+1 Singer and (2) the Company, N+1 Singer agreed to act as agent for the Company to use its reasonable endeavors to procure subscribers for up to 78,823,238 ordinary shares of 1p each at a price of 2p per share. The Company paid N+1 Singer a corporate finance fee of £142,730, of which £71,364.76 was satisfied by the issue of 3,568,238 ordinary shares in Green Compliance to N+1 Singer and the grant of warrants over 7,136,476 ordinary shares of 1p each, together with a commission of 4.5 per cent. on all proceeds received by the Company on the exercise of each warrant granted by the Company pursuant to the transaction and payment of all other costs and expenses of N+1 Singer incurred in connection with the fundraising.

- (iii) Pursuant to an asset purchase agreement dated 05 July 2013 between (1) G.C. Fire Protection Limited (**GCFPL**), (2) Green Compliance Fire Protection Limited (a subsidiary of the Company, since renamed 'Green Compliance Fire Services Limited') (**GCFP**), (3) London Securities Plc and (4) the Company, GCFP agreed to sell its portable applicable, fire alarms and risk assessment business, and certain assets, to GCFPL for £2.0 million, whereby the Company agreed to provide certain warranties and observe certain restrictions concerning the operation of its remaining subsidiary fire protection business from completion (**the Fire Sale Agreement**).
- (iv) Pursuant to a placing agreement dated 11 September 2013 between (1) N+1 and (2) the Company, N+1 agreed to act as agent for the Company and to use its reasonable endeavors to procure subscribers for up to 350,000,000 ordinary shares of 1p each in the capital of the Company. The Company paid N+1 a corporate finance fee of £75,000, together with a commission of 4.5 per cent. of the aggregate value of the placing price of the relevant placing shares and payment of all costs and expenses of N+1 incurred in connection with the fundraising.
- (v) Pursuant to a settlement agreement dated 10 September 2013 between (1) the Company, (2) HSBC Bank Plc (**HSBC**), (3) BH and (4) BH, JC and RH, the Company agreed to pay £2,500,000 from the September Placing and £250,000 from BH to HSBC in full and final settlement and release of all indebtedness and security of the Green Compliance Group with HSBC. The Company agreed to pay £30,000 (including VAT) as a contribution towards HSBC's legal costs in connection with the settlement. The settlement agreement was supplemented by:
  - (A) a deed of assignment dated 27 September 2013 between (1) GCFP, (2) the Company and (3) HSBC, whereby the Company additionally agreed to assign the first £250,000 of deferred consideration received under the Fire Sale Agreement to HSBC towards repayment of the Green Compliance Group's indebtedness with HSBC; and
  - (B) a deed of settlement and release dated 27 September 2013 between (1) HSBC, (2) the Green Compliance Group and (3) BH, whereby HSBC agreed, *inter alia*, to release and reassign all property, assets and undertaking of the Green Compliance Group charged to HSBC upon receipt of the relevant settlement sums and the above assignment.
- (vi) Pursuant to a loan agreement dated 11 September 2013 between (1) BH and (2) the Company, BH agreed to provide a working capital loan of £650,000 to the Company, conditional upon admission of the Placing Shares to trading on AIM in accordance with the terms of the placing referred to in paragraph 8(a)(iv) of this Part VI. Interest was payable on the principal amount of the loan outstanding from time to time at an annual rate of 7.5 per cent. above HSBC base rate.
- (vii) Pursuant to a debt purchase agreement dated 27 November 2013, ABN AMRO Commercial Finance PLC (**ABN**) agreed to provide a debt finance facility to the Green Compliance Group through its subsidiaries Green Compliance Compliance Pest and Environmental Services Limited (**GCPEL**) and Green Compliance Water Division Limited (**GWDL**). The facility is secured by all asset debentures and corporate guarantees and indemnities from Green Compliance, GCPEL, GWDL and Green Compliance Fire Protection Limited (**PFPL**). Certain assets of GCPEL have since been released from the facility in connection with the Pest Agreement (see below) pursuant to a deed of release between GCPEL and ABN dated 31 December 2013. PFPL and certain assets of Green Compliance have since been released from the facility in connection with the PFPL Agreement (see below) pursuant to deeds of release between Green Compliance, PFPL and ABN dated 28 February 2014.
- (viii) Pursuant to an asset purchase agreement dated 20 December 2013 between (1) Green Compliance PES Limited, (2) Rentokil Initial UK Limited, (3) the Company and (4) Green Compliance GB Limited, Green Compliance PES agreed to sell the pest control services business and certain assets of the Green Compliance Group as a going concern for a total

consideration of £4.0 million, whereby the Company agreed to guarantee the performance of Green Compliance PES' obligations and liabilities to Rentokil (or its successors, transferees and assigns) pursuant to the agreement (**Pest Agreement**).

- (ix) Pursuant to an asset purchase agreement dated 10 March 2014 between (1) GCFP, (2) L & L Recycling Limited and (3) Sharon Fell, GCFP agreed to sell the Green Compliance Group's fire extinguishing recycling business and certain assets to L & L Recycling Limited for a total consideration of £15,000.
  - (x) Pursuant to a share purchase agreement dated 28 February 2014 between (1) the Company and (2) First Choice Facilities Plc, the Company agreed to sell the entire issued share capital of its subsidiary, PFPL, for a total consideration of £435,000, with such consideration subject to upwards or downwards adjustment in accordance with PFPL's net asset value following completion of the transaction (**PFPL Agreement**).
- (b) **APC**
- (i) Pursuant to a loan note instrument dated 20 July 2012, Advanced Power Components PLC issued unsecured loan notes of a maximum nominal amount of £275,000. The notes are due for repayment on 1 August 2017 and carry an interest rate of 8 per cent. p.a.
  - (ii) Pursuant to a letter agreement dated 12 October 2009 between (1) Advanced Power Components PLC and (2) Bank of Scotland Plc, Bank of Scotland made available a flexible debt finance facility with a cap of £3 million for APC and £1.5 million for Minimise Limited. These are secured over the whole assets of the APC Group. The debt finance incurs interest at a rate of 2.75 per cent. over the Bank of England's base rate.
  - (iii) Pursuant to a letter agreement dated 12 October 2009 between (1) Advanced Power Components PLC and (2) Bank of Scotland Plc, APC has a fixed term-loan with Bank of Scotland plc secured by the Enterprise Finance Guarantee scheme. The loan at inception was £500,000 and incurs interest at a rate of 5.30 per cent. over the Bank of England base rate.
  - (iv) Pursuant to a receivables finance agreement dated 13 November 2009 between (1) Lloyds TSB Commercial Finance Limited and (2) Advanced Power Components PLC, Lloyds TSB Commercial Finance Limited agreed to provide a sterling invoice discounting facility (the "Sterling IDF") and an export and/or currency invoice discounting facility (the "Export IDF") to APC. The Sterling IDF carries a review limit of £2,500,000 with an advance rate of 90 per cent. In summary, the fees applicable to the Sterling IDF are a discount charge of 2.75 per cent. above base rate and a service fee of 0.18 per cent. The Export IDF carries a review limit of £500,000 with an advance rate of 90 per cent. for Euro and US Dollar invoices. In summary, the fees applicable to the Export IDF are a discount charge of 2.75 per cent. above Lloyds TSB Commercial Finance Limited's costs of funds and a service fee of 0.18 per cent.
  - (v) Pursuant to a receivables finance agreement dated 9 October 2012 between (1) Lloyds TSB Commercial Finance Limited and (2) Minimise Limited Lloyds TSB Commercial Finance Limited agreed to provide a sterling invoice discounting facility. The facility carries a review limit of £1,500,000 with an advance rate of 85 per cent. In summary, the fees applicable are a discount charge of 2.75 per cent. above the base rate and a service fee of 0.28 per cent.
  - (vi) Pursuant to a share sale and purchase agreement dated 7 August 2012 between (1) The Waterson Partnership LLP and (2) Advanced Power Components PLC, APC purchased shares in Minimise Limited for consideration of £153,000 in cash and equity to take its shareholding from 36.2 per cent. to 51 per cent. gaining a controlling interest.
  - (vii) Pursuant to a share sale and purchase agreement dated 6 September 2012 between (1) Abdullah Khalid Alayoub and (2) Advanced Power Components PLC, APC purchased the remaining 49 per cent. of the shares in Minimise Limited for £4,790,000 in cash, equity and deferred consideration.

- (viii) Pursuant to a share purchase agreement dated 20 May 2013 between (1) Advanced Power Components PLC and (2) Lance Ridden, APC purchased 380 shares in Minimise Limited from Lance Ridden for 3,928,060 consideration shares in APC.
- (ix) Pursuant to a share purchase agreement dated 20 May 2013 between (1) Advanced Power Components PLC and (2) Marco Franchi, APC purchased 380 shares in Minimise Limited from Marco Franchi for 3,928,060 consideration shares in APC.
- (x) Pursuant to a share purchase agreement dated 20 May 2013 between (1) Advanced Power Components PLC and (2) Dawn Cutler, APC purchased 380 shares in Minimise Limited from Dawn Cutler for 3,928,060 consideration shares in APC.
- (xi) Pursuant to a share purchase agreement dated 20 May 2013 between (1) Advanced Power Components PLC and (2) James Weekes, APC purchased 380 shares in Minimise Limited from James Weekes for 3,928,060 consideration shares in APC.
- (xii) Pursuant to a share purchase agreement dated 20 May 2013 between (1) Advanced Power Components PLC and (2) Paul West, APC purchased 100 shares in Minimise Limited from Paul West for 1,033,700 consideration shares in APC.
- (xiii) Pursuant to a share purchase agreement dated 20 May 2013 between (1) Advanced Power Components PLC and (2) Paul West, APC purchased 100 shares in Minimise Limited from Paul West for 1,033,700 consideration shares in APC.
- (xiv) Pursuant to a share purchase agreement dated 20 May 2013 between (1) Advanced Power Components PLC and (2) Anthony Foyle, APC purchased 100 shares in Minimise Limited from Anthony Foyle for 1,033,700 consideration shares in APC.
- (xv) Pursuant to a share sale and purchase agreement dated 29 October 2012 between (1) Stuart John Anderson and (2) Advanced Power Components Plc, APC agreed to purchase the entire issued share capital of Cerouk Limited from Stuart Anderson for a total of £46,500 made up of £23,250 in cash and the balance by APC issuing 310,000 ordinary shares in itself.
- (xvi) Pursuant to a shareholders' agreement dated 29 October 2012 between (1) Advanced Power Components Plc, (2) Stuart John Anderson and (3) Minimise Energy Limited, APC and Stuart Anderson agreed to exercise their power as shareholders in Minimise Energy Limited in accordance with the terms of the shareholders' agreement. In particular, APC agreed to subscribe for 747 new ordinary shares in Minimise Energy Limited and Stuart Anderson agreed to subscribe for 100 new ordinary shares.
- (xvii) Pursuant to a shareholders' agreement entered into in 2013 between (1) Peter Thompson, (2) Catherine Ann Thompson, (3) Advanced Power Components Plc and (4) Invisible Systems Limited, the parties agreed to regulate their dealings in relation to Invisible Systems Limited in accordance with the terms of the agreement. In particular, the agreement places restrictions on the parties competing with Invisible Systems Limited, sets out the terms on which dividends may be payable and regulates the issue and transfer of shares. The agreement also contains a list of matters reserved for the shareholders.
- (xviii) Pursuant to an intra-group loan agreement dated 29 May 2014 between (1) Invisible Systems Holdings Limited and (2) APC, APC made available to Invisible Systems Holding Limited an on demand facility of up to £150,000 carrying an interest rate of 5.5 per cent. above the base rate of HSBC Bank PLC as varied from time to time. Repayment of the loan and any interest thereon must be made within 90 days of a demand by APC.
- (xix) Pursuant to a deed of termination dated entered into in 2013 between (1) Advanced Power Components Plc, (2) Stuart John Anderson and (3) Minimise Energy Limited, Stuart Anderson agreed to transfer his entire shareholding in Minimise Energy Limited to APC for £385,122.29. The parties also agreed to terminate the shareholders' agreement dated 29 October.

- (xx) Following the termination of Michael Stott as a director of QV Controls Limited on 19 April 2013, he automatically resigned as a director by virtue of a clause to this effect in his service agreement. Pursuant to a subsequent stock transfer form Michael Stott transferred the 30 ordinary shares which he held in QV Controls Limited to APC for £72,510.93 which was paid pay way of QV Controls Limited writing off the loan made to Michael Stott which equaled £71,359.00.

## **9. Significant Change**

- (a) Save as disclosed in this document, the Green Compliance Directors are not aware of any significant change in the financial or trading position of Green Compliance since 31 March 2014, being the date to which the last published unaudited preliminary statement of annual results of Green Compliance was prepared.
- (b) Save as disclosed in this document, the APC Directors are not aware of any significant change in the financial or trading position of APC since 28 February 2014, being the date to which the last interim financial results of APC were prepared.

## **10. Sources and Bases of Selected Financial Information**

In this document:

- (a) unless otherwise stated:
- (i) financial information relating to Green Compliance and the Green Compliance Group has been extracted, without material adjustment, from the audited consolidated financial statements of Green Compliance for the relevant financial year; and
  - (ii) financial information relating to APC and the APC Group has been extracted, without material adjustment, from the audited consolidated financial statements of APC for the relevant financial year;
- (b) unless otherwise stated, all prices quoted for Green Compliance Shares are closing mid-market prices and are derived from the AIM Appendix of the Daily Official List;
- (c) all share prices are expressed in pence;
- (d) the information relating to the Green Compliance Group has been extracted or derived from Green Compliance's Regulatory News Service announcements and website ([www.greencompliance.com](http://www.greencompliance.com)) or has been provided by the Green Compliance Directors; and
- (e) the information relating to the APC Group has been extracted or derived from APC's Regulatory News Service announcements and website ([www.apc-plc.co.uk](http://www.apc-plc.co.uk)) or has been provided by the APC Directors.

## **11. Other Information**

- (a) N+1 Singer has given and has not withdrawn its written consent to the issue of this document with the references to its name in the form and the context in which they appear.
- (b) Strand Hanson has given and has not withdrawn its written consent to the issue of this document with the references to its name in the form and the context in which they appear.
- (c) BDO LLP has given and has not withdrawn its written consent to the issue of this document with the references to its name in the form and the context in which they appear.
- (d) No proposal exists in connection with the Offer for any payment or other benefit to be made or given by APC or any person acting in concert with APC for the purposes of the Scheme to any Green Compliance Director as compensation for loss of office or as consideration for, or in connection with, his retirement from office.
- (e) There is currently no agreement, arrangement or understanding whereby the beneficial ownership of any of the Green Compliance Shares acquired pursuant to the Scheme will be transferred to any other person, save that APC reserves the right to transfer any such Green Compliance Shares to any of its subsidiaries.

- (f) The emoluments receivable by the current APC Directors will not be varied as a direct consequence of the Scheme.
- (g) The aggregate fees and expenses which are expected to be incurred by Green Compliance in connection with the Scheme are estimated to amount to £270,000 excluding applicable VAT. This aggregate number consists of the following categories:-
  - (i) financial and corporate broking advice: £150,000 excluding applicable VAT;
  - (ii) legal advice: £80,000 excluding applicable VAT;
  - (iii) other costs and expenses: £40,000 excluding applicable VAT.
- (h) The aggregate fees and expenses which are expected to be incurred by APC in connection with the Scheme are estimated to amount to £340,000 excluding applicable VAT. This aggregate number consists of the following categories:-
  - (i) financial and corporate broking advice: £175,000 excluding applicable VAT;
  - (ii) legal advice: £125,000 excluding applicable VAT;
  - (iii) other costs and expenses: £40,000 excluding applicable VAT.
- (i) There are no persons acting in concert with APC.
- (j) There are no persons acting in concert with Green Compliance.
- (k) All references to time in this document are to London time unless the context provides otherwise.

## **12. Document Available for Inspection**

Copies of the following documents will be available for inspection at the offices of N+1 Singer at One Bartholomew Lane, London EC2N 2AX during usual business hours on any Business Day prior to the Effective Date:

- (a) the current memorandum and articles of associated of Green Compliance;
- (b) the articles of association of Green Compliance, marked to show the changes set out in the Special Resolution to be proposed at the Green Compliance General Meeting;
- (c) the memorandum and articles of association of APC;
- (d) the audited consolidated financial statements of Green Compliance for the financial years ended 31 March 2012 and 31 March 2013;
- (e) the audited consolidated financial statements of APC for the financial years ended 31 August 2012 and 31 August 2013;
- (f) a full list of any dealings aggregated in paragraph 4 above;
- (g) copies of the service contracts and letters of appointment of the Green Compliance Directors referred to in paragraph 5 above;
- (h) the irrevocable undertaking to vote in favour of the Scheme given by the persons referred to in paragraph 10 of Part I;
- (i) copies of the material contracts referred to in paragraph 8 above;
- (j) copies of the written consents referred to in paragraph 11 above;
- (k) a copy of the press announcement dated 30 July 2014 relating to the Scheme;
- (l) this document and the Forms of Proxy; and
- (m) the circular to APC Shareholders in respect of the APC General Meeting.

## PART VII

### UNITED KINGDOM TAXATION

**The following paragraphs, which are intended as a general guide only, are based on current legislation and practice of HMRC. They summarise certain limited aspects of the UK taxation treatment of the Scheme, do not constitute tax advice and relate only to the position of Scheme Shareholders who are resident or ordinarily resident in the UK for taxation purposes and who hold their Scheme Shares beneficially as an investment (other than under an individual savings account or new individual savings account) and who have not (and are not deemed to have) acquired their Scheme Shares by virtue of an office or employment. In addition, certain categories of Scheme Shareholders, such as brokers, dealers or traders in shares or securities, insurance companies and collective investment schemes may be subject to special rules and this summary does not apply to such Scheme Shareholders. You should consult an appropriate professional tax adviser immediately.**

#### **1. UK taxation on chargeable gains**

##### **1.1 *Acquisition of New APC Shares***

To the extent that a Scheme Shareholder receives APC Shares in exchange for his Scheme Shares under the Scheme and does not hold (either alone or together with persons connected with him) more than 5 per cent. of, or of any class of, shares in or debentures of Green Compliance, he should not be treated as having made a disposal of his Scheme Shares. Instead, the New APC Shares should be treated as the same asset as the Scheme Shares in respect of which they are issued and treated as acquired at the same time and for the same consideration as those Scheme Shares.

Any Scheme Shareholder who holds (either alone or together with persons connected with him) more than 5 per cent. of, or of any class of, shares in or debentures of Green Compliance is advised that Green Compliance intends to make an application for clearance to HMRC under section 138 of the Taxation of Chargeable Gains Act 1992 in respect of the Scheme. This clearance, if granted, provides assurance from HMRC that they are satisfied that the Scheme will be effected for bona fide commercial reasons and not for the avoidance of tax and that accordingly they should not invoke the anti-avoidance powers. Accordingly it would be expected that, as above, the shareholder should not be treated as having made a disposal of his Scheme Shares. Instead, the New APC Shares should be treated as the same asset as the Scheme Shares in respect of which they are issued and treated as acquired at the same time and for the same consideration as those Scheme Shares.

##### **1.2 *Disposal of New APC Shares***

A subsequent disposal of the New APC Shares may, depending on the circumstances of the person making the disposal (including the availability of exemptions and allowable losses), give rise to a liability to UK tax on capital gains.

Any chargeable gain or allowable loss on a disposal of the New APC Shares should be calculated taking into account the allowable original cost to the holder of acquiring the Scheme Shares, in respect of which the relevant New APC Shares were issued under the Scheme.

Additionally, for corporate shareholders, when calculating a chargeable gain but not an allowable loss, indexation allowance on the original allowable cost should be added. Tax will be charged on the net gain at the corporate's marginal corporation tax rate.

Individuals who are within the basic rate tax limit for the tax year in which they make any capital gain on the disposal of New APC Shares (taking into account the amount of such gain) will be chargeable to capital gains tax at the rate of 18 per cent. Individuals who are liable to pay income tax at the higher rate will be chargeable to capital gains tax at the rate of 28 per cent. Capital gains tax at the rate of 28 per cent. will also be chargeable to any capital gains arising to basic rate only taxpayers to the extent that the amount of the capital gain accruing to them, when added to their taxable income for the relevant tax year, exceeds the basic rate tax limit.

## **2. Tax on income – dividends on New APC Shares**

APC will not be required to withhold tax at source when paying a dividend.

A United Kingdom resident individual Scheme Shareholder who receives a dividend from APC will be entitled to a tax credit which may be set off against the shareholder's total income tax liability on the dividend. The tax credit will be equal to 10 per cent. of the aggregate of the dividend and the tax credit (the "gross dividend"), which is also equal to one-ninth of the cash dividend received. An individual Scheme Shareholder who is liable to income tax at the basic rate only will be subject to tax on the dividend at the rate of 10 per cent. of the gross dividend, so that the tax credit will satisfy in full such shareholder's liability to income tax on the dividend. In the case of such an individual Scheme Shareholder who is liable to income tax at the higher rate, the tax credit will be set against but not fully match the shareholder's tax liability on the gross dividend and such shareholder will have to account for additional income tax equal to 22.5 per cent. of the gross dividend (which is also equal to 25 per cent. of the cash dividend received) to the extent that the gross dividend when treated as the top slice of the shareholder's income falls above the threshold for higher rate income tax.

From 6 April 2013, a new tax rate of 37.5 per cent. applies for taxpayers who receive dividends, to the extent that their income for the relevant tax year exceeds £150,000. In the case of such an individual Scheme Shareholder, the tax credit will be set against but not fully match the shareholder's tax liability on the gross dividend and such shareholder will have to account for additional income tax equal to 27.5 per cent. of the gross dividend (which is also equal to approximately 30.56 per cent. of the cash dividend received).

A United Kingdom resident individual Scheme Shareholder who is not liable to income tax in respect of the gross dividend and other United Kingdom resident taxpayers who are not liable to United Kingdom tax on dividends, including pension funds and charities, will not be entitled to claim repayment of the tax credit attaching to dividends paid by APC.

Scheme Shareholders who are within the charge to corporation tax will be subject to corporation tax on dividends paid by APC, unless the dividends fall within an exempt class and certain other conditions are met. It is expected that dividends paid by APC to such a Scheme Shareholder who, together with any connected person, holds 10 per cent. or less of the issued share capital of APC, would generally be exempt.

Non-United Kingdom resident Scheme Shareholders will not generally be able to claim repayment from HMRC of any part of the tax credit attaching to dividends paid by APC. A Scheme Shareholder resident outside the United Kingdom may also be subject to foreign taxation on dividend income under local law. Scheme Shareholders who are not resident for tax purposes in the United Kingdom should obtain their own tax advice concerning tax liabilities on dividends received from APC.

## **3. Stamp duty and stamp duty reserve tax ("SDRT")**

Under current law, no stamp duty or SDRT will be payable on the issue of New APC Shares pursuant to the Offer.

Since 28 April 2014, neither stamp duty nor SDRT will apply to trades in New APC Shares made on a recognised growth market, such as AIM.

## **PART VIII**

### **FINANCIAL INFORMATION ON GREEN COMPLIANCE**

The following information is incorporated into this document by reference in accordance with Rule 24.15 of the Code and is available on the Company's website at [www.greencomplianceplc.com](http://www.greencomplianceplc.com):

- a) preliminary consolidated financial statements relating to the Green Compliance Group for the financial year ended 31 March 2014;
- b) audited consolidated financial statements relating to the Green Compliance Group for the financial year ended 31 March 2013, set out on pages 24 to 45 of the Company's Annual Report and Accounts for the financial year ended 31 March 2013; and
- c) audited consolidated financial statements relating to the Green Compliance Group for the financial year ended 31 March 2012 set out on pages 26 to 47 of the Company's Annual Report and Accounts for the financial year ended 31 March 2012.

Hard copies of the above-referenced financial information will not be sent to recipients of this document unless specifically requested. Recipients of this document may request hard copies of the above-referenced financial information of Green Compliance by writing to Green Compliance at 2 Derwent Close, Warndon, Worcester WR4 9TY or by telephoning 01905 731609. Relevant documents will be posted within two Business Days of receipt of such a request.

Save as expressly referred to herein, neither the content of Green Compliance's website, nor the content of any other website accessible from hyperlinks on Green Compliance's website, is incorporated into or forms part of this document.

## **PART IX**

### **FINANCIAL INFORMATION ON APC**

The following information is incorporated into this document by reference in accordance with Rule 24.15 of the Code and is available on the Company's website at [www.apc-plc.co.uk](http://www.apc-plc.co.uk):

- a) unaudited consolidated financial statements relating to the APC Group for the 6 months ended 28 February 2014;
- b) audited consolidated financial statements relating to the APC Group for the financial year ended 31 August 2013, set out on pages 19 to 49 of the Company's Annual Report and Accounts for the financial year ended 31 August 2013; and
- c) audited consolidated financial statements relating to the APC Group for the financial year ended 31 August 2012 set out on pages 16 to 46 of the Company's Annual Report and Accounts for the financial year ended 31 August 2012.

Hard copies of the above-referenced financial information will not be sent to recipients of this document unless specifically requested. Recipients of this document may request hard copies of the above-referenced financial information of APC by writing to APC Technology Group at 47 Riverside, Medway City Estate, Rochester, Kent ME2 4DP or by telephoning 01634 290588. Relevant documents will be posted within two Business Days of receipt of such a request.

Save as expressly referred to herein, neither the content of APC's website, nor the content of any other website accessible from hyperlinks on APC's website, is incorporated into or forms part of this document.

**PART X**

**QUANTIFIED FINANCIAL BENEFITS STATEMENT**

**PART A**

Paragraph 4 of Part I of this document (Background to and reasons for recommending the Offer) includes statements of estimated cost savings arising from the Offer (the “Quantified Financial Benefits Statement”).

A copy of the Quantified Financial Benefits Statement is set out below:

*“Recurring annualised cost savings of approximately £0.53 million have also been identified as a result of the Offer, predominantly associated with Green Compliance no longer being required to maintain an independent quotation on AIM and the majority of which are expected to be realised in the first year of operation. Achieving these cost savings and implementing the Enlarged Group strategy to achieve the synergies described above are expected to positively impact the financial and operational performance of the Enlarged Group. The expected cost savings are made up of professional advisers fees of approximately £110,000 (including nominated adviser and broker, legal, audit related matters, registrars and public relations related fee), discontinued directors fees as a result of only having one board of directors of approximately £350,000 and £70,000 in respect of staffing and National Insurance costs. There are no material costs expected in connection with realising the expected financial benefits above. The Enlarged Group Directors consider that the identified cost savings would only accrue as a direct result of the success of the Offer and could not be achieved independently of the Offer.”*

Further information on the bases of belief supporting the Quantified Financial Benefits Statement, including the principal assumptions and sources of information, is set out below.

**Bases of belief**

The Quantified Financial Benefits Statement has been prepared through a collaborative process between Green Compliance and APC senior management and principally relates to cost savings arising in Green Compliance following the Scheme becoming effective.

As a result of the above review, certain synergies have been identified as proposed costs savings associated with Green Compliance no longer being required to maintain an independent quotation on AIM following the Scheme becoming effective.

In preparing the Quantified Financial Benefits Statement, both Green Compliance and APC have shared certain operating and financial information to facilitate a detailed analysis in support of evaluating the potential cost savings available from the Offer.

**Reports**

As required by Rule 28.1(a) of the Code, BDO LLP, as reporting accountants to Green Compliance, have provided a report stating that, in their opinion, the Quantified Financial Benefits Statement has been properly compiled on the basis stated. In addition, N+1 Singer, as financial adviser to Green Compliance, has provided a report stating that, in its opinion, the Quantified Financial Benefits Statement has been prepared with due care and consideration.

Copies of these reports are included in Parts B and C of this Part X. BDO LLP and N+1 Singer have given and not withdrawn their consent to the publication of their reports in the form and context in which they are included.

**Notes**

1. No statement in the Quantified Financial Benefits Statement, or this document generally, should be construed as a profit forecast or interpreted to mean that the Enlarged Group’s earnings in the first full year following the Offer, or in any subsequent period, would necessarily match or be greater than or be less than those of Green Compliance and/or APC for the relevant preceding financial period or any other period.
2. Due to the scale of the Enlarged Group, there may be additional changes to the Enlarged Group’s operations. As a result, and given the fact that the changes relate to the future, the resulting cost savings may be materially greater or less than those estimated.

**PART B**  
**REPORT FROM BDO LLP**



BDO LLP  
125 Colmore Row  
Birmingham  
B3 3SD

13 August 2014

The Directors  
Green Compliance PLC  
Derwent Close  
Warndon  
Worcester  
WR4 9TY

N+1 Singer Advisory LLP  
One Bartholomew Lane  
London  
EC2N 2AX

Dear Sirs

**Proposed acquisition of Green Compliance PLC (the “Company”) by APC Technology Group PLC (the “Offeror”), via a scheme of arrangement (the “Transaction”)**

We report on the statement regarding estimated quantified financial benefits (the “Statement”) made by the Company and set out on page 21 of the scheme document to be issued by the Company dated 13 August 2014 (the “Scheme Document”) and the basis of preparation of the Statement and notes to the Statement set out in Part X to the Scheme Document. This report is required by Rule 28.1(a)(i) of the City Code on Takeovers and Mergers (the “City Code”) and is given for the purpose of complying with that note and rule and for no other purpose.

**Responsibility**

It is the responsibility of the directors of the Company (the “Directors”) to prepare the Statement, the basis of preparation of the Statement and notes to the Statement.

It is our responsibility to form an opinion, as required by Rule 28.1(a)(i) of the City Code, as to whether the Statement has been properly compiled on the basis stated.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and to the shareholders of the Company, to the fullest extent permitted by the law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Rule 23.3 of the City Code, consenting to its inclusion in the Scheme Document.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Statement, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

**Basis of preparation**

The Statement has been prepared on the basis stated in Part X to the Scheme Document.

**Basis of opinion**

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board.

The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of discussing the Statement together with the bases of belief supporting the Statement (including the principal assumptions and sources of information summarised in the notes to the Statement) with the Directors and those officers and employees of the Company who developed the underlying plans and with the Financial Adviser. The Statement is subject to uncertainty as described in note 2 to the Statement.

We planned and performed our work so as to obtain the information and explanations which we considered necessary in order to provide us with reasonable assurance that the Statement has been properly compiled on the basis stated.

We do not express any opinion as to the achievability of the cost savings estimated by the Company.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America or other jurisdictions outside the United Kingdom and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

**Opinion**

In our opinion the Statement has been properly compiled on the basis stated.

Yours faithfully

BDO LLP

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

**PART C**  
**REPORT FROM N+1 SINGER**

**N+1 SINGER**  
13 August 2014

The Directors  
Green Compliance PLC  
Derwent Close  
Warndon  
Worcester  
WR4 9TY

Dear Sirs,

**Proposed acquisition of Green Compliance PLC (the “Company”) by APC Technology Group PLC (the “Offeror”), via a scheme of arrangement (the “Transaction”).**

We refer to the Quantified Financial Benefits Statement, the bases of belief thereof and the notes thereto (together, the “Statement”) as set out in Part A of Part X of this document, for which the Directors of Green Compliance are solely responsible under Rule 28 of the Code.

We have discussed the Statement (including the assumptions and sources of information referred to therein), with the Directors of Green Compliance. The Statement is subject to uncertainty as described in this document and our work did not involve an independent examination of any of the financial or other information underlying the Statement.

We have relied upon the accuracy and completeness of all the financial and other information provided to us by Green Compliance, or otherwise discussed with us, and we have assumed such accuracy and completeness for the purposes of providing this letter.

We do not express any opinion as to the achievability of the quantified financial benefits identified by the Directors of Green Compliance.

We have also reviewed the work carried out by BDO LLP and have discussed with them the opinion set out in Part B of Part X of this document addressed to yourselves and ourselves on this matter.

This letter is provided to you solely in connection with Rule 28.1(a) (ii) of the City Code on Takeovers and Mergers and for no other purpose. No person other than the Directors of Green Compliance can rely on the contents of this letter and to the fullest extent permitted by law, we exclude all liability to any other person, in respect of this letter or the work undertaken in connection with this letter.

On the basis of the foregoing, we consider that the Statement, for which you, as Directors of Green Compliance are solely responsible, has been compiled with due care and consideration.

Yours faithfully,

Nplus1 Singer Advisory LLP

## PART XI

### THE SCHEME OF ARRANGEMENT

IN THE HIGH COURT OF JUSTICE  
CHANCERY DIVISION  
COMPANIES COURT

No 5514 of 2014

IN THE MATTER OF GREEN COMPLIANCE PLC

and

IN THE MATTER OF THE COMPANIES ACT 2006

SCHEME OF ARRANGEMENT  
(under Part 26 of the Companies Act 2006)

between

GREEN COMPLIANCE PLC

and

THE HOLDERS OF SCHEME SHARES  
(as defined below)

#### PRELIMINARY

- (A) In this Scheme, references to Clauses are to clauses of this Scheme.
- (B) In this Scheme, unless inconsistent with the subject or context, the following expressions bear the following meanings:

“APC”	APC Technology Group plc, a company incorporated in England and Wales with company number 01635609;
“APC Group”	APC and its subsidiary undertakings;
“APC Shares”	ordinary shares of £0.02 each in the capital of APC;
“Business Day”	a day, not being a Saturday, Sunday or public holiday, on which the clearing banks are open for business;
“certificated form” or “in certificated form”	included in the relevant register of the share or other security as being held in uncertificated form in CREST;
“Company” or “Green Compliance”	Green Compliance plc, a company incorporated in England and Wales with company number 04022406;
“Act”	the Companies Act 2006 as amended;
“Court”	the High Court of Justice in England and Wales;
“Court Meeting”	the meeting, and any adjournment thereof, convened pursuant to an order of the Court to consider and if thought fit approve the Scheme (with or without amendment), notice of which is set out in Part XII of the Scheme Document;
“CREST”	the relevant system (as defined in the Regulations of which Euroclear is the Operator (as defined in the Regulations));
“Effective Date”	the date on which the Scheme Court Order is delivered to the Registrar of Companies in England and Wales;

<b>“Euroclear”</b>	Euroclear UK & Ireland Limited;
<b>“Green Compliance Shares”</b>	ordinary shares of £0.01 each in the capital of the Company;
<b>“Green Compliance Shareholders”</b>	holders of Green Compliance Shares;
<b>“holder”</b>	a registered holder, including any person entitled by transmission;
<b>“New APC Shares”</b>	the new APC Shares to be issued to Scheme Shareholders in accordance with this Scheme;
<b>“Overseas Shareholder”</b>	a Green Compliance Shareholder who is a resident in, or a citizen or a national of, or has a registered address in, any jurisdiction other than the United Kingdom or is a nominee of, or a custodian or trustee for citizens or nationals of countries other than the United Kingdom;
<b>“Panel”</b>	the Panel on Takeovers and Mergers;
<b>“Regulations”</b>	the Uncertificated Securities Regulations 2001;
<b>“Scheme” or “Scheme of Arrangement”</b>	this Scheme of Arrangement under Part 26 of the Companies Act, in its present form or with or subject to any modification, addition or condition approved or imposed by the Court and agreed to by the Company and APC;
<b>“Scheme Court Order”</b>	the order of the Court sanctioning the Scheme under Part 26 of the Act;
<b>“Scheme Document”</b>	the document dated 13 August 2014 sent by the Company to the Green Compliance Shareholders comprising the particulars required by Part 26 of the Companies Act, of which this Scheme forms part;
<b>“Scheme Hearing”</b>	the hearing at which the Scheme Court Order will be sought;
<b>“Scheme Record Time”</b>	6.00 p.m. on the Business Day immediately preceding the Scheme Hearing;
<b>“Scheme Shareholders”</b>	holders of Scheme Shares;
<b>“Scheme Shares”</b>	Green Compliance Shares (excluding any held by APC or registered in the name of any member of the APC Group or any person known to the Company to be a nominee for APC): <ul style="list-style-type: none"> <li>(i) in issue at 6.00 p.m. on the date of the Scheme Document, namely 13 August 2014;</li> <li>(ii) (if any) issued after 6.00 p.m. on the date of the Scheme Document, 13 August 2014, and prior to the Voting Record Time; and</li> <li>(iii) (if any) issued on or after the Voting Record Time and at or prior to the Scheme Record Time, either on terms that the original or any subsequent holder thereof shall be bound by this Scheme or in respect of which the original or any subsequent holder thereof shall have agreed in writing to be bound by this Scheme.</li> </ul>
<b>“uncertificated” or “in uncertificated form”</b>	recorded on the relevant register of the share or security concerned as being held in uncertificated form in CREST, and title to which, by virtue of the Regulations, may be transferred by means of CREST;

**“Voting Record Time”** 6.00 p.m. on 3 September or if the Court Meeting is adjourned, 6.00 p.m. on the day two Business Days before the date appointed for the adjourned Court Meeting;

- (C) At close of business on 12 August (being the last practicable date prior to posting of the Scheme Document) 475,875,829 Green Compliance Shares and 1,783,993,372 deferred shares of £0.01 each in the capital of the Company have been issued and are fully paid and 58,557,991 APC Shares have been issued and are fully paid.
- (D) APC has agreed to appear by Counsel at the Scheme Hearing to consent to the Scheme and to undertake to the Court to be bound thereby and to execute and do or procure to be executed and done all such documents, acts and things as may be necessary or desirable to be executed or done by it for the purpose of giving effect to the Scheme.

## **THE SCHEME**

### **1. Transfer of the Scheme Shares**

- 1.1. Upon and with effect from the Effective Date but subject to Clause 2.1, APC shall acquire all the Scheme Shares with full title guarantee, free from all liens, equities, charges, encumbrances and other interests, and together with all rights at the Effective Date or thereafter attached thereto, including the right to receive and retain all dividends and other distributions (if any).
- 1.2. For the purposes of such acquisition, the Scheme Shares shall be transferred to APC and/or its nominee(s) and to give effect to such transfers any person may be appointed by the Company to execute as transferor an instrument of transfer of, or give any instructions to transfer, any Scheme Shares and every instrument or instruction of transfer so executed or instruction so given shall be as effective as if it had been executed or given by the holder or holders of the Scheme Shares thereby transferred.
- 1.3. In consideration of the transfer of the Scheme Shares, APC shall allot and issue the New APC Shares in accordance with Clause 2.1.
- 1.4. Pending the transfer of Scheme Shares pursuant to Clause 1.2, each Scheme Shareholder irrevocably appoints APC and/or its nominee(s) as their attorney to exercise any voting rights attached to the Scheme Shares and any or all rights and privileges attaching to the Scheme Shares, to sign any consent to short notice of a general or separate class meeting and on their behalf to execute a form of proxy in respect of such shares appointing any person nominated by APC to attend general and separate class meetings of the Company and authorises the Company to send to APC any notice, circular, warrant or other document or communication which may be required to be sent to them as a member of the Company.

### **2. Consideration for the transfer of the Scheme Shares**

- 2.1. In consideration for the transfer of the Scheme Shares to APC and/or its nominee(s) as provided in Clause 1, APC shall allot and issue to each person on the register of members at the Scheme Record Time 2 New APC Shares in respect of every 71 Scheme Shares then held by such person.
- 2.2. The New APC Shares will be issued credited as fully paid and will rank *pari passu* in all respects and form one class with the existing APC Shares and will rank for all dividends made or paid after the Effective Date.
- 2.3. Fractions of New APC Shares will be rounded down to the nearest whole number of New APC Shares.
- 2.4. If any holder of Scheme Shares is an Overseas Shareholder and APC reasonably believes or is advised that the allotment and/or issue of New APC Shares pursuant to this Clause 2 would be precluded by the laws of any jurisdiction outside the United Kingdom or would require APC to

comply with any governmental or other consent, any registration, filing or other formality with which APC is unable to comply or compliance with which APC regards as unduly onerous, then APC may in its sole discretion either:

- 2.4.1. determine that no New APC Shares shall be allotted and/or issued to such holder under this Clause 2, but shall instead be allotted and issued to a nominee appointed by APC, as trustee for such holder, on terms that the nominee shall, as soon as is practicable following the Effective Date, sell the New APC Shares so allotted and issued and shall account to such holder for the net proceeds of such sale; or
  - 2.4.2. determine that such New APC Shares shall be sold, in which case the New APC Shares shall be issued to such holder and APC shall appoint a person to act pursuant to this Clause 2.4.2 and such person shall be authorised on behalf of such holder to procure that any shares in respect of which APC has made such determination shall, as soon as practicable following the Effective Date, be sold.
- 2.5. Any sale under Clause 2.4.1 or 2.4.2 shall be carried out as soon as reasonably practicable following the Effective Date at the best price which can reasonably be obtained at the time of sale and the net proceeds of such sale (after deduction of all expenses and commissions incurred in connection with such sale including any amount in respect of value added tax thereon) shall within 7 days after any such sale be paid to the persons entitled thereof in accordance with their entitlement and the provisions of Clause 3.
  - 2.6. To give effect to any sale under Clause 2.4.1 or 2.4.2, the nominee referred to in this Scheme (as the case may be) shall be authorised as attorney on behalf of the person concerned to execute and deliver as transferor an instrument or instruction of transfer and to give such instructions and do all other things which they may consider necessary or expedient in connection with such sale. In the absence of bad faith or wilful default, none of the Company, APC, the nominee or the person so appointed shall have any liability for any loss or damage arising as a result of the timing or transfer of such sale.

### **3. Settlement and payments**

- 3.1. As soon as practicable after the Effective Date and in any event not more than 14 days thereafter, APC shall:
  - 3.1.1. where at the Scheme Record Time a Scheme Shareholder holds Scheme Shares in certificated form, issue the New APC Shares to which such Scheme Shareholder becomes entitled under Clause 2.1 in certificated form. Definitive certificates for the New APC Shares shall be dispatched no later than 14 days after the Effective Date by first class post (or any other method as may be approved by the Panel) to the address appearing in the register of members of the Company at the Scheme Record Time (or, in the case of joint holders, to the holder whose name stands first in such register in respect of the joint holding concerned).
  - 3.1.2. where at the Scheme Record Time a Scheme Shareholder holds Scheme Shares in uncertificated form, issue the New APC Shares to which such Scheme Shareholder becomes entitled under Clause 2.1 in uncertificated form through CREST no later than 14 days after the Effective Date. APC shall procure that Euroclear is instructed to credit the appropriate stock account in CREST of such Scheme Shareholder with such Scheme Shareholder's entitlement to New APC Shares. APC reserves the right to settle all or any part of the entitlement to New APC Shares due under Clause 2.1 to all or any Scheme Shareholders who hold Scheme Shares in uncertificated form at the Scheme Record Time in the manner referred to in Clause 3.1.1 if for any reason it wishes to do so.
- 3.2. None of the Company, APC or their nominees or agents shall be responsible for any loss or delay in the transmission of certificates sent in accordance with this Scheme which shall be sent at the risk of the addressee.

- 3.3. Any mandate in force at the Scheme Record Time relating to the payment of dividends on Scheme Shares and each instruction then in force as to notices and other communications shall, unless varied or revoked, be deemed as from the Effective Date to be a valid and effective mandate or instruction to APC in relation to the corresponding New APC Shares to be allotted and issued pursuant to the Scheme.
- 3.4. The provisions of this Clause 3 shall take effect subject to any prohibition or condition imposed by law.

#### **4. Certificates and cancellation**

- 4.1. With effect from and including the Effective Date:
  - 4.1.1. all certificates representing Scheme Shares shall cease to be valid for any purpose and each Scheme Shareholder shall be bound at the request of the Company to deliver up the same to the Company or to any person nominated by the Company for cancellation; and
  - 4.1.2. in respect of those Scheme Shareholders holding Scheme Shares in uncertificated form, Euroclear shall be instructed to cancel such holders' entitlement to such Scheme Shares.

#### **5. Effective Date**

- 5.1. This Scheme shall become effective in accordance with its terms as soon as a copy of the Scheme Court Order has been delivered to the Registrar of Companies.
- 5.2. Unless this Scheme shall become effective in accordance with its terms on or before 31 December 2014 or such later date, if any, as the Company and APC may, with the consent of the Panel, agree and the Court may allow, this Scheme shall never become effective.

#### **6. Modification**

- 6.1. The Company and APC may jointly consent on behalf of all persons affected to any modification of, or addition to, this Scheme or to any condition approved or imposed by the Court.

#### **7. Governing law**

- 7.1. This Scheme is governed by English law and is subject to the jurisdiction of the English courts.

DATED 13 August 2014

## PART XII

### NOTICE OF COURT MEETING

IN THE HIGH COURT OF JUSTICE

No 5514 of 2014

CHANCERY DIVISION

COMPANIES COURT

Mr Registrar Jones

#### IN THE MATTER OF GREEN COMPLIANCE PLC

and

#### IN THE MATTER OF THE COMPANIES ACT 2006

NOTICE IS HEREBY GIVEN that, by an order dated 11 August 2014 made in the above matter, the Court has directed that a meeting (the “**Court Meeting**”) may be convened of the holders of the ordinary shares of £0.01 in the capital of Green Compliance plc (“**Green Compliance Shares**”) other than APC Technology Group plc (“**APC**”) or any subsidiary undertaking or nominee of APC, for the purpose of considering and, if thought fit, approving (with or without modification) a scheme of arrangement pursuant to Part 26 of the Companies Act 2006 (the “**Scheme**”) proposed to be made between Green Compliance plc (the “**Company**”) and the holders of Scheme Shares (as defined in the Scheme) and that such Court Meeting will be held at the offices of N+1 Singer, One Bartholomew Lane, London EC2N 2AX at 10.00 a.m. on 5 September 2014 at which time and place all such holders of Green Compliance Shares (“**Shareholders**”) are requested to attend.

A copy of the Scheme and a copy of the Explanatory Statement required to be furnished pursuant to section 897 of the Companies Act 2006 are incorporated in the document of which this notice forms part.

Voting at the Court Meeting will be conducted by poll rather than on a show of hands.

The Court has appointed Robert Holt or failing them Edward Brown or failing them Richard Hodgson or failing them John Charlton to act as chairman of the Court Meeting, and has directed the Chairman to report to the Court the result of the Court Meeting.

The Scheme will be subject to the subsequent sanction of the Court.

#### Notes

1. As a Shareholder of the Company, you are entitled to appoint one or more proxies to exercise all or any of your rights to attend, speak and vote at the Court Meeting and you should have received a BLUE proxy form with this notice of Court Meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form. **Completion and return of a proxy form will not prevent you from attending and voting in person at the Court Meeting, or any adjournment thereof, if you wish to do so. If you have appointed a proxy and attend the Court Meeting in person and vote, your proxy appointment will automatically be terminated.**
2. A proxy does not need to be a Shareholder of the Company but must attend the Court Meeting to represent you. Details of how to appoint the Chairman of the Court Meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the Court Meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.
3. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share.

4. If you do not give your proxy an indication of how to vote on the resolution, your proxy will vote or abstain from voting at their discretion. Your proxy will vote (or abstain from voting) as they think fit in relation to any other matter which is put before the Court Meeting.
5. The notes to the proxy form explain how to direct your proxy how to vote on the resolution.
6. To appoint a proxy using the proxy form, the form must be (i) completed and signed; (ii) sent or delivered to Neville Registrars Limited, 18 Laurel Lane, Halesowen, West Midlands B63 3DA and received by the registrars by 10.00 a.m. on 3 September 2014 or, if the Court Meeting is adjourned, no later than 48 hours before the appointed time of the adjourned Court Meeting. **If the BLUE form of proxy for use at the Court Meeting has not been lodged with the Registrars by such time, the BLUE form of proxy may be handed to the Chairman or to the registrars at the Court Meeting or adjourned Court Meeting.**
7. To be entitled to attend and vote at the Court Meeting (and for the purpose of the determination by the Company of the votes they may cast), Shareholders must be registered in the Register of Members of the Company by 6.00 p.m. on 3 September 2014 (or, in the event of any adjournment, by 6.00 p.m. on the date that is two Business Days prior to the time of the adjourned Court Meeting). Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the Court Meeting or adjourned Court Meeting.
8. Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.
9. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions; **but note that if you have not lodged your amended instructions by the cut-off time your amended instructions may be handed to the Chairman or to the Registrars at the Court Meeting.**
10. Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact the Registrar. If you submit more than one valid proxy appointment, the appointment executed last before the latest time for the receipt of proxies will take precedence.
11. In order to revoke a proxy instruction you will need to inform the Company using one of the following methods (i) by sending a signed hard copy notice clearly stating that you revoke your proxy appointment to the Company Secretary; (ii) in the case of a Shareholder which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company, any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice; and (iii) **note that if the revocation notice has not been received by the Company by 10.00 a.m. on 3 September 2014 or by the cut-off time for proxy instructions for the adjourned Court Meeting, it may be handed to the Chairman or to the Registrars at the Court Meeting or adjourned Court Meeting.**
12. Except as provided above, Shareholders who have general queries about the Court Meeting should contact the Company's Registrars at the following address, Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, B63 3DA or on 0121 585 1131 (no other methods of communication will be accepted).
13. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Court Meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

14. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a CREST Proxy Instruction) must be properly authenticated in accordance with CREST's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or to an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID 7RA11) by 10.00 a.m. on 3 September 2014. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
15. CREST members and, where applicable, their CREST sponsors or voting service providers should note that CREST does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
16. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
17. As an alternative to appointing a proxy, a Shareholder which is a corporation may vote by corporate representative in accordance with the Companies Act 2006.

## PART XIII

### NOTICE OF GENERAL MEETING

Notice is hereby given that a General Meeting (“**General Meeting**”) of Green Compliance PLC (“**the Company**”) will be held at the offices of N+1 Singer, One Bartholomew Lane, London EC2N 2AX on 5 September 2014 at 10.15 a.m. (or, if later, as soon thereafter as the Court Meeting (as defined in the Scheme of Arrangement referred to below) convened pursuant to the order of the Court for 10.00 a.m. on the same day and at the same place shall have concluded or been adjourned) to consider and, if thought fit, pass the following resolution as a special resolution:-

#### SPECIAL RESOLUTION

1. THAT for the purpose of giving effect to the Scheme of Arrangement dated 13 August 2014 (the “**Scheme**”) proposed to be made between the Company and holders of Scheme Shares (as defined in the Scheme), a print of which has been produced to this meeting and for the purposes of identification signed by the Chairman of this meeting, in its original form, or with or subject to any modification, addition or condition approved or imposed by the Court and agreed to by the Company and APC Technology Group plc:
  - 1.1. the directors of the Company be and are hereby authorised to take all such actions as they may consider necessary or appropriate for carrying the Scheme into effect; and
  - 1.2. with effect from the passing of this resolution the articles of association of the Company be amended by the adoption and inclusion of the following new Article 135:

“Scheme of Arrangement

135.1 In this Article, references to the “Scheme” are to the Scheme of Arrangement dated 13 August 2014 under Part 26 of the Companies Act 2006 between the Company and the holders of Scheme Shares (as defined in the Scheme), (in its form at that date or with or subject to any modification, addition or condition approved or imposed by the Court and agreed to by the Company and APC) and, save as defined in this Article, expressions defined in the Scheme or, if not so defined in the Scheme, defined in the Scheme Document of which the Scheme formed part, shall have the same meanings where used in this Article 135.

135.2 Notwithstanding any other provision of these Articles, if the Company issues any ordinary shares (other than to APC or any person identified by written notice to the Company as its nominee(s) and/or subsidiary) after the adoption of this Article 135 but on or before the Scheme Record Time, such shares shall be issued subject to the terms of the Scheme and shall be Scheme Shares for the purposes of the Scheme and the original or any subsequent holder or holders of such shares shall be bound by the Scheme accordingly.

135.3 Notwithstanding any of the provisions of these Articles and subject to the Scheme becoming effective, if the Company issues any ordinary shares to any person (other than APC or any person identified by written notice to the Company as its nominee(s) and/or subsidiary) (a “**New Member**”) after the Scheme Record Time (“**Post-Scheme Shares**”), such Post-Scheme Shares will be immediately transferred, free of all encumbrances, to APC, or as APC may direct, in consideration for the issue by APC to the New Member of such number of New APC Shares as would have been issued to such New Member pursuant to the Scheme (as it may be modified or amended in accordance with its terms) had such Post-Scheme Shares been Scheme Shares. The issue of New APC Shares in respect of any Post-Scheme Shares transferred under this Article 135 shall be made within 14 days of the transfer of the Post-Scheme Shares to APC and/or its nominee(s).

135.4 On any reorganisation of, or material alteration to, the share capital of the Company (including without limitation, any sub-division and/or consolidation) after the Effective Date, the number of New APC Shares to be issued under Article 135.3 shall be adjusted by the directors of APC in such manner as the auditors of the Company may determine to be appropriate to reflect such reorganisation or alteration.

135.5 In order to give effect to any transfer required by Article 135.3 above, the Company may appoint any person as agent for the New Member to transfer the Post-Scheme Shares to APC and/or its nominee(s) and do all such other things and execute and deliver all such documents as may, in the opinion of the agent, be necessary or desirable to register APC and/or its nominee(s) as the holder(s) of the Post-Scheme Shares, and pending such registration to exercise all such rights attaching to the Post-Scheme Shares as APC may direct and to receive any distribution or other benefit accruing or payable in respect thereof. If such an agent is so appointed, the New Member shall not thereafter (except to the extent that such an agent fails to act in accordance with the direction of APC) be entitled to exercise any rights attaching to the Post-Scheme Shares, and then shall do so at the direction of APC, unless so agreed by APC.

135.6 The Company shall not be obliged to issue a certificate to a New Member for any Post-Scheme Shares.

By Order of the Board

John Charlton  
*Secretary*

13 August 2014

Unit 2  
Derwent Close  
Warndon  
Worcester WR4 9TY

## Notes

1. As a Shareholder of the Company, you are entitled to appoint one or more proxies to exercise all or any of your rights to attend, speak and vote at the General Meeting and you should have received a WHITE proxy form with this notice of General Meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form. **Completion and return of a proxy form will not prevent you from attending and voting in person at the General Meeting, or any adjournment thereof, if you wish to do so. If you have appointed a proxy and attend the General Meeting in person and vote, your proxy appointment will automatically be terminated.**
2. A proxy does not need to be a Shareholder of the Company but must attend the General Meeting to represent you. Details of how to appoint the Chairman of the General Meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the General Meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.
3. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share.
4. If you do not give your proxy an indication of how to vote on the resolution, your proxy will vote or abstain from voting at their discretion. Your proxy will vote (or abstain from voting) as they think fit in relation to any other matter which is put before the General Meeting.
5. The notes to the proxy form explain how to direct your proxy how to vote on the resolution or withhold their vote.
6. To appoint a proxy using the proxy form, the form must be (i) completed and signed; (ii) sent or delivered to Neville Registrars Limited, 18 Laurel Lane, Halesowen, West Midlands B63 3DA clearly marked "General Meeting Proxy Return"; and (iii) received by the registrars by 10.15 a.m. on 3 September 2014 or, if the General Meeting is adjourned, no later than 48 hours before the appointed time of the adjourned General Meeting. **Note that proxy forms for the General Meeting that are not lodged with the registrars by such time cannot be handed to the Chairman, or to the registrars, prior to the start of the General Meeting or adjourned General Meeting.**
7. To be entitled to attend and vote at the General Meeting (and for the purpose of the determination by the Company of the votes they may cast), Shareholders must be registered in the Register of Members of the Company by 6.00 p.m. on 3 September 2014 (or, in the event of any adjournment, by 6.00 p.m. on the date that is two Business Days prior to the time of the adjourned General Meeting). Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the General Meeting or adjourned General Meeting.
8. Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.
9. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions; **note that any amended proxy appointment received after the relevant cut-off time will be disregarded and that amended instructions may not be handed to the Chairman or the registrars prior to the start of the General Meeting.**
10. Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact the Registrar. If you submit more than one valid proxy appointment, the last executed proxy will take precedence.
11. In order to revoke a proxy instruction you will need to inform the Company using one of the following methods (i) by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to the Registrar; (ii) in the case of a Shareholder which is a company, the

revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company, any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice; and (iii) **note that the revocation notice must be received by the Registrar by 10.15 a.m. on 3 September 2014 or, if the General Meeting is adjourned, no later than 48 hours before the appointed time of the adjourned General Meeting and cannot be handed to the Chairman or to the registrars prior to the start of the General Meeting or adjourned General Meeting.**

12. Except as provided above, Shareholder who have general queries about the General Meeting should contact the Company's Registrars at the following address, Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, B63 3DA or on 0121 585 1131 (no other methods of communication will be accepted).
13. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the General Meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
14. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a CREST Proxy Instruction) must be properly authenticated in accordance with CREST's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or to an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID 7RA11) by the latest time(s) for receipt of proxy appointments specified in the notice of General Meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
15. CREST members and, where applicable, their CREST sponsors or voting service providers should note that CREST does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
16. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
17. As at 12 August 2014 (being the last business day prior to the date of this Notice) the Company's issued share capital consists of 475,875,829 ordinary shares of 1p, carrying one vote each. Therefore, the total voting rights in the Company as at 12 August 2014 are 475,875,829.

