

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in doubt about this Offer you are recommended to seek your own independent financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent professional adviser duly authorised under the Financial Services and Markets Act 2000 if you are in the United Kingdom, or from another appropriately authorised independent financial adviser if you are in a territory outside the United Kingdom.**

If you have sold or otherwise transferred all of your Sky High Shares, please send this document and the reply-paid envelope (for use within the UK only) but not the accompanying personalised Form of Acceptance as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee. **However, these documents must not be mailed, sent, forwarded, distributed or transmitted in, into or from any Restricted Jurisdiction as doing so may constitute a violation of the relevant laws in that jurisdiction. If you have sold or otherwise transferred only part of your holding of Sky High Shares you should retain these documents and should contact the stockbroker, bank or other agent through whom the sale or transfer was effected.**

You should read the whole of this document carefully and (if you hold your Sky High Shares in certificated form) in conjunction with the accompanying Form of Acceptance, the terms of which are deemed to form part of the Offer. If you are a CREST sponsored member you should refer to your CREST sponsor before taking any action.

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## **RECOMMENDED CASH OFFER**

**by**

**TRAC SIS plc**

**for**

**the entire issued ordinary share capital of**

**SKY HIGH plc**

**(other than those shares contracted to be acquired by Tracsis plc under the terms of the Management Agreement and Prowse Trust Agreement)**

**and**

**NOTICE OF GENERAL MEETING OF**

**SKY HIGH plc**

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**Your attention is drawn to the letter of recommendation from the Chairman of Sky High, set out in Part I of this document, which explains why the Independent Directors are recommending that Shareholders accept the Offer and that Independent Shareholders vote in favour of the Ordinary Resolution to be proposed at the Sky High General Meeting.**

**A SUMMARY OF THE ACTION TO BE TAKEN TO ACCEPT THE OFFER IS SET OUT ON PAGE 2 OF THIS DOCUMENT.** A copy of this document is available at [www.skyhighplc.co.uk](http://www.skyhighplc.co.uk).

WH Ireland Limited, which is authorised and regulated by the FSA, is acting exclusively for Tracsis (the "Offeror") and no one else in connection with the Offer and will not be responsible to anyone other than the Offeror for providing the protections afforded to clients of WH Ireland Limited or for providing advice in connection with the Offer or any other matters referred to herein.

SPARK Advisory Partners Limited, which is authorised and regulated by the FSA, is acting exclusively for Sky High and no one else in connection with the Offer and will not be responsible to anyone other than Sky High for providing the protections afforded to clients of SPARK Advisory Partners Limited, nor for providing advice in connection with the Offer or any other matters referred to herein.

Notice of the Sky High General Meeting, to be held at 32 Bedford Row, London, WC1R 4HE at 2.00 p.m. on 15 April 2013, to approve the Management Arrangements by way of ordinary resolution is set out in Appendix IV in this document. A Form of Proxy for use at the Sky High General Meeting is enclosed with this document. To be valid, the Form of Proxy for use in connection with the Sky High General Meeting should be completed and returned by post as soon as possible and, in any event, so as to reach Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU by no later than 2.00 p.m. on 13 April, 2013. Completion and return of a Form of Proxy will not preclude Independent Shareholders from attending and voting at the Sky High General Meeting in person should they so wish.

## ACTION TO BE TAKEN

### TO ACCEPT THE OFFER

If you hold your Sky High Shares, or any of them, in certificated form (that is, not in CREST), to accept the Offer you must complete the enclosed personalised Form of Acceptance in accordance with Part C of Appendix I to this document.

Shareholders should return the completed Form of Acceptance (along with your share certificate(s) and/or other documents of title) by post to Neville Registrars Limited, at *Neville House, 18 Laurel Lane, Halesowen, B63 3DA* or by hand (during normal business hours only) to such address as soon as possible and, in any event, **so as to be received by no later than 1.00 p.m. (London time) on 16 April 2013**. If you are posting in the UK, the enclosed first class reply paid envelope has been provided for your convenience.

If you hold your Sky High Shares in uncertificated form (that is, in CREST), to accept the Offer you must follow the procedure set out in Part D of Appendix I to this document **so that the TTE Instruction settles no later than 1.00 p.m. on 16 April 2013**. If you hold your Sky High Shares as a CREST sponsored member, you should refer to your CREST sponsor as only your CREST sponsor will be able to send the necessary instruction to Euroclear.

***THE FIRST CLOSING DATE OF THE OFFER IS 1.00 P.M. (LONDON TIME) ON 16 April 2013.***  
Acceptances of the Offer must be received by 1.00p.m. (London Time) on 16 April 2013.

### HELPLINE

If you have any questions relating to this document, please telephone Neville Registrars Limited between 9.00 a.m. and 5.30 p.m. (London time) Monday to Friday on 0121 585 1131 from within the UK or on +44 121 585 1131 if calling from outside the UK. Lines are open 9.00 a.m. to 5.00 p.m. Monday to Friday. Calls to the helpline from outside the UK will be charged at the applicable international rate. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot advise on the merits of the proposals nor give any financial, legal or tax advice.

You are advised to read the whole of this document carefully. Your attention is drawn, in particular, to paragraph 14 of Part II of this document, which sets out the procedure for acceptance of the Offer, and to the conditions and further terms of the Offer set out in Appendix I to this document and (in respect of Sky High Shares held in certificated form) in the Form of Acceptance. Sky High Shareholders who are in any doubt about the Offer, or the action they should take, are recommended to seek financial advice from their independent financial adviser authorised under FSMA if they are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser in the Relevant Jurisdiction.

## IMPORTANT INFORMATION

### Overseas Shareholders

Unless otherwise determined by Tracsis and permitted by applicable law and regulation, and subject to certain exceptions, the Offer is not being made, directly or indirectly, in, into or from a Restricted Jurisdiction where to do so would violate the laws in that jurisdiction, and the Offer is not capable of acceptance from or within a Restricted Jurisdiction. Accordingly, unless otherwise determined by Tracsis, copies of this document, the Form of Acceptance and any accompanying document are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in, into or from a Restricted Jurisdiction, and persons receiving this document, the Form of Acceptance and any accompanying document (including custodians, nominees and trustees) must not mail or otherwise distribute or send them in, into or from such jurisdictions as doing so may be a breach of applicable law and regulation in that jurisdiction and may invalidate any purported acceptance of the Offer.

The availability of the Offer to Sky High Shareholders who are not resident in the United Kingdom may be affected by the laws of the relevant jurisdictions in which they are resident. Such persons should read paragraph 6 of Part B and paragraph (c) of Part C (if such person holds Sky High Shares in certificated form) and/or paragraph (c) of Part D (if such person holds Sky High Shares in uncertificated form) of Appendix I to this document and inform themselves of, and observe, any applicable legal or regulatory requirements of their jurisdictions.

**Any person (including custodians, nominees and trustees) who would, or otherwise intends to, or may have a contractual or legal obligation to, forward this document and/or the Form of Acceptance to any jurisdiction outside the United Kingdom, should read paragraph 6 of Part B and paragraph (c) of Part C and/or paragraph (c) of Part D of Appendix I to this document before taking any action and inform themselves of, and observe, any applicable legal or regulatory requirements of their jurisdictions.**

### Dealings Disclosure Requirements of the Code

Under Rule 8.3(a) of the Code, any person who is interested in one per cent. or more of any class of relevant securities of an offeree company or of any paper 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 paper 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 paper 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 paper offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a paper 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 one per cent. or more of any class of relevant securities of the offeree company or of any paper offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any paper 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 paper 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 paper 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. If you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure, you should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129.

### **Cautionary note regarding forward looking statements**

This document, including information included or incorporated by reference in this document, may contain certain forward-looking statements concerning Tracsis and Sky High. Forward-looking statements include, without limitation, statements typically containing words such as "will", "may", "should", "would", "could", "continue", "believes", "expects", "estimates", "intends", "plans", "goal", "anticipates" or similar expressions of similar meanings. These statements are based on assumptions and assessments made by the board of directors of Tracsis and Sky High (as applicable) in light of their experience and their perception of historical trends, current conditions, expected future developments and other factors they believe appropriate. By their nature, forward-looking statements involve risks and uncertainties, 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.

Should one or more of these risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary materially from those described in this document.

The statements contained in this document are made as at the date of this document, unless some other time is specified in relation to them, and service of this document shall not give rise to any implication that there has been no change in the facts set out in this document since that date. Nothing contained in this document shall be deemed to be a forecast, projection or estimate of the future financial performance of Tracsis or Sky High except where expressly stated.

All subsequent oral or written forward-looking statements attributable to Tracsis or Sky High or any of their respective members, directors, officers or employees or any persons acting on their behalf are expressly qualified in their entirety by the cautionary statement above. All forward-looking statements included in this document are based on information available to Tracsis and Sky High on the date hereof and are made only as of the date of this document. Undue reliance should not be placed on such forward-looking statements.

Subject to compliance with the Code, neither Tracsis nor Sky High nor their respective boards of directors intends, or undertakes any obligation, to update these forward-looking statements, except as required pursuant to applicable law.

### **Interpretation**

References to one gender include all genders and references to singular include the plural and vice versa.

**The date of this document and its publication is 26 March 2013.**

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## IMPORTANT DATES AND TIMES

The dates and times set forth in the table below in connection with the Offer may change in accordance with the terms and conditions of the Offer, as described in this document.

### Event Time and/or Date

Announcement of the Offer	26 March 2013
Publication of this document	26 March 2013
Latest time for the receipt of valid Sky High Proxy Forms	2.00 p.m.(London time) 13 April 2013
Sky High General Meeting	2.00 p.m.(London time) 15 April 2013
Final time and date for Sky High Shareholders to accept the Offer	1.00 p.m. (London time) 16 April 2013
Earliest date for cancellation of admission to trading of Sky High Shares on AIM	20 Business Days after the Offer becomes wholly unconditional

Payment of consideration to Sky High Shareholders who validly accept the Offer prior to it having become or been declared unconditional in all respects will be made within 14 days of the Offer having become or been declared unconditional in all respects. Payment of cash consideration to Sky High Shareholders who validly accept the Offer after it has become or been declared unconditional in all respects will be made within 14 days of receipt of their valid acceptance.

**PART I**  
**LETTER OF RECOMMENDATION FROM**

**THE CHAIRMAN OF SKY HIGH plc**  
*(Incorporated in England & Wales with registered number 3896384)*

***Independent Directors:***

Richard Jackson (*Chairman*)  
David Lowe (*Non Executive Director*)  
Nick Lanigan (*Non Executive Director*)  
Sir John Madejski OBE DL (*Non Executive Director*)  
Michael Jackson (*Non Executive Director*)

***Registered office:***

12-14 Westgate  
Tadcaster  
LS24 9AB

***Other Directors:***

Mark Mattison (*Chief Executive Officer*)  
Grant Wilson (*Executive Director*)  
Martin Prowse (*Executive Director*)  
Alex Johnson (*Finance Director*)

26 March 2013

*To: Independent Shareholders and, for information purposes only, the Management Team*

Dear Shareholder

**Recommended Cash Offer for Sky High by Tracsis**

**1. Introduction**

On 26 March 2013, the boards of Sky High and Tracsis announced, by way of the Announcement, that they had agreed the terms of a recommended cash offer to be made by Tracsis for the entire issued ordinary share capital of Sky High, excluding the Management Roll Over Shares and the Prowse Trust Shares, at 15.25p per Sky High Share.

The Offer values Sky High's entire issued ordinary share capital (including the Management Roll Over Shares and the Prowse Trust Shares) at approximately £3.28 million.

As Mark Mattison, Grant Wilson and Martin Prowse (through the Prowse Family Trust) are acquiring shares in Tracsis pursuant to the terms of the Management Agreement and in respect of which the Sky High Shareholders are being asked to vote at the Sky High General Meeting, and Alex Johnson, who is not a Sky High Shareholder, is a party to certain Management Arrangements, they have not taken part in consideration of the Offer as directors of Sky High. The purpose of this letter is to explain the background to, and reasons for, the Offer and why the Independent Directors, having been so advised by SPARK Advisory Partners Limited, consider the terms of the Offer to be fair and reasonable and why they unanimously recommend that:

- (a) all Sky High Shareholders accept the Offer; and
- (b) all Independent Shareholders vote in favour of the Ordinary Resolution to approve the Management Arrangements, to be proposed at the Sky High General Meeting to be held at 2.00 p.m. on 15 April 2013.

The Independent Directors have irrevocably undertaken to:

- (a) accept (or procure the acceptance of) the Offer in respect of an aggregate total of 10,819,607 Sky High Shares representing, in aggregate, approximately 60.70 per cent. of the Offer Shares and 50.28 per cent. of all of the Sky High Shares; and
- (b) vote (or procure the vote) in favour of the Ordinary Resolution, in respect of an aggregate of 10,819,607 Sky High Shares, representing, in aggregate, approximately 67.16 per cent of the Eligible Voting Shares.





- (a) appoint any one or more directors of Sky High to execute on behalf of the holder of such Deferred Shares a transfer and/or agreement to transfer the same for no consideration to such persons as the directors may determine; and/or
- (b) purchase all or any of the same for not more than an aggregate sum of £1.00 for all the Deferred Shares without obtaining the sanction of the holder thereof, and for the purposes of such purchase to appoint any one or more of the directors of Sky High to execute on behalf of any holder of Deferred Shares a contract for sale of any such shares held by such holder.

The Deferred Shares are not subject to the Offer and Tracsis intends that the Deferred Shares will either be transferred to Tracsis or repurchased by Sky High in accordance with the provisions of the articles of association of Sky High following the date when the Offer becomes or is declared unconditional.

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

Established in 1989, Sky High is a traffic data collection, aggregation and analysis company that provides primary information to a variety of clients that include government bodies, private companies well known within the market place and public sector groups. Its primary markets are the transport and people moving sectors ranging from highway agencies, stations and railways, to festival and conference organisers.

Sky High operates a portfolio of technology and services to cover all types of survey requirements including a variety of video capabilities and Bluetooth sensing devices. The market need for the services provided by Sky High are diverse with data capture being utilised for budgetary planning, infrastructure design, and general economic and income forecasting, all of which the Directors believe are becoming increasingly important in the present economic and political climate. Sky High has opportunities abroad and has a presence in Australia with offices in Melbourne, Brisbane and Sydney.

Sky High has known of the Tracsis business for some time, with both companies being based in Yorkshire and providing services to the transport sector. During discussions with Tracsis, it became apparent to the Sky High Directors that there is a strong commercial rationale for combining the Sky High and Tracsis businesses both through increased scale and cross-selling opportunities.

##### *Reasons for recommending the Offer*

The Independent Directors believe that the Offer is strategically the appropriate next step for Sky High and will benefit both its clients and employees. Sky High's Directors believe there is a strong commercial and cultural fit between Sky High and Tracsis, both in terms of their strategies and services offerings, and that Sky High will benefit from the additional scale and customer contacts available to it as part of Tracsis.

The Independent Directors also believe that the support and backing available as part of a larger group will mean that Sky High is better placed to continue to grow its client base, and provide the ability to offer its clients a high quality and cost efficient service. The Independent Directors also expect the acquisition to provide additional opportunities for attractive career prospects for Sky High's employees as a result of being part of a larger, more profitable group.

The Independent Directors believe that the terms of the Offer, entitling Shareholders to receive 15.25 pence in cash for each Sky High Share (excluding the Management Roll Over Shares and the Prowse Trust Shares), are attractive. The price represents a significant premium to the Sky High Share price on the last trading day prior to the Offer Period and the average price over the last 12 months. The Independent Directors believe the Offer represents significant value for all Sky High Shareholders and, given the limited liquidity in Sky High Shares, provides an opportunity for Shareholders to fully monetise their shareholdings at an attractive Offer price.

Therefore, the Independent Directors, having taken advice from SPARK Advisory Partners Limited, consider the terms of the Offer to be fair and reasonable and in the best interests of Shareholders as a whole. Accordingly, the Independent Directors unanimously recommend that Shareholders accept the Offer and that Independent Shareholders vote in favour of the Ordinary Resolution at the General Meeting.

## **5. Irrevocable undertakings**

Under the Management Agreement, Tracsis has agreed to acquire the Management Roll Over Shares (comprising 3,526,358 Sky High Shares) held by the Management Shareholders, representing approximately 16.39 per cent. of all the issued Sky High Shares, at the same price as the Offer Shares, and the Management Shareholders have agreed to apply the proceeds to acquire 308,566 Tracsis Shares, representing approximately 1.22 per cent. of the issued share capital of Tracsis following their issue.

Under the Prowse Trust Agreement, Tracsis has agreed to acquire 166,667 Sky High Shares from the Prowse Trust (a Connected Person of Martin Prowse), representing 0.77 per cent. of all the issued Sky High Shares, at the same price as the Offer Shares.

In addition:

- (a) the Offeror has received irrevocable undertakings to accept (or procure the acceptance of) the Offer from certain Management Shareholders in respect of 1,714,256 Sky High Shares, representing approximately 9.62 per cent. of the Offer Shares and 7.97 per cent of all the issued Sky High Shares; and
- (b) the Offeror has received irrevocable undertakings from the Independent Directors to:
  - (i) accept the Offer (or procure the acceptance of the Offer, as the case may be) in respect of an aggregate total of 10,819,607 Sky High Shares (as set out in paragraph 4.3(d) of Appendix III to this document) representing, in aggregate, approximately 60.70 per cent. of the Offer Shares and 50.28 per cent. of all the Sky High Shares; and
  - (ii) to vote or procure the vote in favour of the Ordinary Resolution (to approve the Management Arrangement) in respect of an aggregate total of 10,819,607 Eligible Voting Shares representing, in aggregate, approximately 67.16 per cent. of the Eligible Voting Shares.
- (c) the Offeror has also received irrevocable undertakings to:
  - (i) accept the Offer from certain other Sky High Shareholders in respect of an aggregate total of 785,878 Sky High Shares (as set out in paragraph 4.3(e) of Appendix III to this document) representing approximately 4.41 per cent. of the Offer Shares and 3.65 per cent. of all the Sky High Shares; and
  - (ii) vote (or procure the vote) in favour of the Ordinary Resolution, (to approve the Management Arrangements) in respect of an aggregate total of 785,878 Sky High Shares representing, in aggregate, approximately 4.88 per cent. of the Eligible Voting Shares.

In aggregate, therefore, irrevocable undertakings have been received in respect of a total of:

- (a) 13,319,741 Sky High Shares, to accept the Offer, representing approximately 74.73 per cent. of the Offer Shares and 61.90 per cent. of all the Sky High Shares ; and
- (b) 11,605,485 Eligible Voting Shares, to vote in favour of the Ordinary Resolution, representing approximately 72.04 per cent. of the Eligible Voting Shares.

Further details of these irrevocable undertakings are set out in paragraph 4.3 of Appendix III to this document.

## **6. Management Arrangements requiring Sky High Independent Shareholder Consent**

### ***Management Agreement***

Tracsis has entered into a Management Agreement under which Tracsis has conditionally agreed to acquire the 3,526,358 Management Roll Over Shares representing in aggregate approximately 16.39 per cent. of the issued share capital of Sky High, at the same price as the Offer Shares and the Management Shareholders have agreed to apply the proceeds to acquire 308,566 Tracsis Shares, representing in aggregate approximately 1.22 per cent. of the issued share capital of Tracsis as at the Unconditional Date.

The Management Shareholders are three executive directors of Sky High (Mark Mattison, Grant Wilson and Martin Prowse) and three senior managers of the Sky High Group (Paul Jackson, Peter Agnew and Kevin Stewart). All these individuals will become part of the Tracsis Group following the completion of the Offer (Sky High will become a subsidiary of Tracsis) and the Tracsis Board consider that the acquisition of Tracsis Shares will align the Management Shareholders' interests with those of the existing Tracsis shareholders.

It is proposed that the Management Roll Over Shares will be acquired at the same Offer price as the cash Offer (15.25p) and that the proceeds will be used to acquire Tracsis Shares. The issue price of the Tracsis Shares has been calculated using the 1 month volume weighted average price ("VWAP") of the Tracsis Shares (for the period immediately prior to announcement of the Offer), being a price of 174.28p per Tracsis Share. This price represents a discount of 0.41 per cent. to the Tracsis Share price at 25 March 2013.

The table below sets out the number of Sky High Shares being sold by the Management Shareholders and the number of Tracsis Shares being acquired by the Management Shareholders pursuant to the terms of the Management Agreement:

<i>Management Shareholder</i>	<i>Sky High Shares</i>	<i>Tracsis Shares</i>
Mark Mattison	2,477,633	216,800
Grant Wilson	548,726	48,015
Martin Prowse (via Prowse Family Trust)	249,999	21,875
Paul Jackson	62,500	5,468
Paul Agnew	125,000	10,937
Kevin Stewart	62,500	5,468
<b>TOTAL</b>	<b>3,526,358</b>	<b>308,563</b>

#### *Proposed Incentivisation Agreement*

It is proposed that for the 12 months following completion of the Offer, a bonus scheme is put in place for Mark Mattison and Alex Johnson (executive directors of Sky High), whereby upon achieving certain profit targets for the Sky High business they would be entitled to receive a financial bonus.

The proposal is to award a bonus dependent upon achieving a profit before tax in the following bands:

<i>Level of Profit before tax achieved by Sky High (£)</i>	<i>Bonus (£)</i>
£0- £749,999	nil
£750,000	£22,500
£750,000 – £949,999	£22,500 plus 15 per cent. of the excess over £750k
£950,000 and upwards	£52,500 plus 20 per cent. of the excess over £950k

Any bonus that becomes payable under the Proposed Incentivisation Agreement would be allocated as to 60 per cent. to Mark Mattison and 40 per cent. to Alex Johnson.

Under Rule 16 of the Code, except with the consent of the Panel, an offeror or persons acting in concert with it may not make any arrangements with shareholders and may not deal or enter into arrangements to deal in shares of the offeree company, or enter into arrangements which involve acceptance of an offer, either during an offer period or when one is reasonably in contemplation, if there are favourable conditions attached which are not being extended to all shareholders.

In accordance with Rule 16.2 of the Code:

- (a) as Mark Mattison, Grant Wilson, Paul Jackson, Peter Agnew, Kevin Stewart and Martin Prowse (via the Prowse Family Trust) are shareholders in Sky High, and as a result of the Management Agreement, they will become shareholders in Tracsis on a basis that is not being made available to the Independent Shareholders; and
- (b) Alex Johnson, although he is not a shareholder in Sky High will also take part in the Proposed Incentivisation Agreement with Mark Mattison.

All such Management Arrangements must be approved by the Independent Shareholders in General Meeting before they may take effect. **The Management Agreement and the Proposed Incentivisation Agreement are therefore subject to the Ordinary Resolution being approved on a poll by a majority of the Independent Shareholders at the Sky High General Meeting.**

Accordingly the Notice of Sky High General Meeting convening the Sky High General Meeting for 2.00 p.m. on 15 April 2013 at which the Ordinary Resolution to approve the Management Arrangements, pursuant to the Code will be proposed is set out in Appendix IV of this document. In accordance with the requirements of the Code, only the Independent Shareholders will be permitted to vote on the Ordinary Resolution, which will be taken on a poll.

**The Offer is therefore conditional on, *inter alia*, the passing of the Ordinary Resolution by Independent Shareholders at the Sky High General Meeting to approve the Management Arrangements described above.**

**SPARK Advisory Partners Limited considers the terms of the Management Arrangements, which comprises the terms of the Management Agreement and the Proposed Incentivisation Agreement with Mark Mattison and Alex Johnson, are fair and reasonable in so far as the Independent Shareholders are concerned.**

The details of all the Directors' service agreements are shown in paragraph 10 of Appendix III of this document.

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

The Tracsis Board attaches great importance to the skills and experience of the management and employees of Sky High. The Tracsis Board intends to continue the business of Sky High, including supporting Sky High's current activities, and has provided assurances to the Independent Directors that, upon the Offer becoming or being declared unconditional in all respects, the existing employment rights of all employees of Sky High will be fully safeguarded.

No change is expected to the current locations or fixed assets of the Group's places of business.

Following the Offer becoming unconditional in all respects, the Management Team will remain in their current roles with no changes to their current terms and conditions of employment, save that Mark Mattison and Alex Johnson have been incentivised to remain as employees of Sky High following completion of the Offer through the Proposed Incentivisation Arrangements.

In addition it is proposed that Mark Mattison, Martin Prowse, Grant Wilson and Alex Johnson as executive directors of Sky High will be eligible to join the Tracsis Long Term Incentive Plan scheme, whereby it is possible that any cash bonus awarded in the future can be swapped for discounted EMI share options which vest over a three year period (assuming that various conditions are met) on the same basis as existing Tracsis employees of a comparable level of seniority.

Additionally, it is proposed that following completion of the Offer, Alex Johnson will be entitled to receive a pension contribution of 5 per cent. of his salary. The Sky High remuneration committee had already agreed to this change, which is not being provided as a direct result of the Offer.

The Independent Directors have agreed to resign subject to, and with effect from, the Offer being declared unconditional in all respects. Particulars of the payments in respect of termination of their respective appointments as Directors are set out in paragraph 10 of Appendix III to this document.

## 8. Sky High Share Options

Sky High has granted the following options to David Lowe, Grant Wilson, Paul Jackson and Steve Hanson to subscribe for ordinary shares in Sky High:

Option Holder	Sky High EMI Options	Exercise Price	Sky High Unapproved Options	Exercise Price
David Lowe			255,000	12.5p
Grant Wilson	127,000	12.5p		
Paul Jackson	100,000	12.5p		
Steven Hanson	107,317	20.5p		

However each of the option holders has, subject to and conditional upon the offer becoming or being declared unconditional in all respects, voluntarily surrendered such options and waived their rights under Rule 15 of the Code, which would have required Tracsis to have made an appropriate offer to them to ensure that their interests were safeguarded. Consequently, the Panel has granted dispensation in respect of making an appropriate offer under Rule 15 of the Code.

## 9. Current Trading and Prospects of Sky High

Your attention is drawn to the financial information on Sky High referred to in Part A of Appendix II of this document.

On 3 December 2012, Sky High released its half year results for the six month period ended 30 September 2012. In that statement Richard Jackson, Sky High's Chairman, commented:

*“Despite the slow UK economy in general, the market for traffic data collection services has improved considerably over the first half of this financial year. This has been driven by increased Government spending and focus on infrastructure projects including a number of high profile rail projects. Enquiries have increased in both quantity and value and there are more high profile, complex projects for which Sky High has a competitive advantage in delivering due to its size and experience. Sky High is now in a much better position to benefit from the improved market due to its greater geographical coverage and increased resources after the Count On Us acquisition. The Directors are confident that the stronger market conditions will continue at least to the end of this financial year.*

*The Directors remain committed to continued investment in business development and are continually looking to improve market share through tendering for new major contracts and looking to develop strategic relationships with other market participants. The Directors are committed to continue to develop the vehicle and pedestrian tracking service with the aim for Sky High to be the market leader in both the traffic and pedestrian markets.*

*Whilst Australia has declined in this trading period the Directors remain confident about the prospects for Australia Traffic in the medium term. The business is well positioned in its market and is in the prime position to benefit when the market improves, which as we have seen in the UK, is only a matter of time. When the market improves the Directors expect Australia Traffic to enter another growth phase as it will look to increase geographical coverage.*

*The performance since the 30 September has continued to be strong, especially in the UK, which has continued to perform in line with the trends described above. Whilst the second half of the year has less work from the DfT National Road Traffic Census contract and we expect December and January to be seasonally slow, due to the combination of holidays and weather, the general outlook for the second half of the year is positive.*

*It is expected that trading in Australia will remain challenging but some improvement on the first half of the year is expected.*

*Overall, the Board remain positive about the prospects for the Group for the remainder of the year and beyond.”*

There has been no significant change to the trading position or prospects of Sky High since that time.

#### **10. Cancellation of trading on AIM, Re-registration and Compulsory Acquisition**

Your attention is drawn to paragraph 11 of the letter from Tracsis set out in Part II of this document which describes Tracsis's intentions with regard to the compulsory acquisition and cancellation of admission to trading on AIM of the Sky High Shares and the re-registration of Sky High as a private limited company. Such cancellation would significantly reduce the liquidity and marketability of any Sky High Shares not acquired by Tracsis.

#### **11. United Kingdom Taxation**

Your attention is drawn to paragraph 12 of the letter from Tracsis in Part II of this document. If you are in any doubt as to your tax position, or you are subject to taxation in any jurisdiction other than the United Kingdom, you should immediately consult an appropriate independent professional adviser.

#### **12. Overseas Shareholders**

Overseas Sky High Shareholders should refer to paragraph 13 of the letter from Tracsis in Part II of this document.

#### **13. Sky High General Meeting**

In accordance with Rule 16.2 of the Code, and for the reasons set out in paragraph 6 of this letter, the Management Arrangements must be approved at the Sky High General Meeting before they may take effect. **The Management Arrangements are therefore subject to the Ordinary Resolution being approved on a poll by a majority of the Independent Shareholders at the Sky High General Meeting.**

The Notice of Sky High General Meeting is therefore set out in Appendix IV of this document to be held at the offices of 32 Bedford Row, London WC1R 3HE at 2.00 p.m. on 15 April 2013 at which it is proposed that that the Independent Shareholders approve the Management Arrangements (as summarised in paragraph 6 of Part I of this document) for the purposes of Rule 16 of the Code. In accordance with the requirements of the Code, only the Independent Shareholders will be permitted to vote on the Ordinary Resolution, which will be taken on a poll.

#### **14. Further information**

Your attention is drawn to the letter from Tracsis in Part II of this document, and in respect of Sky High Shares held in certificated form, the accompanying Form of Acceptance. Your attention is also drawn to the further information contained in the Appendices which form part of Part II of this document.

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

##### **To accept the Offer:**

If your Sky High Shares are in certificated form (that is, not in CREST), the Form of Acceptance must be completed, signed and returned as soon as possible (together with your share certificate(s) and/or other document(s) of title) and in any event so as to be received by Neville Registrars Limited at Neville House, 18 Laurel Lane, Halesowen, B63 3DA no later than 1.00 p.m. on 16 April 2013. A reply paid envelope is enclosed for your convenience for use in the UK only.

If your Sky High Shares are in uncertificated form (that is, in CREST), this document is not accompanied by a Form of Acceptance but you should instead ensure that a TTE instruction is made by you or on your behalf and that settlement is no later than 1.00 p.m. on 16 April 2013.

Further details on the action to be taken to accept the Offer are set out in paragraph 14 of the letter from Tracsis set out in Part II of this document.

If you have any questions relating to this document, please telephone Neville Registrars Limited on 0121 585 1131 from within the UK or on +44 121 585 1131 if calling from outside the UK. Lines are open 9.00 a.m. to 5.00 p.m. Monday to Friday. Calls to the helpline from outside the UK will be charged at the applicable international rate. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Offer nor give any financial, legal or tax advice.

**If you are in any doubt about the Offer and/or the action you should take, you are recommended to seek your own financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 if you are resident in the United Kingdom, or if not, from another appropriately authorised independent financial adviser.**

**To vote in favour of the Management Arrangements:**

You will find enclosed with this document a Form of Proxy for use at the Sky High General Meeting.

Whether or not you intend to be present at the meeting, you are requested to complete the Form of Proxy in accordance with the instructions therein and return it to Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU, as soon as possible and in any event so that it is received by no later than 2.00 p.m. on 13 April 2013.

Completion and return of the Form of Proxy will not preclude you from attending the Sky High General Meeting and voting in person if you so wish.

**16. Recommendation**

**The Independent Directors, who have been so advised by SPARK Advisory Partners Limited, consider the terms of the Offer to be fair and reasonable. In providing advice to the Independent Directors, SPARK Advisory Partners Limited has taken into account the commercial assessments of the Independent Directors. SPARK Advisory Partners Limited is acting as an independent financial adviser to Sky High for the purposes of providing independent financial advice to the Independent Directors on the Offer under Rule 3.1 of the Code.**

**Accordingly, the Independent Directors unanimously recommend Sky High Shareholders to accept the Offer and vote in favour of the Ordinary Resolution to approve the Management Arrangements, as they (or their nominees) have irrevocably undertaken to do in respect of an aggregate total of 10,819,607 Sky High Shares representing approximately 50.28 per cent. of the Sky High Shares and 67.16 per cent. of the Eligible Voting Shares.**

Yours faithfully

**Richard Jackson**

Chairman

for and on behalf of the Independent Directors

## PART II

### LETTER FROM TRACISIS

*(Incorporated in England & Wales with registered number 05019106)*

**Directors:**

Rod Jones (*Non Executive Chairman*)  
John McArthur (*Chief Executive Officer*)  
Max Cawthra (*Chief Financial Officer*)  
John Nelson (*Non Executive Director*)  
Charles Winward (*Non Executive Director*)

**Registered Office:**

Leeds Innovation Centre  
103 Clarendon Road  
Leeds  
LS2 9DF

26 March 2013

*To: Independent Shareholders and, for information purposes only, the Management Team*

Dear Shareholder

#### **Recommended Cash Offer for Sky High by Tracsis**

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

On 26 March 2013, the boards of Sky High and Tracsis announced, by way of the Announcement, that they had agreed the terms of a recommended cash offer to be made by Tracsis for the entire issued ordinary share capital of Sky High, excluding the Management Roll-Over Shares and the Prowse Trust Shares, at 15.25p per Sky High Share. The Offer values Sky High's entire issued ordinary share capital (including the Management Rollover Shares and the Prowse Trust Shares) at approximately £3.28 million. This letter, Appendix I to this document and the Form of Acceptance together contain the formal terms and conditions of the Offer.

**Your attention is drawn to the letter of recommendation from the Independent Directors of Sky High set out in Part I of this document, which explains the background to the Offer and the reasons why the Independent Directors, which have been so advised by SPARK Advisory Partners Limited, consider the terms of the Offer and the Management Arrangements to be fair and reasonable and why the Independent Directors, accordingly, unanimously recommend that:**

- (a) **all Sky High Shareholders accept the Offer as they have irrevocably undertaken to do (or procure) in respect of an aggregate total of 10,819,607 Sky High Shares representing approximately 50.28 per cent. of the Sky High Shares; and**
- (b) **all Independent Shareholders vote in favour of the Ordinary Resolution to be proposed at the Sky High General Meeting, as they have irrevocably undertaken to (or procure) in respect of 10,819,607 Eligible Voting Shares representing 67.16 per cent. of the Eligible Voting Shares vote in favour of the Ordinary Resolution to be proposed at the Sky High General Meeting.**

Your attention is also drawn to information contained in other parts of this document including Appendix I (Conditions and Further Terms of the Offer), Appendix II (Financial Information relating to Sky High and Tracsis, and Appendix III (Additional Information).

To accept the Offer, if you hold Sky High Shares in certificated form (that is, not in CREST), you must complete, sign and return the personalised Form of Acceptance along with your valid share certificate(s) and/or document(s) of title as soon as possible and in any event, so as to be received by Neville House, 18 Laurel Lane, Halesowen, B63 3DA not later than 1.00 p.m. on 16 April 2013. A reply paid envelope is enclosed for your use in the UK only. Acceptances in respect of uncertificated Sky High Shares should be made electronically through CREST by following the procedure set out in paragraph 13.2 of this letter, so that the TTE instruction settles by not later than 1.00 p.m. on 16 April 2013. If you are a CREST sponsored member, you should refer to your CREST sponsor as only your CREST sponsor will be able to send the necessary TTE instruction to Euroclear UK and Ireland.



## **2. Terms of the Offer**

The Offer is made on the terms and subject to the conditions set out below, Appendix I to this document and (in the case of Sky High Shares held in certificated form) in the Form of Acceptance. Under the terms of the Offer, Sky High Shareholders who accept the Offer will receive:

**For each Offer Share                      15.25 pence in cash**

The Offer values Sky High's entire issued ordinary share capital (excluding those shares contracted to be acquired under the Management Agreement and the Prowse Trust Agreement) at approximately £2.72 million and represents:

- a premium of approximately 69.44 per cent. to the Closing Price per Offer Share of 9p on 25 March 2013 (being the last Business Day prior to the date of the Announcement); and
- a premium of approximately 76.91 per cent. to the weighted average Closing Price per Offer Share of 8.6p for the six months ended 25 March 2013 (being the last Business Day prior to the date of the Announcement).

The Offer Shares will be acquired by Tracsis pursuant to the Offer fully paid and free from all liens, equities, charges, equitable interests, encumbrances, rights of pre-emption and other third party rights and/or interests of any nature whatsoever and together with all rights attaching to them, now or in the future, including the right to receive and retain all dividends, interest and other distributions declared, paid or made in the future.

The Offer extends to all Offer Shares allotted or issued and fully paid on the date of the Offer and any Offer Shares which are allotted or issued and fully paid before the date on which the Offer closes to acceptances or such earlier date as Tracsis may announce, subject to the Code and in accordance with the conditions and further terms of the Offer set out in Appendix I to this document.

The Offer is conditional, amongst other things, on:

- (i) valid acceptances being received in respect of not less than 90 per cent. of the Offer Shares (or such lower percentage as Tracsis may decide) provided that this condition will not be satisfied unless Tracsis shall have acquired or agreed to acquire, whether pursuant to the Offer or otherwise, Sky High Shares carrying in aggregate more than 50 per cent. of the voting rights normally exercisable at general meetings of Sky High; and
- (ii) the Independent Shareholders passing the Ordinary Resolution to approve the Management Arrangements at the Sky High General Meeting.

The Offer, and acceptances thereof, are and will be governed by English law and are subject to the jurisdiction of the English courts. The Offer is subject to the applicable requirements of the Code and other legal and regulatory requirements. In deciding whether or not to accept the Offer, Sky High Shareholders should rely on the information contained in the Offer Document and the Form of Acceptance.

Further terms and conditions of the Offer are set out at Appendix I to this document, and in the case of Sky High Shares held in certificated form, in the accompanying Form of Acceptance. The procedure for acceptance of the Offer is set out in paragraph 14 of this letter. Your attention is also drawn to the additional information set out in Appendix III to this document.

## **3. Deferred Shares**

Sky High's share capital also comprises of 114,702,633 issued Deferred Shares held by Sky High Shareholders which are not subject to the Offer.

The Deferred Shares have no voting rights and do not carry any entitlement to receive notice of or attend and vote at any general meetings of the Company. They carry only the right to participate in any return of capital to the extent of the amount paid up or credited as paid up on each Deferred Share but only after the holder of

each Ordinary Share has received in aggregate the amount paid up or credited as paid up on each Ordinary Share and a sum of £100,000 per Ordinary Share. Accordingly, the Deferred Shares are, for all practical purposes, valueless.

Under the articles of association of Sky High, each holder of the Deferred Shares is deemed to confer an irrevocable authority on Sky High to:

- (a) appoint one or more directors of Sky High to execute on behalf of the holder of such Deferred Shares a transfer and/or agreement to transfer the same for no consideration to such persons as the directors may determine; and/or
- (b) purchase all or any of the same for not more than an aggregate sum of £1.00 for all the Deferred Shares without obtaining the sanction of the holder thereof, and for the purposes of such purchase to appoint any one or more of the directors of Sky High to execute on behalf of any holder of Deferred Shares a contract for sale of any such shares held by such holder.

The Deferred Shares are not subject to the Offer and Tracsis intends that the Deferred Shares will either be transferred to Tracsis or repurchased by Sky High in accordance with the provisions of the articles of association, of Sky High following the date when the Offer becomes or is declared unconditional.

#### **4. Background to and reason for the Offer**

Tracsis has been aware of Sky High's operations for several years and believes this is a business that operates in a complementary space given its alignment with transport data capture and analysis by way of a variety of manual and technological means.

The Board of Tracsis recognises the potential of Sky High's business and has identified up sell and cross sell opportunities that they believe could be realised through coming together with Tracsis. These opportunities should lead to a broader service offering for both existing Tracsis and Sky High clients that can be delivered at better value and across a broader geography within the UK and overseas markets where Sky High already has a physical presence.

Furthermore, Tracsis believes that effective rationalisation of certain PLC related overheads combined with granting Sky High access to enhanced working capital facilities to eliminate debt and the need for invoice discounting will achieve immediate efficiencies which should result in higher operating margins.

#### **5. Information on the Offeror**

Tracsis is a limited liability company and was incorporated in England and Wales on 19 January 2004 with company no. 05019106. Tracsis was admitted to the AIM market of the London Stock Exchange in November 2007.

The issued share capital of Tracsis is 24,912,692 ordinary shares of £0.004 each. Following the issue of the Management Roll Over Shares the issued share capital will be 25,221,255 Ordinary Shares of £0.004 each.

The principal country of Tracsis's operations is the United Kingdom, although it has recently undertaken significant projects in Australasia and Europe.

Tracsis is a developer, supplier and aggregator of resource optimisation, data capture and reporting technologies and consultancy to companies in the passenger transport industries. The Group works primarily in the field of passenger rail and bus within UK and overseas markets.

Tracsis is a profitable, high growth business operating from three sites, being its Head Office in Leeds and two offices in Derby. It is a sales led organisation with a marketing strategy of selling direct. Tracsis develops its own software using a team of in-house developers.

### ***Current Trading and Prospects***

Your attention is drawn to the financial information on Tracsis referred to in Part B of Appendix II of this document.

On 4 March 2013, Tracsis released its interim results for the six months ended 31 January 2013 (incorporated by reference under Part B of Appendix II of this document) which stated that:

- Revenues increased 29 per cent. to £4.9 million (from £3.7 million in the six months ended 31 January 2012);
- Adjusted EBITDA increased 49 per cent. to £1.9 million (from £1.3 million in the six months ended 31 January 2012);
- Profit before tax increased 50 per cent. to £1.7m (from £1.1 million in the six months ended 31 January 2012); and
- Cash balances were £8.5m (from £7.6 million at 31 July 2012)

At the present time, Tracsis is trading in line with the expectations of the Tracsis Board and the Tracsis Board believe that the Group remains well positioned for further growth, subject to wider general economic conditions, and those specific risks and uncertainties that Tracsis is exposed to which have been referred to in the interim report for the six months ended 31 January 2013 and fully explained in the Annual Report for the year ended 31 July 2012 (both incorporated by reference under Part B of Appendix II of this document).

### ***Financial Effects of the Offer***

Following completion of the Offer, the consolidated assets and liabilities of the Enlarged Group will comprise the assets and liabilities of the Sky High Group and the Tracsis Group. The extent and amount of any fair value adjustments is not yet known.

It is anticipated that the consolidated revenues and earnings of the Enlarged Group will be enhanced by potential cross selling opportunities, but these are not yet known.

No change is envisaged in the continued employment of Tracsis' employees and management, or fixed assets or location of Tracsis' place of business as a consequence of the Offer.

## **6. Management Arrangements requiring Sky High Independent Shareholder Consent**

### ***Management Agreement***

Tracsis has entered into a Management Agreement with the Management Team under which Tracsis has conditionally agreed to acquire the Management Roll Over Shares (comprising 3,526,358 Sky High Shares) representing, in aggregate, approximately 16.39 per cent. of the issued share capital of Sky High, at the same price as the Offer Shares and the Management Shareholders, have agreed to apply the proceeds to acquire 308,563 Tracsis Shares, representing in aggregate approximately 1.22 per cent. of the issued share capital of Tracsis as at the Unconditional Date.

The Management Shareholders are three executive directors of Sky High (Mark Mattison, Grant Wilson and Martin Prowse) and three senior managers of the Sky High Group (Paul Jackson, Peter Agnew and Kevin Stewart). All these individuals will be employed in the Tracsis Group following the completion of the Offer and the Tracsis Board consider that the acquisition of the Tracsis Shares will align the Management Shareholders' interests with those of the existing Tracsis Shareholders.

It is proposed that the Management Roll Over Shares will be acquired at the same Offer price as the cash Offer (15.25p) and the proceeds will be used to acquire the Tracsis Shares. The issue price of the Tracsis Shares has been calculated using the one month volume weighted average price ("VWAP") of the Tracsis Shares (for the period immediately prior to announcement of the Offer being a price of 174.28p per Tracsis Share. This price represents a discount of 0.41per cent. to the Tracsis Share price at 25 March 2013).

The table below sets out the number of Sky High Shares being sold by the Management Shareholders and the number of Tracsis Shares being acquired by the Management Shareholders pursuant to the terms of the Management Agreement:

<i>Management Shareholder</i>	<i>Sky High Shares</i>	<i>Tracsis Shares</i>
Mark Mattison	2,477,633	216,800
Grant Wilson	548,726	48,015
Martin Prowse (via Prowse Family Trust)	249,999	21,875
Paul Jackson	62,500	5,468
Paul Agnew	125,000	10,937
Kevin Stewart	62,500	5,468
<b>TOTAL</b>	<b>3,526,358</b>	<b>308,563</b>

### *Proposed Incentivisation Agreement*

It is proposed that for the 12 months following completion of the Offer, a bonus scheme is put in place for Mark Mattison and Alex Johnson (executive directors of Sky High) whereby upon achieving certain profit targets for the Sky High business they would be entitled to receive a financial bonus.

The proposal is to award a bonus dependent upon achieving a profit before tax in the following bands:

<i>Level of Profit before tax achieved by Sky High</i>	<i>Bonus</i>
£0- £749,999	£nil
£750,000	£22,500
£750,000 – £949,999	£22,500 plus 15 per cent. of the excess over £750k
£950,000 and upwards	£52,500 plus 20 per cent. of the excess over £950k

Any bonus that becomes payable under the Proposed Incentivisation Agreement would be allocated as to 60 per cent. to Mark Mattison and 40 per cent. to Alex Johnson.

Under Rule 16 of the Code, except with the consent of the Panel, an offeror or persons acting in concert with it may not make any arrangements with shareholders and may not deal or enter into arrangements to deal in shares of the offeree company, or enter into arrangements which involve acceptance of an offer, either during an offer period or when one is reasonably in contemplation, if there are favourable conditions attached which are not being extended to all shareholders.

In accordance with Rule 16.2 of the Code,

- (a) as Mark Mattison, Grant Wilson, Paul Jackson, Peter Agnew, Kevin Stewart and Martin Prowse (via the Prowse Family Trust) are shareholders in Sky High, and as a result of the Management Agreement, they will become shareholders in Tracsis on a basis that is not being made available to the Independent Shareholders; and
- (b) Alex Johnson, although he is not a shareholder in Sky High will also take part in the Proposed Incentivisation Agreement with Mark Mattison. All such Management Arrangements must be approved by the Independent Shareholders at the Sky High General Meeting before they may take effect. The Management Agreement and the Proposed Incentivisation Agreement are therefore subject to the Ordinary Resolution being approved on a poll by a majority of the Independent Shareholders at the Sky High General Meeting.

Accordingly the Notice of the Sky High General Meeting convening the Sky High General Meeting for 2.00 p.m. on 15 April 2013 at which the Ordinary Resolution to approve the Management Arrangements, pursuant to the Code will be proposed is set out in Appendix IV of this document. In accordance with the requirements of the Code, only the Independent Shareholders will be permitted to vote on the Ordinary Resolution, which will be taken on a poll.

**SPARK Advisory Partners Limited considers the terms of the Management Arrangements, which comprises the terms of the Management Agreement and the Proposed Incentivisation Agreement with Mark Mattison and Alex Johnson, are fair and reasonable in so far as the Independent Shareholders are concerned.**

The details of all the Directors' service agreements are shown in paragraph 10 of Appendix III of this document.

## 7. Management Incentives, employees and locations

The Tracsis Board attaches great importance to the skills and experience of the management and employees of Sky High. The Tracsis Board intends to continue the business of Sky High, including supporting Sky High's current activities and has given assurances to the Independent Directors that, upon the Offer becoming or being declared unconditional in all respects, the existing employment rights of all employees of Sky High will be fully safeguarded.

No change is expected to the current locations of the Group's fixed assets or places of business.

Following the Offer becoming unconditional in all respects, key members of the Management Team will remain in their current roles with no changes to their current terms and conditions of employment, save that Mark Mattison and Alex Johnson have been incentivised to remain as employees of Sky High following completion of the Offer through the Proposed Incentivisation Agreement set out in paragraph 6 of Part I of this document.

In addition, it is proposed that Mark Mattison, Martin Prowse, Grant Wilson and Alex Johnson, as executive directors of Sky High, will be eligible to join the Tracsis Long Term Incentive Plan scheme whereby it is possible that any cash bonus awarded in the future can be swapped for discounted EMI share options which vest over a three year period (assuming that various conditions are met) on the same basis as existing Tracsis employees of a comparable level of seniority.

Additionally, it is proposed that following completion of the Offer Alex Johnson will be entitled to receive a pension contribution of 5 per cent. of his salary under his service agreement with Sky High. The Sky High remuneration committee had already agreed to this change, which is not being provided as a direct result of the Offer.

The Independent Directors have agreed to resign subject to and with effect from the Offer being declared unconditional in all respects. Particulars of the payments to the Independent Directors in connection with the termination of their respective appointments as Directors (and in accordance with the terms of their letters of appointment) are set out in paragraph 10 of Appendix III to this document.

## 8. Sky High Share Options

Sky High has granted the following options to David Lowe, Grant Wilson, Paul Jackson and Steve Hanson to subscribe for ordinary shares in Sky High:

<b>Option Holder</b>	<b>Sky High EMI Options</b>	<b>Exercise Price</b>	<b>Sky High Unapproved Options</b>	<b>Exercise Price</b>
David Lowe			255,000	12.5p
Grant Wilson	127,000	12.5p		
Paul Jackson	100,000	12.5p		
Steven Hanson	107,317	20.5p		

However, each of the option holders have voluntarily surrendered such options and waived their rights under Rule 15 of the Code, which would have required Tracsis to have made an appropriate offer to them to ensure that their interests were safeguarded. Consequently, the Panel has granted dispensation in respect of making an appropriate offer under Rule 15 of the Code.

## 9. Irrevocable Undertakings

Under the Management Agreement, Tracsis has subject to and conditional upon the Offer becoming or being declared unconditional in all respects agreed to acquire the Management Roll Over Shares (comprising 3,526,358 Sky High Shares) held by the Management Shareholders, representing approximately 16.39 per

cent. of all the issued Sky High Shares, at the same price as the Offer Shares and the Management Shareholders have agreed to apply the proceeds to acquire 308,563 Tracsis Shares, representing approximately 1.22 per cent. of the issued share capital of Tracsis following their issue.

Under the Prowse Trust Agreement, Tracsis has agreed to acquire 166,667 Sky High Shares from the Prowse Trust (a Connected Person of Martin Prowse), representing 0.77 per cent. of all the issued Sky High Shares, at the same price as the Offer Shares.

In addition:

- (a) the Offeror has received irrevocable undertakings to accept (or procure the acceptance of) the Offer from certain Management Shareholders in respect of 1,714,256 Sky High Shares representing approximately 9.62 per cent. of the Offer Shares and 7.97 per cent of all the issued Sky High Shares;
- (b) the Offeror has received irrevocable undertakings from the Independent Directors to:
  - (i) accept the Offer (or procure the acceptance of the Offer, as the case may be) in respect of an aggregate total of 10,819,607 Sky High Shares (as set out in paragraph 4.3(d) of Appendix III to this document) representing, in aggregate, approximately 60.70 per cent. of the Offer Shares and 50.28 per cent. of all the Sky High Shares; and
  - (ii) to vote or procure the vote, in favour of the Ordinary Resolution to approve the Management Arrangements), in respect of an aggregate total of 10,819,607 Eligible Voting Shares representing, in aggregate, approximately 67.16 per cent. of the Eligible Voting Shares; and
- (c) The Offeror has also received irrevocable undertakings to:
  - (i) accept the Offer from certain other Sky High Shareholders in respect of an aggregate total of 785,878 Sky High Shares (as set out in paragraph 4.3(e) of Appendix III to this document) representing approximately 4.41 per cent. of the Offer Shares and 3.65 per cent. of all the Sky High Shares; and
  - (ii) to vote (or procure the vote), in favour of the Ordinary Resolution, (to approve the Management Arrangements) in respect of an aggregate total of 785,878 Eligible Voting Shares representing, in aggregate, approximately 4.88 per cent. of the Eligible Voting Shares.

In aggregate, therefore, irrevocable undertakings have been received in respect of a total in aggregate of:

- (d) 13,319,741 Sky High Shares, to accept the Offer, representing approximately 74.73 per cent. of the Offer Shares and 61.90 per cent. of all the Sky High Shares; and
- (e) 11,605,485 Eligible Voting Shares, to vote in favour of the Ordinary Resolution, representing approximately 72.04 per cent. of the Eligible Voting Shares.

**Further details of these irrevocable undertakings are set out in paragraph 4.3 of Appendix III to this document.**

## **10. Financing of the Offer**

Full acceptance of the Offer on its current terms would involve payment by Tracsis of £2.72 million in cash to Sky High Shareholders. In addition the sum of £0.54 million is payable to the Management Shareholders under the Management Agreement for the purchase of the Management Roll Over Shares and £0.02 million is payable to the Prowse Trust under the Prowse Trust Agreement for the purchase of the Prowse Trust Shares.

Tracsis will fund the cash consideration of £3.28 million payable under the terms of the Offer and the Management Agreement and the Prowse Trust Agreement from its existing cash resources.

WH Ireland, financial adviser to the Offeror, is satisfied that sufficient financial resources are available to Tracsis from its own resources to satisfy in full the cash consideration payable to Sky High Shareholders under the terms of the Offer, to Management Shareholders under the terms of the Management Agreement and to the Prowse Trust under the terms of the Prowse Trust Agreement.

## **11. Cancellation of trading on AIM, Re-registration and Compulsory Acquisition**

If Tracsis receives acceptances under the Offer in respect of (and/or otherwise acquires) both 90 per cent. or more in value of the Offer Shares and 90 per cent. or more of the voting rights carried by those shares and assuming that all the other conditions of the Offer have been satisfied or waived (if capable of being waived), Tracsis intends to exercise its rights in accordance with sections 974 to 991 (inclusive) of the Act to acquire compulsorily the remaining Sky High Shares on the same terms as the Offer.

Following the Offer becoming or being declared unconditional in all respects and subject to any applicable requirements of the AIM Rules, Tracsis intends to procure that Sky High applies to the London Stock Exchange for the cancellation of trading of Sky High Shares on AIM. It is expected that such cancellation would take effect no earlier than 20 Business Days after the Offer becomes or is declared unconditional in all respects (provided that Tracsis has acquired, or agreed to acquire, issued share capital carrying not less than 75 per cent. of the voting rights of Sky High). The cancellation of the admission of Sky High Shares to trading on AIM would significantly reduce the liquidity and marketability of any Sky High Shares not acquired by Tracsis.

It is also intended that, following the Offer becoming or being declared unconditional in all respects, Sky High will be re-registered as a private company under the relevant provisions of the Companies Act 2006 and new articles of association be adopted by Sky High. It is intended that these articles of association will contain drag-along rights, which will provide that if there is a change of control of Sky High, namely a transfer to a third party of equity voting capital representing 50.00 per cent. control or more of the equity voting capital of Sky High, Tracsis can require all the other shareholders (if any) to sell their Sky High Shares to such third party on the same terms as Tracsis.

## **12. United Kingdom taxation**

The following paragraphs, which are intended as a general guide only, and not a substitute for detailed tax advice, are based on current UK capital gains tax, corporation tax, stamp duty and stamp duty reserve tax legislation and UK HM Revenue and Customs (“HMRC”) practice, which legislation and practice are subject to change, possibly with retrospective effect. They summarise certain limited aspects of the UK taxation treatment of acceptance of the Offer, and they relate only to:

- (a) The position of individual Shareholders who do not hold their shares by reason of their employment and hold their Sky High Shares beneficially as an investment, otherwise than under a personal equity plan or an individual savings account (ISA), and who are resident or ordinarily resident in the UK for taxation purposes.
- (b) For UK resident corporate investors who (together with associates and connected persons) have a not more than 10 per cent. interest in Sky High Shares. The statements may not apply to corporate shareholders such as trustees, dealers in shares and securities, or other entities subject to specific tax regimes or exemptions (such as pension funds, Venture Capital Trusts etc).

The statements are not exhaustive and do not deal with all potential tax issues that may affect a particular investor. If you are in any doubt as to your taxation position or if you are subject to taxation in any jurisdiction other than the UK, you should consult an appropriate independent professional adviser immediately.

### **Capital gains**

#### **Individuals**

A Sky High Shareholder who receives cash for his entire shareholding under the Offer will make a disposal of his Sky High Shares for the purposes of UK capital gains tax. The amount of the capital gain or allowable loss will be the difference between the acquisition cost (together with incidental costs of acquisition and disposal) of the shares and the disposal proceeds. Such a disposal may give rise to a liability to UK taxation of chargeable gains depending on the Sky High Shareholders’ individual circumstances (including the availability of exemptions, relief and allowable losses).

## Companies

Any gain realised on a sale or other disposal of shares by shareholders who are companies may be subject to corporation tax on chargeable gains.

The amount of the chargeable gain or allowable loss will be the difference between the acquisition cost (together with incidental costs of acquisition and disposal) of the shares and the disposal proceeds.

Companies may be entitled to indexation allowance which increases the acquisition cost of shares in accordance with the rise in the Retail Prices Index. A company may also be able to obtain relief for certain types of losses that can be utilised to reduce the quantum of the gain.

## Stamp duty/Stamp duty reserve tax

No stamp duty or stamp duty reserve tax will be payable by Sky High Shareholders as a result of the Offer becoming unconditional.

### 13. Overseas Sky High Shareholders

Unless otherwise determined by Tracsis and permitted by applicable law and regulation, and subject to certain exceptions, the Offer is not being made, directly or indirectly, in, into or from a Restricted Jurisdiction where to do so would violate the laws in that jurisdiction, and the Offer is not capable of acceptance from or within a Restricted Jurisdiction. Accordingly, unless otherwise determined by Tracsis, copies of this document, the Form of Acceptance and any accompanying document are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in, into or from a Restricted Jurisdiction, and persons receiving this document, the Form of Acceptance and any accompanying document (including custodians, nominees and trustees) must not mail or otherwise distribute or send them in, into or from such jurisdictions as doing so may be a breach of applicable law and regulation in that jurisdiction and may invalidate any purported acceptance of the Offer.

The availability of the Offer to Sky High Shareholders who are not resident in the United Kingdom may be affected by the laws of the relevant jurisdictions in which they are resident. Such persons should read paragraph 6 of Part B and paragraph (c) of Part C (if such person holds Sky High Shares in certificated form) and/or paragraph (c) of Part D (if such person holds Sky High Shares in uncertificated form) of Appendix I to this document and inform themselves of, and observe, any applicable legal or regulatory requirements of their jurisdictions.

**Any person (including custodians, nominees and trustees) who would, or otherwise intends to, or may have a contractual or legal obligation to, forward this document and/or the Form of Acceptance to any jurisdiction outside the United Kingdom, should read paragraph 6 of Part B and paragraph (c) of Part C and/or paragraph (c) of Part D of Appendix I to this document before taking any action and inform themselves of, and observe, any applicable legal or regulatory requirements of their jurisdictions.**

This document has been prepared for the purposes of complying with English law, the Code and the AIM Rules and 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 of any other jurisdiction.

The Offer is not being made, directly or indirectly, in or into and is not capable of acceptance from or within any Restricted Jurisdiction. Doing so may render invalid any purported acceptance. Accordingly, neither this document nor the accompanying Form of Acceptance are being, and must not be, issued, mailed or otherwise distributed or sent in, into or from, any Restricted Jurisdiction, unless Tracsis, in its sole discretion, determines otherwise. Custodians, nominees and trustees should observe these restrictions and should not send or distribute this document or the accompanying documents in or into any Restricted Jurisdiction.

### 14. Procedure for acceptance of the Offer

This paragraph should be read in conjunction with Appendix I to this document and in respect of Sky High Shares held in certificated form, the notes and instructions on the Form of Acceptance, which shall be deemed to be incorporated into, and form part of, the terms of the Offer.



**Different procedures for acceptance apply depending upon whether your Sky High Shares are held in certificated or uncertificated form.**

Sky High Shareholders who hold their Sky High Shares in certificated form (that is, not in CREST) should read paragraph 13.1 in conjunction with the Form of Acceptance and Parts B and C of Appendix I to this document. Sky High Shareholders who hold their Shares in uncertificated form (that is, through CREST) should read paragraph 13.2 in conjunction with Parts B and D of Appendix I to this document. Sky High Shareholders who hold their Sky High Shares in both certificated and uncertificated form should read both sections referred to above.

**14.1 Sky High shares held in certificated form (that is, not in CREST)**

**(a) To accept the Offer**

To accept the Offer in respect of Sky High Shares held in certificated form, you must complete the Form of Acceptance in accordance with the instructions set out below. If you hold Sky High Shares in certificated form, but under different designations, you should complete a separate Form of Acceptance for each designation. If you have any queries as to how to complete the Form of Acceptance please telephone Neville Registrars Limited on 0121 585 1131 or if calling from outside the UK, on + 44 121 585 1131. Calls to Neville Registrars Limited's number from outside the UK are charged at applicable international rates. Different charges may apply to calls made from mobile telephones and calls may be recorded and monitored randomly for security and training purposes. Neville Registrars Limited cannot provide advice on the merits of the Offer nor give any financial, legal or tax advice. Additional Forms of Acceptance are available from Neville Registrars Limited upon request.

- (i) To accept the Offer in respect of all your Sky High Shares in certificated form, you must complete Box 1 of the enclosed Form of Acceptance. If appropriate, you should also complete Boxes 3 and/or 4. In all cases, you must sign Box 2 of the enclosed Form of Acceptance in accordance with the instructions printed on the Form of Acceptance.
- (ii) To accept the Offer in respect of less than all your Sky High Shares in certificated form you must insert in Box 1 on the enclosed Form of Acceptance such lesser number of Sky High Shares in respect of which you wish to accept the Offer in accordance with the instructions printed thereon. You should then follow the procedure set out in paragraph (i) above in respect of such lesser number of Sky High Shares. If you do not insert a number in Box 1 of the Form of Acceptance, or if you insert in Box 1 a number which is greater than the number of Sky High Shares that you hold and you have signed Box 2, your acceptance will be deemed to be in respect of all Sky High Shares held by you in certificated form.

In all cases, you must sign Box 2 on the relevant Form of Acceptance including, if you are an individual, in the presence of a witness who should also sign in accordance with the instructions printed on it. All joint holders (if any) must sign in this manner. Any Sky High Shareholder which is a company should execute the relevant Form of Acceptance in accordance with the instructions printed on it.

The Form of Acceptance is issued only to the addressee(s) and is specific to the class of security and the unique designated account printed on it. The Form of Acceptance is a personalised form and is not transferable between accounts or uniquely designated accounts. The Offeror and Neville Registrars Limited accept no liability for any instructions which do not comply with the conditions set out in this document, the Form of Acceptance or accompanying materials.

**(b) Return of Form of Acceptance**

To accept the Offer in respect of Sky High Shares held in certificated form (i.e. you hold a paper share certificate), the completed, signed and witnessed (in the case of an individual) Form of Acceptance should be returned by post or by hand (during normal business hours only) to Neville Registrars Limited at Neville House, 18 Laurel Lane, Halesowen, B63 3DA (subject to paragraph 13.1(c) below) with the relevant share certificate(s) and/or other document(s) of title, as soon as possible, and, in any event, so as to be received not later than 1.00 p.m. (London time) on 16 April 2013. A reply-paid envelope for use in the UK only is enclosed for your convenience. No acknowledgement of receipt of documents will be given by or on behalf of the Offeror.

Any Form of Acceptance received in an envelope postmarked in a Restricted Jurisdiction or otherwise appearing to the Offeror or its agents to have been sent from a Restricted Jurisdiction may be rejected as an invalid acceptance of the Offer. For further information on Overseas Shareholders, see paragraph 13 of this Part II above.

**(c) Documents of title**

If your Sky High Shares are in certificated form, a completed, signed and witnessed Form of Acceptance should be accompanied by the relevant share certificate(s) and/or other document(s) of title. If for any reason the relevant share certificate(s) and/or other document(s) of title is/are not readily available or is/are lost, you should nevertheless complete, sign (and have witnessed in the case of an individual) and lodge the Form of Acceptances stated above so as to be received by Neville Registrars Limited at the address referred to in paragraph 13.1(b) above not later than 1.00 p.m. (London time) on 16 April 2013. You should send with the Form of Acceptance, any valid share certificate(s) and/or other document(s) of title which you may have available, accompanied by a letter stating that the remaining documents will follow as soon as possible or that you have lost one or more of your share certificate(s) and/or other document(s) of title. You should then arrange for the relevant share certificate(s) and/or other document(s) of title to be forwarded as soon as possible.

If you have lost your share certificate(s) and/or other document of title, you should write to Sky High's registrars, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU, as soon as possible requesting a letter of indemnity for the lost share certificate(s) and/or other document(s) of title, which, when completed in accordance with the instructions given, should be returned by post or by hand (during normal business hours only) to Neville Registrars Limited at the address given in paragraph 13.1 (b) above.

**(d) Validity of acceptances**

Without prejudice to Parts B, C and D of Appendix I to this document, subject to the terms of this Offer and the provisions of the Code, the Offeror reserves the right to treat as valid in whole or in part any acceptance of an Offer in relation to Sky High Shares held in certificated form which is not entirely in order or which is not accompanied by the relevant share certificate(s) and/or other document(s) of title. In that event, no payment of cash under the Offer will be made until after the relevant share certificate(s) and/or other document(s) of title or indemnities satisfactory to the Offeror have been received.

**14.2 Sky High Shares held in uncertificated form (i.e. in CREST)**

**(a) General**

If at the time of acceptance of the Offer, your Sky High Shares are in uncertificated form, to accept the Offer you must take (or procure the taking of) the action set out below to transfer Sky High Shares held in uncertificated form in respect of which you wish to accept the Offer

to the appropriate escrow balance(s) (that is, send a TTE instruction), specifying Neville Registrars Limited (in its capacity as a CREST participant under the Escrow Agent's relevant Participant ID referred to below) as the Escrow Agent, as soon as possible and in any event so that the TTE instruction settles by not later than 1.00 p.m. (London time) on 16 April 2013. Note that settlement cannot take place on weekends or bank holidays (or other times at which the CREST system is non-operational) you should therefore ensure that you time the input of any TTE instructions accordingly.

The input and settlement of a TTE instruction in accordance with this paragraph 14.2 will (subject to satisfying the requirements set out in Parts B and D of Appendix I to this document) constitute an acceptance of the Offer in respect of the number of Sky High Shares so transferred to escrow.

If you are a CREST sponsored member, you should refer to your CREST sponsor before taking any action. Your CREST sponsor will be able to confirm details of your Participant ID and the member account ID under which your Sky High Shares in certificated form are held. In addition, only your CREST sponsor will be able to send the TTE instruction(s) to Euroclear in relation to your Sky High Shares held in uncertificated form.

After settlement of a TTE instruction, you will not be able to access Sky High Shares concerned in CREST for any transaction or charging purposes unless the Offer lapses or is withdrawn. If the Offer becomes or is declared unconditional in all respects, the Escrow Agent will transfer Sky High Shares concerned to itself in accordance with paragraph (e) of Part D of Appendix I to this document.

You are recommended to refer to the CREST manual published by Euroclear for further information on the CREST procedures outlined below.

You should note that Euroclear does not make available special procedures in CREST for any particular corporate action. Normal system timings and limitations will therefore apply in connection with a TTE instruction and its settlement. You should therefore ensure that all necessary action is taken by you (or by your CREST sponsor) to enable a TTE instruction relating to your Sky High Shares to settle prior to 1.00 p.m. (London time) on 16 April 2013. In this connection, you are referred in particular to those sections of the CREST manual concerning practical limitations of the CREST system and timings.

**(b) To accept the Offer**

To accept the Offer in respect of Sky High Shares held in uncertificated form, you should send (or, if you are a CREST sponsored member, procure that your CREST sponsor sends) to Euroclear a TTE instruction in relation to such shares. A TTE instruction to Euroclear must be properly authenticated in accordance with Euroclear's specifications for transfers to escrow and must contain the following details:

- the ISIN of the Sky High Shares. This is GB00B1LCP739;
- the number of Sky High Shares in respect of which you wish to accept the Offer (i.e. the number of Sky High Shares in uncertificated form to be transferred to escrow);
- your Participant ID;
- your member account ID;
- the Participant ID of the Escrow Agent namely Neville Registrars Limited in its capacity as a CREST receiving agent. This is 7RA11;
- the member account ID of the Escrow Agent for the Offer in its basic terms. This is SKYHIGH for the Offer;

- the intended settlement date. This should be as soon as possible and, in any event, not later than 1.00 p.m. (London time) on 16 April 2013;
- the corporate action number of the Offer which is allocated by Euroclear and can be found by viewing the relevant corporate action details in CREST;
- input with a standard delivery instruction priority of 80; and
- your name and contact telephone number in the shared note field.

**(c) Validity of acceptances**

Holders of Sky High Shares in uncertificated form who wish to accept the Offer should note that a TTE instruction will only be a valid acceptance of that Offer as at the relevant closing date if it has settled on or before 1.00 p.m. (London time) on that date.

If you are in any doubt as to the procedure for acceptance of the Offer, please contact Neville Registrars Limited by telephone on 0121 585 1131 or if calling from outside the UK, on +44 121 585 1131. Calls to Neville Registrars Limited's +44 121 585 1131 number from outside the UK are charged at applicable international rates. Different charges may apply to calls made from mobile telephones and calls may be recorded and monitored randomly for security and training purposes. Neville Registrars Limited cannot provide advice on the merits of the Offer nor give any financial, legal or tax advice. You are reminded that, if you are a CREST sponsored member, you should contact your CREST sponsor before taking any action.

**15. Settlement**

The settlement procedure will comply with the rules of the Code.

Subject to the Offer becoming or being declared unconditional in all respects (and except as provided in paragraph 6 of Part B of Appendix I to this document in the case of certain Overseas Shareholders), settlement of the consideration to which any Sky High Shareholder (or the first named shareholder in the case of joint holders) is entitled under the Offer will be effected by the dispatch of cheques or the crediting of CREST accounts: (i) in the case of acceptances received, complete in all respects, by the date on which the Offer becomes or is declared wholly unconditional, within 14 days of such date; and (ii) in the case of acceptances received, complete in all respects, after the date on which the Offer becomes or is declared wholly unconditional but while the Offer remains open for acceptance, within 14 days of such receipt, and in either case in the manner described in paragraphs 15(a), (b) and (c) below.

**(a) Sky High Shares in certificated form (i.e. not in CREST)**

Where an acceptance relates to Sky High Shares in certificated form, settlement of any cash consideration to which the accepting Sky High Shareholder is entitled under the Offer will be dispatched by first class post (or by such other method as may be approved by the Panel) to the validly accepting Sky High Shareholder or its appointed agents (but not into any Restricted Jurisdiction). All such cash payments will be made in pounds sterling by cheque drawn on a branch of a UK clearing bank.

**(b) Sky High Shares in uncertificated form (i.e. in CREST)**

Where an acceptance relates to Sky High Shares in uncertificated form, settlement of the cash consideration to which the accepting Sky High Shareholder is entitled will be paid by means of a CREST payment in favour of the accepting Sky High Shareholder's payment bank in respect of the cash consideration due, in accordance with CREST payment arrangements. The Offeror reserves the right to settle all or any part of the consideration referred to in this paragraph 15(b), for all or any accepting Sky High Shareholder(s), in the manner referred to in paragraph 15(a) above, if, for any reason, it wishes to do so.

(c) **General**

If the Offer lapses or is withdrawn:

- (i) in the case of Sky High Shares held in certificated form, the relevant Form of Acceptance, share certificate(s) and/or other document(s) of title will be returned by post (or by such other method as may be approved by the Panel) within 14 days of the Offer lapsing to the person or agent whose name and address is set out in Box 1 or, if appropriate, Box 4 of the relevant Form of Acceptance or, if none is set out, to the first named holder at his registered address (provided that no such documents will be sent to an address in any Restricted Jurisdiction); and
- (ii) in the case of Sky High Shares held in uncertificated form, the Escrow Agent will, immediately after the lapsing or withdrawal of the Offer (or within such longer period as the Panel may permit, not exceeding 14 days from the lapsing of the Offer), give TTE instructions to Euroclear to transfer all Sky High Shares held in escrow balances and in relation to which it is the Escrow Agent for the purposes of the Offer to the original available balances of the Sky High Shareholders concerned.

All remittances, communications, notices, certificates and documents of title sent by, to or from Sky High Shareholders or their appointed agents will be delivered by, sent to or from, them, or their appointed agents, at their own risk.

**16. Further Information**

Your attention is drawn to the further information relating to the Offer set out in Appendices I to IV to this document and in the Form of Acceptance (in respect of certificated Sky High Shares). The Appendices and the Form of Acceptance contain material information which may not necessarily be summarised elsewhere in this document.

**17. Action to be taken**

To accept the Offer:

- (a) if you hold your Sky High Shares, or part of your holding is in certificated form (i.e. you hold a paper share certificate and not electronically in CREST), in order to accept the Offer in respect of those Sky High Shares you must complete, sign (and have witnessed, in the case of an individual) and return the Form of Acceptance (together with your valid share certificate(s) and any other document(s) of title) to the Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, B63 3DA **as soon as possible and, in any event, so as to be received by not later than 1.00 p.m. on 16 April 2013;** or
- (b) if you hold your Sky High Shares, or any of them, in uncertificated form (that is, in CREST), in order to accept the Offer in respect of those Sky High Shares you must follow the procedure set out in paragraph 14.2 of this letter, so that the TTE instruction settles **as soon as possible and, in any event, not later than 1.00 p.m. on 16 April 2013. If you are a CREST Sponsored Member, you should refer to your CREST sponsor, as only your CREST Sponsor will be able to send the necessary TTE instructions to Euroclear.**

Yours faithfully,

**John McArthur**  
Chief Executive Officer  
For and on behalf of Tracsis

## APPENDIX I – CONDITIONS AND FURTHER TERMS OF THE OFFER

### PART A – CONDITIONS OF THE OFFER

The Offer complies with the rules and regulations of the Financial Services Authority, the AIM Rules of the London Stock Exchange, the Code and the Companies Act 2006. The Offer is governed by English law and is subject to the jurisdiction of the courts of England and to the terms and conditions set out in this Appendix I and (in relation to Sky High Shares held in certificated form) in the Form of Acceptance.

The Offer is subject to the following conditions:

- (a) valid acceptances of the Offer being received (and not, where permitted, withdrawn) by not later than 1.00 p.m. (London time) on the First Closing Date (or such later time(s) and/or date(s) as Tracsis may, subject to the rules of the Code or with the consent of the Panel, decide) in respect of not less than 90 per cent. (or such lesser percentage as Tracsis may decide) in nominal value of Sky High Shares to which the Offer relates, and not less than 90 per cent. (or such lesser percentage as Tracsis may decide) of the voting rights carried by Sky High Shares to which the Offer relates, provided that this condition will not be satisfied unless Tracsis shall have acquired or agreed to acquire, whether pursuant to the Offer or otherwise, Sky High Shares carrying in aggregate more than 50 per cent. of the voting rights then exercisable at a general meeting of Sky High including to the extent (if any) required by the Panel, any voting rights attaching to Sky High Shares which are unconditionally allotted before the Offer becomes or is declared unconditional as to acceptances pursuant to the exercise of any outstanding conversion or subscription rights or otherwise. For the purposes of this condition:
  - (i) Sky High Shares which have been unconditionally allotted but not issued before the Offer becomes or is declared unconditional as to acceptances, whether pursuant to the exercise of any outstanding subscription or conversion rights or otherwise, shall be deemed to carry the voting rights they will carry upon issue; and
  - (ii) the expression “Sky High Shares to which the Offer relates” shall be construed in accordance with Chapter 3 of Part 28 of the Companies Act 2006;
- (b) the passing by the Independent Shareholders at a general meeting of Sky High (or at any adjournment thereof) of the Ordinary Resolution to approve the Management Arrangements between Tracsis, the Management Team and Sky High or such other resolutions as may be required by the Panel to approve the Management Arrangements;
- (c) no Relevant Authority having, without the consent of Tracsis, having given notice in writing of a decision to take, institute, implement or threaten any action, proceedings, suit, investigation, enquiry or reference (and in each case not having withdrawn the same) or having required any action to be taken or information to be provided or otherwise having done anything or having made, proposed or enacted any statute, regulation, order or decision (and in each case not having withdrawn the same) or having done anything which would or might reasonably be expected to (in any case which would or might reasonably be expected to be material in the context of the Wider Sky High Group, or the Wider Tracsis Group, as the case may be, each taken as a whole):
  - (i) make the Offer, its implementation or the acquisition or proposed acquisition of any shares or other securities in, or control or management of, any member of the Wider Sky High Group by any member of the Wider Tracsis Group void, prohibited, unenforceable and/or illegal in or under the laws of any relevant jurisdiction or otherwise, in any material way, directly or indirectly restrain, restrict, prohibit, prevent, delay or otherwise interfere with the Offer or such acquisition or the implementation thereof, or impose material additional conditions or obligations with respect to the Offer or such acquisition, or otherwise, in any material way, challenge, impede or prevent the Offer or its implementation, or require material amendment to the terms of the Offer or the acquisition or proposed acquisition of any Sky High Shares, or the acquisition of control by the Wider Tracsis Group of the Wider Sky High Group;

- (ii) require, prevent or delay the divestiture (or alter the terms envisaged for any proposed divestiture) by any member of the Wider Tracsis Group or by any member of the Wider Sky High Group of all or any material part of their respective businesses, assets or properties or impose any material limitation on the ability of any of them to conduct any of their respective businesses (or any of material part thereof) or to own or dispose of any of their respective assets or properties or any material part thereof;
- (iii) impose any limitation on, or result in a material delay in, the ability of any member of the Wider Tracsis Group, to acquire or to hold or to exercise effectively, directly or indirectly, all or any rights of ownership of shares or loans or securities convertible into shares or any other securities in Sky High (or any member of the Wider Sky High Group) or on the ability of any member of the Wider Sky High Group or any member of the Wider Tracsis Group to hold or exercise effectively, directly or indirectly, all or any rights of ownership in respect of shares or loans or securities convertible into shares or any other securities (or equivalent) in, or to exercise voting or management control over any member of the Wider Sky High Group;
- (iv) other than pursuant to Chapter 3 of Part 28 of the Companies Act, require any member of the Wider Tracsis Group and/or any member of the Wider Sky High Group to acquire, or to offer to acquire, any shares or other securities (or their equivalent) or interest in and/or indebtedness of any member of the Wider Sky High Group owed by or owed to any third party;
- (v) impose any limitation on the ability of any member of the Wider Tracsis Group or any member of the Wider Sky High Group to integrate or co-ordinate its business, or any part of it, with the businesses (or any part of the businesses) of any other member of the Wider Tracsis Group or the Wider Sky High Group;
- (vi) result in any member of the Wider Sky High Group ceasing to be able to carry on business under any name under which it presently does so or ceasing to be able to use in its business any name, trademark or other intellectual property right which it at present uses where such name or use is material to the business of the Wider Sky High Group taken as a whole; or
- (vii) otherwise adversely affect any or all of the business, assets, financial or trading position, profits or prospects of any member of the Wider Tracsis Group or any member of the Wider Sky High Group,

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

- (d) all necessary filings and applications having been made, all appropriate waiting and other time periods (including any extensions of such waiting and other time periods) under any applicable legislation or regulations of any relevant jurisdiction having expired, lapsed or been terminated and all regulatory and statutory obligations in any relevant jurisdiction having been complied with in each case as may be necessary in respect of the Offer and its implementation or the acquisition or proposed acquisition by Tracsis or any member of the Wider Tracsis Group of any shares or other securities in, or control of, Sky High or any member of the Wider Sky High Group;
- (e) all authorisations, orders, recognitions, grants, consents, clearances, confirmations, licences, certificates, permissions and approvals (“**Authorisations**”) which are material and necessary or appropriate for or in respect of the Offer or the acquisition or proposed acquisition by Tracsis of any shares or other securities in, or control of, Sky High or any other member of the Wider Sky High Group in each case where the absence of such Authorisations would have a material adverse effect on the Wider Tracsis Group or the Wider Sky High Group and in each case taken as a whole, having been obtained on terms and in a form satisfactory to Tracsis (acting reasonably), from all and any appropriate Relevant Authority or (without prejudice to the generality of the foregoing) from any person or bodies with whom any member of the Wider Sky High Group or the Wider Tracsis Group

has entered into contractual arrangements and all such Authorisations which are necessary or reasonably considered to be appropriate to carry on the business of any member of the Wider Sky High Group remaining in full force and effect at the time at which the Offer becomes unconditional in all respects and there being no notice of any intention to revoke, not renew, suspend, restrict, modify such Authorisations and all necessary statutory or regulatory obligations in any jurisdiction having been complied with;

- (f) save as Disclosed, there being no provision of any agreement, arrangement, license, permit or other instrument to which any member of the Wider Sky High 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 or any circumstance which, in each case as a consequence of the making or implementation of the Offer or the proposed acquisition or proposed acquisition of any shares or other securities in, or control or management of, any member of the Wider Sky High Group taken as a whole, by any member of the Wider Tracsis Group which would or might reasonably be expected to result in (to an extent in any such case that is material in the context of the Wider Sky High Group taken as a whole):
- (i) any monies borrowed by or any other indebtedness or liabilities (actual or contingent) of, or any grant available to, any member of the Wider Sky High Group being or becoming repayable or being capable of being declared repayable immediately or prior to its stated maturity or repayment date, or the ability of any such member to borrow moneys or incur any indebtedness being withdrawn or inhibited or capable of being withdrawn or inhibited;
  - (ii) the creation or enforcement of any mortgage, charge or other security interest over the whole or any material part of the business, property, assets or interests of any such member of the Wider Sky High Group or any such security (whenever created arising or having arisen), becoming enforceable or being enforced;
  - (iii) any such arrangement, agreement, licence or instrument or the rights, liabilities, obligations or interests or business of any member of the Wider Sky High Group under any such arrangement, agreement, licence or instrument (or any arrangement, agreement, licence or instrument relating to any such right, liability, obligation, interest or business);
  - (iv) the rights, liabilities, obligations, interests or business of any member of the Wider Sky High Group in or with any other firm or company or body or person being or becoming capable of being terminated or adversely modified or adversely affected or any onerous obligation or liability arising or any adverse action being taken thereunder;
  - (v) any member of the Wider Sky High Group ceasing to be able to carry on business under any name or in any manner under which it presently carries on business or ceasing to be able to use in its business any name, trademark or other intellectual property right which it at present uses, in each case on the same basis and terms as at present apply;
  - (vi) any asset, property or interest of, any member of the Wider Sky High Group being disposed of or charged, or any right arising under which any such asset, property or interest could be required to be disposed of or charged (otherwise than in the ordinary course of business);
  - (vii) the creation or acceleration of any material liability (actual or contingent) by any such member of the Wider Sky High Group (other than in the ordinary course of business);
  - (viii) the business, assets, value, financial or trading position, profits, prospects or operational performance of any member of the Wider Sky High Group being prejudiced or adversely affected;
  - (ix) any liability of any member of the Wider Sky High Group to make any severance, termination, bonus or other payment to any of its directors or other officers; or
  - (x) any change in, or effect on, the ownership or use of any intellectual property rights owned or used by any member of the Wider Sky High Group,



and no event having occurred which, under any provision of any such agreement, arrangement, license, permit or other instrument which would or might reasonably be expected to result in any of the events or circumstances which are referred to in this condition (f), in each case to an extent which is or would be material in the context of the Wider Sky High Group taken as a whole;

- (g) save as Disclosed, no member of the Wider Sky High Group since 31 March 2012 having:
- (i) issued, agreed to issue or proposed or authorised the issue or grant of additional shares or securities of any class, or securities convertible into, or exchangeable for, or rights, warrants or options to subscribe for or acquire, any such shares or convertible securities or redeemed, purchased, repaid, reduced or made any other change, or proposed the redemption, purchase, repayment, reduction or other change, of any part of its share capital or any other securities;
  - (ii) merged with (by statutory merger or otherwise) or demerged from or acquired any body corporate, partnership or business or acquired or disposed of, or transferred, mortgaged or charged or created any security interest over, any material assets or any right, title or interest in any material asset (including shares and trade investments) or authorised, proposed or announced any intention to do so or to any material change in its loan capital, in each case to an extent which is material in the context of the Wider Sky High Group;
  - (iii) issued, authorised or proposed the issue of, or made any change in or to, any debentures (save as between Sky High and its wholly-owned subsidiaries or between such wholly-owned subsidiaries) incurred or increased any indebtedness or become subject to any actual or contingent liability, to an extent which is material in the context of the Wider Sky High Group taken as a whole;
  - (iv) other than to Sky High or a wholly owned subsidiary of Sky High, recommended, declared, paid or made or proposed to recommend, declare, pay or make any bonus, dividend, or other distribution (whether payable in cash or otherwise);
  - (v) entered into, proposed or authorised, or announced its intention to enter into or authorise, any merger or demerger, reconstruction, arrangement, amalgamation, transaction or arrangement, in respect of itself or another member of the Wider Sky High Group (other than in the ordinary course of business) which is material in the context of the Wider Sky High Group taken as a whole;
  - (vi) entered into or varied or authorised or become bound by or proposed the entry into or variation of, or announced its intention to enter into or vary, any contract, transaction, arrangement or commitment (whether in respect of capital expenditure or otherwise) which:
    - (a) is of a long term, onerous or unusual nature or magnitude; or
    - (b) is or is reasonably likely to be restrictive to the businesses of any member of the Wider Sky High Group to an extent which is material to the Sky High Group taken as a whole; or
    - (c) involves or could reasonably be expected to involve an obligation of a long term, onerous or unusual nature or magnitude which is material in the context of the Wider Sky High Group taken as a whole;
  - (vii) been unable or admitted that it is unable to pay its debts 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 or proposed or entered into any composition or voluntary arrangement with its creditors (or any class of them) or the filing at court of documentation in order to obtain a moratorium prior to a voluntary arrangement or, by reason of actual or anticipated financial difficulties, commenced negotiations with one or more of its creditors with a view to rescheduling any of its indebtedness;

- (viii) entered into, varied or authorised or proposed entry into or variation of, or announced its intention to enter into or vary the terms of or made any offer (which remains open for acceptance) enter into or vary the terms of, any service agreement, or other agreement, commitment, arrangement or contract with any of the directors or senior executives or senior managers of any member of the Wider Sky High Group;
- (ix) proposed, agreed to or modified the terms of any share option scheme, share scheme, incentive scheme or other benefit relating to the employment or termination of employment of any person employed by the Wider Sky High Group in a manner which is material in the context of the Wider Sky High Group taken as a whole;
- (x) proposed, agreed to provide or modified (in any material respect) the terms of any retirement, death or disability benefit or any other employment-related benefit of or in respect of any of its directors, employees, former director or former employees;
- (xi) save as between Sky High and its wholly-owned subsidiaries, granted any lease or third party rights in respect of any leasehold or freehold property owned or occupied by it or transferred or otherwise disposed of any such property, in each case which is material in the context of the Wider Sky High Group as a whole;
- (xii) (other than in respect of a member of the Wider Sky High Group which is dormant and was solvent at the relevant time) taken or proposed any corporate action nor had any steps taken or legal proceedings started or threatened against it or petition presented or order made for its winding-up (voluntarily or otherwise), dissolution, striking off or reorganisation or for it to enter into any arrangement or composition for the benefit of its creditors, or for the appointment of a receiver, administrator (including the filing of any administration application, notice or intention to appoint an administrator or notice of appointment of an administrator), administrative receiver, trustee or similar officer of it or all or any of its assets and revenues (or for any analogous proceedings or steps having occurred in any jurisdiction or for the appointment of any analogous person in any jurisdiction);
- (xiii) been unable, or admitted in writing that 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 cease carrying on all or a substantial part of its business;
- (xiv) to the extent that there are trust deeds constituting pension schemes established for directors and/or employees of the Wider Sky High Group and/or their dependants made or agreed or consented to any material change to the terms of the scheme or to the benefits which accrue, or to the pensions which are payable, thereunder, or to the basis on which qualification for, or accrual of or entitlement to, such benefit or pensions are calculated or determined or to the basis upon which the liabilities (including pensions) or such pension schemes are funded or made, or agreed or consented to any change to the trustees involving the appointment of a trust corporation or allowed any deficit (actual or contingent) to arise or persist in relation to the funding of any such scheme to an extent which is material in the context of the Wider Sky High Group taken as a whole;
- (xv) waived or compromised or settled any claim, or authorised any such waiver, compromise or settlement, which is material in the context of the Wider Sky High Group taken as a whole;
- (xvi) made any material alteration to its memorandum or articles of association, or any other constitutional document; or
- (xvii) entered into any agreement, contract, commitment or arrangement or passed any resolution or made any offer (which remains open for acceptance) with respect to or announced an intention to, or proposed to, effect any of the transactions, matters or events referred to in this condition (g);

- (h) save as Disclosed, since 31 March 2012:
  - (i) no adverse change or deterioration having occurred in the business, assets, financial or trading position or profits, assets or prospects of Sky High or any other member of the Wider Sky High Group that is material in the context of the Wider Sky High Group taken as a whole;
  - (ii) no litigation, arbitration proceedings, prosecution or other legal proceedings having been instituted, announced, implemented, threatened in writing by or remain outstanding against any member of the Wider Sky High Group or to which any member of the Wider Sky High Group is a party (whether as claimant, defendant or otherwise) and no enquiry or investigation by a Relevant Authority having been instituted, threatened in writing or announced by or against or remaining outstanding in respect of the Wider Sky High Group which in any such case is or is reasonably likely to be material in the context of the Wider Sky High Group taken as a whole;
  - (iii) no contingent or other liability in respect of any member of the Wider Sky High Group having arisen or been incurred, become apparent or increased other than in the Ordinary course of business which would reasonably be expected to materially adversely affect the business, assets, financial or trading position or profits of any member of the Wider Sky High Group taken as a whole; and
  - (iv) no steps having been taken, and no omission having been made which are reasonably likely to result in the withdrawal, cancellation, termination or modification of any licence held by any member of the Wider Sky High Group which is necessary for the proper carrying on of its business and where such withdrawal, cancellation, termination or modification would be material in the context of the Wider Sky High Group, taken as a whole;
- (i) save as Disclosed, Tracsis not having discovered that:
  - (i) any financial, business or other information concerning Sky High or any member of the Wider Sky High Group publicly announced or disclosed at any time prior to the Announcement Date to any member of the Wider Tracsis Group by or on behalf of any member of the Wider Sky High Group, is misleading, contains a material misrepresentation of fact or omits to state a fact necessary to make the information contained therein not misleading and which has not been corrected by being Disclosed, in each case to an extent which is material in the context of the Wider Sky High Group taken as a whole in the context of the Offer; or
  - (ii) any information which affects the import of any information Disclosed to an extent which is material in the context of the Wider Sky High Group;
  - (iii) that any member of the Wider Sky High Group other than in the ordinary course of business is subject to any liability (actual or contingent), which is material in the context of the Wider Sky High Group taken as a whole in the context of the Offer; or
  - (iv) any past or present member of the Wider Sky High Group has not complied with any and all applicable legislation or regulations of any relevant jurisdiction with regard to the use, treatment, handling, release, emission, disposal, discharge, deposit, spillage or leak of waste or hazardous or harmful substances or substances on or about or from any land or property of any description or other asset now or previously owned, occupied or made use of by any past or present member of the Wider Sky High Group which non-compliance would be reasonably likely to give rise to any liability (whether actual or contingent) on the part of any member of the Wider Sky High Group which is material in the context of the Wider Sky High Group taken as a whole; or
  - (v) there has been a material disposal, spillage, emission, discharge or leak of waste or hazardous substance reasonably likely to impair the environment or harm human health on, or from, any land or other asset now or previously owned, occupied or made use of by any past or present

member of the Wider Sky High Group, or in which any such member may now or previously have had an interest, which would be reasonably likely to give rise to any liability (whether actual or contingent) on the part of any member of the Wider Sky High Group to any extent which would be material in the context of the Wider Sky High Group taken as a whole;

- (vi) there is, or is reasonably likely to be, for that or any other reason whatsoever, any material obligation or liability (actual or contingent) of any past or present member of the Wider Sky High Group to make good, repair, reinstate or clean up any property, asset or any controlled waters now or previously owned, occupied, operated or made use of by any past or present member of the Wider Sky High Group, in any case to an extent which is material in the context of the Wider Sky High Group taken as a whole; or
- (vii) circumstances exist whereby a person or class of persons would be reasonably likely to have any claim or claims in respect of any product, by-product or process of manufacture or service or materials used therein now or previously manufactured, supplied, sold or in any way dealt with or handled by any past or present member of the Wider Sky High Group where such claim is material in the context of the Wider Sky High Group taken as a whole.

The Offer will lapse (unless agreed by the Panel) if, before 1.00 p.m. on the First Closing Date, it is referred to the Competition Commission or results in the European Commission, pursuant to Council Regulation (EC) 139/2004, initiating proceedings under Article 6(1)(c) or making a referral to a competent authority of the United Kingdom under Article 9(1).

Further, the Offer will lapse unless the conditions set out above (other than condition (a)) have been fulfilled or (if capable of waiver) waived, or, where appropriate, have been determined by Tracsis in its reasonable opinion to be or to remain satisfied, by midnight (London time) on the date which is 21 days after the later of (i) the First Closing Date; and (ii) the date on which condition (a) is fulfilled (the acceptance condition), or such later date as Tracsis may, with the consent of the Panel, decide. Tracsis shall be under no obligation to waive (if capable of waiver), to determine to be or remain satisfied, or to treat as fulfilled or satisfied any of conditions (b) to (i) (inclusive) by any date earlier than the latest date specified above for the fulfilment of that condition, 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 such conditions may not be capable of fulfilment.

If Tracsis is required by the Panel to make an offer for Sky High Shares under the provisions of Rule 9 of the Code, Sky High may make such alterations to the terms and conditions of the Offer (including condition (a) above) as are necessary to comply with the provisions of that Rule.

Subject to the requirements of the Panel, Tracsis reserves the right to waive all or any of the above conditions, in whole or in part, except condition (a).

Under Rule 13.5 of the Code, Tracsis 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 Tracsis in the context of the Offer. The condition contained in (a) of this Appendix I is not subject to this provision of the Code.

If the Offer lapses it will cease to be capable of further acceptance and Tracsis and accepting Sky High Shareholders shall thereupon cease to be bound by Forms of Acceptance submitted at or before the time when the Offer so lapses.

The Offer will be governed by English Law and will be subject to the jurisdiction of the English courts and is subject to the terms and conditions set out above and those further terms set out in this document and in the Form of Acceptance.

## PART B – FURTHER TERMS OF THE OFFER

The following further terms apply to the Offer.

Except where the context requires otherwise, any reference in Parts B, C and D of this Appendix I and in the Form of Acceptance to:

- (a) the “**acceptance condition**” means the condition as to acceptances of the Offer set out in paragraph (a) of Part A of this Appendix I;
- (b) “**acceptances of the Offer**” includes deemed acceptances of the Offer;
- (c) “**First Closing Date**” means 16 April 2013;
- (d) “**Day 42 of the Offer**” means 7 May 2013;
- (e) “**Day 46 of the Offer**” means 11 May 2013;
- (f) “**Day 60 of the Offer**” means 25 May 2013;
- (g) an “**extension of the Offer**” includes an extension of the date by which the acceptance condition has to be fulfilled;
- (h) the “**Offer**” means the Offer and includes any revision, variation, renewal or extension of the Offer; and
- (i) the “**Offer becoming unconditional**” means the acceptance condition becoming or being declared satisfied whether or not any other condition of the Offer remains to be fulfilled and references to the Offer having become or not become unconditional shall be construed accordingly.

All times referred to are London time, unless otherwise stated.

### 1. Acceptance Period

- (a) The Offer will initially be open for acceptance until 1.00 p.m. (London time) on the First Closing Date of the Offer.
- (b) Although no revision is envisaged or contemplated, if the Offer is revised, a revised offer document will be posted to Sky High Shareholders. On the day of posting, Tracsis will place the revised offer document on display and announce that the document has been posted and where it can be inspected. If the Offer is revised, it will remain open for acceptance for a period of at least 14 days (or such other period as may be permitted by the Panel) from the date of posting of the revised offer document to Sky High Shareholders. Except with the consent of the Panel, no such revision of the Offer may be posted to Sky High Shareholders after Day 46 of the Offer or, if later, the date falling 14 days prior to the last date on which the Offer can become unconditional.
- (c) The Offer, whether revised or not, shall not (except with the consent of the Panel) be capable or becoming unconditional after midnight on Day 60 of the Offer (or any earlier time and/or date beyond which the Offeror has stated that the Offer will not be extended and in respect of which it has not withdrawn that statement) nor of being kept open for acceptance after that time and/or date unless it has previously become or been declared unconditional. However, Tracsis reserves the right, with the consent of the Panel, to extend the Offer to later time(s) and/or date(s).
- (d) Except with the consent of the Panel, Tracsis may not, for the purpose of determining whether the acceptance condition has been satisfied, take into account acceptances received, or purchases of Sky High Shares made, in respect of which relevant electronic instructions or documents have been received by Neville Registrars Limited after 1.00 p.m. on Day 60 of the Offer (or any other time and/or date beyond which Tracsis has stated that the Offer will not be extended and in respect of which it has not withdrawn that statement) or such later time and/or date as the case may be to which the Offer has been extended.

- (e) If the Offer is extended beyond midnight on Day 60 of the Offer, acceptances received and purchases of Sky High Shares made in respect of which relevant electronic instructions or documents have been received by Neville Registrars Limited after 1.00 p.m. (London time) on Day 60 of the Offer may (except where the Code otherwise permits) only be taken into account with the consent of the Panel.
- (f) If the Offer becomes unconditional, it will remain open for acceptance for not less than 14 days from the date on which it would otherwise have expired. If, however, the Offer is unconditional as to acceptances from the outset, a 14 day extension will not be required. If the Offer has become or is declared unconditional and it is stated by or on behalf of Tracsis that the Offer will remain open until further notice, then not less than 14 days' notice will be given by or on behalf of Tracsis to Sky High Shareholders who have not accepted the Offer.
- (g) If a competitive situation (as determined by the Panel) arises after Tracsis has made a "no extension" statement or a "no increase" statement (as referred to in the Code) in relation to the Offer, Tracsis may (if it has specifically reserved the right to do so at the time such statement was made, or otherwise with the consent of the Panel) choose not to be bound by or withdraw the terms of such statement and extend or revise the Offer (as appropriate) provided that it complies with the requirements of the Code and, in particular, that:
  - (i) it announces the withdrawal as soon as possible and in any event within four Business Days after the announcement of the competing offer or other competitive situation and notifies Sky High Shareholders to that effect in writing at the earliest opportunity or, in the case of Sky High Shareholders with a registered address outside the United Kingdom or whom the Offeror knows to be nominees, custodians or trustees holding Sky High Shares for such persons, by announcement in the United Kingdom at the earliest opportunity; and
  - (ii) any Sky High Shareholders who accepted the Offer after the date of such statement are given a right of withdrawal as described in paragraph 3(b) of this Part B.

Tracsis may (if it has reserved the right to do so at the time such statement was made or in such other circumstances as may be permitted by the Panel) choose not to be bound by the terms of a "no increase" statement or a "no extension" statement if it would otherwise prevent the posting of an increased or improved Offer which is recommended for acceptance by the Sky High Shareholders or in other circumstances permitted by the Panel.

- (h) If a competitive situation arises and is continuing on Day 60 of the Offer, Tracsis will enable holders of Sky High Shares in uncertificated form who have not already validly accepted the Offer but who have previously accepted the competing offer to accept the Offer by special form of acceptance to take effect on Day 60 of the Offer (or such later date to which the Offer may be extended with the consent of the Panel). It shall be a condition of such special form of acceptance being a valid acceptance of the Offer that:
  - (i) it is received by Neville Registrars Limited at Neville House, 18 Laurel Lane, Halesowen, B63 3DA, on or before Day 60 of the Offer (or such later date as appropriate);
  - (ii) the relevant Sky High Shareholder shall have applied to withdraw his acceptance of the competing offer but that the Sky High Shares to which such withdrawal relates shall not have been released from escrow before Day 60 of the Offer by the escrow agent to the competing offer; and
  - (iii) the Sky High Shares to which the special form of acceptance relates are not transferred to escrow in accordance with the procedure for acceptance set out in paragraph 15 of the letter from Tracsis contained in Part II of this document on or before Day 60 of the Offer, but an undertaking is given that they will be so transferred as soon as possible thereafter.

Sky High Shareholders wishing to use such forms of acceptance should apply to Neville Registrars Limited at Neville House, 18 Laurel Lane, Halesowen, B63 3DA or if calling from outside the UK on

+44 121 585 1131 between 9.00 a.m. and 5.00 p.m. on the Business Day preceding Day 60 of the Offer in order that such forms can be dispatched. Calls to Neville Registrars Limited's number from outside the UK are charged at applicable international rates. Different charges may apply to calls made from mobile telephones and calls may be recorded and monitored randomly for security and training purposes. Neville Registrars Limited cannot provide advice on the merits of the Offer nor give any financial, legal or tax advice. Notwithstanding the right to use such special form of acceptance, holders of Sky High Shares in uncertificated form may not use a Form of Acceptance (or any other purported acceptance form) for the purpose of accepting the Offer in respect of such shares.

- (i) Unless otherwise required by the Panel for the purpose of determining at any particular time whether the acceptance condition has been satisfied, the Offeror shall not be bound to take into account any Sky High Shares which have been unconditionally allotted or issued before such time or which arise as a result of the exercise of subscription or conversion rights before such determination takes place, unless Neville Registrars Limited on behalf of Tracsis has received written notice of the relevant details of such allotment or issue, subscription or conversion (including the price thereof) before that time. Notification by e-mail, telex, facsimile, the internet or other electronic transmission will not be sufficient to constitute written notice for this purpose.

## 2. Announcements

- (a) Without prejudice to paragraph 3(a) of this Part B, by 8.00 a.m. (London time) on the Business Day (the "**relevant day**") next following the day on which the Offer is due to expire or becomes or is declared unconditional or is revised or extended, as the case may be (or such later time(s) and/or date(s) as the Panel may agree), Tracsis will make an appropriate announcement and simultaneously inform a Regulatory Information Service of the position. Such announcement will also state (unless otherwise permitted by the Panel):

- (i) the number of Sky High Shares and rights over Sky High Shares (as nearly as practicable) for which acceptances of the Offer have been received, specifying the extent, if any, to which acceptances have been received from persons acting in concert with Tracsis or in respect of Sky High Shares which were subject to an irrevocable commitment or a letter of intent procured by Tracsis or any of its associates;
- (ii) details of any relevant securities of Sky High in which Tracsis or any person acting in concert with it has an interest or in respect of which any such person has a right to subscribe, in each case specifying the nature of the interests or rights concerned and similar details of any short positions (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, will also be stated;
- (iii) details of any relevant securities of Sky High in respect of which Tracsis or any of its associates has an outstanding irrevocable commitment or letter of intent; and
- (iv) details of any relevant securities of Sky High which Tracsis or any person acting in concert with it has borrowed or lent, save for any borrowed shares which have been either on-lent or sold,

and will in each case specify the percentages of each class of relevant securities of Sky High represented by these figures. Any such announcement shall include a prominent statement of the total number of Sky High Shares which Tracsis may count towards the satisfaction of the acceptance condition and the percentage of relevant securities of Sky High represented by the figure.

- (b) Any decision to extend the time and/or date by which the acceptance condition has to be fulfilled may be made by Tracsis at any time up to, and will be announced not later than, 8.00 a.m. (London time) on the relevant day (or such later time and/or date as the Panel may agree) and the announcement will state the next expiry date (unless the Offer is unconditional in which case a statement may be made that the Offer will remain open until further notice). In computing the number of Sky High Shares represented by acceptances and/or purchases there may, at the discretion of Tracsis, be included or excluded for announcement purposes, acceptances and purchases which are not complete in all respects or are subject to verification provided that such acceptances or purchases of Sky High Shares shall not (unless agreed by the Panel) be included unless they could be counted towards fulfilling the acceptance condition in accordance with paragraph 5(j) of this Part B and the provisions of the Code.
- (c) A copy of any announcement made by or on behalf of Tracsis in accordance with this paragraph 2 will be available, subject to certain restrictions relating to persons resident in Restricted Jurisdictions, for inspection on Sky High's website at [www.skyhighplc.co.uk](http://www.skyhighplc.co.uk), as soon as possible after the making of such announcement and in any event by no later than 12 noon (London time) on the following Business Day and will remain on such website while the Offer remains open for acceptances.
- (d) References in this Part B to the making of an announcement by or on behalf of Tracsis include the release of an announcement by public relations consultants appointed by Tracsis or by Sky High to the press, and the delivery by hand or telephone, e-mail, facsimile, telex, the internet or other electronic transmission of an announcement to a Regulatory Information Service. An announcement made otherwise than to a Regulatory Information Service shall be notified simultaneously to a Regulatory Information Service.

### **3. Rights of withdrawal**

- (a) If Tracsis having announced the Offer to be unconditional, fails to comply by 1.00 p.m. on the relevant day (as defined in paragraph 2(a) of this Part B) (or such later time and/or date as the Panel may agree) with any of the other relevant requirements specified in paragraph 2(a) of this Part B, an accepting certificated Sky High Shareholder may (unless the Panel agrees otherwise) immediately after that time withdraw his acceptance of the Offer by written notice (signed by the accepting Sky High Shareholder or his agent duly appointed in writing and evidence of whose appointment in a form reasonably satisfactory to Tracsis is produced with the notice) given by post (or by hand during normal business hours only) to Neville Registrars Limited at Neville House, 18 Laurel Lane, Halesowen, B63 3DA. Alternatively, in the case of Sky High Shares held in uncertificated form, withdrawals must be effected in the manner set out in paragraph 3(d) of this Part B. Subject to paragraph 1(b) of this Part B, this right of withdrawal may be terminated not less than eight days after the relevant day by Tracsis confirming, if such is the case, that the Offer is still unconditional and complying with the other relevant requirements specified in paragraph 2(a) of this Part B. If any such confirmation is given, the first period of 14 days referred to in paragraph 1(b) of this Part B will run from the date of such confirmation and compliance.
- (b) If by 1.00 p.m. on Day 42 of the Offer (or such later time and/or date as the Panel may agree) the Offer has not become unconditional, an accepting certificated Sky High Shareholder may withdraw his acceptance at any time thereafter, in respect of Sky High Shares held in certificated form, by written notice to Neville Registrars Limited at the address set out in paragraph 3(a) of this Part B and in the manner referred to in paragraph 3(a) of this Part B or, in respect of Sky High Shares held in uncertificated form, in the manner referred to in paragraph 3(d) of this Part B, before the earlier of:
  - (i) the time when the Offer becomes unconditional; and
  - (ii) the final time for lodgement of acceptances of the Offer which can be taken into account in accordance with paragraph 1(b) of this Part B.

If Tracsis withdraws a "no extension" statement or a "no increase" statement in accordance with paragraph 1(d) of this Part B, any Sky High Shareholder who accepts the Offer after the date of such



statement may withdraw his acceptance thereafter, in respect of Sky High Shares held in certificated form, in the manner referred to in paragraph 3(a) of this Part B or, in respect of Sky High Shares held in uncertificated form, in the manner referred to in paragraph 3(d) of this Part B, not later than the eighth day after the date on which notice of the withdrawal of such statement is posted to Sky High Shareholders by Tracsis.

- (c) Except as provided by paragraph 3 of this Part B, acceptances shall be irrevocable.
- (d) In respect of Sky High Shares held in uncertificated form, if withdrawals are permitted pursuant to paragraphs 3(a) or 3(b) of this Part B an accepting Sky High Shareholder may withdraw his acceptance through CREST by sending (or, if a CREST sponsored member, procuring that his CREST sponsor sends) a valid ESA Instruction to settle in CREST in relation to each Electronic Acceptance to be withdrawn. Each ESA Instruction must, in order for it to be valid and settle, include the following details:
- the number of Sky High Shares to be withdrawn;
  - the ISIN of the Sky High Shares: GB00B1LCP739;
  - the member account ID of the accepting Sky High Shareholder;
  - the participant ID of the accepting Sky High Shareholder;
  - the participant ID of the Escrow Agent. This is 7RA11;
  - the member account ID of the Escrow Agent included in the relevant Electronic Acceptance. This is Sky High;
  - the CREST Transaction ID of the Electronic Acceptance to be withdrawn to be inserted at the beginning of the shared note field;
  - input with standard delivery instruction priority of 80;
  - the intended settlement date for the withdrawal; and
  - the corporate action number of the Offer which will be allocated by Euroclear and can be found by viewing the relevant corporate action details in CREST.

Any such withdrawal will be conditional upon Neville Registrars Limited verifying that the withdrawal request is validly made. Accordingly, Neville Registrars Limited will, on behalf of the Offeror, reject or accept the withdrawal by transmitting in CREST a receiving agent reject (AEAD) or receiving agent accept (AEAN) message.

Any question as to the validity (including time of receipt) of any notice of withdrawal will be determined by the Offeror, whose determination (save as the Panel otherwise determines) will be final and binding. None of the Offeror, Sky High, WH Ireland, Neville Registrars Limited or any other person will be under any duty to give notification of any defect or irregularity in any notice of withdrawal or will incur any liability for failure to do so.

- (e) In this paragraph 3, “written notice” (including any letter of appointment, direction or authority) means notice in writing bearing the original signature(s) of the relevant accepting Sky High Shareholder(s) or his/their agent(s) duly appointed in writing (evidence of whose appointment in a form reasonably satisfactory to the Offeror is produced with the notice). E-mail, telex, facsimile, the internet or other electronic transmission, or copies, will not be sufficient to constitute written notice. No notice which is postmarked in, or which otherwise appears to the Offeror, its agents or advisers to have been sent from, a Restricted Jurisdiction will be treated as valid.

#### 4. Revised Offer

- (a) Although no such revision of the Offer is envisaged, if the Offer (in its original or any previously revised form(s)) is revised (either in its terms or conditions or in the value or nature of the consideration offered or otherwise) (which Tracsis reserves the right to do) and such revision represents on the date on which such revision is announced an improvement (or no diminution) in the value of the consideration or the consideration of the Offer as so revised compared with the value of the consideration or terms previously offered, the benefit of the revised Offer shall (subject to this paragraph 4 and paragraph 5 of this Part B) be made available to any Sky High Shareholder who has validly accepted the Offer in its original or any previously revised form(s) and not previously withdrawn such acceptance (a “**Previous Acceptor**”). The acceptance by or on behalf of a Previous Acceptor of the Offer (in its original or any previously revised form(s)) shall, subject as provided in this paragraph 4 and paragraph 5 of this Part B, be deemed to be an acceptance of the Offer as so revised and shall also constitute the irrevocable and separate appointment of any director or person authorised by Tracsis as his attorney and/or agent with authority to accept any such revised Offer on behalf of such Previous Acceptor and to execute on behalf of and in the name of such Previous Acceptor all such further documents (if any) as may be required to give effect to such acceptance. In making any such acceptance, such attorney and/or agent shall take into account the nature of any previous acceptance made by or on behalf of the Previous Acceptor and such other facts or matters as he may reasonably consider relevant.
- (b) Although no such revision is envisaged, if any revised Offer provides for Sky High Shareholders who accept it to elect for (or accept) alternative forms of consideration, the acceptance by or on behalf of a Previous Acceptor of the Offer (in its original or any previously revised form(s)) shall, subject as provided below, also constitute the irrevocable and separate appointment of any director or person authorised by the Offeror as his attorney and/or agent to make on his behalf elections for and/or to accept such alternative forms of consideration on his behalf as such attorney and/or agent in his absolute discretion thinks fit and to execute on behalf of and in the name of such Previous Acceptor all such further documents (if any) as may be required to give effect to such acceptances and/or elections. In making any such acceptance or election, such attorney and/or agent shall take into account the nature of any previous acceptances and/or elections made by or on behalf of the Previous Acceptor and such other facts or matters as he may reasonably consider relevant.
- (c) The deemed acceptances and elections referred to in paragraphs 4(a) and 4(b) of this Part B shall not apply and the authorities conferred by paragraphs 4(a) and 4(b) of this Part B shall not be exercised if as a result thereof a Previous Acceptor would (on such basis as WH Ireland may advise Tracsis) receive less in aggregate consideration under the revised Offer than he would have received as a result of his acceptance of the Offer in the form in which it was originally accepted by him unless such Previous Acceptor has previously otherwise agreed in writing.
- (d) The deemed acceptances and elections referred to in paragraphs 4(a) and 4(b) of this Part B shall not apply and the authorities conferred by paragraphs 4(a) and 4(b) of this Part B shall be ineffective to the extent that a Previous Acceptor:
- (i) in respect of Sky High Shares held in certificated form, lodges with Neville Registrars Limited at the address and in the manner specified in paragraph 3(a) of this Part B, within 14 days of the posting of the document pursuant to which the revised Offer referred to in paragraphs 4(a) and 4(b) of this Part B is made available to Sky High Shareholders (or such later date as Tracsis may determine), a Form of Acceptance or some other form issued by or on behalf of the Offeror in which he validly elects to receive the consideration receivable by him under that revised Offer in some other manner than that set out in his original acceptance; or
  - (ii) in respect of Sky High Shares held in uncertificated form, sends (or, if a CREST Sponsored Member, procures that his CREST sponsor sends) a valid ESA Instruction to settle in CREST in relation to each Electronic Acceptance in respect of which an election is to be varied. Each such ESA Instruction must, in order for it to be valid and settle, include the following details:

- the ISIN of the Sky High Shares: GB00B1LCP739
- the number of Sky High Shares in respect of which the changed election is made;
- the participant account ID of the Previous Acceptor;
- the member account ID of the Previous Acceptor;
- the participant account ID of the Escrow Agent. This is 7RA11;
- the member account ID of the Escrow Agent included in the relevant Electronic Acceptance. This is SKYHIGH;
- the CREST Transaction ID of the Electronic Acceptance in respect of which the election is to be changed;
- the intended settlement date for the changed election;
- the corporate action number for the Offer which will be allocated by Euroclear and can be found by viewing the relevant corporate action details in CREST;
- input with standard delivery instruction priority of 80; and

and, in order that the desired change of election can be effected, must include:

- the member account ID of the Escrow Agent relevant to the new election.

Any such change of election will be conditional upon Neville Registrars Limited verifying that the request is validly made. Accordingly, Neville Registrars Limited will on behalf of Tracsis reject or accept the requested change of election by transmitting in CREST a receiving agent reject (AEAD) or receiving agent accept (AEAN) message as appropriate.

- (e) The powers of attorney and authorities referred to in this paragraph 4 of this Part B and any acceptance of a revised Offer and/or election pursuant thereto shall be irrevocable unless and until the Previous Acceptor becomes entitled to withdraw his acceptance under paragraph 3 of this Part B and duly and validly does so.
- (f) Tracsis reserves the right (subject to paragraphs 3 and 4(a) above) to treat a valid Form of Acceptance or Electronic Acceptance relating to the Offer (in its original or any previously revised form(s)) which is received after the announcement or the issue of the Offer in any revised form as a valid acceptance in respect of the revised Offer and/or a valid election pursuant thereto and such acceptance shall constitute an authority and request in the terms of this paragraph 4 of this Part B on behalf of the relevant Sky High Shareholders.

## **5. General**

- (a) Except with the consent of the Panel, the Offer will lapse unless all the conditions (other than the acceptance condition) to the Offer as set out in Part A of this Appendix I have been satisfied or (if capable of waiver) waived or, where appropriate, have been determined by Tracsis in its reasonable opinion to be or to remain satisfied as at midnight (London time) on the later of Day 42 of the Offer and the date which is 21 days after the date on which the Offer becomes or declared unconditional, or such later time(s) and/or date(s) as Tracsis, with the consent of the Panel, may decide. If the Offer lapses for any reason, it shall cease to be capable of acceptance and Sky High Shareholders who have accepted the Offer shall thereupon cease to be bound by acceptances delivered on or before the date on which the Offer lapses.
- (b) All communications, notices, certificates, documents of title, other documents and remittances to be delivered by, or to, or sent to or from Sky High Shareholders (or their designated agent(s)) or as otherwise directed will be delivered by, or to, or sent to or from such Sky High Shareholders (or their designated agent(s)) at their risk.

- (c) All references in this document and in the Form of Acceptance to the First Closing Date, shall (except where the context otherwise requires) be deemed, if the expiry date of the Offer shall be extended, to refer to the expiry date of the Offer as so extended.
- (d) Except with the consent of the Panel, settlement of the consideration to which any Sky High Shareholder is entitled under the Offer will be implemented in full in accordance with the terms of the Offer without regard to any lien, right of set-off, counterclaim or other analogous right to which Tracsis may otherwise be, or claim to be, entitled as against such Sky High Shareholder and will be effected by the dispatch of cheques or the crediting of CREST accounts:
  - (i) in the case of acceptances received, complete in all respects (including the relevant transfer to escrow or (as applicable) receipt of the relevant share certificate(s) and/or other document(s) of title or indemnities satisfactory to Tracsis), by the date on which the Offer becomes or is declared unconditional in all respects, and will be effected by the dispatch of cheques or the crediting of CREST accounts within 14 calendar days of such date; or
  - (ii) in the case of acceptances of the Offer received, complete in all respects, after the date on which the Offer becomes or is declared unconditional in all respects, but while it remains open for acceptance, within 14 calendar days of receipt.

All cash payments (other than payments made by means of CREST) will be made in pounds sterling by cheque drawn on a branch of a UK clearing bank. No consideration will be sent to an address in a Restricted Jurisdiction.

- (e) The instructions, terms, provisions and authorities contained in or deemed to be incorporated in the Form of Acceptance (in respect of certificated Sky High Shares) constitute part of the terms of the Offer. Words and expressions defined in this document shall, unless the context otherwise requires, have the same meanings when used in the Form of Acceptance (in respect of certificated Sky High Shares). The provisions of this Appendix I shall be deemed to be incorporated in the Form of Acceptance (in respect of certificated Sky High Shares).
- (f) The Offer, this document, the Form of Acceptance (in respect of certificated Sky High Shares) and all acceptances thereof and all elections thereunder or pursuant thereto and all contracts made pursuant thereto and action taken or made or deemed to be taken or made under any of the foregoing shall be governed by and construed in accordance with English law. Execution by or on behalf of a Sky High Shareholder of a Form of Acceptance (in respect of certificated Sky High Shares) will constitute his irrevocable submission, in relation to all matters arising out of or in connection with the Offer, this document and (in respect of certificated Sky High Shares) the Form of Acceptance, to the jurisdiction of the Courts of England and his agreement that nothing shall limit the rights of Tracsis to bring any action, suit or proceeding arising out of or in connection with the Offer, this document and (in respect of certificated Sky High Shares) the Form of Acceptance in any other manner permitted by law or in any court of competent jurisdiction.
- (g) Any omission or failure to (or decision not to) despatch this document or the Form of Acceptance or any document or notice required to be given under the terms of the Offer to, or any failure to receive the same by, any person to whom the Offer is made or should be made, shall not invalidate the Offer in any way or create any implication that the Offer has not been made to any such person.
- (h) Subject to paragraph 5(i) of this Part B below, and without prejudice to any other provision of this Appendix I, Tracsis reserves the right to treat acceptances of the Offer and/or elections pursuant thereto as valid if received by or on its behalf at any place or places or in any manner determined by it otherwise than as stated in this document or (in respect of certificated Sky High Shares) in the Form of Acceptance, or (in respect of uncertificated Sky High Shares) if the relevant TTE Instruction has not been settled. Neither Tracsis nor any agent or director of Tracsis nor its advisers or any person acting on behalf of any of them shall have any liability to any person for any loss or alleged loss arising from any decision as to the treatment of acceptances of the Offer or otherwise in connection therewith.

- (i) Notwithstanding the right reserved by Tracsis to treat acceptances as valid even though (in respect of certificated Sky High Shares) the Form of Acceptance is not entirely in order or not accompanied by the relevant share certificate(s) and/or other document(s) of title), except with the consent of the Panel:
  - (i) an acceptance of the Offer will only be counted towards fulfilling the acceptance condition if the requirements of Note 4 and, if applicable, Note 6 on Rule 10 of the Code are satisfied in respect of it;
  - (ii) a purchase of Sky High Shares by Tracsis or its nominee(s) (or if Tracsis is required to make an offer under Rule 9 of the Code, by a person acting in concert with Tracsis or its nominee(s)) will only be counted towards fulfilling the acceptance condition if the requirements of Note 5 and, if applicable, Note 6 on Rule 10 of the Code are satisfied in respect of it; and
  - (iii) Sky High Shares which have been borrowed by Tracsis will not be counted towards fulfilling the acceptance condition.
- (j) Except with the consent of the Panel, the Offer will not become unconditional unless Neville Registrars Limited has issued a certificate to Tracsis or WH Ireland (or their agents) which states the number of Sky High Shares in respect of which acceptances have been received which meet the requirements of Note 4 on Rule 10 of the Code and the number (if any) of Sky High Shares otherwise acquired (whether before or during the Offer Period) which meet the requirements of Note 5 on Rule 10 of the Code and, in each case, if applicable, Note 6 on Rule 10 of the Code. Copies of such certificate will be sent to the Panel and to WH Ireland as soon as possible after it is issued.
- (k) All powers of attorney, appointments of agents and authorities on the terms conferred by or referred to in this Appendix I or (in respect of certificated Sky High Shares) in the Form of Acceptance are given by way of security for the performance of the obligations of the Sky High Shareholders concerned and are irrevocable in accordance with section 4 of the Powers of Attorney Act 1971, except in the circumstances where the donor of such power of attorney, appointment or authority is validly withdraws his acceptance in accordance with paragraph 3 of this Part B.
- (l) The Offer extends to any Sky High Shareholders to whom this document, the Form of Acceptance (in respect of certificated Sky High Shares) and any related documents may not have been dispatched or by whom such documents may not be received and such Sky High Shareholders may collect copies of those documents (during normal business hours only) from Neville Registrars Limited at Neville House, 18 Laurel Lane, Halesowen, B63 3DA.
- (m) Tracsis reserves the right to notify any matter, including the making of the Offer, to all or any Sky High Shareholders with a registered address outside the United Kingdom (or whom Tracsis knows to be nominees, trustees or custodians for such persons) by announcement in the United Kingdom or paid advertisement in a daily newspaper published and circulated in the United Kingdom or in the London Gazette, in which event such notice shall be deemed to have been sufficiently given notwithstanding any failure by a Sky High Shareholder to receive such notice and all references in this document to notice, or the provision of information in writing, by Tracsis and/or its agents shall be construed accordingly.
- (n) The Offer is made on 26 March 2013 and is capable of acceptance from and after that time. Copies of this document and the Form of Acceptance (in respect of certificated Sky High Shares) are available for collection (during normal business hours only) from Neville Registrars Limited at Neville House, 18 Laurel Lane, Halesowen, B63 3DA from that time and, subject to certain restrictions relating to persons resident in Restricted Jurisdictions, this document is available for information purposes only on Sky High's website at [www.skyhighplc.co.uk](http://www.skyhighplc.co.uk). The Offer is being made by means of this document and by means of a notice proposed to be published in the London Gazette on or around 28 March 2013.
- (o) If the Offer does not become unconditional in all respects:
  - (i) in respect of Sky High Shares held in certificated form, Forms of Acceptance, share certificates and other documents of title will be returned by post (or by such other method as

may be approved by the Panel) within 14 days of the Offer lapsing or being withdrawn, at the risk of the Sky High Shareholder concerned, to the person or agent whose name and address, outside a Restricted Jurisdiction, is set out in the relevant box on the Form of Acceptance or, if none is set out, to the first-named holder at his registered address outside a Restricted Jurisdiction. No such documents will be sent to an address in a Restricted Jurisdiction; and

- (ii) in respect of Sky High Shares held in uncertificated form, Neville Registrars Limited will, immediately after the lapsing of the Offer (or within such longer period as the Panel may permit, not exceeding 14 days from the lapsing of the Offer), give instructions to Euroclear to transfer all the Sky High Shares held in escrow balances and in relation to which it is the Escrow Agent for the purposes of the Offer to the original available balances of the Sky High Shareholders concerned.
- (p) In relation to any acceptance of the Offer in respect of a holding of Sky High Shares which are held in uncertificated form in CREST, Tracsis reserves the right to make such alterations, additions or modifications to the terms of the Offer as may be necessary or desirable to give effect to any purported acceptance of the Offer, whether in order to comply with the facilities or requirements of CREST or otherwise, provided that such alterations, additions or modifications are consistent with the requirements of the Code or are otherwise made with the consent of the Panel.
- (q) If sufficient acceptances under the Offer are received and/or sufficient Sky High Shares are otherwise acquired by Tracsis, Tracsis intends to apply the provisions of sections 974 to 991 of the Companies Act 2006 to acquire compulsorily any outstanding Sky High Shares to which the Offer relates. If Tracsis acquires or agrees to acquire, by virtue of its shareholding and acceptances of the Offer, issued share capital carrying 75 per cent. or more of the voting rights of Sky High, Tracsis intends to procure that Sky High applies for cancellation for the trading in Sky High Shares on AIM not less than 20 Business Days following Tracsis first having acquired or agreed to acquire such issued share capital and thereafter to procure that the Company applies to be re-registered as a private limited company under the Companies Act 2006.
- (r) For the purposes of this document, the time of receipt of a TTE Instruction, an ESA Instruction or an Electronic Acceptance shall be the time that the relevant instruction settles in CREST.  
  
If the Panel requires Tracsis to make an offer for Sky High Shares under the provisions of Rule 9 of the Code, Tracsis may make such alterations to the conditions of the Offer, including condition (a) in Part A of this Appendix I, as are necessary to comply with the provisions of that Rule.
- (s) All references in this Appendix I to any statute or statutory provision shall include any statute or statutory provision which amends, consolidates or replaces the same (whether before or after the date hereof).

The Offer may not be accepted, in relation to Sky High Shares held in certificated form, otherwise than by means of a Form of Acceptance.

## **6. Overseas Shareholders**

- (a) The making of the Offer in, or to persons resident in, or citizens or nationals of, jurisdictions outside the United Kingdom or who are nominees of, or custodians, trustees or guardians for, citizens or nationals of such jurisdictions may be prohibited or affected by the laws or regulatory requirements of the relevant overseas jurisdiction. Overseas Shareholders should inform themselves about and observe any applicable legal requirements. No person receiving a copy of this document in any territory other than the UK may treat the same as constituting an Offer or invitation to him nor should he in any event use the Form of Acceptance (in respect of certificated Sky High Shares), unless, in the relevant territory, such an offer or invitation could lawfully be made to him and such Form of Acceptance (in respect of certificated Sky High Shares) could lawfully be used without contravention of any registration or other legal or regulatory requirements. In such circumstances this document and/or

Form of Acceptance are sent for information only. It is the responsibility of any Overseas Shareholder wishing to accept the Offer to satisfy himself as to the full observance of the laws and regulatory requirements of the relevant jurisdiction in connection with the Offer, including the obtaining of any governmental, exchange control or other consents which may be required and the compliance with other necessary formalities. Any Overseas Shareholder will be responsible for payment of any issue, transfer or other taxes or other requisite payments due in that jurisdiction. Tracsis and WH Ireland (and any person acting on behalf of them) shall be fully indemnified and held harmless by such Overseas Shareholder for any such issue, transfer or other taxes or other requisite payments as Tracsis or WH Ireland (or any person acting on behalf of them) may be required to pay.

**If you are an Overseas Shareholder and you are in doubt about your position, you should consult your professional adviser in the relevant jurisdiction.**

- (b) Unless otherwise determined by Tracsis or required by the Code and permitted by applicable law and regulation, the Offer is not being made, directly or indirectly, in or into, or by the use of the mails or by any means or instrumentality (including, without limitation, telephonically or electronically) of interstate or foreign commerce, or any facility of a national securities exchange, of a Restricted Jurisdiction and the Offer is not capable of acceptance by any such use, means, instrumentality or facility or from within a Restricted Jurisdiction. Accordingly, copies of this document, the Form of Acceptance and any related documents are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in or into or from a Restricted Jurisdiction including to Sky High Shareholders with registered addresses in any Restricted Jurisdiction, or persons receiving such documents (including, without limitation, custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in or into or from a Restricted Jurisdiction. Doing so may render invalid any purported acceptance of the Offer. Persons wishing to accept the Offer should not use such mails or any such means, instrumentality or facility for any purpose directly or indirectly related to acceptance of the Offer.

Envelopes containing Forms of Acceptance, evidence of title or other documents relating to the Offer must not be postmarked in a Restricted Jurisdiction or otherwise dispatched from a Restricted Jurisdiction and all accepting Sky High Shareholders must provide addresses outside a Restricted Jurisdiction for the receipt of any consideration to which they are entitled pursuant to the Offer or (in respect of certificated Sky High Shares) return of Forms of Acceptance, share certificate(s) and/or other document(s) of title.

- (c) If, in connection with the making of the Offer, notwithstanding the restrictions described above, any persons (including, without limitation, custodians, nominees and trustees), whether pursuant to a contractual or legal obligation or otherwise, forwards this document, the Form of Acceptance or any other documents relating to the Offer in, into or from a Restricted Jurisdiction or uses the mails of, or any means or instrumentality (including without limitation, telephonically or electronically) of interstate or foreign commerce of, or any facilities of a national securities exchange of, a Restricted Jurisdiction in connection with such forwarding, such person should:
- (i) inform the recipient of such fact;
  - (ii) explain to the recipient that such action may invalidate any purported acceptance by the recipient; and
  - (iii) draw the attention of the recipient to this paragraph 6 of this Part B.
- (d) A Sky High Shareholder will be deemed not to have validly accepted the Offer if:
- (i) (in respect of certificated Sky High Shares) he puts “No” in Box 3 of the Form of Acceptance and thereby does not give the representation and warranty set out in paragraph (c) of Part C of this Appendix I;

- (ii) (in respect of certificated Sky High Shares) he completes Box 1 of the Form of Acceptance with an address in a Restricted Jurisdiction or has a registered address in a Restricted Jurisdiction and in either case he does not insert in Box 4 of the Form of Acceptance the name and address of a person or agent outside a Restricted Jurisdiction to whom he wishes the consideration to which he is entitled under the Offer to be sent, subject to this paragraph 6 and applicable laws;
- (iii) (in respect of certificated Sky High Shares) he inserts in Box 4 of the Form of Acceptance the name and address of a person or agent in a Restricted Jurisdiction to whom he wishes the consideration to which he is entitled under or in consequence of the Offer to be sent;
- (iv) (in respect of certificated Sky High Shares) any Form of Acceptance received from him is received in an envelope postmarked in, or which otherwise appears to Tracsis or its agents to have been sent from a Restricted Jurisdiction; or
- (v) (in respect of uncertificated Sky High Shares) he makes a Restricted Escrow Transfer pursuant to and defined in paragraph 6(f) below unless he also makes a related Restricted ESA Instruction as defined below which is accepted by Neville Registrars Limited.

Tracsis reserves the right, in its sole discretion, to investigate, in relation to any acceptance, whether the representation and warranty set out in paragraph (c) of Part C of Appendix I or (as the case may be) paragraph (c) of Part D of Appendix I could have been truthfully given by the relevant Sky High Shareholder and, if such investigation is made and, as a result, Tracsis cannot satisfy itself that such representation and warranty was true and correct, such acceptance shall not be valid.

The provisions of this paragraph 6 and/or any other terms of the Offer relating to Overseas Shareholders may be waived, varied or modified as regards specific Sky High Shareholder(s) or on a general basis by Tracsis in its absolute discretion. In particular, without limitation, Tracsis reserves the right: (i) to permit the Offer to be accepted by, and/or (in respect of certificated Sky High Shares) to issue or deliver any share certificate(s) and/or document(s) of title to an Overseas Shareholder, or (in respect of uncertificated Sky High Shares) the crediting of the appropriate stock account of an Overseas Shareholder (otherwise unable to accept the Offer in accordance with the above) in circumstances in which Tracsis is satisfied that acceptance by such Sky High Shareholder and/or (in respect of certificated Sky High Shares) the issue or delivery of any documents of title to, or (in respect of uncertificated Sky High Shares) the crediting of the appropriate stock account of, such Sky High Shareholder will not constitute a breach of any securities or other relevant legislation or impose obligations on Sky High not contemplated by the Offer (and in any such case, Sky High may impose reasonable additional requirements and restrictions on such acceptance and the share certificates and/or documents of title issued and/or crediting appropriate stock accounts). Subject thereto, the provisions of this paragraph 6 supersede any terms of the Offer inconsistent herewith.

- (e) If a Sky High Shareholder holding Sky High Shares in uncertificated form is unable to give the representation and warranties set out in paragraph (c) (i) or (ii) of Part D of this Appendix I, but nevertheless can produce evidence satisfactory to Tracsis that he is able to accept the Offer in compliance with all legal and regulatory requirements, he may only purport to accept the Offer by sending (or if a CREST Sponsored Member, procuring that his CREST Sponsor sends) both:
  - (i) a TTE Instruction to a designated escrow balance detailed below (a “**Restricted Escrow Transfer**”); and
  - (ii) one or more valid ESA Instructions (a “**Restricted ESA Instruction**”).

Such purported acceptance will not be treated as a valid acceptance unless both the Restricted Escrow Transfer and the Restricted ESA Instruction settle in CREST and Tracsis decides in its absolute discretion to exercise its right, described in paragraph 6(d) above to waive, vary or modify the terms of the Offer related to Overseas Shareholders to the extent required to permit such acceptance to be made in each case during the acceptance period set out in Part A of this Appendix I. If Tracsis accordingly



decides to permit such acceptance to be made, Neville Registrars Limited will on behalf of Tracsis accept the purported acceptance as an Electronic Acceptance on the terms of this document (as so waived, varied or modified) by transmitting in CREST a receiving agent accept (AEAN) message. Otherwise, Neville Registrars Limited will on behalf of Tracsis reject the purported acceptance by transmitting in CREST a receiving agent reject (AEAO) message.

Each Restricted Escrow Transfer must, in order for it to be valid and settle, include the following details:

- the ISIN of the Sky High Shares: GB00B1LCP739;
- the number of Sky High Shares in respect of which you wish to accept the Offer (i.e. the number of Sky High Shares to be transferred to an escrow balance);
- your participant ID;
- your member account ID;
- the participant ID of the Escrow Agent. This is 7RA11;
- the member account ID of the Escrow Agent specific to a Restricted Escrow Transfer. This is (SKYHIGH);
- the intended settlement date. This should be as soon as possible and in any event not later than p.m. on the First Closing Date of the Offer;
- the corporate action number for the Offer which will be allocated by Euroclear and can be found by reviewing the relevant corporate action details in CREST;
- input with standard delivery instruction priority of 80; and
- your contact name and telephone number inserted in the shared note field.

Each Restricted ESA Instruction must, in order for it to be valid and settle include the following details:

- the ISIN of the Sky High Shares: GB00B1LCP739;
- the number of Sky High Shares relevant to that Restricted ESA Instruction;
- your participant ID;
- your member account ID;
- the participant ID of the Escrow Agent. This is 7RA11;
- the member account ID of the Escrow Agent set out in the Restricted Escrow Transfer. This is RESTRICTED;
- the CREST Transaction ID of the Restricted Escrow Transfer to which the Restricted ESA Instruction relates to be inserted at the beginning of the shared note field;
- the intended settlement date. This should be as soon as possible and in any event not later than p.m. on the First Closing Date of the Offer;
- the corporate action number for the Offer; and
- input with standard delivery instruction priority of 80.

## PART C – FORM OF ACCEPTANCE

Without prejudice to the terms of the Form of Acceptance and the provisions of Parts A and B of this Appendix I, each Sky High Shareholder who holds Sky High Shares in certificated form by whom, or on whose behalf, a Form of Acceptance is executed irrevocably undertakes, represents, warrants and agrees to and with Tracsis and Neville Registrars Limited and their respective agents (so as to bind him, his personal or legal representatives and his heirs, successors and assigns) that:

- (a) whether or not any other boxes of the Form of Acceptance are completed, the execution of a Form of Acceptance shall constitute:
  - (i) an acceptance of the Offer in respect of the number of Sky High Shares in certificated form inserted or deemed to be inserted in Box 1 of the Form of Acceptance; and
  - (ii) an authority to Tracsis and its agents to execute any further documents and give any further assurances that may be required in connection with any of the foregoing and an undertaking to execute any further documents, take further action and give any further assurances which may be required to enable Tracsis to obtain the full benefit of this Part C of Appendix I and/or to perfect any authorities expressed to be given hereunder and otherwise in connection with his acceptance of the Offer,

in each case on and subject to the terms and conditions set out or referred to in this document and the Form of Acceptance and that, subject to the rights of withdrawal set out in paragraph 3 of Part B of this Appendix I, each such acceptance shall be irrevocable provided that (i) if no number is inserted in Box 1; or (ii) if the total number of Sky High Shares in certificated form inserted in Box 1 is greater than the relevant Sky High Shareholder's registered holding of Sky High Shares in certificated form; or (iii) if the Form of Acceptance is otherwise completed incorrectly but the Form of Acceptance is signed, then it will be deemed to be an acceptance of the terms of the Offer in respect of all of the Sky High Shares in certificated form comprised in the Form of Acceptance;

- (b) he is the sole legal and beneficial owner of the Sky High Shares in certificated form in respect of which the Offer is accepted or deemed to be accepted or he is the legal owner of such Sky High Shares and he has the necessary capacity and authority to execute the Form(s) of Acceptance and to sell and transfer the Sky High Shares referred to in paragraph (a)(i) above and that such Sky High Shares are sold fully paid and with full title guarantee and free from all liens, charges, encumbrances, equities, rights of pre-emption and any other third party rights of whatsoever nature and together with all rights attaching thereto from 26 March 2013 (being the date of the document), including, without limitation, the right to receive all dividends or other distributions declared, paid or made after 26 March 2013;
- (c) unless "NO" is inserted or deemed to be inserted in Box 3 of the Form of Acceptance, such Sky High Shareholder:
  - (i) if such Sky High Shareholder is a citizen, resident or national of a jurisdiction outside the United Kingdom, he has observed the laws and regulatory requirements of the relevant jurisdiction in connection with the Offer, obtained all requisite governmental, exchange control or other consents, complied with all other necessary formalities and paid any issue, transfer or other taxes or duties or other requisite payments due in any such jurisdiction in connection with such acceptance and has not taken or omitted to take any action that will or may result in Tracsis, or any other person acting in breach of the legal or regulatory requirements of any such jurisdiction in connection with the Offer or his acceptance of the Offer; or
  - (ii)
    - (a) is not a person located or resident in a Restricted Jurisdiction, does not hold any Sky High Shares in respect of which he has accepted the Offer on behalf of any resident of a Restricted Jurisdiction and is not acting on behalf of a resident of a Restricted

Jurisdiction for the account or benefit of any resident of a Restricted Jurisdiction or with a view to the offer, sale or delivery, directly or indirectly, of any in or into a Restricted Jurisdiction or to a resident of a Restricted Jurisdiction;

- (b) has not received, mailed or otherwise transmitted, forwarded or sent, in whole or in part, copies or originals of this document, the Form of Acceptance or any related offering documents in, into or from a Restricted Jurisdiction and has not utilised in connection with the Offer, directly or indirectly, the mails of, or any means or instrumentality (including, without limitation, e-mail, facsimile, telex, telephone, the internet or other electronic transmission) of interstate or foreign commerce, or any facilities of a national securities exchange, of a Restricted Jurisdiction; and
- (c) the Form of Acceptance has not been mailed or otherwise sent in, into or from a Restricted Jurisdiction and such Sky High Shareholder is accepting the Offer from outside a Restricted Jurisdiction;
- (d) in relation to Sky High Shares held in certificated form, the execution and delivery of the Form of Acceptance constitutes, subject to the Offer becoming unconditional in all respects in accordance with its terms and to the accepting Sky High Shareholder not having validly withdrawn his acceptance, the irrevocable appointment of each of Tracsis and/or any of its directors or agents as such Sky High Shareholder's attorney and/or agent, and an irrevocable instruction to the attorney and/or agent, to:
  - (i) complete and execute all or any form(s) of transfer, renunciation and/or other document(s) at the discretion of the attorney and/or agent in relation to the Sky High Shares referred to in paragraph (a)(i) above in favour of Tracsis or such other person or persons as Tracsis or its agents may direct;
  - (ii) deliver any form(s) of transfer, renunciation and/or other document(s) at the discretion of the attorney and/or agent, together with the share certificate(s) and/or other document(s) of title relating to such Sky High Shares, for registration within six months of the Offer becoming unconditional in all respects; and
  - (iii) execute all such other documents and do all such other acts and things as may in the opinion of such attorney and/or agent be necessary or expedient for the purpose of, or in connection with, the acceptance of the Offer pursuant to the Form of Acceptance and to vest in Tracsis (or its nominees) the full legal and beneficial ownership of the Sky High Shares in certificated form referred to in paragraph (a)(i) above;
- (e) in relation to Sky High Shares held in certificated form, the execution and delivery of the Form of Acceptance constitutes, subject to the Offer becoming unconditional in all respects in accordance with its terms and to the accepting Sky High Shareholder not having validly withdrawn his acceptance, separate irrevocable authorities and requests to Sky High or its agents, to procure the registration of the transfer of the Sky High Shares in certificated form referred to in paragraph (a)(i) above pursuant to the Offer and the delivery of the share certificate(s) and/or other document(s) of title in respect of Sky High Shares to Tracsis or as it may direct;
- (f) in relation to Sky High Shares held in certificated form, the execution of the Form of Acceptance constitutes a separate authority to Tracsis and Neville Registrars Limited and their respective directors or agents and the irrevocable appointment of any such director and/or agent as such Sky High Shareholder's attorney and/or agent within the terms of paragraph 4 of Part B of this Appendix I;
- (g) after the Offer becomes or is declared unconditional in all respects (or if the Offer would become or be declared unconditional in all respects or lapse immediately upon the outcome of the resolution in question) or if the Panel otherwise gives its consent and pending registration:
  - (i) Tracsis shall be entitled to direct the exercise of any votes attaching to any Sky High Shares held in certificated form in respect of which the Offer has been accepted or is deemed to have

- been accepted (and in respect of which such acceptance has not been validly withdrawn) and any other rights and privileges attaching to such Sky High Shares, including the right to requisition a general meeting or separate class meeting of Sky High, such votes (where relevant) to be cast so far as possible to satisfy any outstanding condition of the Offer; and
- (ii) the execution of the Form of Acceptance by a Sky High Shareholder constitutes, with regard to the Sky High Shares held in certificated form comprised in such acceptance and in respect of which such acceptance has not been validly withdrawn:
    - (a) an irrevocable authority to Sky High and/or its agents from such Sky High Shareholder to send any notice, circular, warrant, document or other communication which may be required to be sent to him as a member of Sky High (including any share certificate(s) or other document(s) of title issued as a result of a conversion of such Sky High Shares into certificated form) to Tracsis at its registered office;
    - (b) the irrevocable appointment of Tracsis or Neville Registrars Limited or any of their respective directors or agents to sign such documents and do such things as may in the opinion of such person seem necessary or desirable in connection with the exercise of any votes or other rights or privileges attaching to such Sky High Shares (including, without limitation, an authority to sign any consent to short notice of a general or separate class meeting as his attorney and/or agent and on his behalf and/or to execute a form of proxy in respect of such Sky High Shares appointing any person nominated by Tracsis to attend general or separate class meetings of Sky High or its members or any of them (and any adjournment thereof) and to exercise the votes attaching to such Sky High Shares on his behalf), such votes (where relevant) to be cast so far as possible to satisfy any outstanding condition of the Offer; and
    - (c) the irrevocable agreement of such Sky High Shareholder not to exercise any of such rights without the consent of Tracsis and the irrevocable undertaking of such Sky High Shareholder not to appoint a proxy or representative for or to attend any such meetings;
  - (h) he will deliver, or procure the delivery of, to Neville Registrars Limited at Neville House, 18 Laurel Lane, Halesowen, B63 3DA, his share certificate(s) and/or other document(s) of title in respect of the Sky High Shares referred to in sub-paragraph (a)(i) above (which are held in certificated form), or an indemnity acceptable to Tracsis in lieu thereof, as soon as possible and in any event within six months of the Offer becoming unconditional in all respects;
  - (i) the terms and conditions of the Offer shall be deemed to be incorporated into and form part of the Form of Acceptance, which shall be read and construed accordingly;
  - (j) if he accepts the Offer, he shall do all such acts and things as shall be necessary or expedient to vest in Tracsis (or its nominees or such other persons as it may decide) full legal and beneficial ownership of the Sky High Shares;
  - (k) he agrees to ratify each and every act or thing which may be done or effected by Tracsis or Neville Registrars Limited or by any of their respective directors or agents or by Sky High or its agents, as the case may be, in the proper exercise of any of his or its powers and/or authorities conferred by or referred to in Part B or in this Part C of Appendix I and to indemnify each such person against any losses arising therefrom;
  - (l) in relation to Sky High Shares held in certificated form, the execution of the Form of Acceptance constitutes his submission, in relation to all matters arising out of the Offer and the Form of Acceptance, to the jurisdiction of the courts of England and his agreement that nothing shall limit the right of Tracsis to bring any action, suit or proceeding arising out of or in connection with the Offer or in any other manner permitted by law or in any court of competent jurisdiction;

- (m) if any provision of Part B or of this Part C of Appendix I shall be unenforceable or invalid or shall not operate so as to afford Tracsis or Neville Registrars Limited and any director or agent of any of them the full benefit of the authorities and powers of attorney expressed to be given therein, he shall with all practicable speed do all such acts and things and execute all such documents as may be required or desirable to enable Tracsis or Neville Registrars Limited and any director or agent of any of them to secure the full benefit of such authorities and powers of attorney; and
- (n) the Form of Acceptance shall be deemed to be delivered on the date of its execution and shall take effect as a Deed.

References in this Part C to a Sky High Shareholder shall include references to the person or persons executing a Form of Acceptance, in relation to Sky High Shares held in certificated form, and, in the event of more than one person executing a Form of Acceptance, the provisions of this Part C shall apply to them jointly and to each of them. References to the masculine gender shall include the feminine or any legal person as the context may require.

## PART D – ELECTRONIC ACCEPTANCES

Without prejudice to the provisions of Parts A and B of this Appendix I, each Sky High Shareholder who holds Sky High Shares in uncertificated form by whom, or on whose behalf, an Electronic Acceptance is made irrevocably undertakes, represents, warrants and agrees to and with Tracsis and Neville Registrars Limited and their respective agents (so as to bind him and his personal or legal representatives, heirs, successors and assigns) that:

- (a) the Electronic Acceptance shall constitute:
  - (i) an acceptance of the Offer in respect of the number of Sky High Shares in un certificated form to which the TTE Instruction relates;
  - (ii) an undertaking to execute any further documents, take further action and give any further assurances which may be required to enable Tracsis to obtain the full benefit of the terms of this Part D and/or to perfect any authorities expressed to be given hereunder and otherwise in connection with his acceptance of the Offer,

in each case on and subject to the terms and conditions set out or referred to in this document and that, subject only to the rights of withdrawal set out in paragraph 3 of Part B of this Appendix I, such acceptance and/or election shall be irrevocable;

- (b) he is the sole legal and beneficial owner of the Sky High Shares in uncertificated form in respect of which the Offer is accepted or deemed to be accepted or he is the legal owner of such Sky High Shares and he has the necessary capacity and authority to execute the Form(s) of Acceptance and to sell and transfer the Sky High Shares referred to in paragraph (a)(i) above, and that such Sky High Shares are sold fully paid and with full title guarantee and free from all liens, charges, encumbrances, equities, rights of pre-emption and any other third party rights of whatsoever nature and together with all rights attaching thereto from 26 March 2013 (being the date of the Announcement), including, without limitation, the right to receive all dividends and other distributions declared, made or paid after 26 March 2013;

- (c) such Sky High Shareholder:
  - (i) if such Sky High Shareholder is a citizen, resident or national of a jurisdiction outside the United Kingdom, he has observed the laws and regulatory requirements of the relevant jurisdiction in connection with the Offer, obtained all requisite governmental, exchange control and other required consents, complied with all other necessary formalities and paid any issue, transfer or other taxes or duties or other requisite payments due in any such jurisdiction in connection with such acceptance and has not taken or omitted to take any action that will or may result in Tracsis, or any other person acting in breach of any legal or regulatory requirements of any such jurisdiction in connection with the Offer or his acceptance of the Offer; or

- (ii)
  - (a) is not a person located or resident in a Restricted Jurisdiction, does not hold any Sky High Shares in respect of which he has accepted the Offer on behalf of any resident of a Restricted Jurisdiction and is not acting on behalf of a resident of a Restricted Jurisdiction;
  - (b) has not received, mailed or otherwise transmitted, forwarded or sent, in whole or in part, copies or originals of this document or any related offering documents in, into or from a Restricted Jurisdiction and has not utilised in connection with the Offer, directly or indirectly, the mails of, or any means or instrumentality (including, without limitation, email, facsimile, telex, the internet, telephone or other electronic transmission) of interstate or foreign commerce, or any facilities of a national securities exchange, of a Restricted Jurisdiction; and

- (c) was outside, at the time of the input and settlement of the relevant TTE Instruction, a Restricted Jurisdiction; and no TTE Instruction has been sent in, into or from a Restricted Jurisdiction and such Sky High Shareholder is accepting the Offer from outside a Restricted Jurisdiction,

provided that the warranties and representations above shall be deemed not be given if the Sky High Shareholder purports to accept the Offer by sending (or if a CREST sponsored member, procuring that his CREST sponsor sends) a Restricted Escrow Transfer and a Restricted ESA Instruction pursuant to paragraph 6(f) of Part B of this Appendix I;

- (d) in relation to Sky High Shares held in uncertificated form, the Electronic Acceptance constitutes, subject to the Offer becoming unconditional in all respects in accordance with its terms and to the accepting Sky High Shareholder not having validly withdrawn his acceptance, the irrevocable appointment of each of Tracsis and/or any of its respective directors or agents as such Sky High Shareholder's attorney and/or agent, and an irrevocable instruction to the attorney and/or agent to do all such acts and things as may in the opinion of such attorney and/or agent be necessary or expedient for the purpose of, or in connection with, the acceptance of the Offer and to vest in Tracsis (or its nominees) the full legal and beneficial ownership of the Sky High Shares (referred to in paragraph (a)(i) of this Part D (the "Electronic Acceptance Shares"));
- (e) in relation to Sky High Shares held in uncertificated form, the Electronic Acceptance constitutes the irrevocable appointment of Neville Registrars Limited as the accepting Sky High Shareholder's attorney and/or agent and an irrevocable instruction and authority to the attorney and/or agent:
  - (i) subject to the Offer becoming unconditional in all respects in accordance with its terms and to an accepting Sky High Shareholder not having validly withdrawn his acceptance, to transfer to itself (or to such other person or persons as Tracsis or its agents may direct) by means of CREST all or any of Sky High Shares held in uncertificated form (but not exceeding the number of Sky High Shares held in uncertificated form in respect of which the Offer is accepted or deemed to be accepted); and
  - (ii) if the Offer does not become unconditional in all respects, to give instructions to Euroclear, immediately after the lapsing of the Offer (or within such longer period as the Panel may permit, not exceeding 14 days of the lapsing of the Offer), to transfer all such Sky High Shares to the original available balance of the accepting Sky High Shareholder;
- (f) in relation to Sky High Shares held in uncertificated form, the Electronic Acceptance constitutes, subject to the Offer becoming unconditional in all respects in accordance with its terms and to an accepting Sky High Shareholder not having validly withdrawn his acceptance, separate irrevocable authorities and requests to Tracsis, Neville Registrars Limited, WH Ireland or their respective agents to procure the making of a CREST payment in accordance with the CREST payment arrangements in respect of any cash consideration to which such accepting Sky High Shareholder is entitled, provided that:
  - (i) Tracsis may (if, for any reason it wishes to do so) determine that all or any part of such cash consideration shall be paid by cheque, dispatched by post; and
  - (ii) if the accepting Sky High Shareholder is a CREST member whose registered address is in a Restricted Jurisdiction, any cash consideration to which he is entitled shall be paid by cheque dispatched by post and all such cheques shall be dispatched at the risk of such Sky High Shareholder to the first-named holder at an address outside a Restricted Jurisdiction stipulated by such holder or as otherwise determined by Tracsis;
- (g) in relation to Sky High Shares held in uncertificated form, the Electronic Acceptance constitutes a separate authority to Tracsis and Neville Registrars Limited and any of their respective directors or agents and the irrevocable appointment of any such director and/or agent as such Sky High Shareholder's attorney and/or agent within the terms of paragraph 4 of Part B of this Appendix I in respect of the Electronic Acceptance Shares;

- (h) after the Offer becomes or is declared unconditional in all respects (or if the Offer would become or be declared unconditional in all respects or lapse immediately upon the outcome of the resolution in question) or if the Panel otherwise gives its consent and pending registration:
- (i) Tracsis or its agents shall be entitled to direct the exercise of any votes attaching to Sky High Shares held in uncertificated form in respect of which the Offer has been accepted or is deemed to have been accepted (and in respect of which such acceptance has not been validly withdrawn) and any other rights and privileges attaching to such Sky High Shares, including the right to requisition a general meeting or separate class meeting of Sky High, such votes (where relevant) to be cast so far as possible to satisfy any outstanding condition of the Offer; and
  - (ii) an Electronic Acceptance by a Sky High Shareholder constitutes, with regard to the Sky High Shares held in uncertificated form comprised in such acceptance and in respect of which such acceptance has not been validly withdrawn:
    - (a) an irrevocable authority to Sky High and/or its agents from such Sky High Shareholder to send any notice, circular, warrant, document or other communication which may be required to be sent to him as a member of Sky High (including any share certificate(s) or other document(s) of title issued as a result of a conversion of such Sky High Shares into certificated form) to Tracsis at its registered office;
    - (b) the irrevocable appointment of Tracsis or Neville Registrars Limited or any of their respective directors or agents to sign any such documents and do such things as may in the opinion of such person seem necessary or desirable in connection with the exercise of any votes or other rights or privileges attaching to such Sky High Shares (including, without limitation, an authority to sign any consent to short notice of a general or separate class meeting on his behalf and/or execute a form of proxy in respect of such Sky High Shares appointing any person nominated by Tracsis to attend general or separate class meetings of Sky High or its members or any of them (and any adjournment thereof) and to exercise the votes attaching to such Sky High Shares on his behalf) such votes (where relevant) to be cast so far as possible to satisfy any outstanding condition of the Offer; and
    - (c) the irrevocable agreement of such Sky High Shareholder not to exercise any of such rights without the consent of Tracsis and the irrevocable undertaking of such Sky High Shareholder not to appoint a proxy or representative for or to attend any such meetings;
  - (i) if, for any reason any Sky High Shares in respect of which a TTE Instruction has been effected in accordance with paragraph 15 of the letter from Tracsis at Part II of this document are converted to certificated form, he will (without prejudice to sub-paragraph (h)(ii)(a) above of this Part D) immediately deliver or procure the immediate delivery of the share certificate(s) or other document(s) of title in respect of all such Sky High Shares as so converted to Neville Registrars Limited at Neville House, 18 Laurel Lane, Halesowen, B63 3DA, or to Tracsis at its registered office or as Tracsis or its agent may direct and he shall be deemed upon conversion to undertake, represent, warrant and agree in the terms set out in Part C of this Appendix I in relation to such Sky High Shares without prejudice to the application of this Part D so far as Tracsis deems appropriate;
  - (j) the creation of a CREST payment obligation in favour of his payment bank in accordance with the CREST payment arrangements referred to in paragraph (f) above of this Part D shall, to the extent of the obligations so created, discharge in full any obligation of Tracsis to pay him any cash consideration (if any) to which he is entitled pursuant to the Offer;
  - (k) if he accepts the Offer, he shall do all such acts and things as shall be necessary or expedient to vest in Tracsis or its nominee(s) or such other person as it may decide the Electronic Acceptance Shares and all such acts and things as in the opinion of Tracsis shall be necessary or expedient to enable Neville Registrars Limited to perform its functions as Escrow Agent for the purposes of the Offer;



- (l) he agrees to ratify each and every act or thing which may be done or effected by Tracsis or Neville Registrars Limited or by any of their respective directors or agents or by Sky High or its agents, as the case may be, in the proper exercise of any of his or its powers and/or authorities conferred by or referred to in Part B or this Part D of this Appendix I and to indemnify each such person against any losses arising therefrom;
- (m) if any provision of Part B or this Part D of Appendix I shall be unenforceable or invalid or shall not operate so as to afford Tracsis or Neville Registrars Limited and any of their respective directors or agents the full benefit of authorities and powers of attorney expressed to be given therein, he shall with all practicable speed do such acts or things and execute all such documents as may be required or desirable to enable Tracsis or Neville Registrars Limited and any of their respective directors or agents or persons authorised by them to secure the full benefit of such authorities and powers of attorney;
- (n) in relation to Sky High Shares held in uncertificated form, the making of an Electronic Acceptance constitutes his submission, in relation to all matters arising out of the Offer and Electronic Acceptance, to the jurisdiction of the courts of England and his agreement that nothing shall limit the right of Tracsis to bring any action, suit or proceeding arising out of or in connection with the Offer and the Electronic Acceptance or in any other manner permitted by law or in any court of competent jurisdiction; and
- (o) by virtue of Regulation 43 of the Regulations, the making of an Electronic Acceptance constitutes an irrevocable power of attorney by the CREST member accepting the Offer in the terms of the powers and authorities expressed to be given by Part B, this Part D and (where applicable by virtue of paragraph (i) above) Part C of this Appendix I to Tracsis or Neville Registrars Limited and any of their respective directors or agents.

References in this Part D to a Sky High Shareholder shall include reference to the person or persons making an Electronic Acceptance, in relation to Sky High Shares held in uncertificated form, and, in the event of more than one person making an Electronic Acceptance, the provisions of this Part D shall apply to them jointly and to each of them. References to the masculine gender should include the feminine or any legal person as the context may require.

## APPENDIX II – FINANCIAL INFORMATION RELATING TO SKY HIGH AND TRAC SIS

### Part A – Financial Information Relating to Sky High

The following financial information is incorporated by reference into this document pursuant to Rule 24.15 of the Code and is available free of charge in read-only printable format on Sky High’s website at [www.skyhighplc.co.uk](http://www.skyhighplc.co.uk). A Sky High Shareholder may request a copy of such information in hard copy form (hard copies will not be provided unless requested). Hard copies may be requested by writing to the Company’s secretary at 12-14 Westgate, Tadcaster, LS24 9AB, or by calling: 01937 833 933 from within the UK or +44 1937 833933 from outside the UK.

<b>Information incorporated by reference into this document</b>	<b>Reference document</b>	<b>Page number in reference document</b>
<b>For the six months ended 30 September 2012*</b>		
Unaudited Consolidated Statement of Comprehensive Income	Interim Statement for the six months ended 30 September 2012	6
Unaudited Consolidated Statement of Financial Position	Interim Statement for the six months ended 30 September 2012	7
Unaudited Consolidated Statement of Changes in Equity	Interim Statement for the six months ended 30 September 2012	8
Unaudited Consolidated Statement of Cashflow	Interim Statement for the six months ended 30 September 2012	9

\* <http://www.skyhighplc.co.uk/pdf/Interim%20Accounts%2030.09.12.pdf>

<b>Information incorporated by reference into this document</b>	<b>Reference document</b>	<b>Page number in reference document</b>
<b>For the 12 months ended 31 March 2012*</b>		
Independent auditors’ report	Annual Report and Accounts of Sky High for the year ended 31 March 2012	15
Consolidated Statement of Comprehensive Income	Annual Report and Accounts of Sky High for the year ended 31 March 2012	16
Consolidated Statement of Financial Position	Annual Report and Accounts of Sky High for the year ended 31 March 2012	17
Consolidated Statement of Changes in Equity	Annual Report and Accounts of Sky High for the year ended of Sky High 31 March 2012	18
Consolidated Cashflow Statement	Annual Report and Accounts of Sky High for the year ended of Sky High 31 March 2012	19
Notes to the Consolidated financial statements	Annual Report and Accounts of Sky High for the year ended 31 March 2012	20-42

\* [http://www.skyhighplc.co.uk/pdf/31.08.12\\_SKY\\_ar12.pdf](http://www.skyhighplc.co.uk/pdf/31.08.12_SKY_ar12.pdf)

<b>Information incorporated by reference into this document</b>	<b>Reference document</b>	<b>Page number in reference document</b>
<b>For the 12 months ended 31 March 2011*</b>		
Independent auditors' report	Annual Report and Accounts of Sky High for the year ended 31 March 2011	16-17
Consolidated Statement of Comprehensive Income	Annual Report and Accounts of Sky High for the year ended 31 March 2011	18
Consolidated Statement of Financial Position	Annual Report and Accounts of Sky High for the year ended 31 March 2011	19
Consolidated Statement of Changes in Equity	Annual Report and Accounts of Sky High for the year ended 31 March 2011	20
Consolidated Cashflow Statement	Annual Report and Accounts of Sky High of Sky High for the year ended 31 March 2011	21
Notes to the financial statements	Annual Report and Accounts for the year ended 31 March 2011	22-57

\*<http://www.skyhighplc.co.uk/pdf/Sky%20High%20PLC%20Annual%20Report%2031%20March%202011.pdf>

<b>Information incorporated by reference into this document</b>	<b>Reference document</b>	<b>Page number in reference document</b>
<b>For the 12 months ended 31 March 2010*</b>		
Independent auditors' report	Annual Report and Accounts of Sky High for the year ended 31 March 2010	12-13
Consolidated Statement of Comprehensive Income	Annual Report and Accounts of Sky High for the year ended 31 March 2010	14
Consolidated Statement of Financial Position	Annual Report and Accounts of Sky High for the year ended 31 March 2010	15
Consolidated Statement of Changes in Equity	Annual Report and Accounts of Sky High for the year ended 31 March 2010	16
Consolidated Cashflow Statement	Annual Report and Accounts of Sky High for the year ended 31 March 2010	17
Notes to the financial statements	Annual Report and Accounts of Sky High for the year ended 31 March 2010	18-52

\* [http://www.skyhighplc.co.uk/pdf/Sky\\_High\\_PLC\\_Annual\\_Report\\_31\\_March\\_2010\\_v3\\_-\\_Final.pdf](http://www.skyhighplc.co.uk/pdf/Sky_High_PLC_Annual_Report_31_March_2010_v3_-_Final.pdf)

Save as expressly referred to herein, neither the content of Sky High's website nor the content of any website accessible from hyperlinks on Sky High's website, is incorporate by reference into, or forms part of, this document. There has been no material change in the financial or trading position of Sky High since the date of the last audited accounts.

## Part B – Financial Information Relating to Tracsis

The following financial information is incorporated by reference into this document pursuant to Rule 24.15 of the Code and is available free of charge in read-only printable format on Tracsis’s website at [www.tracsis.com](http://www.tracsis.com). A Sky High Shareholder may request a copy of such information in hard copy form (hard copies will not be provided unless requested). Hard copies may be requested by writing to WH Ireland at Royal House, 28 Sovereign Street, Leeds, LS1 4BJ, or by calling: 0113 394 6600 from within the UK or +44 113 394 6600 from outside the UK.

<b>Information incorporated by reference into this document</b>	<b>Reference document</b>	<b>Page number in reference document</b>
<b>For the six months ended 31 January 2013*</b>		
Condensed Consolidated Interim Income Statement	Interim Results for the six months ended 31 January 2013	6
Condensed Consolidated Interim Balance Sheet	Interim Results for the six months ended 31 January 2013	7
Consolidated Statement of Changes in Equity	Interim Results for the six months ended 31 January 2013	8
Condensed Consolidated Interim Statement of Cash Flows	Interim Results for the six months ended 31 January 2013	9

\* [http://www.tracsis.co.uk/downloads/interim\\_announcement\\_2013.pdf](http://www.tracsis.co.uk/downloads/interim_announcement_2013.pdf)

<b>Information incorporated by reference into this document</b>	<b>Reference document</b>	<b>Page number in reference document</b>
<b>For the 12 months ended 31 July 2012*</b>		
Independent auditor report	Annual Report and Accounts of Tracsis for the year ended 31 July 2012	16
Consolidated Statement of Comprehensive Income	Annual Report and Accounts of Tracsis for the year ended 31 July 2012	17
Consolidated Balance Sheet	Annual Report and Accounts of Tracsis for the year ended 31 July 2012	18
Consolidated Statement of Changes in Equity	Annual Report and Accounts of Tracsis for the year ended 31 July 2012	19
Consolidated Cashflow Statement	Annual Report and Accounts of Tracsis for the year ended 31 July 2012	20
Notes to the consolidated financial statements	Annual Report and Accounts of Tracsis for the year ended 31 July 2012	21-43

\* <http://www.tracsis.com/downloads/annual%20report%20july%202012.pdf>

<b>Information incorporated by reference into this document</b>	<b>Reference document</b>	<b>Page number in reference document</b>
<b>For the 12 months ended 31 July 2011*</b>		
Independent auditors' report	Annual Report and Accounts of Tracsis for the year ended 31 July 2011	15
Consolidated Statement of Comprehensive Income	Annual Report and Accounts of Tracsis for the year ended 31 July 2011	16
Consolidated Balance Sheet	Annual Report and Accounts of Tracsis for the year ended 31 July 2011	17
Consolidated Statement of Changes in Equity	Annual Report and Accounts of Tracsis for the year ended 31 July 2011	18
Consolidated Cashflow Statement	Annual Report and Accounts of Tracsis for the year ended 31 July 2011	19
Notes to the consolidated financial statements	Annual Report and Accounts of Tracsis for the year ended 31 July 2011	20-42

\* [http://www.tracsis.com/downloads/annual\\_report\\_2011.pdf](http://www.tracsis.com/downloads/annual_report_2011.pdf)

<b>Information incorporated by reference into this document</b>	<b>Reference document</b>	<b>Page number in reference document</b>
<b>For the 12 months ended 31 July 2010*</b>		
Independent auditors' report	Annual Report and Accounts of Tracsis for the year ended 31 July 2010	15
Consolidated Statement of Comprehensive Income	Annual Report and Accounts of Tracsis for the year ended 31 July 2010	16
Consolidated Statement of Financial Position	Annual Report and Accounts of Tracsis for the year ended 31 July 2010	17
Consolidated Statement of Changes in Equity	Annual Report and Accounts of Tracsis for the year ended 31 July 2010	18
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\* [http://www.tracsis.com/downloads/annual\\_report\\_july\\_2010.pdf](http://www.tracsis.com/downloads/annual_report_july_2010.pdf)

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

## APPENDIX III – ADDITIONAL INFORMATION

### 1. Responsibility Statements

- 1.1 The Tracsis Directors, whose names are set out in paragraph 2.1 below, accept responsibility for the information contained in this document, save for the information for which the Sky High Directors or the Independent Directors accept responsibility in accordance with paragraphs 1.2 and 1.3 below. To the best of the knowledge and belief of the Tracsis Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 1.2 The Sky High Directors, whose names are set out in paragraph 2.2 below, accept responsibility for the information contained in this document relating to the Sky High Group, the Sky High Directors and their immediate families, persons connected with the Sky High Directors and their related trusts and controlled companies other than the recommendation of the Offer and the recommendation that the Independent Shareholders vote in favour of the Resolution, by the Independent Directors for which the Independent Directors alone accept responsibility in accordance with paragraph 1.3 below. To the best of the knowledge and belief of the Sky High Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 1.3 The Independent Directors, whose names are set out in paragraph 2.3 below, accept responsibility for their views on and their recommendation of the Offer and the recommendation that the Independent Shareholders vote in favour of the Resolution. To the best of the knowledge and belief of the Independent Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

### 2. Directors

#### 2.1 Tracsis

- (a) The names of the Tracsis Directors and their functions are as follows:

<b>Name</b>	<b>Title</b>
John McArthur	Chief Executive Officer
Max Cawthra	Chief Financial Officer
Rod Jones	Non Executive Chairman
John Nelson	Non Executive Director
Charles Winward	Non Executive Director

- (b) The business address of each of the Tracsis Directors is Leeds Innovation Centre, 103 Clarendon Road, Leeds, LS2 9DF, which is also the registered office and head office of Tracsis.
- (c) The company secretary of Tracsis is Max Cawthra whose business address is Leeds Innovation Centre, 103 Clarendon Road, Leeds, LS2 9DF.

## 2.2 Sky High

- (a) The names of the Sky High Directors and their respective functions are as follows:

<b>Name</b>	<b>Title</b>
Richard Jackson	Non-Executive Chairman
Mark Mattison	Chief Executive Officer
Grant Wilson	Executive Director
Martin Prowse	Executive Director
Alex Johnson	Finance Director
David Lowe	Non Executive Director
Nick Lanigan	Non Executive Director
Michael Jackson	Non Executive Director
Sir John Madejski OBE DL	Non Executive Director

- (b) The business address of each of the Sky High Directors is 12-14 Westgate, Tadcaster, LS24 9AB, which is also the registered office and head office of Sky High.
- (c) The company secretary of Sky High is Alex Johnson whose business address is 12-14 Westgate, Tadcaster, LS24 9AB.

## 2.3 Independent Directors

- (a) The names of the Independent Directors and their respective functions are as follows:

<b>Name</b>	<b>Title</b>
Richard Jackson	Non-Executive Chairman
Michael Jackson	Non Executive Director
David Lowe	Non Executive Director
Sir John Madejski OBE DL	Non Executive Director
Nick Lanigan	Non Executive Director

- (b) The business address of each of the Independent Directors is 12-14 Westgate, Tadcaster, LS24 9AB, which is also the registered office and head office of Sky High.

## 3. Persons acting in concert

### 3.1 Persons acting in concert with Tracsis

In addition to Tracsis, and the Tracsis Directors, for the purposes of the Code, the persons who are acting, or deemed to acting, in concert with Tracsis for the purposes of the Code and which are required to be disclosed are:

<b>Person</b>	<b>Type of Organisation</b>	<b>Relationship to Tracsis</b>
WH Ireland Limited, 11 St James's Square, Manchester M2 6WH	English private limited company	Financial Adviser

### 3.2 Persons acting in concert with Sky High

In addition to the Sky High Directors, the persons acting, or deemed to be acting, in concert with Sky High for the purposes of the Code and which are required to be disclosed are:

<b>Person</b>	<b>Type of Organisation</b>	<b>Relationship to Tracsis</b>
Spark Advisory Partners Limited 33 Glasshouse Street, London, W1B 5DG	English private limited company	Rule 3 Adviser

#### 4. Interests and Dealings

##### 4.1 For the purposes of this paragraph 4:

“**acting in concert**” has the meaning given to it in the Code;

“**arrangement**” includes arrangements of the kind referred to in Note 11(a) to the definition of “acting in concert” given in the Code;

“**connected adviser**” has the meaning given to it in the Code;

“**control**” means an interest or interest in shares carrying 30 per cent. or more of the voting rights attributable to the share capital of a company which are currently exercisable at a general meeting, irrespective of whether such interest or interests gives de facto control;

“**dealing**” or “**dealt**” includes the following:

- (i) the acquisition or disposal of securities or the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to securities or of general control of securities;
- (ii) the taking, granting, acquisition, disposal, entering into, closing out, termination, exercise (by either party) or variation of an option (including a traded option contract) in respect of any relevant securities;
- (iii) subscribing or agreeing to subscribe for relevant securities;
- (iv) the exercise or conversion, whether in respect of new or existing securities, of any relevant securities carrying conversion or subscription rights;
- (v) the acquisition of, disposal of, entering into, closing out, exercise (by either party) of any rights under, or variation of, a derivative referenced, directly or indirectly, to relevant securities;
- (vi) entering into, terminating or varying the terms of any agreement to purchase or sell relevant securities; and
- (vii) 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;

“**derivative**” has the meaning given to it in the Code;

“**disclosure date**” means 25 March 2013 (being the latest practicable date prior to the publication of this document);

“**disclosure period**” means the period commencing on 26 March 2012 (being the date 12 months prior to the commencement of the Offer Period) and ending on the disclosure date;

“**exempt principal trader**” or “**exempt fund manager**” have the meanings attributed to them in the Code;

A person is treated as having an “**interest in**” or as being “**interested**” in securities (and references in this document to such terms shall be construed accordingly) if he has a long economic exposure, whether absolute or conditional, to changes in the price of those securities (and a person who only has a short position in securities is not treated as interested in those securities) and in particular a person is treated as “**interested**” in securities if:

- (i) he owns them;
- (ii) he has the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to them or has general control of them;
- (iii) by virtue of any agreement to purchase, option or derivative, he: (i) has the right or option to acquire them or call for their delivery; or: (ii) 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);

- (iv) he is party to any derivative: (i) whose value is determined by reference to their price; and (ii) which results, or may result, in his having a long position in them; and
- (v) in the case of Rule 5 of the Code only, he has received an irrevocable commitment in respect of them; and

“**related parties**” in relation to a director, means those persons whose interests in shares the director would be required to disclose pursuant to Part 22 of the Companies Act and related regulations;

“**relevant Sky High securities**” means relevant securities (such term having the meaning given to it in the Code in relation to the offeree) of Sky High including the equity share capital of Sky High (or derivatives referenced thereto) and securities convertible into, rights to subscribe for and options (including traded options) in respect thereof but excluding the Deferred Shares which do not form part of the equity share capital for the purposes of the Offer and which are subject to the arrangements set out in paragraph 3 of Part I of this document and paragraph 3 of Part II of this document;

“**relevant Tracsis securities**” means relevant securities (such term having the meaning given to it in the Code in relation to the offeror) of Tracsis including the equity share capital of Tracsis (or derivatives referenced thereto) and securities convertible into, rights to subscribe for and options (including traded options) in respect thereof;

“**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.

#### 4.2 Interests and Dealings in relevant Sky High securities

- (a) As at the close of business on the disclosure date, the interests (all of which are beneficial unless otherwise stated), of the Tracsis Directors and their respective related parties, in relevant Sky High securities were as follows:

Name	Number of Sky High Shares	% of Sky High Shares
John McArthur	41,874*	0.19%

\* John McArthur holds 41,874 Sky High Shares beneficially via a self invested personal pension which are registered in the name of Lawshare Nominees Limited.

- (b) The following dealings in relevant Sky High securities have taken place by Tracsis Directors during the disclosure period:

Name	Date	Nature of Transaction	Number of Sky High Shares	Price per Sky High Share
John McArthur*	3 April 2012	Purchase of shares	18,858	8p
John McArthur*	14 August 2012	Purchase of shares	8,543	10.25p
John McArthur*	29 August 2012	Purchase of shares	14,473	9.9p

\* The relevant Sky High Shares were purchased beneficially on behalf of John McArthur and are registered in the name of Lawshare Nominees Limited, a self invested personal pension plan of John McArthur.

- (c) As at close of business on the disclosure date, the interests of WH Ireland Limited as a person acting in concert with Tracsis in relevant Sky High Securities was as follows:

Name	Number of Sky High Shares*	% of Sky High Shares
WH Ireland Limited	515,000	2.39%

\* the relevant Sky High Shares are held in discretionary accounts on behalf of WH Ireland Limited.

- (c) As at the close of business on the disclosure date, the interests (all of which are beneficial unless otherwise stated) of the Sky High Directors and their respective related parties, in relevant Sky High securities were as follows:

<b>Name</b>	<b>Number of Sky High Shares</b>	<b>% of Sky High Shares</b>
Michael Jackson	797,693	3.71%
Richard Jackson	2,329,256	10.82%
Michael Jackson and Richard Jackson, as trustee for the W&E Jackson Settlement Trust	1,571,756	7.30%
David Lowe	485,193	2.25%
Sir John Madejski OBE DL	5,635,709*	26.19%
Mark Mattison	4,129,389	19.19%
Grant Wilson	548,726	2.55%
Martin Prowse**	416,666	1.94%

\* Of these, (i) 1,500,000 Sky High Shares are registered in the name of Sir John Madejski OBE DL and (ii) 4,135,709 Sky High Shares are registered in the name of Clearview Traffic Group Limited, a company in which Sir John Madejski OBE DL is a director and shareholder.

\*\* These are registered in the name of Prowse Family Trust Pty Limited, a company in which Martin Prowse is a director and shareholder.

- (d) The following dealings in relevant Sky High Securities have taken place by the Sky High Directors during the disclosure period:

<b>Name</b>	<b>Date</b>	<b>Nature of Transaction</b>	<b>Number of Sky High Shares</b>	<b>Price per Sky High Share</b>
Grant Wilson	25 September 2012	Purchase of Shares	7,733	9.65p

- (e) As at the disclosure date, the following options had been granted to the Sky High Directors under the Sky High share option schemes:

<b>Option Holders</b>	<b>Sky High EMI Options</b>	<b>Exercise Price</b>	<b>Sky High Unapproved Options</b>	<b>Exercise Price</b>
David Lowe			255,000	12.5p
Grant Wilson	127,000	12.5p		

However each of the option holders has voluntarily surrendered such options subject to and conditional upon the Offer becoming or being declared unconditional in all respects and waived their rights under Rule 15 of the Code, which would have required Tracsis to have made an appropriate offer to them to ensure that their interests were safeguarded. Consequently, the Panel has granted dispensation in respect of making an appropriate offer under Rule 15 of the Code.

- (e) As at the disclosure date, the following options had been granted to Paul Jackson (a director of Sky High Technology Limited and subsidiary of Sky High) and Steven Hanson (a Sky High employee) under the Sky High share option schemes:

<b>Option Holders</b>	<b>Sky High EMI Options</b>	<b>Exercise Price</b>
Paul Jackson	100,000	12.5p
Steven Hanson	107,317	20.5

However each of the option holders has, subject to and conditional upon the Offer becoming or being declared unconditional in all respects, voluntarily surrendered such options and waived their rights under Rule 15 of the Code, which would have required Tracsis to have made an appropriate offer to them to ensure that their interests were safeguarded. Consequently, the Panel has granted dispensation in respect of making an appropriate offer under Rule 15 of the Code.

### 4.3 Irrevocable Undertakings

- (a) Under the Management Agreement, Tracsis has agreed to acquire and the Management Shareholders have agreed to sell 3,526,358 Sky High Shares held by some of the Management Team, representing approximately 16.39 per cent. of the issued Sky High Shares, in exchange for the issue to them of 308,563 Tracsis Shares, representing approximately 1.22 per cent. of the issued share capital of Tracsis following their issue.
- (b) Under the Prowse Trust Agreement, Tracsis has agreed to acquire 166,667 Sky High Shares from the Prowse Trust (a Connected Person of Martin Prowse), representing 0.77 per cent of all the issued Sky High Shares, at the same price as the Offer Shares.
- (c) The following Management Shareholders have entered into irrevocable undertakings to accept the Offer (or procure acceptance of the Offer as the case may be) in respect of the following Sky High Shares:

<b>Management Shareholder</b>	<b>Number of Sky High Shares</b>	<b>% of Sky High Shares</b>	<b>% of Offer Shares</b>
Mark Mattison	1,651,756	7.68	9.27
Kevin Stewart	62,500	0.29	0.35
<b>TOTAL</b>	<b>1,714,256</b>	<b>7.97</b>	<b>9.62</b>

- (d) The following Independent Directors have entered into irrevocable undertakings to accept the Offer (or procure acceptance of the Offer, as the case may be) in respect of the following Sky High Shares, and to vote (or procure the voting) in favour of the Ordinary Resolution in respect of the following Eligible Voting Shares:

<b>Independent Director</b>	<b>Number of Sky High Shares</b>	<b>% of Sky High Shares</b>	<b>% of Offer Shares</b>	<b>% of Eligible Voting Shares</b>
Richard Jackson	2,329,256	10.82	13.07	14.46
Michael Jackson	797,693	3.71	4.47	4.95
David Lowe	485,193	2.25	2.72	3.01
Sir John Madejski OBE DL*	5,635,709*	26.20	31.62	34.98
W&E Jackson				
Settlement Trust	1,571,756	7.30	8.82	9.76
<b>TOTAL</b>	<b>10,819,607</b>	<b>50.28</b>	<b>60.70</b>	<b>67.16</b>

\* Of these, (i) 1,500,000 Sky High Shares are registered in the name of Sir John Madejski OBE DL and (ii) 4,135,709 Sky High Shares are registered in the name of Clearview Traffic Group Limited, a company in which Sir John Madejski OBE DL is a director and shareholder.

- (e) The following Sky High Shareholders have entered into irrevocable undertakings to accept the Offer (or procure acceptance of the Offer as the case may be) in respect of the following Sky High Shares, and to vote (or procure the voting) in favour of the Ordinary Resolution in respect of the following Eligible Voting Shares:

<b>Shareholder</b>	<b>Number of Sky High Shares</b>	<b>% of Sky High Shares</b>	<b>% of Offer Shares</b>	<b>% of Eligible Voting Shares</b>
Irene Helps	392,939	1.83	2.20	2.44
Kenneth Ian Mackay	329,939	1.83	2.20	2.44
<b>TOTAL</b>	<b>785,878</b>	<b>3.66</b>	<b>4.40</b>	<b>4.88</b>

Accordingly, Tracsis has received, in aggregate, irrevocable undertakings in respect of in aggregate a total of:

- (i) 13,319,741 Sky High Shares, to accept the Offer, representing approximately 74.73 per cent. of the Offer Shares and 61.90 per cent. of all the issued Sky High Shares; and
- (ii) 11,605,485 Eligible Voting Shares, to vote in favour of the Ordinary Resolution, representing approximately 72.04 per cent. of the Eligible Voting Shares.

The agreement by the Management Shareholders to sell Sky High Shares pursuant to the Management Agreement referred to in paragraph 4.3(a) above is conditional upon the passing of the Ordinary Resolution to approve the Management Arrangements and the Offer becoming or being declared unconditional in all respects. Subject thereto, the agreement would therefore remain binding in the event of a competing offer being made for Sky High.

The agreement with the Prowse Trust to sell Sky High Shares pursuant to the terms of the Prowse Trust Agreement referred to in paragraph 4.3 (b) above is conditional only upon the Offer becoming or being declared unconditional in all respects. Subject thereto, the agreement would therefore remain binding in the event of a competing offer being made for Sky High.

The undertakings by the Management Shareholders, the Independent Directors and the Sky High Shareholders referred to in paragraphs 4.3(b), 4.3(c) and 4.3(d) above require the Management Shareholders, the Independent Directors and the Sky High Shareholders to accept (or procure acceptance of) the Offer in respect of the Sky High Shares in which they are interested within 7 Business Days of posting the Offer Document. These undertakings cease to be binding only if the Offer lapses or is withdrawn. The undertakings will therefore remain binding in the event of a competing offer being made for Sky High.

Copies of the irrevocable undertakings are on display on Sky High's website [www.skyhighplc.co.uk](http://www.skyhighplc.co.uk) until the end of the Offer Period.

#### **4.5 General**

- (a) As at the close of business on the disclosure date and save as disclosed in this document:
  - (i) neither Tracsis nor any of the Tracsis Directors nor any of their respective related parties nor any person acting in concert with Tracsis had an interest in, or right to subscribe for, any relevant Sky High securities, or had any short position in relation to relevant Sky High securities (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 of take delivery, nor had any of the foregoing dealt in any relevant Sky High securities during the disclosure period;
  - (ii) no person with whom Tracsis or any person acting in concert with Tracsis has an arrangement of the kind referred to in Note 11 of the definition of acting in concert had an interest in, or a or right to subscribe for, any relevant Sky High securities, or had any short position in relation to relevant Sky High securities (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 of take delivery, nor had any of such person dealt in any relevant Sky High securities during the disclosure period;
  - (iii) neither Tracsis, nor any person acting in concert with Tracsis, has 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 Sky High securities during the disclosure period, save for any borrowed shares which have been either on-lent or sold;
  - (iv) neither Sky High nor any of the Sky High Directors nor any of their respective related parties nor any person acting in concert with Sky High had an interest in, or right to subscribe for, any relevant Tracsis securities, or had any short position in relation to relevant Tracsis securities (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 of take delivery, nor had any of the foregoing dealt in any relevant Tracsis securities during the disclosure period;

- (v) no Sky High Directors, no person acting in concert with Sky High, no related company of Sky High, no pension fund of Sky High or any of its related companies, no employee benefit trust of Sky High or of any of its related companies, no connected adviser to Sky High or to any of its related companies or to a person acting in concert with Sky High Directors, no 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, or right to subscribe for, any relevant Sky High securities, or had any short position in relation to relevant Sky High securities (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 of take delivery, nor had any of the foregoing dealt in any relevant Sky High securities during the disclosure period;
  - (vi) no person with whom Sky High or any person acting in concert with Sky High has an arrangement of the kind referred to in Note 11 of the definition of acting in concert had an interest in, or a or right to subscribe for, any relevant Sky High securities, or had any short position in relation to relevant Sky High securities (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 of take delivery, nor had any of such person dealt in any relevant Sky High securities during the disclosure period; and
  - (vii) neither Sky High, nor any person acting in concert with Sky High, has 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 Sky High securities during the disclosure period, save for any borrowed shares which have been either on-lent or sold.
- (b) Sky High has not redeemed or purchased any relevant Sky High securities during the period commencing 26 March 2012 (being the date falling 12 months prior to the commencement of the Offer Period and ending on the Disclosure Date).

## 5. Market Quotations

The following table shows the Closing Price of a Sky High Share as derived from the Daily Official List in each case on:

- (a) the first Business Day of each of the six months immediately prior to the date of this document; and
- (b) 25 March 2013, being the last Business Day prior to the commencement of the Offer Period and the last practicable date prior to the publication of this document:

<b>Date</b>	<b>Price per Sky High Share (£)</b>
1 March 2013	9p
1 February 2013	8p
2 January 2013	9p
3 December 2012	10.50p
1 November 2012	8.625p
1 October 2012	9.375p
25 March 2013	9p

## **6. Financing the Offer**

Full acceptance of the Offer on its current terms would involve payment by Tracsis of £2.72 million in cash to Sky High Shareholders. In addition the sum of £0.54 million is payable to the Management Shareholders under the Management Agreement for the purchase of the Management Roll Over Shares and £0.02 million is payable to the Prowse Trust under the Prowse Trust Agreement for the purposes of the purchase of the Prowse Trust Shares.

Tracsis will find the cash consideration of £3.28 million payable under the terms of the Offer, the Management Agreement and the Prowse Trust Agreement from its existing cash resources.

WH Ireland, financial adviser to the Offeror, is satisfied that sufficient financial resources are available to Tracsis from its own sources to satisfy in full the cash consideration payable to Sky High Shareholders under the terms of the Offer, to Management Shareholders under the terms of the Management Agreement and to the Prowse Trust under the terms of the Prowse Trust Agreement.

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

The Tracsis Board attaches great importance to the skills and experience of the management and employees of Sky High. The Tracsis Board has provided assurances to the Independent Directors that, upon the Offer becoming or being declared unconditional in all respects, the existing employment rights of all employees of Sky High will be fully safeguarded.

No change is expected to the current locations of the Group's places of business.

Following the Offer becoming unconditional in all respects, key members of the Management Team will remain in their current roles with no changes to their current terms and conditions of employment, save for that the executive directors of Sky High have been incentivised to remain as employees of Sky High following completion of the Offer with the arrangements set out in paragraph 6 of Part 1.

The Independent Directors have agreed to resign subject to and with effect from the Offer being declared unconditional in all respects. Particulars of the payments to the Independent Directors in respect of termination of their respective appointments as Directors (and in accordance with the terms of their letters of appointment) are set out in paragraph 10.1(a) to 10.1(e) of Appendix III to this document).

## **8. Tracsis Material Contracts**

Save as disclosed below, there have been no contracts entered into by the Offeror or any of its subsidiaries otherwise than in the ordinary course of business during the period beginning two years before the commencement of the Offer Period and ended on 25 March 2013 (the latest practicable date before the date of this document) which are or may be material for disclosure:

### **(a) Management Agreement**

On 25 March 2013, Tracsis entered into an agreement with the Management Shareholders, pursuant to which the Management Shareholders conditionally agreed to sell and Tracsis conditionally agreed to purchase the Management Roll Over Shares and the Executive Management Shareholders agreed to give certain warranties in relation to Sky High.

Under the agreement, the Management Shareholders agreed that they will sell (or procure the sale of) an aggregate of 3,526,358 Sky High Shares, representing in aggregate 16.39 per cent. of the Sky High Shares as at the date of this document, to Tracsis, in consideration of the sum of £0.54 million and the proceeds will be used to acquire 308,563 Tracsis Shares representing in aggregate approximately 1.22 per cent. of the issued share capital of Tracsis following their issue, as set out in the table below:

(1) Management Shareholder	(2) Number of Sky High Shares	(3) Number of Tracsis Shares
Mark Mattison	2,477,633	216,800
Grant Wilson	548,726	48,015
Martin Prowse (via Prowse Family Trust)	249,999	21,875
Paul Jackson	62,500	5,468
Peter Agnew	125,000	10,937
Kevin Stewart	62,500	5,468
<b>TOTAL</b>	<b>3,526,358</b>	<b>308,563</b>

Under the agreement, the Executive Management Shareholders have agreed to give certain limited warranties to Tracsis in respect of the content of the financial due diligence report, in respect of the financial forecasts and in respect of the framework agreements.

The Management Agreement is conditional upon the passing of the Ordinary Resolution at the Sky High General Meeting and the Offer becoming or being declared unconditional in all respects.

**(b) Prowse Trust Agreement**

On 25 March 2013, Tracsis entered into an agreement with the Prowse Trust, pursuant to which the Prowse Trust conditionally agreed to sell and Tracsis conditionally agreed to purchase 166,667 Sky High Shares, representing 0.77 per cent of the issued share capital of Sky High Shares, at the same price as the Offer Shares.

Under the agreement, the Prowse Trust has given certain limited warranties to Tracsis regarding title to the Prowse Trust Shares.

The Prowse Trust Agreement is conditional upon the Offer becoming or being declared unconditional in all respects.

**(c) On 25 March 2013, Tracsis entered into the deeds of surrender relating to the surrender of the Sky High options referred to in paragraphs 4.2(e) and (f) as more particularly described in paragraph 9(a).**

**(d) Lock – In and Orderly Market Agreement**

On 25 March 2013, Tracsis has entered into a Lock-In and Orderly Market Agreement with the Management Shareholders and WH Ireland, pursuant to which each Management Shareholder undertakes to Tracsis and WH Ireland to enter into certain restrictions with regard to the disposal by them of the Tracsis Shares acquired by them under the Management Agreement. Each Management Shareholder agrees:

- (i) not at any time prior to the first anniversary of the date when the Tracsis Shares are issued to the relevant Management Shareholder (“**Relevant Issue Date**”), without the prior written consent of Tracsis, to offer, dispose of, or agree to offer or otherwise dispose of directly or indirectly, whether for consideration or not any Tracsis Shares (or any legal or beneficial interest in any Tracsis Shares); or
- (ii) not before the first anniversary of the Relevant Issue Date but prior to the second anniversary of the Relevant Issue Date except through WH Ireland and subject to the reasonable requirements and restrictions of WH Ireland with a view to maintaining an orderly market in the shares of Tracsis.

The Lock-In and Orderly Market Agreement provides for customary carve-outs in respect of these restrictions.

The Lock-In and Orderly Market Agreement is conditional upon the passing of the Ordinary Resolution at the Sky High General Meeting and the Offer becoming or being declared unconditional in all respects.

- (e) On 25 March 2013, Tracsis issued a letter in favour of Mark Mattison, Martin Prowse, Grant Wilson and Alex Johnson as executive directors of Sky High confirming:
- its intention to enter into the Proposed Incentivisation Agreement, as further described in paragraph 6 of Part I and paragraph 6 of Part II of this document, with Mark Mattison and Alex Johnson; and
  - its proposal that Mark Mattison, Martin Prowse, Grant Wilson and Alex Johnson, as executive directors of Sky High, will be eligible to join the Tracsis Long Term Incentive Plan, as described in paragraph 6 of Part I and Paragraph 6 of Part II of this document.

(f) **The Confidentiality Agreement;**

On 21 November 2012, Sky High entered into a confidentiality agreement with Tracsis, pursuant to which Tracsis agreed to treat information provided to it by Sky High as confidential, and to not directly or indirectly disclose the confidential information (or allow it to be disclosed) to any person, unless permitted by the Confidentiality Agreement and save where such information is required to be disclosed by, inter alia, law, regulation or judicial process. The information provided by Sky High is only to be used for the purposes of considering, evaluating and negotiating a possible offer for the entire issued share capital of Sky High.

Under the terms of the agreement, it was also agreed that for a period of one year from the date of the agreement, neither party can, without the prior written consent of the other, directly or indirectly, engage or have contact in the other party's group, except to the extent that negotiations in respect of the possible offer continue or otherwise in the ordinary course of business between the parties. It was also agreed that for a period of one year from the date of the agreement, neither party can entice, solicit procure any individual who was, at the time during negotiations relating to the possible offer, a "key employee" to leave the employment of the other party or company in the other party's group.

Tracsis also agreed not to use any confidential information to deal with or seek the custom of any person who is or was a client or customer of Sky High in the 12 months prior to the agreement.

The agreement also includes standstill arrangements which apply for a period of 12 months following the date of the agreement and restrict Tracsis, subject to customary carve outs, from acquiring Sky High Shares, announcing an Offer or entering into agreements in relation to the voting rights of Sky High Shares.

(g) **MPEC Acquisition Agreement**

On 1 June 2011, Tracsis entered into an acquisition agreement with Robert Laurence Taylor ("RT") for the sale and purchase of the whole issued share capital of MPEC Technology Limited ("MPEC"). The maximum consideration payable for the shares in MPEC was £3.4 million. The initial consideration was £1 million, of which: (i) £800,000 was payable in cash to RT on completion; £100,000 was payable in cash at completion to a retention account; and (iii) £100,000 was satisfied by the allotment to RT of 200,000 ordinary shares in the capital of Tracsis of 0.4 pence each. An additional consideration of £900,000 was also payable of which: (i) £675,000 was payable in cash to RT on completion; and (ii) £225,000 was payable in cash at completion to a retention account. A deferred consideration of up to £1 million was payable in cash in respect of the two years from 2 June 2011, based on EBITDA targets. There was a provision for an adjustment (upwards or downwards) of the consideration based on the calculation of net assets and debtors. Any upward adjustment was limited to £500,000. Actual total consideration after finalisation of the final net asset position and settlement of deferred consideration was £3.0m.

Tax and non-tax warranties and covenants were provided by RT. The maximum amount which Tracsis may claim for breaches of the warranties and tax covenant is limited to the amount of consideration actually paid to RT in cash.



RT entered into undertakings not to compete with MPEC for a period of three years from 1 June 2011. RT also entered into an undertaking that from 1 June 2011 to 31 May 2012, he would not dispose of any shares in the share capital of Tracsis without the written consent of Tracsis, and from 1 June 2012 to 31 May 2013, he would not dispose of the same except through the broker of Tracsis. RT has subsequently disposed of his shareholding in Tracsis.

**(h) Placing Agreement**

On 31 May 2011 Tracsis entered into a placing agreement with its nominated adviser and broker W.H. Ireland and with its executive director John McArthur (“**JM**”) for the placing of 4,333,333 ordinary shares of 0.4p each in the capital of Tracsis at a price of 45 pence per share (“**Placing Price**”) raising £1,950,000 before expenses. The amount payable by WH Ireland to Tracsis was an amount equal to the aggregate value at the Placing Price of the shares subscribed for pursuant to the placing, to the extent received by WH Ireland from the placees less the aggregate of fees, commissions and expenses payable or reimbursable by Tracsis. Customary warranties were provided by Tracsis and JM to WH Ireland, and customary indemnities were provided by Tracsis to WH Ireland. The maximum amount which WH Ireland may claim for breach of warranty against JM is a sum equal to 150 per cent. of his current annual salary.

**9. Sky High Material Contracts**

Save as disclosed below, there have been no contracts entered into by Sky High otherwise than in the ordinary course of business during the period beginning two years before the commencement of the Period and ended on 25 March 2013 (the latest practicable date before the date of this document which are or may be material for disclosure:

- (a)** On 25 March 2013, Sky High entered into deeds of surrender with each of David Lowe, Grant Wilson, Paul Jackson and Steven Hanson in relation to the options referred to in 4.2(e) and (f), pursuant to which each of the option holders, subject to and conditional upon the Offer becoming or being declared unconditional in all respects, surrendered their options and waived their rights under Rule 15 of the Code, which would have required Tracsis to have made an appropriate offer to them to ensure that their interests were safeguarded.

Tracsis are also a party to the deeds of surrender in order to receive the benefit of the waiver of the rights of each of the option holders under Rule 15 of the Code.

**(b) Confidentiality Agreement**

Sky High has entered into a confidentiality agreement with Tracsis dated 21 November 2012, details of which are set out in 8(e) above.

**(c) Asset Purchase Agreement**

On 20 February 2012, Sky High entered into a conditional acquisition agreement (“**COU Acquisition Agreement**”) with Count on Us Limited (“**COU**”) to acquire the business and certain assets of the COU traffic data capture and traffic analysis business (“**COU Business**”).

The acquisition of the COU Business completed on 16 March 2012 (“**COU Completion Date**”).

The consideration payable for the COU Business was satisfied by the issue of 4,135,709 Ordinary Shares of 1p each in the share capital of Sky High. The COU Acquisition Agreement also included arrangements between the parties for calculating the work-in-progress of the COU Business and for the apportionment and payment of this between the parties.

Pursuant to the COU Acquisition Agreement Sky High:

- (i)** carried out a capital re-organisation under which each existing Ordinary Share of 10 pence each was sub-divided into one new Ordinary Share of 1 pence each and nine Deferred Shares of 1 pence each;

- (ii) amended its articles of association to provide for the rights and restrictions attaching to the Deferred Shares, to incorporate certain changes under the Companies Act 2006 and to delete an erroneous provision in article 82 of the articles of association;
- (iii) entered into a placing agreement (please refer to paragraph 9(c) below for further details).

Tax and non-tax warranties were provided by COU. The maximum amount which Sky High may claim for breaches of the warranties is limited to £500,000. Sky High is limited to making claims under the tax warranties during a period of seven years from the COU Completion Date and in the case of the other warranties fifteen months from the COU Completion Date.

COU and its holding company, Clearview Traffic Group Limited (“**Clearview**”) entered into undertakings not to compete with Sky High for a period of 3 years from 16 March 2012 in the United Kingdom, Eire, Australia and Korea.

COU also entered into an undertaking that from 16 March 2012 to 15 March 2013, it would not dispose of any shares in the share capital of Sky High without the prior consent of Sky High, and from 16 March 2012 to 15 March 2014, it would not dispose of the same except through the broker of Sky High.

Any monies payable under the COU Acquisition Agreement by COU to Sky High are guaranteed by Clearview.

The 4,135,709 shares represented 19.22 per cent. of the issued Sky High Shares as the date of this document.

**(d) Placing Agreement**

On 20 February 2012, Sky High entered into a placing agreement with its nominated adviser and broker WH Ireland for the placing of 4,637,500 Ordinary Shares of 1p each in the capital of Sky High at a price of 8 pence per share (“**Sky High Placing Price**”) raising approximately £371,000 before expenses. The amount payable by WH Ireland to Sky High was an amount equal to the aggregate value of the Sky High Placing Price of the shares subscribed for pursuant to the placing, to the extent received by WH Ireland from the placees less the aggregate of fees, commissions and expenses payable or reimbursed by Sky High. Warranties were provided by Sky High to WH Ireland.

**10. Sky High Director Service Contracts**

10.1 The following service agreements and letters of appointment have been entered into between Sky High and the Sky High Directors:

- (a) Michael Jackson entered into a letter of appointment with Sky High dated 27 December 2006, under which he was appointed as a non-executive director of Sky High with effect from 24 January 2007. He is required to commit not less than 15 days per annum to his duties. His current fee is £10,000 per annum (which includes a fee for serving on the audit and remuneration committee of Sky High) and he is entitled to an additional fee to be agreed by Sky High in the event that he works in excess of 15 days per annum. The appointment is terminable by either party giving 3 months’ notice. He has agreed to resign as a director of the Company (and each of the subsidiaries of which he is a director) with effect from the date when the Offer becomes or is declared unconditional in all respects without notice or payment *in lieu* of notice.
- (b) Richard Jackson entered into a letter of appointment with Sky High dated 27 December 2006, under which he was appointed as a non-executive director of Sky High with effect from 24 January 2007. He is required to commit not less than 15 days per annum to his duties. His current basic fee is £30,000 per annum (which includes a fee for serving on the audit and remuneration committees of Sky High) and he is entitled to an additional fee to be

agreed by Sky High in the event that he works in excess of 15 days per annum. The appointment is terminable by either party giving 3 months' notice. He has agreed to resign as a director of the Company (and each of the subsidiaries of which he is a director) with effect from the date when the Offer becomes or is declared unconditional in all respects without notice or payment *in lieu* of notice.

- (c) David Lowe entered into letter of appointment with Sky High dated 27 December 2006, under which he was appointed as a non-executive director of Sky High with effect from January 2007. He is required to commit not less than 15 days per annum to his duties. His current basic fee is £15,000 per annum (which includes serving as chairman of the remuneration committee) and he is entitled to an additional fee, to be agreed by Sky High in the event that he works in excess of 15 days per annum. The appointment is terminable by either party giving 3 months' notice. He has agreed to resign as a director of the Company (and each of the subsidiaries of which he is a director) with effect from the date when the Offer becomes or is declared unconditional in all respects but will be paid three months' salary in lieu of his contractual notice on termination.
- (d) Nicholas Lanigan was appointed as a non-executive director of Sky High on 16 March 2012. He has not been issued with an appointment letter and there is no agreement for Sky High to pay him any fees. He has agreed to resign as a director of the Company (and each of the subsidiaries of which he is a director) with effect from the date when the Offer becomes or is declared unconditional in all respects.
- (e) Sir John Madjeski OBE DL was appointed as a non-executive director of Sky High with effect from 16 March 2012. He has not been issued with an appointment letter and there is no agreement for Sky High to pay him any fees. He has agreed to resign as a director of the Company (and each of the subsidiaries of which he is a director) with effect from the date when the Offer becomes or is declared unconditional in all respects.
- (f) Mark Mattison entered into a service agreement with Sky High Technology Limited and Sky High dated 27 December 2006, under which he agreed to act as Managing Director of Sky High Technology Limited and a director of Sky High. His current title is Managing Director and Chief Executive Officer. His employment (for continuous employment purposes) with Sky High Technology Limited commenced on 1 September 1990 but transferred to Sky High when the business of Sky High Technology Limited was hived up to Sky High on 1 April 2010. His current basic salary is £96,800 per annum. His benefits include entitlement to participate in a bonus scheme (at board discretion). It has been agreed that for the year ending March 2013 he will be paid a financial performance bonus of £25,500 gross. His benefits otherwise include eligibility to participate in a private medical expenses insurance scheme (for both his benefit and that of his spouse and children), entitlement to 25 days of paid annual leave plus bank holidays, and payment of full basic salary (inclusive of SSP) for up to 4 weeks' sickness absence in any 12 month consecutive period. He is also entitled to an employer pension contribution of 10 per cent. of his basic salary, which was an entitlement which was stopped in October 2010 and reinstated in November 2012. The appointment is terminable by either party giving 6 months' notice.
- (g) Grant Wilson entered into a service agreement with Sky High Technology Limited and Sky High dated 27 December 2006, under which he agreed to act as Scottish Area Manager of Sky High Technology Limited and a director of the Sky High. His current title is Regional Director (Scotland/Ireland). His employment (for continuous employment purposes) with Sky High Technology Limited commenced on 16 April 2002 but transferred to Sky High when the business of Sky High Technology Limited was hived up to Sky High on 1 April 2010. His current basic salary is £58,500 gross per annum (inclusive of a £3,500 increase in October 2012). His benefits include entitlement to participate in a bonus scheme (at board discretion). It has been agreed that for the year ending March 2013 he will be paid a

financial performance bonus of £18,775 gross (£5,000 of which was paid in December 2012). His benefits otherwise include eligibility to participate in a private medical expenses insurance scheme (for both his benefit and that of his spouse and children), entitlement to 25 days of paid annual leave plus bank holidays, and payment of full basic salary (inclusive of SSP) for up to 4 weeks' sickness absence in any 12 month consecutive period. The appointment is terminable by either party giving 6 months' notice.

- (h) Alex Johnson entered into a service agreement with Sky High dated 1 October 2010, under which he agreed to act as Finance Director of Sky High. His employment (for continuous employment purposes) with Sky High commenced on 19 July 2010. His current basic salary, is £75,000 gross per annum (inclusive of a £5,000 increase in October 2012). His service agreement states that his basic salary is subject to an increase of £5,000 per annum on completion of each of the first four acquisitions by Sky High following the date of his service agreement. His benefits include entitlement to participate in a bonus scheme (at board discretion). His benefits also include a car allowance of £2,500 gross per annum and the remuneration committee have agreed to increase this to £5,000 gross per annum. This is unrelated to the Offer and is not contingent on the Offer being successful. It has been agreed for the year ending 31 March 2013 he will be paid a financial bonus of £22,500 (gross). He is also entitled to 25 days of paid annual leave plus bank holidays, and payment for up to 4 weeks' sickness absence in any year. Additionally it is proposed that following completion of the Offer, Alex Johnson will be entitled to receive a pension contribution of 5 per cent. of his salary. The appointment is terminable by either party giving 3 months' notice.
- (i) Martin Prowse entered into a service agreement with Sky High Traffic Data Australia Pty Limited dated 22 December 2009, under which he agreed to act as Managing Director of Sky High Traffic Data Australia Pty Limited. He also agreed to perform services for Sky High. His employment (for continuous employment purposes) with Sky High Traffic Data Australia Pty Limited commenced on 1 August 2007. His current basic gross salary payable by Sky High Traffic Data Australia Pty Limited is \$150,000 AUD gross per annum. His benefits include superannuation (pension contribution) of a percentage of his basic gross salary and entitlement to participate in a bonus scheme (at board discretion). It has been agreed that for the year ending March 2013 he will be paid a bonus based on 25 per cent. of the profits of Sky High Traffic Data Australia Pty Limited which are above \$50,000. His benefits otherwise include a company car, satisfaction by Sky High Traffic Data Australia Pty Limited of a personal loan in relation to a second vehicle, entitlement to 20 days of paid annual leave plus bank holidays, and personal / carer's paid leave (which includes sick leave) of 10 days for each year of continuous service payment pursuant to relevant legislation. The appointment is terminable by either party giving 6 months' notice.
- (j) Paul Jackson entered into a service agreement with Sky High Technology Limited in or about April 2007, under which he agreed to act as Business Development Manager of Sky High Technology Limited. His current title is Business Development Director although he is not an officer of Sky High. His employment (for continuous employment purposes) with Sky High Technology Limited commenced on 15 May 2007 but transferred to Sky High when the business of Sky High Technology Limited was hived up to Sky High on 1 April 2010. His current basic salary is £57,500 gross per annum (inclusive of a £5,000 increase in October 2012). His benefits include entitlement to a bonus equating to 10 per cent. of profit on sales/orders which are in excess of £350,000 in any calendar year. It has been agreed that for the year ending March 2013 he will be paid a financial performance bonus of £18,625 gross (£5,000 of which was paid in December 2012). His benefits otherwise include a company car, reimbursement of monthly payments off £120 for a family health care plan, and eligibility to participate in company schemes for private medical expenses insurance (for both his benefit and that of his spouse and children), permanent health insurance and death-in-service insurance (providing cover equivalent to 4 times basic salary). He is entitled to 25

days of paid annual leave plus bank holidays. He is additionally granted payment of full basic salary (inclusive of SSP) for up to 1 week of sickness absence in any 12 month consecutive period. The appointment is terminable by either party giving 6 months' notice.

- (k) Kevin Stewart entered into a service agreement with Sky High Technology Limited dated 1 September 2008, under which he agreed to act as a manager of the trading division of Halifax Computer Services Limited which Sky High purchased on 1 September. His employment (for continuous employment purposes) with Sky High Technology Limited commenced on 1st September 2008 but transferred to Sky High when the business of Sky High Technology Limited was hived up to Sky High in April 2010. His current basic salary is £40,000 gross per annum for a contracted 4 days per week. It has been agreed for the year ended March 2013 he will be paid a financial bonus of £5,000 (£1,000 of which was paid in December 2012). He is entitled to 10% of any net profit that the Halifax Computer Services division makes in excess of £40,000 per year. His benefits include a car allowance of £6000 gross per annum, entitlement to 30 days of paid annual leave plus bank holidays, and payment for up to 14 days' sickness absence in any year. The appointment is terminable by either party giving 3 months' notice.
- 10.2 It is proposed that Mark Mattison, Martin Prowse, Grant Wilson and Alex Johnson as executive directors of Sky High will be eligible to join the Tracsis Long Term Incentive Plan Scheme, whereby it is possible that any cash bonus awarded can be swapped for discounted share options which vest over a three year period (assuming that various conditions are met) on the same basis as existing Tracsis employees of a comparable level of seniority.
- 10.3 There are no other service agreements for the Sky High Directors and save as outlined above the Sky High Directors' service contracts have not been replaced or amended within six months prior to the date of this document.

## **11 Bases of calculations and sources of information**

- 11.1 The value attributed to the existing issued share capital of Sky High are based upon the number of Sky High shares in issue as at 25 March 2013 (the latest practicable date prior to the publication of this document) being 21,517,946. Shares held in treasury (if any) have been excluded as, under the Code, they are excluded from all calculations of percentage holdings of voting rights, share capital and relevant securities.
- 11.2 The references to a percentage of the Sky High Shares are based on the number of Sky High Shares in issue as at 25 March 2013 (the latest practicable date prior to the publication of this document), being 21,517,946.
- 11.3 The references to a percentage of the Offer Shares are based on the number of Offer Shares in issue as at 25 March 2013 (the latest practicable date prior to the publication of this document), being 17,824,921.
- 11.4 The references to a percentage of the Eligible Voting Shares is a reference to the Eligible Voting Shares in issue as at 25 March 2013 (the latest practicable date prior to the publication of this document), being 16,110,665.
- 11.5 Sky High Share prices have been derived from the AIM Appendix to the Daily Official List and represent Closing Prices on the relevant date.
- 11.6 The premium calculations in respect of the price per Sky High Share have been calculated by reference to the closing middle market quotation of a Sky High Share as derived from the AIM Appendix of the Daily Official List of 9 pence per Sky High Share on 25 March 2013 (being the latest practicable date prior to publication of this document, the date of this Announcement, and the commencement of the Offer Period).

- 11.7 Unless otherwise stated, financial information relating to Sky High has been extracted from the published audited annual report and accounts of the Sky High Group for the last three financial periods ended 31 March 2010, 31 March 2011 and 31 March 2012 and from the Interim Statement for the six months ended 30 September 2012.
- 11.8 Unless otherwise stated, financial information relating to Tracsis has been extracted from the published annual report and accounts of the Tracsis Group for the financial periods ended 31 July 2010, 31 July 2011 and 31 July 2012 and from the Interim Results for the six months ended 31 January 2013.

## **12. Fees and expenses**

- 12.1 The estimated aggregate fees and expenses expected to be incurred by Tracsis in connection with the Offer are £213,500 (exclusive of VAT), comprising (all amounts exclusive of VAT):
- (a) financial and corporate broking advice – £75,000;
  - (b) legal advice – £81,000;
  - (c) accounting advice £41,000; and
  - (d) other costs and expenses – £16,500.

No financing arrangements, public relations advice or other professional services fees and expenses have been incurred.

- 12.2 The estimated aggregate fees and expenses already incurred and expected to be incurred by Sky High in connection with the Offer are £100,000, comprising:
- (a) financial advice – £50,000; and
  - (b) legal advice – £50,000.

## **13. General**

- 13.1 Save as disclosed in this document, no agreement, arrangement or understanding (including any compensation arrangement) exists between any member of the Tracsis Group or any person acting in concert with it for the purpose of the Offer, and any of the directors, recent directors, shareholders or recent shareholders of Sky High (or any person interested or recently interested in Sky High Shares) having any connection with or dependence upon the Offer.
- 13.2 Save as disclosed in this document, no proposal exists regarding any incentivisation arrangement with members of Sky High management who are interested in Sky High Shares that any payment or other benefit be made or given by Tracsis, or any person acting in concert with Tracsis to any Sky High Director as compensation for loss of office or as consideration for or in connection with his retirement from office.
- 13.3 Save as disclosed in this document, there is no agreement, arrangement or understanding by which any of the Sky High Shares acquired by Tracsis pursuant to the Offer will be transferred to any other person, save that Tracsis reserves the right to transfer any such Sky High Shares acquired to any member of the Tracsis Group.
- 13.4 WH Ireland, which is regulated by the Financial Services Authority, has given and not withdrawn its written consent to the issue of this document with the inclusion herein of references to its name in the form and context in which it appears.
- 13.5 Spark Advisory Partners Limited, which is regulated by the Financial Services Authority, has given and not withdrawn its written consent to the issue of this document with the inclusion herein of references to its name in the form and context in which it appears.

- 13.6 Save as disclosed in this document, no agreement, arrangement or understanding of whatever nature whether formal or informal (including indemnity or option arrangements) relating to relevant securities which may be an inducement to deal or refrain from dealing exists between Tracsis or any concert party of Tracsis and any other person.
- 13.7 Save as disclosed in this document, there has been no significant change in the financial or trading position of the Sky High Group since 30 September 2012, being the date to which Sky High's last unaudited interim accounts were prepared.

#### **14. Market Purchases**

In accordance with UK market practice, Tracsis or its brokers (acting as agents) may from time to time make certain purchases of or arrangements to purchase, directly or indirectly, Sky High Shares or any securities that are immediately convertible into, exchangeable for, or exercisable for, Sky High Shares, before, during or after the time the Offer becomes or is declared unconditional in all respects. These purchases may occur in the open market at prevailing prices or in private transactions at negotiated prices. Any information about such purchases will be disclosed as required by English law.

#### **15. Documents available for inspection**

Copies of the following documents will be available, free of charge, on Sky High's website [www.skyhighplc.co.uk](http://www.skyhighplc.co.uk) and Tracsis' website [www.tracsis.com](http://www.tracsis.com) from, unless otherwise indicated in this document, 5 p.m. (London time) on 26 March 2013 until the end of the Offer Period:

- (a) the memorandum of association and articles of association of each of Tracsis and Sky High;
- (b) the material contracts of Tracsis referred to in paragraph 8 of this Appendix III;
- (c) the material contracts of Sky High referred to in paragraph 9 of this Appendix III;
- (d) the service agreements and letters of appointment referred to in paragraph 10 of this Appendix III;
- (e) the Irrevocable Undertakings;
- (f) the letters of consent referred to in paragraph 13.4 and 13.5 of this Appendix III;
- (g) the financial statements of Sky High referred to in Part A of Appendix II;
- (h) the financial statements of Tracsis referred to in Part B of Appendix II;
- (i) this document, the announcement under Rule 2.7 of the Code and the Form of Acceptance; and
- (j) the Confidentiality Agreement.

Dated 26 March 2013

## APPENDIX IV – NOTICE OF SKY HIGH GENERAL MEETING

### NOTICE OF GENERAL MEETING

#### SKY HIGH PLC

*(registered in England and Wales with company number:3896384)*

**(the “Company”)**

NOTICE IS HEREBY GIVEN that a general meeting of the Company will be held on 15 April 2013 at 32 Bedford Row, London, WC1R 3HE, at 2.00 p.m for the purpose of considering and, if thought fit, passing the following resolution which will be proposed as an ordinary resolution. Voting on the resolution will be by way of a poll (rather than on a show of hands) by the Independent Shareholders for the purposes of Rule 16 of the City Code on Takeovers and Mergers. Any terms in the following resolution shall have the meaning given to such terms in the Offer Document as defined below.

#### **ORDINARY RESOLUTION**

**THAT**, in connection with the offer made by Tracsis plc (“**Tracsis**”) to acquire the entire issued ordinary share capital of the Company (other than those shares contracted to be acquired by Tracsis under the terms of the Management Agreement and Prowse Trust Agreement) as set out in the offer document dated 26 March 2013 (the “**Offer Document**”), and for the purposes of Rule 16.2 of the City Code on Takeovers and Mergers, the Management Arrangements as described in the Offer Document and in particular paragraph 6 of the letter of recommendation from the Independent Directors of the Company in Part I of the Offer Document and paragraph 6 of the letter from Tracsis to the Sky High Shareholders in Part II of the Offer Document, pursuant to which the Management Team will be entitled to receive different treatment from the other holders of Sky High Shares in connection with the Offer, be and are hereby approved.

By Order of the Board

**Alex Johnson**

*Company Secretary*

*Registered Office:*  
12-14 Westgate  
Tadcaster  
LS24 9AB

26 March 2013



## Notes:

### *Entitlement to attend and vote*

1. Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that in order to have the right to attend and vote at the general meeting, a person must be entered on the register of members of the Company at 6.00 pm on 12 April 2013 or, in the event of any adjournment, at 6.00 pm on the day two days prior to the adjourned meeting. Changes to entries on the register of members after this time shall be disregarded in determining the rights of any person to attend or vote at the meeting.

### *Appointment of Proxies*

2. If you are a member of the Company at the time and date set out in note 1 above, you are entitled to appoint another person as your proxy to exercise all or any of your rights to attend, to speak and to vote at the general meeting, and you should have received a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.
3. A member may appoint more than one proxy in relation to the meeting, provided that each proxy is appointed to exercise the rights attached to different shares held by him. A proxy need not be a member of the Company. To appoint more than one proxy, please contact Capita Registrars on 0871 664 0300 (calls cost 10p per minute plus network extras.) from within the UK or +44 (0) 208 639 3399 if calling from outside the UK between 9.00 a.m. and 5.00 a.m. (London time) Monday to Friday.
4. Any member attending the general meeting has the right to ask questions. The Company must cause to be answered any such questions relating to the business being dealt with at the meeting but no such answer need be given if: (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information; (b) the answer has already been given on a website in the form of an answer to a question; or (c) it is undesirable in the interests of the company or the good order of the meeting that the question be answered.
5. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.

### *Appointment of proxy using hard copy proxy form*

6. To be valid any proxy form must be:
  - completed and signed;
  - sent or delivered to Capita Registrars at The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU ;
  - received by Capita Registrars no later than 2.00 p.m. on 13 April 2013.
7. In the case of a member which is a corporation, the proxy form must be executed under its common seal or signed on its behalf by an officer of the corporation or attorney duly authorised on their behalf. 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).
8. A corporation which is a member may by resolution of its directors or other governing body, authorise such person as it thinks fit to act as its representative (or as the case may be, representatives) at any meeting of the Company or at any separate meeting of the holders of any class of shares. Any person so authorised shall be entitled to exercise the same powers on behalf of the corporation (in respect of that part of the corporation's holdings to which the authority relates) as the corporation could exercise if it were an individual member. The corporation shall be deemed to be present in person at any such meeting if a person so authorised is present at it and all references to attendance and voting in person shall be construed accordingly. A certified copy of such a resolution shall be deposited at Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU no later than 2.00 p.m. on

13 April 2013, or in the case of a poll taken subsequent to the meeting, not less than 24 hours before the time appointed for the taking of the poll, and unless such certified copy of such resolution is so deposited the authority granted by such resolution shall not be treated as valid. Where certified copies of two or more valid but differing resolutions authorising any person or persons to act as the representative of any corporation at the same meeting in relation to the same share are deposited at the office, the resolution, a certified copy of which is deposited with the Company last in time (regardless of the date of such certified copy or of the date upon which the resolution set out there was passed), shall be treated as revoking and replacing all other such authorities as regards that share but if the Company is unable to determine which of any such two or more valid but differing resolutions was the one so deposited last in time, none of them shall be treated as valid in respect of that share. The authority granted by any such resolution shall, unless the contrary is stated in the certified copy thereof deposited with the Company be treated as valid for any adjournment of any meeting at which such authority may be used as well as at such meeting. A corporation which is a member of the Company who holds different classes of shares may so authorise one or more different persons for each class of share held.

#### ***Appointment of proxy by joint members***

9. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

#### ***Termination of proxy appointments***

10. In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Capita Registrars The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU no later than 2.00 p.m. on 13 April 2013. In the case of a member which is a corporation, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the corporation or an attorney. Any power of attorney authorised on that behalf 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.
11. Appointment of a proxy does not preclude you from attending and voting in person at the meeting if he/she wishes to do so. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.
12. A copy of this notice and the offer document dated 26 March 2013, can be found at [www.tracsis.com](http://www.tracsis.com).

#### ***Issued Shares and total voting rights***

13. As at 25 March 2013 (being the last practicable date prior to the publication of this notice) the Company's issued share capital comprised 21,517,946 ordinary shares of £0.01 each. Each ordinary share carried the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at that date is 21,517,946.

#### ***Communication***

14. If you have general queries about the general meeting please telephone 0871 664 0300 from within the UK or on +44 (0) 208 639 3399 if calling from outside the UK. Lines are open 9.00 am to 5.00 pm Monday to Friday. Calls to the helpline from outside the UK will be charged at the applicable international rate. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. No other methods of communication will be accepted.
15. you may not use any electronic address provided in this notice of meeting (or in any related documents including the proxy form) to communicate with the Company for any purposes other than those expressly stated.

## APPENDIX V – DEFINITIONS

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

**Act or Companies Act 2006** means the Companies Act 2006;

**AIM** means AIM, being a market operated by the London Stock Exchange;

**AIM Rules** means the AIM Rules for Companies published by the London Stock Exchange governing admission to, and operation of, AIM;

**Announcement** means the announcement by Tracsis of a firm intention to make the Offer dated 26 March 2013;

**Announcement Date** means 26 March 2013;

**Business Day** means a day (excluding Saturdays, Sundays and public holidays) on which banks are generally open for business in the City of London;

**Capita Registrars** means Capita Registrars Limited

**certificated or in certificated form** means a share or other security which is not in uncertificated form (that is, not in CREST);

**Closing Price** means the closing middle market quotation of a Sky High Share or Tracsis Share (as the context requires) as derived from the AIM Appendix to the Daily Official List;

**Code or City Code** means The City Code on Takeovers and Mergers;

**Conditions** means the conditions of the Offer set out in Part A and Part B of Appendix I to this document;

**Confidentiality Agreement** means the agreement entered into regarding confidentiality between Sky High and Tracsis dated 21 November 2012;

**Connected Persons** means close relatives, family members, self invested personal pensions, related trusts and discretionary fund managers of the Management Shareholders;

**CREST** means the relevant system (as defined in the CREST Regulations) for the paperless settlement of trades and holding of securities in respect of which CRESTCo is the Operator (as defined in the CREST Regulations);

**CRESTCo** means CRESTCo Limited;

**CREST Member** means a person who has been admitted by CRESTCo as a system member (as defined in the CREST Regulations);

**CREST Participant** means a person who is, in relation to CREST, a system participant (as defined in the CREST Regulations);

**CREST Payment** shall have the meaning given in the CREST manual issued by CRESTCo from time to time;

**CREST Regulations** means the Uncertificated Securities CREST Regulations 2001 (SI 2001 No.3755);

**CREST Sponsor** means a CREST Participant admitted to CREST as a CREST sponsor;

**CREST Sponsored Member** means a CREST Member admitted to CREST as a sponsored member;

**Daily Official List** means the Daily Official List of the London Stock Exchange;

**dealing day** means a day on which the London Stock Exchange is open for business in the trading of securities admitted to AIM;

**Deferred Shares** means deferred share of 1p each in Sky High;

**Disclosed** means information disclosed by or on behalf of Sky High: (i) in Sky High's annual report and accounts for the period ended 31 March 2012 or the unaudited accounts for the six months ended 30 September 2012; (ii) in any other announcement (through a Regulatory Information Service) prior to the date of the Announcement; or (iii) in writing (including by email and/or by electronic dataroom) to Tracsis or its financial or legal advisers by or on behalf of Sky High prior to the date of the Announcement.

**Electronic Acceptance** means the inputting and settling of a TTE Instruction in respect of Sky High Shares which constitutes or is deemed to constitute an acceptance of the Offer on the terms set out in this document;

**Eligible Voting Shares** means those Sky High Shares that are held by the Independent Shareholders and which are eligible to vote on the Ordinary Resolution at the Sky High General Meeting;

**ESA instruction** means an Escrow Account Adjustment Input (AESN), transaction type "ESA" (as described in the CREST manual issued by CRESTCo) from time to time;

**Escrow Agent** means Neville Registrars Limited (in its capacity as an Escrow Agent as described in the CREST manual issued by CRESTCo) from time to time;

**Euroclear** means Euroclear UK & Ireland Limited, a private limited company registered in England and Wales under number 2878738;

**Executive Directors** means Mark Mattison and Martin Prowse;

**First Closing Date** means 1.00 p.m. on 16 April 2013;

**Form of Acceptance** means the form of acceptance relating to the Offer accompanying this document;

**Form of Proxy** means the personalised form of proxy relating to the Sky High General Meeting which accompanies the Offer Document;

**FSA** means the Financial Services Authority and any successor body;

**FSMA** means the Financial Services and Markets Act 2000, as amended from time to time;

**Independent Directors** means the independent directors of Sky High, being Richard Jackson (Non-Executive Chairman), Michael Jackson (Non-Executive Director), David Lowe (Non-Executive Director), Sir John Madejski OBE DL (Non-Executive Director), and Nick Lanigan (Non-Executive Director);

**Independent Shareholders** means all Sky High Shareholders other than the Management Shareholders and the Prowse Trust;

**intellectual property** means all patents, trademarks, trade names, service marks, copyrights, designs, databases and any applications therefore, schematics, technology, know how, computer software, programs or applications (in both source code and object code form), and tangible or intangible proprietary information or material;

**Irrevocable Undertakings** means the irrevocable undertakings to accept the Offer, details of which are set out in paragraph 4.3(c), 4.3(d) and 4.3(e) of Appendix III to this document;

**legal proceedings** means actions, suits, proceedings, investigations, references or enquiries;

**London Gazette** means the daily publication issued in London with such name;

**London Stock Exchange** means London Stock Exchange plc;

**Management Agreement** means the management agreement dated 25 March 2013, entered into between Tracsis and the Management Team, details of which are set out in paragraph 8(a) of Appendix III;

**Management Arrangements** means the Management Agreement and the Proposed Incentivisation Agreement, as described in paragraph 6 of Part I of this document and paragraph 6 of Part II of this document;

**Management Roll Over Shares** means the 3,526,358 Sky High Shares which are held by the Management Shareholders (and certain of their Connected Persons) to be sold to Tracsis pursuant to the terms of the Management Agreement;

**Management Shareholders** means Mark Mattison, Grant Wilson, Martin Prowse (via the Prowse Family Trust), Paul Jackson, Peter Agnew and Kevin Stewart;

**Management Team** means the Management Shareholders and Alex Johnson;

**member account ID** means the identification code or number attached to any member account in CREST;

**Notice of Sky High General Meeting** means the notice of Sky High General Meeting dated the date of this document and is set out in Appendix IV of this document;

**Offer** means the recommended cash offer made by Tracsis to acquire the entire issued share capital of Sky High not already owned by Tracsis or persons acting in concert with Tracsis, at the Offer Price on the terms and subject to the conditions to be set out in this document and the Form of Acceptance (including, where the context so requires, any subsequent revision, variation, extension or renewal of such offer);

**Offer Document** means this document;

**Offer Period** means the period commencing on (and including) 26 March 2013 and ending on the latest of: (i) the First Closing Date; and (ii) the date on which the Offer lapses or is withdrawn; and (iii) the date on which the Offer becomes or is declared unconditional as to acceptances;

**Offer Price** means 15.25p for each Sky High Share;

**Offer Shares** means all of the Sky High Shares, but excluding the Management Roll Over Shares and the Prowse Trust contracted to be acquired by Tracsis under the terms of the Management Agreement and Prowse Trust Agreement;

**Ordinary Resolution** means the ordinary resolution to be proposed to the Independent Shareholders at the Sky High General Meeting (or any adjournment thereof) in accordance with the requirements of the Code to approve on a poll the terms of the Management Arrangements;

**Ordinary Share(s)** means ordinary shares of 1p each in Sky High;

**Overseas Shareholders** or **Overseas Sky High Shareholders** means Sky High Shareholders resident in, or nationals or citizens of, or who are subject to jurisdictions outside, the UK or who are nominees of, or custodians, trustees or guardians for, citizens or nationals of or persons subject to such jurisdictions;

**Panel** means The Panel on Takeovers and Mergers;

**Participant ID** means the identification code or membership number used in CREST to identify a particular CREST Member or other CREST Participant;

**Proposed Incentivisation Agreement** means the proposed incentivisation agreement described in paragraph 6 of Part II of this document;

**Prowse Trust** means Prowse Family Trust Pty Limited;

**Prowse Trust Agreement** means the agreement dated 25 March 2013 entered into between the Prowse Trust and Tracsis, details of which are set out in paragraph 8 (b) of Appendix III;

**Prowse Trust Shares** means the 166,667 Sky High Shares which are held by the Prowse Trust (a Connected Person of Martin Prowse) which are to be sold to Tracsis pursuant to the Prowse Trust Agreement;

**Receiving Agent** means Tracsis's registrars, Neville Registrars Limited;

**Relevant Authority** means any central bank, government, government department or governmental, quasigovernmental, supranational, statutory, regulatory or investigative body, authority (including any anti-trust or merger control authority), court, trade agency, association; institution or professional or environmental body or any other statutory person or body whatsoever in any jurisdiction;

**Restricted Jurisdiction** means the United States, Canada, Japan, Australia, South Africa and any other jurisdiction where local laws or regulations may result in a significant risk of civil, regulatory or criminal exposure or prosecution if information concerning the Offer is sent or made available to Sky High Shareholders in that jurisdiction;

**RIS or Regulatory Information Service** means any of the services approved by the London Stock Exchange and included in the list maintained on the London Stock Exchange's website;

**Sky High or Company** means Sky High (Group) plc, incorporated in England and Wales with registered number 3896384;

**Sky High Board, Sky High Directors or Directors** means the directors of Sky High at the relevant time;

**Sky High EMI Options** means options granted by the Company pursuant to the EMI Scheme adopted by the Company;

**Sky High General Meeting** means the general meeting of Sky High (or any adjournment thereof) to be convened pursuant to Rule 16 of the Code at which the Ordinary Resolution will be proposed (which only the Independent Shareholders shall vote on) notice of which will be set out in the Notice of Sky High General Meeting;

**Sky High Group or Group** means Sky High and its subsidiaries;

**Sky High Shareholders or Shareholders** means holders of Sky High Shares;

**Sky High Shares** means the existing unconditionally allotted or issued and fully paid ordinary shares of 1p each in the capital of Sky High and any further such shares which are unconditionally allotted or issued fully paid, or credited as fully paid, before the date on which the Offer closes (or before such earlier date as Tracsis may, subject to the Code, decide, not being earlier than (a) the date on which the Offer becomes or is declared unconditional as to acceptances or (b) if later, the First Closing Date);

**Subsidiary** means a subsidiary as defined in section 1159 of the Act;

**Tracsis or Offeror** means Tracsis plc, a company incorporated in England and Wales with registered number 05019106;

**Tracsis Board or Tracsis Directors** means the existing board of directors of Tracsis details of whom are given in paragraph 2.1 of Appendix III;

**Tracsis Group** means Tracsis and its subsidiaries;

**Tracsis Shares** means the ordinary shares of £0.004 each in the share capital of Tracsis;

**Tracsis Shareholders** means holder of Tracsis Shares;

**TTE Instruction** means a transfer to escrow instruction (as defined by the CREST manual issued to CRESTCo from time to time);

**Unconditional Date** means the date on which the Offer becomes or is declared unconditional in all respects in accordance with its terms;

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

**uncertificated or in uncertificated form** means recorded on the relevant register of Sky High as being held in uncertificated form in CREST, and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST;

**Unapproved Options** means options granted by the Company which are not EMI Options;

**WH Ireland** means WH Ireland Limited, financial advisor to Tracsis;

**Wider Sky High Group** means Sky High, its subsidiary undertakings, associated undertakings and any other body corporate, partnership, joint venture or person in which Sky High and/or such undertakings (aggregating their interests) have an interest of more than 20 per cent. of the voting or equity capital or the equivalent.

**Wider Tracsis Group** means Tracsis, its subsidiary undertakings, associated undertakings and any other body corporate, partnership, joint venture or person in which Tracsis and/or such undertakings (aggregating their interests) have an interest of more than 20 per cent. of the voting or equity capital or the equivalent.

All references to legislation in this document are to English legislation unless the contrary is indicated. Any reference to any provision of any legislation shall include any amendment, modification, re-enactment or extension thereof.

Words importing the singular shall include the plural and vice versa, and words importing the masculine gender shall include the feminine or neutral gender.

For the purposes of this document, ‘subsidiary’, ‘subsidiary undertaking’, ‘associated undertaking’, ‘undertaking’ and ‘parent undertaking’ have the respective meanings given to them by the Companies Act 2006.

References to “£”, “Sterling”, “p”, “penny” and “pence” are to the lawful currency of the United Kingdom.

References to time are to London time unless otherwise specified.

