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If you have sold or transferred all your Existing Ordinary Shares you should send this document together with the accompanying Form of Proxy as soon as possible to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee. If you have sold or transferred only part of your holding in Existing Ordinary Shares in the Company, you should retain these documents, and consult the person through whom the sale or transfer was effected.

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This document does not constitute a prospectus for the purposes of the Prospectus Rules of the FSA or an admission document for the purpose of the AIM Rules for Companies. The Directors accept responsibility for the information contained in this document and to the best of their knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

The London Stock Exchange Plc has not itself examined or approved the contents of this document. AIM is a market designed primarily for emerging or smaller companies to which a higher degree of investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List and the AIM Rules are less demanding than those of the Official List.

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# Carpathian plc

*(Incorporated and registered in the Isle of Man under the Isle of Man Companies Act 2006  
with registered number 004145V)*

**Proposals for:  
Capital Reorganisation  
Approval of Investing Policy  
Change of Name  
Amendments to the Articles  
Placing of New Ordinary Shares  
Issue of New Warrants  
and  
Notice of Extraordinary General Meeting**

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Your attention is drawn to the letter from the Chairman of Carpathian plc which is set out on pages 7 to 14 of this document. Your Board recommends that you vote in favour of the resolutions to be proposed at the Extraordinary General Meeting referred to below. You should read the whole text of this document.

Notice of an Extraordinary General Meeting of Carpathian plc to be held at IOMA House, Hope Street, Douglas Isle of Man IM1 1AP at noon on 8 March 2013 is set out at the end of this document. A form of proxy for use at the Extraordinary General Meeting accompanies this document. Whether or not you propose to attend the Extraordinary General Meeting, you are requested to complete and return the accompanying Form of Proxy in accordance with the instructions printed on it to Computershare Investor Services (Jersey) Ltd, c/o The Pavilions, Bridgwater Road, Bristol BS99 6ZY as soon as possible and in any event no later than 48 hours before the time of the Extraordinary General Meeting or any adjourned meeting. Completion and return of the Form of Proxy will not preclude a Shareholder from attending in person and voting at the Extraordinary General Meeting.

Peterhouse Corporate Finance Limited is authorised and regulated by the Financial Services Authority, and is acting for the Company and no-one else in connection with the Placing and will not be responsible to anyone other than the Company for providing the protections afforded to their customers or for affording advice in relation to the matters referred to herein. Peterhouse Corporate Finance Limited does not accept any liability whatsoever for the accuracy of opinions contained in this document (or for the omission of any material information) and is not responsible for the contents of this document.

Copies of this document will be available free of charge from the Company's registered office, IOMA House, Hope Street, Douglas, Isle of Man IM1 1AP during normal business hours and a copy is available on the website of Carpathian plc at [www.carpathianplc.com](http://www.carpathianplc.com)

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## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

<i>Indicative timetable</i>	2013
Publication of this Document	8 February
Latest time and date for receipt of Forms of Proxy	noon on 6 March
Extraordinary General Meeting	noon on 8 March
Expected Record Date for the Capital Reorganisation	6.00 p.m. 8 March
Expected date on which the Placing Shares and the New Ordinary Shares will be admitted to trading on AIM and the Effective Date of the Capital Reorganisation	8.00 a.m. 11 March
Expected date by which CREST accounts are to be credited	11 March

Each of the times and dates in the above timetable is subject to change. If any of the above times and/or dates change, the revised times and/or dates will be notified to Shareholders by announcement through a Regulatory Information Service. References to time in this document are to London time. The timetable above assumes that the Resolutions are passed at the Extraordinary General Meeting. The Company's SEDOL code is B0B6653 and ISIN code is GB00B0B66533. Following the Capital Reorganisation, the Company's new SEDOL code will be B986V54 and its new ISIN code will be IM00B986V543.

## PLACING STATISTICS AND SUMMARY OF CAPITAL REORGANISATION

Existing Ordinary Shares of €0.01 par value each	230,957,972
Number of New Ordinary Shares of €0.01 par value each (immediately following the Capital Reorganisation)	2,309,579
Placing Shares	13,856,813
Placing Price	€0.02165
Number of New Warrants issued pursuant to the Placing	6,928,406
Enlarged Share Capital immediately after the Placing (excluding any New Deferred Shares and any New Ordinary Shares issued pursuant to the New Warrants)	16,166,392
Gross proceeds of the Placing	€300,000
Estimated net proceeds of the Placing	€270,000

*Following the Capital Reorganisation the Company's issued share capital will also include New Deferred Shares as set out below:*

*2,309,579 New Deferred Shares of €0.99 par value each.*

## DEFINITIONS

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

“Act”	the Companies Act 2006 of the Isle of Man (as amended from time to time)
“AIM”	the market of that name operated by the London Stock Exchange
“AIM Rules”	the AIM rules for companies whose securities are admitted to trading on AIM as published by the London Stock Exchange from time to time
“Articles”	the articles of association of the Company
“Board” or “Directors”	the board of directors of the Company, comprising Rory Macnamara, Rupert Cottrell, Philip Scales and Tim Walker as at the date of this Circular
“Capital Reorganisation”	the reorganisation of the Company’s share capital resulting from the consolidation of 100 Existing Ordinary Shares into one new A Ordinary Share of €1.00 and the subsequent sub-division of each such share into one New Ordinary Share and one New Deferred Share
“Circular”	this document
“Company” or “Carpathian”	Carpathian plc, a company incorporated and registered in Isle of Man with company number 004145V
“Consolidation”	has the meaning given to that term on page 11
“Deed Poll”	the deed entered into, but conditionally upon all of the Resolutions (other than the Resolution to approve the change of name of the Company) being passed at the Extraordinary General Meeting, between the Company (1), Carpathian Holdings sàrl (2) and Carpathian Properties sàrl (3) as is more fully described on page 9 of this document
“Effective Date”	the effective date of the Capital Reorganisation being the date on which the New Ordinary Shares are admitted to trading on AIM and which is expected to occur at 8.00 a.m. on 11 March 2013 (or such later time and date as the Directors may determine)
“Enlarged Share Capital”	the issued ordinary share capital of the Company following the Capital Reorganisation and the Placing
“Existing Ordinary Shares”	ordinary shares of €0.01 each in the capital of the Company in issue
“Extraordinary General Meeting”	the extraordinary general meeting of Shareholders convened pursuant to the Notice set out at the end of this Circular for noon on 8 March 2013
“Final Dividend”	the special dividend of €0.0225 per share, which was declared on 24 January 2013
“Form of Proxy”	the form of proxy accompanying this document for use at the Extraordinary General Meeting
“FSA”	the Financial Services Authority of the United Kingdom
“Group”	the Company and its Subsidiaries as at the date of the Extraordinary General Meeting
“Investing Policy”	the proposed investing policy of the Company as required by the AIM Rules and as set out in this Circular

“Libertas”	Libertas Capital Corporate Finance Limited (Registered in England and Wales with number 04271746) (authorised by the FSA with firm reference number 221364)
“London Stock Exchange”	London Stock Exchange PLC
“New Deferred Shares”	the deferred shares of €0.99 each in the capital of the Company to be created as part of the Capital Reorganisation, the rights attaching to which are summarised on page 11 under the heading “Capital Reorganisation”
“New Ordinary Shares”	ordinary shares of €0.01 each in the capital of the Company resulting from the Capital Reorganisation
“New Warrants”	new warrants to subscribe for New Ordinary Shares at the Placing Price, exercisable for 60 months from the date of admission of the New Ordinary Shares
“Notice”	the notice of the Extraordinary General Meeting set out at the end of this document
“Peterhouse”	Peterhouse Corporate Finance Limited (registered in England and Wales number 02075091) (authorised by the FSA with firm reference number 184761)
“Placees”	the placees subscribing for the Placing Shares
“Placing”	the proposed issue of the Placing Shares
“Placing Price”	€0.02165 per New Ordinary Share
“Placing Shares”	the 13,856,813 New Ordinary Shares proposed to be issued at the Placing Price to the Placees
“Proposals”	the Proposals set out in this Circular including the Capital Reorganisation, the issue of New Ordinary Shares, the adoption of the Investing Policy, and other matters to be considered at the Extraordinary General Meeting
“Proposed Board”	Mr Nicholas Nelson, Non-executive Chairman and a further Non-executive Director who will be announced prior to the Extraordinary General Meeting and will join the Board following completion and subject to all the Resolutions being passed
“Qualifying Shareholders”	a Shareholder whose name appears on the register of members of the Company as at 9.00 a.m. on 8 March 2013
“Record Date”	6.00 p.m. on 8 March 2013 (or such later time as the Directors may determine)
“Resolutions”	the resolutions, set out in the Notice, to be tabled at the Extraordinary General Meeting and “Resolution” shall be construed accordingly
“Shareholders”	the registered holders of Existing Ordinary Shares
“Sub-Division”	has the meaning given to that term on page 11
“Subsidiaries”	each company which is a “subsidiary” as defined in section 220 of the Act and any other company which is a subsidiary (as so defined) of a company which is itself a subsidiary of such holding company. Unless the context otherwise requires, the application of the definition of “Subsidiary” to any company at any time will apply to the company as it is at that time
“Warrant Instrument”	has the meaning given to that term on page 10

## DIRECTORS, SECRETARY AND ADVISERS

<b>Directors</b>	Rory Patrick Macnamara, <i>Non-executive Chairman</i> Patrick Rupert Cottrell, <i>Non-executive Director</i> Philip Peter Scales, <i>Non-executive Director</i> Timothy Graham Walker, <i>Non-executive Director</i>
<b>Proposed New Director</b>	Nicholas Nelson, <i>Non-executive Chairman*</i>
<b>Company Secretary</b>	Philip Peter Scales
<b>Registered Office</b>	IOMA House Hope Street Douglas Isle of Man IM1 1AP
<b>Nominated Adviser</b>	Canaccord Genuity Limited 88 Wood Street London EC2V 7QR
<b>Broker</b>	Peterhouse Corporate Finance Limited 31 Lombard Street London EC3V 9BQ
<b>Legal Adviser as to English law</b>	Olswang LLP 90 High Holborn London WC1V 6XX
<b>Legal Adviser as to Isle of Man law</b>	Cains Advocates Limited Fort Anne Douglas Isle of Man IM1 5PD
<b>Registrar</b>	IOMA Fund and Investment Management Limited IOMA House Hope Street Douglas Isle of Man IM1 1AP
<b>CREST Agent</b>	Computershare Investor Services (Jersey) Ltd Queensway House Hilgrove Street St Helier Jersey JE1 1ES
<b>Company's website</b>	<a href="http://www.carpathianplc.com">www.carpathianplc.com</a>

\* A further Non-executive Director will be announced prior to the Extraordinary General Meeting.

## LETTER FROM THE CHAIRMAN

# Carpathian plc

*(Incorporated and registered in the Isle of Man under the Isle of Man Companies Act 2006  
with registered number 004145V)*

*Directors:*

Rory Patrick Macnamara, *Non-executive Chairman*  
Patrick Rupert Cottrell, *Non-executive Director*  
Philip Peter Scales, *Non-executive Director*  
Timothy Graham Walker, *Non-executive Director*

*Registered Office:*

IOMA House  
Hope Street  
Douglas  
Isle of Man  
IM1 1AP

8 February 2013

*To all Shareholders*

**Proposals for:  
Capital Reorganisation  
Approval of Investing Policy  
Change of Name  
Amendments to the Articles  
Placing of New Ordinary Shares  
Issue of New Warrants  
and  
Notice of Extraordinary General Meeting**

### **Introduction**

In my statement accompanying the latest interim results published on 28 September 2012, I observed that by the end of 2011 we had successfully delivered the key objectives set out following the conclusion of the strategic review in January 2010. Since 28 September 2012 we have sold the last two property assets (in Riga, Latvia and in Baia Mare, Romania) and concluded settlements of the material outstanding litigation matters with the former Dawnay, Day Group and with Locher in relation to the already-sold Promenada Centre.

It was also announced that any net surplus from sales and other recoveries in 2012, together with cash made available due to the release of any unrealised liabilities, would be distributed to Shareholders before the end of 2012. In particular the Company has recovered all available cash from its Subsidiaries following the settlement of the Locher litigation in Poland. On 24 January 2013, your Board declared the Final Dividend of €0.0225 per share which, subject to implementation of the Proposals, is anticipated to be the last cash dividend declared by the current Board. This Final Dividend will be paid on 15 February 2013.

As a result of the successful implementation of the chosen strategy the Company has no remaining assets of any value which would justify the on going corporate and administrative costs of a listed Group under its present ownership and resources. As indicated at the time of the publication of the interim results, discussions have taken place with a number of parties interested in retaining the admission of the Company's shares to trading on AIM and utilising the Company for other business activities, with a view to affording all Shareholders a means of maintaining a modest investment in the on going Group or to exit entirely, as they should decide. In addition, pursuant to the terms of the Deed Poll, it is intended that the on going Group will remain obliged to ensure that any further cash reserves and accruals relating to the period prior to the Extraordinary General Meeting, which

are no longer required due to the settlement or discharge of the corresponding liability, will be paid out to the Qualifying Shareholders on the register as at 9.00 a.m. on the date of the Extraordinary General Meeting.

Accordingly, your Board has resolved to put various resolutions to the Shareholders to implement the Proposals which, if duly passed, will achieve those ends. An Extraordinary General Meeting is being convened at which Shareholders will be asked to vote on the Proposals. The Proposals comprise: a reorganisation of the Company's share capital; the adoption of a new Investing Policy; an authority to the Directors to allot New Ordinary Shares; a change of name; amendments to the Articles and an authority to disapply pre-emption rights.

This Circular sets out the background to, reasons for and details of the Proposals and the Extraordinary General Meeting. It also explains why your Board is recommending that you vote in favour of the Resolutions. Shareholders are encouraged to complete their Form of Proxy whether or not they intend to attend the Extraordinary General Meeting and return it as soon as possible, but in any event no later than noon on 6 March 2013.

### **Background to and Reasons for the Proposals**

The Company was established on 2 June 2005 and its shares were admitted to trading on AIM in July 2005. The Company's objective was to create value by investing in commercial retail property assets in Central and Eastern Europe.

In May 2007 the Company raised further funds and extended the Company's investing strategy to include development activities as well as investment properties.

Following the onset of the financial crisis, the Board implemented a strategic review as announced on 22 October 2008. The Board then explored a range of strategic options with its advisers, including discussions with a variety of potential offerors for the Company. The outcome of the strategic review was announced on 1 May 2009. The Board resolved to pursue an independent future focused on shareholder value. The Company's strategy was to remain focused on preserving value until a return of liquidity and transaction activity enabled value realisation to occur. The strategy adopted aimed to maximise the distribution of cash proceeds from disposals to Shareholders.

Since that announcement, the Company focused on assets in which equity value existed or could be created. Non-core assets were returned to the lending banks where and when possible. Disposals were effected as soon as practicable.

The Board declared a dividend of €0.04 per share in December 2009 and, since that date, has effected returns of cash of €0.25 per share in October 2011 and €0.12 per share in January 2012. The Final Dividend is also to be paid to Shareholders on 15 February 2013.

As a result, the Company's strategy has been executed. The Company still has 15 direct and indirect subsidiaries, most of which are in some form of solvent liquidation, merger or transfer process. Prudent reserves have already been made to deal with all of those processes. In addition, the local boards of directors have made prudent reserves, accruals and provisions for all known actual and contingent liabilities, including outstanding litigation matters remaining in Poland and Romania where the relevant subsidiary remains within the Group. It is likely that the amount of these provisions will prove over time to be excessive, and part of such provisions may therefore become available for further payment to Qualifying Shareholders. This payment will not be characterised as a dividend, but will be covenanted to be paid (if it arises) by the immediate subsidiary holding companies of the Company in Luxembourg in accordance with the terms of the Deed Poll. It is not possible to predict with any certainty what that payment may amount to, but the scale of the total provisions for such contingent liabilities throughout the Subsidiaries amounts to less than €1.9 million.

The Board considered proposing an orderly realisation of the Company's remaining assets through a members' voluntary liquidation. However, a number of parties were identified which had an interest in continuing the existence of the Company and its trading on AIM, albeit with a wholly new Investing Policy.



The Board has concluded that the Proposals may enable it to effect a slightly larger distribution than would otherwise be the case and enable Shareholders either to retain an interest in the Company (subject to dilution as a result of the Placing and pursuant to the New Warrants) or to sell their shares (after receiving the Final Dividend) on the basis described below. Whether or not Shareholders sell their shares on the basis described below, Qualifying Shareholders shall remain entitled in accordance with the terms of the Deed Poll to any future payments under the arrangements described above resulting from the release of over-provisions.

Accordingly, the Board has concluded that the Proposals offer greater flexibility for Shareholders and are therefore in the best interest of Shareholders and the Company.

Consequently, the Company is issuing this Circular to Shareholders setting out the background to and the reasons for the Proposals and, where appropriate, seeking Shareholders' approval. A Notice convening an Extraordinary General Meeting for noon on 8 March 2013 at IOMA House, Hope Street, Douglas Isle of Man IM1 1AP to consider the Resolutions, is accordingly set out at the end of this Circular.

Peterhouse has conditionally raised €300,000 before expenses by way of a subscription by Places for 13,856,813 New Ordinary Shares at a price of €0.02165 per share and the issue of one New Warrant for every two New Ordinary Shares held by the Places. The Placing is conditional on admission of the Placing Shares to trading on AIM, lifting of the suspension of the Company's shares to trading on AIM and on approval of all of the Resolutions (other than the Resolution to change the name of the Company).

The proceeds of the Placing will be used to implement the Company's new Investing Policy, further details of which are set out below.

It is proposed that, should the Proposals be approved, Rory Macnamara, Rupert Cottrell, Philip Scales and Tim Walker will resign as Directors following the conclusion of the Extraordinary General Meeting and the Proposed Directors will join the Board in their place.

#### **Deed Poll**

As described above, Carpathian still has a number of direct and indirect Subsidiaries. The Group no longer owns any property assets, and most of the Subsidiaries are in the course of solvent liquidation, merger or disposal for a nominal sum. The portfolio manager, Carpathian Asset Management Limited, has been engaged by the wholly owned Luxembourg Subsidiary of the Company, Carpathian Properties sàrl, to assist, *inter alia*, with the process of carrying out such liquidations, mergers or disposals. However, cash has been retained within the Group's Luxembourg holding companies and certain of the Company's other Subsidiaries in respect of certain activities or contingent liabilities. It cannot be predicted with certainty whether all of this cash will be required to meet the cost of all of those activities and liabilities.

Consequently the Company, Carpathian Holdings sàrl and Carpathian Properties sàrl have entered into the Deed Poll. The Deed Poll provides for any amounts received by the Company and/or those Luxembourg Subsidiaries from other Subsidiaries of the Company (less costs incurred in connection with the solvent liquidation of the Subsidiaries) to be paid out to the Qualifying Shareholders.

Payments are due to be made by Carpathian Properties sàrl at six monthly intervals with the first payment being due on the six month anniversary of the Extraordinary General Meeting save that: (i) if the amount payable exceeds €500,000 the payment is accelerated; (ii) if on a payment date, the amount payable would be less than €100,000 then payment may be deferred and rolled forward to the next payment date; and (iii) if, the directors of Carpathian Properties sàrl, acting reasonably, determine that the amount payable will not at any time in the future exceed €100,000 then Carpathian Properties sàrl may make a final payment equal to the amount then payable and shall not be obliged to make any further payments. The payment obligations of Carpathian Properties sàrl are guaranteed under the Deed Poll by the Company and may be enforced by Qualifying Shareholders that hold, in aggregate, more than 25 per cent. of the Existing Ordinary Shares as at 9.00 a.m. on the date of the Extraordinary General Meeting.

Since the Qualifying Shareholders entitled to payments under the Deed Poll may or may not own shares in the Company at the time of the payment, the payment will not be structured as a dividend but will simply be a contractual payment paid to the Qualifying Shareholders. **Any Shareholder who is in any doubt as to his, her or its tax position in relation to payments to be made under the Deed Poll should consult an appropriate professional adviser.** The Deed Poll is conditional upon the Resolutions (other than the Resolution to approve the change of name of the Company) being passed.

A copy of the Deed Poll will be available for inspection at the Extraordinary General Meeting and will be made available on the Company's website at [www.carpathianplc.com](http://www.carpathianplc.com) and shall continue to be made available on the Company's website following the Extraordinary General Meeting.

### **The Placing and Appointment of Broker**

Peterhouse has been appointed as Broker to the Company in relation to the Placing and, subject to the passing of all of the Resolutions (other than the Resolution to approve the change of name of the Company), Peterhouse will be appointed Broker to the Company, Libertas will be appointed Nominated Adviser and Canaccord Genuity Limited will step down as Nominated Adviser and Broker.

As announced on 8 February 2013, Peterhouse has conditionally raised €300,000 before expenses through the subscription of 13,856,813 New Ordinary Shares at a price of €0.02165 per share. The Placing is conditional on admission of the Placing Shares, lifting of the suspension of the Company's shares to trading on AIM and on approval of all of the Resolutions (other than the Resolution to approve the change of name of the Company). This funding will be made available to the Company to provide it with general working capital and to enable the Company to take initial steps to implement its Investing Policy.

Application will be made for the Placing Shares to be admitted to trading on AIM and it is expected that admission will take place at 8.00 a.m. on 11 March 2013.

### **New Warrants**

In connection with the Placing, it is proposed that the Company enter into a warrant instrument (the "**Warrant Instrument**") pursuant to which the Company will issue 6,928,406 New Warrants in aggregate (representing one New Warrant to each Placee for every two New Ordinary Shares held by that Placee). Entry into the Warrant Instrument is conditional on admission of the Placing Shares, lifting of the suspension of the Company's shares to trading on AIM and on approval of all of the Resolutions (other than the Resolution to approve the change of name of the Company).

The New Warrants held by a Placee may be exercised by that Placee at any time within 60 months of the admission of the Placing Shares and shall entitle the Placee to be issued with one New Ordinary Share for each New Warrant exercised, subject to payment of an amount equal to the Placing Price for each New Warrant exercised. The New Warrants will not be admitted to trading on AIM.

Following completion of the Placing and the Capital Reorganisation, the Placees will, in aggregate, hold approximately 86 per cent. of the Enlarged Share Capital (excluding, for these purposes, any New Deferred Shares or any New Ordinary Shares issued pursuant to the New Warrants).

### **Sale of New Ordinary Shares to Peterhouse**

Should any Shareholder wish to sell its investment in the Company, it may do so by notifying Peterhouse within 30 days of the date of this Circular. Peterhouse has agreed to arrange the execution of a sale of any New Ordinary Shares (created following the completion of the Capital Reorganisation) held by any Shareholder wishing to sell the same to its clients for €0.02165 per New Ordinary Share. This sale facility effectively values the whole of the Existing Shares, prior to the Placing, at approximately €50,000.

Alternatively, Shareholders are free to retain their New Ordinary Shares or sell them in the market as they see fit. Qualifying Shareholders will remain entitled to any payments under the Deed Poll irrespective of whether they continue to hold their New Ordinary Shares.

Any Shareholder wishing to take advantage of the above sale facility should contact Peterhouse directly on 020 7469 0933 or 020 7469 0936.

### **Change of Name**

Subject to Shareholders' approval by way of ordinary resolution, it is proposed that the name of the Company be changed to Adams Plc. Resolution 5 is proposed for the purposes of obtaining Shareholders' approval for the proposed name change.

If the Resolution to approve the change of name of the Company is passed at the Extraordinary General Meeting, the Company will apply to change its AIM symbol to ADA.L and its website address will be changed following the Extraordinary General Meeting.

### **Proposed Board**

Following completion of the Capital Reorganisation and the Placing, and subject to all the Resolutions being passed, Rory Macnamara, Rupert Cottrell, Philip Scales and Tim Walker intend to resign from the Board and waive all claims (if any) they may have against the Company.

It is proposed that following the Extraordinary General Meeting, Nicholas Nelson will join the Board as Non-executive Chairman. The Company expects to announce, prior to the Extraordinary General Meeting, a proposed Non-executive Director who will join the Board following the Extraordinary General Meeting and subject to all the Resolutions being passed. The Company will make an announcement to the market accordingly.

#### *Nicholas Nelson (Non-executive Director – aged 48)*

Nicholas is a senior employee at Cubitt Consulting and has worked in corporate communications for 10 years, prior to which he spent his early career in market making, stockbroking and investment management. He has a close working knowledge of the stock market and has assisted on several AIM flotations. He has held directorships with a number of quoted companies, the most recent AIM company being dotDigital Group Plc from which he resigned in January 2012. Nicholas is Chairman of ISDX quoted Rare Minerals Plc, an investment company in the minerals sector.

### **Capital Reorganisation**

It is necessary to undertake the Capital Reorganisation to enable the issue of the Placing Shares.

The Company's existing issued ordinary share capital comprises 230,957,972 ordinary shares of €0.01. Resolution 1 to be proposed at the Extraordinary General Meeting proposes that every 100 of the Existing Ordinary Shares of the Company held on the Record Date be consolidated into one new A ordinary share of €1.00 (the "Consolidation") which in turn is then sub-divided pursuant to Resolution 2 into one New Ordinary Share with a par value of €0.01 and one New Deferred Share with a par value of €0.99 (the "Sub-Division").

In accordance with article 12.1 of the Articles, any fractions of A ordinary shares created by the Consolidation will be aggregated and sold for the benefit of the Company prior to the Sub-Division.

The New Ordinary Shares will continue to carry the same rights as attached to the Existing Ordinary Shares. Application will be made for the New Ordinary Shares to be admitted to trading on AIM and it is expected that admission will take place at 8.00 a.m. on 11 March 2013, whereupon the Capital Reorganisation will become effective.

### **New Deferred Shares**

The New Deferred Shares will not entitle the holder thereof to receive notice of or attend and vote at any general meeting of the Company or to receive a dividend or other distribution or to participate in any return on capital on a winding up other than the nominal amount paid on such shares following a substantial distribution to holders of ordinary shares in the Company. Subject to the passing of the Resolutions, the Company will have the right to purchase all the issued New Deferred Shares from all Shareholders for an aggregate consideration of one euro cent. As such, the

New Deferred Shares effectively have no value. Share certificates will not be issued in respect of the New Deferred Shares.

It is proposed that the Articles of Association of the Company be amended to reflect the rights attaching to the New Deferred Shares and the removal of references to B, C and D shares, which are no longer relevant to the Company. A copy of the amended Articles of Association will be available for inspection at the Extraordinary General Meeting and will be made available on the Company's website at [www.carpathianplc.com](http://www.carpathianplc.com). The practical effect of this change, if implemented, will be that each Shareholder will receive one New Ordinary Share and one New Deferred Share for every 100 Existing Ordinary Shares held by it.

### **Issue of New Ordinary Shares**

To enable the Proposals to be implemented (including to allow the Proposed Board to issue New Ordinary Shares pursuant to, and following, the Placing, and pursuant to the exercise of the New Warrants) the Board is seeking authorisation to allot New Ordinary Shares on a non pre-emptive basis up to an aggregate par value of €19,399.59, representing the amount required to effect the Placing and the exercise of the New Warrants, plus an additional €11,547.40 (representing approximately 5 per cent. of the nominal value of the issued share capital as enlarged by the Placing and on the basis that the New Warrants are exercised in full).

### **New Investing Policy**

Resolution 3 to be proposed at the Extraordinary General Meeting proposes the adoption of the new Investing Policy.

The Proposed Board intend initially to seek to acquire a direct and/or an indirect interest in projects and assets in the biotechnology sector, however they will consider opportunities in the wider technology sector as well as opportunities that may arise in other sectors. The Company will focus on opportunities in UK or Europe but will consider possible opportunities anywhere in the world.

It is believed that an opportunity exists to acquire and consolidate holdings in Small and Medium sized Enterprises (SME's) operating in these sectors, with the intention of creating value for shareholders. Initially, the Company's focus will be searching for companies where there may be a number of opportunities to acquire interests in undervalued or pre-commercialisation technologies which when applied produce cost savings or revenue enhancement for customers. Early acquisition of these innovative technologies should provide maximum returns for shareholders.

The Proposed Board sees this sector as having considerable growth potential for the foreseeable future and many of the prospects they have identified are in this sector. The Proposed Board will focus on early stage investments and believe that any investment target will have at least one of four key components: a strong management team; an innovative product proposal; revenue enhancing or cost saving capabilities; and high growth potential.

The Company may invest by way of purchasing quoted shares in appropriate companies, outright acquisition or by the acquisition of assets, including the intellectual property, of a relevant business, or by entering into partnerships or joint venture arrangements. Such investments may result in the Company acquiring the whole or part of a company or project (which in the case of an investment in a company may be private or listed on a stock exchange, and which may be pre-revenue), and such investments may constitute a minority stake in the company or project in question. The Company will not have a separate investment manager.

The Company may be both an active and a passive investor depending on the nature of the individual investments. The Proposed Board will place no minimum or maximum limit on the length of time that any investment may be held and therefore a short term disposal of any investments cannot be ruled out.

The Proposed Board will however ensure that any investments meet strict due diligence criteria and the primary focus will be on companies post viability testing phase, to mitigate risk associated with early stage investment. This will not preclude the Company from considering investments in suitable projects in other regions and sectors where there are high-growth opportunities. The Proposed Board

believes that their extensive network of contacts will assist them in the identification, evaluation and funding of suitable investment opportunities. When necessary, other external professionals will be engaged to assist in the due diligence of prospective opportunities. The Proposed Board will also consider appointing additional directors with relevant experience if the need arises.

There will be no limit on the number of projects into which the Company may invest, and the Company's financial resources may be invested in a number of propositions or in just one investment, which may be deemed to be a reverse takeover pursuant to Rule 14 of the AIM Rules.

The Proposed Board believes that the status of the Company as an Investing Company will enable it to fund investments or acquisitions using a mixture of cash, equity and/or debt and intend to actively monitor these investments.

The Directors confirm that, as required by the AIM Rules, they will at each annual general meeting of the Company seek shareholder approval of its Investing Policy.

Following on from adopting an Investing Policy, the Company will be required to make an acquisition or acquisitions which constitute a reverse takeover under the AIM Rules or otherwise implement its Investing Policy within 12 months of the Extraordinary General Meeting, failing which the Company's shares would then be suspended from trading on AIM. If the Investing Policy has not been implemented within 18 months of the Extraordinary General Meeting the admission to trading on AIM of the Company's shares would be cancelled and the Directors will convene a general meeting of the shareholders to consider whether to continue seeking investment opportunities or to wind up the Company and distribute any surplus cash back to shareholders.

The Company intends to deliver shareholder returns principally through capital growth rather than capital distribution via dividends. **Given the nature of the Company's Investing Policy, the Company does not intend to make regular periodic disclosures or calculations of net asset value.**

#### **Certificates**

No new share certificates will be issued as a result of the Company's name change or Capital Reorganisation. Nor will share certificates be issued in respect of the New Deferred Shares.

#### **Extraordinary General Meeting**

The Notice convening the Extraordinary General Meeting at which the Resolutions will be proposed is set out at the back of this Circular. A summary of the Resolutions is set out below. Please note that unless all of the Resolutions (other than the Resolution to approve the change of name of the Company) are passed the Proposals outlined in this Circular will not proceed.

#### **Ordinary Resolutions**

Resolution 1, which will be proposed as an ordinary resolution, seeks approval for the Consolidation.

Resolution 2, which will be proposed as an ordinary resolution, seeks approval for the Sub-Division.

Resolution 3, which will be proposed on an ordinary resolution, seeks approval for the new Investing Policy.

Resolution 4, which will be proposed as an ordinary resolution, seeks to grant the Directors of the Company authority to allot New Ordinary Shares in the capital of the Company. To enable the Placing Shares to be issued pursuant to the Placing, the Company is seeking authorisation for the Directors to exercise the powers of the Company to allot New Ordinary Shares up to an aggregate par value of €284,834.85. This includes the amount required to effect the Placing and on the basis that the New Warrants are exercised in full, plus a further one third of the issued share capital of the Company (as increased by the Placing and on the basis that the New Warrants are exercised in full). Such authority is to expire at the conclusion of the next annual general meeting of the Company or the date which is 15 months after the date of the passing of the resolution, whichever is the earlier.

Resolution 5, which will be proposed as an ordinary resolution, seeks approval to change the name of the Company to Adams Plc.

### **Special Resolutions**

Resolution 6, which will be proposed as a special resolution, seeks approval for amendments to the Articles.

Resolution 7, which will be proposed as a special resolution, seeks to disapply the pre-emption provisions of the Company's Articles in respect of the allotment for cash of New Ordinary Shares pursuant to the Placing and the Warrant Instrument and up to an additional aggregate par value of €11,547.40, representing 5 per cent. of the Company's issued ordinary share capital (as increased by the Placing and on the basis that the New Warrants are exercised in full), such disapplication to expire on the same date as the expiration of any authority given in terms of Resolution 4.

### **Action to be taken**

Shareholders will find a Form of Proxy enclosed for use at the Extraordinary General Meeting. Whether or not you intend to be present at the Extraordinary General Meeting, you are requested to complete and return the Form of Proxy in accordance with the instructions printed thereon as soon as possible. To be valid, completed Forms of Proxy must be received at the Company's CREST Agent, Computershare Investor Services (Jersey) Ltd, c/o The Pavilions, Bridgwater Road, Bristol BS99 6ZY not later than noon on 6 March 2013, being 48 hours before the time appointed for holding the Extraordinary General Meeting. Completion of the Form of Proxy will not preclude you from attending and voting at the Extraordinary General Meeting in person if you so wish.

### **Recommendation**

The Directors consider the Proposals to be in the best interests of the Company and the Shareholders. The Directors believe that the Company remaining on AIM and having a new investment strategy enables Shareholders to retain the possibility of achieving further value from the Company in the future. As an alternative, the sale facility provided by Peterhouse (see page 10 of this document) enables Shareholders to sell their shares for a known amount if they so prefer. The Directors therefore recommend that you vote in favour of the Resolutions as they intend to do themselves in respect of their shareholdings totalling 200,000 Existing Ordinary Shares representing approximately 0.04 per cent. of the Company's existing share capital. The Directors have received irrevocable undertakings to vote in favour of the Resolutions from Weiss Asset Management L.P. on 24 January 2013 in respect of its beneficial Shareholding of 46,621,232 Existing Ordinary Shares, and Laxey Partners Limited on 28 January 2013 in respect of its Shareholding of 69,281,742 Existing Ordinary Shares, together representing approximately 50.18 per cent. of the Company's existing share capital.

Yours faithfully,

**Rory Macnamara**  
*Chairman*

## NOTICE OF EXTRAORDINARY GENERAL MEETING

# Carpathian plc

*(Incorporated and registered in the Isle of Man under the Isle of Man Companies Act 2006  
with registered number 004145V)*

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of the members of the Company will be held at IOMA House, Hope Street, Douglas, Isle of Man IM1 1AP on 8 March 2013 at noon to consider and, if thought fit, pass the following resolutions, resolutions numbered 1 to 5 (inclusive) being proposed as ordinary resolutions and resolutions 6 and 7 being proposed as special resolutions.

### ORDINARY RESOLUTIONS

1. That, subject to and conditional upon the passing of Resolutions 2, 3, 4, 6 and 7, every 100 ordinary shares of €0.01 each in the capital of the Company (the “**Ordinary Shares**”) in issue at the close of business on 7 March 2013 or such other time and date as the Directors of the Company (the “**Directors**”) may determine be consolidated into one ordinary share of €1.00 each (each an “**A Ordinary Share**”), such share having the same rights and being subject to the same restrictions (save as to par value) as the existing Ordinary Shares as set out in the Company’s articles of association for the time being (the “**Consolidation**”), provided that, in accordance with article 12.1(a) of the Company’s articles of association, no member shall be entitled to a fraction of an A Ordinary Share and all fractional entitlements arising out of the Consolidation (including, without limitation, those arising by reason of there being fewer than 100 Ordinary Shares in any holding to consolidate) shall be aggregated together and the number of A Ordinary Shares so arising (including any remaining fractions of an A Ordinary Share) shall be sold in accordance with the Company’s articles of association.
2. That, subject to and conditional upon the passing of Resolutions 1, 3, 4, 6 and 7, immediately following the Extraordinary General Meeting each existing A Ordinary Share of €1.00 in the capital of the Company be sub-divided into one ordinary share of €0.01 each (the “**New Ordinary Shares**”) and one deferred share of €0.99 each (the “**Deferred Shares**”), the New Ordinary Shares having the same rights and being subject to the same restrictions as the former Ordinary Shares as are set out in the Company’s articles of association for the time being and the Deferred Shares having the rights and being subject to the same restrictions as are set out in the Company’s articles of association for the time being and as amended pursuant to Resolution 6 set out below (the “**Subdivision**”)
3. That, subject to and conditional upon the passing of Resolutions 1, 2, 4, 6 and 7, the new Investing Policy as set out in the circular to shareholders dated 8 February 2013 (the “**Circular**”) be approved.
4. That, subject to and conditional upon the passing of Resolutions 1, 2, 3, 6 and 7, the Directors be generally and unconditionally authorised in accordance with article 5.1 of the Company’s articles of association to exercise all of the powers of the Company to allot New Ordinary Shares up to an aggregate par value of €284,834.85; such authority to expire (unless and to the extent previously revoked), varied or renewed by the Company in general meeting) at the conclusion of the next annual general meeting of the Company or, if earlier, the date 15 months after the date of passing this Resolution, provided that this authority shall allow the Company, before such expiry, to make an offer or enter into an agreement which would or might require New Ordinary Shares to be allotted after this authority expires and the Directors may allot such New Ordinary Shares in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.
5. That, subject to and conditional upon each of the other Resolutions tabled at the Extraordinary General Meeting being passed, the name of the Company be changed to Adams Plc.

## SPECIAL RESOLUTIONS

6. That, subject to and conditional upon the passing of Resolutions 1, 2, 3, 4 and 7, the articles of association of the Company be amended as follows:
- (a) the definitions of “B’ Shares”, “C’ Shares” and “D’ Shares” in Article 2.1 shall be deleted;
  - (b) the last sentence of Article 5.3 shall be deleted;
  - (c) Articles 5A (incorporating Articles 5A.1 to 5A.10 (inclusive)) and Article 5B.8 shall be deleted;
  - (d) Article 5B shall be re-numbered as Article 5A and any references to “5B” in the said Article (comprising Articles 5B.1 to 5B.7 (inclusive)), including where “5B” appears in the numbering of Articles 5B.1 to 5B.7 (inclusive), shall be substituted by “5A”;
  - (e) the first sentence of Article 5A.1 (as re-numbered by paragraph (b) above) shall be deleted and replaced with the following new sentence: “In this Article 5A the term “Deferred Share” shall mean a deferred share of €0.99 par value with the rights and restrictions set out below; and
  - (f) the last sentence of Article 78 shall be deleted.
7. That, subject to and conditional upon the passing of Resolutions 1, 2, 3, 4 and 6, the provisions of article 5.2 of the Company’s articles of association requiring shares proposed to be issued for cash first to be offered to the members in proportion as nearly as may be to the number of the existing shares held by them respectively be and they are hereby disappplied in relation to:
- (a) the allotment of New Ordinary Shares pursuant to a rights issue and otherwise pursuant to a rights issue, open offer, scrip dividend scheme or other pre-emptive offer or scheme which is in each case in favour of holders of ordinary shares and any other persons who are entitled to participate in such issue, offer or scheme where the equity securities offered to each such holder and other person are proportionate (as nearly as may be) to the respective numbers of ordinary shares held or deemed to be held by them for the purposes of their inclusion in such issue, offer or scheme on the record date applicable thereto, but subject to such exclusions or other arrangements as the Directors may deem fit or expedient to deal with fractional entitlements, legal or practical problems under the laws of any overseas territory, the requirements of any regulatory body or stock exchange in any territory, shares being represented by depositary receipts, directions from any holders of shares or other persons to deal in some other manner with their respective entitlements or any other matter whatever which the Directors consider to require such exclusions or other arrangements with the ability for the Directors to allot equity securities not taken up to any person as they may think fit;
  - (b) the allotment of New Ordinary Shares for cash otherwise than pursuant to sub-paragraph (a) up to an aggregate maximum par value of €219,399.59 in connection with the issue of the Placing Shares and exercise of the New Warrants (each as defined in the Circular); and
  - (c) the allotment of New Ordinary Shares for cash otherwise than pursuant to sub-paragraphs (a) and (b) above up to an aggregate maximum par value of €1,547.40.

By Order of the Board

**P P Scales**  
*Company Secretary*

Date: 8 February 2013

*Registered Office:*

IOMA House  
Hope Street  
Douglas  
Isle of Man  
IM1 1AP



**Notes:**

1. A member of the Company who is entitled to attend and vote at the above-mentioned meeting is entitled to appoint a proxy or proxies to exercise all or any of your rights to attend, speak and vote at the 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. If you wish your proxy to speak on your behalf at the meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.
2. A proxy does not need to be a member of the Company but must attend the meeting to represent you. Details of how to appoint the chairman of the meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form.
3. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. Failure to specify the number of shares each proxy appointment relates to or specifying a number of shares in excess of those held by you on the record date will result in the proxy appointments being invalid.
4. The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote.
5. 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).
6. Appointment of a proxy does not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.
7. The Company pursuant to Regulation 22 of the Uncertificated Securities Regulations 2006 (Isle of Man), specifies that only those members registered in the register of members as at noon on 6 March 2013 (or in the event that the meeting is adjourned, on the register of members of the Company 48 hours before the time of any adjourned meeting) shall be entitled to attend or vote at the meeting in respect of the ordinary shares registered in their name at that time. Changes to entries on the register of members of the Company after noon on 6 March 2013 (or, in the event the meeting is adjourned, on the register of members not later than 48 hours before the time of any adjourned meeting) shall be disregarded in determining the rights of any person to attend and vote at the meeting.
8. To appoint a proxy using the proxy form, the form must be completed and signed and deposited at the office of the Company's CREST Agent, Computershare Investor Services (Jersey) Ltd, c/o The Pavilions, Bridgwater Road, Bristol BS99 6ZY so as to be received not later than 48 hours before the time appointed for holding the meeting.
9. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also applies in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.
10. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.
11. In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to the Company's CREST Agent, Computershare Investor Services (Jersey) Ltd, c/o The Pavilions, Bridgwater Road, Bristol BS99 6ZY. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.
12. The revocation notice must be received by the Company's CREST Agent, no later than 1 hour before the time appointed for holding the meeting.

