

## Regulatory Story

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<b>Company</b>	<a href="#">Ideal Shopping Direct PLC</a>
<b>TIDM</b>	IDS
<b>Headline</b>	Proposed Acquisition and Notice of General Meeting
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 Ideal Shopping Direct PLC  
 23 December 2009

**For Immediate Release**

**23 December 2009**

### Ideal Shopping Direct Plc

#### Proposed Acquisition of Lead The Good Life Limited ("LTGL") and Notice of General Meeting

Ideal Shopping Direct Plc ("IDS" or "the Company"), the independent TV and online shopping business, is pleased to announce the proposed Acquisition of LTGL, a highly complementary business, retailing plants and garden equipment.

#### Acquisition Highlights

- IDS has agreed to acquire LTGL for an initial consideration of £5 million, to be satisfied as to £750,000 in cash and the issue of the Initial Consideration Shares.
- A further £2.2 million may be payable in Earn Out Consideration Shares, subject to the achievement of a pre-tax profit target by LTGL of at least £0.8 million and up to £1.8 million for the year to 30 June 2010.
- LTGL is a retailer of plants and garden equipment selling directly to its customers by mail order, the internet and the telephone, and to IDS's customers through their television shopping channels.
- IDS will benefit from the acquisition of LTGL by the immediate growth of its niche Leisure product category that includes gardening, which has a number of routes to market including TV, internet and customer clubs.
- The Acquisition of LTGL is expected to provide a seasonal balance to the first half of IDS's financial year, which complements the seasonality of Christmas trading that IDS experiences in the second half of the year.
- The Independent Directors believe that the Acquisition will be earnings enhancing through the marketing of LTGL's broadening product offer and through the marketing of the Enlarged Group's product range across its combined customer base.
- In LTGL's first period of trading for the 17 months to 30 June 2009, LTGL generated profits before tax of £0.73 million and cash of £1.05 million on revenues of £5.80 million.
- Following the issue of the Initial Consideration Shares, the Concert Party will have an interest in approximately 37.79% of the Enlarged Share Capital of IDS increasing to approximately 41.37% if the maximum number of Earn Out Consideration Shares are issued.
- The Independent Directors are seeking Shareholder approval of a proposed Waiver under Rule 9 of the City Code on Takeovers & Mergers.
- Completion, scheduled for 18 January 2010, is subject to Shareholder approval.
- General Meeting to be held at the Company's registered office on 18 January 2010.

Commenting on the acquisition Mike Hancox, Chief Executive said:

"IDS is delighted to announce the proposed acquisition of LTGL which has a clear strategic and financial rationale. LTGL has key features that complement the growing gardening category of IDS's existing business and is expected to enhance future earnings. IDS will leverage the combined customer base and provide internet expertise that will enable LTGL to grow profitably offering significant benefit to Shareholders."

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**Notes to editors:**

Ideal Shopping Direct is one of the UK's leading home shopping retailers, selling via its TV channels and the internet. Its main channel, Ideal World, is broadcast on the rapidly expanding Freeview platform as well as on Sky, Virgin Media and Freesat. It has three other channels on Sky, 'Ideal World 2', 'Ideal World 3' and 'Create and Craft'.

'Ideal World' offers a broad selection of general merchandise with six product categories, led by Home, Leisure and Craft along with Fashion, Health & Beauty and Jewellery. 'Ideal World 2 and 3' repeat selected shows of Ideal World and 'Create and Craft' is a niche channel selling craft products.

Ideal's transactional websites [www.idealworld.tv](http://www.idealworld.tv) and [www.createandcraft.tv](http://www.createandcraft.tv) carry a live web stream of the TV broadcasts and offer a wide selection of products sold on TV as well as web-only deals.

For more information see [www.idealshoppingdirect.tv](http://www.idealshoppingdirect.tv)

Terms used in this announcement have the meaning given to them in Appendix 1.

## 1. INTRODUCTION

The Company today announces that it has signed the Acquisition Agreement, under which it has conditionally agreed to acquire the entire issued share capital of LTGL from the Sellers. LTGL is a retailer of plants and garden equipment selling directly to its customers by mail order, the internet and the telephone, and to the Company's customers through the Company's television shopping channels.

The Company has agreed to acquire LTGL for an initial consideration of £5 million to be satisfied as to £750,000 in cash (£100,000 to be paid into a retention account pending final agreement or determination of the net tangible asset value and liquid working capital of LTGL on Completion) and the issue of the Initial Consideration Shares. In addition, up to a further £2.2 million may be payable to the Sellers in Earn Out Consideration Shares, subject to the achievement of a profit target by LTGL for the year to 30 June 2010.

As a result of the issue of the Initial Consideration Shares pursuant to the terms of the Acquisition, the Concert Party will have an interest in approximately 37.79 per cent. of the Enlarged Share Capital, which, if the maximum number of Earn Out Consideration Shares are issued, would increase to approximately 41.37 per cent. of the enlarged issued share capital. Completion would normally trigger an obligation on the Concert Party to make a mandatory offer under Rule 9 of the Takeover Code for all the Ordinary Shares in issue and not held by it. The Independent Directors are therefore seeking Shareholders' approval, by the proposal of the Waiver Resolution, for a waiver to be granted by the Panel from the obligation that would otherwise apply to the Concert Party under Rule 9 of the Takeover Code resulting from the Acquisition to make a mandatory offer under Rule 9 of the Takeover Code for all the remaining Ordinary Shares in issue.

The Acquisition is also conditional upon approval by Shareholders and accordingly the Proposals are conditional upon the passing of the Resolutions to be proposed at the General Meeting and Admission.

Two of the Company's directors, Paul Wright and Valerie Kaye, are the majority shareholders of and directors of LTGL and therefore, negotiations in relation to the Acquisition and consideration of the Proposals has been conducted by the Independent Directors.

## 2. INFORMATION ON LTGL

LTGL was established in January 2008 by Paul Wright and Valerie Kaye, who are both directors of LTGL along with the managing director, Peter McDermott. Following completion of the Acquisition, Peter McDermott, Paul

Wright and Valerie Kaye will continue to be directors of LTGL and additional directors will be appointed by the Company.

LTGL is a retailer of plants and garden equipment to customers, through its traditional home shopping routes to market and the Company's television shopping channels. The strategy of LTGL is to grow its sales and profitability and become a leading player in the relatively fragmented garden products market. The LTGL Directors believe this market position will be achieved by a combination of customer acquisition, developing a multi-channel product offer and product range building. The LTGL Directors believe the garden products market to be worth circa £4 billion.

LTGL has been trading since February 2008 and has grown rapidly since inception, primarily through marketing its products on its websites, on television and by advertising in newspapers and magazines. In its first period of trading for the 17 months to 30 June 2009, the audited accounts of LTGL show profits before tax of £730,447 on turnover of £5,797,185 and at 30 June 2009, cash of £1,047,187.

Since the accounting period ended 30 June 2009, like for like sales are significantly ahead of last year and in line with internal management forecasts. The business is seasonal with the six months to December being the least buoyant.

In 2008 the Company purchased approximately £507,000 of garden products from suppliers other than LTGL. In the period up to 22 November 2009, the Company purchased £1,253,639 of garden products from LTGL. The Company's purchases from LTGL arose as a result of the Company allocating more TV airtime to the gardening sector. LTGL, post Acquisition, is expected to provide a seasonal balance to the first half of the Company's financial year which complements the seasonality of Christmas trading Ideal Shopping experiences in the second half of the year.

The operational strategy of LTGL has been to maintain a cost base which optimises variable costs by the outsourcing of certain services. Customers order product by using either online order forms, newspaper coupons or the telephone. Telephone ordering accounts for 43% of sales whilst internet orders represent 24% of sales and coupon orders 33% of sales. Product is stored and collated in a specialist third party distribution facility in Biggleswade, Bedfordshire and is delivered to the customer using a separate third party carrier.

LTGL has identified and sourced a range of products, including fruit trees, flowers, trees and shrubs and a variety of garden equipment. The majority of products are sourced from a variety of suppliers in the EU. The supply base is scalable in terms of product range building and diversification and no one supplier currently provides more than 22% of products at cost. LTGL provides a 14 day unconditional guarantee of its products to its customers. Generally, rather than refunding customers LTGL manages customer satisfaction by replacing damaged or faulty goods free of charge, which in the last six months equated to approximately 2.5% of sales.

### **3. REASONS FOR THE ACQUISITION**

Earlier in the year a restructuring of the Board and senior management was undertaken which resulted in a major strategic review of the business to focus on the business qualities that initially made the Company successful.

The strategy of the Company is to have profitable, cash generative product categories through organic growth or acquisition. The Board also seeks to vigorously pursue a true multi-channel sales offering to begin to reposition the business away from being predominantly TV shopping. To this end the Board aims to grow internet sales, as it believes the internet represents a material growth opportunity and over the last year the Company has continued to develop its internet presence through established marketing and e-commerce techniques. The Board also intends to expand the Company's niche product categories which have a number of routes to market including TV, internet and customer clubs such as the Company's existing craft club.

The Independent Directors now propose the acquisition of LTGL as a significant step in the growth of its gardening category and in its multi-channel diversification strategy in three ways: strengthening and securing its sourcing of gardening products, developing its non TV shopping offer and creating a niche gardening category.

The acquisition of LTGL is highly complementary to the Company's business. During the current financial year the Company has seen sales growth in its Leisure category, which includes gardening. The management team within LTGL has a depth of knowledge of sourcing and marketing within the garden sector that will strengthen the Enlarged Group's position in that product category. LTGL has successfully grown an internet and advertisement based business and therefore the Acquisition represents a strategic opportunity for the Company in the retail garden products market which the Independent Directors believe provides opportunities for sales growth and contribution to profitability. The Independent Directors also believe that the "home grown" element of the gardening market is extremely attractive owing to a number of consumer trends, including a focus on healthy eating, the appeal of "Grow Your Own", supermarket price rises and a desire to eat organic produce.

The Company has established a craft club within its customer base and now has over 50,000 members. The Independent Directors believe that membership demonstrates loyalty and generally such customers respond to regular marketing communications. The Independent Directors believe that gardening is a product category very well suited to this club concept and LTGL has already established an online database of approximately 156,000 active customers.

The Independent Directors believe that the combined customer base will offer a significant opportunity for the

Enlarged Group to further increase sales through marketing the whole of the Enlarged Group's product range to those customers. This will include the development of the Enlarged Group's internet and TV product offering where sales price comparisons are difficult for consumers to achieve due to the individuality of the product offer.

It is the Independent Directors' belief that the Acquisition will be earnings enhancing for the Company for the reasons set out above. Furthermore, the supply chain strategy of LTGL is very similar to that of the Company's, which uses a combination of sale or returns, supplier held stock and direct delivered stock to reduce levels of owned stock. LTGL also operates a business model with a higher proportion of variable costs than the Company. LTGL will maintain its operational independence post Acquisition but seek to optimise synergies in the areas of marketing and distribution.

The Acquisition is to be satisfied by the issue of Ordinary Shares together with an element of cash consideration, details of which are set out below, in order to preserve and optimise the Company's cash position whilst it continues with its business improvement initiatives.

#### 4. TERMS OF THE ACQUISITION

Under the terms of the Acquisition Agreement, the Company has conditionally agreed to acquire the Sale Shares and the Sellers have agreed to sell to the Company such shares. The initial consideration will be a cash payment of £750,000 (£100,000 to be paid into a retention account pending final agreement or determination of the net tangible asset value and liquid working capital of LTGL on completion) plus the issue of the Initial Consideration Shares at the Issue Price. The Earn Out will be based upon LTGL achieving a pretax profit of at least £800,000 and up to £1,800,000 for the twelve months ending on 30 June 2010 and will be satisfied by the issue of the Earn Out Consideration Shares. For every £1 of relevant pre-tax profit between £800,000 and £1,800,000 the Sellers will be entitled to receive 2.056075 Earn Out Consideration Shares.

As the acquisition by the Company of the Sale Shares from Paul Wright and Valerie Kaye (and their connected parties (as applicable)) as Directors each constitutes a substantial property transaction for the purposes of section 190 of the Act, the approval of Shareholders of such acquisition is required. Paul Wright and Valerie Kaye are both Sellers and Directors and whilst they are able to vote on this particular resolution, it is appropriate that they do not vote on, or take any part in, any Board recommendation to disapprove or approve the resolution. The Acquisition also requires Shareholder approval for the issue of the Consideration Shares.

The Acquisition also constitutes a related party transaction for the purposes of Rule 13 of the AIM Rules for Companies, pursuant to which, the Independent Directors consider, having consulted the Company's nominated adviser, Fairfax, that the terms of the Acquisition are fair and reasonable insofar as Shareholders are concerned.

#### 5. THE TAKEOVER CODE AND THE WAIVER RESOLUTION

Under Rule 9 of the Takeover Code, any person who acquires an interest in shares (as defined in the Takeover Code) whether by a series of transactions or not which, when taken together with any interest in shares already held by him or any interest in shares held or acquired by persons acting in concert with him, in aggregate carry 30 per cent. or more of the voting rights of a company which is subject to the Takeover Code, is normally required to make a general offer to all the remaining shareholders to acquire their shares.

Similarly, when any person, together with persons acting in concert with him, is interested in shares which in aggregate carry not less than 30 per cent of the voting rights of such a company but does not hold shares carrying more than 50 per cent. of such voting rights, a general offer will normally be required if any further interests in shares are acquired by any such person.

An offer under Rule 9 must be in cash or be accompanied by a cash alternative and at the highest price paid by the person required to make the offer, or any person acting in concert with him, for any interest in shares of the company during the 12 months prior to the announcement of the offer.

The members of the Concert Party are deemed to be acting in concert for the purposes of the Takeover Code.

Following the Acquisition (prior to the issue of any Earn Out Consideration Shares), the Concert Party will, between them, be interested in approximately 37.79 per cent. of the Enlarged Share Capital. If the maximum number of Earn Out Consideration Shares are issued the Concert Party will, between them, be interested in approximately 41.37 per cent. of the then enlarged issued share capital (assuming no other issues of Ordinary Shares before then).

The table below sets out the interests of the members of the Concert Party in Ordinary Shares at the date of this announcement, on Admission (assuming completion of the Proposals) and assuming the issue of the Earn Out Consideration Shares.

<i>At the date of this announcement</i>		<i>On completion of the Proposals</i>		
<i>% of</i>		<i>No. of Initial</i>	<i>No. of</i>	
<i>No. of</i>	<i>Ordinary</i>	<i>Consideration</i>	<i>Ordinary</i>	<i>% of</i>
<i>Ordinary</i>	<i>Share</i>			

	<i>Shares</i>	<i>Capital</i>	<i>Shares</i>	<i>shares</i>	<i>Enlarged Share Capital</i>
Paul Wright	5,280,000	17.79%	1,588,785	6,868,785	20.41%
Valerie Kaye	3,449,853	11.62%	1,588,785	5,038,638	14.97%
Peter McDermott	11,904	0.04%	794,392	806,296	2.40%
Matthew Wright	2,031	0.01%	0	2,031	0.01%
Graham Wright	1,997	0.01%	0	1,997	0.01%
Edna Kaye	60	0.0002%	0	60	0.0002%
<b>Total</b>	<b>8,745,845</b>	<b>29.46%</b>	<b>3,971,962</b>	<b>12,717,807</b>	<b>37.79%</b>

	<i>On issue of Earn Out Consideration Shares</i>		
	<i>No. of Earn Out Consideration Shares</i>	<i>No. of Ordinary Shares</i>	<i>% enlarged Share Capital</i>
	Paul Wright	822,429	7,691,214
Valerie Kaye	822,429	5,861,067	16.41%
Peter McDermott	411,214	1,217,510	3.41%
Matthew Wright	0	2,031	0.01%
Graham Wright	0	1,997	0.01%
Edna Kaye	0	60	0.0002%
<b>Total</b>	<b>2,056,072</b>	<b>14,773,879</b>	<b>41.37%</b>

The Panel has agreed, however, subject to the Waiver Resolution being passed on a poll by the Independent Shareholders at the General Meeting, to waive the obligation for the Concert Party to make a general offer that would otherwise arise as a result of the Acquisition. Accordingly, Resolution 1 is being proposed at the General Meeting to obtain the approval of the Independent Shareholders for the waiver of any obligations under Rule 9 of the Takeover Code.

Following the Acquisition (prior to the issue of any Earn Out Consideration Shares) the Concert Party will, between them, be interested in shares carrying 30 per cent. or more of the Company's voting share capital but will not hold shares carrying more than 50 per cent. of such voting rights and (for so long as they continue to be treated as acting in concert) any further increase in that interest in shares will be subject to the provisions of Rule 9 of the Takeover Code.

## 6. FUTURE STRATEGY AND INTENTIONS REGARDING EMPLOYMENT

The medium term strategy for the Enlarged Group is to have profitable, cash generative product categories through organic growth or acquisition and to develop into a leading multi-channel retailer, expanding niche product categories through a range of customer acquisition strategies. The Company currently operates in the Craft, Home, Leisure, Fashion, Health & Beauty and Jewellery categories. It is particularly strong in Craft, Leisure and Home and the Acquisition will strengthen significantly the presence in gardening with LTGL's associated multi-channel offering.

The Enlarged Group will operate from the Company's offices and LTGL's offices, both of which are in Peterborough. The fixed assets will be used in the normal course of business to support operations and there is no intention to redeploy any fixed assets.

It is not expected that as the result of the Acquisition there will be significant job losses, as the businesses of the Company and LTGL are largely complementary with little overlap between their business activities. The Enlarged Group will continue to monitor resource levels and efficiencies in the normal course of business, although the Acquisition is expected to result in increased growth. The rights, including pension rights, of the employees of the Enlarged Group will be fully safeguarded.

## 7. ADMISSION

Application will be made to the London Stock Exchange for the Initial Consideration Shares to be admitted to trading on AIM. It is expected that Admission will become effective and dealings in the Initial Consideration Shares will be enabled at 8.00 a.m. on 19 January 2010.

Application will also be made to the London Stock Exchange for any Earn Out Consideration Shares issued to be admitted to trading on AIM at the relevant time.

## 8. GENERAL MEETING AND CIRCULAR TO SHAREHOLDERS

Completion of the Acquisition is subject to Shareholder approval being obtained at the General Meeting of the Company. A Circular containing notice of the General Meeting, which is to be held at the Company's registered office on 18 January 2010 will be posted to Shareholders today and will be available on the Company's

corporate website at [www.idealshoppingdirect.tv](http://www.idealshoppingdirect.tv). At the General Meeting the following Resolutions will be proposed:

**Resolution 1 - the Waiver resolution**

An ordinary resolution to be passed on a poll by Independent Shareholders to waive the requirement of Rule 9 of the Takeover Code arising from the Acquisition.

**Resolution 2 - Substantial property transaction approval resolution**

An ordinary resolution, conditional on the passing of Resolution 1, to approve the Acquisition for the purposes of section 190 of the Act (which deems the Acquisition to be a substantial property transaction with a Director).

**Resolution 3 - Allotment resolution**

An ordinary resolution, conditional on the passing of Resolutions 1 and 2, to authorise the Directors to allot equity securities for the purposes of section 551 of the Act and Article 6 of the Articles of Association of the Company, including the Consideration Shares.

**Resolution 4 - Dis-application of pre-emption rights resolution**

A special resolution, conditional on the passing of Resolutions 1, 2 and 3, to authorise the Directors to allot equity securities in substitution for any previous power and in accordance with Article 7 of the Articles of Association of the Company pursuant to Resolution 3 as if section 561 of the Act (which requires the Company, prior to allotting any equity securities, to first offer such securities to persons holding shares in the Company) did not apply.

**9. IRREVOCABLE UNDERTAKINGS**

Ideal Shopping has received irrevocable undertakings to vote in favour of Resolutions 2 to 4 (being all the Resolutions except the Waiver Resolution) from Paul Wright and Valerie Kaye in respect of 8,729,853 Ordinary Shares, representing in aggregate, approximately 29.41 per cent. of the Existing Shares.

In addition the Company currently holds or has received irrevocable undertakings to vote in favour of all of the Resolutions from those Directors who are also Shareholders in respect of 633,000 Ordinary Shares representing 2.13 per cent. of the Existing Shares.

Furthermore, Ladkins Trading Limited has provided an irrevocable undertaking to vote (or to procure such vote) in favour of all of the Resolutions in respect of 2,320,000 Ordinary Shares, representing in aggregate 7.82 per cent. of the Existing Shares.

Therefore in total Ideal Shopping has received irrevocable undertakings to vote in favour (or to procure such vote) of all the Resolutions in respect of 2,953,000 Ordinary Shares, representing 9.95 per cent of the Existing Shares as well as those votes in favour of Resolutions 2 to 4 detailed in the first paragraph of this paragraph 9.

**10. RECOMMENDATION**

The Independent Directors, having been so advised by Fairfax, consider that the Proposals are fair and reasonable and in the best interests of the Independent Shareholders. Accordingly, the Independent Directors unanimously recommend all Shareholders who are entitled to do so vote in favour of all the Resolutions at the General Meeting.

Paul Wright and Valerie Kaye took no part in the Independent Directors' decision to recommend Shareholders vote in favour of the Resolutions and will abstain from voting on the Waiver Resolution in respect of their beneficial shareholdings, as will the other members of the Concert Party.

In giving advice to the Independent Directors, Fairfax has taken into account the Independent Directors' commercial assessments.

The Independent Directors intend to vote in favour of the Resolutions in respect of their own beneficial holdings of 633,000 Ordinary Shares representing approximately 2.13 per cent. of the Existing Shares.

**11. EXPECTED TIMETABLE OF PRINCIPAL EVENTS**

Last time and date of receipt of Forms of Proxy	10.00 am on 16 January 2010
General Meeting	10.00 am on 18 January 2010
Completion of the Acquisition °	18 January 2010
Expected Admission of Consideration Shares	8.00 am on 19 January 2010

° assuming that the resolutions are passed by Shareholders

**12. STATISTICS**

Existing Shares	29,684,505
Number of Initial Consideration Shares	3,971,962
Enlarged Share Capital *	33,656,467

Market capitalisation of the Company at Admission at the Issue Price*	£36,012,420
Maximum number of Earn Out Consideration Shares	2,056,072
International Security Identification Number (ISIN)	GB0001202109

\* This does not take into account the Earn Out Consideration Shares that are to be issued pursuant to the Acquisition Agreement described above.

Terms used in this announcement have the meaning given to them in Appendix 1.

#### APPENDIX 1: DEFINITIONS

"Acquisition Agreement"	the agreement dated 22 December 2009 between the Company (1) and the Sellers (2) pursuant to which the Company has agreed, to acquire the Sale Shares;
"Acquisition"	the proposed acquisition by the Company of the Sale Shares from the Sellers, pursuant to the terms of the Acquisition Agreement;
"Act"	the Companies Act 1985 (as amended) and the Companies Act 2006;
"acting in concert"	has the meaning attributed to it in the Takeover Code;
"Admission"	admission of the Initial Consideration Shares to trading on AIM and such admission becoming effective in accordance with the AIM Rules;
"AIM"	the AIM market of the London Stock Exchange;
"AIM Rules"	the rules applicable to companies whose securities are traded on AIM published by the London Stock Exchange;
"Article"	means an article in the Company's articles of association as adopted at the date hereof;
"Concert Party"	the concert party, for the purposes of the Rule 9 Waiver whose shareholdings in the Company may exceed 30% of the Enlarged Share Capital;
"Company" or "Ideal Shopping"	Ideal Shopping Direct Plc;
"Completion"	completion of the Acquisition Agreement in accordance with its terms;
"Consideration"	the consideration for the Sale Shares comprising the Initial Consideration, the Initial Consideration Shares and the Earn Out Consideration Shares;
"Consideration Shares"	the Initial Consideration Shares and Earn Out Consideration Shares;
"Dealing Day"	a day on which the London Stock Exchange is open for the transaction of business;
"Deferred Shares"	the deferred shares of 1p each in the capital of the Company which carry no right to receive notice of or attend or vote at any general meeting or class meeting of the Company in accordance with Article 3(b);
"Directors" or "Board"	the directors of the Company, whose names are set out in this announcement;
"Earn Out"	the issue to the Sellers of Earn Out Consideration Shares dependent on the profit before tax of LTGL for the twelve months ending 30 June 2010;
"Earn Out Consideration Shares"	up to 2,056,072 Consideration Shares to be issued to the Sellers, credited as fully paid, at the Issue Price, pursuant to the terms of the Acquisition Agreement;

"Enlarged Group"	the Group as enlarged by the Acquisition;
"Enlarged Share Capital"	the issued ordinary share capital of the Company immediately following Admission;
"Existing Shares"	the number of Ordinary Shares in issue at the date of this announcement;
"Fairfax"	Fairfax I.S. PLC, the Company's nominated adviser and broker;
"Form of Proxy"	the form of proxy for use by Shareholders at the General Meeting;
"FSA"	the Financial Services Authority;
"General Meeting"	the general meeting of the Company to be held at the offices of the Company on 18 January 2010, or any reconvened meeting following any adjournment thereof, notice of which is set out in the Notice of Meeting;
"Group"	the Company and its subsidiaries;
"Independent Directors"	Michael Hancox, Ian Jebson and Graham Cole;
"Independent Shareholders"	all Shareholders excluding the Concert Party shareholders;
"Initial Consideration"	£750,000;
"Initial Consideration Shares"	3,971,932 Consideration Shares to be issued to the Sellers, credited as fully paid, at the Issue Price, pursuant to the terms of the Acquisition Agreement;
"Issue Price"	107p being the average of the mid market closing price of Ordinary Shares over the 20 Dealing Days preceding the date which is 3 Dealing Days prior to the date of this announcement;
"London Stock Exchange"	London Stock Exchange plc;
"LTGL"	Lead The Good Life Limited;
"LTGL Directors"	Paul Wright, Valerie Kaye and Peter McDermott;
"Notice of Meeting"	the notice of the General Meeting;
"Ordinary Shares"	the ordinary shares of 3p each in the capital of the Company;
"Panel"	the Panel on Takeovers and Mergers;
"Proposals"	the Acquisition, the Rule 9 Waiver, transactions with Directors, the increase in authorised share capital, the waiver of pre-emption rights and the issue of Consideration Shares described in this announcement;
"Resolutions"	the resolutions set out in the Notice of Meeting;
"Rule 9 Waiver"	a waiver (further details of which are set out in paragraph 5 of this announcement) of the obligation on the Concert Party to make a mandatory offer under Rule 9 of the Takeover Code granted by the Panel conditional on the approval by independent Shareholders of the Waiver Resolution. For the purposes of the Rule 9 Waiver, all Shareholders (other than Paul Wright, Valerie Kaye, Peter McDermott, Matthew Wright, Graham Wright and Edna Kaye) are deemed to be independent;
"Sale Shares"	the entire issued share capital of LTGL;
"Sellers"	Paul Charles Wright, Valerie Kaye and Peter James McDermott;
"Shareholders"	holders of Ordinary Shares but does not include persons who are only the holders of Deferred Shares;

"Takeover Code"	the City Code on Takeovers and Mergers;
"Waiver Resolution"	resolution 1 set out in the Notice of Meeting, which is to be proposed as an ordinary resolution.

## APPENDIX 2: INFORMATION ON THE CONCERT PARTY

The shareholders of LTGL will be receiving Consideration Shares in the Company as part of the Acquisition and therefore are deemed, for the purposes of the Takeover Code, as acting in concert with each other along with certain relatives, therefore, forming the Concert Party. The members of the Concert Party and summary information on each member of the Concert Party are set out below.

The Concert Party comprises the following individuals:

### 1. Paul Charles Wright

Paul Wright owns 40 per cent. of the issued share capital of LTGL and is a director. He is the non-executive Chairman and co-founder of Ideal Shopping. Prior to its formation he gained valuable experience in the fast-moving consumer goods industry, having begun his career running the Hong Kong office of Reed International, selling printing and graphic arts equipment to the local market. In 1980, he founded Wrightway Marketing with Valerie Kaye, initially as a marketing consultancy, which developed into a successful mail order business. In 2000, after seeing the potential of TV shopping, Wrightway Marketing changed its name to Ideal Shopping Direct Plc, was listed on the AIM market and launched the Ideal World channel. Paul was Chief Executive Officer until 2005 (having also acted as Chairman from 2001 until 2004). He held the post of Executive Deputy Chairman until March 2006 when he became a Non-executive Director. He resigned from this role in May 2007 and was reappointed as Non-executive Chairman in February 2009. In February 2008 Paul founded LTGL with Valerie Kaye.

Paul Wright is the brother of Graham Wright and the father of Matthew Wright. His business address is Ideal Home House, Newark Road, Peterborough PE1 5WG.

### 2. Valerie Kaye

Valerie Kaye owns 40 per cent. of the issued share capital of LTGL and is a director. She is a non-executive Director and co-founder of Ideal Shopping. Prior to its formation she held senior sales promotional roles at Bowater Scott and Dorland Advertising. In 1980, she founded Wrightway Marketing with Paul Wright, initially as a marketing consultancy, which developed into the business it is today. She actively managed Ideal Shopping with Paul Wright as an Executive Director until May 2005, when she became a Non-executive Director. She resigned from this role in June 2007 and was reappointed as Non-executive Director in February 2009. In February 2008 Valerie founded LTGL with Paul Wright.

Valerie Kaye is the daughter of Edna Kaye and her business address is Ideal Home House, Newark Road, Peterborough PE1 5WG.

### 3. Peter James McDermott

Peter McDermott owns 20 per cent. of the issued share capital of LTGL and is the Managing Director. Formally trained in commercial horticulture, management and marketing, Peter has over 20 years experience in direct marketing and horticulture. He spent the first five years of his career growing crops commercially for his family business. Thereafter, he has worked in consumer focused businesses. He joined Suttons Consumer Products and worked in a range of roles through the years between 1989 and 1996, with the last two years of this tenure as Direct Marketing Manager. In late 1996 he joined Unwins Seeds Limited as Mail Order Director and held that position through to 2005. During 2005 and 2006 he was a Director of Eastfields Limited, a business specializing in reader offers and then joined Wynnstay Group Plc in late 2006 as Mail Order Project Manager. He joined LTGL as Managing Director in February 2008. He has been involved on and off in supplying garden related product to Ideal Shopping since 2001.

Peter McDermott's business address is Abacus House, 4 Papyrus Road, Werrington, Peterborough PE4 5BH.

### 4. Others

Matthew Charles Wright, Graham Wright and Edna Kaye are family members of persons named above and therefore are deemed to be acting in concert with the other members of the Concert Party.

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