

Dear Ranner,

I wanted to drop you a note following Phil's stag where I was very concerned / angry / upset by what evolved there and by what I heard regarding you and I, and our current difficult situation.

I would appreciate it if you would read this and get back to me with your thoughts and comments either by email or phone - **please note I do realise that there are two points of view with regards to many of the issues and my thoughts are not intended to rile you or cause conflict but to try and establish my view on the position honestly so that we can try and move forward** - I hope you can do the same - my intention was always to try and come to some sort of amicable solution so we (and all other parties) were both happy and that we could save what has been an important friendship (to me at least), whilst also establishing a framework that could support the future development of RAN as an exciting and enjoyable business venture going forward.

Please excuse the bullet point approach but I find it the easiest way to think clearly when writing. **And PLEASE read the last paragraph as it is the most crucial moving forward.**

MY INITIAL VIEWS, CURRENT ISSUES AND HOPES FOR THE FUTURE:

INITIAL VIEW

Excellent business Concept with a Highly motivated, financially driven, business Savvy, trustworthy friend who was committed to growing a good business proposition "RAN" into an enjoyable scaled business offering significant returns to himself and his investors / S'hlders.

ISSUES

a) Obviously the theft has damaged the **trust** element but moreover it appears to be symptomatic of the fact that you seem to be driven entirely by **focus on short term returns for yourself at the cost of the company and the relationships with your colleagues** - illustrated by:

- Abuse of expense account
- Theft of Monies
- Willingness to continually 'sell off' chunks of your shareholding in return for immediate personal financial gain (i.e. without reinvesting to support RAN growth)
- Request for pay rises and any other form of financial draw on the company (bonuses etc) when RAN, as yet, has not even achieved a net profit from the date upon which it started trading.
- Willingness to sacrifice shareholding in return for immediate gains
- Unwillingness to expend RAN funds on additional staff (MD / sales Director) in order to grow in the future due to the fact that initially it will draw on Company profits and therefore reduce your own immediate returns this year.
- Statements that you can't raise the funds to buy out the investment (not that this would be my advised option) and yet statements the following week that you are considering buying Sonny out!

b) Originally I hoped that the "RAN" experience would be enjoyable and rewarding as the company grew but you seem to have developed an **Attitude & Approach that lacks integrity, "TEAM view" and is very aggressive, dictatorial, untrustworthy (and lazy?)**. Illustrated by:

- Unprofessional approach with Many complaints from staff and colleagues - some of whom I believe are unwilling to be in a room alone with you
- Statements of laziness by colleagues closest to you (albeit acknowledge that you may well work from home a lot- but these statements are worrying) and a personal experience of you 'switching off' when break even was achieved - there is still a LONG way to go...
- Theft and abuse of expenses
- The general way you spoke to myself and your other directors with contempt and with an unwillingness to learn from others and general disregard for any value they could add (acknowledging that none of the non execs are perfect..)
- The way you seemed to forget that your shareholders had written cheques for their right to be involved - a cost that you never had to embrace and that you clearly had no respect for or keenness to return in a financial sense

- A willingness to undertake material decisions on the company with complete disregard for these shareholders and non exec directors
- **Your initial response to the theft of “I let you all down”** that has now evolved into you calling me a “c**t” to mutual friends and basically not even speaking to me at the stag do last weekend - and you stating that you don’t really want anything to do with the Non exec directors when they have all (and I have to say myself personally) spent a great deal of time and effort to try and establish an amicable way forward.
 - o NOTING:
 - Numerous Personal proposals to try & rework what came out of January meeting in order to ensure that you were happy (high Div Policy etc)
 - All attempts to avoid criminal proceedings and to establish a way we can all work together to wipe the slate clean and GET ON WITH BUILDING A PROFITABLE BUSINESS FOR ALL
 - All attempts to create a “team” going forward
 - **Your initial response to the theft of “I let you all down” that has now evolved into you calling me a “c**t” to mutual friends and basically not even speaking to me at the stag do last weekend - and you stating that you don’t really want anything to do with the Non exec directors when they have all (and I have to say myself personally) spent a great deal of time and effort to try and establish an amicable way forward that will support the growth and development of a profitable AND enjoyable RAN for all.**

HOWEVER, MY (personal) WISHES AND HOPES FOR THE WAY FORWARD

- I want to put all this c**p behind us all
- I want to save a friendship
- I want to wipe the slate completely clean and move forward
- I want to help build / support a company so that it can realise its full potential
- I want RAN to run professionally internally with focus on the business AND NOT internal politics
- I want RAN to be a joy for everyone to be involved in
- I want to see financial returns and the prospect of large returns in the future
- I want to see a commitment to growth & shared buy into to development of RAN by all – albeit that we may never get everyone on board to agree to certain proposals BUT whatever gets agreed BY MAJORITY gets the support OF ALL

BUT....

- **Despite your initial comments on feeling you let everyone down - it seems that whatever I approach you with is never enough** (e.g. High Div Payout, Buy MC out at £50k is never enough as you return with “what about Bonuses”, MC will need more respectively etc.)

SO I WOULD ASK YOU TO GET BACK TO ME WITH WHAT YOU CONSIDER TO BE FAIR AND HOW YOU THINK WE CAN ACHIEVE THE ABOVE AIMS (which I hope are shared by you?).... But ask you to consider in the process:

Intentions:

- NONE of the above is intended to be critical but only to try and illustrate a perspective – I do acknowledge that there are differing viewpoints to all of this but ask you to acknowledge this vice-versa
- I am trying to do what I can to make the best of a difficult situation on many fronts (friendships / business etc) **BUT I can not achieve this without your help**
- The last we spoke was in me once again trying to propose something to satisfy your wishes in terms of reward and yet subsequently I am hearing nothing but negativity from yourself about me and the other

non execs to third parties – this is simply going to make it impossible to make any progress if we can not all try and ‘shake hands; to move on.

- There has to be trust and team for this company to have any chance of achieving what it can – TO THAT END please note that I have forwarded a copy of this note to Steve, Sonny and Matt for the purposes of transparency which we have all been very poor at historically

Financials:

- I believe that all Shareholders are willing to move to a high div policy but that if monies are needed and agreed as required by the Board in the future further investments will be required inward... Directors loans etc – this should help support reward for achievements
- There has to be a willingness to invest for the future – which may at times impact Short term profits with the intention of raising them significantly in the longer term
- We have as yet not made any profit from the point of RAN incorporation so need to bear this in mind!
- Illustration of rewards as follows: (ignoring Tax and assuming £150k profit achieved – prudent based on loss of Greg, reduction in expenses and SHL increased income (but no other growth)

AS WAS

Salary	£65k
Bonus	£15k (50% pool to other staff)
<i>assumed</i>	
Dividends	£8k {(42% -10% -5%) x 20% div pool}
TOTAL	£88k

With 27% holding net Mehul / GB (42% gross)
gross)

POTENTIALLY PROPOSED

Salary	£65k
Bonus	<i>10k for other staff</i>
Div	£28k
TOTAL	£93k

With 20% holding net Mehul (25%

NOTE - THIS IS NOT PROPOSAL BUT ILLUSTRATION OF HOW EVERYONE CAN POTENTIALLY BE REWARDED
- 25% needs confirming with Steve and Sonny as have not discussed their view on final position

**BUT KEY HERE IS NOT TO FOCUS ON MINUTIA DETAILS BUT ON CONCEPT OF IMPROVED TEAM
STRUCTURE - IF THAT IS IN PLACE THE FINANCIAL SUCCESS WILL COME FOR ALL**

I AM NOT SURE HOW ELSE TO TRY AND RESOLVE THIS SO LOOK FORWARD TO HEARING FROM YOU