

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.** If you are in any doubt about the contents of this document you should consult your stockbroker, bank manager, solicitor, accountant or other independent professional adviser duly authorised under the Financial Services and Markets Act 2000 ("FSMA"). The whole of the text of this document should be read.

If you have sold or otherwise transferred, or you sell or otherwise transfer, all of your holding of Existing Ordinary Shares held in certificated form prior to the Ex-Entitlement Date, please send this document and, if appropriate, the accompanying Application Form at once to the purchaser or transferee or to the stockbroker, bank or other agent through or by whom the sale or transfer was or is effected, for onward delivery to the purchaser or transferee, except that such documentation should not be sent into a Restricted Jurisdiction or other jurisdiction where doing so may constitute a violation of local securities laws or regulations. If you have sold or otherwise transferred or sell or otherwise transfer Existing Ordinary Shares held in an uncertificated form prior to the Ex-Entitlement Date, a claim transaction will automatically be generated by Euroclear which, on settlement, will transfer the appropriate number of Open Offer Entitlements to the purchaser or transferee through CREST. If you have sold or otherwise transferred, or you sell or otherwise transfer some only of your Existing Ordinary Shares held in certificated form before the Ex-Entitlement Date you should immediately consult the stockbroker, bank or other agent through or by whom the sale or transfer was effected and refer to the instructions regarding split applications set out in the Application Form.

Application will be made for the New Ordinary Shares to be admitted to trading on the AIM Market of London Stock Exchange plc ("AIM"). It is expected that admission to AIM will become effective and that dealings in the New Ordinary Shares will commence on 28 January 2014. The Existing Ordinary Shares are admitted to trading on AIM. **AIM is a market designed primarily for emerging and smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the United Kingdom Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consulting with an independent financial adviser.** The Company, the Directors and Proposed Directors, whose names are set out on page 5, accept responsibility for the information set out in this document. To the best of the knowledge and belief of the Company, the Directors and the Proposed Directors (who have 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.

This document is not a prospectus for the purposes of the Prospectus Rules. Accordingly, this document has not been and will not be reviewed or approved by the Financial Conduct Authority or any other authority or regulatory body. In addition, this document does not constitute an admission document under the AIM Rules.

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# ViaLogy PLC

*(Incorporated in England and Wales under the Companies Act 1985 with registered number 3971582)*

## Proposed Capital Reorganisation

**Placing of 1,100,000,000 Placing Shares at 0.1p per share**

**Open Offer of up to 519,820,122 Open Offer Shares at 0.1p per share**

**Appointment of Proposed Directors**

**Adoption of Investing Policy**

**and**

**Notice of General Meeting**

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The distribution of this document and/or the accompanying Form of Proxy in jurisdictions other than the UK may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any of those restrictions. Any failure to comply with any of those restrictions may constitute a violation of the securities laws of any such jurisdiction.

Cantor Fitzgerald Europe ("CFE"), which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively for the Company and no-one else in connection with the arrangements set out in this document and will not be responsible to anyone other than the Company for providing the protections afforded to clients of CFE, or for providing advice in relation to the arrangements set out in this document. CFE will not regard any other person as its customer nor be responsible to any other person for providing the protections afforded to customers of CFE nor for providing advice in relation to the transactions detailed in this document. CFE is not making any representation or warranty, express or implied, as to the content of this document. This document has not been approved for the purposes of section 21 of FSMA.

Your attention is drawn to the letter from Adam Reynolds, Executive Chairman of ViaLogy Plc set out on pages 10 to 16 of this document which provides details of the Proposals and recommends that you vote in favour of the Resolutions to be proposed at the General Meeting referred to below.

A notice convening a General Meeting of the Company to be held at 4th Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF at 11.00 a.m. on 27 January 2014 is set out at the end of this document. A Form of Proxy accompanies this document. **To be valid, Forms of Proxy for use at the meeting must be completed and returned so as to be received at the offices of the Company's Registrars, Capita Asset Services, PXS, 34 Beckenham Road, Beckenham, BR3 4TU not later than 11.00 a.m. on 25 January 2014.**

The completion and depositing of the Form of Proxy will not preclude you from attending and voting in person at the General Meeting should you wish to do so.

The Open Offer closes at 11.00 a.m. on 22 January 2014. If you are a Qualifying Shareholder and wish to apply for Open Offer Shares under the Open Offer you should follow the procedure set out in Part III of this document and, if you are a Qualifying Non-CREST Shareholder, complete and return the accompanying Application Form. Qualifying CREST Shareholders (who will not receive an Application Form) will receive instead a credit to their appropriate stock accounts in CREST in respect of their Open Offer Entitlements which will be enabled for settlement on 7 January 2014. If you do not wish to participate in the Open Offer then you should not return your Application Form or send an Unmatched Stock Event ("USE") instruction through CREST. Applications under the Open Offer may only be made by the Qualifying Shareholders originally entitled thereto or by persons becoming so entitled, by virtue of a *bona fide* market claim arising out of the sale or transfer of Existing Ordinary Shares prior to the date on which the Existing Ordinary Shares are marked 'ex' the entitlement by the London Stock Exchange.

The Placing Shares and the Open Offer Shares will, following allotment, rank *pari passu* in all respects with the ordinary shares of 0.1p each arising pursuant to the Capital Reorganisation including the right to receive all dividends and other distributions declared made or paid on the ordinary share capital of the Company.

**This document is being sent to all Shareholders, but in relation to those Shareholders who are not Qualifying Shareholders (which means any Shareholders resident in Australia, Canada, Japan, the Republic of Ireland, United States and the Republic of South Africa and New Zealand) it is being sent to them for information purposes only.**

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## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Record Date for the Open Offer	2 January 2014
Publication date of this document	7 January 2014
Announcement of the Open Offer	7.00 a.m. on 7 January 2014
Ex Entitlement date for the Open Offer	8.00 a.m. on 7 January 2014
Open Offer Entitlements and Excess CREST Open Offer Entitlements credited to stock accounts of Qualifying CREST Shareholders	As soon as possible after 8.00 a.m. on 8 January 2014
Recommended latest time for requesting withdrawal of Open Offer Entitlements and Excess CREST Open Offer Entitlements from CREST	4.30 p.m. on 16 January 2014
Latest time for depositing Open Offer Entitlements and Excess CREST Open Offer Entitlements in to CREST	3.00 p.m. on 17 January 2014
Latest time and date for splitting of Application Forms (to satisfy <i>bona fide</i> market claims only)	3.00 p.m. on 20 January 2014
<b>Latest time and date for receipt of completed Application Forms, and payment in full under the Open Offer or settlement of relevant CREST instructions (as appropriate)</b>	<b>11.00 a.m. on 22 January 2014</b>
Latest time for receipt of the Form of Proxy	11.00 a.m. on 25 January 2014
General Meeting	11.00 a.m on 27 January 2014
Record Date for the Capital Reorganisation	5.00 p.m. on 27 January 2014
Admission effective and trading expected to commence in the New Ordinary Shares	8.00 a.m. on 28 January 2014
CREST members' accounts credited in respect of Placing Shares and Open Offer Shares in uncertificated form	As soon as possible after 8.00 a.m. on 28 January 2014
Share certificates in respect of Placing Shares and Open Offer Shares expected to be despatched by no later than	by 7 February 2014

If you have any queries on the procedures for application under the Open Offer, you should contact the Receiving Agents, Capita Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU or telephone Capita Asset Services on 0871 664 0321 from within the UK or on + 44 20 8639 3399 if calling from outside the UK. Calls to the 0871 664 0321 number cost 10 pence per minute from a BT landline. Other network providers' costs may vary. Lines are open 9.00 a.m. to 5.30 p.m. (London time) Monday to Friday. Calls to the helpline from outside the UK will be charged at the applicable international rate. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Proposals nor give any financial, legal or tax advice.

If any of the details contained in the timetable above should change, the revised times and dates will be notified by means of an announcement through a Regulatory Information Service. Certain of the events in the timetable above are conditional upon, *inter alia*, the approval of the Resolutions.

All times are London times and each of the times and dates are subject to change.

## PLACING AND OPEN OFFER STATISTICS

Number of Existing Ordinary Shares	1,039,640,244
Number of New Ordinary Shares in issue immediately following the Capital Reorganisation	1,039,640,244
Number of Deferred Shares in issue immediately following the Capital Reorganisation	1,039,640,244
Number of Placing Shares	1,100,000,000
Maximum number of Open Offer Shares *	519,820,122
Maximum number of New Ordinary Shares in issue immediately following the Placing and Open Offer *	2,689,460,366***
Maximum percentage of Enlarged Share Capital represented by the Placing Shares and the Open Offer Shares *	61.3 per cent.
Closing Price per Existing Ordinary Share **	0.375p
Issue Price	0.1p
Maximum amount, before expenses, to be raised under the Placing and the Open Offer	£1,619,820
Market capitalisation of the Company at the Issue Price upon Admission	£2,689,460

\* on the assumption that the Open Offer is taken up in full by shareholders.

\*\* the Closing Price on AIM on 3 January 2014, being the latest practicable business day prior to the publication of this document.

\*\*\* includes shares being issued as consideration for fees relating to Corporate Finance advice.

## DIRECTORS, PROPOSED DIRECTORS, OFFICERS AND ADVISERS

<b>Directors:</b>	Adam Reynolds, <i>Executive Chairman</i> Robert W. Dean, <i>President and CEO</i> Dr. Sandeep Gulati, <i>Vice President Product Development &amp; CTO</i>
<b>Proposed Directors:</b>	Nicholas Mustoe Mark Collingbourne
<b>Company Secretary:</b>	Mark Collingbourne
<b>Registered Office:</b>	Ashcombe Court Woolsack Way Godalming Surrey GU7 1LQ
<b>Nominated Adviser and Broker:</b>	Cantor Fitzgerald Europe One Churchill Place London E14 5RB
<b>Lawyers to the Company:</b>	BPE Solicitors LLP St James' House St James' Square Cheltenham GL50 3PR
<b>Lawyers to Cantor Fitzgerald Europe:</b>	Locke Lord (UK) LLP 201 Bishopsgate London EC2M 3AB
<b>Receiving Agent:</b>	Capita Asset Services Corporate Actions The Registry 34 Beckenham Road Beckenham Kent BR3 4TU
<b>Registrars:</b>	Capita Asset Services The Registry 34 Beckenham Road Beckenham Kent BR3 4TU

## DEFINITIONS

“Act”	the Companies Act 2006, (as amended from time to time);
“Admission”	the effective admission of the New Ordinary Shares to trading on AIM, in accordance with the AIM Rules;
“AIM”	a market operated by London Stock Exchange Plc;
“Application Form”	an application form enclosed with this document for use by Qualifying Non-CREST Shareholders in connection with the Open Offer;
“CFE”	Cantor Fitzgerald Europe, the Company’s Nominated Adviser and Broker;
“Capita Asset Services”	a trading division of Capita Registrars Limited;
“Capital Reorganisation”	the capital reorganisation of the Company as detailed in Part I of this document pursuant to which each Existing Ordinary Share will be subdivided into one Ordinary Share and one Deferred Share;
“Company” or “ViaLogy”	ViaLogy plc;
“CREST”	the relevant system (as defined in the CREST Regulations) for paperless settlement of share transfers and the holding of shares in uncertificated form which is administered by Euroclear UK & Ireland Limited;
“CREST Manual”	the rules governing the operation of CREST consisting of the CREST Reference Manual, the CREST International Manual, the CREST Central Counterparty Service Manual, the CREST Rules, the CCSS Operations Manual, the Daily Timetable, the CREST Application Procedures and the CREST Glossary of Terms (as updated in November 2001);
“CREST member”	a person who has been admitted to CREST as a system-member (as defined in the CREST Manual);
“CREST member account ID”	the identification code or number attached to a member account in CREST;
“CREST participant”	a person who is, in relation to CREST, a system-participant (as defined in the CREST regulations);
“CREST participant ID”	shall have the meaning given in the CREST Manual issued by Euroclear;
“CREST payment”	shall have the meaning given in the CREST Manual issued by Euroclear;
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001/3755) (as amended);
“CREST sponsor”	a CREST participant admitted to CREST as a CREST sponsor;
“CREST sponsored member”	a CREST member admitted to CREST as a sponsored member;
“Deferred Shares”	deferred shares of 0.9p each in the capital of the Company created following the completion of the Capital Reorganisation;

“Directors” or “Board”	the directors of the Company at the date of this document whose names are set out on page 10 of this document;
“Enlarged Share Capital”	the number of New Ordinary Shares in issue on Admission following completion of the Proposals;
“Euroclear”	Euroclear UK & Ireland Limited, the operator of CREST;
“Excess Application Facility”	the arrangement pursuant to which Qualifying Shareholders may apply for any number of Open Offer Shares in excess of their Open Offer Entitlement, provided that they have agreed to take up their Open Offer Entitlement in full;
“Excess CREST Open Offer Entitlement”	in respect of each Qualifying CREST Shareholder, the entitlement (in addition to his Open Offer Entitlement) to apply for Open Offer Shares pursuant to the Excess Application Facility;
“Ex-Entitlement Date”	the date on which the Existing Ordinary Shares are marked “ex” for entitlement under the Open Offer;
“Existing Ordinary Shares”	the existing ordinary shares of 1p each in the capital of the Company in issue at the date of this document;
“Form of Proxy”	the form of proxy enclosed with this document for use by Shareholders in connection with the GM;
“FCA”	the Financial Conduct Authority;
“FSMA”	the Financial Services and Markets Act 2000, as amended;
“GM” or “General Meeting”	the general meeting of the Company convened for 11.00 a.m. on 27 January 2014 and any adjournment thereof, notice of which is set out at the end of this document;
“Independent Directors”	Dr. Robert W. Dean and Dr. Sandeep Gulati;
“Investing Policy”	the proposed investing policy of the Company as set out in Part 1 of this document;
“Issue Price”	0.1p per New Ordinary Share;
“Member Account ID”	the identification code or number attached to any member account in CREST;
“New Articles”	the existing Articles of Association of the Company as amended pursuant to the Resolutions;
“New Ordinary Shares”	the Ordinary Shares arising following completion of the Capital Reorganisation together with the Placing Shares and the Open Offer Shares;
“New Share Scheme”	the new share option scheme described in Part 1 of this document;
“Official List”	the Official List of the United Kingdom Listing Authority;
“Open Offer”	the offer to Shareholders, constituting an invitation to apply for the Open Offer Shares on the terms and subject to the conditions set out in this document and, in the case of Qualifying Non-CREST Shareholders, in the Application Form;

“Open Offer Entitlement”	an entitlement of a Qualifying Shareholder, pursuant to the Open Offer, to apply for one Open Offer Share for every two Existing Ordinary Shares held by the Qualifying Shareholder at the Record Date;
“Open Offer Shares”	the 519,820,122 Ordinary Shares which are the subject of the Open Offer;
“Ordinary Shares”	new ordinary shares of 0.1p each in the capital of the Company;
“Overseas Shareholders”	Shareholders who are resident in or a citizen or national of any country outside the United Kingdom;
“Placees”	the subscribers for Placing Shares pursuant to the Placing;
“Placing”	the proposed conditional placing by CFE of the Placing Shares at the Issue Price;
“Placing Agreement”	the conditional placing and open offer agreement dated 6 January 2014 between (1) the Company; (2) CFE; relating to the Placing and Open Offer;
“Placing Shares”	the 1,100,000,000 Ordinary Shares which have been conditionally placed by CFE pursuant to the Placing;
“Proposals”	the proposed Capital Reorganisation, the Placing, the Open Offer and the adoption of the Investing Policy as set out in this document;
“Proposed Directors”	Nicholas Mustoe and Mark Collingbourne;
“Prospectus Rules”	the Prospectus Rules made in accordance with EU Prospective Directive 2003/71/EC published by the FCA pursuant to Part VI of FSMA;
“Qualifying CREST Shareholders”	Qualifying Shareholders holding Existing Ordinary Shares in a CREST account;
“Qualifying Non-CREST Shareholders”	Qualifying Shareholders holding Existing Ordinary Shares in certificated form;
“Qualifying Shareholders”	Shareholders whose Existing Ordinary Shares are on the register of members of the Company at the close of business on the Record Date with the exclusion (subject to exemptions) of persons with a registered address or located or resident in the Restricted Jurisdictions;
“Receiving Agent”	Capita Asset Services;
“Record Date”	close of business on 2 January 2014;
“Resolutions”	the resolutions to be proposed at the GM, details of which are set out in the notice of General Meeting set out at the end of this document;
“Restricted Jurisdiction”	each and any of Australia, Canada, Japan, the Republic of Ireland, United States, the Republic of South Africa and New Zealand;
“Securities Act”	the US Securities Act of 1933 (as amended);
“Shareholders”	holders of Existing Ordinary Shares;



“VEC”	ViaLogy Energy Corp., a company newly incorporated in the State of Delaware under registration number 5414828;
“VEC Funding”	a proposed external funding of VEC by no later than twelve months from the VEC Transfer of at least US\$5 million at a pre-money valuation of VEC of not less than US\$20 million, in one or more tranches;
“VEC Transfer”	the grant of an exclusive, perpetual, royalty-free worldwide licence to VEC to use all of ViaLogy’s technology; transfer of the oil and gas contracts; transfer of the IT and licenses and the transfer of the US based employees to VEC as more fully set out in the circular to Shareholders dated 18 November 2013;
“United States”	the United States of America; and
“USE”	Unmatched stock event.

## PART I

### LETTER FROM THE EXECUTIVE CHAIRMAN

# ViaLogy PLC

*(Incorporated in England and Wales with registered number 3971582)*

#### *Directors*

Adam Reynolds, *Executive Chairman*  
Dr. Robert W. Dean, *President and CEO*  
Dr. Sandeep Gulati, *Vice President Product Development & CTO*

#### *Registered Office*

Ashcombe Court  
Woolsack Way  
Godalming  
Surrey GU7 1LQ

7 January 2014

*To Shareholders and, for information purposes only, to the holders of options over Existing Ordinary Shares.*

Dear Shareholder,

#### **Introduction**

On 29 October 2013, ViaLogy announced details of a proposed restructuring of its operational organisation. On 18 November 2013 ViaLogy posted to Shareholders a circular setting out the background to and the reasons for a restructuring of the Company, the resolution proposed having been duly passed at a general meeting held on 4 December 2013.

Set out in the proposed restructuring announcement and circular to Shareholders, ViaLogy stated that additional funding would be required to provide working capital and to explore other corporate opportunities. To that end, ViaLogy is pleased to announce a conditional placing by CFE, as agent for the Company, of 1,100,000,000 New Ordinary Shares at 0.1p per share to raise £1,100,000 before expenses.

In addition, in order to provide Shareholders who have not taken part in the Placing with an opportunity to participate in the proposed issue of Ordinary Shares, the Company is providing all Qualifying Shareholders with the opportunity to subscribe for Open Offer Shares at the Issue Price on the basis of one Open Offer Share for every two Existing Ordinary Shares held. If the Open Offer were fully subscribed for, the Company would issue 519,820,122 Ordinary Shares pursuant to the Open Offer to raise an additional £519,820.

The Open Offer provides Qualifying Shareholders with an opportunity to participate in the proposed issue of the Open Offer Shares whilst providing the Company with additional working capital.

The Issue Price is at a discount of 73.3 per cent. to the closing price of 0.375p per Existing Ordinary Share on 3 January 2014 (being the last practicable date before publication of this document).

The proposed Issue Price is less than the nominal value of an Existing Ordinary Share. The Company is not permitted under the Act to issue new shares at less than their nominal value so, in order to raise additional funds, the Company needs to reorganise its share capital to reduce the nominal value of its Existing Ordinary Shares.

The Placing and the Open Offer are conditional on, amongst other things, the passing of the Resolutions at the GM and Admission. If the Resolutions are passed, the Placing Shares and the Open Offer Shares will be allotted immediately after the General Meeting and Admission is expected to occur at 8.00 a.m. on 28 January 2014. The Placing and Open Offer are not underwritten.

The purpose of this letter is to provide you with further information on the Capital Reorganisation, the Placing, the Open Offer and the Investing Policy, to set out the reasons why your Board believes that the Proposals are in the best interests of the Company and its Shareholders and to seek your approval to the Resolutions at the forthcoming General Meeting. A notice convening a GM to consider the Resolutions required to give

effect to the Proposals is set out at the end of this document. The GM will be held at 11.00 a.m. on 27 January 2014.

### **Reasons for the Placing and Open Offer**

On publication of the final results for the year ended 31 March 2013, ViaLogy announced that the Directors would seek to obtain further funding for working capital and the expansion of ViaLogy's business operations. This was reiterated in the circular to Shareholders dated 18 November 2013 where the intention of the newly constituted board to recapitalise ViaLogy was announced.

The Board is pleased to announce that it has today conditionally raised £1,100,000 (before expenses) by means of a placing by CFE, as agent for the Company, of 1,100,000,000 Placing Shares at 0.1p per share. In addition, the Company is pleased to announce that Qualifying Shareholders can participate in the funding of the Company through the Open Offer. The Open Offer is being offered to Qualifying Shareholders on the basis of one Open Offer Share for every two Existing Ordinary Shares held at 0.1p per share. In aggregate, if the Open Offer were fully subscribed for, the Company would raise an additional £519,820 through the issue of 519,820,122 Open Offer Shares.

### **Working capital**

As outlined in the circular dated 18 November 2013, the costs associated with VEC operations will be fully borne by VEC and not ViaLogy. In addition, Dr. Sandeep Gulati and Dr. Robert W. Dean will each, voluntarily, with effect from 1 January 2014, further reduce their respective salaries to a nominal amount of £1 per month until completion of the VEC Funding, at which point the ViaLogy Board will review the appropriate level of compensation.

The estimated net proceeds of the Placing and the Open Offer (assuming the Open Offer is taken up in full) are anticipated to amount to approximately £1,619,820 (before expenses). The Board believe that the net proceeds of the Placing will provide the necessary funding to sustain the business, with its revised cost base as set out above and in the circular dated 18 November 2013, in the near and medium term whilst it seeks a suitable acquisition to develop its new business.

### **The Placing**

The Company has conditionally raised £1,100,000 (before expenses) by means of a placing of 1,100,000,000 Placing Shares, which are not subject to clawback, at the Issue Price for the benefit of the Company. The Issue Price is at a discount of 73.3 per cent. to the closing price of 0.375p per Existing Ordinary Share on 3 January 2014 (being the last practicable date before publication of this document).

The Placing is conditional, *inter alia*, upon:

- the Placing Agreement becoming unconditional in all respects;
- the passing of the Resolutions at the GM; and
- Admission of the Placing Shares and the Open Offer Shares to trading on AIM.

The Placing Shares, when issued and fully paid, will rank equally in all respects with the Ordinary Shares arising pursuant to the Capital Reorganisation and the Open Offer Shares, including the right to receive all dividends and other distributions declared, made or paid after Admission.

It is expected that Admission will become effective and dealings in the Placing Shares will commence on 28 January 2014.

### **Directors' participation in the Placing**

Adam Reynolds, a Director of the Company and Nick Mustoe, a proposed director of the Company, have each conditionally agreed to subscribe for Placing Shares and further details of their participation are set out below:

<i>Director or Proposed Director</i>	<i>Number of Placing Shares subscribed for</i>	<i>Number of New Ordinary Shares on Admission</i>	<i>% of Enlarged Share Capital*</i>
Adam Reynolds	75,000,000	75,000,000	2.79
Nick Mustoe	150,000,000	150,000,000	5.58

\*Assuming Open Offer taken up in full

The conditional agreements entered into by Adam Reynolds and Nick Mustoe to subscribe for Placing Shares are classified as related party transactions for the purposes of the AIM Rules. The Independent Directors consider, having consulted with the Company's nominated adviser, CFE, that the terms of Adam Reynolds' and Nick Mustoe's participation in the Placing are fair and reasonable insofar as Shareholders are concerned. In providing advice to the Independent Directors, CFE has taken into account the commercial assessment of the Independent Directors.

### **Open Offer**

In order to provide Qualifying Shareholders who have not taken part in the Placing with an opportunity to participate in the Company's increasing share capital, the Company is providing all Qualifying Shareholders with the opportunity to subscribe at the Issue Price for an aggregate of up to 519,820,122 Open Offer Shares. This allows Qualifying Shareholders to participate whilst providing the Company with the flexibility to raise additional equity capital to further improve its financial position.

The Open Offer Shares will be made available to Qualifying Shareholders at the Issue Price on the basis of one Open Offer Share for every two Existing Ordinary Shares held. Shareholders are being offered the opportunity to apply at the Issue Price for additional Open Offer Shares in excess of their pro rata entitlements to the extent that other Shareholders do not take up their entitlements in full. In the event that applications are received for in excess of 519,820,122 Open Offer Shares, excess applications will be scaled back pro rata the number of excess Open Offer Shares applied for by Qualifying Shareholders under the Excess Application Facility. The Open Offer Shares have not been placed subject to clawback nor have they been underwritten. Consequently, there may be fewer than 519,820,122 Open Offer Shares issued pursuant to the Open Offer.

Both the Placing and the Open Offer are conditional upon, amongst other things, the approval by Shareholders of the Resolutions at the General Meeting and upon the Placing Agreement becoming unconditional in all respects.

The Open Offer Shares, when issued and fully paid, will rank equally in all respects with the Ordinary Shares arising pursuant to the Capital Reorganisation and the Placing Shares, including the right to receive all dividends and other distributions declared, made or paid after Admission.

The estimated proceeds of the Open Offer assuming that it is subscribed in full (before expenses) are anticipated to amount to £519,820.

It is expected that Admission will become effective and dealings in the Open Offer Shares will commence on 28 January 2014.

The terms and conditions applying to the Open Offer are set out in Part III of this document.

### **The Capital Reorganisation**

The Board is proposing to undertake a reorganisation of the capital structure of the Company. Currently the Company has one class of shares, being the Existing Ordinary Shares. The number of Existing Ordinary Shares currently in issue is 1,039,640,244.

The proposed Issue Price is less than the nominal value of an Existing Ordinary Share. The Company is not permitted under the Act to issue new shares at less than their nominal value so, in order to raise additional funds, the Company needs to reorganise its share capital to reduce the nominal value of its Existing Ordinary Shares.

In order to allow the Proposals to proceed at an appropriate pricing, it is proposed to carry out the following capital reorganisation which will be subject to Shareholder approval at the General Meeting.

(a) *Subdivision*

The Directors propose to subdivide each Existing Ordinary Share into one new ordinary share of 0.1p and one deferred share of 0.9p. The rights attaching to the Deferred Shares are summarised below. Such subdivision would result in an issued share capital of 1,039,640,244 Ordinary Shares and 1,039,640,244 Deferred Shares.

Shares to be issued under existing options and warrants will reflect the Capital Reorganisation.

(b) *Rights attaching to the Ordinary Shares*

The rights attaching to the Ordinary Shares shall be identical to the rights attaching to the Existing Ordinary Shares.

(c) *Rights attaching to the Deferred Shares*

The rights attaching to the Deferred Shares, which will be set out in the New Articles, will be as follows:

- (i) income – the Deferred Shares do not confer upon the holders thereof any right to receive any dividends or other distributions of the Company;
- (ii) as regards capital – in the event of the winding up of the Company (but not otherwise), after the holders of Ordinary Shares have received an amount equal to the amount paid up on such Ordinary Shares together with a premium of £10,000 per Ordinary Share, each Deferred Share shall confer upon the holder thereof the right to receive an amount equal to the amount paid up on such Deferred Share, the balance (if any) of the assets of the Company available for distribution amongst the members shall be repaid to the holders of the Ordinary Shares and the holder of the Deferred Shares shall not be entitled to any other right of participation in the assets of the Company; and
- (iii) as regards voting – the Deferred Shares shall not at any time confer on the holders thereof any right to attend or vote at any general meeting of the Company or to receive notice thereof.

It is proposed that the Deferred Shares will be cancelled at some point in the future.

## **Board Changes**

It is the intention of the Board to appoint Nicholas Mustoe, aged 52, as Non-executive Director of the Company, and Mark Collingbourne, aged 48, as Finance Director of the Company, immediately following the General Meeting.

### ***Nicholas Mustoe***

Nick started his career in 1981 working in London advertising agency Foote Cone and Belding followed by nine years at Lowe Howard Spink. In that time Nick worked across many clients including Tesco, Heineken, Whitbread, Vauxhall, Wicks, Weetabix, Bauer Publishing and Hanson Group Companies.

Nick started his own agency, Mustoes Merriman Levy (“Mustoes”), in 1993, which he ran as an independent agency for 15 years, with a brief period under the ownership of Japanese multi-national Hakuhodo. During this time the agency managed clients including Kia Cars, Lloydspharmacy, Doctor Marten, Bauer Publishing, Coca Cola, and Unilever.

In 2008 Mustoes merged with a leading PR agency Geronimo to form Kindred, the first fully integrated PR & Advertising agency. Nick subsequently led an MBO of Kindred in 2010.

Nick has always had a keen interest in business, backing start-up companies ranging from Hall & Partners (research), ABC Connection (on-line publishing) to Caravell (industrial refrigeration MBO). He also is Chairman of Kempton Park Racecourse, a trustee of charity Starlight Children’s Foundation and a non-executive director of Hub Capital (corporate finance).

## **Mark Collingbourne**

Mark Collingbourne is a fully qualified accountant with significant experience in financial management, particularly in the area of publicly quoted companies. He has dealt with all aspects of PLC development from bringing small companies to flotation to supervising the on-going accountancy and ensuring the good governance of international businesses.

During his eight-year tenure with ViaLogy, Mark was a key member of the team that arranged its transformation from a private US organisation to an AIM company, via a merger with Original Investments PLC. He also played a major part in arranging the financial details of the recent ViaLogy restructuring.

Previously, after periods with ITV Network Centre and Mechanical Copyright Protection Society Limited Mark was appointed Finance Director of Curtis Brown Group Limited, one of the UK's leading literary agencies, in 1996, where he managed the financial implications of the management buyout in 2001.

Mark continues to act as Chief Finance Officer and Company Secretary for a number of other small private companies.

## **Share incentive arrangements**

The Directors and Proposed Directors believe that share ownership is an important aspect of incentivising and retaining Directors and senior employees. It is the intention of the Company to establish a share based incentive scheme for directors and senior employees of the Company over 250 million Ordinary Shares.

The objective of the New Share Scheme is to align the financial interests of the directors and senior employees with those of the Shareholders as well as to incentivise and retain them.

Following the passing of the Resolutions to be proposed at the GM, it is the intention of the Company to enter into option agreements with the following Directors and Proposed Directors under the New Share Scheme as follows:

<i>Director or Proposed Director</i>	<i>Number of New Share Scheme options</i>
Adam Reynolds	59,166,666
Nick Mustoe	59,166,666
Mark Collingbourne	59,166,666
Sandeep Gulati	38,503,632
Robert Dean	23,996,368

On grant these options under the New Share Scheme will be exercisable at the Issue Price but will only vest if the Company's share price reaches or exceeds 0.5p for a continuous period of 30 days at any time during the period of five years from Admission.

## **Investing Policy**

Whilst the Board will continue to be supportive of VEC and retain its interest in VEC for the foreseeable future, the Directors and Proposed Directors believe an expansion of the Company's investing policy will provide the opportunity to deliver enhanced returns for Shareholders. To that end, the Directors and Proposed Directors propose to expand the Investing Policy as follows:

- The Company will consider acquiring one or more companies, or subsidiaries of companies, focussed in the facilities management and or support services sectors. The Directors and Proposed Directors believe that the Facilities Management and Support Services sectors offer attractive opportunities to build a profitable group going forward. Acquisition targets will be either UK based or with a sizeable UK presence, which offer the ability to grow both organically and potentially through further acquisitions.
- Any such acquisition or acquisitions are likely to be acquired through a combination of equity issued to vendors and cash, but may include other forms of finance such as debt. Depending on the size of any acquisition, it is likely that the first such acquisition under the Investing Policy will be deemed to be a reverse takeover for the purpose of the AIM Rules, which would require shareholder approval and re-admission of the Company, as enlarged by the acquisition, to trading on AIM.

- The Company intends to be an active investor and will seek to add substantial value, both operationally and strategically, to the businesses and/or assets acquired or in which investments are made. The Company does not currently anticipate making minority investments but intends to focus on owning the whole of or a majority interest in one or more companies or assets.

The Directors and Proposed Directors are mindful that any such acquisition identified may require additional funding to both acquire the business and provide working capital for the enlarged Company and therefore further equity fundraisings may be undertaken by the Company in the future.

The Directors and Proposed Directors expect to make one or more acquisitions and/or undertake a reverse takeover transaction within 12 months of Admission. Although the Directors and Proposed Directors are already appraising and evaluating potential companies for acquisition or investment, no agreements have as yet been entered into and there is no guarantee that any such agreements will be entered into.

Cash held by the Company pending any acquisition will be managed by the Company and placed in bank deposits or in capital guaranteed schemes offered by major global financial institutions, in order to protect the capital value of the Company's cash assets. The Company may, where appropriate, also enter into agreements or contracts in order to hedge against interest rate or currency risks.

Any material change to the Company's Investing Policy will only be made following the approval by ordinary resolution of Shareholders in general meeting. In addition, if the Company has not substantially implemented its Investing Policy within 18 months of Admission, the Company will seek the approval of Shareholders at its next annual general meeting for its Investing Policy and on annual bases thereafter until such time that its Investing Policy has been substantially implemented. If it appears unlikely that the Company's Investing Policy can be implemented at any time, the Directors will consider returning remaining funds to Shareholders.

The Board will review the Investing Policy on an annual basis and will implement any non-material changes or variations as they consider fit. Details of any such non-material changes or variations will be announced as appropriate. Any material change or variation of the Investing Policy will be subject to the prior approval of Shareholders.

The Company will continue to retain its interest in VEC for the foreseeable future and, if opportunities arise to do so, will seek any license agreements of its technology to third parties.

### **Current Trading**

The Company announced on 2 December 2013 its interim report for the six-month period to 30 September 2013. The Company reported a loss for the period of £1,130,356 which included a non-cash loss of £239,627 for amortisation and depreciation. The amortisation charges relate to the value of ViaLogy's intellectual property and associated research and development which is amortised over a period of six years. The cash outflow from operations during the period was £983,156.

### **Resolutions**

The Proposals are conditional upon, *inter alia*, the passing of the Resolutions. A notice convening the GM to be held at 11.00 a.m. on 27 January 2014 is set out at the end of this document. At the GM, the following Resolutions will be proposed:

- (a) an ordinary resolution to approve the Capital Reorganisation;
- (b) a special resolution to alter the Company's Articles of Association to include the rights attaching to the Deferred Shares;
- (c) an ordinary resolution to authorise the Directors to allot relevant securities, *inter alia*, for the purposes of the Placing and the Open Offer, the New Share Scheme and otherwise up to an aggregate nominal amount of £863,153.00;
- (d) a special resolution to allow the Directors, subject to the limits set out in that resolution, to issue New Ordinary Shares for cash otherwise than on a pre-emptive basis, including a specific authority to allot the Placing Shares and the Open Offer Shares and to grant rights under the New Share Scheme, and otherwise up to a nominal amount of £517,892.00; and
- (e) an ordinary resolution to adopt the Investing Policy.

### **Action to be taken by Shareholders**

Shareholders will find enclosed with this document a Form of Proxy for use at the General Meeting. The Form of Proxy should be completed and returned in accordance with the instructions printed on it so as to arrive at the Company's registrars, Capita Asset Services, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU as soon as possible and in any event not later than 11.00 a.m. on 25 January 2014. Completion and return of the Form of Proxy will not prevent Shareholders from attending the General Meeting and voting in person should they so wish.

If you are a Qualifying Non-CREST Shareholder, you will find enclosed with this document an Application Form which gives details of your entitlement under the Open Offer (as shown by the number of Open Offer Entitlements allocated to you). If you wish to apply for the number of Open Offer Shares you are entitled to under the Open Offer (as shown by the number of Open Offer Entitlements allocated to you) or more or less Open Offer Shares than you are entitled to under the Open Offer, you should complete the enclosed Application Form in accordance with the procedure for application set out in paragraph 4.1 of Part III of this document and on the Application Form itself.

If you are a Qualifying CREST Shareholder, no Application Form is enclosed and you will receive a credit to your appropriate stock account in CREST in respect of the Open Offer Entitlements and Excess CREST Open Offer Entitlement representing your entitlement under the Open Offer. You should refer to the procedure for application set out in paragraph 4.2 of Part III of this document.

Application will be made to London Stock Exchange plc for the New Ordinary Shares to be admitted to trading on AIM. It is expected that Admission will become effective and dealings in such shares will commence on 28 January 2014.

The articles of association of the Company permit the Company to issue shares in uncertificated form. CREST is a computerised paperless share transfer and settlement system which allows shares and other securities, including depository interests, to be held in electronic rather than paper form. The Existing Ordinary Shares are already admitted to CREST and so no new application will need to be made for such shares to be admitted to CREST.

CREST is a voluntary system and Shareholders who wish to retain certificates will be able to do so. Subject to the Proposals being approved at the GM, certificates in respect of the New Ordinary Shares are expected to be dispatched by the Company's Registrars no later than 7 February 2014 and New Ordinary Shares due to uncertificated holders will be delivered in CREST on 28 January 2014.

### **Recommendation**

The Directors unanimously believe that the Proposals are in the best interests of the Company and its Shareholders as a whole and recommend Shareholders to vote in favour of the Resolutions, as they intend to do in respect of their own beneficial holdings of 9,801,716 Existing Ordinary Shares, equivalent to approximately 0.9 per cent. of the current issued share capital of the Company.

Yours faithfully

**Adam Reynolds**

*Executive Chairman*



## **PART II**

### **RISK FACTORS**

An investment in the Placing Shares and the Open Offer Shares may not be suitable for all recipients of this document and involves a number of risks. All the information set out in this document and, in particular, those risks relating to the Placing and the Open Offer described below, should be carefully considered prior to making any investment decision. Accordingly you are strongly recommended to consult an investment adviser authorised under the FSMA, who specialises in the acquisition of shares and other securities before making a decision to invest. In addition to all the other information contained in this document, potential investors should carefully consider the following risk factors which the Directors and Proposed Directors consider to be all the known material risks in respect of the business of the Company and its securities, but are not set out in any particular order of priority.

If any of the circumstances identified in the risk factors were to materialise the Company's business, financial condition and operating results could be materially affected. In particular, the Company's performance is likely to be affected by changes to the market and/or economic conditions and legal, accounting, regulatory and tax requirements currently unknown by the Company. Investors should note that the trading price of the New Ordinary Shares could decline due to any of these risks and investors may lose all or part of their investment.

Additional risks which are not presently known to the Board, or that the Board currently deems to be immaterial, may also have an effect on the Company's business, financial condition and operating results.

#### **1. Risks relating to the Company and its business**

##### **1.1 Dependence on key personnel**

The Company's future success is substantially dependent on the continued services and continuing contributions of the Directors, the Proposed Directors and senior management. The loss of the services of any of these individuals could have a material adverse effect on the Company's business.

In addition, there is a risk that the Company will not be able to recruit executives of sufficient expertise or experience to maximise any opportunities that present themselves, or that recruiting and retaining those executives is more costly or takes longer than expected. The failure to attract and retain those individuals may adversely affect the Company's operations.

##### **1.2 Ability to complete acquisitions**

The Company's future success is largely dependent upon its ability to identify and execute a successful acquisition or acquisitions pursuant to the Investing Policy. As at the date hereof, whilst the Directors and Proposed Directors have identified a number of potential investment opportunities that might be suitable for further consideration, the Directors and Proposed Directors have not carried out any due diligence on any investment opportunities or entered into any discussions or agreements in relation to any opportunity. There can be no assurance that the Company will be able to identify opportunities that are suitable or conclude agreements with any target business in the future. In addition, the Company may face competition for acquisitions from other organisations which may be larger and/or better funded than itself.

The Company cannot accurately predict how long it will take to deploy the capital available to it, if at all. Precise timing will depend on, among other things, that availability of suitable investments, due diligence, negotiation with counterparties and investment structuring considerations.

##### **1.3 Success of the Investing Policy not guaranteed**

Returns achieved are reliant upon the performance of the assets of the Company and that the Company acquires in accordance with its Investing Policy. The success of the Investing Policy depends on the Directors' and Proposed Directors' ability to identify investments in accordance with the Company's investment objectives, successfully conclude negotiations to acquire such companies identified and successfully integrate such acquisitions.

No assurance is given that the Investing Policy will be successful under all or any market conditions or that the Company will be able to identify opportunities meeting the Company's investment criteria and that the Company will be able to invest its capital on attractive terms and generate returns for investors.

#### **1.4 Market Conditions**

Market conditions may have a negative impact on the Company's ability to execute its Investing Policy and any such acquisitions made may not generate acceptable returns. There is no guarantee that the Company will be successful in sourcing suitable investments.

Until such time as all of the net proceeds of the Placing and Open Offer are applied by the Company to fund investments, the unapplied portion of the net proceeds will be placed in bank deposits or in capital guaranteed schemes offered by major global financial institutions in anticipation of future investment and to meet the running costs of the Company. Such deposits may achieve lower returns than the expected returns from an investment. The Company can give no assurance as to how long it will take it to invest any or all of the net proceeds of the Placing and Open Offer, if at all, and the longer the period the greater the likely impact on the Company's performance, financial condition and business prospects.

#### **1.5 Early stage developments**

The Company may acquire companies and or assets at a relatively early stage of their development. There can be no assurances that such companies or assets will successfully develop or that the resources they have will be suitable for their requirements. Such entities and assets may require the injection of further capital at a level which the Company or any third party may consider that it is unable to meet.

#### **1.6 Investments in private companies are subject to a number of risks**

The Company may invest in or acquire privately held companies or assets. These may: (a) be highly leveraged and subject to significant debt service obligations, stringent operational and financial covenants and risk of default under financing and contractual arrangements which may adversely affect their financial condition; (b) have limited operational histories and smaller market share than larger businesses making them more vulnerable to changes in market conditions or the activities of competitors; (c) have limited financial resources; (d) be more dependent on a limited number of management and operational personnel, increasing the impact of the loss of any one or more individuals; (e) have limited public information available; (f) have less predictable operating results; and (g) require additional capital. Each of these factors may have a material adverse effect on the value or prospects of an acquisition and, as a consequence, the Company's performance, which could reduce the value of the Ordinary Shares.

#### **1.7 Due diligence**

The due diligence process that the Company will undertake in connection with the Company's Investing Policy may not reveal all facts that may be relevant in connection with a proposed acquisition. Before investing, the Company is expected to conduct due diligence on a potential acquisition, including valuation analysis in order to identify material issues which might affect an investment decision. In many cases, the Company will rely on third parties and public information to conduct any such due diligence. The due diligence process may at times be subjective and only limited information may be available. In addition, the Company expects that any third party due diligence, feasibility, valuation or similar analyses will be subject to a number of qualifications and may be based on assumptions that could prove to be incorrect. Accordingly, the Company cannot assure investors that the due diligence investigation that it or any third party will carry out with respect to any future development will reveal or highlight all relevant risks associated with such an acquisition. Due diligence may also be insufficient to reveal all of the past and future liabilities relating to the operations and objectives of the target. The Company may lose all or part of the value of such acquisition, which could have a material adverse effect on the Company's financial condition and results of operations and which could reduce the value of the New Ordinary Shares.

#### **1.8 Unsuccessful transaction costs**

There is a risk that the Company may incur substantial legal, financial and advisory expenses arising from unsuccessful transactions.

### **1.9 Need for additional financing and dilution**

The net proceeds of the Placing and Open Offer are likely to be insufficient to fund in full all suitable acquisitions and/or investments identified by the Board. Accordingly, the Company expects to seek additional sources of financing to implement its strategy. There can be no assurance that the Company will be able to raise those funds, whether on acceptable terms or at all. If further financing is obtained by issuing equity securities or convertible debt securities, existing Shareholders may be diluted and the new securities may carry rights, privileges and preferences superior to the New Ordinary Shares. The Company may seek debt finance to fund all or part of any future acquisition. There can be no assurance that the Company will be able to raise those debt funds, whether on acceptable terms or at all. If such funding is unavailable, the Company may be required to reduce the scope of its operations or anticipated expansion. If debt financing is obtained, the Company's ability to raise further finance and its ability to operate its business may be subject to restrictions imposed by the providers of such funding.

### **1.10 Gearing**

The Company may be geared through borrowings, which would typically be secured on its assets. The Company will have, and the Articles contain, no specific borrowing limits. If the costs of the Company's borrowings exceed the return on the Company's assets, the borrowings will have a negative effect on the Company's performance. If the Company cannot generate adequate cash flows to meet its debt service obligations, it may suffer a partial or total loss of its capital. In the event that the Company enters into a bank facility agreement, such agreement may contain financial covenants. The agreement may require that in the event that any such financial covenant is breached, or if any other covenant is breached, the Company may be required to repay the borrowings in whole or in part. In such circumstances, the Company may be required to sell, in a limited time, some or all of its assets, potentially in circumstances where there has been a downturn in values in the sector generally, such that the realisation proceeds do not reflect the Company's valuation of the assets.

### **1.11 Future issues of Ordinary Shares could dilute the interests of existing Shareholders and lower the price of Ordinary Shares**

The Directors will also be generally authorised to issue Ordinary Shares representing up to 33.33 per cent. of the Enlarged Share Capital. Under the Articles, except where authorised by a special resolution of the Shareholders or otherwise permitted by the Articles, any issue of Ordinary Shares for cash must be made on a pre-emptive basis. However, the Resolutions will permit the issue of Ordinary Shares free of such pre-emptive rights for cash representing up to 20.0 per cent. of the Enlarged Share Capital. Therefore existing Shareholders may not be offered the right or opportunity to participate in such future share issues, which may dilute existing Shareholders' interests in the Company. Furthermore, the issue of additional Ordinary Shares may be on more favourable terms than the Placing or the Open Offer.

The issue of additional Ordinary Shares by the Company, or the possibility of such exercise, may cause the market price of the Ordinary Shares to decline and may make it more difficult for Shareholders to sell Ordinary Shares at a desirable time or price.

### **1.12 Rapid growth may strain the Company's managerial and operational resources and control systems**

The Company may experience substantial growth in a relatively short period of time. The operating complexity of the Company's business and the responsibilities of the Company's management may increase as a result of any potential rapid growth, placing additional demands and possibly, from time to time, strain on the Company's existing managerial, operational and control systems. The Company's inability to successfully manage the impact of rapid growth on its operational and managerial resources and control systems could have a material adverse effect on the Company's business, financial condition and results of operations.

### **1.13 Currency and foreign exchange**

Fluctuations in exchange rates between currencies in which the Company operates relative to pounds sterling may cause fluctuations in its financial results, which are not necessarily related to the Company's underlying operations. The Company's current operations would be particularly affected by adverse movements in the US dollar.

#### 1.14 **Competition**

The sectors in which the Company currently operates in, or is seeking acquisitions under its Investing Policy, are competitive and there can be no certainty that the Company will be able to achieve the market penetration it seeks. There can be no guarantee that the Company's current competitors or new entrants to the market will not bring superior products, services or processes to the market or equivalent products, services or processes at a lower price. In either case, such competitors may have greater financial, marketing and technological resources than the Company.

#### 1.15 **Intellectual property and uncertainties inherent in patent protection**

There can be no guarantee that other companies or businesses will not infringe the Company's intellectual property rights or that the Company will not infringe the intellectual property rights of other companies and businesses.

Prior to any acquisition, the Company is wholly dependent upon its proprietary technology. The Company's success will depend, *inter alia*, on its continuing ability to establish, protect and enforce proprietary rights relating to its technology. There can be no assurance that any intended patent application will be successfully filed, that any filed applications will mature into granted patents or that existing patents or patents which may be obtained in the future will automatically protect the Company's technology. The Company cannot be certain that granted patents will be enforceable.

There can be no assurance that the Company's patents or patent applications will not become involved in opposition or revocation proceedings instigated by a third party. If such proceedings were initiated against the Company's rights, the defence of such rights could involve substantial costs and the outcome could not be predicted with certainty.

There can be no assurance that third parties will respect the Company's patent rights. If the Company takes action against third parties it believes are infringing its patent rights, such proceedings could involve substantial costs and the outcome could not be predicted with certainty.

Patent applications and granted patents may be challenged on the grounds that the applications or patents do not fulfil the legal requirements of the jurisdiction in which those applications or patents apply. For instance, the application or patent may be challenged on the grounds that a previously published document, or other information in the public domain, discloses the invention described in the application or patent. The Company cannot therefore give an assurance that no Company patent will be successfully challenged in the future.

An additional risk, peculiar to the United States, is the possibility that another inventor may claim priority of invention based on their own record of inventive activity, which may not be in the public domain prior to the patent application date. Known as "interference" proceedings, these are not uncommon and may be expensive to defend.

#### 1.16 **Viability of the Company's existing technology**

Whilst the Company's existing technology has been deployed by a number of major oil & gas customers in different regions and formations, and the Directors believe that ViaLogy's technology has advantages over competitor technologies, there can be no guarantee that a commercially viable level of sales can be achieved.

It is possible that new developments in alternative technologies mean that the Company's products are surpassed.

#### 1.17 **VEC**

VEC is a newly incorporated US company formed to exploit the opportunities presented by the VEC Transfer but there can be no guarantee VEC will be ultimately successful in its strategy. The value attributed to the Company's interest in VEC may decline materially or have no value.

#### 1.18 **VEC Funding**

VEC is currently seeking finance to (i) satisfy its obligations under the VEC Transfer; and (ii) provide working capital for VEC to exploit opportunities presented by the underlying technology and contracts transferred under the VEC Transfer. However, there can be no guarantee that the VEC Funding will be

completed which may materially reduce the value of ViaLogys interest in VEC and or result in the technology and contracts transferred under the VEC Transfer reverting to ViaLogy on the first anniversary of the VEC Transfer. If this were to occur, there is no guarantee that ViaLogy would be able to exploit the technology or fund the working capital requirements.

If the VEC Funding were to be successfully completed, the Company's interest in VEC will reduce from the current 75 per cent. Whilst under the VEC Transfer the Company has certain rights, it is possible its interest in VEC could be materially reduced to a level at which it may not benefit to the same extent in the future success of VEC as may otherwise be the case if its interest was retained at 75 per cent.

## **2. Risk factors associated with the New Ordinary Shares**

### **2.1 It may be difficult to realise an investment on AIM. The market price of the New Ordinary Shares may fluctuate widely in response to different factors**

The Placing Shares and the Open Offer Shares will be quoted on AIM. The AIM Rules are less demanding than those of the Official List and an investment in a share that is traded on AIM may carry a higher risk than an investment in shares listed on the Official List. The share price of publicly traded companies can be highly volatile.

It may be more difficult for an investor to realise his or her investment in the Company than to realise an investment in a company whose shares or other securities are listed on the Official List or other similar stock exchange. Shares held on AIM are perceived to involve higher risks. AIM is a market designed for small and growing companies but its future success and liquidity as a market for the New Ordinary Shares cannot be guaranteed.

The price at which the New Ordinary Shares are traded and the price at which investors may realise their investment are influenced by a large number of factors, some specific to the Company and its operations and some which may affect growth companies or quoted companies generally. Admission to AIM does not imply that there will be a liquid market for the New Ordinary Shares. Consequently, the price of New Ordinary Shares may be subject to fluctuation on small volumes of shares, and the New Ordinary Shares may be difficult to sell at a particular price.

### **2.2 Investing company status**

Following the passing of the Resolutions, the Company will be considered an investing company by AIM. As a result, it will benefit from certain carve-outs to the AIM Rules. If the Company were to lose its investing company status for any reason, such carve-outs would cease to apply.

### **2.3 The Company's ability to pay dividends is not certain**

As the Company currently has a significant accumulated deficit on its unaudited profit and loss account is unable to pay dividends or to purchase its own shares. There can be no guarantee that the Company will be able to eliminate this deficit in order to be able to pay dividends or repurchase its own shares in the future.

### **2.4 The interests of Shareholders will be diluted by the Placing and if a Qualifying Shareholder does not take up his entitlement under the Open Offer, his interest in the Company will be further diluted**

Shareholders' proportionate ownership and voting interest in the Company will be reduced pursuant to the Placing. In addition, to the extent that Qualifying Shareholders do not take up their entitlement of Open Offer Shares, their proportionate ownership and voting interest in the Company will be further reduced.

## PART III

### TERMS AND CONDITIONS OF THE OPEN OFFER

#### 1. Introduction

As explained in the letter set out in Part I: "Letter from the Executive Chairman" of this document, the Company is proposing to issue up to 519,820,122 Open Offer Shares, at the Issue Price, to raise up to £519,820 (before expenses incurred in relation to the Open Offer).

The Record Date for entitlements under the Open Offer for Qualifying Shareholders is close of business on 3 January 2014. Application Forms for Qualifying Non-CREST Shareholders are enclosed with this document and Open Offer Entitlements and Excess CREST Open Offer Entitlements are expected to be credited to stock accounts of Qualifying CREST Shareholders in CREST on 7 January 2014.

Subject to availability, the Excess Application Facility will enable Qualifying Shareholders to apply for further Open Offer Shares. Further details in relation to the Excess Application Facility are set out in paragraphs 4.1 (c) and paragraph 4.2 (c) of this Part III "Terms and Conditions of the Open Offer" and also, for Qualifying Non-CREST Shareholders, the Application Form.

The latest time and date for receipt of completed Application Forms and payment in full under the Open Offer and settlement of relevant CREST instructions (as appropriate) is expected to be 11.00 a.m. on 22 January 2014 with Admission and commencement of dealings in Open Offer Shares expected to take place at 8.00 a.m. on 28 January 2014.

This document and, for Qualifying Non-CREST Shareholders only, the Application Form contains the formal terms and conditions of the Open Offer. The attention of Qualifying Non-CREST Shareholders is drawn to paragraph 4.1, and the attention of Qualifying CREST Shareholders is drawn to paragraph 4.2, of this Part III: "Terms and Conditions of the Open Offer" which gives details of the procedure for application and payment for the Open Offer Shares and any additional shares applied for pursuant to the Excess Application Facility.

The Open Offer Shares will, when issued and fully paid, rank equally in all respects with the New Ordinary Shares, including the right to receive all dividends or other distributions made, paid or declared, if any, by reference to a record date after the date of their issue.

Subject to Admission and assuming that the Open Offer is fully subscribed, the Open Offer Shares will represent approximately 19.33 per cent. of the Enlarged Share Capital and the Existing Ordinary Shares (as represented by Ordinary Shares following the Capital Reorganisation) will represent approximately 38.66 per cent. of the Enlarged Share Capital. The Company is proposing to issue up to 519,820,122 Open Offer Shares at the Issue Price subject to Admission, in respect of valid applications by Qualifying Shareholders. Application will be made to AIM for the Placing Shares and Open Offer Shares to be admitted to trading on AIM.

The Open Offer is an opportunity for Qualifying Shareholders to apply for up to 519,820,122 Ordinary Shares pro rata to their current holdings at the Issue Price in accordance with the terms of the Open Offer. **Qualifying Shareholders are also being offered the opportunity to apply for additional Open Offer Shares in excess of their Open Offer Entitlement to the extent that other Qualifying Shareholders do not take up their Open Offer Entitlement in full.**

The Open Offer Shares have not been placed subject to clawback nor have they been underwritten. Consequently, there will be no more than and could be potentially fewer than 519,820,122 Ordinary Shares issued pursuant to the Open Offer.

Any Qualifying Shareholder who has sold or transferred all or part of his/her registered holding(s) of Existing Ordinary Shares prior to the Record Date is advised to consult his or her stockbroker, bank or other agent through or to whom the sale or transfer was effected as soon as possible since the invitation to apply for Open Offer Shares under the Open Offer may be a benefit which may be claimed from him/her by the purchasers under the AIM Rules.

**The attention of Overseas Shareholders is drawn to paragraph 6.**

## 2. The Open Offer

Subject to the terms and conditions set out below (and, in the case of Qualifying Non-CREST Shareholders, in the Application Form), Qualifying Shareholders are being given the opportunity under the Open Offer to apply for any number of Open Offer Shares pro rata to their holdings, at the Issue Price on the basis of:

### **one Open Offer Share for every two Existing Ordinary Shares**

registered in their name at the Record Date and so in proportion for any greater or lesser number of Existing Ordinary Shares then held.

The Issue Price is at a discount of 73.3 per cent. to the closing middle market price of 0.375 per Existing Ordinary Share on 3 January 2014 (being the last practicable date before publication of this document).

Fractional entitlements to Open Offer Shares will be disregarded and will be aggregated and made available to Qualifying Shareholders under the Excess Application Facility.

**Holdings of Existing Ordinary Shares in certificated and uncertificated form will be treated as separate holdings for the purpose of calculating entitlements under the Open Offer, as will holdings under different designations and in different accounts.**

If you are a Qualifying Non-CREST Shareholder, the Application Form shows the number of Existing Ordinary Shares registered in your name on the Record Date (in Box 6). Qualifying Non-CREST Shareholders should refer to paragraph 4.1 of this Part III: "Terms and Conditions of the Open Offer" for information on the relevant application procedures and further details on the Excess Application Facility as well as the Application Form.

Subject to availability, the Excess Application Facility will enable Qualifying Shareholders, provided they have taken up their Open Offer Entitlement in full, to apply for further Open Offer Shares in excess of their Open Offer Entitlement. Further details in relation to the Excess Application Facility are set out in Part IV "Questions and Answers about the Open Offer" and, for Qualifying Non-CREST Shareholders, the Application Form.

Qualifying CREST Shareholders will have Open Offer Entitlements and Excess CREST Open Offer Entitlements credited to their stock accounts in CREST and should refer to paragraph 4.2 of this Part III: "Terms and Conditions of the Open Offer" for information on the relevant CREST procedures and further details on the Excess Application Facility. Qualifying CREST Shareholders can also refer to the CREST Manual for further information on the relevant CREST procedures.

If applications under the Excess Application Facility are received for more than the total number of Open Offer Shares available following take up of Open Offer Entitlements, such applications will be scaled back pro rata to the number of excess Open Offer Shares applied for by Qualifying Shareholders under the Excess Application Facility.

Please refer to paragraphs 4.1(c) and 4.2(c) of this Part III "Terms and Conditions of the Open Offer" for further details of the Excess Application Facility.

Following the issue of the Open Offer Shares to be allotted pursuant to the Open Offer, a Qualifying Shareholder who holds 1,000 Existing Ordinary Shares who takes up his entitlement under the Open Offer pro rata to his current holding will suffer a dilution of approximately 42.0 per cent. of his interest in the Company on the basis that all Qualifying Shareholders take up their entitlements under the Open Offer pro rata to their current holdings.

**If the same Qualifying Shareholder does not take up any of his entitlement under the Open Offer, he will suffer a dilution, between approximately 52.1 per cent. and 61.3 per cent. of his interest in the Company dependent on the number of Open Offer Shares taken up by Qualifying Shareholders under the Open Offer.**

**Qualifying Shareholders should be aware that the Open Offer is not a rights issue. Qualifying Non-CREST Shareholders should also note that their respective Application Form is not a negotiable document and cannot be traded. Qualifying CREST Shareholders should note that, although the Open Offer Entitlements and Excess CREST Open Offer Entitlements will be credited to CREST and be enabled for settlement, applications in respect of entitlements under the Open Offer may**

**only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim raised by Euroclear's Claims Processing Unit.**

**Open Offer Shares not applied for under the Open Offer will not be sold in the market for the benefit of those who do not apply under the Open Offer and Qualifying Shareholders who do not apply to take up Open Offer Shares will have no rights under the Open Offer. Any Open Offer Shares which are not applied for by Qualifying Shareholders under their Open Offer Entitlements will be used to satisfy applications by Qualifying Shareholders for Open Offer Shares in excess of their Open Offer Entitlement under the Excess Application Facility with the proceeds retained for the benefit of the Company. The Open Offer Shares have not been placed subject to clawback nor have they been underwritten. Consequently there may be fewer than 519,820,122 Open Offer Shares issued pursuant to the Open Offer.**

Application will be made for the Open Offer Entitlements and Excess CREST Open Offer Entitlements to be credited to Qualifying CREST Shareholders' CREST accounts. The Open Offer Entitlements and Excess CREST Open Offer Entitlements are expected to be credited to CREST accounts as soon as possible after 8.00 a.m. on 7 January 2014.

The Existing Ordinary Shares are already admitted to CREST. No further application for admission to CREST is accordingly required for the New Ordinary Shares. All such shares, when issued and fully paid, may be held and transferred by means of CREST.

The Open Offer Shares will be issued credited as fully paid and will rank *pari passu* in all respects with the New Ordinary Shares. The Open Offer Shares are not being made available in whole or in part to the public except under the terms of the Open Offer.

### **3. Conditions and further terms of the Open Offer**

The Open Offer is conditional upon, amongst other things, the approval of the Resolutions at the General Meeting and upon the Placing Agreement becoming unconditional in all respects (other than as to Admission) and Admission of the Open Offer Shares becoming effective by not later than 8.00 a.m. on 28 January 2014 (or such later time and/or date as the Company and CFE may determine, not being later than 8.00 a.m. on 28 February 2014).

Accordingly, if these conditions are not satisfied or waived (where capable of waiver), the Open Offer will not proceed and any applications made by Qualifying Shareholders will be rejected. In such circumstances, application monies will be returned (at the applicant's sole risk), without payment of interest, as soon as practicable thereafter.

No temporary documents of title will be issued in respect of Open Offer Shares held in uncertificated form. Definitive certificates in respect of Open Offer Shares taken up are expected to be posted to those Qualifying Shareholders who have validly elected to hold their Open Offer Shares in certificated form by 7 February 2014. In respect of those Qualifying Shareholders who have validly elected to hold their Open Offer Shares in uncertificated form, the Open Offer Shares are expected to be credited to their stock accounts maintained in CREST by as soon as possible after 8.00 a.m. on 28 January 2014.

Applications will be made for the Open Offer Shares to be admitted to trading on AIM. Admission is expected to occur on 28 January 2014, when dealings in the Open Offer Shares are expected to begin.

All monies received by the Receiving Agent in respect of Open Offer Shares will be credited to a non-interest bearing account by the Receiving Agent.

If for any reason it becomes necessary to adjust the expected timetable as set out in this document, the Company will make an appropriate announcement to a Regulatory Information Service giving details of the revised dates.



#### **4. Procedure for application and payment**

The action to be taken by you in respect of the Open Offer depends on whether, at the relevant time, you have an Application Form in respect of your Open Offer Entitlement under the Open Offer or you have Open Offer Entitlements and Excess CREST Open Offer Entitlements credited to your CREST stock account.

Qualifying Shareholders who hold all their Existing Ordinary Shares in certificated form will receive the Application Form, enclosed with this document. The Application Form shows the number of Existing Ordinary Shares at the Record Date. It will also show Qualifying Shareholders the number of Open Offer Shares available under their Open Offer Entitlement that can be allotted in certificated form. Qualifying Shareholders who hold all their Existing Ordinary Shares in CREST will be allotted Open Offer Shares in CREST. Qualifying Shareholders who hold part of their Existing Ordinary Shares in uncertificated form will be allotted Open Offer Shares in uncertificated form to the extent that their entitlement to Open Offer Shares arises as a result of holding Existing Ordinary Shares in uncertificated form. However, it will be possible for Qualifying Shareholders to deposit Open Offer Entitlements into, and withdraw them from, CREST. Further information on deposit and withdrawal from CREST is set out in paragraph 4.2 of this Part III: "Terms and Conditions of the Open Offer".

CREST sponsored members should refer to their CREST sponsor, as only their CREST sponsor will be able to take the necessary action specified below to apply under the Open Offer in respect of the Open Offer Entitlements and Excess CREST Open Offer Entitlements of such members held in CREST. CREST members who wish to apply under the Open Offer in respect of their Open Offer Entitlements and Excess CREST Open Offer Entitlements in CREST should refer to the CREST Manual for further information on the CREST procedures referred to below.

**Qualifying Shareholders who do not want to apply for the Open Offer Shares under the Open Offer should take no action and should not complete or return the Application Form, or send a USE message through CREST.**

##### **4.1 If you have an Application Form in respect of your Open Offer Entitlements under the Open Offer**

###### **(a) General**

Subject as provided in paragraph 6 of Part III: "Terms and Conditions of the Open Offer" in relation to Overseas Shareholders, Qualifying Non-CREST Shareholders will receive an Application Form. The Application Form shows the number of Existing Ordinary Shares registered in their name on the Record Date in Box 6. It also shows (in Box 7) the Open Offer Entitlement allocated to them (calculated on the basis that, and as if, the Capital Reorganisation has already occurred). Fractional entitlements to Open Offer Shares will be disregarded and will be aggregated and made available to Qualifying Shareholders under the Excess Application Facility. Box 8 shows how much they would need to pay if they wish to take up their Open Offer Entitlements in full. Qualifying Non-CREST Shareholders may apply for less than their Open Offer Entitlement should they wish to do so. Qualifying Non-CREST Shareholders may also hold such an Application Form by virtue of a *bona fide* market claim.

Under the Excess Application Facility, provided they have agreed to take up their Open Offer Entitlement in full, Qualifying Non-CREST Shareholders may apply for more than the amount of their Open Offer Entitlement should they wish to do so. If the total number of Open Offer Shares applied for by all Qualifying Shareholders exceeds 519,820,122 applications under the Excess Application Facility will be scaled back pro rata to the number of excess Open Offer Shares applied for by Qualifying Shareholders under the Excess Application Facility.

The instructions and other terms set out in the Application Form forms part of the terms of the Open Offer in relation to Qualifying Non-CREST Shareholders.

In the event that the Placing and Open Offer does not become unconditional by 8.00 a.m. on 28 January 2014 or such later time and date as the Company and CFE may agree (being no later than 28 February 2014), the Placing and Open Offer will lapse, any Application Forms submitted to the Receiving Agent will be deemed invalid and the Receiving Agent will refund the amount paid by a Qualifying Non-CREST Shareholder by way of cheque, without interest, as soon as practicable thereafter.

(b) *Bona fide market claims*

Applications to acquire Open Offer Shares may only be made on the Application Form and may only be made by the Qualifying Non-CREST Shareholder named in it or by a person entitled by virtue of a *bona fide* market claim in relation to a purchase of Existing Ordinary Shares through the market prior to the date upon which the Existing Ordinary Shares were marked “ex” the entitlement to participate in the Open Offer. Application Forms may not be assigned, transferred or split, except to satisfy *bona fide* market claims up to 3.00 p.m. on 20 January 2014. The Application Form is not a negotiable document and cannot be separately traded. A Qualifying Non-CREST Shareholder who has sold or otherwise transferred all or part of his holding of Existing Ordinary Shares prior to the date upon which the Existing Ordinary Shares were marked “ex” the entitlement to participate in the Open Offer, should consult his broker or other professional adviser as soon as possible, as the invitation to acquire Open Offer Shares under the Open Offer may be a benefit which may be claimed by the transferee. Qualifying Non-CREST Shareholders who have sold all or part of their registered holdings should, if the market claim is to be settled outside CREST, complete Box 10 on the Application Form and immediately send it to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee. The Application Form should not, however be forwarded to or transmitted in or into the United States or any Restricted Jurisdiction. If the market claim is to be settled outside CREST, the beneficiary of the claim should follow the procedures set out in the accompanying Application Form. If the market claim is to be settled in CREST, the beneficiary of the claim should follow the procedure set out in paragraph 4.2(b) below.

(c) *The Excess Application Facility*

Subject to availability and provided they choose to take up their Open Offer Entitlement in full, the Excess Application Facility enables a Qualifying Non-CREST Shareholder to apply for Open Offer Shares in excess of his Open Offer Entitlement.

If applications under the Excess Application Facility are received for more than the total number of Open Offer Shares available following take up of Open Offer Entitlements, such applications will be scaled back pro rata to the number of excess Open Offer Shares applied for by Qualifying Shareholders under the Excess Application Facility.

Qualifying Non-CREST Shareholders who wish to apply for Open Offer Shares in excess of their Open Offer Entitlement must complete the Application Form in accordance with the instructions set out on the Application Form.

Should the Placing and Open Offer become unconditional and applications for Open Offer Shares exceed 519,820,122 Open Offer Shares, resulting in a scale back of applications, each Qualifying Non-CREST Shareholder who has made a valid application for excess Open Offer Shares under the Excess Application Facility and from whom payment in full for excess Open Offer Shares has been received will receive a pounds sterling amount equal to the number of Open Offer Shares applied and paid for but not allocated to the relevant Qualifying Non-CREST Shareholder multiplied by the Issue Price. Monies will be returned as soon as reasonably practicable thereafter, without payment of interest and at the applicant's sole risk.

(d) *Application procedures*

Qualifying Non-CREST Shareholders wishing to apply to acquire Open Offer Shares (whether in respect of all or part of their Open Offer Entitlement or in addition to their Open Offer Entitlement under the Excess Application Facility) should complete the Application Form in accordance with the instructions printed on it. Qualifying Non-CREST Shareholders may only apply for additional Open Offer Shares under the Excess Application Facility if they have agreed to take up their Open Offer Entitlements in full. If the total number of Open Offer Shares applied for by all Qualifying Shareholders exceeds 519,820,122 applications under the Excess Application Facility will be scaled back pro rata to the number of excess Open Offer Shares applied for by Qualifying Shareholders under the Excess Application Facility.

Completed Application Forms should be posted in the accompanying pre-paid envelope or returned by post or by hand (during normal business hours only) to Capita Asset Services Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU (who will act

as Receiving Agent in relation to the Open Offer) so as to be received by the Receiving Agent by no later than 11.00 a.m. on 22 January 2014, after which time Application Forms will not be valid. Qualifying Non-CREST Shareholders should note that applications, once made, will be irrevocable and receipt thereof will not be acknowledged. If an Application Form is being sent by first-class post in the UK, Qualifying Non-CREST Shareholders are recommended to allow at least four working days for delivery.

All payments must be made by cheque or duly endorsed banker's draft in pounds sterling and made payable to Capita Registrars Limited re ViaLogy plc Open Offer A/C and crossed "A/C Payee Only". Cheques or banker's drafts must be drawn on a bank or building society or branch of a bank or building society in the United Kingdom or Channel Islands which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques and banker's drafts to be cleared through the facilities provided by any of those companies or committees and must bear the appropriate sort code in the top right-hand corner and must be for the full amount payable on application. Third party cheques will not be accepted with the exception of building society cheques or banker's drafts where the building society or bank has confirmed the name of the account holder by stamping or endorsing the cheque or draft to confirm that the relevant Non-CREST Qualifying Shareholder has title to the underlying funds. The account name should be the same as that shown on the application. Post-dated cheques will not be accepted.

Cheques or banker's drafts will be presented for payment upon receipt. The Company reserves the right to instruct the Receiving Agent to seek special clearance of cheques and banker's drafts to allow the Company to obtain value for remittances at the earliest opportunity (and withhold definitive share certificates (or crediting to the relevant member account, as applicable) pending clearance thereof). No interest will be paid on payments made before they are due. It is a term of the Open Offer that cheques shall be honoured on first presentation and the Company may elect to treat as invalid acceptances in respect of which cheques are not so honoured. All documents, cheques and banker's drafts sent through the post will be sent at the risk of the sender. Third party cheques will not be accepted except banker's drafts or building society cheques which must be endorsed by the bank or building society on the back of the draft or cheque. Payments via CHAPS, BACS or electronic transfer will not be accepted.

If cheques or banker's drafts are presented for payment before the conditions of the Placing and Open Offer are fulfilled, the application monies will be credited to a non-interest bearing account by the Receiving Agent. If the Placing and Open Offer does not become unconditional, no Open Offer Shares will be issued and all monies will be returned (at the applicant's sole risk), without payment of interest, to applicants as soon as practicable following the lapse of the Placing and Open Offer.

The Company may in its sole discretion, but shall not be obliged to, treat an Application Form as valid and binding on the person by whom or on whose behalf it is lodged, even if not completed in accordance with the relevant instructions or not accompanied by a valid power of attorney where required, or if it otherwise does not strictly comply with the terms and conditions of the Open Offer. The Company further reserves the right (but shall not be obliged) to accept either:

- (i) Application Forms received after 11.00 a.m. on 22 January 2014; or
- (ii) applications in respect of which remittances are received before 11.00 a.m. on 22 January 2014 from authorised persons (as defined in FSMA) specifying the Open Offer Shares applied for and undertaking to lodge the Application Form in due course but, in any event, within two Business Days.

Multiple applications will not be accepted. All documents and remittances sent by post by or to an applicant (or as the applicant may direct) will be sent at the applicant's own risk.

If Open Offer Shares have already been allotted to a Qualifying Non-Crest Shareholder and such Qualifying Non-Crest Shareholder's cheque or banker's draft is not honoured upon first presentation or such Qualifying Non-Crest Shareholder's application is subsequently otherwise deemed to be invalid, the Receiving Agent shall be authorised (in its absolute discretion as to manner, timing and terms) to make arrangements, on behalf of the Company, for the sale of such

Qualifying Non-Crest Shareholder's Open Offer Shares and for the proceeds of sale (which for these purposes shall be deemed to be payments in respect of successful applications) to be paid to and retained by the Company. None of the Receiving Agent, CFE, or the Company nor any other person shall be responsible for, or have any liability for, any loss, expense or damage suffered by such Qualifying Non-Crest Shareholders.

All enquiries in connection with the procedure for application and completion of the Application Form should be addressed to Capita Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU or you can contact the Receiving Agent on 0871 664 0321 or +44 208 639 3399 between 9.00 a.m. and 5.30 p.m. (London time) Monday to Friday. Calls to the helpline from within the UK are charged at 10 pence per minute (including VAT) plus your service provider's network extras. Calls made from outside the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. Please note the Receiving Agent cannot provide advice on the merits of the Open Offer or as to whether applicants should take up their Open Offer Entitlements or give any financial, legal or tax advice.

**Qualifying Non-CREST Shareholders who do not want to take up or apply for the Open Offer Shares under the Open Offer should take no action and should not complete or return the Application Form. Qualify Non-CREST Shareholders are, however, encouraged to vote at the General Meeting by attending in person or by using the Proxy Form that accompanies this document.**

**A Qualifying Non-CREST Shareholder who is also a CREST member may elect to receive the Open Offer Shares to which he is entitled in uncertificated form in CREST. Please see paragraph 4.2(g) below for more information.**

(e) *Effect of application*

By completing and delivering an Application Form the applicant:

- (i) represents and warrants to the Company and CFE that he has the right, power and authority, and has taken all action necessary, to make the application under the Open Offer and to execute, deliver and exercise his rights, and perform his obligations under any contracts resulting therefrom and that he is not a person otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares or acting on behalf of any such person on a non-discretionary basis;
- (ii) agrees with the Company and CFE that all applications under the Open Offer and contracts resulting therefrom shall be governed by and construed in accordance with the laws of England;
- (iii) confirms to the Company and CFE that in making the application he is not relying on any information or representation in relation to ViaLogy other than that contained in this document, and the applicant accordingly agrees that no person responsible solely or jointly for this document or any part thereof, or involved in the preparation thereof, shall have any liability for any such information or representation not so contained and further agrees that, having had the opportunity to read this document, he will be deemed to have had notice of all information in relation to ViaLogy contained in this document;
- (iv) represents and warrants to the Company and CFE that he is the Qualifying Shareholder originally entitled to the Open Offer Entitlements or that he received such Open Offer Entitlements by virtue of a *bona fide* market claim;
- (v) represents and warrants to the Company and CFE that if he has received some or all of his Open Offer Entitlements from a person other than ViaLogy he is entitled to apply under the Open Offer in relation to such Open Offer Entitlements by virtue of a *bona fide* market claim;
- (vi) requests that the Ordinary Shares, to which he will become entitled, be issued to him on the terms set out in this document and the Application Form;
- (vii) represents and warrants to the Company and CFE that he is not, nor is he applying on behalf of any person who is, in the United States or is a citizen or resident, or which is a corporation, partnership or other entity created or organised in or under any laws, of any

Restricted Jurisdiction or any jurisdiction in which the application for Open Offer Shares is prevented by law and he is not applying with a view to re-offering, re-selling, transferring or delivering any of the Open Offer Shares which are the subject of his application in the United States or to, or for the benefit of, a person who is a citizen or resident or which is a corporation, partnership or other entity created or organised in or under any laws of any Restricted Jurisdiction or any jurisdiction in which the application for Open Offer Shares is prevented by law (except where proof satisfactory to the Company has been provided to the Company that he is able to accept the invitation by the Company free of any requirement which it (in its absolute discretion) regards as unduly burdensome), nor acting on behalf of any such person on a non-discretionary basis nor (a) person(s) otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares under the Open Offer;

- (viii) represents and warrants to the Company and CFE that he is not, and nor is he applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to the increased rates referred to in sections 67, 70, 93 or 96 (depository receipts and clearance services) of the Finance Act 1986; and
- (ix) confirms to the Company and CFE that in making the application he is not relying and has not relied on CFE or any person affiliated with CFE in connection with any investigation of the accuracy of any information contained in this document or his investment decision.

#### **4.2 If you have Open Offer Entitlements and Excess CREST Open Offer Entitlements credited to your stock account in CREST in respect of your entitlement under the Open Offer**

##### **(a) General**

Subject as provided in paragraph 6 of Part III: "Terms and Conditions of the Open Offer" in relation to certain Overseas Shareholders, each Qualifying CREST Shareholder will receive a credit to his stock account in CREST of his Open Offer Entitlements equal to the maximum number of Open Offer Shares for which he is entitled to apply to acquire under the Open Offer and also an Excess CREST Open Offer Entitlement. Fractional entitlements to Open Offer Shares will be disregarded and will be aggregated and made available to Qualifying Shareholders under the Excess Application Facility.

The CREST stock account to be credited will be an account under the participant ID and member account ID that apply to the Existing Ordinary Shares held (calculated on the basis that, and as if, the Capital Reorganisation has already occurred) on the Record Date by the Qualifying CREST Shareholder.

If for any reason the Open Offer Entitlements and/or the Excess CREST Open Offer Entitlements cannot be admitted to CREST by, or the stock accounts of Qualifying CREST Shareholders cannot be credited by, 3.00 p.m. on 7 January 2014, or such later time and/or date as the Company may decide, an Application Form will be sent to each Qualifying CREST Shareholder in substitution for the Open Offer Entitlements and Excess CREST Open Offer Entitlements which should have been credited to his stock account in CREST. In these circumstances the expected timetable as set out in this document will be adjusted as appropriate and the provisions of this document applicable to Qualifying Non-CREST Shareholders with Application Forms will apply to Qualifying CREST Shareholders who receive such Application Forms.

CREST members who wish to apply to acquire some or all of their entitlements to Open Offer Shares and their Excess CREST Open Offer Entitlements should refer to the CREST Manual for further information on the CREST procedures referred to below. Should you need advice with regard to these procedures, please contact Capita Asset Services on 0871 664 0321 from within the UK or on + 44 20 8639 3399 if calling from outside the UK. Calls to the 0871 664 0321 number cost 10 pence per minute from a BT landline. Other network providers' costs may vary. Lines are open 9.00 a.m. to 5.30 p.m. (London time) Monday to Friday. Calls to the helpline from outside the UK will be charged at the applicable international rate. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Proposals nor give any financial, legal or tax advice. If you are a CREST sponsored member you should consult your

CREST sponsor if you wish to apply for Open Offer Shares as only your CREST sponsor will be able to take the necessary action to make this application in CREST.

**Qualifying CREST Shareholders who do not want to take up or apply for the Open Offer Shares under the Open Offer should take no action and should not give, or procure that there is given, any USE instruction to Euroclear. Qualifying CREST Shareholders are, however, encouraged to vote at the General Meeting by attending in person or by using the CREST Proxy Voting service.**

(b) *Market claims*

Each of the Open Offer Entitlements and Excess CREST Open Offer Entitlements will constitute a separate security for the purposes of CREST. Although Open Offer Entitlements and Excess CREST Open Offer Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of Open Offer Entitlements and Excess CREST Open Offer Entitlements may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim transaction. Transactions identified by the CREST Claims Processing Unit as “cum” the Open Offer Entitlement and Excess CREST Open Offer Entitlements will generate an appropriate market claim transaction and the relevant Open Offer Entitlement(s) and Excess CREST Open Offer Entitlement(s) will thereafter be transferred accordingly.

(c) *The Excess Application Facility*

Subject to availability and provided they choose to take up their Open Offer Entitlement in full, the Excess Application Facility enables Qualifying CREST Shareholders to apply for Open Offer Shares in excess of their Open Offer Entitlements.

If applications under the Excess Application Facility are received for more than the total number of Open Offer Shares available following take up of Open Offer Entitlements, such applications will be scaled back pro rata to the number of excess Open Offer Shares applied for by Qualifying Shareholders under the Excess Application Facility.

To apply for excess Open Offer Shares pursuant to the Open Offer, Qualifying CREST Shareholders should follow the instructions set out below in this paragraph 4.2 and must not return a paper form and cheque.

Should a transaction be identified by the CREST Claims Processing Unit as “cum” the Open Offer Entitlement and the relevant Open Offer Entitlement(s) be transferred, the Excess CREST Open Offer Entitlements will not transfer with the Open Offer Entitlement(s) claim, but will be transferred as a separate claim. Should a Qualifying CREST Shareholder cease to hold all of his Existing Ordinary Shares as a result of one or more *bona fide* market claims, the Excess CREST Open Offer Entitlement credited to CREST and allocated to the relevant Qualifying Shareholder will be transferred to the purchaser. Please note that an additional USE Instruction must be sent in respect of any application under the Excess CREST Open Offer Entitlement.

Should the Placing and Open Offer become unconditional and applications for Open Offer Shares by Qualifying Shareholders under the Open Offer exceed 519,820,122 Open Offer Shares, resulting in a scale back of applications under the Excess Application Facility, each Qualifying CREST Shareholder who has made a valid application pursuant to his Excess CREST Open Offer Entitlement and from whom payment in full for the excess Open Offer Shares has been received, will receive a pounds sterling amount equal to the number of Open Offer Shares validly applied and paid for but which are not allocated to the relevant Qualifying CREST Shareholder multiplied by the Issue Price. Monies will be returned as soon as reasonably practicable following the completion of the scale back, without payment of interest and at the applicant's sole risk.

A credit of 75,000,000 Open Offer Excess Entitlements will be made to the CREST account of each qualifying CREST Shareholder; if a qualifying CREST Shareholder would like to apply for a larger number of shares under the Open Offer Excess facility such Shareholder should contact Capita Asset Services via email at [excessapprequest@capita.co.uk](mailto:excessapprequest@capita.co.uk) to arrange for a further credit of Open Offer Excess Entitlements to be made, subject at all times to the maximum number of Excess Entitlements available.

(d) *Unmatched Stock Event (“USE”) instructions*

Qualifying CREST Shareholders who are CREST members and who want to apply for Open Offer Shares in respect of all or some of their Open Offer Entitlements and their Excess CREST Open Offer Entitlements in CREST must send (or, if they are CREST sponsored members, procure that their CREST sponsor sends) an USE instruction to Euroclear which, on its settlement, will have the following effect:

- (i) the crediting of a stock account of the Receiving Agent under the participant ID and member account ID specified below, with a number of Open Offer Entitlements or Excess CREST Open Offer Entitlements corresponding to the number of Open Offer Shares applied for; and
- (ii) the creation of a CREST payment, in accordance with the CREST payment arrangements in favour of the payment bank of the Receiving Agent in respect of the amount specified in the USE Instruction which must be the full amount payable on application for the number of Open Offer Shares referred to in (i) above.

(e) *Content of USE instruction in respect of Open Offer Entitlements*

The USE instruction must be properly authenticated in accordance with Euroclear's specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:

- (i) the number of Open Offer Shares for which application is being made (and hence the number of the Open Offer Entitlements being delivered to the Receiving Agent);
- (ii) the ISIN of the Open Offer Entitlement. This is GB00BHBXNJ64;
- (iii) the CREST participant ID of the accepting CREST member;
- (iv) the CREST member account ID of the accepting CREST member from which the Open Offer Entitlements are to be debited;
- (v) the participant ID of the Receiving Agent in its capacity as a CREST receiving agent. This is 7RA33;
- (vi) the member account ID of the Receiving Agent in its capacity as a CREST receiving agent. This is 28149VIA;
- (vii) the amount payable by means of a CREST payment on settlement of the USE Instruction. This must be the full amount payable on application for the number of Open Offer Shares referred to in (i) above;
- (viii) the intended settlement date. This must be on or before 11.00 a.m. on 22 January 2014; and
- (ix) the Corporate Action Number for the Open Offer. This will be available by viewing the relevant corporate action details in CREST.

In order for an application under the Open Offer to be valid, the USE Instruction must comply with the requirements as to authentication and contents set out above and must settle on or before 11.00 a.m. on 22 January 2014.

In order to assist prompt settlement of the USE Instruction, CREST members (or their sponsors, where applicable) may consider adding the following non-mandatory fields to the USE Instruction:

- (i) a contact name and telephone number (in the free format shared note field); and
- (ii) a priority of at least 80.

CREST members and, in the case of CREST sponsored members, their CREST sponsors, should note that the last time at which a USE Instruction may settle on 22 January 2014 in order to be valid is 11.00 a.m. on that day.

In the event that the Placing and Open Offer does not become unconditional by 8.00 a.m. on 28 January 2014 or such later time and date as the Company and CFE determine (being no later than 8:00 a.m. on 28 February 2014), the Placing and Open Offer will lapse, the Open Offer

Entitlements admitted to CREST will be disabled and the Receiving Agent will refund the amount paid by a Qualifying CREST Shareholder by way of a CREST payment, without interest, as soon as practicable thereafter.

(f) *Content of USE Instruction in respect of Excess CREST Open Offer Entitlements*

The USE Instruction must be properly authenticated in accordance with Euroclear's specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:

- (i) the number of Open Offer Shares for which application is being made (and hence the number of Excess CREST Open Offer Entitlements being delivered to the Receiving Agent);
- (ii) the ISIN of the Excess CREST Open Offer Entitlement. This is GB00BHBXNK79;
- (iii) the CREST participant ID of the accepting CREST member;
- (iv) the CREST member account ID of the accepting CREST member from which the Excess CREST Open Offer Entitlements are to be debited;
- (v) the participant ID of the Receiving Agent in its capacity as a CREST receiving agent. This is 7RA33;
- (vi) the member account ID of the Receiving Agent in its capacity as a CREST receiving agent. This is 28149VIA;
- (vii) the amount payable by means of a CREST payment on settlement of the USE Instruction. This must be the full amount payable on application for the number of Open Offer Shares referred to in (i) above;
- (viii) the intended settlement date. This must be on or before 11.00 a.m. on 22 January 2014 and
- (ix) the Corporate Action Number for the Open Offer. This will be available by viewing the relevant corporate action details in CREST.

In order for an application in respect of an Excess CREST Open Offer Entitlement under the Open Offer to be valid, the USE Instruction must comply with the requirements as to authentication and contents set out above and must settle on or before 11.00 a.m. on 22 January 2014.

- (i) In order to assist prompt settlement of the USE Instruction, CREST members (or their sponsors, where applicable) may consider adding the following non-mandatory fields to the USE Instruction: a contract name and telephone number (in the free format shared note field); and
- (ii) a priority of at least 80.

CREST members and, in the case of CREST sponsored members, their CREST sponsors, should note that the last time at which a USE Instruction may settle on 22 January 2014 in order to be valid is 11.00 a.m. on that day.

In the event that the Placing and Open Offer does not become unconditional by 8.00 a.m. on 28 January 2014 or such later time and date as the Company and CFE determine (being no later than 8.00 a.m. on 28 February 2014), the Placing and Open Offer will lapse, the Excess CREST Open Offer Entitlements admitted to CREST will be disabled and the Receiving Agent will refund the amount paid by a Qualifying CREST Shareholder by way of a CREST payment, without interest, as soon as practicable thereafter.

(g) *Deposit of Open Offer Entitlements into, and withdrawal from, CREST*

A Qualifying Non-CREST Shareholder's entitlement under the Open Offer as shown by the number of Open Offer Entitlements set out in his Application Form may be deposited into CREST (either into the account of the Qualifying Shareholder named in the Application Form or into the name of a person entitled by virtue of a *bona fide* market claim), provided that such Qualifying Non-CREST Shareholder is also a CREST member. Similarly, Open Offer Entitlements and Excess CREST Open Offer Entitlements held in CREST may be withdrawn from CREST so that the entitlement under the Open Offer and entitlement to apply under the Excess Application Facility



is reflected in an Application Form. Normal CREST procedures (including timings) apply in relation to any such deposit or withdrawal, subject (in the case of a deposit into CREST) as set out in the Application Form.

A holder of an Application Form who is proposing to deposit the entitlement set out in such form into CREST is recommended to ensure that the deposit procedures are implemented in sufficient time to enable the person holding or acquiring the Open Offer Entitlements and the entitlement to apply under the Excess Application Facility following their deposit into CREST to take all necessary steps in connection with taking up the entitlement prior to 11.00 a.m. on 22 January 2014. After depositing their Open Offer Entitlement into their CREST account, CREST holders will shortly thereafter receive a credit for their Excess CREST Open Offer Entitlement, which will be managed by the Receiving Agent.

In particular, having regard to normal processing times in CREST and, on the part of the Receiving Agent, the recommended latest time for depositing an Application Form with the CREST Courier and Sorting Service, where the person entitled wishes to hold his Open Offer Entitlement set out in such Application Form as Open Offer Entitlements and Excess CREST Open Offer Entitlements in CREST, is 3.00 p.m. on 17 January 2014 and the recommended latest time for receipt by Euroclear of a dematerialised instruction requesting withdrawal of Open Offer Entitlements and Excess CREST Open Offer Entitlements from CREST is 4.30 p.m. on 16 January 2014 in either case so as to enable the person acquiring or (as appropriate) holding the Open Offer Entitlements and the entitlement to apply under the Excess Application Facility following the deposit or withdrawal (whether as shown in an Application Form or held in CREST) to take all necessary steps in connection with applying in respect of the Open Offer Entitlements and the entitlement to apply under the Excess Application Facility, as the case may be, prior to 11.00 a.m. on 22 January 2014.

Delivery of an Application Form with the CREST deposit form duly completed whether in respect of a deposit into the account of the Qualifying Shareholder named in the Application Form or into the name of another person, shall constitute a representation and warranty to the Company and the Receiving Agent by the relevant CREST member(s) that it/they is/are not in breach of the provisions of the notes under the paragraph headed "Instructions for depositing entitlements under the Open Offer into CREST" on page 3 of the Application Form, and a declaration to the Company and the Receiving Agent from the relevant CREST member(s) that it/they is/are not in the United States or citizen(s) or resident(s) of any Restricted Jurisdiction or any jurisdiction in which the application for New Ordinary Shares is prevented by law and, where such deposit is made by a beneficiary of a market claim, a representation and warranty that the relevant CREST member(s) is/are entitled to apply under the Open Offer by virtue of a *bona fide* market claim.

(h) *Validity of application*

A USE instruction complying with the requirements as to authentication and contents set out above which settles by no later than 11.00 a.m. on 22 January 2014 will constitute a valid application under the Open Offer.

(i) *CREST procedures and timings*

CREST members and (where applicable) their CREST sponsors should note that Euroclear does not make available special procedures in CREST for any particular corporate action. Normal system timings and limitations will therefore apply in relation to the input of a USE instruction and its settlement in connection with the Open Offer. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST sponsored member, to procure that his CREST sponsor takes) such action as shall be necessary to ensure that a valid application is made as stated above by 11.00 a.m. on 22 January 2014. In this connection CREST members and (where applicable) their CREST sponsors are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

(j) *Incorrect or incomplete applications*

If a USE instruction includes a CREST payment for an incorrect sum, the Company, through the Receiving Agent, reserves the right:

- (i) to reject the application in full and refund the payment to the CREST member in question (without interest);
- (ii) in the case that an insufficient sum is paid, to treat the application as a valid application for such lesser whole number of Open Offer Shares as would be able to be applied for with that payment at the Issue Price, refunding any unutilised sum to the CREST member in question (without interest); and
- (iii) in the case that an excess sum is paid, to treat the application as a valid application for all the Open Offer Shares referred to in the USE instruction, refunding any unutilised sum to the CREST member in question (without interest).

(k) *Effect of valid application*

A CREST member who makes or is treated as making a valid application in accordance with the above procedures thereby:

- (i) represents and warrants to the Company and CFE that he has the right, power and authority, and has taken all action necessary, to make the application under the Open Offer and to execute, deliver and exercise his rights, and perform his obligations, under any contracts resulting therefrom and that he is not a person otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares or acting on behalf of any such person on a non-discretionary basis;
- (ii) agrees with the Company and CFE to pay the amount payable on application in accordance with the above procedures by means of a CREST payment in accordance with the CREST payment arrangements (it being acknowledged that the payment to the Receiving Agent's payment bank in accordance with the CREST payment arrangements shall, to the extent of the payment, discharge in full the obligation of the CREST member to pay to the Company the amount payable on application);
- (iii) agrees with the Company and CFE that all applications and contracts resulting therefrom under the Open Offer shall be governed by, and construed in accordance with, the laws of England;
- (iv) confirms to the Company and CFE that in making the application he is not relying on any information or representation in relation to ViaLogy other than that contained in this document, and the applicant accordingly agrees that no person responsible solely or jointly for this document or any part thereof, or involved in the preparation thereof, shall have any liability for any such information or representation not so contained and further agrees that, having had the opportunity to read this document, he will be deemed to have had notice of all the information in relation to ViaLogy contained in this document;
- (v) represents and warrants to the Company and CFE that he is the Qualifying Shareholder originally entitled to the Open Offer Entitlements or that he has received such Open Offer Entitlements by virtue of a *bona fide* market claim;
- (vi) represents and warrants to the Company and CFE that if he has received some or all of his Open Offer Entitlements from a person other than ViaLogy, he is entitled to apply under the Open Offer in relation to such Open Offer Entitlement by virtue of a *bona fide* market claim;
- (vii) requests that the Ordinary Shares to which he will become entitled be issued to him on the terms set out in this document, subject to the memorandum of association and articles of association of the Company;
- (viii) represents and warrants to the Company and CFE that he is not, nor is he applying on behalf of any Shareholder who is, in the United States or is a citizen or resident, or which is a corporation, partnership or other entity created or organised in or under any laws, of any Restricted Jurisdiction or any jurisdiction in which the application for Open Offer Shares is prevented by law and he is not applying with a view to re-offering, re-selling, transferring or delivering any of the Open Offer Shares which are the subject of his application in the United States or to, or for the benefit of, a Shareholder who is a citizen or resident or which is a corporation, partnership or other entity created or organised in or under any laws of any Restricted Jurisdiction or any jurisdiction in which the application for Open Offer Shares is prevented by law (except where proof satisfactory to the Company has been provided to the Company that he is able to accept the invitation by the Company free of any requirement

which it (in its absolute discretion) regards as unduly burdensome), nor acting on behalf of any such person on a non-discretionary basis nor (a) person(s) otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares under the Open Offer;

- (ix) represents and warrants to the Company and CFE that he is not, and nor is he applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in sections 67, 70, 93 or 96 (depository receipts and clearance services) of the Finance Act 1986; and
  - (x) confirms to the Company and CFE that in making the application he is not relying and has not relied on CFE or any person affiliated with CFE in connection with any investigation of the accuracy of any information contained in this document or his investment decision.
- (l) *Company's discretion as to the rejection and validity of applications*
- The Company may in its sole discretion:
- (i) treat as valid (and binding on the CREST member concerned) an application which does not comply in all respects with the requirements as to validity set out or referred to in this Part III: "Terms and Conditions of the Open Offer";
  - (ii) accept an alternative properly authenticated dematerialised instruction from a CREST member or (where applicable) a CREST sponsor as constituting a valid application in substitution for or in addition to a USE instruction and subject to such further terms and conditions as the Company may determine;
  - (iii) treat a properly authenticated dematerialised instruction (in this sub-paragraph the "first instruction") as not constituting a valid application if, at the time at which the Receiving Agent receives a properly authenticated dematerialised instruction giving details of the first instruction or thereafter, either the Company or the Receiving Agent has received actual notice from Euroclear of any of the matters specified in Regulation 35(5)(a) of the CREST Regulations in relation to the first instruction. These matters include notice that any information contained in the first instruction was incorrect or notice of lack of authority to send the first instruction; and
  - (iv) accept an alternative instruction or notification from a CREST member or CREST sponsored member or (where applicable) a CREST sponsor, or extend the time for settlement of a USE instruction or any alternative instruction or notification, in the event that, for reasons or due to circumstances outside the control of any CREST member or CREST sponsored member or (where applicable) CREST sponsor, the CREST member or CREST sponsored member is unable validly to apply for Open Offer Shares by means of the above procedures. In normal circumstances, this discretion is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or any part of CREST) or on the part of the facilities and/or systems operated by the Receiving Agent in connection with CREST.
- (m) *Lapse of the Open Offer*

In the event that the Placing and Open Offer does not become unconditional by 8.00 a.m. on 28 January 2014 or such later time and date as the Company and CFE may agree (being no later than 28 February 2014), the Placing and Open Offer will lapse, the Open Offer Entitlements and Excess CREST Open Offer Entitlements admitted to CREST will be disabled and the Receiving Agent will refund the amount paid by a Qualifying CREST Shareholder by way of a CREST payment, without interest, as soon as practicable thereafter.

## **5. Money laundering regulations**

### **5.1 Holders of Application Forms**

To ensure compliance with the Money Laundering Regulations, the Receiving Agent may require, at its absolute discretion, verification of the identity of the person by whom or on whose behalf the Application Form is lodged with payment (which requirements are referred to below as the "verification of identity requirements"). If the Application Form is submitted by a UK regulated broker or intermediary acting as agent and which is itself subject to the Money Laundering Regulations, any verification of identity requirements are the responsibility of such broker or intermediary and not of the Receiving Agent. In such case, the lodging agent's stamp should be inserted on the Application Form.

The person lodging the Application Form with payment and in accordance with the other terms as described above (the “acceptor”), including any person who appears to the Receiving Agent to be acting on behalf of some other person, accepts the Open Offer in respect of such number of Open Offer Shares as is referred to therein (for the purposes of this paragraph 5 the “relevant Open Offer Shares”) shall thereby be deemed to agree to provide the Receiving Agent with such information and other evidence as the Receiving Agent may require to satisfy the verification of identity requirements.

If the Receiving Agent determines that the verification of identity requirements apply to any acceptor or application, the relevant Open Offer Shares (notwithstanding any other term of the Open Offer) will not be issued to the relevant acceptor unless and until the verification of identity requirements have been satisfied in respect of that acceptor or application. The Receiving Agent is entitled, in its absolute discretion, to determine whether the verification of identity requirements apply to any acceptor or application and whether such requirements have been satisfied, and neither the Receiving Agent nor the Company will be liable to any person for any loss or damage suffered or incurred (or alleged), directly or indirectly, as a result of the exercise of such discretion.

If the verification of identity requirements apply, failure to provide the necessary evidence of identity within a reasonable time may result in delays in the despatch of share certificates or in crediting CREST accounts. If, within a reasonable time following a request for verification of identity, the Receiving Agent has not received evidence satisfactory to it as aforesaid, the Company may, in its absolute discretion, treat the relevant application as invalid, in which event the monies payable on acceptance of the Open Offer will be returned (at the acceptor’s risk) without interest to the account of the bank or building society on which the relevant cheque or banker’s draft was drawn.

**Submission of an Application Form with the appropriate remittance will constitute a warranty to each of the Company, the Receiving Agent, and CFE from the applicant that the Money Laundering Regulations will not be breached by application of such remittance.**

The verification of identity requirements will not usually apply:

- (i) if the applicant is an organisation required to comply with the Money Laundering Directive (the Council Directive on prevention of the use of the financial system for the purpose of money laundering (no.2005/60/EC));
- (ii) if the acceptor is a regulated United Kingdom broker or intermediary acting as agent and is itself subject to the Money Laundering Regulations;
- (iii) if the applicant (not being an applicant who delivers his application in person) makes payment by way of a cheque drawn on an account in the applicant’s name; or
- (iv) if the aggregate subscription price for the Open Offer Shares is less than €15,000 (approximately £13,000).

In other cases the verification of identity requirements may apply. Satisfaction of these requirements may be facilitated in the following ways:

- (a) if payment is made by cheque or banker’s draft in sterling drawn on a branch in the United Kingdom of a bank or building society which bears a UK bank sort code number in the top right hand corner the following applies. Cheques, should be made payable to Capita Registrars Limited re ViaLogy Plc Open Offer A/C in respect of an application by a Qualifying Shareholder and crossed “A/C Payee Only”. Third party cheques may not be accepted with the exception of building society cheques or banker’s drafts where the building society or bank has confirmed the name of the account holder by stamping or endorsing the cheque/banker’s draft to such effect. The account name should be the same as that shown on the Application Form; or
- (b) if the Application Form is lodged with payment by an agent which is an organisation of the kind referred to in (i) above or which is subject to anti-money laundering regulation in a country which is a member of the Financial Action Task Force (the non-European Union members of which are Argentina, Australia, Brazil, Canada, China, Gibraltar, Hong Kong, Iceland, Japan, Mexico, New Zealand, Norway, Russian Federation, Singapore, South Africa, Switzerland, Turkey, UK Crown Dependencies and the US and, by virtue of their membership of the Gulf Cooperation Council, Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates), the agent should provide with the Application Form written confirmation that it has that status and a written

assurance that it has obtained and recorded evidence of the identity of the person for whom it acts and that it will on demand make such evidence available to the Receiving Agent. If the agent is not such an organisation, it should contact the Receiving Agent at the address set out on page 6 of the Application Form.

To confirm the acceptability of any written assurance referred to in (b) above, or in any other case, the acceptor should contact Capita Asset Services on 0871 664 0321 from within the UK or on + 44 20 8639 3399 if calling from outside the UK. Calls to the 0871 664 0321 number cost 10 pence per minute from a BT landline. Other network providers' costs may vary. Lines are open 9.00 a.m. to 5.30 p.m. (London time) Monday to Friday. Calls to the helpline from outside the UK will be charged at the applicable international rate. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Proposals nor give any financial, legal or tax advice.

If the Application Form(s) is/are in respect of Open Offer Shares with an aggregate subscription price of €15,000 (approximately £13,000) or more and is/are lodged by hand by the acceptor in person, or if the Application Form(s) in respect of Open Offer Shares is/are lodged by hand by the acceptor and the accompanying payment is not the acceptor's own cheque, he or she should ensure that he or she has with him or her evidence of identity bearing his or her photograph (for example, his or her passport) and separate evidence of his or her address.

If, within a reasonable period of time following a request for verification of identity, and in any case by no later than 11.00 a.m. on 22 January 2014, the Receiving Agent has not received evidence satisfactory to it as aforesaid, the Receiving Agent may, at its discretion, as agent of the Company, reject the relevant application, in which event the monies submitted in respect of that application will be returned without interest to the account at the drawee bank from which such monies were originally debited (without prejudice to the rights of the Company to undertake proceedings to recover monies in respect of the loss suffered by it as a result of the failure to produce satisfactory evidence as aforesaid).

## **5.2 Open Offer Entitlements in CREST**

If you hold your Open Offer Entitlements and Excess CREST Open Offer Entitlements in CREST and apply for Open Offer Shares in respect of some or all of your Open Offer Entitlements and Excess CREST Open Offer Entitlements as agent for one or more persons and you are not a UK or EU regulated person or institution (e.g. a UK financial institution), then, irrespective of the value of the application, the Receiving Agent is obliged to take reasonable measures to establish the identity of the person or persons on whose behalf you are making the application. You must therefore contact the Receiving Agent before sending any USE or other instruction so that appropriate measures may be taken.

Submission of a USE instruction which on its settlement constitutes a valid application as described above constitutes a warranty and undertaking by the applicant to provide promptly to the Receiving Agent such information as may be specified by the Receiving Agent as being required for the purposes of the Money Laundering Regulations. Pending the provision of evidence satisfactory to the Receiving Agent as to identity, the Receiving Agent may in its absolute discretion take, or omit to take, such action as it may determine to prevent or delay issue of the Open Offer Shares concerned. If satisfactory evidence of identity has not been provided within a reasonable time, then the application for the Open Offer Shares represented by the USE instruction will not be valid. This is without prejudice to the right of the Company to take proceedings to recover any loss suffered by it as a result of failure to provide satisfactory evidence.

## **6. Overseas Shareholders**

The comments set out in this paragraph 6 are intended as a general guide only and any Overseas Shareholders who are in any doubt as to their position should consult their professional advisers without delay.

## 6.1 **General**

**The distribution of this document and the making of the Open Offer to persons who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, or which are corporations, partnerships or other entities created or organised under the laws of countries other than the United Kingdom or to persons who are nominees of or custodians, trustees or guardians for citizens, residents in or nationals of, countries other than the United Kingdom may be affected by the laws or regulatory requirements of the relevant jurisdictions. Those persons should consult their professional advisers as to whether they require any governmental or other consents or need to observe any applicable legal requirement or other formalities to enable them to apply for Open Offer Shares under the Open Offer.**

No action has been or will be taken by the Company, CFE, or any other person, to permit a public offering or distribution of this document (or any other offering or publicity materials or application form(s) relating to the Open Offer Shares) in any jurisdiction where action for that purpose may be required, other than in the United Kingdom.

Receipt of this document and/or an Application Form and/or a credit of Open Offer Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST will not constitute an invitation or offer of securities for subscription, sale or purchase in those jurisdictions in which it would be illegal to make such an invitation or offer and, in those circumstances, this document and/or the Application Form must be treated as sent for information only and should not be copied or redistributed.

Application Forms will not be sent to, and Open Offer Entitlements and Excess CREST Open Offer Entitlements will not be credited to stock accounts in CREST of, persons with registered addresses in the United States or a Restricted Jurisdiction or their agent or intermediary, except where the Company is satisfied that such action would not result in the contravention of any registration or other legal requirement in any jurisdiction.

No person receiving a copy of this document and/or an Application Form and/or a credit of Open Offer Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST in any territory other than the United Kingdom may treat the same as constituting an invitation or offer to him or her, nor should he or she in any event use any such Application Form and/or credit of Open Offer Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST unless, in the relevant territory, such an invitation or offer could lawfully be made to him or her and such Application Form and/or credit of Open Offer Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST could lawfully be used, and any transaction resulting from such use could be effected, without contravention of any registration or other legal or regulatory requirements. In circumstances where an invitation or offer would contravene any registration or other legal or regulatory requirements, this document and/or the Application Form must be treated as sent for information only and should not be copied or redistributed.

It is the responsibility of any person (including, without limitation, custodians, agents, nominees and trustees) outside the United Kingdom wishing to apply for Open Offer Shares under the Open Offer to satisfy himself or herself as to the full observance of the laws of any relevant territory in connection therewith, including obtaining any governmental or other consents that may be required, observing any other formalities required to be observed in such territory and paying any issue, transfer or other taxes due in such territory.

None of the Company, CFE, nor any of their respective representatives, is making any representation to any offeree or purchaser of the Open Offer Shares regarding the legality of an investment in the Open Offer Shares by such offeree or purchaser under the laws applicable to such offeree or purchaser.

Persons (including, without limitation, custodians, agents, nominees and trustees) receiving a copy of this document and/or an Application Form and/or a credit of Open Offer Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST, in connection with the Open Offer or otherwise, should not distribute or send either of those documents nor transfer Open Offer Entitlements or Excess CREST Open Offer Entitlements in or into any jurisdiction where to do so would or might contravene local securities laws or regulations. If a copy of this document and/or an Application Form and/or a credit of Open Offer Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST is received by any person in any such territory, or by his or her custodian, agent, nominee or

trustee, he or she must not seek to apply for Open Offer Shares in respect of the Open Offer unless the Company and CFE determine that such action would not violate applicable legal or regulatory requirements. Any person (including, without limitation, custodians, agents, nominees and trustees) who does forward a copy of this document and/or an Application Form and/or transfers Open Offer Entitlements or Excess CREST Open Offer Entitlements into any such territory, whether pursuant to a contractual or legal obligation or otherwise, should draw the attention of the recipient to the contents of this Part III: "Terms and Conditions of the Open Offer" and specifically the contents of this paragraph 6.

The Company reserves the right to treat as invalid any application or purported application for Open Offer Shares that appears to the Company or its agents to have been executed, effected or dispatched from the United States or a Restricted Jurisdiction or in a manner that may involve a breach of the laws or regulations of any jurisdiction or if the Company or its agents believe that the same may violate applicable legal or regulatory requirements or if it provides an address for delivery of the share certificates of Open Offer Shares or in the case of a credit of Open Offer Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST, to a CREST member whose registered address would be, in the United States or a Restricted Jurisdiction or any other jurisdiction outside the United Kingdom in which it would be unlawful to deliver such share certificates or make such a credit.

Notwithstanding any other provision of this document or the relevant Application Form, the Company reserves the right to permit any person to apply for Open Offer Shares in respect of the Open Offer if the Company, in its sole and absolute discretion, is satisfied that the transaction in question is exempt from, or not subject to, the legislation or regulations giving rise to the restrictions in question.

Overseas Shareholders who wish, and are permitted, to apply for Open Offer Shares should note that payment must be made in sterling denominated cheques or banker's drafts or where such Overseas Shareholder is a Qualifying CREST Shareholder, through CREST.

Due to restrictions under the securities laws of the United States and the Restricted Jurisdictions, and subject to certain exceptions, Qualifying Shareholders in the United States or who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, any Restricted Jurisdiction will not qualify to participate in the Open Offer and will not be sent an Application Form nor will their stock accounts in CREST be credited with Open Offer Entitlements or Excess CREST Open Offer Entitlements.

No public offer of Open Offer Shares is being made by virtue of this document or the Application Forms into the United States or any Restricted Jurisdiction. Receipt of this document and/or an Application Form and/or a credit of an Open Offer Entitlement or an Excess CREST Open Offer Entitlement to a stock account in CREST will not constitute an invitation or offer of securities for subscription, sale or purchase in those jurisdictions in which it would be illegal to make such an invitation or offer and, in those circumstances, this document and/or the Application Form must be treated as sent for information only and should not be copied or redistributed.

## 6.2 **United States**

The New Ordinary Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and, accordingly, may not be offered or sold, re-sold, taken up, transferred, delivered or distributed, directly or indirectly, within the United States except in reliance on an exemption from the registration requirements of the Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States.

Accordingly, the Company is not extending the Open Offer into the United States unless an exemption from the registration requirements of the US Securities Act of 1933 as amended, is available and, subject to certain exceptions, neither this document nor the Application Form constitutes or will constitute an offer or an invitation to apply for or an offer or an invitation to acquire any Open Offer Shares in the United States. Subject to certain exceptions, neither this document nor an Application Form will be sent to, and no Open Offer Shares will be credited to a stock account in CREST of, any Qualifying Shareholder with a registered address in the United States. Subject to certain exceptions, Application Forms sent from or postmarked in the United States will be deemed to be invalid and all persons acquiring Open Offer Shares and wishing to hold such Open Offer Shares in registered form

must provide an address for registration of the Open Offer Shares issued upon exercise thereof outside the United States.

Subject to certain exceptions, any person who acquires Open Offer Shares will be deemed to have declared, warranted and agreed, by accepting delivery of this document or the Application Form and delivery of the Open Offer Shares, that they are not, and that at the time of acquiring the Ordinary Shares they will not be, in the United States or acting on behalf of, or for the account or benefit of a person on a nondiscretionary basis in the United States or any state of the United States. The Company reserves the right to treat as invalid any Application Form that appears to the Company or its agents to have been executed in, or dispatched from, the United States, or that provides an address in the United States for the receipt of Open Offer Shares, or which does not make the warranty set out in the Application Form to the effect that the person completing the Application Form does not have a registered address and is not otherwise located in the United States and is not acquiring the Open Offer Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such Open Offer Shares in the United States or where the Company believes acceptance of such Application Form may infringe applicable legal or regulatory requirements.

The Company will not be bound to allot or issue any Open Offer Shares to any person with an address in, or who is otherwise located in, the United States in whose favour an Application Form or any Open Offer Shares may be transferred. In addition, the Company, CFE reserve the right to reject any USE instruction sent by or on behalf of any CREST member with a registered address in the United States in respect of the Open Offer Shares.

In addition, until 45 days after the commencement of the Open Offer, an offer, sale or transfer of the New Ordinary Shares within the United States by a dealer (whether or not participating in the Placing and Open Offer) may violate the registration requirements of the US Securities Act of 1933 as amended.

### 6.3 **Restricted Jurisdictions**

Due to restrictions under the securities laws of the Restricted Jurisdictions and subject to certain exemptions, Shareholders who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, any Restricted Jurisdiction will not qualify to participate in the Open Offer and will not be sent an Application Form nor will their stock accounts in CREST be credited with Open Offer Entitlements or Excess CREST Open Offer Entitlements.

The Open Offer Shares have not been and will not be registered under the relevant laws of any Restricted Jurisdiction or any state, province or territory thereof and may not be offered, sold, resold, delivered or distributed, directly or indirectly, in or into any Restricted Jurisdiction or to, or for the account or benefit of, any person with a registered address in, or who is resident or ordinarily resident in, or a citizen of, any Restricted Jurisdiction except pursuant to an applicable exemption.

No offer of Open Offer Shares is being made by virtue of this document or the Application Forms into any Restricted Jurisdiction.

### 6.4 **Other overseas territories**

Application Forms will be sent to Qualifying Non-CREST Shareholders and Open Offer Entitlements and Excess CREST Open Offer Entitlements will be credited to the stock account in CREST of Qualifying CREST Shareholders. Qualifying Shareholders in jurisdictions other than the United States or the Restricted Jurisdictions may, subject to the laws of their relevant jurisdiction, take up Open Offer Shares under the Open Offer in accordance with the instructions set out in this document and the Application Form.

**Qualifying Shareholders who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, countries other than the United Kingdom should, however, consult appropriate professional advisers as to whether they require any governmental or other consents or need to observe any further formalities to enable them to apply for any Open Offer Shares in respect of the Open Offer.**



## 6.5 **Representations and warranties relating to Overseas Shareholders**

### (a) *Qualifying Non-CREST Shareholders*

Any person completing and returning an Application Form or requesting registration of the Open Offer Shares comprised therein represents and warrants to the Company, CFE and the Receiving Agent that, except where proof has been provided to the Company's satisfaction that such person's use of the Application Form will not result in the contravention of any applicable legal requirements in any jurisdiction: (i) such person is not requesting registration of the relevant Open Offer Shares from within the United States or any Restricted Jurisdiction; (ii) such person is not in any territory in which it is unlawful to make or accept an offer to acquire Open Offer Shares in respect of the Open Offer or to use the Application Form in any manner in which such person has used or will use it; (iii) such person is not acting on a non-discretionary basis for a person located within any Restricted Jurisdiction (except as agreed with the Company) or any territory referred to in (ii) above at the time the instruction to accept was given; and (iv) such person is not acquiring Open Offer Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such Open Offer Shares into any of the above territories. The Company and/or the Receiving Agent may treat as invalid any acceptance or purported acceptance of the allotment of Open Offer Shares comprised in an Application Form if it: (i) appears to the Company or its agents to have been executed, effected or dispatched from the United States or a Restricted Jurisdiction or in a manner that may involve a breach of the laws or regulations of any jurisdiction or if the Company or its agents believe that the same may violate applicable legal or regulatory requirements; or (ii) provides an address in the United States or a Restricted Jurisdiction for delivery of the share certificates of Open Offer Shares (or any other jurisdiction outside the United Kingdom in which it would be unlawful to deliver such share certificates); or (iii) purports to exclude the warranty required by this sub-paragraph (a).

### (b) *Qualifying CREST Shareholders*

A CREST member or CREST sponsored member who makes a valid acceptance in accordance with the procedures set out in this Part III: "Terms and Conditions of the Open Offer" represents and warrants to the Company, CFE that, except where proof has been provided to the Company's satisfaction that such person's acceptance will not result in the contravention of any applicable legal requirement in any jurisdiction: (i) he or she is not within the United States or any Restricted Jurisdiction; (ii) he or she is not in any territory in which it is unlawful to make or accept an offer to acquire Open Offer Shares; (iii) he or she is not accepting on a non-discretionary basis for a person located within any Restricted Jurisdiction (except as otherwise agreed with the Company) or any territory referred to in (ii) above at the time the instruction to accept was given; and (iv) he or she is not acquiring any Open Offer Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such Open Offer Shares into any of the above territories.

## 6.6 **Waiver**

The provisions of this paragraph 6 and of any other terms of the Open Offer relating to Overseas Shareholders may be waived, varied or modified as regards specific Shareholders or on a general basis by the Company and/or CFE in their absolute discretion. Subject to this, the provisions of this paragraph 6 supersede any terms of the Open Offer inconsistent herewith. References in this paragraph 6 to Shareholders shall include references to the person or persons executing an Application Form and, in the event of more than one person executing an Application Form, the provisions of this paragraph 6 shall apply to them jointly and to each of them.

## 7. **Admission, settlement and dealings**

The result of the Open Offer is expected to be announced on 27 January 2014. Applications will be made to London Stock Exchange plc for the Open Offer Shares to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings in the Open Offer Shares, fully paid, will commence at 8.00 a.m. on 28 January 2014.

The Existing Ordinary Shares are already admitted to CREST. No further application for admission to CREST is accordingly required for the New Ordinary Shares. All such shares, when issued and fully paid, may be held and transferred by means of CREST.

Open Offer Entitlements and Excess CREST Open Offer Entitlements held in CREST are expected to be disabled in all respects after 11.00 a.m. on 22 January 2014 (the latest date for applications under the Open Offer). If the condition(s) to the Open Offer described above are satisfied, New Ordinary Shares will be issued in uncertificated form to those persons who submitted a valid application for New Ordinary Shares by utilising the CREST application procedures and whose applications have been accepted by the Company. On 28 January 2014, the Receiving Agent will instruct Euroclear to credit the appropriate stock accounts of such persons with such persons' entitlements to Open Offer Shares with effect from Admission (expected to be 28 January 2014). The stock accounts to be credited will be accounts under the same CREST participant IDs and CREST member account IDs in respect of which the USE Instruction was given.

Notwithstanding any other provision of this document, the Company reserves the right to send Qualifying CREST Shareholders an Application Form instead of crediting the relevant stock account with Open Offer Entitlements and Excess CREST Open Offer Entitlements, and to allot and/or issue any Open Offer Shares in certificated form. In normal circumstances, this right is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or of any part of CREST) or on the part of the facilities and/or systems operated by the Receiving Agent in connection with CREST.

For Qualifying Non-CREST Shareholders who have applied by using an Application Form, share certificates in respect of the New Ordinary Shares validly applied for (including excess Open Offer Shares successfully applied for under the Excess Application Facility) are expected to be dispatched by post by 7 February 2014. No temporary documents of title will be issued and, pending the issue of definitive certificates, transfers will be certified against the UK share register of the Company. All documents or remittances sent by or to applicants, or as they may direct, will be sent through the post at their own risk. For more information as to the procedure for application, Qualifying Non-CREST Shareholders are referred to paragraph 4.1 above and their respective Application Form.

## **8. Times and Dates**

The Company shall, in agreement with CFE and after consultation with its financial and legal advisers, be entitled to amend the dates that Application Forms are dispatched or amend or extend the latest date for acceptance under the Open Offer and all related dates set out in this document and in such circumstances shall notify AIM, and make an announcement on a Regulatory Information Service approved by AIM but Qualifying Shareholders may not receive any further written communication.

## **9. Further information**

Your attention is drawn to the further information set out in this document and also, in the case of Qualifying Non-CREST Shareholders and other Qualifying Shareholders to whom the Company has sent Application Forms, to the terms, conditions and other information printed on the accompanying Application Form

## **10. Governing law and jurisdiction**

The terms and conditions of the Open Offer as set out in this document, the Application Form and any non-contractual obligation related thereto shall be governed by, and construed in accordance with, English law. The courts of England and Wales are to have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Open Offer, this document or the Application Form. By taking up Open Offer Shares, whether by way of their Open Offer Entitlement or through the Excess Application Facility (as applicable), in accordance with the instructions set out in this document and, where applicable, the Application Form, Qualifying Shareholders irrevocably submit to the jurisdiction of the courts of England and Wales and waive any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum.

## PART IV

### QUESTIONS AND ANSWERS ABOUT THE OPEN OFFER

*The questions and answers set out in this Part IV: "Questions and Answers about the Open Offer" are intended to be in general terms only and, as such, you should read Part III: "Terms and Conditions of the Open Offer" of this document for full details of what action to take. If you are in any doubt as to the action you should take, you are recommended to seek your own personal financial advice immediately from your stockbroker, bank, fund manager, solicitor, accountant or other appropriate independent financial adviser, who is authorised under FSMA if you are in the United Kingdom, or, if not, from another appropriately authorised independent financial adviser.*

*This Part IV deals with general questions relating to the Open Offer and more specific questions relating principally to persons resident in the United Kingdom who hold their Ordinary Shares in certificated form only. If you are an Overseas Shareholder, you should read paragraph 6 of Part III: "Terms and Conditions of the Open Offer" of this document and you should take professional advice as to whether you are eligible and/or you need to observe any formalities to enable you to take up your Open Offer Entitlements. If you hold your Existing Ordinary Shares in uncertificated form (that is, through CREST) you should read Part III "Terms and Conditions of the Open Offer" of this document for full details of what action you should take. If you are a CREST sponsored member, you should also consult your CREST sponsor.*

*If you do not know whether your Existing Ordinary Shares are in certificated or uncertificated form, please call Capita Asset Services on 0871 664 0321 from within the UK or on + 44 20 8639 3399 if calling from outside the UK. Calls to the 0871 664 0321 number cost 10 pence per minute from a BT landline. Other network providers' costs may vary. Lines are open 9.00 a.m. to 5.30 p.m. (London time) Monday to Friday. Calls to the helpline from outside the UK will be charged at the applicable international rate. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Proposals nor give any financial, legal or tax advice.*

*The contents of this document should not be construed as legal, business, accounting, tax, investment or other professional advice. Each prospective investor should consult his, her or its own appropriate professional advisers for advice. This document is for your information only and nothing in this document is intended to endorse or recommend a particular course of action.*

#### **1. What is an open offer?**

An open offer is a way for companies to raise money. Companies usually do this by giving their existing shareholders a right to acquire further shares at a fixed price in proportion to their existing shareholdings. In this instance shareholders will also be offered the opportunity to apply for additional shares in excess of their entitlement to the extent that other Qualifying Shareholders do not take up their entitlement in full. The fixed price is normally at a discount to the market price of the existing ordinary shares prior to the announcement of the Open Offer.

This Open Offer is an invitation by ViaLogy to Qualifying Shareholders to apply to acquire up to an aggregate of 519,820,122 Ordinary Shares at a price of 0.1p per share. If you hold Existing Ordinary Shares on the Record Date or have a *bona fide* market claim, other than, subject to certain exceptions, where you are a Shareholder with a registered address or located in the United States, or a Restricted Jurisdiction, you will be entitled to buy Open Offer Shares under the Open Offer.

The Open Offer is being made on the basis of one Open Offer Share for every two Existing Ordinary Shares held by Qualifying Shareholders on the Record Date. If your entitlement to Open Offer Shares is not a whole number, you will not be entitled to a fraction of an Open Offer Share and your entitlement will be rounded down to the nearest whole number.

Open Offer Shares are being offered to Qualifying Shareholders at a 73.3 per cent. discount to the closing price of an Existing Ordinary Share on AIM on 3 January 2014 (being the last trading day prior to the date of this Circular).

The Excess Application Facility allows Qualifying Shareholders to apply for Open Offer Shares in excess of their Open Offer Entitlements. Applications made under the Excess Application Facility will be scaled back pro rata to existing shareholdings if applications are received from Qualifying Shareholders for more than the available number of Open Offer Shares.

Unlike in a rights issue, Application Forms are not negotiable documents and neither they nor the Open Offer Entitlements can themselves be traded. Shareholders will not be able to apply for any Ordinary Shares which are the subject of the Placing.

**2. I hold my Existing Ordinary Shares in certificated form. How do I know I am eligible to participate in the Open Offer?**

If you receive an Application Form and, subject to certain exceptions, are not a holder with a registered address or located in the United States or any other Restricted Jurisdiction, then you should be eligible to participate in the Open Offer as long as you have not sold all of your Existing Ordinary Shares before 7 January 2014 (the time when the Existing Ordinary Shares are expected to be marked “ex-entitlement” by AIM).

**3. I hold my Existing Ordinary Shares in certificated form. How do I know how many Open Offer Shares I am entitled to take up?**

If you hold your Existing Ordinary Shares in certificated form and, subject to certain exceptions, do not have a registered address and are not located in the United States or any Restricted Jurisdiction, you will be sent an Application Form that shows:

- how many Existing Ordinary Shares you held at the close of business on the Record Date;
- how many Open Offer Shares are comprised in your Open Offer Entitlement; and
- how much you need to pay if you want to take up your right to buy all your entitlement to the Open Offer Shares.

Subject to certain exceptions, if you have a registered address in the United States or any of the Restricted Jurisdictions, you will not receive an Application Form.

**4. I hold my Existing Ordinary Shares in certificated form and I am eligible to receive an Application Form. What are my choices in relation to the Open Offer?**

**(a) If you do not want to take up your Open Offer Entitlement**

If you do not want to take up the Open Offer Shares to which you are entitled, you do not need to do anything. In these circumstances, you will not receive any Open Offer Shares. You will also not receive any money when the Open Offer Shares you could have taken up are sold, as would happen under a rights issue. You cannot sell your Application Form or your Open Offer Entitlement to anyone else. If you do not return your Application Form subscribing for the Open Offer Shares to which you are entitled by 11.00 a.m. on 22 January 2014, the Company has made arrangements under which the Company has agreed to issue the Open Offer Shares to other Qualifying Shareholders under the Excess Application Facility.

If you do not take up your Open Offer Entitlement then, following the issue of the Open Offer Shares pursuant to the Open Offer, your interest in the Company will be further diluted. Even if a Qualifying Shareholder subscribes for the basic entitlement under the Open Offer, their proportionate economic interest would be diluted by the issue of New Ordinary Shares pursuant to the Placing and Open Offer (assuming all Open Offer Shares are subscribed for in full).

**(b) If you want to take up some but not all of your Open Offer Entitlement**

If you want to take up some but not all of the Open Offer Shares to which you are entitled, you should write the number of Open Offer Shares you want to take up in Boxes 2 and 4 of your Application Form; for example, if you are entitled to take up 500 shares but you only want to take up 250 shares, then you should write ‘250’ in Boxes 2 and 4. To work out how much you need to pay for the Open Offer Shares, you need to multiply the number of Open Offer Shares you want (in this example, ‘250’) by £0.001, which is the price in pounds of each Open Offer Share (giving you an amount of £0.25 in this example). You should write this amount in Box 5, rounding down to the nearest whole pence and this

should be the amount your cheque or banker's draft is made out for. You should then return the completed Application Form, together with a cheque or banker's draft for that amount, in the accompanying pre-paid envelope or return by post or by hand (during normal office hours only), to the Receiving Agent, Capita Asset Services Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU so as to be received by the Receiving Agent by no later than 11.00 a.m. on 22 January 2014, after which time Application Forms will not be valid.

All payments must be in pounds sterling and made by cheque or banker's draft made payable to Capita Registrars Limited re ViaLogy plc Open Offer A/C and crossed "A/C Payee Only". Cheques or banker's drafts must be drawn on a bank or building society or branch of a bank or building society in the United Kingdom or Channel Islands which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques and banker's drafts to be cleared through the facilities provided by any of those companies or committees and must bear the appropriate sort code in the top right-hand corner and must be for the full amount payable on application. Third party cheques will not be accepted with the exception of building society cheques or banker's drafts where the building society or bank has confirmed the name of the account holder and the number of an account held in the applicant name at the building society or bank by stamping or endorsing the cheque or draft to such effect. The account name should be the same as that shown on the application. Post-dated cheques will not be accepted. Third party cheques (other than building society cheques or banker's drafts where the building society or bank has confirmed that the relevant Qualifying Shareholder has title to the underlying funds) will not be accepted (see paragraph 5 of Part III).

Cheques or banker's drafts will be presented for payment upon receipt. The Company reserves the right to instruct the Receiving Agent to seek special clearance of cheques and banker's drafts to allow the Company to obtain value for remittances at the earliest opportunity. No interest will be paid on payments made before they are due. It is a term of the Open Offer that cheques shall be honoured on first presentation and the Company may elect to treat as invalid acceptances in respect of which cheques are not so honoured. All documents, cheques and banker's drafts sent through the post will be sent at the risk of the sender. Payments via CHAPS, BACS or electronic transfer will not be accepted.

A definitive share certificate will then be sent to you for the Open Offer Shares that you take up. Your definitive share certificate for Open Offer Shares is expected to be dispatched to you by no later than 7 February 2014.

(c) ***If you want to take up all of your Open Offer Entitlement***

If you want to take up all of the Open Offer Shares to which you are entitled, all you need to do is send the Application Form (ensuring that all joint holders sign (if applicable)), together with your cheque or banker's draft for the amount (as indicated in Box 8 of your Application Form), payable to Capita Registrars Limited re ViaLogy plc Open Offer A/C and crossed "A/C payee only", in the accompanying pre-paid envelope or return by post or by hand (during normal office hours only), to the Receiving Agent, Capita Asset Services Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU – so as to be received by the Receiving Agent by no later than 11.00 a.m. on 22 January 2014, after which time Application Forms will not be valid. If you post your Application Form by first-class post, you should allow at least four Business Days for delivery.

All payments must be in pounds sterling and made by cheque or banker's draft made payable to Capita Registrars Limited re ViaLogy plc Open Offer A/C and crossed "A/C payee only". Cheques or banker's drafts must be drawn on a bank or building society or branch of a bank or building society in the United Kingdom or Channel Islands which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques and banker's drafts to be cleared through the facilities provided by any of those companies or committees and must bear the appropriate sort code in the top right-hand corner. Third party cheques will not be accepted with the exception of building society cheques or banker's drafts where the building society or bank has confirmed the name of the account holder and the number of an account held in the applicant name at the building society or bank by stamping or endorsing the cheque or draft to such effect. The account name should be the same as that shown on the application.

Post-dated cheques will not be accepted. Third party cheques (other than building society cheques or banker's drafts where the building society or bank has confirmed that the relevant Qualifying Shareholder has title to the underlying funds) will not be accepted.

A definitive share certificate will then be sent to you for the Open Offer Shares that you take up. Your definitive share certificate for Open Offer Shares is expected to be dispatched to you by no later than 7 February 2014.

(d) ***If you want to apply for more than your Open Offer Entitlement***

Provided you have agreed to take up your Open Offer Entitlement in full, you can apply for further Open Offer Shares under the Excess Application Facility. You should write the number of Open Offer Shares comprised in your Open Offer Entitlement (as indicated in Box 7 of the Application Form) in Box 2 and write the number of additional Open Offer Shares for which you would like to apply in Box 3. You should then add the totals in Boxes 2 and 3 and insert the total number of Open Offer Shares for which you would like to apply in Box 4.

For example, if you have an Open Offer Entitlement for 500 Open Offer Shares but you want to apply for 750 Open Offer Shares in total, then you should write '500' in Box 2, '250' in Box 3 and '750' in Box 4. To work out how much you need to pay for the Open Offer Shares, you need to multiply the number of Open Offer Shares you want (in this example, '750') by £0.001, which is the price in pounds sterling of each Open Offer Share (giving you an amount of £0.75 in this example). You should write this amount in Box 5, rounding down to the nearest whole pence. You should then return your Application Form by post or by hand (during normal business hours) to the Receiving Agent, Capita Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU so as to be received by the Receiving Agent by no later than 11.00 a.m. on 22 January 2014. Within the United Kingdom only, you can use the reply-paid envelope which will be enclosed with the Application Form.

If applications under the Excess Application Facility are received for more than the total number of Open Offer Shares available following take up of Open Offer Entitlements, such applications will be scaled back pro rata the number of excess Open Offer Shares applied for by Qualifying Shareholders under the Excess Application Facility to existing shareholdings. It should be noted that applications under the Excess Application Facility may not be satisfied in full. A definitive share certificate will then be sent to you for the Open Offer Shares that you take up and otherwise successfully apply for using the Excess Application Facility. Your definitive share certificate for Open Offer Shares is expected to be dispatched to you, at your own risk, by no later than 7 February 2014.

**5. I hold my Existing Ordinary Shares in uncertificated form in CREST. What do I need to do in relation to the Open Offer?**

CREST members should follow the instructions set out in paragraph 4.2 of Part III: "Terms and Conditions of the Open Offer" of this document. Persons who hold Existing Ordinary Shares through a CREST member should be informed by the CREST member through which they hold their Existing Ordinary Shares of (i) the number of Open Offer Shares which they are entitled to acquire under their Open Offer Entitlement and (ii) how to apply for Open Offer Shares in excess of their Open Offer Entitlements under the Excess Application Facility (provided they choose to take up their Open Offer Entitlement in full) and should contact them should they not receive this information.

**6. I acquired my Existing Ordinary Shares prior to the Record Date and hold my Existing Ordinary Shares in certificated form. What if I do not receive an Application Form or I have lost my Application Form?**

If you do not receive an Application Form, this probably means that you are not eligible to participate in the Open Offer. Some Non-CREST Shareholders, however, will not receive an Application Form but may still be eligible to participate in the Open Offer, namely:

- Qualifying CREST Shareholders who held their Existing Ordinary Shares in uncertificated form on 2 January 2014 and who have converted them to certificated form;
- Qualifying Non-CREST Shareholders who bought Existing Ordinary Shares before 8.00 a.m. on 7 January 2014 but were not registered as the holders of those shares at the close of business on 2 January 2014; and
- certain Overseas Shareholders.

If you do not receive an Application Form but think that you should have received one or you have lost your Application Form, please contact Capita Asset Services on 0871 664 0321 from within the UK or on + 44 20 8639 3399 if calling from outside the UK. Calls to the 0871 664 0321 number cost 10 pence per minute from a BT landline. Other network providers' costs may vary. Lines are open 9.00 a.m. to 5.30 p.m. (London time) Monday to Friday. Calls to the helpline from outside the UK will be charged at the applicable international rate. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Proposals nor give any financial, legal or tax advice.

#### **7. Can I trade my Open Offer Entitlement?**

Qualifying Shareholders should be aware that the Open Offer is not a rights issue. As such, Qualifying Non-CREST Shareholders should also note that their Application Forms are not negotiable documents and cannot be traded. Qualifying CREST Shareholders should note that, although the Open Offer Entitlements will be admitted to CREST they will have limited settlement capabilities (for the purposes of market claims only), the Open Offer Entitlements will not be tradable or listed and applications in respect of the Open Offer may only be made by the Qualifying Shareholders originally entitled or by a person entitled by virtue of a *bona fide* market claim. Open Offer Shares for which application has not been made under the Open Offer will not be sold in the market for the benefit of those who do not apply under the Open Offer and Qualifying Shareholders who do not apply to take up their Open Offer Entitlement will have no rights under the Open Offer or receive any proceeds from it. The Open Offer Shares have not been placed subject to clawback nor have they been underwritten.

#### **8. What if I change my mind?**

If you are a Qualifying Non-CREST Shareholder, once you have sent your Application Form and payment to the Receiving Agent, you cannot withdraw your application or change the number of Open Offer Shares for which you have applied, except in the very limited circumstances which are set out in this document.

#### **9. What if the number of Open Offer Shares to which I am entitled is not a whole number: Am I entitled to fractions of Open Offer Shares?**

If the number is not a whole number, you will not receive a fraction of an Open Offer Share and your entitlement will be rounded down to the nearest whole number.

#### **10. I hold my Existing Ordinary Shares in certificated form. What should I do if I have sold some or all of my Existing Ordinary Shares?**

If you hold shares in ViaLogy directly and have sold some or all of your Existing Ordinary Shares before 2 January 2014, you should contact the buyer or the person/company through whom you sell your shares. The buyer may be entitled to apply for Open Offer Shares under the Open Offer. If you sell any of your Existing Ordinary Shares on or after 2 January 2014, you may still take up and apply for the Open Offer Shares as set out on your Application Form.

#### **11. I hold my Existing Ordinary Shares in certificated form. How do I pay?**

Completed Application Forms should be returned with a cheque or banker's draft drawn in the appropriate form. All payments must be in pounds sterling and made by cheque or banker's draft made payable to Capita Registrars Limited re ViaLogy plc Open Offer A/C and crossed "A/C Payee Only". Cheques or banker's drafts must be drawn on a bank or building society or branch of a bank or building society in the United Kingdom or Channel Islands which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques and banker's drafts to be cleared through the facilities provided by any of those companies or committees and must bear the appropriate sort code in the top right-hand corner. Third party cheques will not be accepted with the exception of building society cheques or banker's drafts where the building society or bank has confirmed the name of the account holder and the number of an account held in the applicant name at the building society or bank by stamping or endorsing the cheque or draft to such effect. The account name should be the same as that shown on the application. Post-dated cheques will not be accepted. Third party cheques (other than building society cheques or banker's drafts where the building society or bank has confirmed that the relevant Qualifying Shareholder has title to the underlying funds) will not be accepted.

**12. Will the Existing Ordinary Shares that I hold now be affected by the Open Offer?**

If you decide not to apply for any of the Open Offer Shares to which you are entitled under the Open Offer, or only apply for some of your entitlement, your proportionate ownership and voting interest in ViaLogy will be reduced.

**13. I hold my Existing Ordinary Shares in certificated form. Where do I send my Application Form?**

You should send your completed Application Form in the accompanying pre-paid envelope or return by post or by hand (during normal office hours only), together with the monies in the appropriate form, to: Capita Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU (who will act as receiving agent in relation to the Open Offer). If you post your Application Form by first-class post, you should allow at least four Business Days for delivery. If you do not want to take up or apply for Open Offer Shares then you need take no further action.

**14. I hold my Existing Ordinary Shares in certificated form. When do I have to decide if I want to apply for Open Offer Shares?**

The Receiving Agent must receive the Application Form by no later than 11.00 a.m. on 22 January 2014, after which time Application Forms will not be valid. If an Application Form is being sent by first class post in the UK, Qualifying Shareholders are recommended to allow at least four Business Days for delivery.

**15. How do I transfer my entitlements into the CREST system?**

If you are a Qualifying Non-CREST Shareholder, but are a CREST member and want your Open Offer Shares to be in uncertificated form, you should complete the CREST deposit form (contained in the Application Form), and ensure it is delivered to CCSS in accordance with the instructions in the Application Form. CREST sponsored members should arrange for their CREST sponsors to do this.

**16. I hold my Existing Ordinary Shares in certificated form. When will I receive my new share certificate?**

It is expected that Capita Registrars will post all new share certificates by 7 February 2014.

**17. If I buy Ordinary Shares after the Record Date, will I be eligible to participate in the Open Offer?**

If you bought your Existing Ordinary Shares after the Record Date, you are unlikely to be able to participate in the Open Offer in respect of such Existing Ordinary Shares.

**18. What should I do if I live outside the United Kingdom?**

Your ability to apply to acquire Open Offer Shares may be affected by the laws of the country in which you live and you should take professional advice as to whether you require any governmental or other consents or need to observe any other formalities to enable you to take up your Open Offer Entitlement. Shareholders with registered addresses or who are located in the United States or any Restricted Jurisdiction are, subject to certain exceptions, not eligible to participate in the Open Offer. Your attention is drawn to the information in paragraph 6 of Part III: "Terms and Conditions of the Open Offer" of this document.

**19. Further assistance**

Should you require further assistance please call Capita Asset Services on 0871 664 0321 from within the UK or on + 44 20 8639 3399 if calling from outside the UK. Calls to the 0871 664 0321 number cost 10 pence per minute from a BT landline. Other network providers' costs may vary. Lines are open 9.00 a.m. to 5.30 p.m. (London time) Monday to Friday. Calls to the helpline from outside the UK will be charged at the applicable international rate. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Proposals nor give any financial, legal or tax advice.



# ViaLogy PLC

(Incorporated in England and Wales with registered number 3971582)

## NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that a general meeting of ViaLogy Plc (the "Company") will be held at 4th Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF on 27 January 2014, at 11.00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions as to resolutions 2 and 4 as special resolutions and as to resolutions 1, 3 and 4 as ordinary resolutions (and words and expressions used or defined in the circular to shareholders of the Company dated 7 January 2014 ("Circular") will have the same meaning in this notice of general meeting):

1. THAT, conditional upon the passing of resolutions 2, 3 and 4 the share capital of the Company be reorganised by sub-dividing each Existing Ordinary Share into one new Ordinary Share of 0.1p and one Deferred Share of 0.9p, such Deferred Shares having the rights set out in the New Articles.
2. That the Articles of Association of the Company be amended in the following manner:
  - (a) New definitions are inserted in Article 2 of:

*"Deferred Shares" means deferred shares of 0.9p each in the capital of the Company;" and*

*"Ordinary Shares" means ordinary shares of 0.1p each in the capital of the Company;" and*
  - (b) Existing Article 4 is deleted and replaced with the following new Article 4:
    - 4.1 *The share capital of the Company is divided into ordinary shares of 0.1p each and deferred shares of 0.9p each.*
    - 4.2 *The Ordinary Shares and the Deferred Shares shall rank pari passu save that in respect of the Deferred Shares:*
      - 4.2.1 *the holders thereof shall not have any right to participate in the profits or income or reserves of the Company by way of dividend, distribution or capitalisation or in any other way or to participate in other rights or entitlements conferred on the holders of the Ordinary Shares including, but not limited to, any right to subscribe for any new issue of shares;*
      - 4.2.2 *on a return of capital upon a winding up but not otherwise, the surplus assets of the Company after payment of its liabilities shall be applied first in payment to the holders of the Ordinary Shares of an amount equal to the amount paid upon such shares together with a premium of £10,000 per Ordinary Share, second in payment to the holders of the Deferred Shares of an amount equal to the amount paid up on such shares and the balance (if any) shall be repaid to the holders of the Ordinary Shares and save as expressly provided in this Article 4.2.2 the holders of the Deferred Shares shall not be entitled to any other right of participation in the assets of the Company;*
      - 4.2.3 *the holders of the Deferred Shares shall have no right as such to receive notice of, or to attend or vote at any general meeting of the Company and shall be deemed by virtue of the passing of the resolution inserting this article 4.2 into the Company's Articles of Association, to have irrevocably agreed to any transfer, purchase, redemption, cancellation and/or reduction, pursuant to Article 4.2.5 below, of any or all of the Deferred Shares held by them or other persons;*
      - 4.2.4 *as regards the variation of rights:*
        - (i) *the rights attached to the Deferred Shares shall not be deemed to be varied or abrogated by the creation or issue of any new shares ranking in priority to or pari passu with or subsequent to the Deferred Shares;*
        - (ii) *neither:*
          - (a) *the passing by the Company of any special resolution for the cancellation of the Deferred Shares (or any of them) for no consideration by means of a reduction of capital requiring the confirmation of the court nor the*

*obtaining by the Company, nor the making by the court, of any order confirming any such cancellation or reduction of capital nor the becoming effective of any such order; nor*

- (b) the purchase by the Company, in accordance with the Act, of any of its own shares or securities (or the passing of a resolution to permit any such purchase); nor*
- (c) the redemption of any share; nor*
- (d) any other reduction or cancellation of share capital, including, without limitation, the reduction or cancellation of any share premium account or capital redemption reserve of the Company*

*shall constitute a variation, modification or abrogation of the rights attaching to the Deferred Shares, and the Deferred Shares may, at any time, be cancelled for no consideration by means of a reduction of capital or purchased by the Company (in either case, in accordance with the Act) without the sanction or other consent of the holders of the Deferred Shares, and a holder of a Deferred Share shall not, for the avoidance of doubt, be entitled to receive notice of or to attend or speak (either personally or by proxy) at any annual general meeting or general meeting of the Company at which there is proposed, or to vote (either personally or by proxy) on, any resolution authorising any such reduction, cancellation or purchase; and*

4.2.5 *at any time:*

- (i) the Company hereby has irrevocable authority to appoint any person on behalf of any holder of a Deferred Share or Deferred Shares to transfer, for no consideration, that Deferred Share or any or all of those Deferred Shares to such other person (whether or not an officer of the Company) as the Directors may determine to act as custodian thereof; and/or*
- (ii) the Directors may propose, at any annual general meeting or general meeting of the Company, a special resolution to authorise the terms of a contract for the purchase by the Company of any or all of the Deferred Shares. The terms of such contract shall provide for payment in full of the purchase price upon completion of it and may require each holder of the Deferred Shares concerned to sell such shares for an aggregate price of £1 payable to all holders of the Deferred Shares (as a group) for all of the Deferred Shares so purchased and severally to warrant that all the Deferred Shares so sold by the relevant holder are sold with full title guarantee and free from any lien, charge or encumbrance. If such a resolution is passed and the Company is, in all other respects, able and willing to purchase the Deferred Shares to which the contract relates in accordance with Chapter 4 of Part 18 of the Act, the Company hereby has irrevocable authority to appoint any person (aa) to execute such contract on behalf of each of the holders of the relevant Deferred Shares, (bb) to execute a stock transfer or other form or forms sufficient in every respect to transfer to the Company the legal title to all of the Deferred Shares which are the subject of such contract and (cc) to receive at completion the purchase price on behalf of the holders of the Deferred Shares concerned and from the time that such resolution is passed, the holders of the Deferred Shares which are the subject of such contract shall hold such Deferred Shares as bare trustee for the Company; and/or*
- (iii) subject to the Act, the Company may, at its option, cancel any or all of the Deferred Shares by way of a reduction of capital for no consideration; and/or*
- (iv) pending any such transfer, purchase, redemption, cancellation and/or reduction, the Company may retain any share certificate which may be issued in respect of any Deferred Share.”*

3. That, conditional upon the passing of resolutions 1 and 2, the Directors be and are hereby generally and unconditionally authorised for the purposes of Section 551 of the Companies Act 2006 (“Act”), to exercise all the powers of the Company to allot shares in the Company or grant rights to subscribe for

or to convert any security into shares in the Company (“Rights”) (i) in respect of the Placing Shares and the Open Offer Shares (ii) in respect of the New Share Scheme and (iii) up to an aggregate nominal amount equal to £863,153.00, provided that the authority hereby conferred shall expire on the earlier to occur of 15 months after the passing of this resolution or the conclusion of the next annual general meeting of the Company unless previously renewed, varied or revoked by the Company in general meeting save that the Company may before such expiry make any offer or agreement which would or might require shares to be allotted or Rights to be granted after such expiry and the Directors may allot shares or grant Rights in pursuance of any such offer or agreement as if the authority conferred hereby had not expired.

This authority shall be in substitution for and shall replace any existing authority pursuant to Section 551 of the Act to the extent not utilised at the date this resolution is passed.

4. That, subject to the passing of resolution 3 above and in accordance with section 570 of the Act, the Directors be and are hereby generally empowered to allot equity securities (as defined in Section 560 of the Act) for cash, either pursuant to the authority conferred by resolution 3 above or by way of a sale of treasury shares, as if Section 561(1) of the Act did not apply to any such allotment save that such power will be limited to:
  - (a) the allotment of equity securities in connection with an offer by way of a rights issue or similar offer to shareholders of the Company where the interests of all shareholders of the Company are proportionate or as nearly proportionate as practical to the numbers of Ordinary Shares held by them but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange;
  - (b) the allotment of the Placing Shares and the Open Offer Shares;
  - (c) the grant of rights in respect of the New Share Scheme; and
  - (d) the allotment (otherwise than pursuant to (a), (b) and (c) above) for cash of equity securities up to an aggregate nominal amount of £517,892.00.

The power granted by this resolution will expire on the earlier to occur of 15 months after the passing of this resolution or the conclusion of the next annual general meeting of the Company (unless renewed, varied or revoked by the Company prior to or on such date) save that the Company may, before such expiry make offers or agreements which would or might require equity securities after such expiry and the Directors may allot equity securities in pursuance of any such offers or agreements as if the power conferred hereby had not expired.

This resolution revokes and replaces all unexercised powers previously granted to the Directors to allot equity securities as if Section 561(1) of the Act did not apply but without prejudice to any allotment of equity securities already made or agreed to be made pursuant to such authorities.

5. That the Investing Policy in the form set out in the Circular be approved and adopted.

*Registered office:*  
Ashcombe Court  
Woolsack Way  
Godalming  
Surrey GU7 1LQ

By order of the Board

**Mark Collingbourne**  
*Company Secretary*

Dated: 7 January 2014

*Notes:*

- (1) A member entitled to attend and vote at the General Meeting is entitled to appoint a proxy or proxies to attend and vote, on a poll, instead of him. A proxy need not be a member of the Company.
- (2) A Form of Proxy is enclosed for your use if desired. Please read carefully the instructions on how to complete the form. For a proxy to be effective, the instrument appointing a proxy together with the power of attorney or such other authority (if any) under which it is signed or a notarially certified copy of such power of attorney or other authority must reach the Company's Registrars, Capita Asset Services, The Registry, 34 Beckenham Road, Beckenham, BR3 4TU not less than 48 hours, before the time of holding of the General Meeting. Completion of a proxy does not preclude a member from subsequently attending and voting at the meeting in person if he or she so wishes.
- (3) Pursuant to Regulation 41 of The Uncertificated Securities Regulations 2001, the Company specifies that only those Shareholders on the register at 6.00 p.m. on 25 January 2013 or, in the event that the above meeting is adjourned, on such register on the date which is two working days before the time of the adjourned meeting, shall be entitled to attend or vote at the meeting in respect of the number of Existing Ordinary Shares registered in their name at the time. Changes to the register of members after that time will be disregarded in determining the rights of any person to attend or vote at the meeting.
- (4) You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different Existing Ordinary Shares. You may not appoint more than one proxy to exercise rights attached to any one Existing Ordinary Share. If you wish to appoint more than one proxy, please contact Capita Asset Services on 0871 664 0321 from within the UK or on + 44 20 8639 3399 if calling from outside the UK. Calls to the 0871 664 0321 number cost 10 pence per minute from a BT landline. Other network providers' costs may vary. Lines are open 9.00 a.m. to 5.30 p.m. (London time) Monday to Friday. Calls to the helpline from outside the UK will be charged at the applicable international rate. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Proposals nor give any financial, legal or tax advice. Alternatively you may write to Capita Asset Services, PXS, 34 Beckenham Road, Beckenham, BR3 4TU for additional proxy forms and for assistance.
- (5) Any corporation which is a member of the Company can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same Existing Ordinary Share.