

**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 (as amended). The whole of the text of this document should be read.**

If you have sold or transferred all of your ordinary shares in the capital of the Company (Ordinary Shares), please send this document and Form of Proxy to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee. If you have sold or transferred only part of your holding of Ordinary Shares you should retain these documents.

Application will be made for the New Ordinary Shares to be admitted to trading on AIM operated by 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 5 April 2016 in respect of certain New Ordinary Shares and on 8 April 2016 in respect of the balance of New Ordinary Shares. 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. London Stock Exchange Plc has not itself examined or approved the contents of this document.

The Company and the Directors, whose names are set out on page 8, accept responsibility (both individually and collectively) for the information set out in this document. To the best of the knowledge and belief of the Company and the 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.

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# Surface Transforms plc

*(incorporated in England and Wales with registered number 03769702)*

## **Placing of 28,125,000 new Ordinary Shares at 16 pence per share, Open Offer of up to 3,125,000 new Ordinary Shares and Conversion of Director's Loan at 16 pence per share and Notice of General Meeting**

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A notice convening a General Meeting of the Company to be held at the offices of Gateley Plc, Ship Canal House, 98 King Street, Manchester M2 4WU on 4 April 2016 at 11:00 a.m. is set out on pages 49 and 50 of this document. A Form of Proxy is contained within this document. **To be valid, the Form of Proxy for use at the meetings must be completed and returned so as to be received at the offices of the Company's registrars, Capita Asset Services, PXS1, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4ZF not later than 11:00 a.m. on 31 March 2016.**

This document does not constitute an offer of securities and accordingly is not a prospectus, neither does it constitute an admission document drawn up in accordance with the AIM Rules.

Cantor Fitzgerald Europe (**Cantor Fitzgerald**), 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 proposed Placing and Open Offer and will not be responsible to anyone other than the Company for providing the protections afforded to clients of Cantor Fitzgerald, or for providing advice in relation to the Placing and Open Offer. Cantor Fitzgerald will not regard any other person as their customer nor be responsible to any other person for providing the protections afforded to customers of Cantor Fitzgerald nor for providing advice in relation to the transactions detailed in this document or in relation to such proposals generally. Cantor Fitzgerald is not making any representation or warranty, express or implied, as to the content of this document. No liability is accepted by Cantor Fitzgerald for the accuracy of any information or opinions contained in, or for the omission of any material information from, this document for which the Directors and the Company are responsible. Cantor Fitzgerald has not authorised the contents or any part of this document.

finnCap Limited (**finnCap**), 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 proposed Placing and Open Offer and will not be responsible to anyone other than the Company for providing the protections afforded to clients of finnCap, or for providing advice in relation to the Placing and Open Offer. finnCap will not regard any other person as their customer nor be responsible to any other person for providing the protections afforded to customers of finnCap nor for providing advice in relation to the transactions detailed in this document or in relation to such proposals generally. finnCap is not making any representation or warranty, express or implied, as to the content of this document. No liability is accepted by finnCap for the accuracy of any information or opinions contained in, or for the omission of any material information from, this document for which the Directors and the Company are responsible. finnCap has not authorised the contents or any part of this document.

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 12 April 2016. If you are a Qualifying Shareholder and want to apply for Open Offer Shares under the Open Offer you should follow the procedure set out in Part III of this document and, where relevant, complete and return the Application Form which will be posted on 23 March 2016.

None of the Open Offer Entitlements, the Application Form or this document may be published, distributed or transmitted by any means or media, directly or indirectly, in whole or in part, in or into the United States or to any US Person. None of the Open Offer Entitlements, the Application Form or this document constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or to any US Person. Securities may not be offered or sold in the United States absent: (i) registration under the US Securities Act 1933; or (ii) an available exemption from registration under the US Securities Act 1933. The securities mentioned herein have not been, and will not be, registered under the US Securities Act 1933 and will not be offered to the public in the United States.

This document does not constitute an offer to buy or to subscribe for, or the solicitation of an offer to buy or subscribe for, New Ordinary Shares in any jurisdiction in which such offer or solicitation is unlawful. The Ordinary Shares have not been, and the New Ordinary Shares will not be, qualified for sale under the laws of any of Canada, Australia, the Republic of South Africa or Japan and may not be offered or sold in Canada, Australia, the Republic of South Africa, or Japan or to any national, resident or citizen of Canada, Australia, the Republic of South Africa or Japan. Neither this document nor any copy of it may be sent to or taken into the United States, Canada, Australia, the Republic of South Africa, or Japan. In addition, the securities to which this document relates must not be marketed into any jurisdiction where to do so would be unlawful.

The distribution of this document in other jurisdictions may be restricted by law, and persons into whose possession this document comes should inform themselves about, and observe, any such restrictions. By accepting this document you agree to be bound by the foregoing instructions and limitations.

The information contained in this document has been prepared solely for the purposes of the Placing and Open Offer and is not intended to inform or be relied upon by any subsequent purchasers of Ordinary Shares (whether on or off exchange) and accordingly no duty of care is accepted in relation to them.

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## DEFINITIONS

<b>“Act”</b>	the Companies Act 2006, to the extent in force and applicable;
<b>“Admission”</b>	the effective admission of the Placing Shares to trading on AIM, in accordance with the AIM Rules which will be on 5 April 2016 in respect of certain Placing Shares together with the shares relating to the Director Loan Conversion, and 8 April 2016 in respect of the remainder of Placing Shares as well as the admission of Open Offer Shares on 18 April 2016;
<b>“AIM”</b>	a market operated by London Stock Exchange Plc;
<b>“AIM Rules”</b>	the AIM Rules for Companies as published by London Stock Exchange Plc from time to time;
<b>“Application Form”</b>	the personalised application form that will be posted on 23 March 2016 for use by Qualifying Shareholders in connection with the Open Offer;
<b>“Capita Asset Services”</b>	a trading name of Capita Registrars Limited;
<b>“Cantor Fitzgerald”</b>	Cantor Fitzgerald Europe;
<b>“Company” or “Surface Transforms”</b>	Surface Transforms plc;
<b>“CREST”</b>	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;
<b>“CREST Manual”</b>	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);
<b>“CREST member”</b>	a person who has been admitted to CREST as a system-member (as defined in the CREST Manual);
<b>“CREST member account ID”</b>	the identification code or number attached to a member account in CREST;
<b>“CREST participant”</b>	a person who is, in relation to CREST, a system-participant (as defined in the CREST regulations);
<b>“CREST participant ID”</b>	shall have the meaning given in the CREST Manual issued by Euroclear;
<b>“CREST payment”</b>	shall have the meaning given in the CREST Manual issued by Euroclear;
<b>“CREST Regulations”</b>	the Uncertificated Securities Regulations 2001(SI 2001/3755) (as amended);
<b>“CREST Sponsor”</b>	a CREST participant admitted to CREST as a CREST sponsor;
<b>“CREST sponsored member”</b>	a CREST member admitted to CREST as a sponsored member;

<b>“Director Loan”</b>	the loan facility of £400,000 to the Company by Group-14 LTD dated 28 March 2014;
<b>“Director Loan Conversion”</b>	the 2,500,000 new Ordinary Shares conditionally issued in respect of the conversion and settlement of the Director Loan
<b>“Directors” or “Board”</b>	the directors of the Company at the date of this document whose names are set out on page 8 of this document;
<b>“Enlarged Share Capital”</b>	the number of Ordinary Shares in issue following completion of the Placing, Open Offer, and Director Loan Conversion;
<b>“Euroclear”</b>	Euroclear UK & Ireland Limited;
<b>“Excess Application Facility”</b>	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;
<b>“Excess CREST Open Offer Entitlement”</b>	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, which is conditional on him taking up his Open Offer Entitlement in full;
<b>“Existing Ordinary Shares”</b>	the Ordinary Shares in issue at the date of this document;
<b>“Form of Proxy”</b>	the form of proxy enclosed with this document for use by Shareholders in connection with the GM;
<b>“FCA”</b>	the Financial Conduct Authority;
<b>“FSMA”</b>	the Financial Services and Markets Act 2000 (as amended);
<b>“Fundraising”</b>	the Placing and the Open Offer;
<b>“GM” or “General Meeting”</b>	the general meeting of the Company convened for 11:00 a.m. on 4 April 2016 and any adjournment thereof, notice of which is set out at the end of this document;
<b>“HMRC”</b>	HM Revenue and Customs;
<b>“Issue Price”</b>	16p per New Ordinary Share;
<b>“New Ordinary Shares”</b>	the new Ordinary Shares of 1p each to be issued by the Company pursuant to the Placing and Open Offer;
<b>“Open Offer”</b>	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 non-CREST Shareholders, in the Application Form;
<b>“Open Offer Entitlement”</b>	an entitlement of a Qualifying Shareholder, pursuant to the Open Offer, to apply for 1 Open Offer Shares for every 17.02914592 Existing Ordinary Shares held by the Qualifying Shareholder at the Record Date;
<b>“Open Offer Shares”</b>	up to 3,125,000 new Ordinary Shares which are the subject of the Open Offer;
<b>“Ordinary Shares”</b>	ordinary shares of 1p each in the capital of the Company;

<b>“Overseas Shareholders”</b>	Shareholders who are resident in or a citizen or national of any country outside the United Kingdom;
<b>“Placees”</b>	the subscribers for Placing Shares pursuant to the Placing;
<b>“Placing”</b>	the proposed conditional placing by Cantor Fitzgerald and finnCap of the Placing Shares at the Placing Price;
<b>“Placing Agreement”</b>	the conditional placing and open offer agreement dated 18 March 2016 between (1) the Company (2) Cantor Fitzgerald and (3) finnCap relating to the Placing and Open Offer;
<b>“Placing Price”</b>	16p per Placing Share;
<b>“Placing Shares”</b>	the 28,125,000 new Ordinary Shares which have been conditionally placed by Cantor Fitzgerald and finnCap pursuant to the Placing;
<b>“Proposals”</b>	the proposals set out in this document;
<b>“Qualifying Shareholders”</b>	Shareholders whose 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;
<b>“Receiving Agent”</b>	Capita Registrars Limited;
<b>“Record Date”</b>	5:30 p.m. on 17 March 2016;
<b>“Resolutions”</b>	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;
<b>“Restricted Jurisdiction”</b>	each and any of Australia, Canada, Japan, the Republic of Ireland, the United States of America and the Republic of South Africa;
<b>“Shareholders”</b>	holders of Ordinary Shares; and
<b>“ft<sup>2</sup>”</b>	square feet.

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS (ALL BUSINESS DAYS)

Record Date for the Open Offer	5:30 p.m. on 17 March 2016
Announcement of the Issue and posting of Circular	7:00 a.m. on 18 March 2016
Ex entitlement date for the Open Offer	8:00 a.m. on 18 March 2016
Open Offer Application Forms posted to Qualifying Shareholders	23 March 2016
Open Offer Entitlements and Excess CREST Open Offer Entitlements credited to accounts of Qualifying CREST Shareholders	24 March 2016
Latest time and date for receipt of Forms of Proxy for use at the General Meeting	11:00 a.m. on 31 March 2016
General Meeting	11:00 a.m. on 4 April 2016
First Admission in respect of first Placing Shares and Director Loan Conversion effective and trading expected to commence	8:00 a.m. 5 April 2016
CREST members' accounts credited in respect of first Placing Shares in uncertificated form	as soon as possible after 8:00 a.m. on 5 April 2016
Recommended latest time for requesting withdrawal of Open Offer Entitlements and Excess CREST Open Offer Entitlements from CREST	4:30 p.m. on 6 April 2016
Latest time for depositing Open Offer Entitlements and Excess CREST Open Offer Entitlements in to CREST	3:00 p.m. on 7 April 2016
Second Admission effective and trading expected to commence	8:00 a.m. 8 April 2016
CREST members' accounts credited in respect of second Placing Shares in uncertificated form	as soon as possible after 8:00 a.m. on 8 April 2016
Latest time and date for splitting of Application Forms (to satisfy <i>bona fide</i> market claims only)	3:00 p.m. on 8 April 2016
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)	11:00 a.m. on 12 April 2016
Share certificates in respect of first Placing Shares expected to be dispatched by no later than	13 April 2016
Announce result of Open Offer	by 14 April 2016
Share certificates in respect of second Placing Shares expected to be dispatched by no later than	16 April 2016
Admission of Open Offer Shares effective and trading expected to commence	8:00 a.m. on 18 April 2016
CREST members' accounts credited in respect of Open Offer Shares in uncertificated form	as soon as possible after 8:00 a.m. on 18 April 2016
Share certificates in respect of Open Offer Shares expected to be dispatched by no later than	29 April 2016

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. Please contact Capita Asset Services on 0371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 am – 5.30 pm, Monday to Friday excluding public holidays in England and Wales. 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.

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

## PLACING STATISTICS

Number of Existing Ordinary Shares	53,216,081
Placing Price	16p
Number of Placing Shares	28,125,000
Number of Ordinary Shares in issue enlarged by the Placing	81,341,081
Amount, after expenses, being raised under the Placing	£4,095,000
Number of Ordinary Shares issued in respect of the Director Loan Conversion	2,500,000
Number of Ordinary Shares in issue enlarged by the Placing and the Director Loan Conversion	83,841,081

## OPEN OFFER STATISTICS

Open Offer Price	16p
Number of Open Offer Shares*	3,125,000
Number of Ordinary Shares in issue immediately following the Placing, Director Loan Conversion and Open Offer*	86,966,081
Percentage of Placing Shares and Open Offer Shares out of Enlarged Share Capital*	35.9 per cent.
Amount, after expenses, being raised under the Open Offer*	£495,000
Market capitalisation of the Company at the Placing Price and Open Offer Price upon Admission*	£13.9 million

*\* on the assumption that the Open Offer is taken up in full by shareholders and is not over-subscribed*



## PART I: LETTER FROM THE CHAIRMAN

# Surface Transforms plc

(registered in England and Wales with registered number 03769702)

### *Directors*

David Bundred (*Non-executive Chairman*)  
Dr Kevin Johnson (*Chief Executive*)  
Kevin D'Silva (*Non-executive Director*)  
Richard Gledhill (*Non-executive Director*)

### *Registered Office*

Unit 4 Olympic Park  
Poole Hall Road  
Ellesmere Port  
South Wirral  
Merseyside CH66 1ST

18 March 2016

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

### **Introduction**

On 18 March 2016, Surface Transforms announced that it had conditionally raised £4.5 million by means of a placing by Cantor Fitzgerald and finnCap as agents for the Company, of 28,125,000 new Ordinary Shares, at 16 pence per share which is conditional on, amongst other things, the passing of the Resolutions at the GM and Admission.

The purpose of this letter is to provide you with further information on the Placing and accompanying Open Offer. A notice convening a GM to consider the Resolutions required to give effect to the Placing and Open Offer is set out at the end of this document. The GM will be held at 11:00 a.m. on 4 April 2016.

### **Reasons for the Fundraising**

The Company remains focused on the premium automotive brake disc market, and the brake disc market for military and light commercial aircraft. As previously communicated to shareholders, the Company is in the process of pursuing a number of significant original equipment manufacturer ("OEM") production contract opportunities in these markets.

The net proceeds of the Fundraising will enable the Board to pursue its strategy of having the capacity to supply the commercial volumes which may be required by automotive OEMs who may be seeking an alternate supplier of carbon fibre reinforced ceramic brake discs from Brembo SGL as well as fulfil their existing commitments to the Company's aerospace and other customers. The Board consider the new facility will take approximately 15 months to fully commission and from around 2019 be capable of operating at full capacity, representing the production of approximately 17,000 discs per annum. In the Board's experience, automotive OEM's seek to appoint suppliers for new models approximately 24 months in advance of production. As set out further below, the Company is in discussions with several OEMs with certain models anticipated to commence production mid-2018 onwards.

### *Automotive*

The Company is currently in detailed discussions with five automotive OEMs, details of which are set out below. The Directors consider the key criteria for adoption by automotive OEMs are price, product quality, lead time and security of supply. To address these criteria, the Company is continuing its investment programme to progressively increase annual manufacturing capacity to the next milestone target of 17,000 discs per annum.

*German OEM One:* This prospective customer has successfully completed the first phase of testing, and has identified a small number of optimisation opportunities. This has led to the prospective customer informing the Company that completion of these tasks would lead to a mid-year contract award on a named new model programme which is expected to commence production in mid-2018 generating estimated sales for Surface Transforms of up to £4 million per



annum on mature volumes in the following year. The Board believes that the six-month optimisation timetable proposed is tough but achievable.

The lawyers of the Company and the German OEM are currently negotiating a draft pre-production development agreement to commit both companies to use best endeavours to work together to resolve the remaining product refinement requirements and for Surface Transforms to reserve capacity at its new Knowsley factory for this car model and potentially others.

*German OEM Two:* This prospective customer is a sister company of the above prospective customer, they are sharing information with “German OEM One” and effectively following in their wake. Surface Transforms estimates that sales with this customer could therefore begin in late 2019 generating estimated sales for Surface Transforms of up to £4.2 million per annum for the supply contract on which discussions have to date been based.

*German OEM Three:* This prospective customer completed a product and factory visit of Surface Transforms in December 2015 and was impressed by the know-how and technology Surface Transforms has. Their testing continues. They have informed Surface Transforms of the target car which would potentially fit the Company’s product, which is estimated to commence production in mid-2019 and generate estimated sales for Surface Transforms of up to £2.8 million per annum on this initial model.

*British OEM One:* This prospective customer has satisfactorily concluded testing, informed us of their intention to purchase the Company’s product and shared its Surface Transforms product introduction programme with us, by model type, over the next few years. It is estimated that this contract will commence in mid-2018 and generate estimated sales for Surface Transforms of up to £1.6 million per annum which is estimated to rise to £4.7 million in 2020 as later models are released. The Company expects to be able to formally announce this contract award when the model itself is launched during this calendar year.

*British OEM Two:* This prospective customer has discussed the benefits of using Surface Transforms’ product in potentially both reducing cost on adjacent components and reducing their variety of sub systems. This has had the effect of delaying the estimated start of production from mid-2018 to mid-2019 but, paradoxically, in the Company’s opinion improved the chances of them adopting the Company’s product. If this programme goes to plan, the Company expects to generate estimated sales in 2019 of up to £1.0 million per annum.

### *Aerospace*

Our aerospace activities remain focused on one existing customer, for disc braking in both civil and military aviation, further details of which were included by the Company in its half year financial results on 3 February 2016.

### *New factory*

The Company announced on 18 February 2016 signed heads of terms for a new factory lease, together with the award of £600,000 of associated financial support expected to be made available and linked to future capital investment comprising:

- £200,000 Merseyside Special Investment Fund grant via the Regional Growth Fund expected to be received during 2016 and 2017;
- £300,000 Merseyside Special Investment Fund interest free loan, also via the Regional Growth Fund, to be draw down during 2016 and 2017 and repayable over three years from May 2019; and
- £100,000 Knowsley District Council rates relief over two years.

The new factory lease is for an existing 55,000 ft<sup>2</sup> Knowsley Industrial Estate facility with 30,000 ft<sup>2</sup> expected to be occupied in September 2016 and a further 25,000 ft<sup>2</sup> expected to be occupied from September 2019. The Company intends to vacate the existing Ellesmere Port 12,000 ft<sup>2</sup> facility in early 2017 on expiry of the existing lease.

### *Use of proceeds*

To enable the Company to properly exploit the current commercial opportunities, including the forthcoming fit out of the new factory, the Directors have decided to raise £4.5 million, before expenses, through a Placing of New Ordinary Shares with existing Shareholders and new institutional and other investors, and up to £0.5 million, before expenses, by way of an Open Offer to all Qualifying Shareholders. The Placing funds raised will be used for:

- capital expenditure including new factory fit out, supporting increased production capacity, and improved production processes to reduce production costs per disc;
- to fund operating and development costs; and
- working capital.

Key capital expenditure is expected to include the purchase of a new high temperature furnace, an additional chemical vapour infiltration plant, purchase new ceramic furnaces and heat treatment facilities, further machining facilities and general new factory fit out costs.

It is expected that the Open Offer (on the assumption that it is fully subscribed) will raise a further £0.5 million. The net proceeds of the Open Offer are expected to also be applied to the uses set out above and to provide the Company with an additional working capital buffer to be applied at the discretion of the Board.

### **Current Trading and Outlook**

The Company recently reported its unaudited results for the six months ended 30 November 2015 with turnover increasing to £782,000 (2014: £623,000), a reduction in loss before tax to £430,000 (2014: £471,000) and cash at the half year end of £525,000 (2014: £132,000 and £829,000 at the year ended 31 May 2015); further details are included in the Company's announcement of 3 February 2016.

Further progress has been made since reporting our half year financials with automotive and aerospace sales continuing, and the Board believes the Company remains on track to deliver full year revenue comfortably ahead of the prior year. The Company continues to progress the advancement of the key targeted automotive OEM contracts and on 18 February 2016 the Company announced the new intended factory facilities and associated financial support as detailed above.

### **The Placing**

The Company has conditionally raised £4.5 million cash by means of the placing of 28,125,000 new Ordinary Shares, which are not subject to clawback, at the Placing Price for the benefit of the Company.

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

On 18 February 2016 the Company obtained advance assurance from HMRC that new Ordinary Shares in the Company represented a qualifying holding for Venture Capital Trusts ("VCT") and a subscription for new Ordinary Shares was capable of qualifying for Enterprise Investment Scheme ("EIS") tax reliefs. Further details as regards VCT and EIS reliefs are set out below.

### **The Placing Agreement**

Pursuant to the terms of the Placing Agreement, Cantor Fitzgerald and finnCap, as agents to the Company, have conditionally agreed to use their reasonable endeavours to procure placees for the Placing Shares to be issued under the Placing. The Placing is conditional, *inter alia*, upon the Resolutions being passed at the GM, the Placing Agreement becoming unconditional and not being terminated in accordance with its terms and the first Admission of Placing Shares occurring by no later than 8:00 a.m. on 5 April 2016.

## Director Participation in the Placing and Open Offer

The following Directors are participating in the Placing and Open Offer. Their participation and resultant interests is set out in the table below:

Director	Existing interest in Ordinary Shares	%	Placing Shares subscribed for	Interest in Ordinary Shares after Placing Admission	% <sup>(3)</sup>	Open Offer Shares to be applied for	Interest in Ordinary Shares after Open Offer Admission <sup>(4)</sup>	%
David Bundred	560,747	1.05%	115,000	675,747	0.08%	41,250	716,997	0.82%
Richard Gledhill <sup>(1)</sup>	8,801,977	16.54%	—	8,801,977	10.82%	516,877	9,318,854	10.72%
Kevin D'Silva <sup>(2)</sup>	826,203	1.55%	—	826,203	1.02%	93,750	919,953	1.06%

<sup>(1)</sup> Held through his investment vehicle Group-14 LTD.

<sup>(2)</sup> Held in his SIPPs. Assumes application in excess of proportional entitlement is met in full.

<sup>(3)</sup> After Placing Admission but before Directors Loan Conversion.

<sup>(4)</sup> Assuming Open Offer applications in total for the full number of Open Offer Shares available, and the Directors' applications are not sealed back.

## Director Loan

On 28 March 2014 Group-14 LTD (a company beneficially owned by Richard Gledhill, a non-executive director of the Company) provided a loan facility of £400,000 to the Company. The loan incurs interest at a rate of 9.5 per cent p.a. above the base rate of Barclays Bank PLC, payable monthly in arrears. Repayments commence at a rate of £8,500 per month three years after the first draw down date of 28 March 2014. No covenants are attached to the facility. The loan facility is repayable at any time at the discretion of the Company without penalty, but is immediately repayable in full should the Company complete a sale or there be a change of control.

Group-14 LTD has agreed the repayment due to it as a result of the Placing, can instead be settled by way of the issuance of new Ordinary Shares at the Placing Price. This will have the benefit of keeping cash in the Company to be utilised for the capital expenditure programme.

## Related Party Transactions

Richard Gledhill, the beneficial owner of Group-14 LTD, will receive 2,500,000 new Ordinary Shares in lieu of settlement of the Director Loan. As a substantial shareholder of the Company, this Director Loan Conversion constitutes a related party transaction under the AIM Rules for Companies.

Hargreave Hale Limited, as a substantial shareholder of the Company, is subscribing for 6,662,372 Placing Shares, which constitutes a related party transaction under the AIM Rules for Companies.

As certain of the directors are participating in the Placing and Open Offer, Kevin Johnson is considered to be the only independent director of the Company for the purposes of AIM Rule 13. Kevin Johnson, the Company's independent director, having consulted with the Company's nominated adviser, considers that the participation in the Placing and Open Offer by each of David Bundred, Kevin D'Silva, Richard Gledhill and Hargreave Hale Limited to be fair and reasonable insofar as the Company's shareholders are concerned.

## Open Offer

In order to provide Shareholders with an opportunity to participate, the Company is providing all Qualifying Shareholders with the opportunity to subscribe at the Issue Price for an aggregate of 3,125,000 Open Offer Shares. This allows Shareholders to participate on a pre-emptive basis whilst providing the Company with the flexibility to raise additional equity capital to further improve its financial position.

Shareholders are being offered the opportunity to apply 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 of applications for in excess of the maximum number of Open Offer Shares available, the Company will decide on the basis for allocation, however if this scenario occurs, preference is likely to be given to Shareholders with smaller shareholdings (who historically may have had less opportunity to participate in placings conducted by the Company). The Open Offer Shares have not been placed

subject to clawback nor have they been underwritten. Consequently, there may be fewer than 3,125,000 Open Offer Shares issued pursuant to the Open Offer.

On 18 February 2016 the Company obtained advance assurance from HMRC that new ordinary shares in the Company represented a qualifying holding for Venture Capital Trusts ("VCT") and a subscription for new ordinary shares was capable of qualifying for Enterprise Investment Scheme ("EIS") tax reliefs. Further details as regards VCT and EIS reliefs are set out below.

Both the Placing and the Open Offer are conditional upon, *inter alia*, the approval of Shareholders of the Resolutions at the General Meeting and upon the Placing Agreement becoming unconditional in all respects.

### **Resolutions and General Meeting**

The Placing is conditional upon, *inter alia*, the passing of the Resolutions. A notice convening the GM to be held at the offices of Gateley Plc, Ship Canal House, 98 King Street, Manchester M2 4WU at 11:00 a.m. on 4 April 2016 is set out at the end of this document. At the GM, the following Resolutions will be proposed:

- (a) an ordinary resolution to increase the limit on the maximum number of shares that the Company may issue as prescribed in the articles of association of the Company from £700,000 to £1,300,000;
- (b) an ordinary resolution to authorise the Directors to allot relevant securities, *inter alia*, for the purposes of the Placing and Open Offer and otherwise up to an aggregate nominal amount of £525,775; and
- (c) a special resolution to allow the Directors, subject to the limits set out in that resolution, to issue Ordinary Shares for cash otherwise than on a pre-emptive basis, including a specific authority to allot the Placing Shares and Open Offer Shares and otherwise up to a nominal amount of £564,820.

### **EIS and VCT**

On issue, the New Ordinary Shares will not be treated as either "listed" or "quoted" securities for relevant tax purposes. Provided that the Company remains one which does not have any of its shares quoted on a recognised stock exchange (which for these purposes does not include AIM), the New Ordinary Shares should continue to be treated as unquoted securities.

### **The following information is based upon the laws and practice currently in force in the UK and may not apply to persons who do not hold their Ordinary Shares as investments.**

The Company has in the past obtained assurance from HMRC that shares in the Company represented a qualifying investment for a VCT and were capable of qualifying for EIS tax reliefs. The Company has also received advance assurance from HMRC that the New Ordinary Shares to be issued pursuant to the Placing and Open Offer will rank as 'eligible shares' for the purposes of EIS and will be capable of being a 'qualifying holding' for the purposes of investment by VCTs.

The Directors consider that the Company has received, in the 12 months immediately prior to the Placing, investments totaling £350,000 under the EIS. Accordingly, the Placing and Open Offer will limit funds up to £4,650,000 from VCTs, investors seeking EIS reliefs and any other State aid risk capital investors in order not to exceed the maximum amount of £5 million that can be raised annually through risk capital schemes. In addition, should the £5 million annual limit be reached, the Directors cannot guarantee that EIS relief will be claimed by investors in respect of their full investment under the Open Offer. The Company would, however, endeavour to allocate the remainder of the EIS annual limit among the investors of the Open Offer in a fair and reasonable manner for those indicating that they wish to claim EIS relief.

Potential shareholders or shareholders of the Company who are in any doubt as to their tax position or who are subject to tax in jurisdictions other than the UK are strongly advised to consult their own independent financial adviser immediately.

## *EIS and VCT*

These details are intended only as a general guide to the current tax position under UK taxation law and are not intended to be exhaustive. Investors who are in any doubt as to their tax position or who are subject to a tax jurisdiction, other than the UK, are strongly advised to consult their professional advisers. Companies can raise up to £5 million under the combined VCT, EIS, SEIS, social investment tax relief or any other State aid risk capital investment in any 12 month period. Shares issued to a VCT using “protected money” do not count towards the total. “Protected money” is funds raised by VCTs prior to 5 April 2007 or derived from the investment of such money by the VCT.

## *EIS*

Provided that the investor and the Company comply with the EIS legislation (Part 5 of the Income Tax Act 2007 and Sections 150A-C and Schedule 5B of the Taxation of Chargeable Gains Act 1992), which includes a requirement that the Ordinary Shares are held by investors for not less than three years, UK taxpayers should qualify for EIS relief on their investment in newly issued shares in the Company.

The Directors have received advance assurance from HMRC, that subject to a form EIS1 being submitted, the Company is to be treated as carrying on a qualifying trade for EIS purposes. The Directors intend to manage the Company so as to maintain (as far as they are able) the status of the Company as a qualifying company although no guarantee can be given in this regard.

Shareholders who wish to apply for EIS relief should contact David Allen, the Company Secretary at the registered office of the Company.

There are four EIS tax reliefs being:

### *(i) Income tax relief*

Individuals can obtain income tax relief on the amount subscribed for ordinary shares (to a maximum of £1,000,000) in one or more qualifying companies, which are retained for a period of three years, provided the individuals are not connected to the issuing company. A tax credit of 30 per cent. of the eligible amount subscribed is given. The credit is given against the individual's income tax liability for the tax year in which the ordinary shares are issued although it is possible to carry back the relief to the preceding tax year. The relief will be limited to an individual's tax liability before EIS relief and cannot create a loss. EIS income tax relief is not available for individuals who, very broadly, own more than 30 per cent. of the ordinary share capital of the Company or certain other connected individuals.

### *(ii) Capital Gains Tax (“CGT”) exemption*

Any capital gains realised on the disposal, after three years, of ordinary shares on which EIS income tax relief has been given and not withdrawn are tax-free. This exemption is not available for individuals who, very broadly, own more than 30 per cent. of the ordinary share capital of the Company or certain other connected individuals.

### *(iii) Loss relief*

Subject to certain conditions, tax relief is available for a qualifying shareholder who realises a loss on a disposal of ordinary shares on which EIS income tax relief (see (i) above) has been given and not withdrawn. The amount of the loss (after taking account of the income tax relief initially obtained) can be set against a capital gain in the year of loss or following years or offset against taxable income in the tax year in which the disposal occurs or the preceding year.

### *(iv) CGT deferral*

To the extent that a UK resident (which includes individuals and certain trustees) subscribes for qualifying ordinary shares a claim can be made to defer all or part of a chargeable gain arising on the disposal of any asset. Although there is a limit of £1,000,000 for investments to qualify for income tax relief and a proportionate reduction in the exemption from CGT for subscriptions exceeding this limit (see (i) and (ii) above), there is no limit on the amount of gains that can be deferred in this way. The subscription must have been made within one year before or three years after the date of the disposal



which gave rise to the gain or the date when a previously deferred gain crystallises. The gain is deferred until there is a “chargeable event”, such as the disposal of ordinary shares.

If the investing ordinary shareholder does not retain the ordinary shares or the EIS rules are otherwise breached, the CGT deferral originally granted will be withdrawn and tax will be charged on the basis of a taxable event occurring at the date the rules cease to be met.

Although the Company currently expects to satisfy the relevant conditions for EIS investment, neither the Directors nor the Company gives any warranty or undertaking that relief will be available in respect of any investment in New Ordinary Shares pursuant to this document, nor do they warrant or undertake that the Company will conduct its activities in a way that qualifies for or preserves its status.

#### VCT

The Company has applied for and obtained assurance from HMRC that the Placing shares will be ‘eligible shares’ for the purposes of investment by VCTs. The status of the Placing Shares and Open Offer Shares as a qualifying holding for VCTs will be conditional, *inter alia*, upon the Company continuing to satisfy the relevant requirements. Although the Company currently expects to satisfy the relevant conditions for VCT investment, neither the Directors nor the Company gives any warranty or undertaking that relief will be available in respect of any investment in the Placing Shares and Open Offer Shares pursuant to this document, nor do they warrant or undertake that the Company will conduct its activities in a way that qualifies for or preserves its status.

**As the rules governing EIS and VCT reliefs are complex and interrelated with other legislation, if Shareholders and potential Shareholders are in any doubt as to their tax position, require more detailed information than the general outline above, or are subject to tax in a jurisdiction other than the United Kingdom, they should consult their professional adviser.**

#### Action to be taken by Shareholders

Shareholders will find contained within 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, PXS1, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4ZF as soon as possible and in any event not later than 11:00 a.m. on 31 March 2016. 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.

The action to be taken by Qualifying Shareholders in order to apply for Open Offer Shares under the Open Offer is set out under “Procedure for Application and Payment” in Part III of this document and in the Application Form accompanying this circular.

Application will be made to the London Stock Exchange plc for the Placing Shares to be admitted to trading on AIM. The Application will be made in two stages with an application for 27,764,751 Placing Shares to be admitted on 5 April 2016 and 360,249 Placing Shares on 8 April 2016. It is expected that Admission will become effective and dealings in the Placing Shares will commence on 5 April 2016 in respect of certain Placing Shares and the remainder on 8 April 2016.

Application will be made to the 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 dealings in the New Ordinary Shares will commence on 18 April 2016.

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 to be held in electronic rather than paper form. CREST is a voluntary system and Shareholders who wish to retain certificates will be able to do so.

**Recommendation**

The Directors unanimously believe that the Placing and Open Offer 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 10,312,927 Ordinary Shares, representing approximately 19.4 per cent. of the current issued share capital of the Company.

Yours faithfully,

**David Bundred**  
*Chairman*



## PART II: RISK FACTORS

An investment in New Ordinary 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 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 to 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 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 Proposed Joint Development Agreement with OEM 3 or any other OEM may not lead to intended vehicle entering production**

There can be no guarantee that during or at the end of the period of any development agreement, the OEM will put the pre-production model in to production. It is only when the model enters commercial production that the Company will supply significant volumes of discs.

#### **1.2 Viability of the Company's products and materials**

Whilst the Company's products and materials have been tested by a number of major potential customers in its target markets, and the Directors believe that the products have advantages over competitor products and materials, there can be no guarantee that sales will be made to these customers.

In addition and particularly in respect of automotive clients, there can be no guarantee that the Company will be able to meet the performance, friction, life, noise vibration and hardness requirements of the OEM.

#### **1.3 Other technological advancements may make the Company's products less useful or less competitive**

The products developed by the Company are within sectors that are the attention of worldwide research and development. It is possible that new developments in alternative technologies mean that the Company's products are surpassed.

#### **1.4 The price of the raw materials/component parts used by the Company in its products may increase substantially**

The Company has little flexibility in the type of raw materials or component parts that it uses. If the prices of such materials rise, the Company can either pass on these increased costs to customers, thereby making the products less competitive from a commercial perspective, or absorb the increased costs, thereby decreasing the Company's profit margins.

#### **1.5 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 may engage in foreign currency hedging transactions to mitigate potential foreign currency exposure. The Company cannot predict the effect of exchange rate fluctuations upon future operating results and there can be no assurance that exchange rate fluctuations will not have a material adverse effect on the business, operating results or financial condition of the Company.

#### **1.6 Competition**

The automotive sector in which the Company operates is dominated by one manufacturer in particular. Accordingly, 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 or processes to the market or equivalent products at a lower price. In either case, such competitors may have greater financial, marketing and technological resources than the Company.

#### **1.7 Dependence on key executives and personnel**

The Company's future success is substantially dependent on the continued services and performance of its executive Directors and senior management and its ability to attract and retain suitably skilled and experienced personnel. The loss of the services of any of the Directors, members of senior management or other key employees could have a material adverse effect upon the Company's business and results of operations. Finding and hiring any such replacements could be costly and might require the Company to grant significant equity awards or other incentive compensation, which could adversely impact its financial results.

#### **1.8 Management of growth**

The ability of the Company to implement its strategy requires effective planning, general project management and timely management information. The Company's growth plans may place a significant strain on its management and operational, financial and personnel resource. Therefore, the Company's future growth and prospects will depend on its ability to manage this growth.

#### **1.9 Maintenance of EIS/VCT relief**

Based on information provided to them, HMRC has confirmed that the Company is a qualifying company under EIS. Provided that an investor and the Company comply with the EIS and VCT legislation, which includes a requirement that the Ordinary Shares are held by investors for three years, such investors should qualify for EIS tax relief on their investments in the Company. The Directors intend to manage the Company so as to maintain the status of the Company as a qualifying company for EIS purposes, however, there is no certainty that they can continue to do so.

#### **1.10 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.

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. Such litigation activity must be expected.

Patent applications and granted patents may be challenged on the grounds that the applications or patents do not fulfill 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.

### **1.11 Commercial Agreements**

The Directors anticipate that a significant part of the Company's future revenues will be derived from development, licensing and production agreements with other companies. There can be no assurance that the Company will be able to negotiate commercially acceptable licensing or other agreements for the exploitation of future technologies. In addition, there can be no assurance that any company who enters into agreements with the Company will not pursue alternative technologies either on their own or in collaboration with others including the Company's competitors.

In addition, there can be no guarantee that the current development programmes of the Company will not be delayed or cancelled by customers, irrespective of how far progressed the Company is or the test results being obtained.

### **1.12 Importance of vote**

If the Resolutions are not approved, the Fundraising will not proceed. In such circumstances, the Company will not receive the net proceeds of the Fundraising and therefore will not be able to pursue its strategy of having the capacity to supply necessary commercial volumes required by automotive OEMs seeking an alternate supplier of carbon fibre reinforced ceramic brake discs from Brembo SGL. The Board consider the new facility will take approximately 15 months to fully commission and be capable of operating at full capacity. In the Board's experience, automotive OEM's seek to appoint suppliers for new models approximately 24 months in advance of production. The Company is in discussions with several OEMs with certain models anticipated to commence production mid-2018 onwards. Accordingly, should the Fundraising not proceed, the Board consider the Company will be less likely to be awarded the development agreements currently under discussion, on the grounds of risks pertaining to being able to supply the requisite volumes.

## **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 Ordinary Shares may fluctuate widely in response to different factors**

The New Ordinary Shares will be quoted on AIM rather than the Official List. 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 has been in existence since 1995 and 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 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 manufacturing companies or quoted companies generally. Admission to AIM does not imply that there will be a liquid market for the Ordinary Shares. Consequently, the price of Ordinary Shares may be subject to fluctuation on small volumes of shares, and the Ordinary Shares may be difficult to sell at a particular price.

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

There can be no assurances as to the level of future dividends, if any. The declaration, payment and amount of any future dividends of the Company is subject to the discretion of the Directors, and will depend upon, among others, the Company's earnings, financial position, cash requirements and availability of profits, as well as the provisions of relevant laws or generally accepted accounting principles.

**2.3 If a 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 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 Chairman" of this document, the Company is proposing to issue up to 3,125,000 New Ordinary Shares at the Issue Price, and to raise, assuming that it is fully subscribed, through the Open Offer, approximately £495,000 (net of expenses incurred in relation to the Open Offer).

Upon completion of the Open Offer, assuming it is fully subscribed, the Open Offer Shares will represent approximately 3.6 per cent. of the Enlarged Share Capital and the Existing Ordinary Shares will represent approximately 61.2 per cent. of the Enlarged Share Capital.

The Record Date for entitlements under the Open Offer for Qualifying CREST Shareholders and Qualifying Shareholders is expected to be 5:30 p.m. on 17 March 2016. Application Forms are expected to be posted to Qualifying Non-CREST Shareholders on or around 23 March 2016 and Open Offer Entitlements are expected to be credited to stock accounts of Qualifying CREST Shareholders in CREST as soon as possible after 8:00 a.m. on 24 March 2016.

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 Part III "Questions and Answers about the Open Offer" in this Circular and, for Qualifying 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 12 April 2016 with Admission and commencement of dealings in Open Offer Shares expected to take place at 8:00 a.m. on 18 April 2016.

This document and, for Qualifying Shareholders only, the Application Forms contain the formal terms and conditions of the Open Offer. Your attention is drawn to paragraph 4.1 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 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.

The Company is proposing to issue up to 3,125,000 Open Offer Shares at the Issue Price subject to Admission, in respect of valid applications by Qualifying Shareholders. Application will be made 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 3,125,000 Open Offer 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 may be fewer than 3,125,000 Open Offer 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 Ordinary Shares prior to the Ex entitlement 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 rules of the London Stock Exchange.

## 2. The Open Offer

Subject to the terms and conditions set out below (and, in the case of Qualifying 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 at the Issue Price *pro rata* to their holdings, which represents a 7.25 per cent. discount to the closing price of 17.25 pence per Ordinary Share on 17 March 2016.

Fractions of Open Offer Shares will not be allotted to Shareholders in the Open Offer and entitlements under the Open Offer will be rounded down to the nearest whole number of Open Offer Shares and made available in 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 will show the number of Existing Ordinary Shares registered in your name on the Record Date (in Box 6).

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, the Board will use their discretion as to whether to accept all applications in full, or that such applications will be scaled back *pro rata* to the number of excess Open Offer Shares applied for by Qualifying Shareholders.

Please refer to paragraphs 4.1(d) and 4.2(j) 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 does not take up any of his entitlement under the Open Offer *pro rata* to his current holding, he will suffer a dilution, between a range of approximately 36.5 per cent. and 38.8 per cent. of his interest in the Company dependent on the take-up and oversubscription of the Open Offer by other Qualifying Shareholders (assuming the Open Offer is not over-subscribed in aggregate).**

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 Forms are not negotiable documents 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 issued to Qualifying Shareholders who have made an application 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 will not be placed subject to clawback nor have they been underwritten.



Application will be made for the Open Offer Entitlements and Excess CREST Open Offer Entitlements to be credited to Qualifying 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 24 March 2016.

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 of the Company. 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 18 April 2016.

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 validly elect to hold their Open Offer Shares in certificated form by 29 April 2016. In respect of those Qualifying Shareholders who will validly elect 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 as soon as possible after 8:00 a.m. on 18 April 2016.

Applications will be made for the Open Offer Shares to be admitted to trading on AIM. Admission is expected to occur on 18 April 2016, 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. The Application Form will show 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 will show the number of Existing Ordinary Shares registered in their name on the Record Date in Box 6. It also shows the Open Offer Entitlement allocated to them set out in Box 7. Entitlements to Open Offer Shares are rounded down to the nearest whole number and fractional Open Offer Entitlements have therefore also been rounded down. 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 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 applications under the Excess Application Facility, the Board will use their discretion as to whether to accept all applications in full, or to scale 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.

##### *(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 8 April 2016. 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) *Application procedures*

Qualifying 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 3,125,000 applications under the Excess Application Facility, the Board will use their discretion as to whether to accept all applications in full, or to scale 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 pre-paid envelope accompanying the Application Form returned by post or by hand (during normal business hours only) to the Receiving Agent, 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 12 April 2016, after which time Application Forms will not be valid. Qualifying 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 Shareholders are recommended to allow at least four working 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 Surface Transforms 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 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. 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 do 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 12 April 2016; or
- (ii) applications in respect of which remittances are received before 11:00 a.m. on 12 April 2016 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 Company shall be authorised (in its absolute discretion as to manner, timing and terms) to make arrangements 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 Registrar, Cantor Fitzgerald, finnCap, 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.

(d) *The Excess Application facility*

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 their 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, the Board will use their discretion as to whether to accept all applications in full, or to scale back such applications *pro rata* to existing shareholdings.

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 3,125,000 Open Offer Shares and the Board agree to scale back 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.

(e) *Effect of application*

By completing and delivering an Application Form the applicant:

- (i) represents and warrants to the Company, Cantor Fitzgerald and finnCap 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, Cantor Fitzgerald and finnCap 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, Cantor Fitzgerald and finnCap that in making the application he is not relying on any information or representation in relation to Surface Transforms 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 Surface Transforms contained in this document;
- (iv) represents and warrants to the Company, Cantor Fitzgerald and finnCap that he is a 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, Cantor Fitzgerald and finnCap that if he has received some or all of his Open Offer Entitlements from a person other than Surface Transforms 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 Open Offer 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, Cantor Fitzgerald and finnCap 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, Cantor Fitzgerald and finnCap 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
- (ix) confirms that in making the application he is not relying and has not relied on Cantor Fitzgerald, finnCap or any person affiliated with Cantor Fitzgerald or finnCap in connection with any investigation of the accuracy of any information contained in this document or his investment decision.

All enquiries in connection with the procedure for application and completion of the Application Form should be addressed to the Receiving Agent, Capita Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU or you can contact the Receiving Agent on 0371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged

at the applicable international rate. The helpline is open between 9:00 a.m. – 5:30 p.m., Monday to Friday, excluding public holidays in England and Wales. 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.

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.

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(f) below for more information.

#### **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. Entitlements to Open Offer Shares will be rounded down to the nearest whole number and any Open Offer Entitlements have therefore also been rounded down.

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 on the Record Date by the Qualifying CREST Shareholder in respect of which the Open Offer Entitlements and Excess CREST Open Offer Entitlements have been allocated.

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 23 March 2016, 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 the Receiving Agent on 0371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9:00 a.m. – 5:30 p.m., Monday to Friday, excluding public holidays in England and Wales. 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. Please note the Receiving Agent cannot provide financial, legal or tax advice on the merits of the Open Offer or as to whether applicants should take up their Open Offer Entitlements or to apply for Excess CREST Open Offer Entitlements. 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.



(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) *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.

(d) *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 Entitlement(s) being delivered to the Receiving Agent);
- (ii) the ISIN of the Open Offer Entitlement. This is GB00BZ3CPX50;
- (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 28791SUR;
- (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 New Ordinary Shares referred to in (i) above;
- (viii) the intended settlement date. This must be on or before 11:00 a.m. on 12 April 2016; 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 12 April 2016.

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 12 April 2016 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 18 April 2016, 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.

(e) *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 being delivered to the Receiving Agent);
- (ii) the ISIN of the Excess CREST Open Offer Entitlement. This is GB00BZ3CPY67;
- (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 Registrar in its capacity as a CREST receiving agent. This is 28791SUR;
- (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 12 April 2016; 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 12 April 2016.



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 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 12 April 2016 in order to be valid is 11:00 a.m. on that day.

In the event that the Placing and Open Offer do not become unconditional by 8:00 a.m. on 18 April 2016, 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) *Deposit of Open Offer Entitlements into, and withdrawal from, CREST*

A Qualifying 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 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 12 April 2016. 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 the entitlement under the Open Offer set out in such Application Form as Open Offer Entitlements and Excess CREST Open Offer Entitlements in CREST, is 3:00 p.m. on 7 April 2016 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 6 April 2016 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 12 April 2016.

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 2 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.

(g) *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 12 April 2016 will constitute a valid application under the Open Offer.

(h) *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 12 April 2016. 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.

(i) *Incorrect or incomplete applications*

If a USE instruction includes a CREST payment for an incorrect sum, the Company, through the Registrar, 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).

(j) *The Excess Application Facility*

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, the Board will have discretion to scale back such applications *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 above 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 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 3,125,000 Open Offer Shares and the Board agree to scale back 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. Fractions of Open Offer Shares will not be issued under the Excess Application Facility and fractions of Open Offer Shares will be rounded down to the nearest whole number.

(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 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 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 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 that in making the application he is not relying on any information or representation in relation to Surface Transforms 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 Surface Transforms contained in this document;
- (v) represents and warrants 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 that if he has received some or all of his Open Offer Entitlements from a person other than Surface Transforms, 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 New 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 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 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 that in making the application he is not relying and has not relied on Cantor Fitzgerald or finnCap or any person affiliated with Cantor Fitzgerald or finncap 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 Registrar 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 do not become unconditional by 8:00 a.m. on 18 April 2016, 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.

## **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, Cantor Fitzgerald and finnCap 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.91/308/EEC));



- (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 £10,000).

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 Surface Transforms 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 Registrar. If the agent is not such an organisation, it should contact the Registrar at the address set out on page 1 of this document.

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, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU or you can contact the Receiving Agent on 0371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9:00 a.m. – 5:30 p.m., Monday to Friday, excluding public holidays in England and Wales. 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 £10,000) 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, the Receiving Agent has not received evidence satisfactory to it as aforesaid, the Registrar 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 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 Registrar 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

This document has been approved by the FCA, being the competent authority in the United Kingdom. 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, Cantor Fitzgerald, finnCap, 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, Cantor Fitzgerald, finnCap, 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, Cantor Fitzgerald, finnCap 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 despatched 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.

The attention of Overseas Shareholders is drawn to paragraph 6.2 below. 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.

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 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 US Securities Act of 1933 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 US Securities Act of 1933 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 New Ordinary Shares in the United States. Subject to certain exceptions, neither this document nor an Application Form will be sent to, and no New Ordinary 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 New Ordinary Shares and wishing to hold such New Ordinary Shares in registered form must provide an address for registration of the New Ordinary Shares issued upon exercise thereof outside the United States.

Subject to certain exceptions, any person who acquires New Ordinary Shares will be deemed to have declared, warranted and agreed, by accepting delivery of this document or the Application Form and delivery of the New Ordinary Shares, that they are not, and that at the time of acquiring the New 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 despatched from, the United States, or that provides an address in the United States for the receipt of New Ordinary 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 New Ordinary Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such New Ordinary 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 New Ordinary 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 New Ordinary Shares may be transferred. In addition, the Company, Cantor Fitzgerald and finnCap 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 New Ordinary 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, Cantor Fitzgerald, finnCap and the Registrar 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 Registrar 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 despatched 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 subparagraph (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, Cantor Fitzgerald, finnCap 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, Cantor Fitzgerald, finnCap 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.

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 14 April 2016. Applications will be made to AIM 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 18 April 2016.

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 12 April 2016 (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 18 April 2016, the Registrar 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 18 April 2016). 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 Registrar 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 (including excess Open Offer Shares successfully applied for under the Excess Application Facility) for are expected to be despatched by post by 29 April 2016. 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 Cantor Fitzgerald and finnCap and after consultation with its financial and legal advisers, be entitled to amend the dates that Application Forms are despatched 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 and, if appropriate, by Shareholders 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 the 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 contact the Receiving Agent on 0371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9:00 a.m. – 5:30 p.m., Monday to Friday, excluding public holidays in England and Wales. 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. 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 Surface Transforms to Qualifying Shareholders to apply to acquire up to an aggregate of 3,125,000 New Ordinary Shares at a price of 16 pence per share. If you hold 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 1 Open Offer Shares for every 17.02914592 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 buy 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 discount to the share price on the last trading day before the details of the Placing and Open Offer were announced on 18 March 2016. The Issue Price of 16 pence per Open Offer Share represents an 7.25 per cent. discount to the closing middle-market price quotation as derived from the AIM Appendix to the Daily Official List of London Stock Exchange plc of 17.25 pence per Ordinary Share on 17 March 2016.

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 should the Board agree to do so and that 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 New 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 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 17 March 2016 (the time when the Existing Ordinary Shares are expected to be marked “ex-entitlement” by the London Stock Exchange).

**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 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.

If you would like to apply for any of or all of the Open Offer Shares comprised in your Open Offer Entitlement you should complete the Application Form in accordance with the instructions printed on it and the information provided in this document. Completed Application Forms should be posted, along with a cheque or banker’s draft drawn in the appropriate form, in the pre-paid envelope that will accompany the Application Form or returned 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 (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 12 April 2016, after which time Application Forms will not be valid.

**4. I hold my Existing Ordinary Shares in certificated form and 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 12 April 2016, 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 Open Offer, your interest in the Company will be significantly 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 50 shares but you only want to take up 25 shares, then you should write '25' 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, '25') by £0.16, which is the price in pounds of each Open Offer Share (giving you an amount of £4.00 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 pre-paid envelope that accompanies the Application Form 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 12 April 2016, 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 Surface Transforms 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 despatched to you by no later than 29 April 2016.

**(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 5 of your Application Form), payable to "Capita Registrars Limited re Surface Transforms Plc Open Offer A/C" and crossed "A/C payee only", in the pre-paid envelope that will accompany the Application Form 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 12 April 2016, 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 Surface Transforms 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 despatched to you by no later than 29 April 2016.

**(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 50 Open Offer Shares but you want to apply for 75 Open Offer Shares in total, then you should write '50' in Box 6, '25' in Box 3 and '75' 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, '75') by £0.16, which is the price in pounds sterling of each Open Offer Share (giving you an amount of £12.00 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 12 April 2016. 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, and the Board agree to do so, 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. 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 despatched to you, at your own risk, by no later than 29 April 2016.

**5. I hold my Existing 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 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 the 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 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 18 March 2016 and who have converted them to certificated form;
- Qualifying non-CREST Shareholders who bought Existing Ordinary Shares before 17 March 2016 but were not registered as the holders of those shares at the close of business on 18 March 2016; 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 0371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9:00 a.m. – 5:30 p.m., Monday to Friday excluding public holidays in England and Wales. Difference 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. Fractions will be made available in the Excess Application Facility.

**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 Surface Transforms directly and you sell some or all of your Existing Ordinary Shares before 17 March 2016, 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 17 March 2016, 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 Surface Transforms 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 Surface Transforms 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 pre-paid envelope that accompanies the Application Form or return by post or by hand (during normal office hours only), together with the monies in the appropriate form, to: Capita Asset Services, at 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 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 12 April 2016, 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 Asset Services will post all new share certificates by 29 April 2016.



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

If you bought your Ordinary Shares after the Record Date, you are unlikely to be able to participate in the Open Offer in respect of such 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 contact the Receiving Agent on 0371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9:00 a.m. – 5:30 p.m., Monday to Friday, excluding public holidays in England and Wales. 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.

# Surface Transforms plc

(registered in England and Wales with registered number 03769702)

## NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that a general meeting of the Company will be held at the offices of Gateley Plc, Ship Canal House, 98 King Street, Manchester M2 4WU on 4 April 2016 at 11:00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions, of which resolutions 1 and 2 will be proposed as ordinary resolutions and resolution 3 will be proposed as a special resolution:

### ORDINARY RESOLUTIONS

- (1) That, the limit on the maximum number of shares which the Company may issue be and is hereby increased from 70,000,000 to 130,000,000 ordinary shares of 1p each in the capital of the Company and the provision imported into the Company's articles of association by virtue of section 28 of the Companies Act 2006 (the "Act") be amended accordingly.
- (2) That, in substitution for all existing and unexercised authorities and powers, the directors of the Company be and they are hereby generally and unconditionally authorised for the purpose of section 551 of the Act to exercise all or any of the powers of the Company to allot shares of the Company or to grant rights to subscribe for, or to convert any security into, shares of the Company (such shares and rights being together referred to as "Relevant Securities") up to an aggregate nominal value of £525,775 to such persons at such times and generally on such terms and conditions as the directors may determine (subject always to the articles of association of the Company).

**PROVIDED THAT** this authority shall, unless previously renewed, varied or revoked by the Company in general meeting, expire at the conclusion of the next annual general meeting or on the date which is 6 months after the next accounting reference date of the Company (if earlier) save that the directors of the Company may, before the expiry of such period, make an offer or agreement which would or might require Relevant Securities to be allotted after the expiry of such period and the directors of the Company may allot Relevant Securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired.

### SPECIAL RESOLUTION

- (3) That, subject to and conditional upon the passing of the resolution 2 and in substitution for all existing and unexercised authorities and powers, the directors of the Company be and are hereby empowered pursuant to section 570 of the Act to allot equity securities (as defined in section 560 of the Act) pursuant to the authority conferred upon them by resolution 2 as if section 561 of the Act did not apply to any such allotment provided that this authority and power shall be limited to:
  - (a) the allotment, in aggregate, of 31,250,000 ordinary shares of 1p each in the capital of the Company in connection with the Placing and Open Offer (as such terms are defined in the circular of the Company dated 18 March 2016 to which this notice is attached);
  - (b) the allotment in aggregate, of 2,500,000 ordinary shares of 1p each in the capital of the Company in connection with the Director Loan Conversion (as such term is defined in the circular of the Company dated 18 March 2016, to which this notice is attached);
  - (c) the allotment of equity securities in connection with a rights issue or similar offer in favour of ordinary shareholders where the equity securities respectively attributable to the interest of all ordinary shareholders are proportionate (as nearly as may be) to the respective numbers of ordinary shares held by them subject only to such exclusions or other arrangements as the directors of the Company may consider appropriate to deal with fractional entitlements or legal and practical difficulties under the laws of, or the requirements of any recognised regulatory body in any, territory; and

- (d) the allotment (otherwise than pursuant to sub-paragraph (a) above) of equity securities up to an aggregate nominal amount of £564,820, representing approximately 10 per cent. of the current share capital of the Company,

and shall expire at the conclusion of the next annual general meeting or on the date which is 6 months after the next accounting reference date of the Company (if earlier) save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired.

*By order of the Board*  
**David Allen**  
*Company Secretary*

*Registered office:*  
Unit 4 Olympic Park  
Poole Hall Road  
Ellesmere Port  
South Wirral  
Merseyside CH66 1ST

Dated: 18 March 2016

#### *Notes*

- (1) A member entitled to attend and vote at the above meeting is entitled to appoint a proxy or proxies to attend and vote, on a poll, instead of him. If a member appoints more than one proxy, each proxy must be entitled to exercise the rights attached to different shares. A proxy need not be a member of the Company. The appointment of a proxy will not preclude a member from attending and voting at the meeting in person should he subsequently decide to do so.
- (2) A proxy may only be appointed using the procedures set out in these notes and the enclosed proxy form. To be valid, the proxy form must reach the Company's Registrars, Capita Asset Services, PXS1, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4ZF not less than 48 hours before the time of holding of the meeting. Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be enclosed with the proxy form.
- (3) The Company specifies that only those Shareholders of the Company on the register at 5:30 p.m. on 17 March 2016 shall be entitled to attend or vote at the General Meeting in respect of the number of 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) CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so by utilising the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
- (5) In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message must be transmitted so as to be received by the Company's agent, Capita Registrars (whose CREST ID is RA10) by the specified latest time(s) for receipt of proxy appointments. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed.

## FORM OF PROXY

# Surface Transforms plc

("the Company")

Company Number: 03769702

For use at the General Meeting of the Company to be held at the offices of Gateley Plc, Ship Canal House, 98 King Street, Manchester M2 4WU on 4 April 2016 at 11:00 a.m.

I/We \_\_\_\_\_  
(BLOCK LETTERS PLEASE)

of \_\_\_\_\_

being a member of **Surface Transforms plc**, hereby appoint the Chairman of the meeting, or\*

\_\_\_\_\_ as my/our proxy to vote for me/us on my/our behalf at the General Meeting of the Company to be held at the offices of Gateley Plc, Ship Canal House, 98 King Street, Manchester M2 4WU on 4 April 2016 at 11:00 a.m. on the following resolutions, to be submitted to the meeting and at any adjournment thereof, and any other business which may properly come before the meeting and any adjournment thereof.

Please indicate with an 'X' in the appropriate space how you wish your vote to be cast. Unless otherwise instructed, the proxy will vote as he thinks fit or abstain.

Ordinary Resolutions	For	Against	Vote Withheld**
1. THAT, the limit on the maximum number of shares which the Company may issue be and is hereby increased from £700,000 to £1,300,000 Ordinary Shares.			
2. THAT, the Directors be generally and unconditionally authorised for the purpose of section 551 of the Act to exercise all or any of the powers of the Company to allot shares of the Company or to grant rights to subscribe for, or to convert any security into, shares of the Company up to an aggregate nominal value of £525,775.			
<b>Special Resolution</b>			
3. THAT, subject to the passing of Resolution 2, the directors of the Company be and are hereby empowered pursuant to section 570 of the Act to allot equity securities for cash as if section 561 of the Act did not apply to any such allotment (subject to certain specified limitations).			

No. of shares proxy appointed over. \_\_\_\_\_

Signature \_\_\_\_\_

Dated \_\_\_\_\_ day of \_\_\_\_\_ 2016

The definitions and phrases used in this form of proxy shall have the same meaning as set out in the Company's circular dated 18 March 2016 (the "Circular").

\* You may, if you wish, in the space provided insert the name(s) of the person(s) of your choice to attend and vote at the meeting on your behalf.

\*\* Please note that if the "Vote Withheld" box is marked with an "X", the Shareholder will not be counted in the calculation of votes "For" and "Against" and the Shareholder will not be taken to have given his/her/their discretion to the Proxy, on how to vote.

**PLEASE INSERT INTO PRE-PAID ENVELOPE SUPPLIED**

## Notes

1. As a member of the Company you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote on your behalf at a general meeting of the Company.
2. A proxy does not need to be a member of the Company but must attend the meeting to represent you. To appoint as your proxy a person other than the Chairman of the meeting, insert their full name in the box on your proxy form. If you sign and return your proxy form with no name inserted in the box, the Chairman of the meeting will be deemed to be your proxy. Where you appoint as your proxy someone other than the Chairman, you are responsible for ensuring that they attend the meeting and are aware of your voting intentions. If you wish your proxy to make any comments on your behalf, you will need to appoint someone other than the Chairman and give them the relevant instructions directly.
3. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. In the event of a conflict between a blank proxy form and a proxy form which states the number of shares to which it applies, the specific proxy form shall be counted first, regardless of whether it was sent or received before or after the blank proxy form, and any remaining shares in respect of which you are the registered holder will be apportioned to the blank proxy form. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy you must complete a separate Form of Proxy for each proxy. Members can copy their original Form of Proxy.
4. The return of a completed proxy form, other such instrument or any CREST proxy instruction (as described in paragraph 12 below) does not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.
5. To direct your proxy how to vote on the resolutions mark the appropriate box on your proxy form with an 'X'. To abstain from voting on a resolution, select the relevant "Vote withheld" box. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.
6. To be valid any proxy form or other instrument appointing a proxy must be:
  - completed and signed;
  - sent or delivered to Capita Assets Services, PXS1 The Registry, 34 Beckenham, Kent, BR3 4TU; and
  - received by Capita Asset Services no later than 11:00 a.m. on 31 March 2016.
7. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).
8. In the case of a member which is a company, your proxy form must be executed under its common seal or signed on its behalf by a duly authorised officer of the Company or an attorney for the Company.
9. Any power of attorney or any other authority under which your proxy form is signed (or a duly certified copy of such power or authority) must be included with your proxy form.
10. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.
11. You may not use any electronic address provided in your proxy form to communicate with the Company for any purposes other than those expressly stated.
12. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the General Meeting to be held at 11:00 a.m. on 4 April 2016 and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider should refer to their CREST sponsors or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the Company's agent, Capita Registrars Limited (CREST Participant ID: **RA10**), no later than 48 hours before the time appointed for the meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

CREST members and, where applicable, their CREST sponsor or voting service provider should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider takes) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsor or voting service provider are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
13. Only those members entered on the register of members of the Company at 5:30 p.m. on 17 March 2016 or, in the event that this meeting is adjourned, in the register of members as at 5:30 p.m. on the day two days before the date of any adjourned meeting, shall be entitled to attend and vote at the meeting in respect of the number of ordinary shares registered in their names at that time. Changes to the entries on the register of members after the close of business on 17 March 2016 or, in the event that this meeting is adjourned, in the register of members before the close of business on the day two days before the date of the adjourned meeting, shall be disregarded in determining the rights of any person to attend or vote at the meeting.
14. Any corporation which is a member 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 shares.