

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.** If you are in any doubt about the contents of this document you should consult a person authorized under the Financial Services and Markets Act 2000 (“FSMA”) who specializes in advising on the acquisition of shares and other securities before taking any action. The whole of the text of this document should be read.

If you have sold or transferred all of your Ordinary Shares in the Company, please pass this document and the 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.

# **SOPHEON plc**

## **Proposed Capital Reorganisation and Reduction of Capital**

### **Notice of General Meeting**

Notice convening a General Meeting of the Company to be held at the offices of Squire Sanders (UK) LLP, 7 Devonshire Square, London EC2M 4YH on 12 June 2013 at 11.30am (or so soon thereafter as the Annual General Meeting of the Company convened for the same date shall have ended) is set out on pages 13 to 15 of this document. A Form of Proxy is on page 16. **To be valid, the Form of Proxy must be completed and returned so as to be received at the offices of the Company’s registrars, Capita Registrars, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU not later than 11.30am on 10 June 2013.** The completion and depositing of a Form of Proxy will not preclude you from attending and voting in person at the General Meeting should you wish to do so.

## Contents

	Page
Expected timetable of events	3
Definitions	4
Letter from the Chairman	6
Introduction	6
The Capital Reorganisation	6
The Reduction	9
Admissions and Dealings	10
Taxation	10
General Meeting	11
Action to be taken	12
Recommendation	12
Notice of General Meeting	13
Notes to the Notice of General Meeting	15
Form of Proxy for General Meeting	16
Notes to the Form of Proxy	17

## Expected timetable of events

Date of this document	1 May 2013
Latest time and date for receipt of Proxy Forms	11.30 a.m. on 10 June 2013
General Meeting	11.30am on 12 June 2013
UK Record Date for the Share Consolidation	5.00 p.m. on 14 June 2013
Existing Ordinary Shares disabled in CREST and share register closed	5.00 p.m. on 14 June 2013
Admission effective and dealings commence on AIM and Alternext in Interim Ordinary Shares of £500 each	8.00 a.m. on 17 June 2013
CREST accounts credited with Interim Ordinary Shares	17 June 2013
Netherlands Record Date for Share Consolidation**	19 June 2013
UK Record Date for Share Subdivision	5.00 p.m. on 21 June 2013
Interim Ordinary Shares disabled in CREST and share register closed	5.00 p.m. on 21 June 2013
Admission effective and dealings in New Ordinary Shares commence on AIM and Alternext in New Ordinary Shares of 20p each	8.00 a.m. 24 June 2013
CREST accounts credited with New Ordinary Shares	24 June 2013
Netherlands Record Date for Share Subdivision**	26 June 2013
New Share certificates dispatched on or before	1 July 2013
Anticipated date for Reduction of Capital Not later than	31 December 2013
ISIN of Existing Ordinary Shares	GB0006932171
ISIN of Interim Ordinary Shares	GB00B8L2X129
ISIN of New Ordinary Shares	GB00B8CLGJ79

\*\* Due to differences in the settlement mechanisms between the Netherlands and the UK the record date for shares in the Netherlands is three days later than in the UK. This is the reason for the one week gap between the Share Consolidation and the Share Subdivision. Notwithstanding the foregoing, trading in the Interim Ordinary Shares will commence on both AIM and Alternext on 17 June 2013, and trading in the New Ordinary Shares will commence on both AIM and Alternext on 24 June 2013.

Times stated above are British Standard Time.

## Definitions

<b>“Act”</b>	the Companies Act 2006
<b>“AIM”</b>	the AIM Market of the London Stock Exchange
<b>“Alternext”</b>	the Alternext Market of the Amsterdam Stock Exchange
<b>“Capital Reorganisation”</b>	the proposed Share Consolidation and Share Subdivision of Existing Ordinary Shares into New Ordinary Shares and Deferred Shares
<b>“Company” or “Sopheon”</b>	Sopheon plc
<b>“Convertible Loan Stock”</b>	the £2,000,000 nominal value of 8% Convertible Loan Stock 2015 of the Company outstanding at the date of this document
<b>“Court”</b>	the High Court of Justice of England and Wales
<b>“Deferred Shares”</b>	the deferred shares of 80p each arising from the Capital Reorganisation
<b>“Directors” or “the Board”</b>	the directors of the Company as set out on page 5 of this document
<b>“Existing Ordinary Shares”</b>	the 145,579,027 Ordinary Shares of 5p each in issue at the date of this document
<b>“Form of Proxy”</b>	the form of proxy accompanying this document for use in connection with the General Meeting
<b>“General Meeting”</b>	the general meeting of the Company convened for 11:30am on 12 June 2013 notice of which is set out on pages 13 to 15 of this Document
<b>“Group”</b>	the Company and its subsidiary undertakings
<b>“Interim Ordinary Shares”</b>	the 14,558 Ordinary Shares of £500 each in the capital of the Company arising from the Share Consolidation
<b>“New Ordinary Shares”</b>	the 7,279,000 new Ordinary Shares of 20p each in the capital of the Company arising from the Capital Reorganisation
<b>“Proposals”</b>	the proposals set out in this document, comprising both the Capital Reorganisation and the Capital Reduction
<b>“Qualifying Shareholders”</b>	holders of Existing Ordinary Shares at the Record Date
<b>“Reduction”</b>	the proposed reduction of capital involving the cancellation of the Deferred Shares and the cancellation of amounts standing to the credit of the Share Premium account and the Capital Redemption Reserve account
<b>“Resolutions”</b>	the resolutions set out in the notice of the General Meeting on pages 13 to 15 of this document

## Definitions (continued)

<b>“Share Consolidation”</b>	the proposed consolidation of every 10,000 Existing Ordinary Shares into 1 Interim Ordinary Share
<b>“Shareholders”</b>	holders of Existing Ordinary Shares
<b>“Share Subdivision”</b>	the initial subdivision of each Interim Ordinary Share into 500 Subdivided Ordinary Shares of £1 each, and the further subdivision of each £1 Subdivided Ordinary Share into 1 New Ordinary Share of 20p and 1 Deferred Share of 80p.
<b>“Subdivided Ordinary Shares”</b>	the 7,279,000 subdivided ordinary shares of £1 each in the capital of the Company arising from the initial Share Subdivision, immediately before the creation of the New Ordinary Shares and the Deferred Shares arising from the further Share Subdivision.

## Letter from the Executive Chairman of Sopheon plc

# SOPHEON plc

*(Incorporated in England and Wales with registered number 32178503)*

*Registered Office:*

*Directors:*

Barry K. Mence (*Executive Chairman*)  
Andrew L. Michuda (*Chief Executive Officer*)  
Arif Karimjee (*Chief Financial Officer*)  
Stuart A. Silcock (*Non-executive Director*)  
Bernard P.F. Al (*Non-executive Director*)  
Daniel Metzger (*Non-executive Director*)

Surrey Technology Centre  
40 Occam Road  
Surrey Research Park  
Guildford GU2 7YG

1 May 2013

*To the Shareholders*

Dear Shareholder,

### **Proposed Capital Reorganisation and Reduction of Capital**

#### **Introduction**

For some time the Board has been considering how best to restructure the capital of the Company to deal with the problem of the Company's accumulated trading losses, which include substantial product development expenditure over many years and the amortization and impairment of historic goodwill. These losses mean that the Company does not have distributable reserves and thus prevents the payment of dividends by the Company, were the Directors to decide to do so. At the same time the Board is conscious that the Company has a disproportionately large number of shareholders with relatively small holdings for a company of its size.

The Board is therefore pleased to announce proposals for a Capital Reorganisation and Reduction of Capital, which are intended to resolve these issues.

The purpose of this document is to provide you with the background to the Proposals and to explain why the Directors consider the Proposals to be in the best interests of the Company and its Shareholders as a whole, and why they recommend that you should vote in favour of the Resolutions to be proposed at the General Meeting convened for 11.30am on 12 June 2013, notice of which is set out at the end of this document.

#### **The Capital Reorganisation**

The Company currently has over 12,000 Shareholders. Of these, approximately 3,800 are on the register of members; approximately 1,000 additional individual shareholdings are estimated to be included within the nominee accounts of retail stockbrokers; and approximately 7,000 additional individual shareholdings are estimated to be included within nominee accounts in the Netherlands system arising from listing of the Company's shares on the Alternext Amsterdam stock exchange. Collectively, these holdings are estimated to include approximately 10,000 individual holdings with less than 10,000 shares, each with a value of no more than approximately £500 each at today's date. It has become clear to the Directors that, for a company of its size, this represents a disproportionately large number of small shareholdings. The Directors believe that by reducing the total number of shares in issue, this may reduce the volatility in the price of the Company's shares, lead to more meaningful earnings per share figures, may avoid large dealing spreads in the shares and may ensure that the price of the shares is more appropriate for a company of Sopheon's size.

Accordingly, the Board proposes to consolidate the shareholdings in the Company through a Capital Reorganisation on the terms set out below.

*Issue of additional shares*

The Company has 145,579,027 Existing Ordinary Shares in issue. To effect the Share Consolidation, it will be necessary to issue a further 973 Existing Ordinary Shares to increase this to 145,580,000 which is exactly divisible by 10,000. These 973 additional Existing Ordinary Shares would be issued to the Company's Employee Share Ownership Trust. Since these additional shares would only represent a fraction of a New Ordinary Share, this fraction would be sold pursuant to the arrangements for fractional entitlements described below.

*Mechanics of the reorganisation*

The Articles of Association of the Company permit the Company, by ordinary resolution, to consolidate its share capital into shares of a larger nominal value than the Existing Ordinary Shares. Article 44 permits the Board to deal with fractions arising on consolidation as it thinks fit and in particular to sell the shares representing such fractions for the best price reasonably obtainable to any person and to distribute the net proceeds of sale to shareholders in due proportion, (subject to the retention by the Company of amounts not exceeding £3.00, of which the cost of distribution is expected to exceed the amounts involved). It is expected that the sale price will be at or close to the market price on AIM or Alternext (as the case may be) at the date and time of the sale transaction.

The Directors have resolved to submit to Shareholders proposals for a Capital Reorganisation involving the following steps:

- (a) the 145,580,000 Existing Ordinary Shares will be consolidated into 14,558 Interim Ordinary Shares of £500 each in the capital of the Company;
- (b) after one week has passed, to accommodate settlement differences between the London and Amsterdam trading platforms, the 14,558 Interim Ordinary Shares of £500 each will be subdivided into 500 Subdivided Ordinary Shares of £1 each creating 7,279,000 Ordinary Shares of £1 each in the capital of the Company;
- (c) each of the 7,279,000 Subdivided Ordinary Shares of £1 each resulting from the Subdivision will be further subdivided and re-designated as 7,279,000 New Ordinary Shares of 20p each and 7,279,000 Deferred Shares of 80p each.

The rights attaching to the New Ordinary Shares will, apart from the change in nominal value and therefore the entitlement of Shareholders in respect of a return of capital, be identical in all respects to those of the Existing Ordinary Shares.

The table below provides some illustrations of the effect of the Capital Reorganisation:

<i>Pre capital reorganisation holding of Existing Ordinary Shares</i>	<i>Post capital reorganisation holding of New Ordinary Shares</i>
Up to 10,000 Existing Ordinary Shares	Nil
10,000 Existing Ordinary Shares	500 New Ordinary Shares
100,000 Existing Ordinary Shares	5,000 New Ordinary Shares

For the avoidance of doubt, the Company is only responsible for dealing with fractions arising on registered holdings. For Shareholders whose shares are held in the nominee accounts of UK stockbrokers, and for Shareholders who have acquired their shareholdings through the Alternext Amsterdam stock exchange, the effect of the Capital Reorganisation on their individual shareholdings

will be administered by the stockbroker or nominee in whose nominee account the relevant shares are held. The effect is expected to be the same as for shareholdings registered in beneficial names; however it is the stockbroker's or nominee's responsibility to deal with fractions arising within their customer accounts, not the Company's.

The result of the Capital Reorganisation will be to reduce the number of ordinary shares in issue from 145,580,000 Existing Ordinary Shares to 7,279,000 New Ordinary Shares, and the number of underlying individual shareholders from over 12,000 to approximately 2,000. Registered shareholders are expected to fall from approximately 3,800 to approximately 200.

So far as the Directors are aware, the only persons who are at the date hereof directly or indirectly interested in more than 3% of the issued share capital are set out in the table below, together with the number of New Ordinary Shares which will be held by such persons upon implementation of the Capital Reorganisation. By way of comparison, the effect on representative shareholders currently holding 10,000 and 100,000 Existing Ordinary Shares is also set out in the table below.

	<i>Existing Ordinary Shares</i>	<i>Current percentage</i>	<i>New Ordinary Shares</i>	<i>Resultant percentage</i>
<b>Major Shareholders (3% or more)</b>				
Barry K. Mence (Director)	14,430,535	9.9%	721,500	9.9%
Rivomore Ltd and Myrtledare Corp.	16,191,260	11.1%	809,500	11.1%
<b>Representative shareholder</b>				
Holder of 10,000 shares	10,000	0.007%	500	0.007%
Holder of 100,000 shares	100,000	0.07%	5,000	0.07%

The above table demonstrates that the percentage shareholding of any Shareholder currently holding at least 10,000 Existing Ordinary Shares will not be affected by the Capital Reorganisation, save in respect of fractional entitlements.

#### *Amendment to authorities*

Following completion of the Capital Reorganisation, the authorities relating to s.551 (authority to allot shares) and s.570 of the Act (authority to allot shares on a non-pre-emptive basis), approved at the Company's Annual General Meeting in 2012, or, if approved, the renewed authorities granted at the 2013 Annual General Meeting, which in both cases are based on the existing share capital, will no longer be appropriate. Accordingly, should the Capital Reorganisation proceed, the Board confirms its intention to use these authorities only to the extent that the number of New Ordinary Shares to which they relate is deemed adjusted in proportion to the amendments to the issued ordinary share capital that would be brought about by the Capital Reorganisation.

#### *Convertible Loan Stock and Share Options*

The Company has outstanding at the date of this document £2,000,000 nominal value of Convertible Loan Stock ("the Stock"). At present the Stock is convertible into Existing Ordinary Shares at a conversion price of 5p per Existing Ordinary Share. Following the implementation of the Proposals,



and in accordance with the terms of the Stock, the Stock will be convertible into New Ordinary Shares at a conversion price of £1.

The Company also has outstanding at the date of this document options over 12,960,780 Existing Ordinary Shares. The options are exercisable at a variety of exercise prices ranging from 5p to 25.25p per Existing Ordinary Share. Following the implementation of the Proposals and in accordance with the terms of the options, the number of shares under option will be divided by a factor of 20, and the exercise price of such options will be multiplied by a factor of 20.

### **The Reduction**

As at 31 December 2012, the Company had an accumulated deficit on its profit and loss account of £57,646,000. At the same date there were amounts standing to the credit of the Company's share premium account of £52,096,156 and capital redemption reserve of £2,884,333. Whilst the balance on the Company's profit and loss account remains in deficit, the Company cannot declare a dividend due to prohibitions under the Act. Furthermore, the existence of a substantial accumulated deficit on the balance sheet is potentially detrimental to the Company's commercial activities.

Under the Act, a public company may reduce its capital and share premium account and capital redemption reserve if so authorized by its Articles of Association, providing it obtains the approval of its shareholders by special resolution in general meeting and that the Court confirms the reduction. The reserve arising on such a reduction may be utilized in eliminating the accumulated deficit on the Company's profit and loss account and, subject to the protection of creditors, in creating distributable reserves available for the payment of dividends, the purchase by the Company of its own shares and for other corporate purposes of the Company.

In addition, the Deferred Shares, which will arise from the Capital Reorganisation, will have no voting rights, will have no right to dividends, and will carry no entitlement to attend general meetings of the Company. They will carry only the right to participate in any return of capital to the extent of their nominal capital but only after each Ordinary Share has received in aggregate capital repayments totalling £100,000 per Ordinary Share. Therefore the Deferred Shares will be, for all practical purposes, valueless and the Deferred Shares will not be dealt on either AIM or Alternext, and no share certificates will be issued in respect of them.

Accordingly, the Company proposes, subject to approval by Shareholders, to apply to the Court to confirm the cancellation of the Deferred Shares and to confirm the cancellation of the amounts standing to the credit of the Company's share premium account and capital redemption reserve. The reserve arising on the cancellation of the Deferred Shares would be £5,823,200. The reserves arising from the cancellation of the share premium account and capital redemption reserve would be £54,980,489. Both these amounts would be offset against the deficit on profit and loss account. The combined effect would be to replace the deficit on the profit and loss account of £57,646,000 on 31 December 2012 with distributable reserves of approximately £3,157,000. The Directors of the Company cannot, at this stage in the development of the Company, make any forecast as to the future payment of dividends.

If approved by Shareholders, the Company intends to apply to the Court for an appropriate Court order. It is expected the Court order confirming the Reduction would be made not later than 31 December 2013. The Reduction would take effect once the Court order was registered with Companies House, which it is anticipated would take place within a few days of the Court order being made.

The notice of General Meeting set out at the end of this document contains the resolutions to give effect to the proposed Capital Reorganisation and the Reduction.

## **Admission and Dealings**

Existing share certificates will cease to be valid following the Capital Reorganisation and Reduction and new share certificates are expected to be issued on 1 July 2013. No certificates will be issued in respect of Interim Ordinary Shares or Deferred Shares.

Application will be made for the Interim Ordinary Shares to be admitted to trading on AIM and Alternext. If approved, the Share Consolidation will be effected after 5:00pm on 14 June 2013, and the Interim Ordinary Shares will be admitted to trading on AIM and Alternext on 17 June 2013. Application will also be made for the New Ordinary Shares to be admitted to trading on the AIM and Alternext. If approved, the Share Subdivision will be effected after 5:00pm on 21 June 2013 and the New Ordinary Shares will be expected to be admitted to trading on AIM and Alternext on 24 June 2013.

Due to differences in the settlement mechanisms between the Netherlands and the UK the record date for shares on the Alternext is three days later than on the AIM. This is the reason for the five day gap between the Share Consolidation and the Share Subdivision. Notwithstanding the foregoing, trading in the Interim Ordinary Shares will commence on both AIM and Alternext on 17 June 2013, and trading in the New Ordinary Shares will commence on both AIM and Alternext on 24 June 2013.

Shareholders who hold their Existing Ordinary Shares in uncertificated form in the UK are expected to have their CREST accounts credited with the Interim Ordinary Shares on 17 June 2013 and the New Ordinary Shares on 24 June 2013.

Shareholders who hold their Existing Ordinary Shares in uncertificated form in the Netherlands are expected to have their EUROCLEAR accounts credited with the Interim Ordinary Shares on 19 June 2013 and the New Ordinary Shares on 26 June 2013.

## **Taxation**

### *UK*

The following summary is intended as a general guide only and relates to the UK taxation treatment of the Capital Reorganisation. It is based on current UK tax law and the current published HM Revenue and Customs practice applying in the case of those holders of Existing Ordinary Shares who are residents of the UK for tax purposes, are the beneficial owners of those shares and hold them as investments. Certain holders of Existing Ordinary Shares, such as dealers in securities, insurance companies, collective investment schemes and persons who have acquired their shares by reason of their or another's employment, may be taxed differently and are not considered here. It is expected that for the purposes of UK taxation on chargeable gains the Capital Reorganisation will be treated as follows:

The New Ordinary Shares arising from the Share Consolidation will result from a reorganisation of the share capital of the Company. Accordingly, holders of Existing Ordinary Shares should not normally be treated as making a disposal of all or part of their holding of Existing Ordinary Shares by reason of the Capital Reorganisation being implemented. The New Ordinary Shares which replace their holding of Existing Ordinary Shares as a result of the Capital Reorganisation will be treated as the same asset acquired at the same time as their holding of Existing Ordinary Shares was acquired.

To the extent that a Shareholder receives cash by virtue of a sale on his behalf of any New Ordinary Shares to which he or she has a fractional entitlement, the Shareholder will not in practice normally be treated as making a part disposal of the Shareholder's holding of Existing Ordinary Shares, the proceeds instead being deducted from the base cost of the Shareholder's new holding. If those proceeds exceed that base cost, however, the Shareholder will be treated as disposing of part or all of his holding of Existing Ordinary Shares and may, depending on his circumstances, be subject to tax in respect of any chargeable gain thereby realised.

## *Netherlands*

The following summary is intended as a general guide only and relates to the Dutch taxation treatment of the Capital Reorganisation. It is based on current Dutch tax law applying in the case of those holders of Existing Ordinary Shares who are residents of the Netherlands for tax purposes, are the beneficial owners of those shares and hold them as investments.

Except as set out below, a Dutch individual shareholder is generally taxed on the value of their shares in "Box 3". This is an annual tax which is based on the value of the shares as per January 1 of a year. This applies to the situation before and after the Capital Reorganization. The reorganization as such should not trigger any additional Dutch taxation for a Dutch individual shareholder who is taxed in "Box 3". This includes the fact that shareholders otherwise entitled to a fractional share as a result of the Capital Reorganization may receive a cash payment instead of the remaining fractional share, assuming that the cash received equals the value of the corresponding fractional share.

Certain holders of Existing Ordinary Shares, such as a shareholder who (i) has a substantial interest (as defined in ITA 2001) or a participation interest (as defined in CITA 1969) in the Company, typically characterized by an interest of 5% or more and taxable under "Box 2"; or (ii) is a corporate shareholder or a shareholder who is taxed on the value of their shares in "Box 1", may be taxed differently and are not considered above.

### **General Meeting**

The notice convening the General Meeting, at which the Resolutions will be proposed, is set out on pages 13 to 15 of this document. The Resolutions are required in order to enable the Company to implement the Capital Reorganisation and the Reduction.

Resolution 1 will be proposed as an Ordinary Resolution. This means that for this Resolution to be passed, more than one-half of the votes cast must be in favour of the Resolution.

Resolution 2 and 3 will be proposed as Special Resolutions. This means that for each of those Resolutions to be passed, at least three-quarters of the votes cast must be in favour of the Resolution.

Resolutions 2 and 3 are conditional upon the passing of Resolution 1.

### **Resolution 1**

#### *Capital Reorganisation*

It is proposed as an Ordinary Resolution that:

- (a) the 145,580,000 issued Existing Ordinary Shares will be consolidated into 14,558 Interim Ordinary Shares of £500 each in the capital of the Company; and
- (b) after one week has passed, to accommodate settlement differences between the London and Amsterdam trading platforms, each of the 14,558 new ordinary shares of £500 each will be subdivided into 500 Subdivided Ordinary Shares of £1 each creating 7,279,000 Ordinary Shares of £1 each in the capital of the Company.

## **Resolution 2**

### *Creation of Deferred Shares and Modification of Articles*

It is proposed as a Special Resolution that:

- (a) each of the Subdivided Ordinary Shares of £1 each will be further subdivided and re-designated as 7,279,000 New Ordinary Shares of 20p each and 7,279,000 Deferred Shares of 80p each; and
- (b) the Articles of Association of the Company are modified to accommodate the creation of the Deferred Shares and to describe the rights and restrictions of the Deferred Shares.

## **Resolution 3**

### *Reduction of Capital*

Subject to the passing of Resolutions 1 and 2 it will be proposed as a Special Resolution that subject to the approval of the Court:

- (a) the Deferred Shares be cancelled; and
- (b) the share premium account be cancelled; and
- (c) the capital redemption reserve account be cancelled.

## **Action to be taken**

You will find enclosed with this document a Form of Proxy for use at the General Meeting. Whether you intend to be present at the General Meeting or not, you are asked to complete the Form of Proxy in accordance with the instructions printed on it and to return it to the Registrars as soon as possible and, in any event, so as to be received by no later than 11.30am on 10 June 2013. The completion and return of the Form of Proxy will not preclude you from attending the General Meeting and voting in person if you wish to do so.

Shareholders who hold their shares in the Company through CREST are referred to Note 6 of the Notes to the Notice of General Meetings.

If the Form of Proxy is not returned or the CREST Proxy Instructions not submitted by 11.30 a.m. on 10 June 2013, your vote will not count.

## **Recommendation**

The Board considers that the Proposals are in the best interests of the Company and the Shareholders.

Accordingly, the Board unanimously recommends that you vote in favour of the Resolutions to be proposed at the General Meeting, as they have undertaken to do in respect of their own beneficial shareholdings representing 11.3% of the Existing Ordinary Shares.

Yours faithfully,

Barry Mence  
*Executive chairman*

# SOPHEON plc

## Notice of General Meeting

NOTICE IS HEREBY GIVEN that a general meeting of the Company will be held at the offices of Squire Sanders (UK) LLP, 7 Devonshire Square, London EC2M 4YH on 12 June 2013 at 11.30am (or so soon thereafter as the Annual General Meeting of the Company convened for the same date shall have ended) for the purpose of considering and, if thought fit, passing the following resolutions, 1 being an Ordinary Resolution and 2 and 3 being Special Resolutions:

### Ordinary Resolution

1. That:

- (a) the issued ordinary shares of 5p each in the capital of the Company (“Existing Ordinary Shares”) be and are hereby consolidated into new ordinary shares of £500 each in the capital of the company (“Interim Ordinary Shares”) on the basis of one Interim Ordinary Share for every 10,000 Existing Ordinary Shares; and that all Interim Ordinary Shares held in fractions as a result of such consolidation be sold for the best price reasonably obtainable and the net proceeds shall be distributed among the members rateably in accordance with their rights and interest therein save that no shareholder shall be entitled to recover any of such net proceeds of sale unless his entitlement exceeds £3.00, and the net proceeds of sale not so distributed as a result shall be retained for the benefit of the Company; and
- (b) After one week, each of the Interim Ordinary Shares in the capital of the Company be and is hereby subdivided into 500 new ordinary shares of £1 each in the capital of the Company (“Subdivided Ordinary Shares”);

### Special Resolutions

2. That:

- (a) each of the Subdivided Ordinary Shares shall be divided into new ordinary shares of 20p each in the capital of the Company (“New Ordinary Shares”) and deferred shares of 80p each in the capital of the Company (“Deferred Shares”) on the basis of one New Ordinary Share and one Deferred Share for each Subdivided Ordinary Share; and
- (b) the Deferred Shares shall have the following rights and be subject to the restrictions set out below:
  - i) as regards income, the Deferred Shares shall not entitle the holders thereof to receive any dividend or other distribution;
  - ii) as regards voting, the Deferred Shares shall not entitle the holders thereof to receive notice of or to attend or vote at any general meeting of the Company;
  - iii) as regards capital, on a return of capital on a winding up the holders of Deferred Shares shall only be entitled to receive the amount paid up on such shares after the holders of the Ordinary Shares have received the sum of £100,000 for each Ordinary Share held by them and shall have no other right to participate in the assets of the Company;
  - iv) as regards transfers, the Company is authorised at any time to appoint any person to execute on behalf of the holders of the Deferred Shares a transfer thereof and/or an agreement to transfer the same, without making any payment to the holders thereof and persons so entitled, to such persons as the Company may determine as holder thereof beneficially entitled thereto, and, pending any such transfer not to issue certificates for the Deferred Shares;

- v) as regards variation of rights, neither the passing by the Company of any resolution for a reduction of capital involving the cancellation of the Deferred Shares without any repayment of capital in respect thereof, nor a reduction of share premium account, nor the obtaining by the Company or the making by the Court of an order confirming any such reduction of capital or share premium account or the making effective of such order nor the purchase by the Company in accordance with the provisions of the Act of any of its own shares or other securities or the passing of a resolution to permit any such purchase shall constitute a variation or abrogation of the rights attaching to the Deferred Shares; and
  - vi) as regards further issues, the rights conferred by the Deferred Shares shall not be varied or abrogated by the creation or issue of further shares ranking *pari passu* with or in priority to the Deferred Shares.
- (c) the existing Articles of Association of the Company be and are hereby amended to provide for the creation of the Deferred Shares which shall have the rights and be subject to the restrictions set out in sub-section (b) of this Resolution 2.
3. That subject to and conditional upon the passing of Resolutions 1 and 2 above, and subject to the subsequent approval of the Court:
- (a) the Deferred Shares be cancelled;
  - (b) the share premium account of the Company be cancelled; and
  - (c) the capital redemption reserve account be cancelled.

**By order of the Board**

A. Karimjee, *Secretary*

1 May 2013

Registered office: Surrey Technology Centre, 40 Occam Road, Surrey Research Park, Guildford GU2 7YG

## Notes to the Notice of General Meeting

1. A member is entitled to appoint another person as his proxy to exercise all or any of his rights to attend, speak and vote at the meeting. A member may appoint more than one proxy in relation to the meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by him. A proxy need not be a member of the Company but must attend the meeting to represent you. Details of how to appoint the Chairman of the meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form.
2. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, to be entitled to attend and vote at the meeting (and for the purposes of the determination by the Company of the number of votes they may cast) members must be entered on the Company's register by 6.00pm on 10 June 2013.
3. A form of proxy is enclosed. To be effective, it must be deposited at the Company's Registered Office, or the office of the Company's registrars, Capita Registrars, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU so as to be received not later than 48 hours before the time appointed for holding the meeting. Completion of the form of proxy does not preclude a member from subsequently attending and voting at the meeting in person if he or she so wishes.
4. To appoint a proxy or to give or amend an instruction to a previously appointed proxy via the CREST system, the CREST message must be received by the issuer's agent (ID RA10) by 11.30am on 10 June 2013. 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 issuer's agent is able to retrieve the message. After this time any change of instructions to a proxy appointed through CREST should be communicated to the proxy by other means. CREST Personal Members or other CREST sponsored members, and those CREST Members who have appointed voting service provider(s) should contact their CREST sponsor or voting service provider(s) for assistance with appointing proxies via CREST. For further information on CREST procedures, limitations and system timings please refer to the CREST Manual (available via [www.euroclear.com/CREST](http://www.euroclear.com/CREST)). We may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5) (a) of the Uncertificated Securities Regulations 2001. In any case your proxy form must be received by the company's registrars no later than 11.30am on 10 June 2013.

## FORM OF PROXY FOR GENERAL MEETING

I/We, .....

of .....

being a member/members of the above-named Company, hereby appoint the Chairman of the meeting or

.....

of .....

as my/our proxy to vote in my/our name(s) and on my/our behalf at the General Meeting of the Company to be held at the offices of Squire Sanders (UK) LLP, 7 Devonshire Square, London EC2M 4YH on 12 June 2013 at 11:30am or so soon thereafter as the Annual General Meeting of the Company convened for the same date shall have ended (including in respect of whether to adjourn such meeting) and at any adjournment of such meeting. I/We direct my/our proxy to vote on the Resolutions set out in the notice dated 1 May 2013 convening the General Meeting as follows and, on any other resolutions, as he or she thinks fit:

Resolutions	For	Against	Vote Withheld	Discretionary
1. To consolidate the issued ordinary shares of 5p each into interim ordinary shares of £500 each, and after one week, to subdivide each of the interim ordinary shares into 500 subdivided ordinary shares of £1 each.				
2. To further divide each of the subdivided ordinary shares of £1 each into new ordinary shares of 20p each and deferred shares of 80p each and to modify the Articles of Association to describe the rights and restrictions of the deferred shares.				
3. That subject to the subsequent approval of the High Court of Justice of England and Wales, to cancel the deferred shares, to cancel the share premium account and to cancel the capital redemption reserve.				

Signed this..... day of 2013

Signature .....

Name in Block Capitals .....

Initial and surnames of joint holders (if any) .....

Notes to this Form of Proxy are provided on page 17



## Notes to the Form of Proxy

1. If it is desired to appoint any person other than the Chairman as proxy, delete the words "the Chairman of the meeting or" and insert his or her name and address and initial the alteration. The person appointed to act as proxy need not be a member of the Company.
2. You may appoint more than one proxy provided that each proxy is appointed to exercise the rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, please return a separate form in relation to each proxy, clearly indicating next to the name of each proxy the number and class of shares in respect of which he is appointed. If you submit more than one valid proxy appointment in respect of the same shares, the appointment received last before the latest time for the receipt of proxies will take precedence.
3. In the case of a corporation, this form of proxy must be executed by the corporation and must be signed either under seal or under the hand of a duly appointed director or another duly authorised officer.
4. In the case of joint holders, the vote of the senior holder tendering a vote will be accepted to the exclusion of the votes of the other joint holders. Seniority depends on the order in which the names stand in the register of members.
5. If you want your proxy to vote in a certain way on the resolutions specified please place an "X" in one of the relevant boxes for each of the resolutions. If you select "discretionary" or fail to select any of the given options your proxy can vote as he or she chooses or can decide not to vote at all. The proxy can also do this on any other resolution that is put to the meeting.
6. The "vote withheld" option is provided to enable you to abstain on any particular resolution however it should be noted that a "vote withheld" is not a vote in law and will not be counted in the calculation of the proportion of the votes "For" and "Against" a resolution.
7. To be valid, this proxy and any power of attorney or other written authority under which it is signed or an office or notarially certified copy of such power or authority or a copy certified in accordance with the Powers of Attorney Act 1971 or the Enduring Powers of Attorney Act 1985 must reach the office of the Company's registrars, Capita Registrars, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU by no later than 11.30am on 10 June 2013. Shares held in uncertificated form (i.e. in CREST) may be voted through the CREST Proxy Voting Service in accordance with the procedures set out in the CREST manual.
8. Completion of this form of proxy will not preclude you from attending and voting at the Meeting if you so wish.