

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the Offer or the contents of this document or the action you should take, you are recommended to seek immediately your own independent financial advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000 if you are resident in the UK or, if not, from another appropriately authorised independent financial adviser in the relevant jurisdiction.**

If you have sold or otherwise transferred all of your SDI Shares, please forward this document and any accompanying reply paid envelope, but not the accompanying personalised Form of Acceptance or personalised Form of Proxy, at once to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee. **However, such documents should not be forwarded, transmitted or distributed in or into Canada, Australia or any other Restricted Jurisdiction.** If you have sold or otherwise transferred only part of your holding of SDI Shares you should retain these documents and consult the bank, stockbroker or other agent through whom the sale or transfer was effected.

**This document should be read in conjunction with the Form of Proxy and in the case of SDI Shareholders who hold their SDI Shares in certificated form, should also be read in conjunction with the accompanying Form of Acceptance.**

---

**Recommended Cash Offer**  
by  
**FSU INVESTMENTS LIMITED**  
for  
**SDI GROUP PLC**  
and  
**Notice of General Meeting**

---

Your attention is drawn to the letter of recommendation from the Independent Directors set out in Part 1 of this document, which explains why the Independent Directors are unanimously recommending that you accept the Offer and vote in favour of Resolution 1.

**Capitalised words and phrases used in this document shall have the meanings given to them in Appendix IV. The procedure for acceptance of the Offer is set out in the letter from FSU Investments contained in Part 2 of this document, Parts C and D of Appendix I and, in the case of Shareholders holding SDI Shares in certificated form, the accompanying Form of Acceptance. To accept the Offer in respect of certificated SDI Shares, you must return your completed Form of Acceptance (together with your share certificate and other documents of title (in respect of those SDI Shares for which you wish to accept the Offer)) by post to Computershare, Corporate Actions Projects, Bristol BS99 6AH, United Kingdom or, during normal business hours only, by hand to Computershare Investor Services PLC at The Pavilions, Bridgwater Road, Bristol BS13 8AE as soon as possible and in any event so as to arrive no later than 1.00 p.m. (London time) on Friday 13 August 2010. Acceptances in respect of uncertificated SDI Shares should be made electronically through CREST, so that the TTE instruction settles no later than 1.00 p.m on Friday 13 August 2010. If you are a CREST sponsored member, you should refer to your CREST sponsor as only your CREST sponsor will be able to send the necessary TTE instruction to Euroclear.**

Vollman Brothers, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting exclusively for FSU Investments and no one else in connection with the Offer and will not be responsible to anyone other than FSU Investments for providing the protections afforded to clients of Vollman Brothers nor for providing advice in relation to the Offer, the contents of this document, or any transaction or arrangement referenced herein.

Cenkos, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting exclusively for SDI and no one else in connection with the Offer and will not be responsible to anyone other than SDI for providing the protections afforded to customers of Cenkos nor for providing advice in relation to the Offer, the contents of this document, or any transaction or arrangement referenced herein.

A condition to the Offer is the passing of Resolution 1 by Independent Shareholders. Notice of the General Meeting to be held at the offices of Mills & Reeve LLP, Francis House, 112 Hills Road, Cambridge CB2 1PH at 10.30 a.m. on Monday 16 August 2010 is set out at the end of this document. SDI Shareholders are requested to complete and return the enclosed Form of Proxy and return it in accordance with the instructions printed on it, to Computershare Investor Services PLC at The Pavilions, Bridgwater Road, Bristol BS99 6ZY, United Kingdom as soon as possible, but in any event no later than 48 hours before the meeting whether or not they intend to be present at the meeting.

Unless otherwise determined by FSU Investments or required by the City Code and permitted by applicable law and regulation, the Offer is not being made, and will not be made, directly or indirectly, in or into, or by use of the mails of, or by any means or instrumentality (including, without limitation, telephonically or electronically) of interstate or foreign commerce of, or any facilities of a national state or other securities exchange of Canada, Australia, or any other Restricted Jurisdiction and the Offer will not be capable of acceptance by any such use, means, instrumentality or facility or from within Canada, Australia, or any other such Restricted Jurisdiction.

Accordingly, unless otherwise determined by FSU Investments or required by the City Code and permitted by applicable law and regulation, neither this document, nor the accompanying Form of Acceptance or Form of Proxy, is being, and may be, directly or indirectly, mailed, transmitted or otherwise forwarded, distributed, or sent in, into or from Canada, Australia, or any other Restricted Jurisdiction and persons receiving this document, Form of Acceptance or Form of Proxy (including without limitation, custodians, nominees or trustees) must not mail or otherwise forward, distribute or send it in, into or from such jurisdiction. Any person (including, without limitation, nominees, trustees or custodians) who would, or otherwise intends to, or who may have a contractual or legal obligation to, forward this document together with the accompanying Form of Acceptance or Form of Proxy to any jurisdiction outside the UK, should read the further details in this regard which are contained in Part B of Appendix I to this document before taking any action. This document is not intended to and does not constitute an offer to sell or issue, or a solicitation of an offer to buy or subscribe for, shares or other securities or a solicitation of any vote or approval in any jurisdiction in which such offer or solicitation is unlawful. This document together with the accompanying Form of Acceptance or Form of Proxy have been prepared for the purposes of complying with English law, the City Code and the AIM Rules and the information disclosed may not be the same as that which would have been disclosed if this document had been prepared in accordance with the laws of jurisdictions outside of the United Kingdom.

If you require assistance on the completion of the Form of Acceptance or Form of Proxy or how to accept the Offer, please telephone Computershare Investor Services PLC, the Receiving Agent to the Offer, on 0870 707 1623 (from within the UK) or +44 870 707 1623 (from outside the UK). Calls to the shareholder helpline may be monitored or recorded and you should be aware that such shareholder helpline cannot provide any financial, legal or tax advice in connection with the Offer.

**THE FIRST CLOSING DATE OF THE OFFER IS 1.00 P.M. (LONDON TIME) ON FRIDAY 13 AUGUST 2010**

## **DEALING DISCLOSURE REQUIREMENTS**

Under Rule 8.3(a) of the Code, any person who is interested in 1 per cent. or more of any class of relevant securities of an offeree company or of any paper offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any paper offeror is first identified. An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any paper offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 p.m. (London time) on the 10th business day following the commencement of the offer period and, if appropriate, by no later than 3.30 p.m. (London time) on the 10th business day following the announcement in which any paper offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a paper offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Code, any person who is, or becomes, interested in 1 per cent. or more of any class of relevant securities of the offeree company or of any paper offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any paper offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any paper offeror, save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 p.m. (London time) on the business day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a paper offeror, they will be deemed to be a single person for the purpose of Rule 8.3.

Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).

Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Takeover Panel's website at [www.thetakeoverpanel.org.uk](http://www.thetakeoverpanel.org.uk), including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. If you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure, you should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129.

## **FORWARD-LOOKING STATEMENTS**

This document, including information included or incorporated by reference in this document, may contain 'forward-looking statements' concerning FSU Investments and SDI. Generally, the words 'will', 'may', 'should', 'continue', 'believes', 'expects', 'intends', 'anticipates' or similar expressions identify forward-looking statements. The forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those suggested by them. Many of these risks and uncertainties relate to factors that are beyond the companies' abilities to control or estimate precisely, such as future market conditions and the behaviours of other market participants, and therefore they are not guarantees of future performance and undue reliance should not be placed on such statements which speak only as at the date of this document.

No forward-looking statements have been reviewed by auditors of FSU Investments or SDI. FSU Investments and SDI assume no obligation and do not intend to update these forward-looking statements, except as required pursuant to applicable law. However, all subsequent oral or written forward looking statements attributable to FSU Investments or SDI or any of their respective members, directors, officers or employees or any persons acting on their behalf are expressly qualified in their entirety by the cautionary statement above.

## **PROFIT FORECASTS**

Nothing in this document is intended, or is to be construed, as a profit forecast or to be interpreted to mean that earnings per SDI Share for the current or future financial years, or those of the combined group, will necessarily match or exceed the historical published earnings per SDI Share.

## **RULE 19.11 DISCLOSURE**

In accordance with Rule 19.11 of the Code, a copy of this announcement will be published on the SDI website: [www.sdigroup.com](http://www.sdigroup.com).

## TABLE OF CONTENTS

<i>Section</i>	<i>Heading</i>	<i>Page number</i>
ACTION TO BE TAKEN		5
PART 1	Letter of recommendation from the Independent Directors of SDI	6
PART 2	Letter from FSU Investments	11
APPENDIX I	Conditions and further terms of the Offer	25
APPENDIX II	Financial information relating to SDI	54
APPENDIX III	Additional information	55
APPENDIX IV	Definitions	69
NOTICE OF GENERAL MEETING		73

## **ACTION TO BE TAKEN TO ACCEPT THE OFFER AND VOTE ON THE RESOLUTIONS**

To accept the Offer:

- (A) If you hold SDI Shares in certificated form, you should complete the accompanying Form of Acceptance in accordance with the instructions printed thereon. The completed Form of Acceptance, together with your share certificate(s) and/or other document(s) of title should be returned as soon as possible by post to Computershare, Corporate Actions Projects, Bristol BS99 6AH, United Kingdom or, during normal business hours only, by hand to Computershare Investor Services PLC at The Pavilions, Bridgwater Road, Bristol BS13 8AE, so as to arrive no later than 1.00 p.m. on Friday 13 August 2010. A reply paid envelope is enclosed for use in the United Kingdom.
- (B) If you hold your SDI Shares in uncertificated form, that is, in CREST, you should read the paragraph headed “Holders of uncertificated SDI Shares” in the letter from FSU Investments in Part 2 of this document and ensure that an Electronic Acceptance is made by you or on your behalf and that settlement is made no later than 1.00 p.m. on Friday 13 August 2010. All references to time in this document and in the Form of Acceptance are to London time.

Subject to the Offer becoming or being declared unconditional in all respects, settlement for those SDI Shareholders who have validly accepted the Offer will be effected within 14 calendar days of the Offer becoming or being declared unconditional in all respects or, in relation to valid acceptances received after this date, within 14 days of receipt of that acceptance.

This page should be read in conjunction with the rest of this document and, in the case of those SDI Shareholders who hold their SDI Shares in certificated form, the Form of Acceptance. SDI Shareholders are encouraged to seek financial advice from their stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 if they are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser in the relevant jurisdiction.

### **THE FIRST CLOSING DATE OF THE OFFER IS 1.00 P.M. ON FRIDAY 13 AUGUST 2010**

To vote on the Resolutions:

If you hold SDI Shares in certificated form (that is, not in CREST) you should:

- (1) complete the Form of Proxy in accordance with the instructions printed thereon; and
- (2) return the completed Form of Proxy by hand (during normal business hours only) or by post to the address on the reverse of the Form of Proxy not later than 48 hours before the meeting.

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 on Monday 16 August 2010 and any adjournment(s) thereof. To appoint one or more proxies or to give an instruction to a proxy (whether previously appointed or otherwise) via the CREST system, CREST messages must be received by Computershare Investor Services PLC at The Pavilions, Bridgwater Road, Bristol BS13 8AE, the issuer’s Receiving Agent (ID number 3RA50) not later than 48 hours prior to the meeting, or if the meeting is adjourned, close of business on the day two days prior to the day fixed for the adjourned meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp generated by the CREST system) from which the issuer’s Receiving Agent is able to retrieve the message. SDI may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5)(a) of the Regulations.

**If you are in any doubt as to the action you should take to accept the Offer and/or vote in favour of either or both of the Resolutions, please contact Computershare Investor Services PLC, the Receiving Agent to the Offer, on 0870 707 1623 (from within the UK) or +44 870 707 1623 (from outside the UK).**

## PART 1

### LETTER OF RECOMMENDATION FROM THE INDEPENDENT DIRECTORS OF SDI

Independent Directors of SDI:

Mark McMenemy (*Non-executive Chairman*)

Steve Butler (*Group CFO*)

Richard Arkle (*Non-executive Director*)



23 July 2010

*To SDI Shareholders and, for information only, to the member of the SDI Share Option Scheme*

Dear SDI Shareholder,

#### RECOMMENDED CASH OFFER FOR SDI

##### 1. Introduction

It was announced on 16 July 2010 that the Directors of FSU Investments and the Independent Directors had reached agreement on the terms of a recommended cash offer to be made by FSU Investments for SDI. The purpose of this letter is to explain the background to, and terms of, the Offer and to explain why the Independent Directors are unanimously recommending that SDI Shareholders should accept the Offer and that the Independent Shareholders should vote in favour of Resolution 1 to be proposed at the General Meeting, as the Independent Directors have irrevocably undertaken to do in respect of their entire respective holdings in SDI Shares.

##### 2. Summary of the Offer

The formal offer, together with details of the procedure for acceptance, is contained in Part 2 of this document.

The Offer for SDI will be made up of cash consideration of 2.6 pence for each SDI Share (“**Cash Consideration**”) plus additional contingent consideration which, if paid, will not exceed 0.8 pence per SDI Share (“**Contingent Consideration**”). The payment of the Contingent Consideration is dependent upon, amongst other things, the release of certain bonded cash that is the property of a member of the SDI Group, the Euro: Sterling exchange rate at the time when the Bonded Cash is released and the number of accepting shareholders eligible to receive the Contingent Consideration.

The Contingent Consideration will, if paid, only be paid to those Shareholders who accept the Offer. Accordingly, the greater the number of Shareholders who accept the Offer, the lower the amount per SDI Share that such Shareholders may receive as Contingent Consideration. At the current time and based on current exchange rates, in the event that all Shareholders (other than the members of the Management Team who have each waived their entitlement to receive the Contingent Consideration and those SDI Shareholders who have given irrevocable undertakings not to accept the Offer) accept the Offer, the amount of Contingent Consideration that may be payable would equate to 0.74 pence per SDI Share.

The Cash Consideration (for the avoidance of doubt excluding the Contingent Consideration) represents a premium of 30.0 per cent. to the Closing Price of 2.0 pence per SDI Share on 15 July 2010, the business day prior to the Offer Announcement.

SDI Group plc, 11 Jarman Way, Royston, Herts, SG8 5HW UK  
Tel: +44 (0)1763 244299 Fax: +44(0)1763 244960 Web: [www.sdigroup.com](http://www.sdigroup.com) Email: [info@sdigroup.com](mailto:info@sdigroup.com)  
Registered Office: 11 Jarman Way, Royston, Herts, SG8 5HW UK. Registered in England, Number 6081771. VAT Number 902790627

The Cash Consideration (for the avoidance of doubt excluding the Contingent Consideration) represents a discount of approximately 23.0 per cent. to the Closing Price of 3.375 pence per SDI Share on 7 May 2010, the last business day prior to the commencement of the Offer Period.

The Offer (excluding the Contingent Consideration) values the existing issued share capital of SDI at approximately £2.8m.

Payment of the Contingent Consideration is not expected to be made prior to 31 March 2011 and payment presently cannot be guaranteed.

### **3. Irrevocable Undertakings to Accept the Offer**

The Independent Directors have given FSU Investments irrevocable undertakings to accept, or (where applicable) to procure the acceptance of, the Offer, and to vote, or (where applicable) to procure that the registered holder votes, in favour of Resolution 1, in respect of all of their respective beneficial holdings of SDI Shares, amounting, in aggregate, to 328,043 SDI Shares, representing approximately 0.3 per cent. of the existing issued share capital of SDI. These undertakings will continue to be binding even in the event of a higher competing offer for SDI, unless the Offer lapses or is withdrawn.

Further details of all of the irrevocable undertakings given in relation to the Offer are set out in paragraph 3 of Part 2 and section 8 of Appendix III of this document.

### **4. Background to and Reasons for Recommending the Offer**

SDI is a specialist in the design, build and support of warehouse handling systems in the international retail and order fulfilment sectors. The SDI Group provides consultancy services and designs its customers' warehousing and distribution systems with end products including sortation and picking systems, automated retrieval systems and conveyor systems, together with the supporting IT infrastructure. The SDI Group's main operations are in the UK and Germany with a presence in France, Italy, Spain, and the Netherlands.

SDI was admitted to trading on AIM in July 2007 for the purpose of using Admission to further its strategy to:

- raise its corporate profile;
- consolidate the Group under a listed holding company;
- gain an attractive acquisition currency and grow the business internationally; and
- attract, retain and incentivise key management.

It was also anticipated that SDI would pay dividends from profits generated after Admission. At the time of Admission the SDI directors were of the opinion that the market in which SDI operated was likely to continue to grow and that SDI would benefit from this growth. At the same time, the directors had a number of strategic plans to enhance the expansion of the SDI Group's business.

Following Admission the global economy was severely affected by the worldwide economic crisis and trading in SDI's UK, US and other subsidiaries materially declined. The SDI Group's main customer base of corporates in the retail sector saw significant declines in their turnover and profitability and this resulted in reductions, cancellations and delays in capital spend which in turn adversely affected the pipeline of orders, profitability and cash flow of SDI. SDI sold its loss making US subsidiary and Chilean business in December 2008 so as to stabilise the Group from a cash flow perspective.

As stated in SDI's annual report and accounts for the year ended 31 March 2010, revenues were £32.070m, loss before tax pre-exceptional items of £1.143m and a loss before tax post-exceptional items of £18.776m. The exceptional loss of £17.633m is largely due to a write down of the carrying value of goodwill attributed to the SDI subsidiaries, but also from a default on payments on a completed project and some non-recurring issues.

This compares with the sixteen month period ended 31 March 2009 in which SDI had revenues of £53.145m, loss before tax pre-exceptional items of £495k and a loss before tax post-exceptional items of £1.584m. Cash and cash equivalents declined to £2.524m (including restricted cash of approximately £1.0m) from £5.816m.

Accordingly, losses have continued to grow and the Independent Directors feel that there is limited likelihood of a dividend being declared in the medium term.

Constraints on cash have affected and continue to affect all business units and the nature of the SDI Group structure means that a loss or a reduction of financing facilities in a subsidiary could result in SDI itself being exposed to this loss or funding requirement.

Following an approach by the Management Team in May 2010, the Independent Directors have held detailed discussions regarding the terms of the Offer. These discussions have resulted in the indicative offer being revised from 2.6 pence per SDI Share to incorporating an additional element (the Contingent Consideration) that may result in SDI Shareholders who accept the Offer receiving up to an additional 0.8 pence per SDI Share (except in the case of the Management Team each of whom has waived their entitlement to receive such Contingent Consideration (as set out in more detail above).

The Independent Directors have evaluated the proposals from FSU Investments on behalf of SDI Shareholders as a whole. They have weighed the benefits of maintaining an independent London listing against the operational constraints of running a publicly traded company in unprecedented economic circumstances. The Independent Directors consider that, whilst there is some potential for future growth as the retail sector recovers which could bring improved financial performance and an increase in equity value for investors, any future growth is uncertain as to the amount and timing and shareholders should be given the opportunity to realise value from their investment in cash immediately as there is a risk that the trading environment could continue to decline or worsen.

In considering whether to recommend the revised offer, the Independent Directors have also taken account of the recent and current trading record and the expected net tangible assets of the SDI Group at completion. The announcement released to the market on 10 May 2010 stated that cash resources remained constrained and that SDI was assessing alternative options to the approach from management in order to maximise value for SDI Shareholders and ensure SDI had sufficient working capital to meet its needs. These options included discussions with other potential bidders however no alternative bids were forthcoming. The Independent Directors believe that there are very limited alternative options available to SDI to be successful in raising capital in the medium term.

## **5. General Meeting**

As described in paragraph 16 of Part 2 of this document, the City Code requires that the arrangements between FSU Investments and the Management Team be approved by an ordinary resolution of Independent Shareholders passed on a poll at a general meeting (or any adjournment thereof) of SDI.

Accordingly, set out at the end of this document is a notice convening the General Meeting to be held at the offices of Mills & Reeve LLP, Francis House, 112 Hills Road, Cambridge CB2 1PH at 10.30 a.m. on Monday 16 August 2010 at which Resolution 1 will be proposed to approve the Management Arrangements.

As described in paragraph 10 of Part 2 of this document, assuming the Offer becomes or is declared unconditional in all respects, FSU Investments intends to procure the making of an application by SDI to AIM for the cancellation of the admission of the SDI Shares to trading on AIM. Accordingly, Resolution 2 set out in the notice convening the General Meeting set out at the end of this document is a special resolution to approve such cancellation. Further information on the proposed cancellation is set out in paragraph 10 of Part 2 of this document.

**SDI Shareholders should note that the Offer is conditional on the approval of Resolution 1 at the General Meeting but not on the approval of Resolution 2 and only the votes cast by Independent Shareholders will be counted in relation to Resolution 1.**

## **6. Directors, Management and Employees**

All matters relating to the Offer have been considered by the Independent Directors, comprising Mark McMenemy, Steve Butler and Richard Arkle. The Independent Directors are not connected with FSU Investments and have taken responsibility for considering the Offer on behalf of SDI Shareholders. Steve Butler is one of the Independent Directors notwithstanding that he will continue in his current role with SDI following completion of the Offer. For the avoidance of doubt, there will be no changes made to Steve Butler's role or the terms and conditions of his service contract as a result of the Offer. Gordon Smith cannot be treated as an independent director of SDI by reason of his involvement with FSU Investments in the making of the Offer.

The Independent Directors welcome the assurances in relation to the Company's directors, management and employees received from FSU Investments (as set out in paragraph 8 of Part 2 of this document) as they are, in the view of the Independent Directors, in the interests of the SDI Group and its employees.

## **7. SDI Share Option Scheme**

Mike Hilton was granted share options over an aggregate of 250,000 SDI Shares on 5 February 2009 and over 250,000 SDI Shares on 14 April 2009 pursuant to the Rules of the SDI Share Option Scheme ("Options"). The Options were to vest, in accordance with the SDI Share Option Scheme Rules, on 5 February 2012 and 14 April 2012, respectively.

Pursuant to a deed of release dated 15 July 2010, Mike Hilton has agreed to release any entitlement that he might have had to SDI Shares on the exercise of the Options.

No other options are outstanding under the SDI Share Option Scheme.

## **8. United Kingdom Taxation**

Your attention is drawn to paragraph 11 in Part 2 of this document. If you are in any doubt as to your own tax position, if you are neither resident nor ordinarily resident in the UK for UK tax purposes or if you are subject to taxation in any jurisdiction outside the UK, you should consult an appropriate independent professional adviser.

## **9. Cancellation of Admission to Trading on AIM and Re-Registration**

Assuming the Offer becomes or is declared unconditional in all respects, FSU Investments intends to procure the making of an application by SDI to AIM for the cancellation of the admission of the SDI Shares to trading on AIM. If this cancellation occurs, it will significantly reduce the liquidity and marketability of SDI Shares held by SDI Shareholders who have not assented to the Offer. It is anticipated that the cancellation of the admission of SDI Shares to trading on AIM will take effect no earlier than the expiry of 20 business days after the Offer becomes or is declared unconditional in all respects. Further information on such cancellation is set out in paragraph 10 of Part 2 of this document.

It is further proposed that, following the Offer becoming or being declared unconditional in all respects, and, after the cancellation of admission of SDI Shares to AIM, FSU Investments will seek to re-register SDI as a private limited company.

## **10. Overseas Shareholders**

If you are an Overseas Shareholder your attention is drawn to paragraph 12 of Part 2 of this document.

## **11. Action to be Taken to Accept the Offer and Vote on the Resolutions**

The procedure for acceptance of the Offer is set out in paragraphs 13 and 14 of Part 2 of this document and in Parts B, C and D of Appendix I to this document and if you hold your shares in certificated form, the Form of Acceptance.

## **12. Further Information**

Your attention is drawn to the letter from FSU Investments contained in Part 2 of this document, to the further information contained in Appendices I to III of this document and to the notice of the General Meeting contained at the end of this document.

## **13. Recommendation**

In view of the Management Arrangements, the SDI Directors as a whole have determined that it is appropriate that only the Independent Directors consider the terms of the Offer and make a recommendation to SDI Shareholders.

**Cenkos are acting as Rule 3 independent financial advisers to the Independent Directors.**

**The Independent Directors, who have been so advised by Cenkos, believe the Offer to be fair and reasonable. In providing advice to the Independent Directors, Cenkos have taken into account the commercial assessment of the Independent Directors.**

**Accordingly, the Independent Directors unanimously recommend that (i) SDI Shareholders accept the Offer; and (ii) the Independent Shareholders vote in favour of Resolution 1 at the General Meeting, as the Independent Directors have irrevocably undertaken to do in respect of their entire beneficial holdings comprising, in aggregate, 0.30 per cent. of SDI's existing issued ordinary share capital.**

Yours faithfully

Mark McMenemy, Steve Butler and Richard Arkle  
For and on behalf of SDI Group plc

## PART 2

### LETTER FROM FSU INVESTMENTS LIMITED

#### FSU INVESTMENTS LIMITED

112 Hills Road  
Cambridge  
CB2 1PH  
(registered number 07168088)

Directors of FSU Investments Limited:

Gordon Smith  
John Hamilton  
Jean-Marc Moulin  
Paul Mess  
Andrea di Bella  
Darcy De Thierry

23 July 2010

*To SDI Shareholders and, for information purposes only, to the member of the SDI Share Option Scheme*

Dear SDI Shareholder,

#### RECOMMENDED CASH OFFER FOR SDI GROUP PLC

##### 1. Introduction

This document together with the accompanying Form of Acceptance and Form of Proxy contains the formal terms of the Offer.

**Your attention is drawn to the letter of recommendation from the Independent Directors contained in Part 1 of this document, which sets out the reasons why the Independent Directors, who have been so advised by Cenkos, consider the terms of the Offer to be fair and reasonable and, accordingly, unanimously recommend that SDI Shareholders accept the Offer, and that Independent Shareholders vote in favour of Resolution 1, as they have irrevocably undertaken to do in respect of their entire beneficial holdings comprising, in aggregate, 0.30 per cent. of SDI's existing issued ordinary share capital.**

The attention of SDI Shareholders who are not resident in the United Kingdom or who are citizens or nationals of other countries is also drawn to paragraph 12 of this letter and paragraph 7 of Part B, paragraph (b) of Part C and/or paragraph (b) of Part D of Appendix I to this document and to the relevant provisions of the Form of Acceptance.

This letter, Appendix I to this document and, in the case of SDI Shares held in certificated form, the Form of Acceptance contain the formal terms and conditions of the Offer. To accept the Offer you must complete, sign and return the Form of Acceptance, or make an Electronic Acceptance, as soon as possible and, in any event, so as to be received or settled by no later than 1.00 p.m. on Friday 13 August 2010.

##### 2. Terms of the Offer

FSU Investments hereby offers to acquire, on the terms and subject to the conditions set out in Appendix I to this document and, in the case of SDI Shares held in certificated form, the Form of Acceptance, all of the issued and to be issued share capital of SDI on the following basis:

**for each SDI Share 2.6 pence in cash**

In addition, subject to the Offer becoming or being declared unconditional in all respects, each SDI Shareholder who validly accepts the Offer will be entitled to receive additional contingent consideration which, if paid, will not exceed 0.8 pence per SDI Share (being the Contingent Consideration further described below).

The payment of the Contingent Consideration is dependent upon, amongst other things, the release of certain bonded cash that is the property of a member of the SDI Group, the Euro: Sterling exchange rate at the time when the Bonded Cash is released and the number of accepting shareholders eligible to receive the Contingent Consideration.

The Contingent Consideration will, if paid, only be paid to those Shareholders who accept the Offer. Accordingly, the greater the number of Shareholders who accept the Offer, the lower the amount per SDI Share that such Shareholders may receive as Contingent Consideration. At the current time and based on current exchange rates, in the event that all Shareholders (other than the members of the Management Team who have each waived their entitlement to receive the Contingent Consideration and those SDI Shareholders who have given irrevocable undertakings not to accept the Offer) accept the Offer, the amount of Contingent Consideration that may be payable would equate to 0.74 pence per SDI Share. Further information on the Contingent Consideration is set out in more detail below.

The Cash Consideration (for the avoidance of doubt excluding the Contingent Consideration) represents a premium of 30.0 per cent. to the Closing Price of 2.0 pence per SDI Share on 15 July 2010, the business day prior to the Offer Announcement.

The Cash Consideration (for the avoidance of doubt excluding the Contingent Consideration) represents a discount of approximately 23.0 per cent. to the Closing Price of 3.375 pence per SDI Share on 7 May 2010, the last business day prior to the commencement of the Offer Period.

The Offer (excluding the Contingent Consideration) values the existing issued share capital of SDI at approximately £2.8m.

The Offer extends to all SDI Shares unconditionally allotted or issued after the date of the Offer Announcement and before the date the Offer closes (or such earlier date as FSU Investments may, in accordance with the terms and conditions of the Offer, decide).

The Offer is conditional, *inter alia*, upon the approval by Independent Shareholders of Resolution 1 at the General Meeting as described in Appendix III of this document. Details of the conditions to the Offer and certain further terms of the Offer are set out below and in Appendix I to this document.

The SDI Shares will be acquired by FSU Investments fully paid and free from all liens, equitable interests, charges, mortgages, encumbrances, rights of pre-emption and other third party rights or interests of any nature whatsoever and together with all rights now or hereafter attaching thereto, including all voting rights and the right to receive and retain in full all dividends and other distributions (if any) accrued, announced, declared, made or paid on or after the date of the Offer Announcement.

### ***Contingent Consideration***

SDI has Bonded Cash currently used as security against overdrafts for the German businesses carried on by PEP.

FSU Investments has agreed that, subject to the Offer becoming or being declared unconditional in all respects, it will procure first the making of an application by SDI to AIM for the cancellation of the admission of the SDI Shares to trading on AIM (as is set out in more detail in paragraph 10 below) and re-registration of SDI as a private company, and second that such released and repaid Bonded Cash will be advanced to FSU Investments by means of an intra-group loan, which FSU Investments will in turn use to pay the Contingent Consideration to those SDI Shareholders who validly accept the Offer, other than the Management Team who have waived their entitlement to receive such consideration.

SDI Shareholders should note the following about the Contingent Consideration:

- the Contingent Consideration will be calculated as set out in Part E of Appendix I to this document;
- each of the Management Team has given FSU Investments irrevocable undertakings (as set out in paragraph 3 below) to waive any right that they might have to the Contingent Consideration;

- the Contingent Consideration, if paid, will not exceed 0.8 pence per SDI Share however at this time, the amount of the repayment, if any, is uncertain and therefore the value to be ascribed to the Contingent Consideration cannot be quantified at this time;
- the payment of the Contingent Consideration is dependent upon, amongst other things, the release of certain bonded cash that is the property of a member of the SDI Group, the Euro: Sterling exchange rate at the time when the Bonded Cash is released and the number of accepting shareholders eligible to receive the Contingent Consideration. The Contingent Consideration will, if paid, only be paid to those Shareholders who accept the Offer. Accordingly, the greater the number of Shareholders who accept the Offer, the lower the amount per SDI Share that such Shareholders may receive as Contingent Consideration. At the current time and based on current exchange rates, in the event that all Shareholders (other than the members of the Management Team who have each waived their entitlement to receive the Contingent Consideration and those SDI Shareholders who have given irrevocable undertakings not to accept the Offer) accept the Offer, the maximum amount of Contingent Consideration payable would equate to 0.74 pence per SDI Share;
- the timing of the payment of the Contingent Consideration, if any, cannot be ascertained at this time, however the SDI Board of Directors do not expect the Bonded Cash to be released before 31 March 2011;
- while FSU Investments is not aware of any reason why the Contingent Consideration should not be paid in accordance with the terms of this document, Shareholders should note that the Contingent Consideration shall only be paid if and to the extent permitted by applicable law;
- the obligation to pay the Contingent Consideration will remain a non-interest bearing and unsecured obligation of FSU Investments, and accordingly, in the event Contingent Consideration becomes payable and there is a default in payment, on the insolvency of FSU Investments or otherwise, SDI shareholders will rank as unsecured creditors only in respect of their entitlement to Contingent Consideration;
- there can be no guarantee that SDI shareholders will receive any payment of Contingent Consideration;
- Contingent Consideration, if any, would be paid to accepting shareholders and there is no mechanism that will enable payments to be made to any other person (save in the event of the death of an accepting shareholder, as set out in paragraphs 9 and 10 of Part E of Appendix I); and
- The Independent Directors will be appointed to oversee the payment of any Contingent Consideration to SDI Shareholders. SDI has entered into a legally enforceable agreement with FSU Investments to this effect, pursuant to which FSU Investments has undertaken to:
  - ensure that all intercompany money due to be paid to PEP in the period from the date on which the Offer is declared unconditional in all respects up to the date that the PEP Application is made will be paid in the normal course of business and not unreasonably withheld;
  - use all reasonable endeavours to collect all third party debts due at that time;
  - make available all cash resources within SDI to PEP from other group companies to the extent possible and not to be unreasonably withheld, to mitigate any shortfall that may exist;
  - allow the Independent Directors in their role of ‘supervisors’ of this process to have access to all cash reports, on a weekly and monthly basis, cash forecasts by SDI and PEP, and any correspondence between the bank and any SDI Group Company; and
  - use all reasonable endeavours to recover the Bonded Cash and thereafter ensure funds are advanced to FSU Investments so that the Contingent Consideration can be paid.

### **3. Irrevocable Undertakings to Accept the Offer**

The Independent Directors have given FSU Investments irrevocable undertakings to accept, or (where applicable) to procure the acceptance of, the Offer, and to vote, or (where applicable) to procure that the registered holder votes, in favour of Resolution 1, in respect of all of their respective beneficial holdings of SDI Shares, amounting, in aggregate, to 328,043 SDI Shares, representing approximately 0.3 per cent. of the existing issued share capital of SDI. These undertakings will continue to be binding even in the event of a higher competing offer for SDI, unless the Offer lapses or is withdrawn.

The Management Team have each given FSU Investments (i) irrevocable undertakings to accept the Offer in respect of all of their respective beneficial holdings, amounting, in aggregate, to 29,189,413 SDI Shares, representing approximately 26.7 per cent. of the existing issued share capital of SDI; (ii) irrevocable undertakings to waive any right that they might have to the Contingent Consideration; and (iii) irrevocable instructions to FSU Investments to apply the aggregate cash consideration that they would otherwise be entitled to receive in respect of such beneficial holdings (taking account of the fact that they have each waived any entitlement that they might have to Contingent Consideration) in subscribing for ordinary shares of ten pence each in the share capital of FSU Investments. These undertakings will continue to be binding even in the event of a higher competing offer for SDI, unless the Offer lapses or is withdrawn.

FSU Investments has also received irrevocable undertakings to accept the Offer and to vote, or (where applicable) to procure that the registered holder votes, in favour of Resolution 1, in respect of a further 10,500,000 SDI Shares, representing, in aggregate, approximately a further 9.61 per cent. of SDI's existing issued share capital.

FSU Investments has received non-binding letters of intent to accept the Offer, and to vote in favour of Resolution 1 at the General Meeting, in respect of a total of 7,262,957 SDI Shares, representing, in aggregate, approximately a further 6.65 per cent. of SDI's existing issued share capital.

In addition, FSU Investments has received irrevocable undertakings not to accept the Offer in respect of a further 23,075,605 SDI Shares, representing, in aggregate, approximately a further 21.12 per cent. of the existing issued share capital of SDI. These undertakings will continue to be binding even in the event of a higher competing offer for SDI, unless the Offer lapses or is withdrawn.

In summary, FSU Investments has received, in aggregate:

- irrevocable undertakings and non-binding letters of intent to accept the Offer in respect of 47,280,413 SDI Shares, representing approximately 42.97 per cent. of the existing issued share capital of SDI;
- irrevocable undertakings not to accept the Offer in respect of 23,075,605 SDI Shares, representing, in aggregate, approximately 21.12 per cent. of the existing issued share capital of SDI; and
- irrevocable undertakings and non-binding letters of intent from Independent Shareholders to vote in favour of Resolution 1 at the General Meeting in respect of a total of 33,182,295 SDI Shares, representing, in aggregate, approximately 46.02 per cent. of the existing issued share capital of SDI held by the Independent Shareholders.

Further details of the irrevocable undertakings are set out in Appendix C.

### **4. Background to and Reasons for the Offer and Future Plans for SDI**

The Management Team have significant experience of over ten years in SDI's business and believe that they are best placed to deliver improved performance in SDI in a private environment. While they understand the inherent risk of the business operations given the difficult and challenging trading environment, as set out in paragraph 4 of Part 1 of this document, they believe that the business would be best placed in a private environment where it could cut the costs associated with its listing and also restructure without the same degree of public scrutiny.

## **5. Management Arrangements**

The Management Team has irrevocably undertaken to accept the Offer in respect of their 29,189,413 SDI Shares (having an approximate value of £758,925 before tax based on the value of the Offer) owned by them, and to waive any right that they might have to the Contingent Consideration. Such persons have also irrevocably instructed FSU Investments to apply the aggregate cash consideration that they would otherwise be entitled to receive in respect of such SDI Shares (taking account of the fact that they have each waived any entitlement that they might have to Contingent Consideration) in subscribing for ordinary shares of ten pence each in the share capital of FSU Investments.

FSU Investments Shares will not be listed on any stock exchange.

In order to give effect to the Management Arrangements, each of the Management Team has entered into the irrevocable undertakings to accept the Offer as described above.

Each of the Management Team has also entered into the Investment Agreement which provides for cash subscriptions to be made for FSU Investments Shares as set out above. Further details of the Investment Agreement are set out in Part 6 of Appendix III.

Cenkos considers that the terms of the arrangements between FSU Investments and each of the Management Team are fair and reasonable, so far as the Independent Shareholders are concerned.

The Offer will be conditional on, *inter alia*, the Independent Shareholders approving the Management Arrangements. Such approval must, as required by Rule 16.2 of the City Code, be approved by an ordinary resolution passed on a poll at a general meeting (or any adjournment thereof) of SDI. Notice of such General Meeting is set out at the end of this document.

## **6. Information on FSU Investments**

FSU Investments is a newly-incorporated company which has been formed for the purposes of making the Offer. FSU Investments will, on completion of the Offer, be owned by the Management Team.

FSU Investments has not traded since its date of incorporation nor has it entered into any obligations other than in connection with the Offer and the financing of the Offer. The directors of FSU Investments are Gordon Smith, Andrea di Bella, John Hamilton, Paul Mess, Jean-Marc Moulin and Darcy De Thierry.

FSU Investments will, following completion of the Offer, hold the SDI Shares that it acquires pursuant to the Offer but does not currently intend to undertake any other activities other than in relation to the management of such shareholding.

Additional information on FSU Investments is set out in Appendix III of this document.

## **7. Financing of the Offer**

FSU Investments will fund all of the Cash Consideration under the terms of the Offer using its own cash. The cash resources have been made available to FSU Investments by means of loans by certain individuals as summarised in paragraph 5 of Appendix III.

Vollman Brothers is satisfied that sufficient cash resources are available to FSU Investments to satisfy the full acceptance of the Offer (excluding the Contingent Consideration, payment of which is not guaranteed and is subject to future events) in full.

FSU Investments will fund the Contingent Consideration payable (if any) under the terms of the Offer using funds which should become available to PEP following the anticipated release of Bonded Cash currently used as security against overdrafts for the German businesses carried on by PEP. Such funds will be advanced to FSU Investments by way of intra-group loans.

Further information on the financing of the Offer is set out in Appendix III of this document.

## 8. Directors, Management and Employees

FSU Investments recognises the skills, technical ability and experience of the existing management and employees of the SDI Group. The FSU Investments Board has given assurances to the Independent Directors that, if the Offer becomes or is declared unconditional in all respects, the existing employment rights, including pension rights, of all management and employees of the SDI Group will be safeguarded. FSU Investments has confirmed that its plans for SDI do not involve any immediate change in the conditions of employment of SDI employees or location of SDI Group's places of business.

The Independent Directors (except for Steve Butler) intend to resign from the SDI Board shortly after the Offer becomes or is declared unconditional in all respects and agree to waive entitlements against SDI except for payments and benefits to which they are entitled under the terms of their letters of appointment. Further details of these arrangements are set out in Appendix III to this document. Steve Butler will continue in his current role as Chief Finance Officer of SDI.

Further details of the arrangements involving the members of the Management Team are set out in paragraph 5 above, in sections 8 and 9 of Appendix III of this document.

## 9. SDI Share Option Schemes

Mike Hilton was granted share options over an aggregate of 250,000 SDI Shares on 5 February 2009 and over 250,000 SDI Shares on 14 April 2009 pursuant to the Rules of the SDI Share Option Scheme ("Options"). The Options were to vest, in accordance with the SDI Share Option Scheme Rules, on 5 February 2012 and 14 April 2012, respectively.

Pursuant to a deed of release dated 15 July 2010, Mike Hilton has agreed to release any entitlement that he might have had to SDI Shares on the exercise of the Options.

Following the release by Mike Hilton of his options granted under the SDI Share Option Scheme, no options exist in relation to the SDI share capital.

## 10. Cancellation of Admission to Trading on AIM and Re-Registration

Assuming the Offer becomes or is declared unconditional in all respects, FSU Investments intends to procure the making of an application by SDI to AIM for the cancellation of the admission of the SDI Shares to trading on AIM. If this cancellation occurs, it will significantly reduce the liquidity and marketability of SDI Shares held by SDI Shareholders who have not assented to the Offer.

In accordance with the AIM Rules, cancellation of the admission of the SDI Shares to trading on AIM is conditional upon consent of not less than 75 per cent. of votes cast by SDI Shareholders at a general meeting. Such consent will be sought through Resolution 2 which is being proposed at the General Meeting. **It should be noted that the Offer is not conditional on the passing of Resolution 2 at the General Meeting.**

Conditional on the Offer being declared unconditional in all respects and on the passing of Resolution 2, FSU Investments intends to procure that the SDI Directors give the requisite 20 business days' notice, to cancel the admission of the SDI Shares to trading on AIM. Assuming Resolution 2 is passed, it is anticipated that the cancellation of the admission of SDI Shares to trading on AIM will take effect no earlier than the expiry of 20 business days after the Offer becomes or is declared unconditional in all respects.

The principal effects such cancellation would have on SDI Shareholders who have not assented to the Offer are:

- there would no longer be a formal market mechanism enabling such shareholders to trade their SDI Shares through the market and the CREST facility will be cancelled. Such shareholders who currently hold SDI Shares in uncertificated form will receive share certificates in due course following the cancellation taking effect. Share transfers may still be effected after the date of cancellation by depositing a duly executed and stamped stock transfer form together with an appropriate share certificate with the company secretary at the registered office of SDI. While the

SDI Shares will remain freely transferable, they may be more difficult to sell compared to shares of companies quoted on AIM. It may also be more difficult to determine the market value of shareholdings in SDI at any given time;

- SDI would not be bound to announce material events, nor to announce interim or final results although SDI will still be obliged to send a copy of its annual report and accounts to its shareholders;
- SDI would no longer be required to comply with any of the corporate governance requirements applicable to UK-quoted companies;
- SDI will no longer be subject to the Disclosure Rules and Transparency Rules and, among other things, will no longer be required to disclose major shareholdings in SDI;
- SDI will no longer be subject to the AIM Rules. Such shareholders will therefore no longer be afforded the protections given by the AIM Rules. Such protections include the requirement to be notified of certain events including, amongst other things, substantial transactions (the size of which results in a 10 per cent. threshold being reached under any one of the class tests) and related party transactions and the requirement to obtain shareholder approval for reverse takeovers (the size of which results in a 100 per cent. threshold being reached under any one of the class tests) and fundamental changes in SDI's business. SDI will however remain subject to English company law, which mandates shareholder approval for certain matters and also to the City Code; and
- the cancellation might have either positive or negative taxation consequences for such shareholders. SDI Shareholders who are in any doubt about their tax position should consult their own professional independent adviser immediately.

**SDI Shareholders who do not assent to the Offer should be aware that, if the Offer becomes unconditional in all respects and the cancellation of admission of SDI Shares to AIM takes effect, they will at that time cease to hold shares in a quoted company and the matters set out in the paragraph above will automatically apply to SDI from the date of cancellation.**

It is further proposed that, following the Offer becoming or being declared unconditional in all respects, and, after the cancellation of admission of SDI Shares to AIM, FSU Investments will seek to re-register SDI as a private limited company.

## **11. United Kingdom Taxation**

Set out below is a summary of certain aspects of the UK tax treatment of SDI Shareholders in connection with the Offer. It is based on UK law and published HM Revenue & Customs practice current as at the date of this document. It is intended as a general guide and applies (save where and to the extent that express reference is made to the UK tax treatment of non-UK residents) only to SDI Shareholders who are resident or (if individuals) ordinarily resident for tax purposes in the UK who hold SDI Shares as an investment (otherwise than under any scheme which benefits from special tax exemptions) and who are the beneficial owners of those SDI Shares. This section is not intended to be, and should not be construed to be, legal or taxation advice to any SDI Shareholder. **SDI Shareholders who are in any doubt about their taxation position, or who are resident or otherwise subject to taxation in a jurisdiction outside the UK, should consult their own professional advisers immediately.**

### ***UK taxation of chargeable gains***

An SDI Shareholder who accepts the Offer, in the event that it becomes or is declared wholly unconditional, will make a disposal of SDI Shares for the purposes of UK taxation of chargeable gains. Such disposal may, depending on the SDI Shareholder's individual circumstances (including the availability of exemptions, reliefs and allowable losses), give rise to a liability to UK taxation of chargeable gains.

SDI Shareholders who are neither resident nor ordinarily resident in the UK for UK tax purposes are not subject to UK tax on chargeable gains unless, at the time of disposal, they carry on a trade, profession or vocation in the UK through a branch or agency and the SDI Shares disposed of are used in or for the purposes of the trade, profession or vocation at or before the time when the chargeable gain accrued.

(a) *Corporation taxpayers*

An SDI Shareholder which is within the charge to UK corporation tax on a disposal of its SDI Shares under the Offer may be able to apply indexation allowance to reduce any chargeable gain arising on the disposal but not to create or increase an allowable loss.

(b) *Individuals*

An SDI Shareholder who is an individual should benefit from an annual exempt amount, which for the 2010/2011 tax year is £10,100, such that capital gains tax is chargeable only on gains (arising from all sources during the tax year) in excess of that amount (unless such SDI Shareholder is not domiciled in the UK and has claimed the “remittance basis” of UK taxation for income and gains).

The consideration for a disposal of SDI Shares pursuant to the Offer includes a right to receive such Contingent Consideration as may become payable (if any). Under UK law and practice governing the taxation of chargeable gains, special rules apply to a right to receive consideration of this nature. **We therefore recommend that all SDI Shareholders take professional advice on the UK tax treatment of the right to receive the Contingent Consideration.**

***Stamp duty and stamp duty reserve tax (“SDRT”)***

No stamp duty or SDRT will be payable by SDI Shareholders as a result of accepting the Offer.

## **12. Overseas SDI Shareholders**

The attention of SDI Shareholders who are citizens or residents of jurisdictions outside the United Kingdom or who are holding shares for such citizens or residents and any person (including, without limitation, any custodian, nominee or trustee) who may have an obligation to forward any document in connection with the Offer outside the United Kingdom is drawn to paragraph 7 of Part B and to paragraph (b) of Part C and paragraph (b) of Part D of Appendix I to this document and to the relevant provisions of the Form of Acceptance, which they should read before taking any action.

The availability of the Offer to SDI Shareholders who are not resident in the United Kingdom may be affected by the laws of their relevant jurisdiction. Such persons should inform themselves of, and observe, any applicable legal or regulatory requirements of their jurisdiction. If you remain in any doubt, you should consult your professional adviser in the relevant jurisdiction without delay.

The Offer is not being made, directly or indirectly, in or into Canada, Australia or any other Restricted Jurisdiction where to do so would violate the laws of that jurisdiction, and it is not currently intended that the Offer will be capable of acceptance by any such use, means, instrumentality or facility or from any such jurisdiction. Accordingly, persons who are unable to give the warranties set out in paragraph (b) of Part C of Appendix I to this document may be deemed not to have validly accepted the Offer.

The Offer falls within the scope of the US Securities and Exchange Act of 1934, as amended (the “**Securities Act**”), to the extent the Offer affects US resident SDI Shareholders. Accordingly, the Offer is being made into the US in compliance with Regulation 14E which was promulgated by the Securities and Exchange Commission under Section 14e of the Securities Act.

## **13. Accepting the Offer and Voting on the Resolutions**

SDI Shareholders who hold their SDI Shares in certificated form should read this section in conjunction with the Form of Acceptance and Parts B and C of Appendix I to this document. SDI Shareholders who hold their shares in uncertificated form (that is, through CREST), should read this section in conjunction with Parts B and D of Appendix I to this document. The instructions on the Form of Acceptance are deemed to form part of the terms of the Offer.

(a)  ***Holders of certificated SDI Shares***

*Completion of the Form of Acceptance*

To accept the Offer in respect of SDI Shares held in certificated form, you must complete the Form of Acceptance in accordance with the instructions set out below and on the Form of Acceptance. You should complete separate Forms of Acceptance for SDI Shares held in certificated form but under different designations. If you have any queries as to how to complete the Form of Acceptance, please telephone the Receiving Agent, Computershare Investor Services PLC at The Pavilions, Bridgwater Road, Bristol BS13 8AE, on 0870 707 1623 (or if calling from outside the UK +44 870 707 1623). Additional Forms of Acceptance are available from the Receiving Agent upon request.

*To accept the Offer in respect of all your SDI Shares in certificated form —*  you must complete Box 3 of the enclosed Form of Acceptance. If you do not insert a number in Box 3 of the Form of Acceptance, or if you insert in Box 3 a number which is greater than the number of SDI Shares that you hold and you have signed Box 4, your acceptance will be deemed to be in respect of all the SDI Shares held by you.

*To accept the Offer in respect of less than all your SDI Shares in certificated form —*  you must insert in Box 3 on the enclosed Form of Acceptance such lesser number of SDI Shares in respect of which you wish to accept the Offer in accordance with the instructions printed thereon.

In all cases, if you are an individual, you must sign Box 4A on the Form of Acceptance in the presence of a witness who should also sign in accordance with the instructions printed on it. Any SDI Shareholder which is a company should execute Box 4B of the Form of Acceptance in accordance with the instructions printed on it.

*Return of the Form of Acceptance*

To accept the Offer in respect of SDI Shares held in certificated form, the completed, signed and witnessed Form of Acceptance should be returned by post to Computershare, Corporate Actions Projects, Bristol BS99 6AH, United Kingdom or, during normal business hours only, by hand to Computershare Investor Services PLC at The Pavilions, Bridgwater Road, Bristol BS13 8AE, together (subject to the paragraphs below) with the relevant share certificate(s) and/or other document(s) of title, as soon as possible and, in any event, so as to be received not later than 1.00 p.m. on Friday 13 August 2010. A reply-paid envelope for use in the UK only is enclosed for your convenience. No acknowledgement of receipt of documents will be given.

Any Form of Acceptance received in an envelope post-marked in Canada, Australia or any other Restricted Jurisdiction or otherwise appearing to FSU Investments or its agents to have been sent from any of these jurisdictions may be rejected as an invalid acceptance of the Offer. For further information on SDI Shareholders resident overseas, see paragraph 12 of this Part 2 above.

*Share certificates not readily available or lost*

If your SDI Shares are in certificated form, a completed, signed and witnessed Form of Acceptance should be accompanied by the relevant share certificate(s) and/or other document(s) of title. If for any reason the relevant share certificate(s) and/or other document(s) of title is/are not readily available or is/are lost, you should nevertheless complete, sign and lodge the Form of Acceptance as stated above so as to be received by Computershare, Corporate Actions Projects, Bristol BS99 6AH, United Kingdom by post or, during normal business hours only, by hand to Computershare Investor Services PLC at The Pavilions, Bridgwater Road, Bristol BS13 8AE, not later than 1.00 p.m. on Friday 13 August 2010. You should send with the Form of Acceptance any share certificate(s) and/or other document(s) of title which you may have available, accompanied by a letter stating that the remaining document(s) will follow as soon as possible or that you have lost one or more of your share certificate(s) and/or other document(s) of title. You should then arrange for the relevant share certificate(s) and/or other document(s) of title to be forwarded as soon as possible.

If you have lost your share certificate(s) and/or other document(s) of title, you should write as soon as possible to SDI's registrars, Computershare Investor Services PLC at The Pavilions, Bridgwater Road, Bristol BS99 6ZZ, requesting a letter of indemnity for the lost share certificate(s) and/or other document(s) of title which, when completed in accordance with the instructions given, should be returned by post or by hand to the Receiving Agent at the address given above.

#### *Validity of Acceptances*

Without prejudice to Part B and Part C of Appendix I to this document, subject to the provisions of the City Code, FSU Investments reserves the right to treat as valid in whole or in part any acceptance of the Offer which is not entirely in order or which is not accompanied by the relevant share certificate(s) and/or other document(s) of title. In that event, no payment of cash under the Offer will be made until after the relevant share certificate(s) and/or other document(s) of title or indemnities reasonably satisfactory to FSU Investments have been received.

#### *Voting on the Resolutions*

For SDI Shareholders with SDI Shares in certificated form (that is, not in CREST) who wish to vote on the Resolutions are urged to complete and return the Form of Proxy (whose contents should be read in conjunction with this document). The Form of Proxy should be completed, signed, and returned by post or by hand (during normal business hours only) to Computershare Investor Services PLC at The Pavilions, Bridgwater Road, Bristol BS99 6ZY so as to arrive no later than 48 hours prior to the time of the General Meeting. Completing a Form of Proxy does not prevent a SDI Shareholder from attending the General Meeting.

#### (b) ***Holders of uncertificated SDI Shares***

##### *General*

If your SDI Shares are in uncertificated form, to accept the Offer you should take (or procure the taking of) the action set out below to transfer the SDI Shares in respect of which you wish to accept the Offer to the appropriate escrow balance(s), specifying Computershare Investor Services PLC (in its capacity as a CREST participant under the Escrow Agent's participant ID referred to below) as the Escrow Agent, as soon as possible **and in any event so that the TTE instruction settles not later than 1.00 p.m. on Friday 13 August 2010. Note that settlement cannot take place on weekends or bank holidays (or other times at which the CREST system is non-operational) – you should therefore ensure you time the input of any TTE instructions accordingly.**

The input and settlement of a TTE instruction in accordance with this paragraph will (subject to satisfying the requirements set out in Parts B and D of Appendix I) constitute an acceptance of the Offer in respect of the number of SDI Shares so transferred to escrow.

**If you are a CREST sponsored member, you should refer to your CREST sponsor before taking any action. Only your CREST sponsor will be able to send the TTE instruction(s) to Euroclear in relation to your SDI Shares.**

After settlement of a TTE instruction, you will not be able to access the SDI Shares concerned in CREST for any transaction or charging purposes. If the Offer becomes or is declared unconditional in all respects, the Escrow Agent will transfer the SDI Shares concerned in accordance with paragraph (d) of Part D of Appendix I to this document.

You are recommended to refer to the CREST Manual issued by Euroclear for further information on the CREST procedure outlined below.

**You 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 connection with a TTE instruction and its settlement. You should therefore ensure that all necessary action is taken by you (or by your CREST sponsor) to enable a TTE instruction relating to your SDI Shares to settle prior to 1.00 p.m. on Friday 13 August 2010. In this connection, you are referred in particular to those sections of the CREST Manual concerning the practical limitations of the CREST system and timings.**

### *To Accept the Offer*

To accept the Offer in respect of SDI Shares held in uncertificated form, you should send (or, if you are a CREST sponsored member, procure that your CREST sponsor sends) to Euroclear a TTE instruction in relation to such shares. A TTE instruction to Euroclear must be properly authenticated in accordance with Euroclear's specifications for transfers to escrow and must contain the following details:

- the International Securities Identification Number (ISIN number) for the SDI Shares. This is GB00B1YW3F48;
- the number of SDI Shares in respect of which you wish to accept the Offer (i.e. the number of SDI Shares to be transferred to escrow);
- your member account ID;
- your participant ID;
- the participant ID of the Escrow Agent. This is RA62;
- the member account ID of the Escrow Agent for the Offer. This is SDIFSU01;
- the intended settlement date. This should be as soon as possible and, in any event, not later than 1.00 p.m. on Friday 13 August 2010;
- the corporate action number of the Offer (this is allocated by Euroclear and will be available on screen from Euroclear);
- input with a standard delivery instruction priority of 80; and
- a contact name and telephone number in the shared note field.

### *Validity of Acceptances*

SDI Shareholders with SDI Shares in uncertificated form who wish to accept the Offer should note that a TTE instruction will only be a valid acceptance of that Offer as at the relevant closing date if it has settled on or before 1.00 p.m. on that date. A Form of Acceptance which is received in respect of SDI Shares held in uncertificated form may be treated as an invalid acceptance and may be disregarded.

FSU Investments will make an appropriate announcement if any of the details contained in this paragraph alter for any reason.

### *Overseas shareholders*

The attention of SDI Shareholders holding SDI Shares in uncertificated form and who are citizens or residents of jurisdictions outside the UK is drawn to paragraph 7 of Part B and paragraph (b) of Part D of Appendix I.

### *General*

Normal CREST procedures (including timings) apply in relation to any SDI Shares that are, or are to be, converted from uncertificated to certificated form, or from certificated to uncertificated form, during the course of the Offer (whether any such conversion arises as a result of a transfer of SDI Shares or otherwise). Holders of SDI Shares who are proposing so to convert any such shares are recommended to ensure that the conversion procedures are implemented in sufficient time to enable the person holding or acquiring the shares as a result of the conversion to take all necessary steps in connection with an acceptance of the Offer (in particular, as regards delivery of share certificate(s) and/or other documents of title or transfers to an escrow balance as described above) prior to 1.00 p.m. on Friday 13 August 2010.

### *Voting on the Resolutions*

Shareholders holding SDI Shares in uncertificated form (that is, through CREST), who wish to vote on the Resolutions may appoint a proxy or proxies for the General Meeting through the CREST electronic proxy appointment service. To appoint one or more proxies or to give an instruction to a proxy (whether previously appointed or otherwise) via the CREST system, CREST messages must be received by Computershare Investor Services PLC at The Pavilions, Bridgwater Road, Bristol BS13 8AE, SDI's Receiving Agent, (ID number 3RA50) not later than 48 hours prior to the meeting, or if the meeting is adjourned, close of business on the day three days prior to the day fixed for the adjourned meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp generated by the CREST system) from which SDI's agent is able to retrieve the message. SDI may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5)(a) of the Regulations.

**If you have any questions relating to the procedure for acceptance of the Offer or voting on the Resolutions, please contact Computershare Investor Services PLC, the Receiving Agent to the Offer, on 0870 707 1623 (from within the UK) or +44 870 707 1623 (from outside the UK).**

## **14. Settlement**

Subject to the Offer becoming or being declared unconditional in all respects (and except as provided in paragraph 7 of Part B of Appendix I to this document in the case of certain overseas shareholders), settlement of the consideration to which any SDI Shareholder (or the first-named shareholder in the case of joint holders) is entitled under the Offer will be effected: (i) in the case of acceptances received, complete in all respects, by the date on which the Offer becomes or is declared unconditional in all respects, within 14 days of such date; and (ii) in the case of acceptances received, complete in all respects, after such date but while the Offer remains open for acceptance, within 14 days of such receipt, in the following manner:

### **(a) *Holders of certificated SDI Shares***

Where an acceptance relates to SDI Shares in certificated form, settlement of any cash due will be dispatched by first class post (or such other method as may be approved by the Panel) to accepting SDI Shareholders or their appointed agents (but not into Canada, Australia, or any other Restricted Jurisdiction). All such cash payments will be made in pounds sterling by cheque drawn on a branch of a United Kingdom clearing bank.

### **(b) *Holders of uncertificated SDI Shares***

Where an acceptance relates to SDI Shares in uncertificated form, the cash consideration to which the accepting SDI Shareholder is entitled will be paid by means of a CREST payment in favour of the accepting SDI Shareholder's payment bank in respect of the cash consideration due, in accordance with CREST payment arrangements. FSU Investments reserves the right to settle all or any part of the consideration referred to in this paragraph, for all or any accepting SDI Shareholder(s), in the manner referred to in paragraph 14(a) above, if, for any reason, it wishes to do so.

### *General*

If the Offer does not become or is not declared unconditional in all respects:

- in the case of SDI Shares held in certificated form, the relevant Form of Acceptance, share certificate(s) and/or other document(s) of title will be returned by post (or by such other method as may be approved by the Panel) within 14 days of the Offer lapsing to the person or agent whose name and address (outside a Restricted Jurisdiction) is set out in the Form of Acceptance or, if none is set out, to the first-named holder at his or her registered address (provided that no such documents will be sent to an address in a Restricted Jurisdiction); and
- in the case of SDI Shares held in uncertificated form, the Escrow Agent will, immediately after the lapsing of the Offer (or within such longer period as the Panel may permit, not exceeding 14 days of the lapsing of the Offer), give TFE instructions to Euroclear to

transfer all SDI Shares held in escrow balances and in relation to which it is the Escrow Agent for the purposes of the Offer to the original available balances of the SDI Shareholders concerned.

All remittances, communications, notices, certificates and documents of title sent by, to or from SDI Shareholders or their appointed agents will be sent entirely at their own risk.

### **15. Further Information**

The terms and conditions of the Offer are set out in full in Appendix I to this document. Your attention is drawn to the letter from the Independent Directors in Part 1, the conditions and further terms of the Offer set out in Appendix I, the further information on SDI and FSU Investments contained in Appendices II to III respectively, the notice of General Meeting contained at the end of this document and the Form of Acceptance and Form of Proxy.

### **16. Management Arrangements**

Rule 16 of the City Code provides that, except with the consent of the Panel, FSU Investments or persons acting in concert with it may not make any arrangements with shareholders, and may not deal or enter into arrangements to deal in shares, of an offeree company, or enter into arrangements which involve acceptance of an offer, either during an offer or when one is reasonably in contemplation, if there are favourable conditions attached which are not being extended to all shareholders.

The Panel has agreed, subject to Resolution 1 being passed on a poll by the Independent Shareholders, to allow the Offer to be made on the terms and subject to the conditions set out in this document and for the Management Team to enter into arrangements with FSU Investments pursuant to which the Management Team will become shareholders of FSU Investments notwithstanding the fact that the opportunity to participate in such arrangements is not being extended to all SDI Shareholders.

### **17. General Meeting**

Set out at the end of this document is a notice convening the General Meeting to be held at 10.30 a.m. on Monday 16 August 2010 at which two Resolutions will be proposed as follows:

- Resolution 1 is an ordinary resolution to approve the arrangements in relation to the Management Team described in paragraph 16 above; and
- Resolution 2 is a special resolution to approve the cancellation of the admission of the SDI Shares to trading on AIM.

Resolution 1 is required to be passed on a poll by Independent Shareholders representing a majority of the votes cast in person or by proxy on such poll. Resolution 2 requires the approval of three-quarters of those SDI Shareholders voting in person or by proxy (unless a poll is demanded, in which case, 75 per cent. of the votes cast in person or by proxy must be in favour of the resolution).

**SDI Shareholders should note that completion of the Offer is conditional on the approval of Resolution 1 at the General Meeting but not on the approval of Resolution 2 and only the votes cast by Independent Shareholders will be counted in relation to Resolution 1.**

SDI Shareholders will find enclosed with this document a Form of Proxy for use at the General Meeting. Forms of Proxy should be completed and returned, in accordance with the instructions printed thereon, so as to arrive at Computershare Investor Services PLC at The Pavilions, Bridgwater Road, Bristol BS99 6ZY, as soon as possible and, in any event, not later than 48 hours before the time of the meeting. Completion and return of a Form of Proxy will not prevent an SDI Shareholder from attending and voting in person at the General Meeting should he/she wish. Only votes cast by Independent Shareholders will be counted in relation to Resolution 1.

CREST members may appoint a proxy or proxies for the General Meeting through the CREST electronic proxy. To appoint one or more proxies or to give an instruction to a proxy (whether previously appointed or otherwise) via the CREST system, CREST messages must be received by Computershare

Investor Services PLC at The Pavilions, Bridgwater Road, Bristol BS99 6ZY, SDI's agent, (ID number 3RA50) not later than 48 hours prior to the meeting, or if the meeting is adjourned, close of business on the day three days prior to the day fixed for the adjourned meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp generated by the CREST system) from which the issuer's agent is able to retrieve the message. SDI may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5)(a) of the Regulations.

#### **17. Action to be taken**

To accept the Offer:

- If your SDI Shares are in certificated form (that is, not in CREST), the Form of Acceptance must be completed, signed and returned as soon as possible, (together with your share certificate(s) and/or other document(s) of title) and in any event so as to be received by the Receiving Agent no later than 1.00 p.m. on Friday 13 August 2010. A reply-paid envelope is enclosed for your convenience for use in the UK only.
- If your SDI Shares are in uncertificated form (that is, in CREST), you should NOT return the Form of Acceptance but instead ensure that an Electronic Acceptance is made by you or on your behalf and that settlement is no later than 1.00 p.m. on Friday 13 August 2010.

**If you have any questions relating to the procedure for acceptance of the Offer or voting on the Resolutions, please contact Computershare Investor Services PLC, the Receiving Agent to the Offer, on 0870 707 1623 (from within the UK) or +44 870 707 1623 (from outside the UK).**

Yours faithfully

Signed for and on behalf  
of FSU Investments Limited

## APPENDIX I

### PART A

#### CONDITIONS AND FURTHER TERMS OF THE OFFER

The Offer is subject to the following conditions:

##### Acceptances

1. valid acceptances being received (and not, where permitted, withdrawn) by not later than 1.00 p.m. (London time) on the First Closing Date (or such later time(s) and/or date(s) as FSU Investments may, subject to the rules of the City Code or with the consent of the Panel, decide) in respect of not less than 75 per cent. (or such lower percentage as FSU Investments may decide) of the SDI Shares to which the Offer relates and of the voting rights attached to those shares, provided that this Condition will not be satisfied unless FSU Investments shall have acquired or agreed to acquire (whether pursuant to the Offer or otherwise) SDI Shares carrying in aggregate more than 50 per cent. of the voting rights then normally exercisable at a general meeting of SDI, including for this purpose (except to the extent otherwise agreed by the Panel) any such voting rights attaching to SDI Shares that are unconditionally allotted or issued before the Offer becomes or is declared unconditional as to acceptances, whether pursuant to the exercise of any outstanding conversion or subscription rights or otherwise.

For the purposes of this condition:

- (i) SDI Shares which have been unconditionally allotted shall be deemed to carry the voting rights they will carry upon issue; and
- (ii) the expression 'SDI Shares to which the Offer relates' shall be construed in accordance with Chapter 3 of Part 28 of the Companies Act 2006;
- (iii) notwithstanding the terms of this Condition, FSU Investments has committed to declare the Offer unconditional as to acceptances if, taking account of the irrevocable undertakings received from SDI Shareholders not to accept the Offer but to vote in favour of resolutions to cancel the admission of SDI Shares to trading on AIM and to re-register SDI as a private company, FSU Investments has received sufficient acceptances to procure the passing of such resolutions;

##### Management Arrangements

2. the passing at a general meeting of SDI (or any adjournment thereof) of Resolution 1 approving certain arrangements relating to members of the Management Team or of such other resolution or resolutions as may be required by the Panel to approve those arrangements;

##### Regulatory intervention

3. no government or governmental, quasi governmental, supranational, statutory, regulatory, environmental, administrative, fiscal or investigative body, court, trade agency, association, institution or any other body or person whatsoever in any jurisdiction (each a 'Third Party') having decided to take, institute, implement or threaten any action, proceeding, suit, investigation, enquiry or reference, or having required any action to be taken or otherwise having done anything or having enacted, made or proposed any statute, regulation, decision, order or change to published practice and there not continuing to be outstanding any statute, regulation, decision or order which would or might reasonably be expected to:
  - (i) make the Offer, its implementation or the acquisition or proposed acquisition of any shares or other securities in, or control of, SDI by FSU Investments void, illegal and/or unenforceable under the laws of any jurisdiction, or otherwise directly or indirectly prohibit, or restrain,

restrict, delay or otherwise interfere with the implementation of, or impose material additional conditions or obligations with respect to, or otherwise require amendment of the Offer or the acquisition of any such shares or securities by FSU Investments;

- (ii) require, prevent or materially delay the divestiture or materially alter the terms envisaged for such divestiture by FSU Investments or by any member of the Wider SDI Group of all or any part of its businesses, assets or property or impose any limitation on the ability of any of them to conduct their businesses (or any part thereof) or to own any of their assets or properties (or any part thereof) to an extent which is material in the context of the SDI Group taken as a whole or FSU Investments (as the case may be);
- (iii) impose any limitation on, or result in a material delay in the ability of FSU Investments directly or indirectly to acquire or hold or to exercise effectively all or any rights of ownership in respect of shares or other securities in SDI or on the ability of any member of the Wider SDI Group or FSU Investments directly or indirectly to hold or exercise effectively any rights of ownership in respect of shares or other securities (or the equivalent) in, or to exercise management control over, any member of the Wider SDI Group;
- (iv) require FSU Investments or any member of the Wider SDI Group to acquire or offer to acquire any shares, other securities (or the equivalent) or interest in any member of the Wider SDI Group or any asset owned by any third party (other than in the implementation of the Offer);
- (v) require, prevent or materially delay a divestiture by FSU Investments of any shares or other securities (or the equivalent) in SDI;
- (vi) result in any member of the Wider SDI Group ceasing to be able to carry on business under any name under which it presently carries on business;
- (vii) impose any material limitation on the ability of FSU Investments or any member of the Wider SDI Group to integrate or co-ordinate all or any part of its business with all or any part of the business of FSU Investments and/or the Wider SDI Group; or
- (viii) otherwise adversely affect the business, assets, profits or prospects of FSU Investments or any member of the Wider SDI Group in a manner which is adverse to and material in the context of the SDI Group taken as a whole or of the obligations of FSU Investments taken as a whole in connection with the Offer, and all applicable waiting and other time periods during which any such Third Party could decide to take, institute, implement or threaten any such action, proceeding, suit, investigation, enquiry or reference or take any other step under the laws of any jurisdiction in respect of the Offer or the acquisition or proposed acquisition of any SDI Shares or otherwise intervene having expired, lapsed, or been terminated;

#### **Consequences of the Offer**

4. save as Disclosed, there being no provision of any agreement, arrangement, licence, permit, lease or other instrument which, in consequence of the making or implementation of the Offer or the acquisition or proposed acquisition by FSU Investments of any SDI Shares, provides for or will or may reasonably be expected to result in, any of the following, in each case to an extent which is material in the context of the Wider SDI Group taken as a whole:
  - (i) any assets or interests of, or any asset the use of which is enjoyed by, any member of the Wider SDI Group being or falling to be disposed of or charged or any right arising under which any such asset or interest could be required to be disposed of or charged or could cease to be available to any member of the Wider SDI Group;
  - (ii) any monies borrowed by, or other indebtedness, (actual or contingent) of, or any grant available to, any member of the Wider SDI Group being or becoming repayable, or capable of being declared repayable, immediately or earlier than its or their stated repayment date

or maturity date, or the ability of any such member to borrow monies or incur any indebtedness being withdrawn, inhibited or prohibited or being capable of becoming or being withdrawn or inhibited;

- (iii) the rights, liabilities, obligations, business or interests FSU Investments or of any member of the Wider SDI Group under any such arrangement, agreement, licence, permit, lease or instrument being terminated or adversely modified or affected or any onerous obligation or liability arising or any adverse action being taken thereunder;
- (iv) the financial or trading position or prospects of, or the value of, any member of the Wider SDI Group being prejudiced or adversely affected;
- (v) the creation or enforcement of any mortgage, charge or other security interest over the whole or any part of the business, property or assets of any member of the Wider SDI Group;
- (vi) the creation of any liability (actual or contingent) by any member of the Wider SDI Group other than trade creditors in the ordinary course of business;
- (vii) any liability of any member of the Wider SDI Group to make any severance, termination, bonus or other payments to any of its directors or other officers;
- (viii) the Offer, its implementation or the acquisition or proposed acquisition of any shares or other securities in, or control of, SDI by FSU Investments being or becoming void, illegal and/or unenforceable under the laws of any jurisdiction, or would otherwise directly or indirectly prohibit, or restrain, restrict, delay or otherwise interfere with the implementation of, or impose additional material conditions or obligations with respect to, or otherwise challenge or require amendment of the Offer or the acquisition of any such shares or securities by FSU Investments;
- (ix) the imposition of any limitation on, or material delay in, the ability of FSU Investments directly or indirectly to acquire or hold or to exercise effectively all or any rights of ownership in respect of shares or other securities in SDI or on the ability of FSU Investments or any member of the Wider SDI Group directly or indirectly to hold or exercise effectively any rights of ownership in respect of shares or other securities (or the equivalent) in, or to exercise management control over, any member of the Wider SDI Group;
- (x) a divestiture by FSU Investments of any shares or other securities (or the equivalent) in SDI being required, prevented or materially delayed;
- (xi) the imposition of any material limitation on the ability of FSU Investments or any member of the Wider SDI Group to integrate or co-ordinate all or any part of its business with all or any part of the business of the Wider SDI Group; or
- (xii) the ability of any member of the Wider SDI Group to carry on its business as currently carried on being adversely affected;

#### **Other events**

5. save as Disclosed, since 31 March 2010, no member of the Wider SDI Group having:
- (i) issued or agreed to issue or authorised or proposed the issue or grant of additional shares of any class, or securities or securities convertible into, or exchangeable for, or rights, warrants or options to subscribe for or acquire, any such shares or convertible securities (save, where relevant, as between SDI and wholly-owned subsidiaries of SDI);
  - (ii) redeemed, purchased, repaid or reduced or agreed to or announced any proposal to purchase, redeem, repay or reduce any of its own shares or other securities or, save in respect of the matters mentioned in sub-paragraph (i) above, made any other change to any part of its share capital;

- (iii) approved, recommended, declared, paid or made or proposed to recommend, declare, pay or make any dividend, bonus or other distribution proposed (whether payable in cash or otherwise) other than to SDI or any wholly-owned subsidiary of SDI;
- (iv) save for transactions between SDI and its wholly-owned subsidiaries, merged with (by statutory merger or otherwise) or demerged from or acquired by any body corporate, partnership or business or acquired or disposed of, or transferred, mortgaged or charged, or created or granted any security interest over, any material assets or any right, title or interest in any material asset (including shares and trade investments) or authorised, proposed, announced any intention or agreed to do so;
- (v) issued, authorised or proposed the issue of any debentures or (save as between SDI and its wholly-owned subsidiaries or between such wholly-owned subsidiaries) incurred or, save in the ordinary course of business, increased any borrowings or indebtedness or become subject to any liability (actual or contingent) to an extent which is material in the context of the Wider SDI Group taken as a whole;
- (vi) entered into or varied or authorised, proposed or announced its intention to enter into or vary any material transaction, arrangement, contract or commitment (whether in respect of capital expenditure or otherwise) (otherwise than in the ordinary course of business) which is of a long term, onerous or unusual nature or which is or which involves or could involve an obligation of a nature or magnitude which is reasonably likely to be materially restrictive on the business of any member of the Wider SDI Group;
- (vii) entered into, implemented or effected, or authorised, proposed or announced its intention to enter into, implement or effect any merger, demerger, reconstruction, amalgamation, composition, assignment, commitment scheme, or other similar commitment or other transaction or arrangement (other than the Offer) otherwise than in the ordinary course of business;
- (viii) waived or compromised any claim to an extent which is material in the context of the Wider SDI Group taken as a whole;
- (ix) entered into or varied or made any offer (which remains open for acceptance) to enter into or vary the terms of any contract with any of the directors or senior executives of SDI or any of the directors or senior executives of any other member of the Wider SDI Group;
- (x) taken or proposed any steps, corporate action or had any legal proceedings instituted or threatened against it in relation to the suspension of payments, a moratorium of any indebtedness, its winding-up (voluntary or otherwise), dissolution, reorganisation or for the appointment of any receiver, administrator, administrative receiver, manager, trustee or similar officer of all or any of its assets or revenues or any analogous proceedings in any jurisdiction or appointed any analogous person or had any such person appointed in any jurisdiction;
- (xi) been unable, or admitted in writing that it is unable, to pay its debts or commenced negotiations with one or more of its creditors with a view to rescheduling or restructuring any of its indebtedness, or having stopped or suspended (or threatened to stop or suspend) payment of its debts generally or ceased or threatened to cease carrying on all or a substantial part of its business;
- (xii) made any alteration to its memorandum or articles of association or other incorporation documents;
- (xiii) the trustees of any relevant pension scheme having:
  - (A) made or agreed or consented to any change to the terms of the trust deeds constituting the pension schemes established for its directors, employees or their dependants or the benefits which accrue;

- (B) made or agreed or consented to any change to the pensions which are payable under them;
  - (C) made or agreed or consented to any change to the basis on which qualification for, or accrual or entitlement to such benefits or pensions are calculated or determined;
  - (D) made or agreed or consented to any change to the basis upon which the liabilities (including pensions) of such pension schemes are funded or made or valued;
  - (E) agreed or consented to any change to the trustees or trustee directors of such pension schemes; or
  - (F) carried out any act which may lead to the commencement of the winding up of the scheme or which could give rise directly or indirectly to a liability arising out of the operation of sections 38 to 56 inclusive of the Pensions Act 2004 in relation to such pension schemes,
- (xiv) proposed, agreed to provide or modified the terms of any share option scheme or incentive scheme, or other benefit relating to the employment or termination of employment of any employee of the Wider SDI Group; or
  - (xv) entered into any agreement, arrangement, commitment or contract or passed any resolution or made any offer (which remains open for acceptance) with respect to or announced an intention to, or to propose to, effect any of the transactions, matters or events referred to in this condition;
6. since 31 March 2010, and save as Disclosed:
- (i) no litigation, arbitration proceedings, prosecution, investigation, enquiry, complaint, or other legal proceedings or reference to any relevant person having been announced, instituted, threatened or remaining outstanding by, against or in respect of, any member of the Wider SDI Group or to which any member of the Wider SDI Group is or is reasonably likely to become a party (whether as claimant, defendant or otherwise) and no enquiry or investigation by, or complaint or reference to, any third party against or in respect of any member of the Wider SDI Group having been announced, instituted or threatened in writing to SDI by or against, or remaining outstanding in respect of, any member of the Wider SDI Group, in each case, which is material and adverse in the context of the Wider SDI Group taken as a whole;
  - (ii) there having been no adverse event, change or deterioration in the business, assets, financial or trading position or prospects or profits of any member of the Wider SDI Group which is material in the context of the Wider SDI Group taken as a whole;
  - (iii) no contingent or other liability having arisen or become known to FSU Investments or increased (which is reasonably likely adversely to affect the business, assets, financial or trading position or profits or prospects of any member of the Wider SDI Group to an extent which is material to the Wider SDI Group taken as a whole); and
  - (iv) no steps having been taken and no omissions having been made which are reasonably likely to result in the withdrawal, cancellation, termination or modification of any licence held by any member of the Wider SDI Group, which is necessary for the proper carrying on of its business and the withdrawal, cancellation, termination or modification of which is reasonably likely to be material and adverse in the context of the Wider SDI Group taken as a whole;

### **Environmental**

7. in relation to any release, emission, accumulation, discharge, disposal or other fact or circumstance which has impaired or is reasonably likely to impair the environment (including property) or harmed or is reasonably likely to harm human health, no past or present member

of the Wider SDI Group, in a manner or to an extent which is material in the context of the Wider SDI Group taken as a whole (i) having committed any violation of any applicable legislation, statutes, regulations, authorisations, notices or other requirements of any Third Party of any jurisdiction and/or (ii) having incurred any liability (whether actual or contingent) to any Third Party; and/or being reasonably likely to incur any liability (whether actual or contingent), or being required to make good, repair, remediate, reinstate or clean up any asset or any other property or any environment;

### **Information**

8. FSU Investments not having discovered:

- (i) that any financial, business or other information concerning the Wider SDI Group publicly disclosed at any time or Disclosed to FSU Investments by or on behalf of any member of the Wider SDI Group is misleading or contains a misrepresentation of fact or omits to state a fact necessary to make that information not misleading (and which information was not subsequently corrected before the date of the Offer Announcement by disclosure publicly by an announcement to a Regulatory Information Service or privately in writing to FSU Investments or its advisers);
- (ii) any information which affects the import of any information Disclosed (and which information was not subsequently corrected before the date of the Offer Announcement by disclosure publicly by an announcement to a Regulatory Information Service or privately to FSU Investments);

in each case to an extent which is material and adverse in the context of the Wider SDI Group taken as a whole.

### **Criminal property**

9. any asset of any member of the Wider SDI Group constitutes criminal property as defined by section 340(3) of the Proceeds of Crime Act 2002 (but disregarding paragraph (b) of that definition) to an extent which is material in the context of the SDI Group taken as a whole.

References in this Part I of this Appendix A to 'Disclosed' means fairly disclosed to FSU Investments or its advisers prior to the date of this document either by inclusion in the Offer Announcement, in this document, in the annual report and accounts of SDI for the 16 months ended 31 March 2009 or the annual report and accounts for the year ended 31 March 2010, or by the delivery of an announcement by or on behalf of SDI of an announcement to a Regulatory Information Service or disclosed in writing to, or agreed in writing with FSU Investments by Gordon Smith.

FSU Investments reserves the right to waive in whole or in part all or any of the conditions contained in paragraphs 3 to 9 of Part A to this Appendix I inclusive. The conditions contained in paragraphs 3 to 9 inclusive must be satisfied as at, or waived (where possible) on or before, the twenty-first day after the later of the First Closing Date and the date on which both the conditions in paragraphs 1 and 2 have been fulfilled (or, in each case such later date as the Panel may agree). FSU Investments shall be under no obligation to waive or determine to be or treat as, fulfilled, any of conditions 3 to 9 inclusive by a date earlier than the date specified above for the fulfilment thereof notwithstanding that the other conditions of the Offer may at such earlier date have been waived or fulfilled and that there are at such earlier date no circumstances indicating that any of such conditions may not be capable of fulfilment.

If FSU Investments is required by the Panel to make an offer for SDI Shares under the provisions of Rule 9 of the City Code, FSU Investments may make such alterations to the terms and conditions of the Offer as are necessary to comply with the provisions of that Rule.

## PART B

### FURTHER TERMS OF THE OFFER

The following further terms apply, unless the context requires otherwise, to the Offer. Unless the context requires otherwise, any reference in this document and in the Form of Acceptance to:

- (i) “**acceptances of the Offer**” includes deemed acceptances of the Offer;
- (ii) the Offer “**becoming unconditional**” includes the Offer being or becoming or being declared unconditional as to acceptances whether or not any other condition of the Offer remains to be fulfilled;
- (iii) the “**acceptance condition**” is the condition as to acceptances in condition 1 of Part A of this Appendix and references to the Offer being unconditional as to acceptances shall be construed accordingly;
- (iv) an “**extension of the Offer**” shall include a reference to an extension of the date by which the acceptance condition has to be fulfilled;
- (v) “Day 21 of the Offer” shall mean 1.00 p.m. (London time) on Friday 13 August;
- (vi) “Day 39 of the Offer” shall mean 1.00 p.m. (London time) on Tuesday 31 August;
- (vii) “Day 42 of the Offer” shall mean 1.00 p.m. (London time) on Friday 3 September;
- (viii) “Day 46 of the Offer” shall mean 1.00 p.m. (London time) on Tuesday 7 September; and
- (ix) “Day 60 of the Offer” shall mean 1.00 p.m. (London time) on Tuesday 21 September.

#### 1. Acceptance Period

- 1.1 The Offer is initially open for acceptance until 1.00 p.m. on Day 21 of the Offer. FSU Investments reserves the right (but will not be obliged, other than as may be required by the Code) at any time or from time to time to extend the Offer after such time and, in such event, will make a public announcement of such extension in the manner described in paragraph 3.1 below and give oral or written notice of such extension to the Receiving Agent. If the Offer has not become unconditional by Day 21 of the Offer, FSU Investments currently intends to extend the Offer until such time as the Offer becomes unconditional. There can be no assurance, however, that FSU Investments will, in such circumstances, extend the Offer and, if no such extension is made, the Offer will lapse on Day 21 of the Offer and no SDI Shares will be purchased pursuant to the Offer.
- 1.2 Although no revision is envisaged, if the Offer is revised it will remain open for acceptance for a period of at least 14 calendar days (or such other period as may be permitted by the Panel) after the date on which the revised Offer Document is posted to SDI Shareholders. Except with the consent of the Panel, no revision of the Offer may be made and no revised Offer Document may be made or posted to SDI Shareholders after Day 46 of the Offer or, if later, the date which is 14 days before the last date on which the Offer can become unconditional.
- 1.3 The Offer, whether revised or not, shall not (except with the consent of the Panel) be capable of becoming unconditional after midnight on Day 60 of the Offer (or any other time or date beyond which FSU Investments has stated that the Offer will not be extended and has not, where permitted, withdrawn that statement) nor of being kept open for acceptance after that time and/or date unless the Offer has previously become unconditional. If the Offer has not become unconditional at such time (taking account of any prescribed extension of the Offer), the Offer will lapse in the absence of a competing bid and/or unless the Panel agrees otherwise. If the Offer lapses for any reason, the Offer shall cease to be capable of further acceptance and FSU Investments and SDI Shareholders shall cease to be bound by prior acceptances. FSU Investments reserves the right, with the permission of the Panel, to extend the time for the Offer to become unconditional to any later time(s) and/or date(s).

- 1.4 If the Offer becomes unconditional, it will remain open for acceptance for not less than 14 calendar days from the date on which it would otherwise have expired. If the Offer becomes unconditional and it is stated by or on behalf of FSU Investments that the Offer will remain open until further notice or if the Offer will remain open for acceptances beyond the 70th day following posting of the Offer, then not less than 14 calendar days' written notice will be given by or on behalf of FSU Investments to SDI Shareholders who have not accepted the Offer prior to closing the Offer.
- 1.5 If a competitive situation arises (as determined by the Panel) after a "no increase" and/or "no extension" statement (as referred to in the Code) has been made by or on behalf of FSU Investments in relation to the Offer, FSU Investments may, if it specifically reserves the right to do so at the time the statement is made (or otherwise with the consent of the Panel), choose not to be bound by or withdraw the statement and extend or revise the Offer provided it complies with the requirements of the Code and, in particular, that:
- (A) it announces the withdrawal as soon as possible and in any event within four business days after the date of the announcement of the competing offer or other competitive situation;
  - (B) it notifies SDI Shareholders at the earliest practicable opportunity in writing to that effect or, in the case of SDI Shareholders with registered addresses outside the United Kingdom or whom FSU Investments reasonably believes to be nominees, custodians or trustees holding SDI Shares for such persons, by announcement in the United Kingdom; and
  - (C) any SDI Shareholders who accept the Offer after the "no increase" and/or "no extension" statement is given a right of withdrawal as described in paragraph 4.4 of this Part B of Appendix I.
- 1.6 FSU Investments may, if it specifically reserves the right to do so at the time the statement is made, choose not to be bound by the terms of a "no increase" and/or "no extension" statement and may post an increased or improved offer if it is recommended for acceptance by the board of directors of SDI, or in any other circumstances permitted by the Panel. If SDI publishes material new information of the kind referred to in Rule 31.9 of the Code after Day 39 of the Offer, FSU Investments may, with the consent of the Panel, choose not to be bound by a "no increase" and/or "no extension" statement if it specifically reserved the right to do so at the time such statement was made, provided that: (i) FSU Investments gives notice to that effect as soon as possible and, in any event, within four business days after the date of publication by SDI; and (ii) SDI Shareholders are informed in writing at the earliest opportunity.
- 1.7 If a competitive situation arises and is continuing on the business day preceding Day 60 of the Offer, FSU Investments will enable holders of SDI Shares in uncertificated form, who have not already validly accepted the Offer but who have previously accepted a competing offer, to accept the Offer by special form of acceptance to take effect on Day 60 of the Offer. The special form of acceptance shall constitute a valid acceptance of the Offer provided that (i) it is received by the Receiving Agent on or before Day 60 of the Offer; (ii) the relevant SDI Shareholder shall have applied to withdraw his acceptance of the competing offer but that the SDI Shares to which such withdrawal relates shall not have been released from escrow by the escrow agent to the competing offer before Day 60 of the Offer; and (iii) the SDI Shares to which the special form of acceptance relates are not transferred to escrow in accordance with the procedure for acceptance set out in the letter from FSU Investments contained in Part 2 of this document on or before Day 60 of the Offer, but an undertaking is given that they will be so transferred as soon as possible thereafter. SDI Shareholders wishing to use such special forms of acceptance should apply to the Receiving Agent on 0870 707 1623 (from within the UK) or +44 870 707 1623 (from outside the UK) between 9.00 a.m. and 5.00 p.m. on the business day preceding Day 60 of the Offer in order that such forms can be despatched. Notwithstanding the right to use such a special form for acceptance, holders of SDI Shares in uncertificated form may not use a Form of Acceptance (or any other purported acceptance form) for the purpose of accepting the Offer in respect of such shares.

## **2. Acceptance condition**

2.1 Except with the consent of the Panel, for the purpose of determining at any particular time whether the acceptance condition is satisfied, FSU Investments may only take into account acceptances received or purchases of SDI Shares made in respect of which all relevant documents and/or TTE instructions are received by the Receiving Agent:

- (A) by 1.00 p.m. on Day 60 of the Offer (or any other date beyond which FSU Investments has stated that the Offer will not be extended and has not withdrawn that statement); or
- (B) if the Offer is extended with the consent of the Panel, such later time(s) or date(s) as the Panel may agree.

If the latest time at which the Offer may become unconditional is extended beyond midnight on Day 60 of the Offer, acceptances received and purchases made in respect of which the relevant documents are received by the Receiving Agent after 1.00 p.m. on that date may only be taken into account with the agreement of the Panel except where the Code permits otherwise.

2.2 Except as otherwise agreed by the Panel:

- (A) an acceptance of the Offer will only be counted towards fulfilling the acceptance condition if the requirements of Note 4 and, if applicable, Note 6 on Rule 10 of the Code are satisfied in respect of it;
- (B) a purchase of SDI Shares by FSU Investments or its nominee(s) or (if FSU Investments is required by the Panel to make an offer for SDI Shares under Rule 9 of the Code) by a person acting in concert with FSU Investments or its nominee(s), will only be counted towards fulfilling the acceptance condition if the requirements of Note 5 and, if applicable, Note 6 on Rule 10 of the Code are satisfied in respect of it;
- (C) SDI Shares which have been borrowed by FSU Investments may not be counted towards fulfilling the acceptance condition; and
- (D) before the Offer may become or be declared unconditional the Receiving Agent shall issue a certificate to FSU Investments or Vollman Brothers (or their respective agents) which states the number of SDI Shares in respect of which acceptances have been received and not validly withdrawn, and the number of SDI Shares otherwise acquired, whether before or during the Offer Period, which comply with the provisions of this paragraph 2. Copies of the certificate will be sent to the Panel as soon as possible after it is issued.

2.3 For the purpose of determining at any particular time whether the acceptance condition is satisfied FSU Investments is not bound (unless required by the Panel) to take into account any SDI Shares which have been unconditionally allotted or issued or which arise as a result of the exercise of conversion rights before the determination takes place unless SDI or its agent has given written notice to FSU Investments or the Receiving Agent at Computershare Investor Services PLC at The Pavilions, Bridgwater Road, Bristol BS13 8AE on behalf of FSU Investments containing relevant details of the allotment, issue or conversion.

2.4 Notwithstanding the terms of the acceptance condition, FSU Investments has committed to declare the Offer unconditional as to acceptances if, taking account of the irrevocable undertakings received from SDI Shareholders not to accept the Offer but to vote in favour of resolutions to cancel the admission of SDI Shares to trading on AIM and to re-register SDI as a private company, FSU Investments has received sufficient acceptances to procure the passing of such resolutions.

Notification by e-mail, telex, facsimile or other electronic transmission does not constitute written notice for this purpose.

### **3. Announcements**

- 3.1 Without prejudice to paragraph 4.2 below, by 8.00 a.m. on the next business day (the “**relevant day**”) following the day on which the Offer is due to expire or becomes or is declared unconditional, or is revised or extended (or such later time(s) or date(s) as the Panel may agree), FSU Investments will make an appropriate announcement through a Regulatory Information Service. The announcement will state (unless otherwise permitted by the Panel):
- (A) the total number of SDI Shares (i) for which acceptances of the Offer have been received (showing the extent, if any, to which such acceptances have been received from any person(s) acting or deemed to be acting in concert with FSU Investments for the purposes of the Offer) and (ii) which were the subject of an irrevocable commitment or letter of intent procured by FSU Investments or its associates (as defined in the Code);
  - (B) details of any SDI relevant securities in which FSU Investments or any person acting in concert with it has an interest or in respect of which he has a right to subscribe, in each case specifying the nature of the interests or rights concerned and details of any short positions over SDI relevant securities held by FSU Investments or any person acting in concert with it (whether conditional or absolute and whether in the money or otherwise);
  - (C) details of any SDI relevant securities in respect of which FSU Investments or any of its associates (as defined in the Code) has an outstanding irrevocable commitment or letter of intent; and
  - (D) details of any SDI relevant securities which FSU Investments or any person acting in concert with it has borrowed or lent, save for any borrowed shares which have been either on-lent or sold, and will specify the percentages of each class of relevant securities represented by these figures and the total number of shares which FSU Investments may count towards the satisfaction of its acceptance condition.
- 3.2 In computing the number of SDI Shares represented by acceptances and/or purchases for the announcement, an acceptance or purchase will only be counted towards fulfilling the acceptance condition if the requirements of Notes 4, 5, 6 (as applicable) and 8 (as applicable) on Rule 10 of the Code are satisfied (unless the Panel agrees otherwise). Subject to this, FSU Investments may include or exclude, for announcement purposes, acceptances and purchases not in all respects in order or not accompanied by the relevant share certificate(s) and/or other document(s) of title and/or not accompanied by the relevant TTE instruction or which are subject to verification.
- 3.3 Any decision to extend the time and/or date by which the acceptance condition has to be fulfilled may be made at any time up to, and will be announced by 8.00 a.m. on the relevant day or such later time(s) and/or date(s) as the Panel may agree. The announcement will state the next expiry time and date unless the Offer is then unconditional, in which case a statement may instead be made that the Offer will remain open until further notice.
- 3.4 In this Appendix, references to the making of an announcement or the giving of notice by or on behalf of FSU Investments includes the release of an announcement on behalf of FSU Investments’s to the press and the delivery by hand or telephone, telex or facsimile or other electronic transmission of an announcement through a Regulatory Information Service. An announcement made otherwise than through a Regulatory Information Service will be notified simultaneously through a Regulatory Information Service (unless otherwise agreed by the Panel).

### **4. Rights of withdrawal**

- 4.1 Except as provided by this paragraph 4, acceptances of and elections under the Offer are irrevocable.
- 4.2 If FSU Investments announces the Offer to be unconditional and then fails to comply by 3.30 p.m. on the relevant day (as defined in paragraph 3.1 of this Part B of the Appendix I) (or such later time(s) and/or date(s) as the Panel may agree) with any of the other requirements specified in paragraph 3.1 of this Part B of the Appendix I, an accepting SDI Shareholder may (unless the Panel agrees otherwise) withdraw his acceptance of the Offer by written notice given by post to

Computershare, Corporate Actions Projects, Bristol BS99 6AH, United Kingdom or, during normal business hours only, by hand to Computershare Investor Services PLC at The Pavilions, Bridgwater Road, Bristol BS13 8AE. Alternatively, in the case of SDI Shares in uncertificated form, withdrawals can also be effected in the manner set out in paragraph 4.7 of this Part B of Appendix I. Subject to paragraph 1.3 of this Part B of the Appendix I this right of withdrawal may be terminated not less than eight days after the relevant day by FSU Investments confirming, if such is the case, that the Offer is still unconditional as to acceptances, and complying with the other requirements specified in paragraph 3.1 of this Part B of the Appendix I. If that confirmation is given, the first period of 14 days referred to in paragraph 1.4 of this Part B of Appendix I will start on the date of that confirmation.

- 4.3 If by 1.00 p.m. on Day 42 of the Offer (or such later time(s) and/or date(s) as the Panel may agree) the Offer has not become unconditional, an accepting SDI Shareholder may withdraw his acceptance of the Offer by written notice in the manner referred to in paragraph 4.2 of this Part B of this Appendix I (or, in the case of SDI Shares held in uncertificated form, in the manner set out in paragraph 4.7 of this Part B of this Appendix I) at any time before the earlier of:
- (A) the time that the Offer becomes unconditional; and
  - (B) the final time for the lodging of acceptances of the Offer which can be taken into account in accordance with paragraph 2.1 of this Part B of Appendix I.
- 4.4 If a “no increase” and/or “no extension” statement is withdrawn in accordance with paragraph 1.5 of this Part B of Appendix I, an SDI Shareholder who accepts the Offer after the date of the statement may withdraw such acceptance by written notice in the manner referred to in paragraph 4.2 above (or, in the case of SDI Shares held in uncertificated form, in the manner set out in paragraph 4.7 of this Part B of Appendix I) for a period of eight days after the date on which FSU Investments posts the notice of the withdrawal of that statement to SDI Shareholders.
- 4.5 All questions as to the validity (including time of receipt) of any notice of withdrawal will be determined by FSU Investments whose determination (except as required by the Panel) will be final and binding. None of FSU Investments, SDI, Vollman Brothers the Receiving Agent or any other person will be under any duty to give notification of any defects or irregularities in any notice of withdrawal or incur any liability for failure to give such notification.
- 4.6 In this paragraph 4, “written notice” (including any letter of appointment, direction or authority) means notice in writing signed by the relevant accepting SDI Shareholder (or his/their agent(s) duly appointed in writing and evidence of whose appointment satisfactory to FSU Investments is produced with the notice). Telex, facsimile or other electronic transmission or copies will not be sufficient. A notice which is postmarked in, or otherwise appears to FSU Investments or its agents to have been sent from Canada, Australia, or any other Restricted Jurisdiction, may not be treated as valid.
- 4.7 In the case of SDI Shares held in uncertificated form, if withdrawals are permitted pursuant to paragraph 4.2, 4.3 or 4.4 of Part B of this Appendix, an accepting SDI Shareholder may withdraw his acceptance through CREST by sending (or, if a CREST sponsored member, procuring that his CREST sponsor sends) an ESA instruction to settle in CREST in relation to each Electronic Acceptance to be withdrawn. Each ESA instruction must, in order for it to be valid and to settle, include the following details:
- the number of SDI Shares to be withdrawn;
  - the ISIN number which is GB00B1YW3F48;
  - the member account ID of the accepting shareholder, together with his participant ID;
  - the member account ID of the Escrow Agent included in the relevant Electronic acceptance which is RA62, together with the Escrow Agent’s participant ID which is SDIFSU01;
  - the transaction reference number of the Electronic Acceptance to be withdrawn;

- the intended settlement date for the withdrawal;
- the corporate action number for the Offer; and
- input with a standard delivery priority of 80.

Any such withdrawal will be conditional upon the Receiving Agent verifying that the withdrawal request is validly made. Accordingly, the Receiving Agent will on behalf of FSU Investments reject or accept the withdrawal by transmitting in CREST a receiving agent reject (AEAD) or receiving agent accept (AEAN) message.

## 5. Revised Offer

5.1 Although no revision is envisaged, if the Offer is revised (either in its terms and conditions or in the value or nature of the consideration offered or otherwise), the benefit of the revised offer will, subject to paragraphs 5.2, 5.3 and 7 below, be made available to an SDI Shareholder who has accepted the Offer (in its original or any revised form(s)) and who has not validly withdrawn such acceptance (a “**previous acceptor**”) if any such revised offer(s) represents, on the date on which it is announced (on such basis as FSU Investments may consider appropriate), an improvement (or no diminution) in the value of the consideration offered compared with the consideration or terms previously offered or in the overall value received and/or retained by an SDI Shareholder. The acceptance by or on behalf of a previous acceptor will, subject as provided in paragraphs 5.2, 5.3 and 7 of this Part B of the Appendix I be deemed an acceptance of the revised offer and will constitute the separate appointment of each of FSU Investments and any director of FSU Investments or of Vollman Brothers as his attorney and/or agent with authority:

- (A) to accept the revised offer on behalf of such previous acceptor;
- (B) if the revised offer includes alternative form(s) of consideration, to make elections for and/or accept the alternative form(s) of consideration on his behalf in the proportions the attorney and/or agent in his absolute discretion thinks fit; and
- (C) to execute on his behalf in his name all further documents (if any) and to do all things (if any) as may be required to give effect to such acceptances and/or elections.

In making any election and/or acceptance, the attorney and/or agent will take into account the nature of any previous acceptance(s) or election(s) made by or on behalf of the previous acceptor and other facts or matters he may reasonably consider relevant.

5.2 Although no revision is envisaged, if the Offer is revised, a revised offer document will be posted to SDI Shareholders. On the day of posting, FSU Investments will put the circular on display and announce that the document has been posted and where the document can be inspected. Where necessary, a circular containing the opinion of SDI Board on the revised offer will be posted to SDI Shareholders. On the day of posting, SDI will put the circular on display and announce that the document has been posted and where the document can be inspected. The SDI Board will append to the circular containing its opinion on a revised offer, a separate opinion from the representatives of its employees on the effects of the revised offer on employment, provided such opinion is received in good time before publication of the SDI Board’s circular.

5.3 Although no revision is envisaged, if the revised offer document is posted to SDI Shareholders, both FSU Investments and SDI will make the revised offer document readily and promptly available to the representatives of the employees of FSU Investments and SDI respectively or, where there are no such representatives, to the employees themselves. SDI will make any circular posted by SDI Board to SDI Shareholders readily and promptly available to its employee representatives or, where there are no such representatives, to the employees themselves.

5.4 The deemed acceptance and/or election referred to in paragraph 5.1 of this Part B of the Appendix I shall not apply, and the power of attorney and authorities conferred by that paragraph shall not be exercised if, as a result, the previous acceptor would (on such basis as FSU Investments may reasonably consider appropriate) receive and/or retain (as appropriate) less in aggregate in

consideration under the revised offer or otherwise than he would have received and/or retained (as appropriate) in aggregate in consideration as a result of his acceptance of the Offer in the form originally accepted by such previous acceptor or on his behalf.

5.5 The deemed acceptance and/or election referred to in paragraph 5.1 of this Part B of the Appendix I shall not apply, and the power of attorney and the authorities conferred by that paragraph shall not be exercised in the case of a previous acceptor who:

(A) lodges with the Receiving Agent within 14 calendar days of the posting of the document containing the revised offer to SDI Shareholders, a Form of Acceptance (or any other form issued on behalf of FSU Investments) in which he validly elects to receive consideration under the revised offer in some other manne; or

(B) sends (or, if a CREST sponsored member, procures that his CREST sponsor sends), in respect of SDI Shares in uncertificated form, an ESA instruction to settle in CREST in relation to each Electronic Acceptance in respect of which an election is to be changed. Each ESA instruction must, in order for it to be valid and to settle, include the following details:

- the number of SDI Shares in respect of which the changed election is made;
- the ISIN number which is GB00B1YW3F48;
- the member account ID of the previous acceptor, together with his participant ID;
- the member account ID of the Escrow Agent included in the relevant Electronic Acceptance which is RA62, together with the Escrow Agent's participant ID which is SDIFSU01;
- the transaction reference number of the Electronic Acceptance in respect of which the election is to be changed;
- the intended settlement date for the changed election;
- the corporate action number for the Offer;
- instruction priority of 80;

and, in order that the desired change of election can be effected, must include:

- the member account ID of the Escrow Agent relevant to the new election.

Any such change of election will be conditional upon the Receiving Agent verifying that the request is validly made. Accordingly, the Receiving Agent will on behalf of FSU Investments reject or accept the requested change of election by transmitting in CREST a receiving agent reject (AEAD) or receiving agent accept (AEAN) message.

5.6 The authorities conferred by this paragraph 5 and any acceptance of a revised offer and/or any election in relation to it shall be irrevocable unless and until the previous acceptor withdraws his acceptance having become entitled to do so under paragraph 4 of this Part B of the Appendix I.

5.7 Subject to paragraphs 5.2 and 5.3 of this Part B of the Appendix I, FSU Investments and Vollman Brothers reserve the right to treat an executed Form of Acceptance or TTE instruction relating to the Offer (in its original or any previously revised form(s)) which is received (or dated) after the announcement or issue of any revised offer as a valid acceptance of the revised offer (and where applicable a valid election for the alternative forms of consideration). That acceptance will constitute an authority in the terms of paragraph 5.1 of Part B of this Appendix, *mutatis mutandis*, on behalf of the relevant SDI Shareholder.

## 6. General

- 6.1 Except with the consent of the Panel, the Offer will lapse unless all the conditions relating to the Offer have been satisfied or (if capable of waiver) waived or, where appropriate, have been determined by FSU Investments in its reasonable opinion to be and remain satisfied by midnight on the later of Day 42 of the Offer and the date which is 21 days after the date on which the Offer becomes unconditional as to acceptances, or such later date(s) as FSU Investments, with the consent of the Panel, may decide. If the Offer lapses for any reason:
- (A) it will not be capable of further acceptance;
  - (B) accepting SDI Shareholders and FSU Investments will cease to be bound by (i) in the case of SDI Shares held in certificated form, Forms of Acceptance submitted; and (ii) in the case of SDI Shares held in uncertificated form, Electronic Acceptances inputted and settled, in each case before the time the Offer lapses;
  - (C) neither FSU Investments nor any person acting, or deemed to be acting, in concert with FSU Investments for the purposes of the Offer may, pursuant to the Code, make an offer (whether inside or outside the United Kingdom) for SDI Shares for a period of one year following the date of such lapse, except with the permission of the Panel;
  - (D) in respect of SDI Shares held in certificated form, Forms of Acceptance, share certificates and other documents of title will be returned by post within 14 calendar days of the Offer lapsing, at the risk of the SDI Shareholder in question, to the person or agent whose name and address is set out in the relevant box on the Form of Acceptance or, if none is set out, to the first-named holder at his registered address. No such documents will be sent to an address in Canada, Australia or any other Restricted Jurisdiction; and
  - (E) in respect of SDI Shares held in uncertificated form, the Receiving Agent will immediately after the Offer lapses (or within such longer period as the Panel may permit, not exceeding 14 calendar days of the Offer lapsing) give TFE instructions to Euroclear to transfer all SDI Shares held in escrow balances and in relation to which it is the Escrow Agent for the purposes of the Offer to the original available balances of the relevant SDI Shareholders.
- 6.2 Except with the consent of the Panel:
- (A) settlement of the Cash Consideration to which any SDI Shareholder is entitled under the Offer will be implemented in full in accordance with the terms of the Offer without regard to any lien, right of set-off, counterclaim or other analogous right to which FSU Investments or Vollman Brothers may otherwise be, or claim to be, entitled against that SDI Shareholder; and
  - (B) settlement of the Cash Consideration will be effected in the manner prescribed in paragraph 14 of the letter from FSU Investments contained in Part 2 of this document not later than 14 calendar days after the date on which the Offer becomes or is declared unconditional in all respects, or within 14 calendar days of the date of receipt of a valid and complete acceptance, whichever is the later.
- Subject to paragraph 7 below, no consideration will be sent to an address in Canada, Australia, or any other Restricted Jurisdictions.
- 6.3 The terms, provisions, instructions and authorities contained in or deemed to be incorporated in the Form of Acceptance constitute part of the terms of the Offer. Words and expressions defined in this document have the same meaning when used in the Form of Acceptance unless the context requires otherwise. The provisions of this Appendix shall be deemed to be incorporated and form part of the Form of Acceptance.
- 6.4 If the expiry date of the Offer is extended, a reference in this document and in the Form of Acceptance to Day 21 of the Offer will (except in the definition of Offer Period and in paragraph 1.1 of this Part B of the Appendix I and where the context requires otherwise) be deemed to refer to the expiry date of the Offer as so extended.

- 6.5 Any omission or failure to despatch this document, the Form of Acceptance or any other document relating to the Offer and/or notice required to be despatched under the terms of the Offer to, or any failure to receive the same by any person to whom the Offer is, or should be made, shall not invalidate the Offer in any way or create any implication that the Offer has not been made to any such person. Subject to the provisions of paragraph 7 of this Part B of Appendix I, the Offer is made to any SDI Shareholder to whom this document and the Form of Acceptance or any related document may not be despatched or by whom such documents may not be received, and these persons may collect these documents from the Receiving Agent at the address set out in Appendix IV.
- 6.6 Subject to the Code, and notwithstanding any other provision of this Part B of Appendix I, FSU Investments and Vollman Brothers reserve the right to treat as valid in whole or in part any acceptance of the Offer if received by the Receiving Agent or otherwise on behalf of FSU Investments which is not entirely in order or in correct form or which is not accompanied by (as applicable) the relevant share certificate(s) and/or other relevant document(s) or the relevant TTE instruction or is received by it at any place or places or in any form or manner determined by either the Receiving Agent or FSU Investments otherwise than as set out in this document or in the Form of Acceptance. In that event, no payment of cash will be made until after the acceptance is entirely in order or the relevant share certificate(s) and/or other document(s) of title or indemnities satisfactory to FSU Investments have been received by the Receiving Agent.
- 6.7 If all conditions are satisfied, fulfilled or, to the extent permitted, waived and sufficient acceptances are received and/or sufficient SDI Shares are otherwise acquired, FSU Investments intends to apply the provisions of Chapter 3 of Part 28 of the 2006 Act to acquire compulsorily any outstanding SDI Shares. FSU Investments intends, after the Offer is declared wholly unconditional, to procure the making of an application by SDI to the appropriate authorities for the cancellation of the listing and the admission to trading of SDI Shares, both not less than 20 business days after the Offer becomes unconditional in all respects.
- 6.8 All powers of attorney, appointments of agents and authorities on the terms conferred by or referred to in this Appendix or in the Form of Acceptance are given by way of security for the performance of the obligations of the SDI Shareholder and are irrevocable (in respect of powers of attorney in accordance with section 4 of the Powers of Attorney Act 1971) except in the circumstances where the donor of the power of attorney, appointment or authority validly withdraws his acceptance in accordance with paragraph 4 of this Part B of Appendix I.
- 6.9 No acknowledgement of receipt of any Form of Acceptance, transfer by means of CREST, communication, notice, share certificate(s) or document(s) of title will be given by or on behalf of FSU Investments. All communications, notices, certificates, documents of title and remittances to be delivered by or sent to or from SDI Shareholders (or their designated agents) will be delivered by or sent to or from them (or their designated agent(s)) at their own risk.
- 6.10 Subject to paragraph 7 below the Offer is made on the date of this document and is capable of acceptance from and after that time. Forms of Acceptance, copies of this document and any related documents may be collected from the Receiving Agent at the address specified in Appendix IV.
- 6.11 The Offer, all acceptances of the Offer and all elections in respect of it are governed by and will be construed in accordance with English law. The Courts of England have exclusive jurisdiction to settle any dispute arising from or connected with the Offer, all acceptances of the Offer and all elections in respect of it.
- 6.12 SDI Shares are to be acquired by FSU Investments under the Offer fully paid and free from all liens, charges, equities, encumbrances, rights of pre-emption and other interests of any nature whatsoever and together with all rights attaching to them on or after the date of this document, including, without limitation, voting rights and the right to receive and retain in full all dividends and other distributions (if any) declared, made or paid on or after that date.

- 6.13 All references in this Appendix to any statute or statutory provision shall include a statute or statutory provision which amends, consolidates or replaces the same (whether before or after the date hereof).
- 6.14 In relation to any Electronic Acceptance, FSU Investments reserves the right to make such alterations, additions or modifications to the terms of the Offer as may be necessary or desirable to give effect to any purported acceptance of the Offer, whether in order to comply with the facilities or requirements of CREST, or otherwise, provided such alterations, additions or modifications are consistent with the requirements of the Code or are otherwise made with the consent of the Panel.
- 6.15 For the purposes of this document, the time of receipt of a TTE instruction, an ESA instruction or an Electronic Acceptance shall be the time at which the relevant instruction settles in CREST.
- 6.16 Any references in this Appendix to the return or despatch of documents by post shall extend to the return or despatch by such other method as the Panel may approve.
- 6.17 If the Panel requires FSU Investments to make an Offer for SDI Shares under the provisions of Rule 9 of the Code, FSU Investments may make such alterations to the conditions of the Offer, including condition 1 of Part A of this Appendix, as are necessary to comply with the provisions of that Rule.

## **7. Overseas shareholders**

- 7.1 The making of the Offer in, or to persons resident in, or nationals or citizens of, jurisdictions outside the United Kingdom (“**overseas shareholders**”) or to persons who are custodians, nominees of or trustees for such persons may be prohibited or affected by the laws of the relevant jurisdiction. Such overseas shareholders should inform themselves about and observe any applicable legal requirements of such jurisdictions. It is the responsibility of any overseas shareholder wishing to accept the Offer to satisfy himself as to the full observance of the laws and regulatory requirements of the relevant jurisdiction in connection with the Offer, including obtaining any governmental, exchange control or other consents which may be required or the compliance with other necessary formalities needing to be observed and the payment of any issue, transfer or other taxes or duties or other requisite payments due in that jurisdiction. Any such overseas shareholder shall be responsible for any such issue, transfer or other taxes or duties or other payments by whomsoever payable and FSU Investments and Vollman Brothers (and any person acting on behalf of any of them) shall be fully indemnified and held harmless by such overseas shareholders for any such issue, transfer or other taxes or duties or other payments which FSU Investments or Vollman Brothers (and any person acting on behalf of them) may be required to pay.
- 7.2 The Offer is not being made, directly or indirectly, in or into or by use of the mails of, or by any means or instrumentality (including, but not limited to, facsimile, e-mail or other electronic transmission, telex or telephone) of interstate or foreign commerce of, or of any facility of a national, state or other securities exchange of Canada or Australia or any other Restricted Jurisdiction and the Offer cannot be accepted by any such use, means or instrumentality or otherwise from within Canada, Australia or any other Restricted Jurisdiction.
- 7.3 Copies of this document, the Form of Acceptance and any related documents are not being (unless determined otherwise by FSU Investments in its sole discretion), and must not be, mailed or otherwise distributed or sent in, into or from Canada, Australia or any other Restricted Jurisdiction including to SDI Shareholders or participants in the SDI Share Option Schemes with registered addresses in Canada, Australia or any other Restricted Jurisdiction or to persons whom FSU Investments or Vollman Brothers knows to be custodians, trustees or nominees holding SDI Shares for persons with registered addresses in Canada, Australia or any other Restricted Jurisdiction. Persons receiving those documents (including, without limitation, custodians, nominees and trustees) should not distribute, mail or send them in, into or from Canada, Australia or any other Restricted Jurisdiction or use such mails or any such means, instrumentality or facility for any purpose directly or indirectly in connection with the Offer, and so doing may render any purported acceptance of the Offer invalid.

- 7.4 Persons wishing to accept the Offer must not use the mails of Canada, Australia or any other Restricted Jurisdiction or any such means, instrumentality or facility for any purpose directly or indirectly relating to acceptance of the Offer. All SDI Shareholders (including nominees, trustees of custodians) who may have a contractual or legal obligation, or may otherwise intend, to forward this document and/or Form of Acceptance, should read the further details in this regard which are contained in this paragraph 7 of Part B and in Part C and Part D of this Appendix I before taking any action. Envelopes containing Forms of Acceptance, evidence of title or other documents relating to the Offer should not be postmarked in Canada, Australia or any other Restricted Jurisdiction or otherwise despatched from such jurisdictions and all acceptors must provide addresses outside Canada, Australia or any other Restricted Jurisdiction for the receipt of the consideration to which they are entitled under the Offer or for the return of the Form of Acceptance or documents of title.
- 7.5 Subject to the provisions of this paragraph 7 and applicable laws, an SDI Shareholder may be deemed NOT to have accepted the Offer if:
- (A) he puts “No” in Box 5 of the Form of Acceptance and thereby does not make the representations and warranties set out in paragraph (b) of Part C of this Appendix I;
  - (B) he completes Box 6 of the Form of Acceptance with an address in Canada, Australia or any other Restricted Jurisdiction or has a registered address in Canada, Australia or any other Restricted Jurisdiction and in any such case does not insert in Box 6 of the Form of Acceptance the name and address of a person or agent outside Canada, Australia or other Restricted Jurisdiction to whom he wishes the consideration to which he is entitled under the Offer to be sent;
  - (C) he inserts in Box 6 of the Form of Acceptance the name and address of a person or agent in Canada, Australia or any other Restricted Jurisdiction to whom he wishes the consideration to which he is entitled under the Offer to be sent;
  - (D) in any case, the Form of Acceptance received from him is in an envelope postmarked in, or which otherwise appears to FSU Investments or its agents to have been sent from Canada, Australia or any other Restricted Jurisdiction; or
  - (E) he makes a Restricted Escrow Transfer pursuant to paragraph 7.6 below unless he also makes a related Restricted ESA instruction which is accepted by the Receiving Agent.

FSU Investments reserves the right, in its sole discretion, to investigate, in relation to any acceptance, whether the representations and warranties set out in paragraph (b) of Part C or (as the case may be) Part D of this Appendix I could have been truthfully given by the relevant SDI Shareholder and, if such investigation is made and as a result FSU Investments determines (for any reason) that such representations and warranties could not have been so given, such acceptance may be rejected as invalid.

- 7.6 If a holder of SDI Shares in uncertificated form is unable to give the warranty set out in paragraph (b) of Part D of this Appendix, but nevertheless can provide evidence satisfactory to FSU Investments that he is able to accept the Offer in compliance with all relevant legal and regulatory requirements, he may purport to accept the Offer by sending (or if a CREST sponsored member, procuring that his CREST sponsor sends) both (1) a TTE instruction to a designated escrow balance detailed below (a “**Restricted Escrow Transfer**”) and (2) one or more valid ESA instructions (a “**Restricted ESA instruction**”) which specify the form of consideration which he wishes to receive (consistent with the alternatives offered under the Offer). Such purported acceptance will not be treated as a valid acceptance unless both the Restricted Escrow Transfer and the Restricted ESA instruction(s) settle in CREST and FSU Investments decides, in its absolute discretion, to exercise its right described in paragraph 7.9 of Part B of this Appendix I to waive, vary or modify the terms of the Offer relating to overseas shareholders, to the extent required to permit such acceptance to be made, in each case during the acceptance period set out in paragraph 1 of Part B of this Appendix I. If FSU Investments accordingly decides to permit such acceptance to be made, the Receiving

Agent will on behalf of FSU Investments accept the purported acceptance as an Electronic Acceptance on the terms of this document (as so waived, varied or modified) by transmitting in CREST a receiving agent accept (AEAN) message. Otherwise, the Receiving Agent will on behalf of FSU Investments reject the purported acceptance by transmitting in CREST a receiving agent reject (AEAD) message. Each Restricted Escrow Transfer must, in order for it to be valid and to settle, include the following details:

- the number of SDI Shares in respect of which the Offer is to be accepted;
- the ISIN number for the SDI Shares which is GB00B1YW3F48;
- the member account ID and participant ID of the SDI Shareholder;
- the participant ID of the Escrow Agent (this is RA62) and its member account ID specific to a Restricted Escrow Transfer (this is RESTRICT);
- the intended settlement date;
- input with standard delivery priority of 80;
- the corporate action number of the Offer which is allocated by Euroclear; and
- name and telephone number in the shared noted field.

Each Restricted ESA instruction must, in order for it to be valid and to settle, include the following details:

- the ISIN number for the SDI Shares which GB00B1YW3F48;
- the number of SDI Shares relevant to that Restricted ESA instruction;
- the member account ID and participant ID of the accepting SDI Shareholder;
- the member account ID of the Escrow Agent set out in the Restricted Escrow Transfer which is RESTRICT;
- the member account ID of the Escrow Agent relevant to the form of consideration required (details of which are set out in the letter from the Chairman of FSU Investments contained in Part 2 of this document);
- the participant ID of the Escrow Agent which is RA62;
- the transaction reference number of the Restricted Escrow Transfer to which the Restricted ESA instruction relates;
- the intended settlement date;
- the corporate action number for the Offer which is allocated by Euroclear; and
- input with a standard delivery priority of 80.

7.7 If any person, despite the restrictions described above and whether pursuant to a contractual or legal obligation or otherwise, forwards this document, the Form of Acceptance or any related document in, into or from Canada, Australia or any other Restricted Jurisdiction or uses the mails or any means or instrumentality (including, but not limited to, facsimile, e-mail or other electronic transmission, telex or telephone) of interstate or foreign commerce of, or any facility of a national, state or other securities exchange of Canada, Australia or any other Restricted Jurisdiction in connection with that forwarding, that person should:

- (A) inform the recipient of such fact;
- (B) explain to the recipient that such action may invalidate any purported acceptance by the recipient; and
- (C) draw the attention of the recipient to this paragraph 7.

Notwithstanding the above, FSU Investments may in its sole and absolute discretion provide cash consideration to a person or a resident of or any Restricted Jurisdiction if requested to do so by or on behalf of that person if FSU Investments is satisfied, in that particular case, that to do so would not constitute a breach of any securities or other relevant legislation of Canada, Australia or any other Restricted Jurisdiction, as appropriate.

- 7.8 If any written notice from an SDI Shareholder withdrawing his acceptance in accordance with paragraph 4 of this Part B of Appendix I is received in an envelope postmarked in, or which otherwise appears to FSU Investments or its agents to have been sent from Canada, Australia or any other Restricted Jurisdiction and FSU Investments reserves the right, in its absolute discretion, to treat that notice as invalid.
- 7.9 The provisions of this paragraph 7 and/or any other terms of the Offer relating to overseas shareholders may be waived, varied or modified as regards specific SDI Shareholders or on a general basis by FSU Investments in its sole discretion. Subject to this discretion, the provisions of this paragraph 7 supersede any terms of the Offer inconsistent with them. References in this paragraph 7 to an SDI Shareholder shall include the person or persons making an Electronic Acceptance and the person or persons executing a Form of Acceptance and, in the event of more than one person executing the Form of Acceptance, the provisions of this paragraph apply to them jointly and severally.
- 7.10 The Offer falls within the scope of the US Securities and Exchange Act of 1934, as amended (the “**Securities Act**”), to the extent the Offer affects US resident SDI Shareholders. Accordingly, the Offer is being made into the US in compliance with Regulation 14E which was promulgated by the Securities and Exchange Commission under Section 14e of the Securities Act.

**Overseas shareholders should inform themselves about and observe any applicable legal or regulatory requirements. If you are in any doubt about your position, you should consult your appropriate adviser in the relevant jurisdiction.**

## PART C

### FORM OF ACCEPTANCE FOR SHARES IN CERTIFICATED FORM

For the purposes of Part C of this Appendix and the Form of Acceptance, the phrase “**SDI Shares in certificated form comprised in the acceptance**” shall mean the number of SDI Shares inserted in Box 3 of the Form of Acceptance or, if no number is inserted (or a number greater than the relevant SDI Shareholder’s holding of SDI Shares), the greater of:

- (i) the relevant SDI Shareholder’s entire holding of SDI Shares in certificated form as disclosed by details of the register of members made available to the Receiving Agent prior to the time the relevant Form of Acceptance is processed by them;
- (ii) the relevant SDI Shareholder’s entire holding of SDI Shares in certificated form as disclosed by details of the register of members made available to the Receiving Agent prior to the latest time for receipt of Form(s) of Acceptance which can be taken into account in determining whether the Offer is unconditional; and
- (iii) the number of SDI Shares in certificated form in respect of which certificates or an indemnity in lieu thereof is received.

Without prejudice to the terms of the Form of Acceptance and the provisions of Parts A and B of this Appendix, each SDI Shareholder by whom, or on whose behalf, a Form of Acceptance is executed and lodged with the Receiving Agent (subject to the rights of withdrawal set out in this document), irrevocably undertakes, represents, warrants and agrees to and with FSU Investments, Vollman Brothers and the Receiving Agent (so as to bind him, his personal or legal representatives, heirs, successors and assigns):

- (a) that the execution of a Form of Acceptance shall constitute:
  - (i) an acceptance of the Offer in respect of the number of SDI Shares in certificated form inserted or deemed to be inserted in Box 3 of the Form of Acceptance;
  - (ii) an undertaking to execute any further documents, take any further action and give any further assurances which may be required to enable FSU Investments to obtain the full benefit of Part C of this Appendix and/or to perfect any of the authorities expressed to be given hereunder and otherwise in connection with his acceptance of the Offer;

in each case on and subject to the terms and conditions set out or referred to in this document and that, subject only to the rights of withdrawal set out in paragraph 4 of Part B of this Appendix I, each such acceptance shall be irrevocable provided that (A) if no Boxes are completed; or (B) the total number of SDI Shares inserted in Box 3 is greater than the number of SDI Shares in certificated form comprised in the acceptance; or (C) the acceptance is otherwise completed incorrectly, but the Form of Acceptance is signed, it will be deemed to be an acceptance of the Offer in respect of all SDI Shares in certificated form comprised in the acceptance;

- (b) that, unless “No” is inserted in Box 5 of the Form of Acceptance such SDI Shareholder:
  - (i) has not received or sent copies or originals of this document, the Form of Acceptance or any related documents in, into or from Canada, Australia or any other Restricted Jurisdiction;
  - (ii) has not, in connection with the Offer or the execution or delivery of the Form of Acceptance, utilised, directly or indirectly, the mails of, or any means or instrumentality (including, but not limited to, facsimile, e-mail or other electronic transmission, telex or telephone) of interstate or foreign commerce of, or of any facility of a national, state or other securities exchange of Canada, Australia or any other Restricted Jurisdiction;
  - (iii) is accepting the Offer from outside Canada, Australia or any other Restricted Jurisdiction and was outside such jurisdictions when the Form of Acceptance was delivered;

- (iv) is not an agent or fiduciary acting on a non-discretionary basis for a principal, unless such agent or fiduciary is an authorised employee of such principal or such principal has given any instructions with respect to the Offer from outside Canada, Australia or any other Restricted Jurisdiction;
  - (v) if such SDI Shareholder is a citizen, resident or national of a jurisdiction outside the United Kingdom, he has observed the laws and regulatory requirements of the relevant jurisdiction in connection with the Offer, obtained all requisite governmental, exchange control or other consents, complied with all other necessary formalities and paid any issue, transfer or other taxes or duties or other requisite payments due in any such jurisdiction in connection with such acceptance and that he has not taken or omitted to take any action that will or may result in FSU Investments or Vollman Brothers or any other person acting in breach of the legal or regulatory requirements of any such jurisdiction in connection with the Offer or his acceptance of the Offer;
- (c) that, in relation to SDI Shares in certificated form, the execution of the Form of Acceptance and its delivery constitutes (subject to the Offer becoming unconditional in all respects and to SDI Shareholder not having validly withdrawn his acceptance) the irrevocable appointment of any directors of, or any person authorised by FSU Investments or Vollman Brothers as his agent and/or attorney with an irrevocable instruction and authorisation to such attorney to:
- (i) complete and execute all or any form(s) of transfer, renunciation and/or other documents at the discretion of such attorney in relation to the SDI Shares comprised in the acceptance in favour of FSU Investments or such other persons as FSU Investments or its agents may direct;
  - (ii) deliver any form(s) of transfer, renunciation and/or other document(s) at the discretion of such attorney together with any share certificate or other document(s) of title for registration relating to such SDI Shares within six months of the Offer becoming unconditional in all respects; and
  - (iii) take any other action as may in the opinion of such attorney be necessary or expedient for the purposes of, or in connection with the acceptance of the Offer and to vest in FSU Investments (or its nominees) the full legal and beneficial ownership of SDI Shares in certificated form comprised in the acceptance;
- (d) that, in relation to SDI Shares in certificated form, the execution of the Form of Acceptance and its delivery constitutes (subject to the Offer becoming unconditional in all respects in accordance with its terms and to SDI Shareholder not having validly withdrawn his acceptance) an irrevocable instruction and authorisation:
- (i) to SDI or its agents to procure the registration of the transfer of the SDI Shares in certificated form comprised in the acceptance and the delivery of the share certificate(s) and other document(s) of title in respect of the SDI Shares to FSU Investments or as it may direct;
  - (ii) subject to the provisions of paragraph 7 of Part B of this Appendix, to FSU Investments, Vollman Brothers or their respective agents to procure the issue and despatch by post of a cheque in respect of any cash consideration to which such SDI Shareholder is entitled under the Offer at such shareholder's risk to the person or agent whose name and address is set out in Box 6 of the Form of Acceptance or, if none is set out, to the first-named holder at his registered address outside Canada, Australia or any other Restricted Jurisdiction; and
  - (iii) to FSU Investments, SDI or their respective agents, to record, act and rely on any mandates, instructions, consents or instruments in force relating to payments, notices or distributions which have been entered in the records of SDI in respect of his holding of SDI Shares (until such are revoked or varied);
- (e) that the execution of the Form of Acceptance constitutes the giving of authority to each of FSU Investments and Vollman Brothers and their respective director(s), partners and agents within the terms set out in Part B and Part C of this Appendix;

- (f) that, subject to the Offer becoming unconditional in all respects (or if the Offer would become unconditional in all respects or lapse on the outcome of the resolution in question) or if the Panel otherwise gives its consent in respect of SDI Shares in respect of which the Offer has been accepted or deemed to be accepted, which acceptance has not been validly withdrawn and pending registration in the name of FSU Investments or as it may direct:
- (i) FSU Investments or its agents shall be authorised to direct the exercise of any votes and any or all other rights and privileges (including the right to requisition the convening of a general or separate class meeting of SDI) attaching to the SDI Shares in certificated form comprised or deemed to be comprised in such acceptance;
  - (ii) the execution of a Form of Acceptance by a SDI Shareholder shall constitute with regard to such SDI Shares in certificated form comprised in the acceptance:
    - (A) an authority to SDI or its agents to send any notice, circular, warrant or other document or communication which may be required to be sent to him as a member of SDI to FSU Investments at Computershare Investor Services PLC at The Pavilions, Bridgwater Road, Bristol BS13 8AE;
    - (B) an irrevocable authority to any directors of, or person authorised by FSU Investments or Vollman Brothers or their respective agents to sign any document and do such things as may, in the opinion of that agent and/or attorney, seem necessary or desirable in connection with the exercise of any votes or other rights or privileges attaching to the SDI Shares held by him in certificated form (including, without limitation, signing any consent to short notice of a general or separate class meeting as his agent and/or attorney and on his behalf and executing a form of proxy appointing any person nominated by FSU Investments to attend general and separate class meetings of SDI and attending any such meeting and exercising the votes attaching to the SDI Shares comprised or deemed to be comprised in such acceptance on his behalf, where relevant such votes to be cast so far as possible to satisfy any outstanding condition of the Offer); and
    - (C) the agreement of such SDI Shareholder not to exercise any such rights without the consent of and FSU Investments and the irrevocable undertaking not to appoint a proxy for or to attend such general or separate class meeting of SDI;
- (g) that he will deliver to the Receiving Agent, or procure the delivery to the Receiving Agent of, his certificate(s) or other document(s) of title in respect of those SDI Shares in certificated form comprised in the acceptance and not validly withdrawn by him or an indemnity acceptable to FSU Investments, as soon as possible, and in any event within six months of the Offer becoming unconditional in all respects;
- (h) that he will ratify each and every act or thing which may be done or effected by FSU Investments, Vollman Brothers or the Receiving Agent or any of their respective directors or agents, as the case may be, in the exercise of any of the powers and/or authorities under Part C of this Appendix I;
- (i) that, if any provision of Part B or Part C of this Appendix I shall be unenforceable or invalid or shall not operate so as to afford FSU Investments or Vollman Brothers or the Receiving Agent or any of their respective directors, agents or persons authorised by them, the benefit of the authority expressed to be given therein, he will, with all practicable speed, do all such acts and things and execute all such documents that may be required or desirable to enable FSU Investments or Vollman Brothers and/or the Receiving Agent and any of their respective directors, agents or persons authorised by them to secure the full benefit of Part B or Part C of this Appendix;
- (j) that he is irrevocably and unconditionally entitled to sell and transfer the beneficial ownership of the SDI Shares comprised or deemed to be comprised in such acceptance and that such shares are sold fully paid and free from all liens, charges, equities, encumbrances, rights of pre-emption and other interests of any nature whatsoever and together with all rights attaching to them on or after

the date of the Offer Announcement including, without limitation, voting rights and the right to receive and retain in full all dividends and other distributions (if any) declared, paid or made on or after that date;

- (k) that the terms and conditions of the Offer shall be deemed to be incorporated in, and form part of, the Form of Acceptance which shall be read and construed accordingly;
- (l) that the Form of Acceptance shall be deemed to be delivered on the date of its execution and shall take effect as a deed on such date;
- (m) that the execution of the Form of Acceptance constitutes SDI Shareholder's submission to the exclusive jurisdiction of the courts of England in relation to all matters arising in connection with the Offer and the Form of Acceptance; and
- (n) that he is not a client (as defined in the FSA Handbook) of Vollman Brothers in connection with the Offer.

A reference in Part C of this Appendix to a SDI Shareholder includes a reference to the person or persons executing the Form of Acceptance and in the event of more than one person executing a Form of Acceptance the provisions of Part C of this Appendix will apply to them jointly and to each of them.

## PART D

### ELECTRONIC ACCEPTANCE

For the purpose of Part D of this Appendix I, the phrase “**SDI Shares in uncertificated form comprised in the acceptance**” shall mean the number of SDI Shares which are transferred by the relevant SDI Shareholder by Electronic Acceptance to an escrow account by means of a TTE instruction.

Without prejudice to the provisions of Parts A and B of this Appendix I, each SDI Shareholder by whom, or on whose behalf, an Electronic Acceptance is made (subject to the rights of withdrawal set out in this document), irrevocably undertakes, represents, warrants and agrees to and with FSU Investments, Vollman Brothers and the Receiving Agent (so as to bind him, his personal or legal representatives, heirs, successors and assigns):

- (a) that the Electronic Acceptance shall constitute:
  - (i) an acceptance of the Offer in respect of the number of SDI Shares in uncertificated form to which the Cash Offer TTE instruction relates;
  - (ii) an undertaking to execute any documents, take any further action and give any further assurances which may be required to enable FSU Investments to obtain the full benefit of Part D of this Appendix and/or to perfect any of the authorities expressed to be given hereunder and otherwise in connection with his acceptance of the Offer; in each case on and subject to the terms and conditions set out or referred to in this document and that, subject only to the rights of withdrawal set out in paragraph 4 of Part B of this Appendix I, each such acceptance shall be irrevocable;
- (b) that such SDI Shareholder:
  - (i) has not received or sent copies or originals of this document, the Form of Acceptance or any related documents in, into or from Canada, Australia or any other Restricted Jurisdiction or any other jurisdiction where such actions may constitute a breach of any legal or regulatory requirements of such jurisdiction;
  - (ii) has not otherwise utilised in connection with the Offer, directly or indirectly, the mails of, or any means or instrumentality (including, without limitation, facsimile, e-mail, TTE instruction or other electronic transmission, telex or telephone) of interstate or foreign commerce of, or of any facility of a national, state or other securities exchange of, Canada, Australia or any other Restricted Jurisdiction;
  - (iii) is accepting the Offer from outside Canada, Australia or any other Restricted Jurisdiction and was outside those jurisdictions at the time of the input and settlement of the relevant TTE instruction(s);
  - (iv) in respect of the SDI Shares to which an Electronic Acceptance relates, is not an agent or fiduciary acting on a non-discretionary basis for a principal, unless such agent or fiduciary is an authorised employee of such principal or such principal has given any instructions with respect to the Offer from outside Canada, Australia or any other Restricted Jurisdiction;
  - (v) if such SDI Shareholder is a citizen, resident or national of a jurisdiction outside the United Kingdom, he has observed the laws and regulatory requirements of the relevant jurisdiction in connection with the Offer, obtained all requisite governmental, exchange control or other consents, complied with all other necessary formalities and paid any issue, transfer or other taxes or duties or other requisite payments due in any such jurisdiction in connection with such acceptance and that he has not taken or omitted to take any action that will or may

result in FSU Investments, Vollman Brothers or any other person acting in breach of the legal or regulatory requirements of any such jurisdiction in connection with the Offer or his acceptance of the Offer;

- (c) that the Electronic Acceptance constitutes, subject to the Offer becoming unconditional in all respects in accordance with its terms and to SDI Shareholder not having validly withdrawn his acceptance, the irrevocable appointment of FSU Investments and/or Vollman Brothers as such shareholder's attorney and an irrevocable instruction to the attorney to do all such acts and things as may in the opinion of such attorney be necessary or expedient for the purpose of, or in connection with, the acceptance of the Offer and to vest in FSU Investments (or its nominees) the full legal and beneficial ownership of SDI Shares in uncertificated form comprised in the acceptance;
- (d) that the Electronic Acceptance constitutes the irrevocable appointment of the Receiving Agent as the accepting SDI Shareholder's attorney with an irrevocable instruction and authorisation:
  - (i) subject to the Offer becoming unconditional in all respects in accordance with its terms and SDI Shareholder not having validly withdrawn his acceptance, to transfer to FSU Investments (or to such other person or persons as FSU Investments or its agents may direct) by means of CREST all or any of the SDI Shares in uncertificated form which are the subject of a TTE instruction in respect of that Electronic Acceptance; and
  - (ii) if the Offer does not become unconditional in all respects, to give instructions to Euroclear immediately after the Offer lapses (or within such longer period as the Panel may permit, not exceeding 14 days of the Offer lapsing) to transfer all such SDI Shares to the original balance of the accepting SDI Shareholder;
- (e) that the Electronic Acceptance constitutes (subject to the Offer becoming unconditional in all respects in accordance with its terms and to SDI Shareholder not having validly withdrawn his acceptance) an irrevocable instruction and authorisation:
  - (i) subject to the provisions of paragraph 7 of Part B of this Appendix I, to FSU Investments or Vollman Brothers or their respective agents to procure the making of a CREST payment obligation in favour of SDI Shareholder's payment bank in accordance with the CREST payment arrangements in respect of any cash consideration to which such shareholder is entitled under the Offer provided that FSU Investments may (if, for any reason, it wishes to do so) determine that all or any part of such cash consideration shall be paid by cheque (despatched by post); and
  - (ii) to FSU Investments, SDI or their respective agents, to record, act and rely on any mandates, instructions, consents or instruments in force relating to payments, notices or distributions which have been entered in the records of SDI in respect of his holding of SDI Shares (until such are revoked or varied).
- (f) that the Electronic Acceptance constitutes the giving of authority to each of FSU Investments and Vollman Brothers and their respective director(s), partners and agents within the terms set out in Part B and Part D of this Appendix;
- (g) that, subject to the Offer becoming unconditional in all respects (or if the Offer would become unconditional in all respects or lapse on the outcome of the resolution in question) or if the Panel otherwise gives its consent in respect of SDI Shares in respect of which the Offer has been accepted or deemed to be accepted, which acceptance has not been validly withdrawn and pending registration in the name of FSU Investments or as it may direct:
  - (i) FSU Investments or its agents shall be authorised to direct the exercise of any votes and any or all other rights and privileges (including the right to requisition the convening of a general or separate class meeting of SDI) attaching to the SDI Shares in uncertificated form comprised or deemed to be comprised in the acceptance;

- (ii) an Electronic Acceptance by a SDI Shareholder shall constitute with regard to such SDI Shares in uncertificated form comprised in the acceptance:
  - (A) an authority to SDI or its agents to send any notice, circular, warrant or other document or communication which may be required to be sent to him as a member of SDI (including any share certificate(s) or other document(s) of title issued as a result of a conversion of such SDI Shares into certificated form) to FSU Investments at Computershare Investor Services PLC at The Pavilions, Bridgwater Road, Bristol BS13 8AE;
  - (B) an irrevocable authority to any directors of, or person authorised by FSU Investments or Vollman Brothers or their respective agents to sign any document and do such things as may, in the opinion of that agent and/or attorney, seem necessary or desirable in connection with the exercise of any votes or other rights or privileges attaching to the SDI Shares held by him (including, without limitation, signing any consent to short notice of a general or separate class meeting as his attorney and on his behalf and executing a form of proxy appointing any person nominated by FSU Investments to attend general and separate class meetings of SDI and attending any such meeting and exercising the votes attaching to the SDI Shares in uncertificated form comprised or deemed to be comprised in the acceptance on his behalf, where relevant such votes to be cast so far as possible to satisfy any outstanding condition of the Offer); and
  - (C) the agreement of such SDI Shareholder not to exercise any such rights without the consent of FSU Investments and the irrevocable undertaking not to appoint a proxy for or to attend such general or separate class meeting of SDI;
- (h) that if, for any reason, any SDI Shares in respect of which a TTE instruction has been effected in accordance with paragraph(s) 15(b) of the letter from FSU Investments contained in Part 2 of this document are converted to certificated form, he will (without prejudice to paragraph (g) of Part D of this Appendix I) immediately deliver, or procure the immediate delivery of the share certificate(s) or other document(s) of title in respect of all such SDI Shares that are so converted to the Receiving Agent at the address specified in paragraph 4.2 of this Part B of Appendix I or to FSU Investments at its registered office or as FSU Investments or its agents may direct; and he shall be deemed upon conversion to undertake, represent, warrant and agree in the terms set out in Part C of this Appendix in relation to such SDI Shares without prejudice to the application of this Part D so far as FSU Investments deems appropriate;
- (i) that the creation of a CREST payment obligation in favour of his payment bank in accordance with the CREST payment arrangements as referred to in paragraph (e)(i) of Part D of this Appendix will, to the extent of the obligation so created, discharge in full any obligation of FSU Investments or Vollman Brothers to pay to him the cash consideration to which he is entitled under the Offer;
- (j) that he will do all such acts and things as shall, in the opinion of FSU Investments be necessary or expedient to vest in FSU Investments or its nominee(s) the SDI Shares in uncertificated form comprised or deemed to be comprised in the acceptance and to enable the Receiving Agent to perform its function as Escrow Agent for the purposes of the Offer;
- (k) that he will ratify each and every act or thing which may be done or effected by FSU Investments, Vollman Brothers or the Receiving Agent or any of their respective directors or agents, as the case may be, in the exercise of any of the powers and/or authorities under Part D of this Appendix I;
- (l) that, if any provision of Part B or Part D of this Appendix I shall be unenforceable or invalid or shall not operate so as to afford FSU Investments or Vollman Brothers or the Receiving Agent or any of their respective directors, agents or persons authorised by them, the benefit of the authority expressed to be given therein, he will, with all practicable speed, do all such acts and things and

execute all such documents that may be required or desirable to enable FSU Investments, Vollman Brothers and/or the Receiving Agent and any of their respective directors, agents or persons authorised by them to secure the full benefit of Part B or Part D of this Appendix;

- (m) that he is irrevocably and unconditionally entitled to sell and transfer the beneficial ownership of the SDI Shares comprised or deemed to be comprised in such acceptance and that such shares are sold fully paid and free from all liens, charges, equities, encumbrances, rights of pre-emption and other interests of any nature whatsoever and together with all rights attaching to them on or after the date of the Offer Announcement including, without limitation, voting rights and the right to receive and retain in full all dividends and other distributions (if any) declared, paid or made on or after that date;
- (n) that the making of an Electronic Acceptance constitutes SDI Shareholder's submission to the exclusive jurisdiction of the courts of England in relation to all matters arising in connection with the Offer;
- (o) that by virtue of Regulation 43 of the Regulations the making of an Electronic Acceptance constitutes an irrevocable power of attorney by the CREST member accepting the Offer in the terms of all the powers and authorities expressed to be given in Part B, (where applicable by virtue of paragraph (h) above) Part C and Part D of this Appendix to FSU Investments, the Receiving Agent, Vollman Brothers or any of their respective directors or agents set out in this Appendix; and
- (p) that he is not a client (as defined in the FSA Handbook) of Vollman Brothers in connection with the Offer.

A reference in Part D of this Appendix to a SDI Shareholder includes a reference to the person or persons making an Electronic Acceptance.

## PART E

### TERMS AND CONDITIONS APPLICABLE TO THE CONTINGENT CONSIDERATION

1. The Contingent Consideration is conditional upon the provisions of this Appendix I, and:
  - (i) an application by SDI to Dresdner Bank in respect of the release of the Bonded Cash being accepted and agreed to by Dresdner Bank (“PEP Application”); and
  - (ii) there being sufficient funds within PEP to repay any amount of the Overdraft Facility that is utilised at the time of the PEP Application.
2. The Contingent Consideration shall not be payable to the Management Team who have waived their entitlement to such consideration, and shall only be payable:
  - (i) to those SDI Shareholders that accept the Offer; and
  - (ii) in respect of the Offer-Accepted SDI Shares.
3. There can be no guarantee that SDI Shareholders will receive any payment of Contingent Consideration.
4. While it is intended that the PEP Application will be made shortly after 31 March 2011, the actual date upon which:
  - (i) the PEP Application will be made;
  - (ii) the release of the Bonded Cash will be agreed to and confirmed by Dresdner Bank; and
  - (iii) the Contingent Consideration accordingly may become payable, cannot be ascertained at the date of this Offer.
5. The maximum payable Contingent Consideration in respect of any Offer-Accepted SDI Share (except in the case of the Management Team each of whom has waived their entitlement to receive such Contingent Consideration) shall be 0.8 pence and the actual Contingent Consideration payable per Offer-Accepted SDI Share will be calculated using the following formula:

$$CC = \frac{OS - D}{N}$$

Where:

OS is the net amount of Bonded Cash released by Dresdner Bank and paid to FSU Investments

D is the aggregate amount of taxes to be deducted from the released Bonded Cash by FSU Investments (including (but not limited to) any corporation, withholding tax or other imposition that may be payable in relation to any transfer of the Bonded Cash to FSU Investments)

CC is the amount of Contingent Consideration payable per Accepted-Offer SDI Share, up to a maximum of 0.8 pence

N is the number of Offer-Accepted SDI Shares

6. The amount of any Contingent Consideration in respect of any Offer-Accepted SDI Share cannot be quantified at this time.
7. The Contingent Consideration (if any) shall be payable within 14 days of receipt by SDI of confirmation by Dresdner Bank that the PEP Application has been accepted.

8. The obligation to pay the Contingent Consideration will remain a non-interest bearing and unsecured obligation of FSU Investments, and accordingly, in the event Contingent Consideration becomes payable and there is a default in payment, on insolvency of FSU Investments or otherwise, SDI Shareholders will rank as unsecured creditors only in respect of their entitlement to Contingent Consideration.
9. Subject to point 10 below, no Accepting SDI Shareholder shall be entitled to transfer to any person their right to any payment of the Contingent Consideration.
10. In the event of the death of an Accepting SDI Shareholder before payment of the Contingent Consideration, that Accepting SDI Shareholder's right to payment of the Contingent Consideration shall pass to his estate.
11. At the date of this document, FSU Investments is not aware of any reason why payment of the Contingent Cash should not be made (subject to the conditions set out in this document). However, the Contingent Consideration shall only be payable to the extent such payment by FSU Investments is permitted by applicable law.

## APPENDIX II

### FINANCIAL INFORMATION RELATING TO SDI GROUP PLC

#### **Incorporation of Relevant Information by Reference**

The information listed below relating to the SDI Group is hereby incorporated by reference into this document.

Please enter the web addresses stated below in your web browser to be brought to the relevant document.

<i>No.</i>	<i>Information</i>	<i>Source of information</i>
1.	Turnover and profit or loss before taxation for the sixteen months ended 31 March 2009 and for the year 31 March 2010	SDI Group plc annual report and accounts FY10 Consolidated income statement page 10 <a href="http://www.sdigroup.com/files/sdi-group-plc-annual-report-2010.pdf">www.sdigroup.com/files/sdi-group-plc-annual-report-2010.pdf</a> SDI Group plc annual report and accounts FY09 Consolidated income statement page 17 <a href="http://www.sdigroup.com/files/sdi-group-plc-annual-report-2009.pdf">www.sdigroup.com/files/sdi-group-plc-annual-report-2009.pdf</a>
2.	A statement of the net assets shown in the last published audited accounts	SDI Group plc annual report and accounts FY10 Consolidated balance sheet page 12 <a href="http://www.sdigroup.com/files/sdi-group-plc-annual-report-2010.pdf">www.sdigroup.com/files/sdi-group-plc-annual-report-2010.pdf</a>

The financial results for the SDI Group for the sixteen months ended 31 March 2009 and the year ended 31 March 2010 are available free of charge on the SDI Group website at [www.sdigroup.com](http://www.sdigroup.com).

The financial statements are available in “read-only” format and can be printed from the SDI Group website.

Please see paragraph 14 of Appendix III for details on obtaining copies of documents incorporated by reference in this document.

## APPENDIX III

### ADDITIONAL INFORMATION

#### 1. Responsibility for information in this document

- 1.1 The Directors of FSU Investments (whose names are set out in paragraph 2.1 below) accept responsibility for the information contained in this document (other than that relating to SDI, the SDI Group, the opinions of SDI or the SDI Group, the SDI Directors and members of their immediate families, related trusts or persons connected with them) including the statements expressed to be opinions of the Directors of FSU Investments. To the best of the knowledge and belief of the Directors of FSU Investments (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they respectively accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 1.2 The SDI Directors (whose names are set out in paragraph 2.2 below) accept responsibility for the information contained in this document relating to SDI, and the SDI Group, the opinions of SDI and the SDI Group and the SDI Directors and members of their immediate families and related trusts and other persons connected with them (other than the recommendation of the Offer by the Independent Directors, for which the Independent Directors alone accept responsibility as specified in paragraph 1.3 below). To the best of the knowledge and belief of the SDI Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 1.3 The Independent Directors accept responsibility for their views on and their recommendation of the Offer. To the best of the knowledge and belief of the Independent Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

#### 2. Directors

- 2.1 The Directors of FSU Investments are set out below:

Gordon Smith  
John Hamilton  
Jean-Marc Moulin  
Paul Mess  
Andrea di Bella  
Darcy De Thierry

The registered office of FSU Investments is 112 Hills Road, Cambridge, CB2 1PH although it is expected to be changed shortly following successful completion of the Offer to 11 Jarman Way, Orchard Road, Royston, Hertfordshire SG8 5HW.

- 2.2 The SDI Directors are set out below:

Stephen Butler  
Richard Arkle  
Mark McMenemy  
Gordon Smith

The head office and registered address of SDI (incorporated under the Companies Act with registered number 06081771) is at 11 Jarman Way, Orchard Road, Royston, Hertfordshire SG8 5HW.

## 2.3 The Independent Directors are set out below

Mark McMenemy  
Steve Butler  
Richard Arkle

### 3. Incorporation of FSU Investments and FSU Investments Share Capital

FSU Investments was incorporated under the Companies Law of the England and Wales (as amended) on 24 February 2010 as a private company limited by shares, with registered number 7168088.

At the date of this document, only ten shares of 10 pence each have been issued. These shares are held by Gordon Smith as sole shareholder. Immediately following the Offer becoming or being declared unconditional in all respects, the share capital of FSU Investments will be as described in paragraph 4 below.

### 4. Share capital of FSU Investments following completion of the Offer

The Management Team has irrevocably undertaken to accept the Offer in respect of their 28,538,993 SDI Shares owned by them. Such persons have also irrevocably instructed FSU Investments to apply the aggregate cash consideration that they would otherwise be entitled to receive in respect of such SDI Shares (taking account of the fact that they have each waived any entitlement that they might have to Contingent Consideration) in subscribing for ordinary shares of ten pence each in the share capital of FSU Investments. Following acceptance of the Offer and the application of the aggregate cash consideration that will be received by the Management Team, the shareholdings in FSU Investments will be constituted as follows:

<i>Shareholder</i>	<i>Ordinary Shares</i>	<i>Percentage Shareholding</i>
Gordon Smith	* 4,472,854	58.94%
Darcy De Thierry	1,399,444	18.44%
Paul Mess	708,795	9.34%
Greenstone Automation BV	320,028	4.22%
Jean-Marc Moulin	316,304	4.17%
Andrea di Bella	157,352	2.07%
Thomas Otto	105,409	1.39%
John Hattersley	63,700	0.84%
John Ivan Hamilton	45,349	0.60%
TOTAL	<u>7,589,235</u>	<u>100.00%</u>

\* these shares exclude the ten shares held by Gordon Smith that are in issue at the date of this Offer Document.

### 5. Financing of the Offer and FSU Investments

FSU Investments will fund all of the Cash Consideration under the terms of the Offer using cash that it has raised through debt finance, and is intending to fund all of the Contingent Consideration (in so far as such may be payable) by means of an intra-group loan. Details are as follows.

#### ***Cash Consideration – Loan Letters between certain directors of FSU Investments and FSU Investments***

In accordance with the terms of loan letters dated 15 July 2010, Jean-Mark Moulin, Paul Mess, John Hamilton, Andrea di Bella, Darcy de Thierry and Gordon Smith (“**Loan Letters**”) advanced an aggregate of £1,703,000 to FSU Investments Limited by way of unsecured loans (“**Director Loans**”) which FSU Investments will use to finance the Cash Consideration element of the Offer. The balance of funds remaining once (i) the Offer has been declared unconditional and (ii) settlement of the Cash Consideration element of the Offer has been effected, will be used to satisfy any fees, costs and expenses incurred by FSU Investments in conjunction with the Offer.

The Loan Letters are made on identical terms, the key terms being as follows:

- The Director Loans shall not be repayable until 14 July 2011, from which date they shall be repayable in full, on the demand of the relevant lender;
- Interest shall accrue on the sums advanced and not repaid at a rate of 2 per cent. per annum above the Bank of England base rate, and shall be added to the principal sums outstanding on each anniversary of the Director Loans;
- The repayment of the principals sums advanced, and the interest payable thereon, are not dependent on the business of SDI.

***Contingent Consideration – intra-group loan between PEP and FSU Investments***

SDI has Bonded Cash currently used as security against overdrafts for the German businesses carried on by PEP.

FSU Investments has agreed that, subject to the Offer becoming or being declared unconditional in all respects, it will procure first the making of an application by SDI to AIM for the cancellation of the admission of the SDI Shares to trading on AIM (as is set out in more detail in paragraph 14 below) and re-registration of SDI as a private company, and second that such released and repaid Bonded Cash will be advanced to FSU Investments by means of an intra-group loan, which FSU Investments will in turn use to pay the Contingent Consideration to those SDI Shareholders who validly accept the Offer, other than the Management Team who have waived their entitlement to receive such consideration.

It is anticipated that the intra-group loan will be made between PEP and FSU Investments on terms similar to the Loan Letters detailed above, and will include provisions to state that:

- the loan is unsecured;
- the intra-group loan shall not be repayable in the first twelve months;
- interest shall accrue on the sum advanced at a rate of 2 per cent. per annum above the Bank of England base rate.

It is anticipated that repayment of the intra-group loan and the payment of interest that accrues thereon shall not be dependent on the performance of SDI.

**6. FSU Investments Investment Agreement**

- 6.1 Under the terms of the investment agreement, the Management Team have agreed to subscribe for an aggregate of 7,589,235 ordinary shares of ten pence each, for an aggregate subscription price of £758,923.50.
- 6.2 As explained in paragraph 3 of Part 2, the Management Team have given irrevocable instructions to FSU Investments to apply the aggregate cash consideration that they would otherwise be entitled to receive in respect of their respective beneficial holdings (taking account of the fact that they have each waived any entitlement that they might have to Contingent Consideration) in subscribing for ordinary shares of ten pence each in the share capital of FSU Investments.
- 6.3 The investment agreement further provides that:
  - (a) FSU Investments and the Management Team have agreed that FSU Investments will not do certain things in relation to the conduct of the business and the business of any of FSU Investment's subsidiaries without the prior written consent of the holders of at least 75 per cent. in nominal value of the issued ordinary shares of ten pence each;
  - (b) each of the Management Team is entitled to appoint one person to the board of directors of FSU Investments;
  - (c) the investment agreement is governed by the law of England;

- (d) if a shareholder who is also an employee or director of or consultant to any group company leaves the group, is declared bankrupt, is mentally ill or dies, he is required to offer his shares for sale. No person or entity however is obliged to buy them. The sale price is based on a valuation set at five times the average earnings of the group for the last three years; and
- (e) the shareholders have a right of first refusal on an issue and on a transfer of shares. In addition, the holders of more than 75 per cent. in nominal value of the issued ordinary shares of ten pence each have the right to require the minority shareholders to accept an offer to acquire the entire share capital of FSU Investments.

## 7. Market quotations

The following table shows the Closing Price of SDI Shares on 7 May 2010 (the last business day prior to the commencement of the Offer Period), on the first business day of each of the six months immediately before the date of this document, and on Thursday 22 July 2010 (being the latest practicable date prior to the publication of this document):

<i>Date</i>	<i>Closing Price (pence)</i>
1 February 2010	7.000
1 March 2010	5.750
1 April 2010	2.875
4 May 2010	3.500
7 May 2010	3.375
1 June 2010	2.000
1 July 2010	2.000
22 July 2010	2.650

## 8. Irrevocable undertakings

The following irrevocable undertakings have been given to FSU Investments by the following persons in respect of the following holdings of SDI Shares:

- 8.1 The following Independent Directors have entered into irrevocable undertakings with FSU Investments to accept the Offer in respect of their beneficial and connected holdings of SDI Shares:

<i>Name</i>	<i>Total Number of SDI Shares</i>	<i>Percentage of existing issued share capital</i>
Mark McMenemy	200,000	0.18%
Steve Butler	28,043	0.03%
Richard Arkle	100,000	0.09%

The irrevocable undertakings described in this paragraph 8.1 will lapse on the earlier of the following occurrences: (i) on the withdrawal or lapsing of the Offer; or (ii) if the Offer is not made in circumstances where the Panel consents to FSU Investments not making the Offer in consequence of: (A) an event or circumstance occurring or becoming known to FSU Investments in consequence of which FSU Investments is no longer required by the City Code to proceed with the Offer; or (B) FSU Investments becoming aware that any condition of the Offer as set out in this document has or may become incapable of being fulfilled.

- 8.2 Each of the following members of the Management Team (being all of the members of the Management Team) have entered into irrevocable undertakings with FSU Investments to accept the Offer in respect of their beneficial and connected holdings of SDI Shares, and to waive any entitlement that they might have in relation to the Contingent Consideration, and have irrevocably instructed FSU Investments to apply the aggregate cash consideration that they

would otherwise be entitled to receive in respect of such SDI Shares (excluding in relation to the Contingent Consideration) in subscribing for ordinary shares of ten pence each in the share capital of FSU Investments:

<i>Name</i>	<i>Total Number of SDI Shares</i>	<i>Percentage of existing issued share capital</i>
Gordon Smith	17,203,326	15.74%
Darcy De Thierry	5,382,477	4.93%
Paul Mess	2,726,137	2.49%
John Hamilton	1,405,298	1.29%
Jean-Marc Moulin	1,216,555	1.11%
Andrea Di Bella	605,200	0.55%
Thomas Otto	405,420	0.4%
John Hattersley	245,000	0.2%

The irrevocable undertakings described in this paragraph 8.2 will cease to be binding on the withdrawal or lapsing of the Offer.

- 8.3 The following SDI Shareholders who are not Independent Directors, or members of the Management Team, have entered into irrevocable undertakings with FSU Investments to accept the Offer in respect of their beneficial holdings of SDI Shares:

<i>Name</i>	<i>Total Number of SDI Shares</i>	<i>Percentage of existing issued share capital</i>
Hargreave Hale Limited	10,500,000	9.61%

The irrevocable undertakings described in this paragraph 8.3 will lapse on the earlier of the following occurrences: (i) on the withdrawal or lapsing of the Offer; or (ii) if the Offer is not made in circumstances where the Panel consents to FSU Investments not making the Offer in consequence of: (A) an event or circumstance occurring or becoming known to FSU Investments in consequence of which FSU Investments is no longer required by the City Code to proceed with the Offer; or (B) FSU Investments becoming aware that any condition of the Offer as set out in this document has or may become incapable of being fulfilled.

- 8.4 The following SDI Shareholders have entered into irrevocable undertakings with FSU Investments not to accept the Offer in respect of their beneficial and connected holdings of SDI Shares:

<i>Name</i>	<i>Total Number of SDI Shares</i>	<i>Percentage of existing issued share capital</i>
Mary Adams	5,243,609	4.80%
Compania De Inversiones	2,911,760	2.66%
Steve Haskell	1,976,288	1.81%
Krish Nathan	1,626,362	1.49%
James Suggs	642,240	0.59%
Rudi Lueg	642,240	0.59%
Robert Jackson	631,440	0.58%
Richard Ursitti	1,417,356	1.30%
Donald De Sanctis	3,679,948	3.37%
Barron De Sanctis	2,417,044	2.21%
B and G Associates	1,887,318	1.73%

The irrevocable undertakings described in this paragraph 8.4 will lapse on the earlier of the following occurrences: (i) on the withdrawal or lapsing of the Offer; or (ii) if the Offer is not made in circumstances where the Panel consents to FSU Investments not making the Offer in consequence of: (A) an event or circumstance occurring or becoming known to FSU Investments

in consequence of which FSU Investments is no longer required by the City Code to proceed with the Offer; or (B) FSU Investments becoming aware that any condition of the Offer as set out in this document has or may become incapable of being fulfilled.

## 9. Disclosure of interests and dealings

### 9.1 *Definitions and references*

For the purposes of this paragraph 9:

- (A) “**acting in concert**” has the meaning given in the City Code;
- (B) “**arrangement**” includes indemnity or option arrangements, and any agreement or understanding, formal or informal, of whatever nature, relating to relevant securities which may be an inducement to deal or refrain from dealing, but excludes an irrevocable commitment or letter of intent;
- (C) “**associate**” includes:
  - (1) any parent company, subsidiaries, fellow subsidiaries, and their associated companies of FSU Investments or SDI, as the case may be, and companies of which any such companies are associated companies;
  - (2) connected advisers and persons controlling, controlled by or under the same control as such connected advisers to FSU Investments or SDI, as the case may be, or companies covered in (1) above;
  - (3) the Directors of FSU Investments or the SDI Directors, as the case may be, and the directors of any company covered in (1) above (together in each case with their close relatives and related trusts);
  - (4) the pension funds of FSU Investments or SDI, as the case may be, or any company covered in (1) above;
  - (5) any investment company, unit trust or other person whose investments are managed by an associate on a discretionary basis, in respect of the relevant investment accounts;
  - (6) an employee benefit trust of FSU Investments or SDI, as the case may be, or any company covered in (1); and
  - (7) a company having a material trading arrangement with FSU Investments or SDI as the case may be;
- (D) “**connected advisers**” normally includes only the following (and will not normally include a corporate broker which is unable to act in connection with the Offer because of a conflict of interest):
  - (1) in relation to FSU Investments or SDI, as the case may be, an organization which is advising that party in relation to the Offer and a corporate broker to that party;
  - (2) in relation to a person who is acting in concert with FSU Investments or SDI or, as the case may be, an organization which is advising that person either in relation to the Offer, or in relation to the matter which is the reason for that person being a member of the relevant concert party;
- (E) “**dealings**” or “**dealt**” includes the following:
  - (1) the acquisition or disposal of securities or the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to securities, or of general control of securities;
  - (2) the taking, granting, acquisition, disposal, entering into, closing out, termination, exercise (by either party) or variation of an option (including a traded option contract) in respect of any securities;

- (3) subscribing or agreeing to subscribe for securities;
  - (4) the exercise or conversion, whether in respect of new or existing securities, of any securities carrying conversion or subscription rights;
  - (5) the acquisition of, disposal of, entering into, closing out, exercise (by either party) of any rights under, or variation of, a derivative referenced, directly or indirectly, to securities;
  - (6) the entry into or termination or variation of the terms of any agreement to purchase or sell securities; and
  - (7) any other action resulting, or which may result, in an increase or decrease in the number of securities in which a person is interested or in respect of which he has a short position;
- (F) “**derivative**” includes any financial product the value, in whole or in part is determined directly or indirectly by reference to the price of an underlying security;
- (G) “**disclosure period**” means the period commencing on 10 May 2009 (being the date twelve months prior to the commencement of the Offer Period) and ending on Thursday 22 July 2010 (being the latest practicable date prior to the publication of this document);
- (H) “**exempt principal trader**” or “**exempt fund manager**” have the meanings given to them in the City Code;
- (I) “**interested**” in securities includes if a person:
- (1) owns them;
  - (2) has the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to them or has general control of them;
  - (3) by virtue of any agreement to purchase, option or derivative, has the right or option to acquire them or call for their delivery or is under an obligation to take delivery of them, whether the right, option or obligation is conditional or absolute and whether it is in the money or otherwise;
  - (4) is a party to any derivative whose value is determined by reference to their price and which results, or may result, in his having a long position in them;
- (J) “**relevant securities**” include:
- (1) securities in SDI which are being offered for or which carry voting rights;
  - (2) equity share capital of FSU Investments or SDI, as the case may be; and
  - (3) any securities convertible into, or rights to subscribe for the securities of FSU Investments or SDI, as the case may be, described in paragraphs (1) and (2) above;
- (K) ownership or control of 20 per cent. or more of the equity share capital of a company is regarded as the test of associated company status and “**control**” means an interest, or interests, in shares carrying in aggregate 30 per cent. or more of the voting rights attributable to the share capital of a company which are currently exercisable at a general meeting, irrespective of whether such interest or interests give de facto control;
- (L) “**short position**” means any short position (whether conditional or absolute and whether in the money or otherwise) including any short position under a derivative.

## 9.2 **Concert party**

The persons acting, or deemed to be acting, in concert with FSU Investments for the purposes of the Offer include the members of the Management Team (including, in each case, their close relatives and related trusts).

The persons acting, or deemed to be acting, in concert with SDI for the purposes of the Offer include Cenkos which, as at the date of this document, holds 305,229 SDI Shares.

### 9.3 *Interests in FSU Investments shares*

Pursuant to the Investment Agreement (details of which are set out in paragraph 6 of this Appendix III), the members of the Management Team have agreed, subject to, amongst other things, the Offer becoming or being declared unconditional in all respects, to subscribe in cash for shares in FSU Investments as set out in paragraph 6 above.

No other person has any right to or interest in any FSU Investment share.

### 9.4 *Interests in SDI Shares*

(A) At the close of business on Thursday 22 July 2010 (being the latest practicable date prior to the publication of this document), FSU Investments held no, and has never held or dealt in any, SDI Shares.

(B) As at the close of business on Thursday 22 July 2010 (being the latest practicable date prior to publication of this document) the Directors of FSU Investments, their immediate families and related trusts and companies (i) were interested in or (ii) had a right to subscribe for, in relation to the following relevant securities of SDI:

<i>Name</i>	<i>Number of Shares</i>	<i>Percentage of equity share capital</i>
Gordon Smith	17,203,326	15.74%
Darcy De Thierry	5,382,477	4.93%
Paul Mess	2,726,137	2.49%
John Hamilton	1,405,298	1.29%
Jean-Marc Moulin	1,216,555	1.11%
Andrea Di Bella	605,200	0.55%
TOTAL	<u>28,538,993</u>	<u>26.11%</u>

(C) As at Thursday 22 July 2010 (being the latest practicable date prior to publication of this document), the following persons acting or deemed to be acting in concert with FSU Investments (other than the Directors of FSU Investments) (i) were interested in or (ii) had a right to subscribe for or (iii) had any short position, in relation to the following relevant securities of SDI:

<i>Name</i>	<i>Number of Shares</i>	<i>Percentage of equity share capital</i>
Donald De Sanctis	3,679,948	3.39%
Barron De Sanctis	2,417,044	2.21%
B&G Associates LLC	1,887,318	1.73%
TOTAL	<u>7,984,310</u>	<u>7.31%</u>

(D) As at Thursday 22 July 2010 (being the latest practicable date prior to publication of this document), the SDI Directors (other than the Directors of FSU Investments) and their respective immediate families related trusts and companies, all of which are beneficial (unless otherwise stated) (i) were interested in or (ii) had a right to subscribe for the following relevant securities of SDI:

<i>Name</i>	<i>Number of Shares</i>	<i>Percentage of equity share capital</i>
Mark McMenemy	200,000	0.18%
Steve Butler	28,043	0.03%
Richard Arkle	100,000	0.09%
TOTAL	<u>328,043</u>	<u>0.30%</u>

- (E) As at Thursday 22 July 2010 (being the latest practicable date prior to publication of this document), the following persons acting or deemed to be acting in concert with SDI or the Independent Directors and their respective immediate families related trusts and companies, all of which are beneficial (unless otherwise stated) (i) were interested in or (ii) had a right to subscribe for the following relevant securities of SDI:

<i>Name</i>	<i>Number of Shares</i>	<i>Percentage of equity share capital</i>
Cenko Securities PLC	305,229	0.28%
TOTAL	<u>305,229</u>	<u>0.28%</u>

- (F) As at Thursday 22 July 2010 (being the latest practicable date prior to publication of this document), no associates (by virtue of paragraph 9.1(C)(1)) of SDI (i) were interested in or (ii) had a right to subscribe for relevant securities of SDI.
- (G) Neither FSU Investments, nor any party acting in concert with SDI, has borrowed or lent any securities of SDI.
- (H) Neither SDI, nor any party acting in concert with FSU Investments, has borrowed or lent any securities of FSU Investments.

#### 9.5 *Dealings in SDI Shares*

- (A) During the twelve months prior to the commencement of the Offer Period to Thursday 22 July 2010, being the latest practicable date prior to the publication of this document, there have been the following dealings in relevant securities of SDI by the (i) SDI Directors (other than directors of FSU Investments); or (ii) connected advisers to SDI; or (iii) any person acting in concert with SDI:

<i>Name</i>	<i>Date</i>	<i>Transaction</i>	<i>Number of shares</i>	<i>Price (pence)</i>
Cenkos	28 July 2009	Purchase	50,000	6.5
Steve Butler	29 July 2009	Purchase	20,000	6.5
Cenkos	29 July 2009	Purchase	1,346,250	6.5
Cenkos	29 July 2009	Sell	1,300,000	6.5
Cenkos	27 August 2009	Purchase	100,000	10.75
Cenkos	28 August 2009	Purchase	250,000	10.75
Cenkos	18 September 2009	Purchase	60,000	8.5
Cenkos	12 November 2009	Purchase	660,500	7.5
Cenkos	25 January 2010	Purchase	60,000	6.5

- (B) During the twelve months prior to the commencement of the Offer Period to Thursday 22 July 2010, being the latest practicable date prior to the publication of this document, there have been the following dealings in relevant securities of SDI by (i) the directors of FSU Investments; or (ii) connected advisers to the FSU Investments; or (iii) any person acting in concert with FSU Investments:

<i>Name</i>	<i>Date</i>	<i>Transaction</i>	<i>Number of shares</i>	<i>Price (pence)</i>
Gordon Smith	24 July 2009	Purchase	495,000	6.0
Darcy De Thierry	28 July 2009	Purchase	146,400	6.75
Gordon Smith	9 October 2009	Purchase	400,000	7.5
Darcy De Thierry	12 October 2009	Purchase	54,200	9.0

#### 9.6 *General*

- (A) Save as disclosed above, none of FSU Investments, any of the directors of FSU Investments, any members of such directors' immediate families or any related trusts or companies, nor any person deemed to be acting in concert with FSU Investments, or any person with whom FSU Investments or any person deemed to be acting in concert with

FSU Investments has an arrangement, was interested, had any rights to subscribe for or had any short positions in respect of, any relevant securities on Thursday 22 July 2010 (being the latest practicable date before publication of this document) nor has any such person dealt in any relevant securities during the disclosure period.

- (B) Save as disclosed above, none of SDI, any directors of SDI, any members of such directors' immediate families or any related trusts or companies, or any person with whom SDI or any associate of SDI has an arrangement, was interested in, had any rights to subscribe for or had any short positions in respect of, any relevant securities of FSU Investments or SDI on Thursday 22 July 2010 (being the latest practicable date before publication of this document), nor has any such person dealt in any relevant securities during the Offer Period.
- (C) Save as disclosed above, no company which is an associate of SDI, or any pension fund of SDI or any company which is an associate of SDI or any employee benefit trusts of SDI or any company which is an associate of SDI, was interested in had any rights to subscribe for or had any short positions in respect of, any relevant securities of SDI on Thursday 22 July 2010 (being the latest practicable date before publication of this document), nor has any such person dealt in any relevant securities during the Offer Period.
- (D) Save as disclosed above, no connected adviser to SDI or to a company which is an associate of SDI or to a person acting in concert with SDI or persons controlling, controlled by or under the same control as any such connected advisers (excluding exempt principal traders and exempt fund managers) was interested in had any rights to subscribe for or had any short positions in respect of, any relevant securities of SDI on Thursday 22 July 2010 (being the latest practicable date before publication of this document), nor has any such person dealt in any relevant securities during the Offer Period.
- (E) Save as disclosed above, neither FSU Investments nor any person acting in concert with FSU Investments has borrowed or lent any relevant securities of SDI during the disclosure period, save for any borrowed shares which have either been on-lent or sold.
- (F) Save as disclosed above, neither SDI nor any person acting in concert with SDI has borrowed or lent any relevant securities of SDI during the disclosure period, save for any borrowed shares which have either been on-lent or sold.
- (G) Save as disclosed above, neither FSU Investments, SDI nor any person acting in concert with FSU Investments, nor any associates (as defined in the City Code) of FSU Investments or SDI who has any arrangements in relation to any relevant securities has dealt in any relevant securities during the disclosure period.

## **10. SDI Directors**

10.1 Save as is set out below, there are no service agreements in force between any SDI director or any proposed SDI Director and SDI or any of its subsidiaries and no such contracts have been entered into or amended within 6 months of the date of this document:

- (a) Gordon Smith entered into a service contract dated 25 June 2007. The contract is of unlimited duration, terminable by either party on 12 months' written notice. Gordon Smith received a salary of £205,000 in the financial year 2009-2010. He is contractually entitled to (1) a car allowance of £15,000 per annum; (2) membership of a employer contribution pension scheme; (3) private medical insurance; (4) life assurance; and (5) participate in the SDI share option scheme. The contract contains no provision for compensation to be paid on termination and contains the entire agreement governing the relationship between SDI and Gordon Smith.
- (b) Stephen Butler entered into a service contract dated 1 August 2009 . The contract is of unlimited duration, terminable by either party on 6 months' written notice. Stephen Butler is entitled to receive a basic salary of £90,000 and in the financial year 2009-2010 received a basic salary of £73,000 (inclusive of car allowance). He is contractually entitled to (1) a

car allowance of £10,000 per annum; (2) membership of a employer contribution pension scheme; (3) private medical insurance; and (4) receive a bonus up to 50 per cent. of salary based on attaining key performance indicators. The contract contains no provision for compensation to be paid on termination and contains the entire agreement governing the relationship between SDI and Stephen Butler.

The following are particulars of the notice entitlement, total salary and benefits for the financial year 2009-2010, pension and other benefits of the SDI Directors:

	<i>Salary and benefits £'000</i>	<i>Compensation for loss of office £'000</i>	<i>Year ended 31 March 2010 Total £'000</i>	<i>Notice period (months)</i>
Mark McMenemy	50	—	50	0
Gordon Smith	205	—	205	12
Steve Butler (appointed 1 August 2009)	73	—	73	6
Richard Arkle	30	—	30	0

## 11. Material Contracts

11.1 Except as set out below, no material contracts (other than contracts entered into in the ordinary course of business) have been entered into by FSU Investments in the period commencing 24 February 2010 (being the date of incorporation of FSU Investments) and ending on Thursday 22 July 2010 (being the latest practicable date prior to the posting of this document):

- (i) the Investment Agreement described in paragraph 6 of this Appendix III;
- (ii) the loan arrangements described in paragraph 5 of this Appendix III;
- (iii) the irrevocable undertakings described in paragraph 8 of this Appendix III; and
- (iv) a contingent consideration agreement dated 15 July 2010 pursuant to which the Independent Directors will oversee the payment of any Contingent Consideration that may be payable in accordance with the terms of this Offer to SDI Shareholders. The agreement is made between SDI and FSU Investments, and FSU Investments has undertaken to:
  - ensure that all intercompany money due to be paid to PEP in the period from the date on which the Offer is declared unconditional in all respects up to the date that the PEP Application is made will be paid in the normal course of business and not unreasonably withheld;
  - use all reasonable endeavours to collect all third party debts due at that time;
  - make available all cash resources within SDI to PEP from other group companies to the extent possible and not to be unreasonably withheld, to mitigate any shortfall that may exist;
  - allow the Independent Directors in their role of ‘supervisors’ of this process to have access to all cash reports, on a weekly and monthly basis, cash forecasts by SDI and PEP, and any correspondence between the bank and any SDI Group Company; and
  - use all reasonable endeavours to recover the Bonded Cash and thereafter ensure funds are advanced to FSU Investments so that the Contingent Consideration can be paid.

Neither SDI, FSU Investments nor the Independent Directors will receive or pay any consideration for the services and undertakings provided pursuant to the terms of the contingent consideration agreement.

11.2 Details of the material contracts (not being contracts entered into on the ordinary course of business) which have been entered into by SDI and its subsidiaries in the period beginning two years before the commencement of the Offer Period and ending on Thursday 22 July 2010 (being the latest practicable date prior to the posting of this document) are as follows:

- (i) a share purchase agreement dated 22 December 2008 made between (1) SDI, (2) SDI Group UK Limited and (3) Pierce Street Acquisitions, Inc for the disposal by SDI of its US and Chilean subsidiaries (“SDI US”) to Pierce Street Acquisitions, Inc, for a total cash consideration of \$4,000,000, a promissory note of \$475,000 issued by Pierce Street Acquisitions (the “Promissory Note”), the write-off of inter-company indebtedness of \$1,424,000 and a management fee payable by Pierce Street of \$650,000 (the “US and Chilean Disposal”). Pursuant to this agreement SDI US retained an interest in the shares of certain SDI European subsidiaries which interests were subsequently transferred to SDI pursuant to the agreement set out in paragraph (d);
- (ii) a Management Services Agreement dated 22 December 2008 made between (1) SDI Industries France S.A.S, (2) SDI Industries Italia SRL, (3) SDI and (4) Pierce Street Acquisitions Inc relating to the management by SDI Group of certain European businesses following the US and Chilean Disposal;
- (iii) a Non-Exclusive Intellectual Property Licence Agreement dated 22 December 2008 made between (1) SDI and (2) Pierce Street Acquisitions, Inc relating to the licence by SDI of certain intellectual property rights to Pierce Street Acquisitions, Inc and SDI US following the US and Chilean Disposal;
- (iv) a letter agreement dated 28 March 2009 between (1) SDI, (2) Pierce Street Acquisitions and SDI Industries, Inc and an agreement dated 31 March 2009 made between (1) SDI, (2) SDI Investments Inc, (3) SDI Industries Inc, (4) SDI Group UK Limited and (5) Real Time Integration Inc) for the transfer of shares held by SDI US in certain European subsidiaries to SDI Group UK Limited for a total consideration of \$475,000 satisfied by the waiver and cancellation of the Promissory Note;
- (v) a facilities guarantee agreement dated 28 January 2009 between (1) SDI and (2) Barclays Bank PLC (which was subsequently extended for a further 12 months) under which Barclays provides a guarantee of up to Euros 150,000 in respect of the overdraft facilities of SDI’s German subsidiaries;
- (vi) an agreement between SDI and Dresdner Bank relating to cash which is the property of the SDI Group which is currently deposited with Dresdner Bank and held as security against overdrafts made available to PEP (the German subsidiary of SDI), amounting in aggregate to €500,508.69 (being the Bonded Cash); and
- (vii) the Contingent Consideration Agreement referred to in paragraph 11.1(iv) above.

## **12. Other Information**

- 12.1 Save as disclosed in this document, no agreement, arrangement or understanding (including any compensation arrangement) exists between FSU Investments or any person acting in concert with FSU Investments and any of the SDI Directors or recent directors of SDI, SDI Shareholders or recent shareholders of SDI, or any person interested or recently interested in any SDI Shares, having any connection with or dependence on, or which is conditional on the outcome of, the Offer.
- 12.2 There is no agreement, arrangement or understanding whereby the beneficial ownership of any of the SDI Shares to be acquired by FSU Investments pursuant to the Offer will be transferred to any other person, save that FSU Investments reserves the right to transfer any such shares to any of its subsidiaries.
- 12.3 Cenkos has given and not withdrawn its written consent to the issue of this document with the inclusion herein of the references to its name in the form and context in which they appear.

- 12.4 Vollman Brothers has given and not withdrawn its written consent to the issue of this document with the inclusion herein of the references to its name in the form and context in which they appear.
- 12.5 Save as disclosed in this document, there has been no material change in the financial or trading position of FSU Investments.
- 12.6 There has been no material change in the financial or trading position of SDI since 31 March 2010, being the date to which the last published audited accounts of SDI were prepared.
- 12.7 SDI will bear the customary fees and expenses of its personnel and advisers in connection with the Offer.
- 12.8 Except as disclosed in this document, no agreement, arrangement or understanding of whatever nature whether formal or informal (including indemnity or option arrangements) relating to relevant securities which may be an inducement to deal or refrain from dealing exists between SDI or any associate (as defined in the City Code) of SDI and any other person.
- 12.9 Save as disclosed in this document, there have been no material changes to any document or information published by SDI and/or FSU Investments after the start of the Offer Period to the date of this document.

### **13. Bases of calculation and sources of information**

In this document, unless otherwise stated or the context otherwise requires, the following bases and sources have been used:

- (a) historic share prices are sourced from the London Stock Exchange and represent closing middle market prices for SDI Shares on the relevant date;
- (b) the value of the existing issued share capital of SDI is based upon the entire issued share capital at the date of the Offer Announcement, namely 109,273,078 SDI Shares;
- (c) the fully diluted share capital of SDI is calculated on the basis of:
- the number of issued SDI Shares, as set out in paragraph (b) above; and
  - zero 'in the money' SDI Share Options outstanding under any option scheme operated by SDI, including the SDI Share Option Scheme, on Thursday 22 July 2010 (the latest practicable date prior to publication of this document) and which are expected to become exercisable as a consequence of the Offer;
- (d) references to a percentage of SDI Shares are based on the number of SDI Shares in issue as set out at paragraph (b);
- (e) unless otherwise stated, the financial information relating to SDI has been extracted from the audited annual accounts and unaudited interim accounts of SDI for the relevant period;
- (f) the maximum cash consideration payable under the Offer is based on 109,273,078 SDI Shares in issue and at the time of announcing the Offer, zero shares to be issued to satisfy the exercise of options or vesting of awards granted under the SDI Share Option Schemes;
- (g) information relating to FSU Investments has been provided by the board of FSU Investments; and
- (h) the amount of Contingent Consideration payable has been calculated by reference to the amount of bonded cash being released having an aggregate value of EUR 500,508.69 and a Euro: Sterling exchange rate as at 21 July 2010 of 1.187.

#### **14. Documents available for inspection**

Copies of the following documents will be available for inspection at the offices of Mills & Reeve LLP, 130 Fenchurch Street, London during usual business hours on any weekday (public holidays excepted) and will be published on the SDI website: [www.sdigroup.com](http://www.sdigroup.com) while the Offer remains open for acceptance:

- 14.1 the Memorandum and Articles of Association of each of FSU Investments and SDI;
- 14.2 the audited published consolidated accounts of SDI for the year ended 31 March 2010 and the sixteen month period ended 31 March 2009;
- 14.3 the irrevocable undertakings referred to in paragraph 8 above;
- 14.4 the service agreements of the SDI Directors referred to in paragraph 10 above;
- 14.5 the material contacts referred to in paragraph 11.1 above;
- 14.6 the written consents referred to in paragraphs 12.3 and 12.4 above; and
- 14.7 a copy of this document and the Form of Acceptance.

Friday 23 July 2010

## APPENDIX IV

### DEFINITIONS

Accepting SDI Shareholder	A SDI Shareholder who has not irrevocably undertaken not to accept the Offer
AIM	the AIM market operated by London Stock Exchange
AIM Rules	the rules of AIM published by the London Stock Exchange from time to time
authorisations	regulatory authorisations, orders, grants, recognitions, confirmations, consents, licences, clearances, certificates, permissions or approvals
FSU Investments	FSU Investments Limited, a company incorporated in England & Wales with incorporation number 07168088
Bonded Cash	cash which is the property of the SDI Group which is currently deposited with Dresdner Bank and held as security against for overdrafts made available to the German businesses of SDI, amounting in aggregate to €500,508.69
business day	a day (other than a Saturday and a Sunday) on which banks are generally open for business in London
Cash Consideration	the cash consideration of 2.6 pence payable in respect each SDI Share in respect of which the Offer is accepted
certificated or certificated form	in relation to a share or other security, a share or other security title to which is recorded in the relevant register of the share or other security as being held in certificated form (that is, not in CREST)
Cenkos	Cenkos Securities PLC, 6, 7, 8 Tokenhouse Yard, London EC2R 7AS
Closing Price	the closing middle market price of a SDI Share as derived from the AIM appendix to the Daily Official List of the London Stock Exchange
Code or City Code	the City Code on Takeovers and Mergers
Companies Act or Act	the Companies Act 2006
Computershare	Computershare Investor Services PLC
Contingent Consideration	The additional consideration which may become payable under the Offer, the payment of which is unsecured and is contingent upon the release of the Bonded Cash being accepted and agreed to by Dresdner Bank
CREST	the relevant system (as defined in the Regulations) in respect of which Euroclear is the operator (as defined in the Regulations)
Euroclear UK or Euroclear	Euroclear UK & Ireland Limited
First Closing Date	the date which is 21 days following posting of the Offer Document

Form of Acceptance	the form of acceptance and authority relating to the Offer which accompanies this document for use by Shareholders in connection with the Offer
Form of Proxy	the form of proxy which accompanies this document for use by Shareholders in connection with the General Meeting
FSU Investments	FSU Investments Limited
General Meeting	the General meeting of SDI (including any adjournment of that meeting), notice of which is enclosed with this Offer Document
holding company	to be construed in accordance with the Companies Act
Independent Directors	Mark McMenemy, Steve Butler and Richard Arkle, being those SDI Directors who are independent in relation to the Offer and who constitute the independent committee of the SDI Board formed to consider the Offer
Independent Shareholders	SDI Shareholders, other than the Management Team and any person acting or deemed to be acting in concert with FSU Investments
London Stock Exchange	London Stock Exchange plc
Management Arrangements	the arrangements under which the Management Team will subscribe for shares in FSU Investments and all other matters relating to their proposed investment in, and relationship with, FSU Investments as described in paragraph 5 of Part 2 of this document
Management Team	Gordon Smith, Darcy De Thierry, Paul Mess, John Hamilton, Jean-Marc Moulin, Andrea Di Bella, Thomas Otto, John Hattersley and Greenstone Automation BV (a company controlled by John Hamilton) each of whom is a SDI Shareholder and each of whom will become shareholders of FSU Investments if the Offer becomes unconditional in all respects
Offer	the recommended cash offer (including the Cash Consideration and the Contingent Consideration) made by FSU Investments to acquire all of the SDI Shares on the terms and subject to the conditions to be set out in Appendix I to this Offer Document and (in respect of SDI Shares in certificated form) the Form of Acceptance, including where the context so permits or requires, any subsequent revision, variation, extension or renewal thereof
Offer Announcement	The announcement of the Offer made by FSU Investments and SDI on 16 July 2010
Offer Document	this document which sets out the terms and conditions of the Offer
Offer Period	the period commencing on 10 May 2010 and ending on the First Closing Date or, if later, on the date on which the Offer becomes or is declared unconditional as to acceptances or lapses or is withdrawn

Offer-Accepted SDI Share	a SDI Share in respect of which the Offer is accepted by the relevant SDI Shareholder
Overseas Shareholders	SDI Shareholders (or nominees of, or custodians or trustees for SDI Shareholders) not resident in or citizens of the United Kingdom
Panel or Takeover Panel	the Panel on Takeovers and Mergers
PEP	Pep Fordertechnik, a member of the SDI Group
PEP Application	has the meaning given to such term in paragraph 1(i) of Part III of Appendix A to this document
Receiving Agent	Computershare Investor Services PLC at Corporate Actions Projects, Bristol BS99 6AH
Regulations	the Uncertificated Securities Regulations 2001
Resolution 1	the ordinary resolution to be proposed at the General Meeting for the purposes of approving the Management Agreements as required by Rule 16.2 of the City Code
Resolution 2	the special resolution to be proposed at the General Meeting for the purposes of approving the cancellation of the admission of the SDI Shares to trading on AIM
Resolutions	Resolution 1 and Resolution 2
Restricted Jurisdiction	any jurisdiction where local laws or regulations may result in a significant risk of civil, regulatory or criminal exposure if information concerning the Offer is sent or made available to SDI Shareholders in that jurisdiction
SDI	SDI Group plc
SDI Board or SDI Directors	the directors of SDI, being Mark McMenemy, Steve Butler, Richard Arkle and Gordon Smith
SDI Group	SDI and its subsidiary undertakings and where the context permits, each of them
SDI Shareholder or Shareholder	a holder of SDI Shares and SDI Shareholders and Shareholders shall be construed accordingly
SDI Share Option Scheme	the SDI Executive Share Option Scheme 2009
SDI Share Options	options granted pursuant to the SDI Share Option Schemes
SDI Shares	the existing issued or unconditionally allotted and fully paid ordinary shares of 1pence each in the capital of SDI and any further shares which are unconditionally allotted or issued before the date on which the Offer closes (or such earlier date or dates, not being earlier than the date on which the Offer becomes unconditional as to acceptances or, if later, the First Closing Date of the Offer, as FSU Investments may decide) but excluding in both cases any such shares held or which become held in treasury
Significant Interest	a direct or indirect interest of 20 per cent. or more of the total voting rights conferred by the equity capital of an undertaking

subsidiary, subsidiary undertaking, and undertaking	to be construed in accordance with the Companies Act
uncertificated or in uncertificated form	a share or other security title to which is recorded in the relevant register of the share or security concerned as being held in uncertificated form, in CREST, and title to which, by virtue of the Regulations, may be transferred by means of CREST
United Kingdom or UK	the United Kingdom of Great Britain and Northern Ireland
US	the United States of America, its territories and possessions, any state of the United States, the District of Columbia and all other areas subject to its jurisdiction
Vollman Brothers	Vollman Brothers of No 1 Cornhill, London EC3V 3ND
Wider SDI Group	SDI and associated undertakings and any other body corporate, partnership, joint venture or person in which SDI and such undertakings (aggregating their interests) have a Significant Interest

## NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT a general meeting of SDI Group plc (the “**Company**”) will be held at the offices of Mills & Reeve LLP, Francis House, 112 Hills Road, Cambridge CB2 1PH on Monday 16 August 2010 at 10.30 a.m. to consider and, if thought fit, to pass the following resolutions the first of which will be proposed as an ordinary resolution and the second which will be proposed as a special resolution:

### **Ordinary Resolution**

1. THAT the following arrangements:

- (a) the investment agreement between Gordon Smith, Darcy De Thierry, Paul Mess, John Hamilton, Greenstone Automation BV (a company wholly owned and controlled by John Hamilton) Jean-Marc Moulin, Andrea Di Bella, Thomas Otto and John Hattersley, each of whom is a member of the management team of the Company (the “**Management Team**”) and FSU Investments Limited (“**FSU Investments**”) pursuant to which, amongst other things, the Management Team, have agreed to subscribe for shares in FSU Investments;
- (b) the articles of association of FSU Investments;
- (c) all other arrangements which have been entered into between FSU Investments and the Management Team in relation to the offer which is being made by FSU Investments for the entire issued and to be issued shares in the Company (the “**Offer**”),

the principal terms of which are described in the offer document dated Friday 23 July 2010 that was issued by FSU Investments and the Company, be and are hereby approved.

### **Special Resolution**

2. THAT conditional on the Offer becoming unconditional in all respects, the admission of the ordinary shares in the share capital of the Company to trading on the AIM market of the London Stock Exchange plc, be cancelled.

By Order of the Board

Steve Butler  
*Company Secretary*  
Friday 23 July 2010

*Registered Office:*

11 Jarman Way  
Orchard Road  
Royston  
Hertfordshire  
SG8 5HW

### **Notes**

1. All SDI Shareholders are entitled to attend this meeting. In order to comply with the requirements of the Panel on Takeovers and Mergers and Rule 16 of the City Code on Takeovers and Mergers, Resolution 1 set out above will be taken on a poll and only the Independent Shareholders (as defined in the offer document referred to in Resolution 1) will be entitled to vote thereon. All SDI Shareholders will be entitled to vote on Resolution 2.
2. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote on a poll on his behalf. A proxy need not be a member of the Company. A proxy of a member’s own choice may be appointed by inserting the proxy’s name on the Form of Proxy in the space provided. Completion and return of the Form of Proxy will not preclude a member from attending and voting in person at the meeting.

3. To be valid, a Form of Proxy (together with any authority under which it is signed, or a notarially certified copy of such authority) must be lodged with Computershare Investor Services PLC at The Pavilions, Bridgwater Road, Bristol BS99 6ZY (during normal business hours) not later than 48 hours before the time of the meeting.
4. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so. To appoint one or more proxies or to give an instruction to a proxy (whether previously appointed or otherwise) via the CREST system, CREST messages must be received by Computershare Investor Services PLC at The Pavilions, Bridgwater Road, Bristol BS13 8AE, quoting the issuer's agent (ID number 3RA50), not later than 48 hours prior to the meeting, or if adjourned, close of business on the day three days prior to the day fixed for the adjourned meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp generated by the CREST system) from which the issuer's agent is able to retrieve the message. The Company 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.
5. In the case of a corporation, a proxy should be given under its common seal or should be signed on its behalf by an attorney or officer so authorised.
6. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holders. For this purpose seniority is determined by the order in which the names stand in the register of members.
7. In order to attend and vote at the meeting a person must be entered on the Company's register of members on the date and time which is 48 hours prior to the time of the meeting, or, if the meeting is adjourned not later than 48 hours before the adjourned meeting. A holder of ordinary shares will only be entitled to attend and vote in respect of the number of ordinary shares registered in his or her name at that time. This time has been specified pursuant to regulation 41 of the uncertificated Securities Regulations 2001.



