

**MANAGER'S IRREVOCABLE UNDERTAKING**

To: FSU Investments Limited  
Francis House  
112 Hills Road  
Cambridge  
CB2 1PH

For the attention of: The Directors

and

Vollman Brothers ("**Vollman**")  
1 Cornhill  
London  
EC3V 3ND

For the attention of: Bill Kendall

15 July 2010

Dear Sirs

**Proposed offer for SDI Group plc (the "Offeree")**

I understand FSU Investments Limited (the "**Offeror**") is considering making an offer to acquire all the issued and to be issued ordinary shares of the Offeree (other than any held by the Offeror) substantially on the terms and conditions set out in the attached draft press announcement (the "**Press Announcement**"), together with such additional terms and conditions as may be required to comply with the City Code on Takeovers and Mergers (the "**City Code**") and any other applicable law or regulation (the "**Offer**").

**1 Warranties and undertakings**

I represent, warrant and undertake that:

- (a) I am the registered holder and/or beneficial owner and/or I am able to procure the transfer to the Offeror of the issued fully paid ordinary shares of 1p each of the Offeree details of which are set out in the schedule hereto ("**Existing Shares**") and am able to procure the transfer of all the Existing Shares free from all liens, equitable interests, charges, encumbrances, options and other interests and third party rights of any nature whatsoever;
- (b) the schedule hereto sets out full and accurate details of all the shares and other securities in the Offeree in which I have or am entitled to acquire an interest;
- (c) I have the full power and authority (and will at all times continue to have all relevant authority) to enter into and perform this undertaking in accordance with its terms;
- (d)

- (i) I have read, understood and agreed to the terms and conditions contained in this document;
  - (ii) I am not relying on any information or representation and accordingly agree that neither the Company nor any person responsible solely or jointly for this document shall have any liability for any such other information or representation;
  - (iii) I have taken all appropriate professional advice before entering into this document; and
  - (iv) I am aware of the special risks involved in participating in a transaction of this nature;
- (e) I have observed the laws of all relevant jurisdictions, obtained any requisite consents and complied with all applicable formalities;
- (f) the invitation under the Offer may be made to me under the laws of the relevant jurisdiction and I have not taken or omitted to take any action which would otherwise result in the Company acting in breach of any applicable legal or regulatory requirement in respect of the Offer;
- (g) I have not received or sent copies or originals of any documents related to the Offer in, into or from Canada, Australia, New Zealand, South Africa or Japan and have not otherwise utilised in connection with the Offer, directly or indirectly, the mails or any means or instrumentality (including, without limitation, facsimile transmission, telex and telephone) of interstate or foreign commerce, or of any facility of a national securities exchange, of Canada, Australia, New Zealand, South Africa or Japan, the documents relating to the Offer have not been mailed or otherwise sent in, into or from Canada, Australia, New Zealand, South Africa or Japan and I am accepting the Offer from outside Canada, Australia, New Zealand, South Africa or Japan;
- (h) I will not, prior to the closing or lapsing of the Offer or its withdrawal:
- (i) accept any offer in respect of or sell, transfer, encumber, charge, grant any option over or otherwise dispose of any interest in any of the Existing Shares or any other shares or securities of the Offeree issued or unconditionally allotted to me or in which I may otherwise be interested after the date of this undertaking ("**Further Shares**"), otherwise than pursuant to my acceptance of the Offer or to the Offeror;
  - (ii) other than pursuant to the Offer or with the Offeror, enter into any agreement or arrangement or incur or allow to arise any obligation (conditional or unconditional) to do any of the acts referred to in paragraph 1(h)(i) above;
  - (iii) acquire, dispose of or otherwise deal in any shares or other securities of the Offeree or any interest therein (including any derivatives referenced to any such securities) save for the acquisition of any Further Shares issued pursuant to any share option or incentive plan of the Offeree; and
- (i) I am not, so far as I am aware, acting in concert with any person for the purposes of the City Code in relation to the Offer.

## 2 Undertakings in respect of the Offer

I irrevocably undertake that:

- (a) I shall within 5 days of the despatch of the document containing the formal terms of the Offer (the "**Offer Document**") accept or procure the acceptance of the Offer in respect of all the Existing Shares so as to constitute a valid acceptance of the Offer in accordance with the terms of the Offer Document;
- (b) I shall within 3 days of the date on which I become the registered holder thereof (or, if later, on the date by which the Offer must be accepted in respect of the Existing Shares as referred to in paragraph 2(a) above), accept or procure the acceptance of

the Offer in respect of any Further Shares so as to constitute a valid acceptance of the Offer in accordance with the terms of the Offer Document;

- (c) notwithstanding that I may be entitled to withdraw any such acceptance by virtue of Rule 34 of the City Code or that the terms of the Offer will confer a right of withdrawal on acceptors, I shall not withdraw any such acceptance as is referred to in paragraphs 2(a) and (b) above and shall procure that any such acceptances are not withdrawn; and
- (d) I shall exercise or procure the exercise of the votes attached to the Existing Shares and any Further Shares (together the "Shares") in accordance with the instructions of the Offeror in respect of any resolution for the purpose of implementing, or which could assist implementation of, the Offer and any transactions related to the Offer, or which (if passed) might result in any condition of the Offer not being fulfilled or which might impede or frustrate the Offer in any way, proposed at any general meeting or class meeting of shareholders of the Offeree held during the period commencing with the date hereof and ending on whichever shall be the earlier of the date on which the Offer lapses or is withdrawn and the date on which the Shares are registered in the name of the Offeror or its nominees following the Offer having become or being declared unconditional in all respects and I undertake to exercise or procure the exercise of the rights attached to the Shares to requisition or join in requisitioning the convening of any general or class meeting as the Offeror shall request me so to do with a view to the passing or rejecting of any such aforesaid resolution.

### **3 Waiver**

Notwithstanding the undertakings which I have given in clause 2, I hereby irrevocably waive all right and entitlement that I may have to receive Contingent Consideration (as defined in the Offer) in respect of any of the Existing Shares and any Further Shares which may otherwise be payable to me in accordance with the terms of the Offer.

### **4 Documentation**

- (a) I consent to the issue of the Press Announcement incorporating references to me and to this undertaking in the terms set out in the attached draft Press Announcement, subject to any material amendments which may be agreed by me or on my behalf by a member of the board of directors of the Offeree.
- (b) I understand and agree that, in accordance with Rules 24.3 and 26 of the City Code, particulars of this undertaking and disclosable holdings of, and dealings in, relevant securities of the Offeree will be contained in the Offer Document and that copies of this undertaking will be available for inspection until the end of the offer period (as defined in the City Code).
- (c) I will promptly supply to the Offeror or Vollman as each may request all information required to be contained in the Offer Document in respect of me and my immediate family, related trusts and persons connected with us and use my reasonable endeavours to procure that the Offeree will as soon as possible supply such information in relation to it in order to comply with the requirements of the City Code (including in particular Rules 24 and 25) and any other applicable law or regulation and which is required to expedite the preparation and despatch of the Offer Document. I will as soon as possible notify you in writing upon becoming aware of any change in the accuracy or import of any such information previously given to you.

### **5 Director's undertakings**

Subject to my duties under the Companies Act 2006 as a Director of the Offeree and my obligations under the City Code or other applicable laws or regulations, I, being a Director of the Offeree:

- (a) will authorise the issue, publication or release of the Offer Document which includes a statement of responsibility in relation to the Offeree and its subsidiaries, the Directors

of the Offeree and their immediate families, related trusts and persons connected with them in the terms or to the effect required by Rule 19.2 of the City Code;

- (b) will co-operate with the Offeree and use all reasonable endeavours to ensure that the Offer becomes unconditional in all respects as soon as reasonably practicable, including (without limitation) in respect of the obtaining of any regulatory and third party consents;
- (c) will not take any action or make any statement or announcement which is prejudicial to the success of the Offer or which may impede, prevent or delay the making of the Offer or its implementation and (without prejudice to the generality of the foregoing) will not, directly or indirectly, make or cause to be made any offer, invitation or solicitation for, or proposal in respect of, all or any part of the issued share capital of the Offeree, or proposal for a merger of the Offeree with any other entity, or for a transaction resulting in a third party or parties owning assets representing 10 per cent or more of the turnover of the Offeree and its subsidiary undertakings, or solicit or encourage any such offer, invitation, solicitation or proposal from any third party; and
- (d) will, upon the Offer becoming or being declared unconditional in all respects, vote in favour of the appointment as Directors of the Offeree of such persons as the Offeror shall nominate.

## **6 Directions as to application of Consideration**

Subject to the Offer becoming or being declared unconditional in all respects I hereby irrevocably instruct the Offeror to apply the aggregate cash consideration which I would otherwise be entitled to receive in respect of the Shares in accordance with the Offer in subscribing for 4,472,854 ordinary shares of ten pence each in the capital of the Offeror pursuant to the terms of the Investment Agreement. Accordingly, I confirm that I will not be entitled to actually receive funds in cash as a result of my acceptance of the Offer.

## **7 Delisting and re-registering**

- (a) If the Offer becomes or is declared unconditional in all respects the Offeror will procure the making of an application for the cancellation of the admission of the Offeree shares to trading on AIM and would take steps to procure that the Offeree is re-registered as a private company.
- (b) In connection with such application for cancellation and re-registration I hereby undertake in my capacity as both a shareholder and officer of the Offeror and an officer of the Offeree to take or procure the taking of all steps to procure the making of the application and re-registration as specified above.

## **8 Power of Attorney**

In order to secure the performance of my obligations under this undertaking, in default of my performing my obligations under paragraph 2 above, I hereby irrevocably appoint any Director for the time being of the Offeror or of Vollman to be my attorney in my name and on my behalf to execute a form or forms of acceptance in the form which will accompany the Offer Document or which relate to a revised Offer, to execute any form of proxy required by the Offeror appointing any person nominated by the Offeror to attend and vote on any resolution as is referred to in paragraph 2(d) above and/or to execute such other documents and to do such other acts and things as may be necessary to accept the Offer in respect of the Existing Shares and any Further Shares (as appropriate) and I hereby agree that this power of attorney is given by way of security and is irrevocable in accordance with section 4 of the Powers of Attorney Act 1971.

## **9 Specific Performance**

I recognise and acknowledge that if I should fail to accept or procure the acceptance of the Offer in accordance with my obligations in this undertaking, or should otherwise be in breach of any of those obligations, damages would not be an adequate remedy and that the Offeror shall be entitled to the remedies of injunction, specific performance and other equitable relief

and that no proof of special damages shall be necessary for the enforcement of this undertaking.

## 10 **Secrecy**

Save to the extent (if any) required to comply with any applicable law or regulation, I shall keep secret:

- (a) the possibility, terms and conditions of the Offer and the existence and terms of this undertaking until the Press Announcement is released;
- (b) save to the extent disclosed in the Press Announcement, the terms of this undertaking until the Offer Document is posted; and
- (c) save to the extent disclosed in the Press Announcement or the Offer Document, details of our discussions prior to or subsequent to the making of the Press Announcement,

provided that I may disclose the same on a similarly confidential basis to the Offeree and its advisers. The obligations in this paragraph shall survive termination of this undertaking.

## 11 **Lapse**

All obligations in this undertaking (save for my obligations pursuant to paragraph 7 which shall remain in full force and effect) will forthwith lapse:

- (a) if the Press Announcement has not been released by 5 p.m. (London time) on the day following the date of this undertaking; or
- (b) on the withdrawal or lapsing of the Offer; or
- (c) if the Offer Document is not despatched to the Offeree's shareholders on or before the date which is 28 days from the date of the Press Announcement or such later date as may be agreed between the Offeror and the Panel.

## 12 **Confirmations**

I confirm that:

- (a) in executing this document I am not a customer of Vollman for the purposes of the Rules of The Financial Services Authority and that accordingly Vollman does not owe me any of the duties which it owes to its customers; and
- (b) I have been given an adequate opportunity to consider whether or not to give this undertaking and to obtain independent advice.

## 13 **Interpretation and general**

- (a) In this undertaking:
  - (i) the expression the "**Offer**" shall (where appropriate) extend to any increased or revised offer by the Offeror for all or any of the issued ordinary shares of the Offeree which represents, on such basis as Vollman may reasonably consider appropriate, no diminution in the value of the consideration offered under the terms set out in the Press Announcement;
  - (ii) references to the "**Offer Document**" shall (where appropriate) include and extend to any related or ancillary document including any such document required to comply with any applicable law or regulation;
  - (iii) references to "**Existing Shares**" and "**Further Shares**" shall include and extend to any other shares or securities of the Offeree attributable to or derived from the Existing Shares or Further Shares and any securities issued

in respect of the Existing Shares or Further Shares or into which the Existing Shares or Further Shares may be converted as a result of any reorganisation of the share capital of the Offeree; and

- (iv) the expression the "**Investment Agreement**" means an agreement made between John Ivan Hamilton, Jean-Marc Moulin, Paul Mess, Andrea di Bella, Gordon Smith, Darcy De Thierry and others and the Offeror and dated 15 July 2010 pursuant to which the parties have agreed to invest in the Offeror a copy of which initialled by me or on my behalf has been supplied to each of the Offeror and Vollman.
- (b) Any time, date or period mentioned in this undertaking may be extended by mutual agreement between the parties hereto or otherwise as provided herein but as regards any time, date or period originally fixed or so extended as aforesaid time shall be of the essence.
- (c) With regard to any of the Existing Shares not registered in my name, the confirmations, warranties and undertakings contained in this undertaking are given by me on behalf of those persons in whose names such of the Existing Shares are registered and I undertake to ensure the compliance by such persons with those confirmations, warranties and undertakings.
- (d) This undertaking shall be binding on my estate and personal representatives except in relation to those obligations which relate to my position as a Director of the Offeree.
- (e) No term of this undertaking is enforceable under the Contracts (Rights of Third Parties) Act 1999 by a person who is not a party to this undertaking.

#### **14 Governing law**

- (a) This undertaking shall be governed by and interpreted in accordance with English law.
- (b) I hereby submit to the exclusive jurisdiction of the High Court of Justice in England.

## Schedule

### Registered and beneficial holdings of Existing Shares

| (1)<br>Registered Holder | (2)<br>Beneficial Owner | (3)<br>Number of Shares |
|--------------------------|-------------------------|-------------------------|
| Gordon Smith             | Gordon Smith            | 17,203,326              |

Dated: 15-7 2010

EXECUTED AS A DEED )

by the said GORDON SMITH )

*Gordon R Smith*

in the presence of: )

Witness signature:

*Steve Buller*

Witness name:

STEVE BULLER

Address:

75 Woodchester Rd

Dorridge

Solihull B93 8EL

Occupation:

CFO

Dated: 15-7 2010

EXECUTED AS A DEED )

by FSU Investments Limited acting  
by a director )

GORDON R Smith

*Gordon R Smith*

in the presence of: )

Witness signature:

*Steve Buller*

Witness name:

STEVE BULLER

Address:

75 Woodchester Rd

Dorridge

Solihull B93 8EL

Occupation:

CFO