

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or as to what action you should take you should consult a person who specialises in advising on the acquisition of shares and other securities and who is authorised under the Financial Services and Markets Act 2000 (as amended) (“FSMA”) if you are resident in the UK or who is otherwise appropriately authorised, if you are not. The whole of the text of this document should be read, but your attention is, in particular, drawn to Part 3 of this document entitled “Risk Factors” for details of the factors that could affect the Enlarged Group’s future performance and the industry in which it will operate. Investment in the Company is speculative and involves a high degree of risk.**

This document constitutes an AIM admission document and has been drawn up in accordance with the AIM Rules. This document does not contain an offer of transferable securities to the public within the meaning of Sections 85 and 102B of FSMA or otherwise and is not a Prospectus (as defined in the AIM Rules). Accordingly it has not been drawn up in accordance with the Prospectus Rules (as defined in the AIM Rules) and the Financial Conduct Authority (“FCA”) has not examined or approved the contents of this document.

The Existing Ordinary Shares are admitted to trading on AIM. Application has been made for the post consolidated Enlarged Share Capital to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings in the Enlarged Share Capital will commence on AIM on 17 August 2015. **AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the UK Listing Authority (and no application is being made for admission of the Company’s securities to the Official List) and the AIM Rules are less demanding than those of the Official List. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Each AIM company is required pursuant to the AIM Rules for Companies to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers.**

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## **Verdes Management plc**

*(to be renamed REACT Group PLC)*

*(Incorporated in England and Wales under the Companies Act 1985 with registered number 5454010)*

### **Proposals for**

### **Acquisition of REACT SC Holdings Limited**

### **Approval of a waiver of the obligations under Rule 9 of the City Code**

### **1 for 25 Share Consolidation**

### **Placing of 104,166,666 New Ordinary Shares at 1.68p per New Ordinary Share**

### **Open Offer of up to 24,798,759 New Ordinary Shares at 1.68p per New Ordinary Share**

### **Change of Name to REACT Group plc**

### **Buy Back of Deferred Shares**

### **Notice of General Meeting**

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The notice convening the general meeting of the Company to be held at the registered offices of Verdes, c/o International Registrars Limited, Finsgate, 5-7 Cranwood Street, London EC1V 9EE, on 14 August 2015 at 12 noon is set out at the end of this document. A Form of Proxy for use at the meeting is enclosed, and should be completed and returned to the Company’s Registrars, Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA as soon as possible and, in any event, so as to arrive not later than 12 noon on 12 August 2015.

**If you have sold or transferred part of your holding of Existing Ordinary Shares, you should retain this document. If you have sold or otherwise transferred all your Existing Ordinary Shares, please send this document and the accompanying Application Form and 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 transmission to the purchaser or transferee.** However, such documents should not be forwarded, transmitted or distributed, taken, published, reproduced, sent or otherwise made available by any means, directly or indirectly, including electronic transmission, in, into or from the United States of America, Canada, Australia, the Republic of Ireland, the Republic of South Africa, or Japan or any other jurisdiction where to do so would be in breach of any other law and/or regulation. The Existing Ordinary Shares are not, and the New Ordinary Shares have not been, and will not be, registered in the United States of America under the US Securities Act or under the securities laws of any state of the United States of America or under the applicable securities laws of Canada, Australia, the Republic of Ireland, the Republic of South Africa, or Japan and, subject to certain exemptions, may not be offered or sold, directly or indirectly, within or into the United States of America, Canada, Australia, the Republic of Ireland, the Republic of South Africa, or Japan or to, or for the account or benefit of, US persons (as such term is defined in Regulation S under the US Securities Act) or to any national, resident or citizen of Canada, Australia, the Republic of Ireland, the Republic of South Africa, or Japan. In addition, the securities to which this document relates must not be marketed into any jurisdiction where to do so would be unlawful.

**SPARK Advisory Partners Limited (“SPARK”), which is authorised and regulated in the UK by the FCA, is acting as financial adviser and nominated adviser to Verdes and for no-one else in connection with the proposals described in this document and accordingly will not be responsible to any person other than Verdes for providing the protections afforded to customers of SPARK or for providing advice in relation to such proposals.**

The information contained in this document has been prepared solely for the purposes of the Admission and is not intended to inform or be relied upon by any subsequent purchaser of shares in Verdes and accordingly no duty of care is accepted in relation to them. SPARK has not authorised the contents of any part of this document, and no liability is accepted by SPARK for the accuracy of any information or opinions contained in this document, or the omission of any material information from this document, for which the Company, the Directors and Proposed Directors are solely responsible.

No person has been authorised to give any information or to make any representation about Verdes and about the matters the subject of this document other than those contained in this document. If any such information or representation is given or made then it must not be relied upon as having been so authorised. The delivery of this document shall not imply that no change has occurred in Verdes’ affairs since the date of issue of this document or that the information contained in this document is correct as of any time subsequent to the date of this document.

Copies of this document will be available free of charge during normal business hours on any weekday (except Saturdays, Sundays and public holidays) at the offices of Verdes at c/o International Registrars Limited, Finsgate, 5-7 Cranwood Street, London EC1V 9EE, from the date of this document and for a period of one month from the date of Admission. This document will be available to download from the Verdes website at [www.verdes-group.com](http://www.verdes-group.com).

## **FORWARD LOOKING STATEMENTS**

This document contains forward looking statements. These statements relate to the Enlarged Group’s future prospects, developments and business strategy. Forward looking statements are identified by their use of terms and phrases, including without limitation, statements containing the words “believe”, “anticipated”, “expected”, “could”, “envisage”, “estimate”, “may” or the negative of those, variations or similar expressions including references to assumptions. Such forward looking statements involve unknown risk, uncertainties and other factors which may cause the actual results, financial condition, performance or achievement of the Enlarged Group, or industry results to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. Factors that might cause such a difference include, but are not limited to, those discussed in “Risk Factors” set out in Part 3 of this document. Given these uncertainties, prospective investors are cautioned not to place any undue reliance on such forward looking statements. These forward looking statements speak only as at the date of this document. The Company disclaims any obligations to update any such forward looking statements in this document to reflect events or developments.

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## PLACING AND OPEN OFFER STATISTICS

Issue Price per Consideration Share, Placing Share, Offer Share and HC Loan Share	1.68p
Number of Existing Ordinary Shares in issue	929,953,462
Consolidation ratio (of Existing Ordinary Shares to New Ordinary Shares)	25:1
Number of New Ordinary Shares in issue pursuant to the Share Consolidation, prior to the Acquisition, the Placing, the Open Offer and the HC Loan Conversion	37,198,139
Number of Consideration Shares to be issued	92,857,142
Number of Placing Shares to be issued	104,166,666
Maximum number of Offer Shares <sup>^</sup>	24,798,759
Maximum number of New Ordinary Shares in issue following First Admission	259,020,706
Number of HC Loan Shares	16,369,047
Maximum number of New Ordinary Shares in issue following Second Admission	275,389,753
Percentage of the Enlarged Share Capital constituted by the Proposal Shares, and the HC Loan Shares	86.49%
Market Capitalisation of the Enlarged Group upon Second Admission	£4.6 million <sup>^</sup>
Existing AIM symbol	VMP
New AIM symbol	REAT
ISIN for Existing Ordinary Shares	GB00B0DG1X47
ISIN for New Ordinary Shares <sup>*</sup>	GB00BZ2JBG28

<sup>^</sup> on the assumption that the Open Offer is taken up in full by Shareholders

<sup>\*</sup> The new AIM symbol and ISIN shall only become effective if the Resolutions are passed at the General Meeting

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

**2015**

Record Date for the Open Offer	close of business on 29 July
Announcement of the Placing and Open Offer, publication and posting of this document and posting of the Application Form to Qualifying Shareholders	29 July
Ex-entitlement date for the Open Offer	30 July
Open Offer Entitlements and Excess CREST Open Offer Entitlements credited to stock accounts in CREST of Qualifying CREST shareholders	30 July
Recommended latest time for requesting withdrawal of Open Offer Entitlements from CREST	4.30 pm on 4 August
Latest time for depositing Open Offer Entitlements in CREST	3.00 pm on 6 August
Latest time and date for splitting of Application Forms (to satisfy <i>bona fide</i> market claims only)	3.00 pm on 10 August
<b>Latest time and date for completion of completed Application Forms and payment in full under the Open Offer or settlement of relevant CREST instruction</b>	<b>11.00 am on 12 August</b>
<b>Latest time and date for receipt of Forms of Proxy</b>	<b>12 noon on 12 August</b>
Time and date for General Meeting	12 noon on 14 August
Record Date for the Share Consolidation	5.00 pm on 14 August
Change of Name effective	14 August
Completion of Buy Back	17 August
Acquisition of REACT completed	17 August
Admission of Proposal Shares	8.00 am on 17 August
Expected date for crediting of New Ordinary Shares to CREST stock accounts in uncertificated form	8.00 am on 17 August
Admission of the HC Loan Shares	8.00 am on 18 August
Despatch of share certificates in respect of New Ordinary Shares in certificated form (including in respect of Existing Ordinary Shares post the Share Consolidation)	week commencing 24 August

## DEFINITIONS

“1985 Act”	the Companies Act 1985
“Acquisition”	the acquisition of REACT under the terms of the Acquisition Agreement
“Acquisition Agreement”	the agreement dated 29 July 2015 between 1) the Company and 2) the Vendors for the acquisition of the issued share capital of REACT as set out in more detail in paragraph 10.1.12 of Part 6 of this document
“Act”	the Companies Act 2006
“Admission”	First Admission and/or Second Admission, as the context requires
“Admission Document”	this document dated 29 July 2015
“AIM”	the market of that name operated by the London Stock Exchange
“AIM Rules”	the AIM Rules for Companies and the AIM Rules for Nominated Advisers
“AIM Rules for Companies”	the rules which set out the obligations and responsibilities in relation to companies whose shares are admitted to AIM as published by the London Stock Exchange from time to time
“AIM Rules for Nominated Advisers”	the rules which set out the eligibility, obligations and certain disciplinary matters in relation to nominated advisers as published by the London Stock Exchange from time to time
“Application Form”	the application form for use in the Open Offer
“Articles”	the Company’s articles of association
“Autoclenz”	Autoclenz Holdings Limited, or any member of the Autoclenz group of companies (as the context requires)
“Business Day”	a day other than a Saturday or Sunday on which banks are open for commercial business in the City of London
“Buy Back”	the proposed buy back by the Company of all the Deferred Shares, details of which are set out in the Letter from the Chairman in this document
“Buy Back Agreement”	the proposed agreement between (1) the Company and (2) the holders of the Deferred Shares to buy back all the Deferred Shares for an aggregate price of £1
“Change of Name”	the proposed change of name of the Company to REACT Group PLC, further details of which are set out in Part 1 of this document
“Code” or “City Code”	the City Code on Takeovers and Mergers
“Concert Party”	the parties described in paragraph 1 of Part 5 of this document, comprising the Vendors
“Consideration Shares”	92,857,142 New Ordinary Shares to be issued to the Vendors as consideration for the Acquisition

“CREST”	the relevant system (as defined in the Uncertificated Securities Regulations 2001, as amended) for paperless settlement of share transfers and the holding of shares in uncertificated form in respect of which Euroclear UK & Ireland is the operator (as defined in those regulations)
“CREST Manual”	the rules governing the operation of CREST consisting of the CREST Reference Manual, the CREST International Manual, the CREST Central Counterpart Service Manual, the CREST Rules, the CCSS Operations Manual, the Daily Timetable, the CREST Application Procedures and the CREST Glossary of Terms (as updated in November 2001)
“CREST member”	a person who has been admitted to CREST as a system-member (as defined in the CREST Manual)
“CREST member account ID”	the identification code or number attached to a member account in CREST
“CREST participant”	a person who is, in relation to CREST, a system-participant (as defined in the CREST regulations)
“CREST participant ID”	shall have the meaning given in the CREST Manual
“CREST payment”	shall have the meaning given in the CREST Manual
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755), as amended
“CREST sponsor”	a CREST participant admitted to CREST as a CREST sponsor
“CREST sponsored member”	a CREST member admitted to CREST as a sponsored member
“Deferred Shares”	together the 32,938,000 fully paid deferred shares of £0.065, the 66,214,920 fully paid B deferred shares of £0.009 each, and the 666,680,735 fully paid C deferred shares of £0.0009 each in the capital of the Company
“Directors” or “Board”	the directors of the Company, whose names are set out on page 11 of this document
“Enlarged Group”	the Company and REACT following completion of the Acquisition
“Enlarged Share Capital”	the ordinary share capital of the Company following Second Admission
“Excess Application Facility”	the arrangement under which Qualifying Shareholders may apply for Offer Shares in excess of their Open Offer Entitlement provided that they have agreed to take up their Open Offer Entitlement in full and which may be subject to scaling back in accordance with the provisions of this document
“Excess CREST Open Offer Entitlement”	in respect of a Qualifying CREST Shareholder, the entitlement (in addition to his or her Open Offer Entitlement) to apply for Offer Shares, credited to his or her stock account in CREST, pursuant to the Excess Application Facility, which is conditional on such Qualifying CREST Shareholder agreeing to take up its Open Offer Entitlement in full and which may be subject to scaling back in accordance with the provisions of this document

“Excess Shares”	the Offer Shares for which Qualifying Shareholders may apply under the Excess Application Facility
“Existing Ordinary Shares”	the 929,953,462 ordinary shares of 0.01p each in the capital of the Company in issue at the date of this document, and which, following the Share Consolidation, will comprise 37,198,139 new ordinary shares of 0.25p each in the capital of the Company
“FCA”	Financial Conduct Authority
“First Admission”	admission of the Proposal Shares to trading on AIM becoming effective in accordance with the AIM Rules
“Form of Proxy”	the form of proxy accompanying this document for use in connection with the GM
“FSMA”	the Financial Services and Markets Act 2000 (as amended)
“General Meeting” or “GM”	the general meeting of the Company convened for 12 noon on 14 August 2015, and any adjournment thereof, notice of which is set out at the end of this document
“Helium”	Helium Rising Stars Fund, a substantial shareholder in the Company
“Helium Convertible Loan” or “HC Loan”	the convertible loan from Helium, details of which are set out in paragraph 10.1.11 of Part 6 of this document, and on which a conditional conversion notice was served on the Company on 27 July 2015
“HC Loan Shares”	the 16,369,047 New Ordinary Shares to be issued to Helium upon the exercise of the conversion rights attached to the HC Loan
“Independent Directors”	in respect of the Whitewash Resolution (Resolution 1) and Resolution 2 all the Directors (excluding Adam Reynolds); and in relation to Resolution 4 and Resolution 7 all the Directors (excluding Gill Leates)
“Independent Shareholders”	Shareholders other than those members of the Concert Party
“Issue Price”	1.68 pence per share, being the price at which the New Ordinary Shares are to be issued
“Locked In Persons”	the Vendors and Helium
“London Stock Exchange”	London Stock Exchange plc
“New Ordinary Shares”	the new ordinary shares of 0.25p per share in the capital of the Company
“Notice”	the notice of GM
“Offer Shares”	up to 24,798,759 New Ordinary Shares the subject of the Open Offer
“Open Offer”	the proposed offer for subscription (on the basis of 2 New Ordinary Shares for every 75 Existing Ordinary Shares) of Offer Shares to Qualifying Shareholders to raise up to c£0.416 million
“Open Offer Entitlement(s)”	the <i>pro rata</i> entitlement(s) to subscribe for Offer Shares allocated to Qualifying Shareholders pursuant to the Open Offer



“Ordinary Shares”	existing ordinary shares of 0.01p each in the capital of the Company (pre the Share Consolidation) or new ordinary shares of 0.25p each in the capital of the Company (post the Share Consolidation), as the context requires
“Overseas Shareholders”	Shareholders who are resident in, or who are citizens of, or who have registered addresses in, territories other than the United Kingdom
“Panel”	the Panel on Takeovers and Mergers
“Placing”	the conditional placing by SI Capital on behalf of the Company of the Placing Shares at the Issue Price
“Placing Agreement”	the conditional agreement dated 29 July 2015 between the Company, the Directors, the Proposed Directors, SPARK and SI Capital, relating to the Placing, details of which are set out in paragraph 10.1.9 of Part 6 of this document
“Placing Shares”	the 104,166,666 new Ordinary Shares the subject of the Placing
“pounds”, “£”, “p” or “pence”	the lawful currency of the United Kingdom
“Proposals”	the Acquisition, the Placing, the Open Offer, the Rule 9 Waiver, the Buy Back, the Change of Name, the Share Consolidation, the GM and First Admission
“Proposal Shares”	the New Ordinary Shares to be issued in relation to the Acquisition, the Placing and the Open Offer
“Proposed Directors”	Mr G Rummery and Mr M Collingbourne
“Qualifying CREST Shareholders”	Qualifying Shareholders holding Existing Ordinary Shares in CREST
“Qualifying Non-CREST Shareholders”	Qualifying Shareholders holding Existing Ordinary Shares in certificated form
“Second Admission”	the admission of the HC Loan Shares to trading on AIM
“Qualifying Shareholders”	holders of Existing Ordinary Shares on the register of members of the Company at the close of business on the Record Date for the Offer (other than certain Overseas Shareholders)
“REACT”	REACT SC Holdings Limited and/or its subsidiary REACT Specialist Cleaning Limited, as the context requires
“REACT Group”	REACT SC Holdings Limited and its subsidiary REACT Specialist Cleaning Limited
“Record Date for the Offer”	29 July 2015, the date on which Qualifying Shareholders must be shown on the register of members of the Company to be eligible to participate in the Open Offer
“Record Date for the Share Consolidation”	5.00 pm on 14 August 2015
“Registrar” and “Receiving Agent”	Neville Registrars Limited
“Resolutions”	the resolutions to be proposed at the General Meeting, details of which are set out in the Notice

“Restricted Jurisdiction”	each and any of Australia, Canada, Japan, the United States, the Republic of South Africa and the Republic of Ireland
“Services Agreement”	the agreement between Autoclenz and REACT for the provision of certain services as set out in paragraph 10.2.3 of Part 6 of this document
“Share Consolidation”	the proposed consolidation of every 25 Existing Ordinary Shares into 1 New Ordinary Share
“Shareholders”	holders of the Existing Ordinary Shares
“SI Capital”	SI Capital Limited, the Company’s broker
“SPARK Advisory Partners or “SPARK”	SPARK Advisory Partners Limited, nominated adviser and financial adviser to the Company
“United Kingdom” or “UK”	the United Kingdom of Great Britain and Northern Ireland
“United States”	the United States of America, its territories and possession, any state of the United States of America and the District of Columbia and all other areas subject to its jurisdiction
“Verdes” or “the Company”	Verdes Management plc
“Vendors”	the current shareholders of REACT being Mr A Reynolds, Mr G Rummery, Mr P Foulger, Mr T Clingo, Mr D Worrall and Mr M Ward
“Waiver” or “Rule 9 Waiver”	a waiver by the Panel in respect of the obligations of the Vendors and parties acting in concert with them to make a mandatory general offer for all the ordinary shares in the Company not already owned by them under Rule 9 of the Code as a result of the issue of the Consideration Shares and the Placing Shares
“Whitewash Resolution”	the Resolution numbered 1 in the Notice

## PART 1

### LETTER FROM THE CHAIRMAN

(Registered in England and Wales with company number 5454010)

#### Directors

Gill Leates (Chairman)  
Adam Reynolds\*  
Stephen Foster\*

#### Registered Office

c/o International Registrars Limited  
Finsgate  
5-7 Cranwood Street  
London  
EC1V 9EE

\* non-executive

29 July 2015

Dear Shareholder,

#### **Proposals for: Acquisition of REACT, Placing and Open Offer, Buy Back of Deferred Shares, Share Consolidation, Change of Name and Notice of General Meeting**

#### **1. Introduction**

The Company has today announced conditional proposals to acquire REACT SC Holdings Limited for shares to the value of £1.56 million (at the Issue Price). In addition, it has conditionally raised £1.75 million in a placing of new equity at an issue price of 1.68p per New Ordinary Share, following a consolidation of every 25 Existing Ordinary Shares into 1 New Ordinary Share. Existing Shareholders have the opportunity to participate in an Open Offer on the basis of 2 New Ordinary Shares for every 75 Existing Ordinary Shares at the Issue Price.

Further details of the terms and conditions of the Acquisition are set out below under the heading “Principal terms of the Acquisition”. The Acquisition will constitute a reverse takeover under the AIM Rules and therefore requires Shareholders’ approval in general meeting. **The Acquisition is conditional, *inter alia*, on the passing of the Resolutions numbered 1, 2, 3 and 4 at the General Meeting, and First Admission.**

The principal purpose of this document is to seek Shareholders’ approval of the Rule 9 Waiver (as required by the City Code), the Acquisition, and the resolutions necessary to effect the Placing and the Open Offer. The General Meeting is scheduled for 12 noon on 14 August 2015 at which all the resolutions to effect the above are being proposed.

#### **2. Background to and reasons for the Acquisition**

##### ***History and overview of Verdes***

Verdes joined the AIM Market in 2005 when it operated as an independent record label and media management business. It disposed of its principal trading subsidiaries in September 2010, at which point it changed its name to Verdes Management plc, and became an investing company on AIM. Verdes raised nearly £1.5 million between 2010 to 2012 in new equity and sought to act as a “turnaround” advisory business offering services to stakeholders, as well as facilitating investment opportunities in companies in need of restructuring. This strategy failed as the then management team failed to either execute a single successful deal or generate any revenue for the Company.

In September 2013 it was announced that the Company was working with a Gibraltar-based investment management team to develop Verdes as a strategic investment company, specifically to build an investment management group. A £125k convertible loan was issued in March 2013 to Westminster Asset Management

Limited (“Westminster”). Mr David Breith acquired Westminster’s shareholding in the Company in March 2014, a fundraising of £0.75 million was conducted with Helium and all outstanding monies drawn under the Company’s loan agreements were repaid. The previous directors, Mr van den Aker and Mr van den Noort, left the board in March 2014 and at the same time Gill Leates joined as Chairman. Stephen Foster and Adam Reynolds joined the board as non-executive directors in July 2014 and August 2014 respectively.

As the Company is deemed to be an investing company under Rule 15 of the AIM Rules, it had until 14 February 2015 to implement its investing policy or to make an acquisition which constituted a reverse takeover under the AIM Rules. As this requirement was not met by that date, the Company’s shares were suspended from trading on AIM with effect from 16 February 2015. Since becoming an investing company the Board has reviewed around twenty different investment opportunities, and reached an advanced stage with two of these, before they were aborted. In January 2015 £0.25 million of loan capital was provided by Helium in the form of the Helium Convertible Loan. On 27 July 2015 Helium formally requested exercise of its conversion rights under this loan, conditional upon the First Admission. On 29 July 2015 the conditional acquisition of REACT was announced.

### ***AIM Rules***

As a result of becoming an investing company under the AIM Rules, Verdes sought and obtained (in March 2014) Shareholders’ approval of an investing policy. Verdes is obliged to either fulfil this investing policy or make an acquisition constituting a reverse takeover under the AIM Rules. The Board believes that the acquisition of REACT will fulfil this latter requirement.

## **3. Information on REACT**

### ***Overview***

REACT is a specialist provider of rapid response deep cleaning and emergency decontamination services, providing a 24 hour 7 days a week fast response service to a range of industries such as Network Rail, HM Prison Service, Local Authorities and a large number of UK Police Services. REACT also works closely with a number of facilities management companies and the Highways Agency.

### ***History***

Until recently REACT was operated as a separate trading business within Autoclenz. Autoclenz’s primary business is as an outsourced car valeting and vehicle preparation services provider, and Autoclenz was until November 2012 a division of an AIM-quoted company, Autoclenz Holdings PLC, at which point it was bought out by its current shareholders. In June 2015 the REACT business was transferred to a newly-formed limited company, REACT Specialist Cleaning Limited, which, following a re-organisation of the Autoclenz group, became a subsidiary of REACT SC Holdings Limited.

### ***Nature of Business***

REACT is a specialist cleaner capable of dealing with diverse and extreme cleaning problems whose common factor is typically that they are beyond the “usual” cleaning tasks of facilities managers and other sub-contractors or in-house service providers. REACT’s service offering typically supplements these cleaners for those tasks which:

- require specialist capital equipment or clothing;
- are in hard to reach, hazardous or difficult locations;
- require operatives to undergo specialist health & safety training; and
- require specialist accreditation (either to ensure legal compliance or because access is to restricted or high-security locations).

A recently introduced service, which REACT is able to offer is an infection control service providing protection against MRSA, Swine Flu, C. difficile and Norovirus. In addition, a process for dealing with Ebola has been put in place.

REACT is also a licensed waste carrier with a completely traceable disposal system.

## **Services**

REACT's services are provided either directly to end customers, or to facilities management ("FM") companies serving end customers. Such FM service providers, whether in-house or out-sourced, are often generalists, and able to tackle the everyday needs of large offices, public buildings and industrial and manufacturing units. REACT is able to complement these providers as a sub-contractor for the specialist tasks within their service contracts.

REACT is able to provide a wide range of services. These include:

High level cleaning, kitchen cleaning.

Graffiti removal.

"Deep cleans", sometimes whilst the production units are still running or during a shut-down period, or "builders cleans" or "handover cleans" following a site re-organisation or development prior to the premises being handed back to their client.

Sharp (i.e needle) searches, waste removal, decontamination and removal of hazardous waste prior to the more general services being provided by the facilities management company.

Clearing up sites after rail fatalities.

Fly tipping removal.

Removal of spillages following a road traffic accident or other hazardous substances from vehicles.

"Squat" clearances, clearing up following an eviction or death, removal of property left by a previous tenant.

In some instances a "rapid" response is required, for which REACT provides 24 hour call out.

## **Sectors**

REACT's services are applicable to a wide range of sectors including:

### *Transportation*

The transport sector has a diverse set of specialist needs because its areas of operation often come into contact with the general public. REACT carries out a number of services for this sector which require care to ensure a thorough job of cleaning whilst minimising disruption of services. REACT's largest customer base is within the railway network.

### *Emergency Services/Custodial*

REACT was originally formed to provide a dedicated 24/7 specialist service to the Police Service, and this customer remains one of its most important business sectors. Over the last 20 years REACT has provided a rapid response decontamination service for cleaning cells, vehicles and crime scenes. REACT has extended its customer base across Police Constabularies in England & Wales as well as servicing Fire Brigades and Ambulance Services.

### *Commercial/Manufacturing*

REACT provides services to manufacturers, warehouses, industrial units, distribution centres and the retail sector.

### *Housing*

Local authorities, housing associations and private landlords often need specialist cleaning contractors to respond quickly and effectively, whatever the nature or scale of a job. REACT has for many years worked with local authorities and housing associations.

### *Education*

REACT has worked for schools and universities. The education sector presents particular problems because services have to be carried out without disruption to the learning process.

### *Healthcare*

REACT works across many levels of the sector, including NHS and private hospitals and dentist surgeries. REACT delivers its services to this sector in most cases outside of normal working hours, and in conjunction with the customers' own maintenance programmes to ensure minimal impact on patients.

### **REACT's specialist services**

REACT employs eight full time trained Technical Operators who provide 24 hour 7 day a week cover and are ready to respond to requirements anywhere in England and Wales. Each Operator has a vehicle which is equipped to be a stand-alone working unit, containing a generator, a water tank, pressure washer, electrical inverter, air flow equipment, light beacons and hand basins. Each unit contains divided load areas to enable removed clinical waste to be carried. In addition, all vehicles are equipped with sensitive theft alarms and a traffic light tracker system which allows REACT management to monitor the operator's driving habits. All are linked to REACT's help desk by ipads, mobile phone and various safe driving systems.

If a contract requires more resources, REACT sub-contracts suitably qualified agency staff to supplement its permanent workforce. All sub-contractors have the necessary security clearances, Health & Safety training and accreditations, as appropriate, for the client or task for which they are engaged, and are supervised by REACT's permanent staff. In this way REACT is able to keep its fixed cost base relatively low, and only take on additional overhead when there are jobs to justify it.

Other characteristics include:

### *Accreditation/Standards*

REACT holds ISO9001:2008 and ISO14001:2004 accreditations for Management of Specialist Cleaning and Decontamination Services. Possession of such accreditations is often a pre-requisite for tendering for much of REACT's business.

### *Capital Equipment*

Specialist equipment is often required and it may not be economic to acquire by a non-specialist who does not have the same level of utilisation. REACT's Technical Operators utilise service vehicles which are equipped to cater for a wide variety of cleaning tasks.

### *Security clearances*

A significant proportion of REACT's customers operate in sectors in which there is a requirement for security clearances – for example the Prison Service, Police, Highways. As such, operational staff are required to be security checked and are subject to ongoing monitoring and renewal. All the Company's Technical Operators have the appropriate clearances.

### *Nature of competition*

REACT's services are specialist in nature and many competitors tend to be smaller privately owned businesses operating in specific areas, although the larger FM companies often have specialist cleaning divisions of their own.

### **Nature of business**

Most of the business conducted by REACT is one-off in nature, though often this represents repeat work from existing clients who mainly comprise large FM companies and public sector operators.

### **Financing**

The business of REACT has until recently operated as a separate trading division within Autoclenz Limited, and has been financed by the business' cash generation and support from the Autoclenz group. Moving forwards the Enlarged Group will be financed by the proceeds of the Placing.

### **Financial Commentary**

For the financial periods reported on in Part 4 of this document, REACT has been operated as a division of Autoclenz Limited, and as such a proportion of Autoclenz's central overhead costs have been charged to REACT in its profit and loss account. These reflect REACT's share of these costs attributable to its operation. In the most recent financial period, REACT achieved profits before tax of £281k (2013: £196k) on turnover of £1.55 million (2013: £1.56 million).

### **Services Agreement**

All of the administration and accounting functions (including payroll, sales ledger and invoicing, debt collection) for REACT's business have previously been provided by Autoclenz. Following Admission, Autoclenz will continue to perform certain of these administrative functions for REACT under the terms of the Services Agreement (details are set out in paragraph 10.2.3 of Part 6 of this document). The Services Agreement is for an indefinite period on 6 months' notice by either party. Any future alteration to this agreement will be treated as a related party transaction under the AIM Rules.

The Board will decide over time whether REACT will continue to buy-in these services or to take them in-house.

### **Future Strategy for REACT**

To date REACT has been a relatively small part of Autoclenz's business, comprising less than 5 per cent. of that company's turnover, and the Directors and Proposed Directors believe it to be non-core relative to the rest of the businesses within Autoclenz which relate to car valeting services. As such, the Directors and Proposed Directors believe that there has not been as much focus on investing in the REACT business compared to a situation in which it is an independent entity. This is seen by the Directors and Proposed Directors as an opportunity.

The Enlarged Group intends to pursue a two pronged strategy:

- (1) To build on existing long-term relationships to grow the business organically; and
- (2) Growth by acquisition – the Directors and Proposed Directors believe REACT operates in a sector which contains many small specialist companies that should provide opportunities to consolidate selected quality operations under the REACT umbrella. Any future acquisition is likely to be funded by a mixture of existing cash resources, together with a share issue or equity fundraising.

The Directors and Proposed Directors will use their respective networks of advisers and contacts to assist in sourcing appropriate deal opportunities.

## **4. Current Trading and Prospects**

Verdes does not have any active trading business at present and hence has no form of trading income. As an investing company it has sought to keep its costs contained as far as practicable whilst seeking a suitable reverse takeover target. In its recent interim results for the 6 months ended 31 March 2015 it reported a loss of £0.179 million on turnover of £nil.

The REACT business posted profits of £281k on sales of £1.56 million in the year ended 31 December 2014. Since the year end its current trading has been in line with expectations.

## **5. Summary financial information on the Company and REACT**

Financial Information on Verdes and REACT is set out in Part 4 of this document.

## **6. Principal terms of the Acquisition**

On 29 July 2015, the Company entered into the Acquisition Agreement pursuant to which it has conditionally agreed to acquire the entire issued share capital of REACT, for a total consideration to be satisfied by the issue of 92,857,142 New Ordinary Shares. Based on the Issue Price at which the Placing is being conducted, the Acquisition is valued at £1.56 million.

The Acquisition is conditional upon, *inter alia*, the Resolutions numbered 1, 2, 3 and 4 being passed at the General Meeting. Further details of the Acquisition Agreement are set out in paragraph 10.1.12 of Part 6 of this document.

## 7. Placing

The Company has conditionally raised a total of £1.75 million (before expenses) through the Placing at the Issue Price by the issue of 104,166,666 New Ordinary Shares.

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

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

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

It is expected that First Admission will become effective and dealings in the Placing Shares will commence on 17 August 2015.

A summary of the Placing Agreement is set out in paragraph 10.1.9 of Part 6 of this document.

## 8. Open Offer

The Company proposes to raise up to £0.416 million in the Open Offer (before expenses) through the issue of up to 24,798,759 New Ordinary Shares, at the Issue Price of 1.68p per share.

The Offer Shares will be offered to Qualifying Shareholders on the following basis:

**2 New Ordinary Shares for every 75 Existing Ordinary Shares  
held in their name(s) on the Record Date for the Offer**

**Shareholders should carefully consider the “Risk Factors” set out in Part 3 of this document before deciding whether or not to proceed with an investment in the Company.**

Qualifying Shareholders are being offered the opportunity to apply for additional Offer Shares in excess of their Open Offer Entitlement to the extent that other Qualifying Shareholders do not take up their Open Offer Entitlement in full. In the event that applications are received for in excess of the 24,798,759 Offer Shares available, excess applications will be scaled back *pro rata* to Qualifying Shareholders' existing shareholdings.

The latest time and date for receipt of completed Application Forms and payment in full under the Open Offer is 11.00 a.m. on 12 August 2015. Admission and commencement of dealings in Offer Shares is expected to take place at 8.00 a.m. on 17 August 2015.

Full details of the Open Offer, together with the terms and conditions of the Open Offer, are set out in Part 2 of this document.

**To the extent that the Open Offer is not fully subscribed by Shareholders, the Company retains the right post Admission to place up to 24,798,759 New Ordinary Shares (less any New Ordinary Shares validly subscribed under the Open Offer) for cash at the Issue Price.**



## 9. Use of Placing and Open Offer funds

REACT is a business which is growing, and has a requirement for new funds not only to fund working capital but also to develop new markets and to grow by acquisition of suitable targets, in line with the Enlarged Group's proposed strategy. The funds received under the Placing and Open Offer will be used for these purposes, as follow:

Purchase of fixed assets under the Acquisition Agreement	£150,735
Working capital and partial consideration for acquisition(s)(*)†	£1,261,264
Expenses of the Proposals	£338,000
Buy Back funding	£1
<b>Total†</b>	<b>£1,750,000</b>

\* this amount will be used to fund the ongoing working capital needs of the business, together with capital that can be used to partially fund investment in any future acquisitions.

† If the Open Offer is fully subscribed these figures will increase by £416,619

## 10. Implications of the Proposals under the Code

### **Background to the Concert Party**

The Vendors are deemed under the Code to be acting in concert in relation to the Proposals. These parties are referred to as the Concert Party throughout this document. Further details of the Concert Party are set out in Part 5 of the document.

The table below shows the shareholding structure of the Company immediately after completion of the Proposals (including the conversion of the HC Loan) and assumes that no Shareholders take up shares in the Open Offer and that no further Ordinary Shares will be issued from the date of this document until Admission:

<i>Name</i>	<i>New Ordinary Shares</i>	<i>% of Enlarged Share Capital</i>
Concert Party (see table below)	93,452,380	37.29
Helium	62,630,951	24.99
Other shareholders	94,507,663	37.72
Total	<u>250,590,994</u>	<u>100.00</u>

### *Concert Party*

The holdings of the Concert Party immediately after completion of the Proposals (including the conversion of the HC Loan) and assuming no Shareholders take up shares in the Open Offer are as follows:

<i>Name</i>	<i>No. of Consideration Shares</i>	<i>No. of Placing Shares</i>	<i>New Ordinary Shares in the Enlarged Group†</i>	<i>% of the Enlarged Share Capital†</i>
T Clingo	13,928,571	–	13,928,571	5.56
G Rummery	13,928,571	595,238	14,523,809	5.80
A Reynolds	18,571,429	–	18,571,428	7.41
P Foulger	18,571,429	–	18,571,428	7.41
M Ward	13,928,571	–	13,928,571	5.56
D Worrall	13,928,571	–	13,928,571	5.56
Total	<u>92,857,142</u>	<u>595,238</u>	<u>93,452,380</u>	<u>37.29</u>

Note: † following Second Admission

As at the date of the document, the members of the Concert Party together are not interested in any Existing Ordinary Shares. In aggregate, the Concert Party will be interested in 93,452,380 New Ordinary Shares, representing a maximum of 37.29 per cent. of the Enlarged Share Capital following Second Admission assuming: (a) no exercise of any outstanding options or warrants (b) no other share issues (c) conversion of the Helium Convertible Loan into New Ordinary Shares and (d) no issue of Offer Shares.

The issue of the Consideration Shares and the Placing Shares to the Concert Party would ordinarily incur an obligation under Rule 9 of the Code for the Concert Party to make a general offer for the remainder of the entire issued share capital of the Company. However, the Panel has agreed to waive these obligations subject to the approval of the Independent Shareholders voting on a poll at the General Meeting.

Further details regarding the provisions of the Code, the Whitewash Resolution and the interests of the Concert Party in the Company are set out below in the section headed "Waiver of Rule 9 of the Code" of this Part 1 and in Part 5 of this document.

### ***Intentions of the Concert Party***

At present Verdes is an "investing company" with no trading business. The Company's objective has been to acquire a trading business, and the Board believes that the Acquisition fulfils this objective. The Concert Party has confirmed that following completion of the Proposals its intention is that the business of the Company is changed to that of developing the REACT business as described under "Future Strategy for REACT" above.

Other than as stated above, the Concert Party has confirmed that no changes will be made regarding:

- the future business of the Company;
- the location of the Company's places of business;
- the continued employment of the Company's employees and management, including any material changes in employment;
- employer contributions into the Company's pension schemes, the accrual of benefits for existing members and the admission of new members; or
- the maintenance of any existing trading facilities for the Ordinary Shares (i.e. the trading of the Company's shares on AIM),

nor will there be any redeployment of the fixed assets of the Company as a result of the Proposals.

### ***Waiver of Rule 9 of the Code***

The Code is issued and administered by the Panel. The Company is a company to which the Code applies and its Shareholders are entitled to the protections afforded by the Code. Under Rule 9 of the Code, any person who acquires an interest (as defined in the Code) in shares which, taken together with shares in which he is already interested and in which persons acting in concert with him are interested, carry 30 per cent. or more of the voting rights of a company which is subject to the Code, is normally required to make a general offer to all the remaining shareholders to acquire their shares.

**Rule 9 of the Code further provides that where any person, together with persons acting in concert with him, is interested in shares which in aggregate carry not less than 30 per cent. of the voting rights of a company but does not hold shares carrying more than 50 per cent. of such voting rights and such person, or any such person acting in concert with him, acquires an interest in any other shares which increases the percentage of shares carrying voting rights in which he is interested, such person or persons acting in concert with him will normally be required to make a general offer to all remaining shareholders to acquire their shares.**

**An offer under Rule 9 of the Code must be made in cash at the highest price paid by the person required to make the offer, or any person acting in concert with him, for any interest in shares of the company during the 12 months prior to the announcement of the offer.**

Under the Code a concert party arises when persons acting together pursuant to an agreement or understanding (whether formal or informal), co-operate to obtain or consolidate control of, or frustrate the

successful outcome of an offer for, a company to which the Code applies. Control means an interest or interests in shares carrying an aggregate of 30 per cent. or more of the voting rights of the company irrespective of whether the holding or holdings give *de facto* control. The members of the Concert Party are deemed to be acting in concert for the purpose of the Code.

**Shareholders should note that upon the issue of the Consideration Shares and the Placing Shares the Concert Party will hold Ordinary Shares carrying 37.29 per cent. of the voting rights of the Company and (for so long as they continue to be treated as acting in concert) the Concert Party (and any person acting in concert with them) will not be able to acquire any further Ordinary Shares without incurring an obligation to make a general offer to Shareholders under Rule 9 of the Code.**

Subject to the approval of Independent Shareholders, the Panel has agreed to waive the obligation to make a general offer for the entire issued share capital of the Company that would otherwise arise as a result of the issue of the Consideration Shares, and the participation of Grahame Rummery in the Placing. Accordingly, the Whitewash Resolution being proposed at the General Meeting will be taken by means of a poll of Independent Shareholders attending and voting at the General Meeting. None of the members of the Concert Party are permitted to exercise their voting rights in respect of the Whitewash Resolution but may exercise their voting rights in respect of the remainder of the Resolutions. (No member of the Concert Party currently holds any Ordinary Shares).

The waiver to which the Panel has agreed under the Code will be invalidated if any purchases are made by any member of the Concert Party, or any person acting in concert with it, in the period between the date of this document and the General Meeting. Furthermore, no member of the Concert Party, nor any person acting in concert with it, has purchased Ordinary Shares in the 12 months preceding the date of this document.

The Concert Party will not be restricted from making an offer for the Ordinary Shares which it will not own post-Admission.

In each case above it is assumed that no other person has converted any convertible securities or exercised any option or any other right to subscribe for shares in the Company following the date of the Admission Document.

### ***Independent Advice***

SPARK Advisory Partners have provided advice to the Independent Directors (i.e. the Directors other than Adam Reynolds), in accordance with the requirements of paragraph 4(a) of Appendix 1 of the City Code, in relation to the granting of the waiver by the Panel of the obligation that could arise on the Concert Party to make an offer under Rule 9 of the City Code in relation to the Proposals. The advice was provided by SPARK Advisory Partners to the Independent Directors only and in providing such advice SPARK Advisory Partners have taken into account the Independent Directors' commercial assessment as well as the confirmations from the Concert Party's future intentions that it has provided to the Company as set out above.

### ***Management arrangements***

Conditional upon Admission, Grahame Rummery has been appointed as Chief Executive of the Company, details of which are set out in his letter of appointment in paragraph 8.1.5 of Part 6 of this document.

As required under the Code, SPARK, as independent adviser to the Company, confirms that in its opinion, these arrangements are fair and reasonable.

## **11. Related Party Transactions**

Certain elements of the Proposals are related party transactions for the purposes of the AIM Rules and require the relevant Independent Directors to confirm that, having consulted with SPARK, they consider the terms of such transactions to be fair and reasonable insofar as the Shareholders are concerned.

(i) *Acquisition and Services Agreement*

As Adam Reynolds, a Director of the Company, is also a major shareholder of REACT, he is treated as a related party under the AIM Rules. The terms of the Acquisition and the Services Agreement have therefore been considered by the Independent Directors (i.e. those Directors excluding Mr Reynolds) in consultation with SPARK Advisory Partners, the Company's nominated adviser. The Independent Directors consider, having consulted with its nominated adviser, that the terms of the Acquisition Agreement and the Services Agreement are fair and reasonable insofar as its Shareholders are concerned. It is proposed that the Acquisition Agreement (Resolution 2 in the GM) is approved by Shareholders at the General Meeting. The Services Agreement is conditional upon completion of the Acquisition Agreement. Mr Reynolds holds no shares in the Company at present.

(ii) *Placing*

The Placing of £1.75 million is being participated in by Helium (£710,000), myself (£10,000), and Proposed Directors Grahame Rummery (£10,000) and Mark Collingbourne (£25,000).

Helium currently owns 100,000,000 Existing Ordinary Shares in the Company, and as such is a substantial shareholder, and therefore a related party under the AIM Rules. Helium has agreed to subscribe £710,000 in the Placing, which is being conducted at 1.68p per New Ordinary Share, the same price as the Open Offer and the price at which the Consideration Shares are deemed to be issued. This price represents an effective discount of 57 per cent. to the (suspended) share price (of 0.0155p per Existing Ordinary Share) (equivalent to 3.875p per New Ordinary Share post Share Consolidation), the closing mid-market price on the day before this document was issued.

The participation of Helium in the Placing is a related party transaction. As I am not treated as being independent of Helium, the Independent Directors (in this case Stephen Foster and Adam Reynolds) consider, having consulted with SPARK Advisory Partners, the Company's nominated adviser, that the terms of this subscription by Helium in the Placing are fair and reasonable insofar as the Shareholders are concerned.

Helium has indicated its intention not to take up its entitlement as an existing Shareholder in the Open Offer.

As part of the Placing, I have agreed to subscribe for New Ordinary Shares as set out below:

<i>Name</i>	<i>Placing Shares Subscribed</i>	<i>Total (£) subscribed</i>	<i>Ordinary Shares held post Proposals</i>	<i>% of Enlarged Share Capital</i>
Gill Leates	595,238	£10,000	595,238	0.24

As a Director of the Company I am deemed to be a related party under the AIM Rules. I have agreed to subscribe in the Placing on the same terms as all the other placees in the Placing. The Independent Directors (in this case Adam Reynolds and Stephen Foster) consider, having consulted with SPARK Advisory Partners, that the terms of this subscription are fair and reasonable insofar as the Shareholders are concerned.

(iii) *HC Loan Shares*

Helium entered into the Helium Convertible Loan on 14 January 2015, in which £0.25 million was advanced to the Company in a related party transaction and on which the fair and reasonable opinion required by the AIM Rules was provided by the Independent Directors, following consultation with the Company's nominated adviser, at the time. This loan has conversion rights in certain circumstances, and on 27 July 2015 Helium served notice of its intention to exercise these conversion rights (including premium of £25,000 attached to the loan), which will, conditional on Admission, result in the issue to Helium of 16,369,047 New Ordinary Shares at the Issue Price.

Helium's shareholding is, and will be following Admission, as follows:

	<i>Existing Ordinary Shares</i>	<i>% of Current Issued Share Capital</i>
<i>Current shareholding</i>	100,000,000	10.75% of Enlarged Share Capital
	<i>New Ordinary Shares</i>	<i>% of Enlarged Share Capital</i>
Equivalent to	4,000,000	post Share Consolidation
Placing Shares	<u>42,261,904</u>	
	46,261,904	19.75% (post First Admission <sup>†</sup> )
Conversion of HC Loan	<u>16,369,047</u>	
Total	<u>62,630,951</u>	24.99% (post Second Admission)

† If the Open Offer is fully subscribed these figures will be 17.86% (rather than 19.75%) and 22.74% (rather than 24.99%)

(iv) *Amendment to warrants*

The Remuneration Committee (excluding myself) has proposed to amend the exercise price of the existing warrants held by myself. The exercise price (for the 2 million Existing Ordinary Shares over which these warrants exist) was previously 2p per Existing Ordinary Share, and it is proposed (conditional upon Admission) to cancel and replace these warrants with warrants over 2,380,000 New Ordinary Shares at an exercise price of 1.68p per New Ordinary Share. The warrants will be exercisable at any time from 12 months post Admission.

This transaction has been treated as a related party transaction under the AIM Rules as I am a Director and deemed to be a related party. The Independent Directors (in this case Adam Reynolds and Stephen Foster) consider, having consulted with SPARK Advisory Partners, that the terms of this subscription are fair and reasonable insofar as the Shareholders are concerned.

This award is subject to approval by Shareholders of Resolution 7 at the GM.

## **12. Organisational structure**

The Enlarged Group will be run at operational level by an operations board which will comprise executive members of the Board and the senior management referred to below.

## **13. Board of Directors**

Grahame Rummery will join the Board as Chief Executive, and Mark Collingbourne as Financial Director, conditional on the Acquisition being approved at the GM, and First Admission. Adam Reynolds will stand down from the Board on Admission. Brief details on the Board, post Admission, are set out below.

### ***Gillian ("Gill") Leates (Non-Executive Chairman) aged 57***

Gill brings with her a wealth of public market experience having served as Investment Director on the main Board of Majedie Investments PLC from 1999 to 2008, and as a non-executive director of Majedie Asset Management Limited during that period, where she played a key role in setting up the UK pension fund management business in 2002. Since 2009 Gill has been a non-executive director of AIM-quoted Hydrodec PLC, and is currently chairman of its Audit Committee, and member of its Remuneration and Nomination Committees. She is also a non-executive director of InnoVenn UK Limited, a subsidiary of Venn Life Science Holdings plc. Gill also acts as a business consultant, through Freeton Limited.

### **Grahame Rummery (Chief Executive) aged 67**

Grahame joined Autoclenz Limited as its managing director in June 1990 following its acquisition by Yule Catto. He has subsequently overseen the growth of Autoclenz and has played a key role in the development of its business. He led the management buy-out of Autoclenz Limited and Autoclenz Services Limited from Autoclenz Holdings PLC in November 2012, and continues to act as its Chief Executive. Prior to Autoclenz he spent 12 years at Arrow Chemicals, where he undertook various roles culminating in his promotion to Sales Director, at the time of the acquisition by Yule Catto plc in 1984. He will become Chief Executive of the Company with effect from Admission.

### **Mark Collingbourne FCCA (Financial Director) aged 49**

Mark is a fully qualified accountant with significant experience in financial management, particularly in the area of publicly quoted companies. He has dealt with all aspects of plc development from bringing small companies to flotation to supervising the ongoing accountancy and ensuring the good governance of international businesses. Mark was until June 2015 the Chief Financial Officer of AIM-quoted Premaitha Health plc, and currently acts as CFO for AIM-quoted Optibiotix Health plc, as well as finance director and company secretary for a number of other small private companies. Previously, after periods with ITV Network Centre and Mechanical Copyright Protection Society Limited. Mark was appointed Finance Director of Curtis Brown Group Limited, one of the UK's leading literary agencies, in 1996, where he managed the financial implications of the management buyout in 2001.

### **Stephen Foster (Non-Executive Director) aged 63**

Stephen Foster has 40 years' experience in General Management, Sales, Marketing and Operations, mainly in IT and Communications industries, over 18 of which have been spent managing business in Europe, the Middle East and Africa. Originally starting with IBM before moving on to Unisys, Norsk Data and Amdahl, he has latterly held executive positions with Exide (now Invensys), NYNEX, BellSouth, Eyretel (now Verint), Dendrite (now Cegedim), SunGard AS and Siemens. He was until June 2015 a non-executive director at COMS Plc where he sat on both the Remuneration Committee (as Chair) and the Audit Committee. He holds a BSc from Birmingham University and is a member of the British Computer Society. He joined the Board in July 2014.

#### *Senior Management*

### **Chris Taylor (Managing Director designate – REACT Specialist Cleaning Limited) aged 57**

Prior to working for Autoclenz, Chris was Business Development Manager for Mercedes Benz Sheffield. Previously he spent a number of years within various marketing companies as Sales Development Manager developing marketing materials and campaigns for a number of blue chip organisations.

Chris joined REACT in 2012 and has been a key driver behind its development into new markets and creation of new services. Chris has developed good relationships with both existing and new customers, and has been instrumental in managing REACT's accreditations and Health and Safety policies, working closely with customers' compliance teams to ensure that the company builds credibility with those organisations to maintain existing, and win new, business. Chris has a good working relationship with REACT's operator base and salesforce and works closely with them to drive for new business and to ensure that the quality of the work delivered enables REACT to generate repeat business. He is currently Divisional Manager of REACT. Post Admission he will be appointed as managing director of REACT Specialist Cleaning Limited.

## **14. Governance**

The Board recognises the importance of sound corporate governance and intends to ensure that, following Admission, the Company adopts policies and procedures which reflect the Corporate Governance Code for Small and Mid-Size Quoted Companies published by the Quoted Companies Alliance.

The Board will meet monthly to review key operational issues and the strategic development of the Enlarged Group. The financial performance of the Enlarged Group will be reported and monitored. All matters of a significant nature will continue to be discussed in the forum of a board meeting. The Board will be responsible for internal controls to minimise the risk of financial or operational loss or material misstatement. The controls established will be designed to meet the particular needs of the Company having regard to the nature of its business.

The Company has also established an Audit Committee and a Remuneration Committee with formally delegated duties and responsibilities. Each committee consists of Gill Leates and Stephen Foster, with Gill Leates chairing the Audit Committee and Stephen Foster chairing the Remuneration Committee.

The Audit Committee will determine the terms of engagement of the Enlarged Group's auditors and will determine, in consultation with the auditors, the scope of the audit. The Audit Committee will receive and review reports from management and the Enlarged Group's auditors relating to the interim and annual accounts and the accounting and internal control systems in use throughout the Enlarged Group. The Audit Committee will have unrestricted access to the Enlarged Group's auditors.

The Remuneration Committee will review the scale and structure of the executive directors' and senior employees' remuneration and the terms of their service or employment contracts, including share option schemes, the issue of warrants and other bonus arrangements. The remuneration and terms and conditions of the non-executive directors will be set by the entire Board.

The Enlarged Group will ensure, in accordance with Rule 21 of the AIM Rules, that the Board and applicable employees follow an adopted share dealing code, and do not deal in Ordinary Shares during a close period (as defined in the AIM Rules) and will take all reasonable steps to ensure compliance by the Directors, the Proposed Directors and applicable employees.

The Directors and the Proposed Directors believe that the Company has sufficient experience in accounting systems and controls which will provide a reasonable basis for them to make proper judgements as to the financial position and prospects of the Enlarged Group.

## **15. Share Option Scheme**

The Board believes that the recruitment, motivation and retention of key employees is vital for the successful growth of the Enlarged Group. The Board considers that an important element in achieving these objectives is the ability to incentivise and reward staff (including executive directors) by reference to the market performance of the Company in a manner which aligns the interests of those staff with the interest of shareholders generally. Post-Admission the Company will look to put in place a new employee share incentive scheme (under the Enterprise Management Incentive legislation) pursuant to which options to acquire Ordinary Shares may be granted to Directors, Proposed Directors and employees of the Enlarged Group. It is expected that the total number of Ordinary Shares that may be committed under the scheme, if implemented, will represent a maximum of 10 per cent. of the Enlarged Group's issued ordinary share capital from time to time.

## **16. Lock-in and orderly market arrangements**

Helium has, and the Vendors have, undertaken to the Company, SPARK Advisory Partners and SI Capital that, save in certain limited circumstances, they will not dispose of any interest they hold in Ordinary Shares for a period of 12 months following First Admission and that, for a further period of 12 months thereafter, save in certain limited circumstances, they shall only dispose of an interest in Ordinary Shares through the Company's broker with a view to ensuring an orderly market in the Company's shares. Further details of lock-in and orderly market arrangements are set out in paragraph 10.1.10 of Part 6 of this Admission Document.

## **17. Change of Name**

The Directors propose that, conditional on the passing of Resolutions 1, 4 and 8, the name of the Company be changed to REACT Group PLC with effect from the date of the General Meeting. Upon the change of name being registered at Companies House, the Company's AIM symbol will be changed to REAT and its website address will be changed to [www.reactbeyondcleaning.co.uk](http://www.reactbeyondcleaning.co.uk).

## **18. Buy Back**

The Deferred Shares were created due to the earlier losses of capital which had arisen on the Company's earlier activities. The Board can see no reason for the Deferred Shares to remain on the balance sheet and recommends that the Deferred Shares are purchased by the Company.

Under the provisions of the Act, a public limited company may not fund the purchase of its shares except out of its distributable reserves or the proceeds of a fresh issue of shares made solely for the purpose of such Buy Back. The Company has no distributable reserves in order to fund the Buy Back and therefore it is proposed that the Buy Back is funded out of the Placing.

The Buy Back is conditional upon Shareholders' approval. At the General Meeting, Shareholders will be asked to approve, if thought fit, the Buy Back.

Under the provisions of the Articles, the Company has the power to buy back the Deferred Shares for £1 in aggregate. In addition, the Company has the power to appoint anyone to sign the Buy Back Agreement on behalf of all the holders of the Deferred Shares and the Company proposes that any one of its Directors be authorised to carry out this function.

Under the Act a copy of the Buy Back Agreement must be made available for inspection at the Company's registered office by the Shareholders at least 15 days prior to the meeting approving the Buy Back. A copy of the Buy Back Agreement is currently available for inspection on the Company's website at [www.verdes-group.com](http://www.verdes-group.com) and at its registered office. A copy of the Buy Back Agreement will also be available for inspection at the General Meeting.

## **19. Share Consolidation**

The Placing and Open Offer are conditional upon the approval and completion of the Proposals, including the Share Consolidation. The Company's Existing Ordinary Share Capital comprises 929,953,462 Existing Ordinary Shares.

Resolution 3 to be proposed at the General Meeting proposes that every 25 Existing Ordinary Shares of the Company are consolidated into one New Ordinary Share. Holders of fewer than 25 Existing Ordinary Shares will not be entitled to receive a New Ordinary Share following the Share Consolidation. Shareholders with a holding in excess of 25 Existing Ordinary Shares, but which is not exactly divisible by 25, will have their holding of New Ordinary Shares rounded down to the nearest whole number of New Ordinary Shares following the Share Consolidation. Fractional entitlements, whether arising from holdings of fewer or more than 25 Existing Ordinary Shares, will be aggregated and sold in the market and the proceeds will be retained for the benefit of the Company.

The New Ordinary Shares will continue to carry the same rights as attached to them immediately prior to the Share Consolidation and will continue to be traded on AIM. The Company will issue new share certificates to those Shareholders holding shares in certificated form to take account of the Change of Name and the Share Consolidation. Following the issue of new share certificates, share certificates in respect of Existing Ordinary Shares will no longer be valid. Shareholders will still be able to trade in Ordinary Shares during the period between the passing of the Resolutions and the date on which Shareholders receive new share certificates.

Further details of the Share Consolidation are set out in paragraph 17 of Part 6 of this document.

## **20. Dividend Policy**

The Board's objective is to grow the Enlarged Group's business. Whilst in the short term income generated by the Enlarged Group will likely be re-invested to implement its growth strategy, the Board wishes to be in a position to start paying dividends at the earliest practical opportunity.

At present the Company does not have distributable reserves, as it has a deficit on its profit and loss account. The Company would need to undertake a capital reduction, or generate sufficient cumulative profits to eradicate this deficit, to be in a position to make dividend payments legally.

## **21. Risk Factors**

Shareholders and other prospective investors in the Company should be aware that an investment in the Company involves a high degree of risk. **Your attention is drawn to the risk factors set out in Part 3 of this document.**



## **22. Enterprise Investment Scheme (EIS) and Venture Capital Trust (VCT) status**

The Company has obtained advance assurance from HMRC that it should be a qualifying company for EIS purposes and that the Placing Shares and Offer Shares should be eligible shares under the relevant VCT provisions. However, investors should be aware that, whilst advance assurance has been obtained from HMRC, the Directors cannot guarantee that the Placing Shares, the Offer Shares or the Company will satisfy, and will continue to satisfy, the requirements for tax relief under EIS and VCT rules.

The continuing status of the Placing Shares and Offer Shares as qualifying for EIS purposes will be conditional on the qualifying conditions being satisfied throughout the relevant period of ownership.

**Neither the Company, nor the Directors or the Proposed Directors give any warranty, representation or undertaking that any investment in the Company by way of Placing Shares or Offer Shares will be or will continue to be a qualifying investment for EIS or VCT purposes. EIS eligibility is also dependent on a Shareholder's own position and not just that of the Company. Accordingly, investors should take their own advice in this regard. Investors are also referred to the risk factors set out in Part 3 of the document.**

## **23. Taxation**

General information regarding UK taxation is set out in paragraph 16 of Part 6 of this Admission Document. These details are intended only as a guide to the current tax position under UK taxation law. If an investor is in any doubt as to his tax position he should consult his own independent financial adviser immediately. Investors subject to tax in other jurisdictions are strongly urged to contact their tax advisers about the tax consequences of holding Ordinary Shares.

## **24. CREST**

The Existing Ordinary Shares are eligible for CREST settlement. Accordingly, following Admission, settlement of transactions in the New Ordinary Shares may take place within the CREST system if the relevant shareholder so wishes. CREST is a voluntary system and Shareholders who wish to receive and retain share certificates will be able to do so. New share certificates will be issued to all Shareholders (who wish to receive share certificates) following the Share Consolidation, whether or not they participate in the Offer.

## **25. Admission and dealings**

Applications will be made to the London Stock Exchange for the Existing Ordinary Shares and the Proposal Shares and separately for the HC Loan Shares to be admitted to trading on AIM. It is expected that First Admission of the Existing Ordinary Shares and the Proposal Shares will become effective, and that dealings in these shares will commence, on or about 17 August 2015 and that the Second Admission (of the HC Loan Shares) will become effective, and that dealings in these shares will commence, on or about 18 August 2015.

## **26. General Meeting**

The General Meeting is being convened at which Shareholders will be asked to approve the Resolutions. Set out at the end of the Admission Document is a notice convening the General Meeting to be held on 14 August 2015, commencing at 12 noon.

### ***Resolution 1***

An ordinary resolution, to be taken on a poll of Independent Shareholders, to approve the Rule 9 Waiver.

### ***Resolution 2***

An ordinary resolution (subject to and conditional upon the passing of Resolutions 1, 3 and 4) to approve the Acquisition.

**Resolution 3**

An ordinary resolution to consolidate the Company's ordinary share capital, so that every 25 Existing Ordinary Shares held by a Shareholder are consolidated into 1 New Ordinary Share.

**Resolution 4**

An ordinary resolution (subject to and conditional upon the passing of Resolutions 1 and 2) to grant the Directors authority (i) to allot New Ordinary Shares with a nominal value of £595,479.04 in relation to the Acquisition, the Placing and Open Offer, and the conversion of the HC Loan and (ii) to allot New Ordinary Shares with a nominal value of up to £100,000 otherwise.

**Resolution 5**

An ordinary resolution (subject to and conditional upon the passing of Resolutions 1, 2 and 4) to appoint Mr G Rummery as a director of the Company, subject to and, with effect from Admission.

**Resolution 6**

An ordinary resolution (subject to and conditional upon the passing of Resolutions 1, 2 and 4) to appoint Mr M Collingbourne as a director of the Company, subject to and, with effect from Admission.

**Resolution 7**

An ordinary resolution (subject to and conditional upon the passing of Resolutions 4 and 8, and Admission) to issue warrants over 2,380,000 New Ordinary Shares to Ms G Leates.

**Resolution 8**

A special resolution (subject to and conditional upon the passing of Resolutions 1, 2 and 4) to dis-apply statutory pre-emption rights in respect of the authority sought pursuant to Resolution 4.

**Resolution 9**

A special resolution (subject to, and conditional upon, the passing of Resolutions 1 and 4) to change the name of the Company to "REACT Group PLC".

**Resolution 10**

A special resolution to authorise the Buy Back.

**Resolution 11**

A special resolution to delete the objects formerly contained in the Company's Memorandum of Association from the Articles.

**Resolution 12**

A special resolution to adopt new Articles. The new Articles will be identical to the Company's existing Articles except for the removal of all references to the Deferred Shares.

## 27. Irrevocable Undertaking

An irrevocable undertaking has been received to vote in favour of the Resolutions at the General Meeting as set out below:

	<i>Resolutions 1-12 (inclusive)</i>
Helium	<u>100,000,000</u>
As a % of shares eligible to vote	10.75%

## 28. Action to be taken

The Form of Proxy for use at the GM is enclosed with this Admission Document. Whether or not you intend to be present at the GM, you are requested to complete the Form of Proxy and return it to the Company's Registrars, Neville Registrars, Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA as soon as possible and, in any event, so as to arrive not later than 12 noon on 12 August 2015. Alternatively, CREST members who wish to appoint a proxy or proxies via CREST may do so in accordance with the procedures set out in the notice of GM and the Form of Proxy. The return of the Form of Proxy or appointment of a proxy via CREST will not prevent you from attending the GM and voting in person should you so wish.

## 29. Recommendation

As Adam Reynolds is one of the Vendors and a member of the Concert Party, he has not taken part in any decision of the Directors relating to any proposal to seek a Rule 9 Waiver, since it is his potential shareholding (together with those of other members of the Concert Party) which is the subject of the Waiver. No members of the Concert Party are allowed to vote on the Waiver. No Concert Party member holds any Ordinary Shares at present.

The Directors (excluding Adam Reynolds), who have been so advised by SPARK Advisory Partners, consider that the approval of the Waiver is fair and reasonable and in the best interests of Shareholders and the Company as a whole and recommend that Shareholders vote in favour of Resolution 1 to be proposed at the General Meeting. In providing advice to the Directors (excluding Adam Reynolds) SPARK Advisory Partners has taken account of the Directors' (excluding Adam Reynolds) commercial assessment.

Additionally, Mr Reynolds (as a Vendor of REACT) has not taken part in the Board's consideration of Resolution 2 which relates to the Acquisition. The Directors (with the exception of Adam Reynolds) recommend that Shareholders vote in favour of Resolution 2 to be proposed at the General Meeting.

Additionally I have not taken part in the Board's consideration of Resolution 4 – which relates to the Placing in which I am participating – nor Resolution 7 – which relates to the issue of new warrants to myself. The Directors (with the exception of myself) recommend that Shareholders vote in favour of Resolutions 4 and 7 to be proposed at the General Meeting.

All of the Directors unanimously recommend that Shareholders vote in favour of Resolutions 3, 5, 6 and 8 to 12 (inclusive) to be proposed at the General Meeting.

**Shareholders should be aware that if the Proposals are not approved at the GM, admission of the Company's securities to trading on AIM will be cancelled.**

Yours faithfully

Gill Leates  
Chairman

## PART 2

### TERMS AND CONDITIONS OF THE OPEN OFFER

#### 1. Introduction

As explained in Part 1 (Letter from the Chairman) of this document, the Company is proposing the Offer to raise up to £0.416 million (before expenses) through the issue of up to 24,798,759 New Ordinary Shares at an Issue Price of 1.68 pence per New Ordinary Share. The Issue Price represents an effective 57 per cent. discount to the closing mid-market share price of the Existing Ordinary Shares of 0.155 pence (equivalent to 3.875 per New Ordinary Share post the Share Consolidation) as at 15 February 2015, the date on which the Company's shares were suspended from trading on AIM. Upon completion of the Offer, and assuming the Offer is fully subscribed, the Offer Shares will represent approximately 9.00 per cent. of the Company's Enlarged Share Capital.

The Open Offer provides an opportunity for Qualifying Shareholders to apply for, in aggregate, up to 24,798,759 Offer Shares (post the Share Consolidation) *pro rata* to their current holdings and, pursuant to the Excess Application Facility, to apply for Excess Shares, in each case at the Issue Price in accordance with the terms of the Open Offer set out in this Part 2.

The Offer Shares will, when issued and fully paid, rank equally in all respects with the Existing Ordinary Shares (as adjusted for the Share Consolidation), including the right to receive all dividends or other distributions made, paid or declared, if any, by reference to a record date after the date of their issue. The Record Date for entitlements under the Open Offer for Qualifying CREST Shareholders and Qualifying Non-CREST Shareholders is the close of business on 29 July 2015. Open Offer Entitlements attach only to Existing Ordinary Shares held by Qualifying Shareholders as at the Record Date and not to New Ordinary Shares. Application Forms are expected to be posted to Qualifying Non-CREST Shareholders on or around 29 July 2015 and Open Offer Entitlements and Excess CREST Open Offer Entitlements are expected to be credited to stock accounts of Qualifying CREST Shareholders in CREST by 8.00 a.m. on 30 July 2015. The latest time and date for receipt of completed Application Forms and payment in full under the Open Offer and settlement of relevant CREST instructions (as appropriate) is expected to be 11.00 a.m. on 12 August 2015 with Admission and commencement of dealings in the New Ordinary Shares expected to take place at 8.00 a.m. on 17 August 2015. The Placing and Open Offer are inter-conditional and conditional on Shareholders' approval, which will be sought at the General Meeting, and Admission taking effect in respect of the New Ordinary Shares. This document and, for Qualifying Non-CREST Shareholders only, the Application Form contains the formal terms and conditions of the Open Offer. Your attention is drawn to paragraph 2(2) of this Part 2 (Terms and Conditions of the Open Offer), which gives details of the procedure for application and payment for the Offer Shares including any Excess Shares applied for pursuant to the Excess Application Facility.

Any Qualifying Shareholder who has sold or transferred all or part of their registered holding(s) of Existing Ordinary Shares prior to the close of business on 29 July 2015 is advised to consult their stockbroker, bank or other agent through or to whom the sale or transfer was effected as soon as possible since the invitation to apply for Offer Shares under the Open Offer may be a benefit which may be claimed from them by the purchasers under the rules of the London Stock Exchange.

#### 2. The Open Offer

Subject to the terms and conditions set out below (and, in the case of Qualifying Non-CREST Shareholders, in the Application Form), Qualifying Shareholders (other than Excluded Shareholders) are being given the opportunity to apply for any number of Offer Shares at the Issue Price (payable in full on application and free of all expenses) up to a maximum of their *pro rata* entitlement which shall be calculated on the basis of:

2 New Ordinary Shares for every 75 Existing Ordinary Shares

registered in the name of each Qualifying Shareholder on the Record Date and so in proportion for any other number of Existing Ordinary Shares then registered.

The Offer Shares purchased will rank *pari passu* in all respects with the Existing Ordinary Shares (once adjusted to take account of the proposed Share Consolidation). The Offer Shares are not being made

available in whole or in part to the public except under the terms of the Open Offer. Entitlements of Qualifying Shareholders will be rounded down to the nearest whole number of Offer Shares and any fractional entitlements to Offer Shares that would otherwise have arisen will be aggregated and available under the Excess Application Facility. Qualifying Shareholders may apply to subscribe for less than their Open Offer Entitlement should they so wish. Qualifying Shareholders are also being given the opportunity, provided they take up their Open Offer Entitlement in full, to apply for Excess Shares through the Excess Application Facility.

If applications under the Excess Application Facility are received for more than the total number of Offer Shares available following take up of Open Offer Entitlements, such applications will be scaled back *pro rata* to the number of Excess Shares applied for by Qualifying Shareholders under the Excess Application Facility. Please refer to paragraphs 2.1(d) and 2.2(g) of this Part 2 (Terms and Conditions of the Open Offer) for further details of the Excess Application Facility.

Valid applications by Qualifying Shareholders will be satisfied in full up to the maximum amount of their individual Open Offer Entitlement (excluding any Excess Shares applied for through the Excess Application Facility). Holdings of Existing Ordinary Shares in certificated and uncertificated form will be treated as separate holdings for the purpose of calculating entitlements under the Open Offer, as will holdings under different designations and in different accounts.

If you are a Qualifying Non-CREST Shareholder, the Application Form shows the number of Existing Ordinary Shares registered in your name on the Record Date (in Box 3) and also shows the maximum number of Offer Shares for which you are entitled to apply if you apply for your Open Offer Entitlement in full (in Box 4). Qualifying CREST Shareholders will have Open Offer Entitlements and Excess CREST Open Offer Entitlements credited to their stock accounts in CREST and should refer to paragraph 2.1(c) of this Part 2 (Terms and Conditions of the Open Offer) and also to the CREST Manual for further information on the relevant CREST procedures. Qualifying Shareholders (other than Excluded Shareholders) may apply for any number of Offer Shares up to the maximum to which they are entitled under the Open Offer, and also under the Excess Application Facility.

Any Qualifying Shareholder who validly completes and returns an Application Form or requests registration of the Offer Shares comprised therein, or who is a CREST member or CREST sponsored member who makes or is treated as making a valid acceptance in accordance with the procedures set out in this Part 2 (Terms and Conditions of the Open Offer) will be deemed to make the representations and warranties to the Company and SPARK Advisory Partners contained in paragraph 2.1 (e) of this Part 2 (Terms and Conditions of the Open Offer) of this document.

The attention of Overseas Shareholders or any person (including, without limitation, a custodian, nominee or trustee) who has a contractual or other legal obligation to forward this document into a jurisdiction other than the United Kingdom is drawn to paragraph 5 of this Part 2 (Terms and Conditions of the Open Offer). The Offer will not be made into certain territories. Subject to the provisions of paragraph 5, Shareholders with a registered address in the United States or another Excluded Territory are not being sent this document and will not be sent an Application Form.

**Qualifying Shareholders should be aware that the Open Offer is not a rights issue.** Accordingly, Qualifying Non-CREST Shareholders should note that their Application Forms are not negotiable documents and cannot be traded. Qualifying Non-CREST Shareholders should note that applications in respect of Open Offer Entitlements (or Excess Shares) may only be made by the Qualifying Non-CREST Shareholder originally entitled, or by a person entitled by virtue of a *bona fide* market claim in accordance with paragraph 2.1(b) of Part 2 of this Document.

A Qualifying Shareholder that does not take up any Offer Shares under the Open Offer will experience a more substantial dilution of 85.16 per cent. as result of the Open Offer and the Placing. Qualifying CREST Shareholders should note that, although the Open Offer Entitlements and Excess CREST Open Offer Entitlements will be credited to CREST and be enabled for settlement, applications in respect of the Open Offer may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim in accordance with paragraph 2.2(b) of Part 2 of this Document raised by Euroclear's Claims Processing Unit. Offer Shares not applied for under the Open Offer will not be sold in the market for the benefit of those who do not apply under the Open Offer and Qualifying Shareholders who are not eligible to or do not apply to take up Offer Shares will have no rights under the Open Offer nor receive any proceeds from it.

Application will be made for the Open Offer Entitlements and the Excess CREST Open Offer Entitlements to be credited to Qualifying CREST Shareholders' CREST accounts. The Open Offer Entitlements and the Excess CREST Open Offer Entitlements are expected to be credited to CREST accounts by 8.00 a.m. on 30 July 2015. Application will be made for the New Ordinary Shares to be admitted to CREST.

A Qualifying Shareholder that takes up their Open Offer Entitlement in full (excluding any Excess Shares taken up through the Excess Application Facility) will be diluted by 77.49 per cent. as a result of the Placing.

The Existing Ordinary Shares are in registered form, are admitted to trading on AIM (albeit currently suspended) and are not traded on any other exchange. Offer Shares will also be in registered form, will be issued credited as fully paid and will rank *pari passu* in all respects with the issued Existing Ordinary Shares (past the Share consolidation). Offer Shares will be issued only pursuant to the Open Offer and, subject as set out in this Part 2, will not otherwise be marketed or made available in whole or in part to the public.

Offer Shares are not being made available except under the terms of the Open Offer in accordance with regulation 43 of the Financial Services and Market Act 2000 (Financial Promotions) Order 2005 and within the financial limit provided for in paragraph 9 of Schedule 11A of FSMA.

Overseas Shareholders are referred to the section entitled "Overseas Shareholders" set out in paragraph 5 of Part 2 of this Document.

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

The action to be taken by Qualifying Shareholders in respect of the Open Offer depends on whether, at the relevant time, a Qualifying Shareholder has an Application Form in respect of his Open Offer Entitlement or a Qualifying Shareholder has Open Offer Entitlements credited to his CREST stock account.

It will be possible to deposit Open Offer Entitlements into, and withdraw them from, CREST. Further information on deposit and withdrawal from CREST is set out in paragraph 2.2(e) of Part 2 of this Document. CREST sponsored members should refer to their CREST sponsor, as only their CREST sponsor will be able to take the necessary action specified below to apply under the Open Offer in respect of the Open Offer Entitlements of such members held in CREST. CREST members who wish to apply under the Open Offer in respect of their Open Offer Entitlements in CREST should refer to the CREST Manual for further information on the CREST procedures referred to below.

Qualifying Shareholders who do not want to take up or apply for Offer Shares under the Open Offer should take no action and (if a Qualifying non-CREST Shareholder) should not complete or return the Application Form. Qualifying Shareholders, however, are encouraged to vote at the General Meeting by attending in person or by completing and returning the Form of Proxy.

### **2.1 If you receive an Application Form in respect of your entitlement under the Open Offer**

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

Subject as provided in paragraph 5 of Part 2 of this Document in relation to Overseas Shareholders, Application Forms are being sent to Qualifying non-CREST Shareholders with this document. The Application Form will show the number of Existing Ordinary Shares registered in their name as of the Record Date for the Offer in Box 3. It will also show the maximum number of Offer Shares for which they are entitled to apply under their Open Offer Entitlement in Box 4. Qualifying Non-CREST Shareholders may apply for less than their maximum Open Offer Entitlement should they wish to do so. Qualifying Non-CREST Shareholders may, subject to paragraph 5 of Part 2 of this Admission Document, also hold such an Application Form by virtue of a *bona fide* market claim.

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

#### **(b) Bona fide Market Claims**

Applications to acquire Offer Shares may only be made on the Application Form and may only be made by the Qualifying non-CREST Shareholder named in it or by a person entitled by virtue of a *bona fide* market claim in relation to a market purchase of Existing Ordinary Shares through the market prior to the date upon which the Existing Ordinary Shares were marked "ex" for the purposes of entitlement to participate in the

Open Offer. The Application Form is not a negotiable document or document of title and cannot be separately traded. A Qualifying non-CREST Shareholder who has sold or otherwise transferred all or part of his holding of Existing Ordinary Shares prior to the date upon which the Existing Ordinary Shares were marked “ex” for the purposes of entitlement to participate in the Open Offer, should consult his broker or other professional adviser as soon as possible, as the invitation to acquire Offer Shares under the Open Offer may be a benefit which may be claimed by the transferee.

Qualifying Non-CREST Shareholders who have sold all of their Existing Ordinary Shares should, if the market claim is to be settled outside CREST, complete Box 10 on the Application Form and immediately send the Application Form, together with this Admission Document, at once to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for delivery to the purchaser or transferee. The Application Form should not, however, subject to certain exceptions, be forwarded to or transmitted in or into any Restricted Jurisdiction or otherwise in breach of paragraph 5 of Part 2 of this Admission Document. Box 11 of the Application Form must be completed and signed by the person(s) to whom the Existing Ordinary Shares the subject of such *bona fide* market claim have been sold or otherwise transferred if he or she or it wishes to apply using such Application Form for Offer Shares.

Qualifying Non-CREST Shareholders who have sold, before the date upon which the Existing Ordinary Shares were so marked “ex”, part only of their registered holding of Existing Ordinary Shares, should complete Box 10 on the Application Form and immediately send the Application Form to Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen B63 3DA accompanied by a letter stating the number of *pro rata* entitlements of Offer Shares to be included in each split Application Form. The number of *pro rata* Open Offer Entitlements to apply to each split Application Form must be stated and the aggregate must not exceed the number shown in Box 4 of the Application Form. Box 10 of the Application Form on each split Application Form will be marked “Declaration of Sale duly made”. The latest time and date for splitting is 3.00 p.m. on 10 August 2015.

If the market claim is to be settled outside CREST, the beneficiary of the claim should follow the procedures set out in the Application Form. If the market claim is to be settled in CREST, the beneficiary of the claim should follow the procedures set out in paragraph 2.2 below.

(c) *Application procedures*

Qualifying Non-CREST Shareholders wishing to apply to acquire all or any of the Offer Shares to which they are entitled should complete the Application Form in accordance with the instructions printed on it. Completed Application Forms should be sent by post or delivered by hand (during normal business hours only) to Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen B63 3DA, with a cheque drawn in Sterling on a bank or building society in the UK which is either a member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques to be cleared through the facilities provided for members of any of those companies. Cheques should be drawn on the personal account to which the Shareholder has sole or joint title. Third party cheques will not be accepted with the exception of building society cheques where the bank or building society has endorsed the back of the cheque by adding the Shareholder’s details and the branch stamp. Such cheques must bear the appropriate sort code in the top right-hand corner and must be for the full amount payable on application. Applications must be received by the Registrars (at the address detailed above) no later than 11.00 a.m. on 12 August 2015, after which time Application Forms will not be valid. Once submitted, applications are irrevocable. If an Application Form is being sent by post in the UK, Qualifying Shareholders are recommended to allow at least four working days for delivery. Cheques should be made payable to “Neville Registrars Limited Re: Clients Account” and crossed “A/C Payee Only”. It is a condition of application that cheques will be honoured on first presentation and Verdes may in its absolute discretion elect not to treat as valid any application in respect of which a cheque is not so honoured. Verdes may, in its sole discretion but shall not be obliged to, treat an Application Form as valid and binding on the person by whom or on whose behalf it is lodged, even if not completed in accordance with the relevant instructions or not accompanied by a valid power of attorney where required, or if it otherwise does not strictly comply with the terms and conditions of the Open Offer. Verdes further reserves the right (but shall not be obliged) to accept either Application Forms received after 11.00 a.m. on 12 August 2015 with the envelope bearing a legible postmark not later than 11.00 a.m. on 12 August 2015 or applications in respect of which remittances are received before 11.00 a.m. on 12 August 2015 from authorised persons (as defined in FSMA) specifying the Offer Shares applied for and undertaking to lodge the Application Form in due course but, in any event, within two Business Days. Multiple applications will not be accepted.

Cheques are liable to be presented for payment upon receipt. If they are presented before the conditions of the Open Offer are fulfilled, the application monies will be kept in a separate bank account until the conditions are fully met. If the condition of the Open Offer is not fulfilled on or before 8.00 a.m. on 17 August 2015, or such later date as the Company may determine (being no later than 8.00 a.m. on 24 August 2015), the Open Offer will lapse, all applications to subscribe new Ordinary Shares pursuant to the Open Offer shall be void and of no effect and all application monies will be returned (at the applicant's risk) without interest by cheques or CREST payment as soon as is practicable after that date. Interest earned on monies held will be retained for the benefit of the Company. The Company shall have no other liability or obligation to any person applying for New Ordinary Shares under the Open Offer in the event that the Open Offer so lapses.

Cheques, which must be drawn on the personal account where the Qualifying Shareholder has sole or joint title to the funds, should be made payable to "Neville Registrars Limited Re: Clients Account". Third party cheques, other than building society cheques, where the building society or bank has confirmed that you have title to the underlying funds by detailing the account name on the back of the cheque and adding the bank stamp, will not be accepted.

Post-dated cheques will not be accepted.

(d) *The Excess Application Facility*

Provided such Qualifying Non-CREST Shareholder chooses to take up their Open Offer Entitlement in full, the Excess Application Facility enables a Qualifying Non-CREST Shareholder to apply for Excess Shares. If applications under the Excess Application Facility are received for more than the total number of Offer Shares available following take up of Open Offer Entitlements, such applications will be scaled back *pro rata* to the number of Excess Shares applied for by Qualifying Shareholders under the Excess Application Facility. Qualifying Non-CREST Shareholders who wish to apply for Offer Shares in excess of their Open Offer Entitlement must complete the Application Form in accordance with the instructions set out on the Application Form. Should the Open Offer become unconditional and applications for Offer Shares exceed 24,798,759 Offer Shares, resulting in a scale back of applications, each Qualifying Non-CREST Shareholder who has made a valid application for Excess Shares under the Excess Application Facility, and from whom payment in full for Excess Shares has been received, will receive a pounds sterling amount equal to the number of Offer Shares applied and paid for, but not allocated to, the relevant Qualifying Non-CREST Shareholder, multiplied by the Issue Price. Monies will be returned as soon as reasonably practicable thereafter, without payment of interest and at the applicant's sole risk.

(e) *Effect of application*

All documents and remittances sent by post by or to an applicant (or as the applicant may direct) will be sent at the applicant's own risk. By completing and delivering an Application Form the applicant:

- (i) requests that the Offer Shares for which he has applied be issued to him on the terms set out in this Document and subject to the articles of association of Verdes;
- (ii) agrees with the Company and SPARK that all applications under the Open Offer and contracts resulting therefrom, shall be governed by, and construed in accordance with, the laws of England;
- (iii) confirms with the Company and SPARK that, in making the application, the applicant is not relying on any information or representation other than that contained in this Admission Document, and the applicant accordingly agrees that no person responsible solely or jointly for this Admission Document or any part thereof or involved in the preparation thereof shall have any liability for any such information or representation not so contained;
- (iv) represents and warrants that, if the applicant received some or all of their Open Offer Entitlements from a person other than Verdes, the applicant is entitled to apply under the Open Offer in relation to such Open Offer Entitlements by virtue of a *bona fide* market claim;
- (v) represents and warrants that he is not a person nor is he applying on behalf of a person who by virtue of being resident in or a citizen of any country outside the United Kingdom is prevented by the law of any relevant jurisdiction from lawfully applying for Offer Shares;
- (vi) represents and warrants that: (a) it is not in the United States, any other Restricted Jurisdiction or any other territory in which it is unlawful to make or accept an offer to apply for Offer Shares or to use the Application Form in any manner in which it has used or will use it; (b) it is not acting for the account or



benefit of a person located within the United States, or any other Restricted Jurisdiction or any other territory in which it is unlawful to make or accept an offer to apply for Offer Shares and was not acting for the account or benefit of such a person at the time the instruction to apply for Offer Shares was given; and (c) it is not acquiring Offer Shares with a view to the offer, sale, resale, delivery or transfer, directly or indirectly, of any such Offer Shares into the United States, or any other Restricted Jurisdiction or any other territory in which it is unlawful to make or accept an offer to apply for Offer Shares, in each case except where proof satisfactory to the Company has been provided that such applicant is entitled to take up its entitlement without any breach of applicable law;

- (vii) confirms that Offer Shares have not been offered to the applicant by the Company, SPARK or any of their affiliates, by means of any: (a) “directed selling efforts” as defined in Regulation S under the Securities Act; or (b) “general solicitation” or “general advertising” as defined in Regulation D under the Securities Act; and
- (viii) represents and warrants that it is not, and nor is it applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in Section 93 (depository receipts) or Section 96 (clearance services) of the Finance Act 1986.

Further representations and warranties are contained in the Application Form.

Should you need advice with regard to these procedures, please contact Neville Registrars Limited on 0121 585 1131 or if calling from outside the UK on +44 121 585 1131, where relevant, quoting the entitlement number of your Application Form. Calls to the Registrars’ number are charged from landlines within the UK at your service provider’s standard network rate. Calls to the Registrars’ number from outside the UK are charged at applicable international rates. Different charges may apply to calls made from mobile telephones and calls may be recorded and monitored randomly for security and training purposes. Neville Registrars Limited cannot provide advice on the merits of the Open Offer nor give any financial, legal or tax advice. Qualifying Shareholders who do not wish to apply for Offer Shares under the Open Offer should take no action and should not complete or return the Application Form.

## **2.2 If you have Open Offer Entitlements credited to your stock account**

### **(a) General**

Subject as provided in paragraph 5 of Part 2 of this Admission Document in relation to certain Overseas Shareholders, each Qualifying CREST Shareholder will receive a credit to his stock account in CREST of his Open Offer Entitlements. Any fractional entitlements to Offer Shares will be disregarded in calculating Qualifying Shareholders’ Open Offer Entitlements.

The CREST stock account to be credited will be an account under the participant ID and member account ID that apply to the Existing Ordinary Shares held on the Record Date by the Qualifying CREST Shareholder in respect of which the Open Offer Entitlements have been allocated.

If for any reason the Open Offer Entitlements cannot be admitted to CREST, or the stock accounts of Qualifying CREST Shareholders cannot be credited, on 30 July 2015, or such later time and/ or date as the Company may decide, an Application Form will be sent to each Qualifying CREST Shareholder in substitution for the Open Offer Entitlements which should have been credited to his stock account in CREST. In these circumstances, the expected timetable as set out in this Admission Document will be adjusted as appropriate and the provisions of this Admission Document applicable to Qualifying Non-CREST Shareholders with Application Forms will apply to Qualifying CREST Shareholders who receive such Application Forms.

CREST members who wish to apply to acquire some or all of their entitlements to Offer Shares should refer to the CREST Manual for further information on the CREST procedures referred to below. If you are a CREST sponsored member you should consult your CREST sponsor if you wish to apply for Offer Shares as only your CREST sponsor will be able to take the necessary action to make this application in CREST.

### **(b) Market claims**

Open Offer Entitlements will constitute securities for the purposes of CREST and will have the ISIN number stated at paragraph 2.2(d)(ii) of Part 2 of this Admission Document. Although Open Offer Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of Open Offer Entitlements

may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim transaction. Transactions identified by the CREST Claims Processing Unit as “cum” the Open Offer Entitlement will generate an appropriate market claim transaction and the relevant Open Offer Entitlement(s) will thereafter be transferred accordingly.

(c) *Unmatched Stock Events (“USE”) instructions*

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

- (i) the crediting of a stock account of the Registrar under the participant ID and member account ID specified below, with a number of Open Offer Entitlements corresponding to the number of Offer Shares applied for; and
- (ii) the creation of a CREST payment, in accordance with the CREST payment arrangements, in favour of the payment bank of the Registrar in respect of the amount specified in the USE instruction which must be the full amount payable on application for the number of Offer Shares referred to in paragraph 2.2(c)(i) above.

(d) *Content of USE instruction*

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

- (i) the number of Offer Shares for which application is being made (and hence the number of the Open Offer Entitlement(s) being delivered to Neville Registrars Limited;
- (ii) the ISIN of the Open Offer Entitlements. This is GB00BXRTLQ32 in respect of the Open Offer Entitlement and GB00BXRTLZ23 in respect of Excess Shares;
- (iii) the participant ID of the accepting CREST member;
- (iv) the member account ID of the accepting CREST member from which the Open Offer Entitlements are to be debited;
- (v) the participant ID of Neville Registrars Limited in its capacity as a CREST receiving agent. This is 7RA11;
- (vi) the member account ID of Neville Registrars Limited in its capacity as a CREST receiving agent. This is VERDES;
- (vii) the amount payable by means of a CREST payment on settlement of the USE instruction. This must be the full amount payable on application for the number of Offer Shares referred to in (i) above;
- (viii) the intended settlement date. This must be on or before 11.00 a.m. on 12 August 2015; and
- (ix) the Corporate Action Number for the Open Offer. This will be available by viewing the relevant corporate action details in CREST.

In order for an application under the Open Offer to be valid, the USE instruction must comply with the requirements as to authentication and contents set out above and must settle on or before 11.00 a.m. on 12 August 2015.

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

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

CREST members and, in the case of CREST sponsored members, their CREST sponsors, should note that the last time at which a USE instruction may settle on 12 August 2015 in order to be valid is 11.00 a.m. on that day.

If the condition of the Open Offer is not fulfilled on or before 8.00 a.m. on 17 August 2015 or such later time and date as the Company may determine (being no later than 8.00 a.m. on 24 August 2015), the Open Offer will lapse, the Open Offer Entitlements admitted to CREST will be disabled and Neville Registrars

Limited will refund the amount paid by a Qualifying CREST Shareholder by way of a CREST payment, without interest, as soon as practicable thereafter. The interest earned on such monies will be retained for the benefit of the Company.

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

A Qualifying Non-CREST Shareholder's entitlement under the Open Offer as shown by the number of Open Offer Entitlements set out in his Application Form may be deposited into CREST (either into the account of the Qualifying Shareholder named in the Application Form or into the file name of a person entitled by virtue of a *bona fide* market claim) provided that such Qualifying Non-CREST Shareholder is also a CREST member. Similarly, Open Offer Entitlements held in CREST may be withdrawn from CREST so that the Open Offer Entitlements are reflected in an Application Form. Normal CREST procedures (including timings) apply in relation to any such deposit or withdrawal, subject (in the case of a deposit into CREST) as set out in the Application Form.

A holder of an Application Form who is proposing to deposit the entitlement set out in such form into CREST is recommended to ensure that the deposit procedures are implemented in sufficient time to enable the person holding or acquiring the Open Offer Entitlements following their deposit into CREST to take all necessary steps in connection with taking up the entitlement prior to 11.00 a.m. on 12 August 2015.

In particular, having regard to normal processing times in CREST and on the part of Neville Registrars Limited, the recommended latest time for depositing an Application Form with the CREST Courier and Sorting Service, where the person entitled wishes to hold the entitlement under the Open Offer set out in such Application Form as Open Offer Entitlements in CREST, is 3.00 p.m. on 6 August 2015, and the recommended latest time for receipt by Euroclear of a dematerialised instruction requesting withdrawal of Open Offer Entitlements from CREST is 4.30 p.m. on 4 August 2015, in either case so as to enable the person acquiring or (as appropriate) holding the Open Offer Entitlements following the deposit or withdrawal (whether as shown in an Application Form or held in CREST) to take all necessary steps in connection with applying in respect of the Open Offer Entitlements prior to 11.00 a.m. on 12 August 2015.

Delivery of an Application Form with the CREST deposit form duly completed whether in respect of a deposit into the account of the Qualifying Shareholder named in the Application Form or into the name of another person, shall constitute a representation and warranty to Verdes and Neville Registrars Limited by the relevant CREST member(s) that it/they is/are not in breach of the provisions of the notes under the paragraph headed "Instructions for depositing entitlements under the Open Offer into CREST" in the Application Form, and a declaration to Verdes and Neville Registrars Limited from the relevant CREST member(s) that it/ they is/are not citizen(s) or resident(s) of any Restricted Jurisdiction and, where such deposit is made by a beneficiary of a market claim, a representation and warranty that the relevant CREST member(s) is/are entitled to apply under the Open Offer by virtue of a *bona fide* market claim.

(f) *Bona fide market claims*

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

(g) *Excess Application Facility*

The Excess Application Facility enables Qualifying CREST Shareholders to apply for Offer Shares in excess of their Open Offer Entitlement. If applications under the Excess Application Facility are received for more than the total number of Offer Shares available following take up of Open Offer Entitlements, such applications will be scaled back *pro rata* to the number of Excess Shares applied for by Qualifying Shareholders under the Excess Application Facility. An Excess CREST Open Offer Entitlement may not be sold or otherwise transferred. Subject as provided in paragraph 5 of this Part 2 in relation to certain Overseas Shareholders, the CREST accounts of Qualifying CREST Shareholders will be credited with an Excess

CREST Open Offer Entitlement in order for any applications for Excess Shares to be settled through CREST. The credit of such Excess CREST Open Offer Entitlement does not in any way give Qualifying CREST Shareholders a right to the Offer Shares attributable to the Excess CREST Open Offer Entitlement as an Excess CREST Open Offer Entitlement is subject to scaling back in accordance with the terms of this document. To apply for Excess Shares pursuant to the Open Offer, Qualifying CREST Shareholders should follow the instructions above and must not return a paper form and cheque. Should a transaction be identified by the CREST Claims Processing Unit as “cum” the Open Offer Entitlement and the relevant Open Offer Entitlement(s) be transferred, the Excess CREST Open Offer Entitlement(s) will not transfer with the Open Offer Entitlement(s) claim, but will be transferred as a separate claim. Should a Qualifying CREST Shareholder cease to hold all of their Existing Ordinary Shares as a result of one or more *bona fide* market claims, the Excess CREST Open Offer Entitlement credited to CREST, and allocated to the relevant Qualifying Shareholder, will be transferred to the purchaser. Please note that an additional USE Instruction must be sent in respect of any application under the Excess CREST Open Offer Entitlement. Should the Open Offer become unconditional and applications for Offer Shares by Qualifying Shareholders under the Open Offer exceed 619,678,974 Offer Shares, resulting in a scale back of applications under the Excess Application Facility, each Qualifying CREST Shareholder who has made a valid application for Excess Shares under the Excess Application Facility, and from whom payment in full for the Excess Shares has been received, will receive a pounds sterling amount equal to the number of Offer Shares validly applied and paid for but which are not allocated to the relevant Qualifying CREST Shareholder multiplied by the Issue Price. Monies will be returned as soon as reasonably practicable thereafter, without payment of interest, and at the applicant’s sole risk. Fractions of Offer Shares will not be issued under Excess Application Facility and fractions of Offer Shares will be rounded down to the nearest whole number.

(h) *Validity of application*

A USE instruction complying with the requirements as to authentication and contents set out above which settles by no later than 11.00 a.m. on 12 August 2015 will constitute a valid application under the Open Offer.

(i) *CREST procedures and timings*

CREST members and (where applicable) their CREST sponsors should note that Euroclear does not make available special procedures, in CREST, for any particular corporate action. Normal system timings and limitations will therefore apply in relation to the input of a USE instruction and its settlement in connection with the Open Offer. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST sponsored member, to procure that his CREST sponsor takes) such action as shall be necessary to ensure that a valid application is made as stated above by 11.00 a.m. on 12 August 2015. In this connection, CREST members and (where applicable) their CREST sponsors are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

(j) *Incorrect or incomplete applications*

If a USE instruction includes a CREST payment for an incorrect sum, Verdes, through Neville Registrars Limited, reserves the right:

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

(k) *Effect of valid application*

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

- (i) pay the amount payable on application in accordance with the above procedures by means of a CREST payment in accordance with the CREST payment arrangements (it being acknowledged that the payment to the bank account of Neville Registrars Limited in accordance with the CREST payment arrangements shall, to the extent of the payment, discharge in full the obligation of the CREST member to pay to Verdes the amount payable on application);
- (ii) request that the Offer Shares to which he has applied for be issued to him on the terms set out in this Admission Document and subject to the articles of association of Verdes;
- (iii) agree that all applications under the Open Offer and contracts resulting therefrom shall be governed by, and construed in accordance with, the laws of England;
- (iv) confirm that, in making the application, the applicant is not relying on any information or representation other than that contained in this Admission Document, and the applicant accordingly agrees that no person responsible solely or jointly for this Admission Document or any part thereof shall have any liability for any such information or representation not so contained;
- (v) represent and warrant that he is not a person who by virtue of being resident in or a citizen of any country outside the United Kingdom is prevented by the law of any relevant jurisdiction from lawfully applying for Offer Shares;
- (vi) represent and warrant that: (a) it is not in the United States, any other Restricted Jurisdiction or any other territory in which it is unlawful to make or accept an offer to apply for Offer Shares; (b) it is not acting for the account or benefit of a person located within the United States, any other Restricted Jurisdiction or any other territory in which it is unlawful to make or accept an offer to apply for Offer Shares and it was not acting for the account or benefit of such a person at the time the instruction to apply for Offer Shares was given; and (c) it is not acquiring Offer Shares with a view to the offer, sale, resale, delivery or transfer, directly or indirectly, of any such Offer Shares into the United States, any other Restricted Jurisdiction or any other territory in which it is unlawful to make or accept an offer to apply for Offer Shares, in each case except where proof satisfactory to the Company and SPARK has been provided that such applicant is entitled to take up its entitlement without breach of applicable law;
- (vii) confirm that Offer Shares have not been offered to it by the Company, SPARK or any of their affiliates by means of any: (a) "directed selling efforts" as defined in Regulation S under the Securities Act; or (b) "general solicitation" or "general advertising" as defined in Regulation D under the Securities Act;
- (viii) represent and warrant that it is not and nor is it applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in Section 93 (depository receipts) or Section 96 (clearance services) of the Finance Act 1986; and
- (ix) represent and warrant that he is the Qualifying Shareholder originally entitled to the Open Offer Entitlements or that he has received such Open Offer Entitlements by virtue of a *bona fide* market claim.

(l) *Company's discretion as to the rejection and validity of applications*

Verdes may in its sole discretion:

- (i) treat as valid (and binding on the CREST member concerned) an application which does not comply in all respects with the requirements as to validity set out or referred to in Part 2 of this Admission Document;
- (ii) accept an alternative properly authenticated dematerialised instruction from a CREST member or (where applicable) a CREST sponsor as constituting a valid application in substitution for or in addition to a USE instruction and subject to such further terms and conditions as Verdes may determine;
- (iii) treat a properly authenticated dematerialised instruction (in this sub-paragraph the "first instruction") as not constituting a valid application if, at the time at which Neville Registrars Limited receives a properly authenticated dematerialised instruction giving details of the first instruction or thereafter, either Verdes or Neville Registrars Limited have received actual notice from Euroclear of any of the matters specified in Regulation 35(5)(a) of the CREST Regulations in relation to the first instruction. These

matters include notice that any information contained in the first instruction was incorrect or notice of lack of authority to send the first instruction; and

- (iv) accept an alternative instruction or notification from a CREST member or CREST sponsored member or (where applicable) a CREST sponsor, or extend the time for settlement of a USE instruction or any alternative instruction or notification, in the event that, for reasons or due to circumstances outside the control of any CREST member or CREST sponsored member or (where applicable) CREST sponsor, the CREST member or CREST sponsored member is unable validly to apply for Offer Shares by means of the above procedures. In normal circumstances, this discretion is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or any part of CREST) or on the part of the facilities and/or systems operated by Neville Registrars Limited in connection with CREST.

### **3. Money laundering regulations**

#### **3.1 Holders of Application Forms**

It is a term of the Open Offer that, to ensure compliance with the Money Laundering Regulations 2007 (as amended and supplemented), the money laundering provisions of the Criminal Justice Act 1993, Part VIII of FSMA and the Proceeds of Crime Act 2002 (together with other guidance and source books produced in relation to financial sector firms), Neville Registrars Limited may at its absolute discretion require verification of identity from any person lodging an Application Form (in this paragraph, the “applicant”) including, without limitation, any applicant who (i) tenders payment by way of cheque drawn on an account in the name of a person or persons other than the applicant, or (ii) appears to Neville Registrars Limited to be acting on behalf of some other person. In the former case, verification of the identity of the applicant may be required. In the latter case, verification of the identity of any person on whose behalf the applicant appears to be acting may be required.

The verification of identity requirements will not usually apply:

- (i) if the applicant is an organisation required to comply with the Money Laundering Directive (the Council Directive on prevention of the use of the financial system for the purpose of money laundering (no. 91/308/EEC));
- (ii) if the applicant is a regulated United Kingdom broker or intermediary acting as agent and is itself subject to the Money Laundering Regulations;
- (iii) if the applicant (not being an applicant who delivers his application in person) makes payment by way of a cheque drawn on an account in the applicant’s name; or
- (iv) if the aggregate subscription price for Offer Shares is less than the Sterling equivalent of €15,000 (approximately £11,000).

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

- (a) if payment is made by building society cheque (not being a cheque drawn on an account in the name of the applicant), by the building society or bank endorsing on the cheque the applicant’s name and the number of an account held in the applicant’s name at such building society or bank, such endorsement being validated by a stamp and an authorised signature;
- (b) if the Application Form is lodged with payment by an agent which is an organisation of the kind referred to in (i) above or which is subject to anti-money laundering regulation in a country which is a member of the Financial Action Task Force (the non-European Union members of which are Argentina, Australia, Brazil, Canada, Gibraltar, Hong Kong, Iceland, India, Japan, Mexico, New Zealand, Norway, People’s Republic of China, Republic of Korea, Russian Federation, Singapore, South Africa, Switzerland, Turkey and the United States and, by virtue of their membership of the Gulf Co-operation Council, Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, UK Crown Dependencies and the United Arab Emirates), the agent should provide with the Application Form written confirmation that it has that status and that it has obtained and recorded evidence of the identity of the person for whom it acts and that it will on demand make such evidence available to Neville Registrars Limited. If the agent is not such an organisation, it should contact Neville Registrars Limited using the telephone numbers set out in this Admission Document; and

- (c) if the Application Form is in respect of Offer Shares with an aggregate subscription price of the Sterling equivalent of €15,000 (currently approximately £11,000) or more and is/are lodged by hand by the applicant in person, he should ensure that he has with him evidence of identity bearing his photograph (for example, his passport) and evidence of his address. Third-party cheques will not be accepted. If you deliver your Application Form personally by hand, you should ensure that you have with you evidence of identity bearing your photograph (for example your passport). If, within a reasonable period of time following a request for verification of identity, and in any case by no later than 11.00 a.m. on 12 August 2015, Neville Registrars Limited have not received evidence satisfactory to them as aforesaid, Neville Registrars Limited may, at their discretion, as the agents of Verdes, reject the relevant application, in which event the monies submitted in respect of that application will be returned without interest to the account at the drawee bank from which such monies were originally debited (without prejudice to the rights of the Company to undertake proceedings to recover monies in respect of the loss suffered by it as a result of the failure to produce satisfactory evidence as aforesaid).

### **3.2 Open Offer Entitlements held in CREST**

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

Submission of a USE instruction which on its settlement constitutes a valid application as described above constitutes a warranty and undertaking by the applicant to provide promptly to the Registrar such information as may be specified by the Registrar as being required for the purposes of the Money Laundering Regulations. Pending the provision of evidence satisfactory to the Registrar as to identity, the Registrar may in its absolute discretion take, or omit to take, such action as it may determine to prevent or delay issue of the Offer Shares concerned. If satisfactory evidence of identity has not been provided within a reasonable time, and in any event prior to 11.00 a.m. on 12 August 2015, then the application for the Offer Shares represented by the USE instruction will not be valid. This is without prejudice to the right of the Company to take proceedings to recover any loss suffered by it as a result of failure to provide satisfactory evidence as to the identity of the person or persons on whose behalf the application is made.

## **4. No public offering outside the United Kingdom**

Verdes has not taken, nor will take, any action in any jurisdiction that would permit a public offering of Ordinary Shares other than in the United Kingdom.

## **5. Overseas Shareholders**

### **5.1 General**

The distribution of this document and making of the Open Offer to Overseas Shareholders may be affected by the laws or regulatory requirements of the relevant jurisdiction. Overseas Shareholders who are in any doubt in this respect should consult their professional advisers. No person receiving a copy of this Admission Document and/or an Application Form and/or receiving a credit of Open Offer Entitlements to a stock account in CREST in any territory other than the United Kingdom may treat the same as constituting an invitation or offer to him, nor should he in any event use such Application Form or credit of Open Offer Entitlements to a stock account in CREST, unless, in the relevant territory, such an invitation or offer could lawfully be made to him or such Application Form or credit of Open Offer Entitlements to a stock account in CREST could lawfully be used without contravention of any legislation or other local regulatory requirements. Unless such offer or invitation could lawfully be made to him, the offer to such shareholder will be made by means of a notice in the London Gazette referred to below. Receipt of this Admission Document and/or an Application Form or the crediting of Open Offer Entitlements to a stock account in CREST does not constitute an invitation or offer to Overseas Shareholders in the territories in which it would be unlawful to make an invitation or offer and in such circumstances are sent for information only. It is the responsibility of any person receiving a copy of this Admission Document and/or an Application Form and/or receiving a credit of Open Offer Entitlements to a stock account in CREST to satisfy himself as to the full observance of the laws and regulatory requirements of the relevant territory in connection with any application

for Offer Shares, including obtaining any governmental or other consents which may be required or observing any other formalities required to be observed in such territory and paying any issue, transfer or other taxes due in such other territory.

Persons (including, without limitation, stockbrokers, banks and other agents) receiving an Application Form and/or receiving a credit of Open Offer Entitlements to a stock account in CREST should not, in connection with the Open Offer, distribute, communicate or send the Application Form or credit of Open Offer Entitlements in a stock account in CREST into (or to any person subject to the laws of) any Restricted Jurisdictions or any other jurisdiction where to do so would or might contravene local securities laws or regulations.

If an Application Form or a credit of Open Offer Entitlements to a stock account in CREST is received by any person in any such jurisdiction or by the stockbrokers, banks and other agents or nominees of such person, he or she must not seek to take up the Offer Shares except pursuant to an express written agreement with the Company. Any person who does distribute, communicate or send an Application Form or credit of Open Offer Entitlements in a stock account in CREST into (or to any person subject to the laws of) any jurisdiction outside the UK, whether pursuant to a contractual or legal obligation or otherwise, should draw the attention of the recipient to the contents of this paragraph 5. The Company and SPARK reserve the right to reject an application to subscribe Offer Shares pursuant to any Open Offer Entitlement, submitted by or on behalf of any person, in any such jurisdiction, or by or on behalf of any person who is acquiring Offer Shares for resale in any such jurisdiction.

The Company and SPARK reserve the right in their absolute discretion to treat as invalid any application for Offer Shares under the Open Offer if it appears to the Company and SPARK and their agents that such application or acceptance thereof may involve a breach of the laws or regulations of any jurisdiction or if in respect of such application the Company and SPARK have not been given the relevant warranty concerning overseas jurisdictions set out in the Application Form or in this Admission Document, as appropriate.

In accordance with section 562(3) of the Act, the offer to Qualifying Shareholders who have no registered address within the United Kingdom and who have not given to the Company an address within the United Kingdom for the service of notices will be made by the Company publishing a notice in the London Gazette on, or on the business day following the day of posting of this Admission Document and the Application Forms stating where copies of this Admission Document and Application Forms may be inspected, or obtained on personal application, by or on behalf of such Shareholders.

All payments under the Open Offer must be made in Sterling.

## **5.2 United States**

The New Ordinary Shares have not been and will not be registered under the Securities Act, or under the securities laws of any state or other jurisdiction of the United States and, unless so registered, may not be offered, sold, resold, taken up, delivered or distributed, directly or indirectly, within, into or in the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States.

Outside the United States, the New Ordinary Shares may not be offered, taken up, delivered or transferred, except in an “offshore transaction” (as defined in Rule 902(h) under the Securities Act) in accordance with Rule 903 or Rule 904 of Regulation S. Inside the United States, the New Ordinary Shares may not be offered, taken up, delivered or transferred except in a private placement transaction not involving any public offering in reliance on the exemption from the registration requirements of Section 5 of the Securities Act provided by Section 4(2) under the Securities Act or another applicable exemption therefrom (a “US Placing”). There will be no public offer in the United States.

This Admission Document does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, any securities, or any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, such securities in the United States.

Application Forms are not being sent to, and Open Offer Entitlements are not being credited to a stock account in CREST of, any Shareholder with a registered address in the United States unless such



Shareholder satisfies the Company and SPARK that an allotment is permitted under an exception from the securities laws referred to above. Subject to certain exceptions this Admission Document is being sent to such Shareholders for information purposes only and does not constitute an offer or invitation to apply for Offer Shares. Subject to certain exceptions, any application for Offer Shares will be treated as invalid if it appears to have been executed or effected in, postmarked or otherwise despatched in or from the United States, or if it provides an address in the United States for the registration or issue of Offer Shares in uncertificated form or for the delivery of Offer Shares in certificated form, or if it appears to have been sent by a person who cannot make the representations and warranties set out in the Application Form or in this Admission Document. In addition, until 40 days after the commencement of the Open Offer, an offer, sale or transfer of the Offer Shares within the US by a dealer (whether or not participating in the Open Offer) may violate the registration requirements of the Securities Act.

### **5.3 Other Restricted Jurisdictions**

Due to the restrictions under the securities laws of the Restricted Jurisdictions and subject to certain exemptions, Shareholders who have registered addresses in or who are resident or ordinarily resident in, or citizens of, any Restricted Jurisdiction will not qualify to participate in the Open Offer and will not be sent an Application Form and no Open Offer Entitlements will be credited to their CREST stock accounts.

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

## **6. Settlement and dealings**

The result of the Open Offer is expected to be announced on 14 August 2015. Application will be made to the London Stock Exchange for Offer Shares to be admitted to trading on AIM. It is expected that, subject to the Open Offer becoming unconditional in all respects, Admission of Offer Shares will become effective and that dealings in Offer Shares will commence at 8.00 a.m. on 17 August 2015. Open Offer Entitlements held in CREST are expected to be disabled in all respects after 11.00 a.m. on 12 August 2015 (the latest date for applications under the Open Offer). Subject to the satisfaction of the conditions of the Open Offer, Offer Shares will be issued in uncertificated form to those persons who submitted a valid application for Offer Shares by utilising the CREST application procedures and whose applications have been accepted by Verdes. Neville Registrars Limited will instruct Euroclear to credit the appropriate stock accounts of such persons with such persons' entitlements to Offer Shares with effect from the date of Admission (expected to be 17 August 2015). The stock accounts to be credited will be accounts under the same participant IDs and member account IDs in respect of which the USE instruction was given.

Notwithstanding any other provision of this Admission Document, Verdes reserves the right to send Qualifying CREST Shareholders an Application Form instead of crediting the relevant stock account with Open Offer Entitlements and to allot and/or to issue any Offer Shares in certificated form. In normal circumstances, this right is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or any part of CREST), or on the part of the facilities and/or systems operated by Neville Registrars Limited in connection with CREST. This right may also be exercised if the correct details (such as participant ID and member account ID details) are not provided as requested on the Application Form.

For Qualifying Non-CREST Shareholders who have applied for Offer Shares using an Application Form and whose application has been accepted by Verdes, share certificates for the Offer Shares issued to such Qualifying Shareholders, are expected to be dispatched by post within ten days of Admission of Offer Shares. No temporary documents of title will be issued. Pending despatch of definitive share certificates, transfers of relevant Offer Shares by such Qualifying Shareholders will be certified against the register of members of the Company. All documents or remittances sent by or to an applicant (or his agent as appropriate) through the post are sent at the risk of the applicant.

Qualifying CREST Shareholders should note that they will be sent no confirmation of the credit of Offer Shares to their CREST stock account nor any other written communication by Verdes in respect of the issue of Offer Shares.

## PART 3

### RISK FACTORS

**ALL THE INFORMATION SET OUT IN THIS DOCUMENT SHOULD BE CAREFULLY CONSIDERED, IN PARTICULAR THE ATTENTION OF PROSPECTIVE INVESTORS AND SHAREHOLDERS IS DRAWN TO THE RISKS DESCRIBED BELOW. THE ORDINARY SHARES SHOULD BE REGARDED AS A SPECULATIVE INVESTMENT AND AN INVESTMENT IN ORDINARY SHARES SHOULD ONLY BE MADE BY THOSE WITH THE NECESSARY EXPERTISE TO FULLY EVALUATE THE INVESTMENT. INVESTMENTS MAY FALL AS WELL AS RISE IN VALUE. THE DIRECTORS AND PROPOSED DIRECTORS BELIEVE THAT THE FOLLOWING RISKS SHOULD BE CONSIDERED CAREFULLY BY INVESTORS BEFORE ACQUIRING ORDINARY SHARES. PROSPECTIVE INVESTORS ARE ADVISED TO CONSULT AN INDEPENDENT ADVISER AUTHORISED UNDER FSMA.**

If any of the following risks actually materialise, the Company's business, financial condition, and prospects could be materially and adversely affected to the detriment of the Company and its shareholders. In that case, the market price and liquidity of Ordinary Shares could decline and all or part of an investment in the Ordinary Shares could be lost. The Directors and Proposed Directors consider the following risks to be material, but the risks listed do not necessarily comprise all those associated with an investment in the Company and the Ordinary Shares. There may be additional risks that the Directors and Proposed Directors do not currently consider to be material or of which the Directors and Proposed Directors are not currently aware. No inference ought to be drawn as to the relative importance, or the likelihood of the occurrence, of any of the following risks by reference to the order in which they appear.

#### **1. RISKS RELATING TO THE COMPANY**

##### ***Attraction and retention of key management and employees***

The successful operation of the Enlarged Group will depend partly upon the performance and expertise of its current and future management and employees, and in particular Chris Taylor the managing director designate of REACT Specialist Cleaning Limited, and Grahame Rummery the Chief Executive. Notwithstanding that the Company is taking out key man insurance for Mr Taylor, the loss of the services of certain of these members of the Enlarged Group's key management or employees, or the inability to identify, attract and retain a sufficient number of suitably skilled and qualified employees may have a material adverse effect on the Enlarged Group. Expansion of the Enlarged Group may require considerable management time which may in turn inhibit management's ability to conduct the day to day business of the Company.

##### ***Expansion risk***

The Enlarged Group is likely to seek further expansion of sales through organic growth of the existing business in the UK, as well as by acquisition. The success of organic expansion will depend on a number of factors including the Enlarged Group's ability to secure working capital, recruit new management and staff and its human resources and training capacity. If the Enlarged Group's business and operations experience rapid growth and its systems and controls have not been developed to manage this growth effectively, the Enlarged Group's business and operating results could be harmed and the Enlarged Group may have to incur significant expenditure to implement the additional operational and control requirements necessary to manage such growth.

##### ***Dependence on key customers***

REACT generates a significant proportion of its revenues from a limited number of customers. In the year ended 31 December 2014 approximately 49 per cent. of the REACT Group's turnover of £1.56 million was conducted with six customers, the largest of whom accounted for 26 per cent. of sales. The loss of all or a substantial proportion of the business provided by one or more of these top customers could have a material adverse effect on the Enlarged Group's business. Furthermore, a number of key customers are in the public sector, which is subject to cuts in expenditure announced by the Government. It may prove difficult to gain new business and to achieve turnover growth from such customers.

### ***Current operating results as an indication of future results***

The Enlarged Group's operating results may fluctuate significantly in the future due to a variety of factors, many of which are outside its control. Accordingly, Shareholders or potential investors should not rely on comparison with REACT's results to date as an indication of future performance. Factors that may affect the Enlarged Group's operating results include increased competition, and anticipated costs and expenses and slower than expected growth. It is possible that, in the future, the Enlarged Group's operating results will fall below the expectations of securities analysts or investors. If this occurs, the trading price of the Ordinary Shares may decline significantly.

### **General risks relating to the Enlarged Group**

#### ***Competition***

The Enlarged Group may face significant competition, including from key customers and other competitors who have greater capital and other resources and superior brand recognition than the Enlarged Group and may be able to provide better service levels or adopt more aggressive pricing policies. There is no assurance that the Enlarged Group will be able to compete successfully in such a marketplace.

In addition, facilities management companies – who currently sub-contract services from REACT – may decide to fulfil such services themselves. Similarly end customers may decide in future to fulfil specialist cleaning services in-house or to use general cleaning contractors for their specialist requirements. In such cases the Enlarged Group's business and financial performance may suffer.

#### ***Business Mix***

The REACT business' relationship with many of its customers is represented by "one-off" purchase orders under a framework schedule of work, albeit many customers provide repeat orders. The Enlarged Group aims to improve the visibility of its income streams, and is currently tendering for a number of contracts which would provide more regular and predictable work. There is no guarantee that the Enlarged Group will be successful in achieving this objective.

#### ***Litigation***

While the Enlarged Group currently has no material outstanding litigation, there can be no guarantee that the current or future actions of the Enlarged Group will not result in litigation, both with and without merit. The Enlarged Group may therefore in future be party to litigation in the course of its business. Any litigation, by the Enlarged Group or against it, may be costly and lengthy and there can be no assurance that the Enlarged Group will prevail. Litigation could also involve a significant diversion of resources and management attention and be disruptive to normal business operations. An unfavourable resolution of a particular law suit or the costs or adverse publicity associated with substantial litigation could have a material adverse effect on the Enlarged Group's business, operating results or financial condition.

### ***The Enlarged Group's objectives may not be fulfilled***

The value of an investment in the Enlarged Group is dependent upon the Enlarged Group achieving the strategy for growth set out in this document. Historically REACT has reported profits (as set out in Part 4 (ii) of this document whilst a division of Autoclenz, however its acquisition by the Company, and its quotation on AIM, will introduce additional PLC and listing costs that must be borne by the Enlarged Group. Unless the Enlarged Group is able to gain incremental and profitable new business over and above existing levels, or to successfully identify, negotiate and execute acquisition(s) on appropriate terms, the Company's future performance may be adversely affected. There can be no guarantee that the Enlarged Group will achieve the level of success that the Board is targeting.

### ***Requirement for further funds***

The existing resources of the Company and REACT may not be sufficient to allow the Enlarged Group to expand or exploit new opportunities, including by acquisition(s) which will in all likelihood require an element of cash as consideration. It may therefore be necessary for the Company to raise further funds in the future, which may be by way of issue of further Ordinary Shares on a non pre-emptive basis. There can be no guarantee that the then prevailing market conditions will allow for any such a fundraising or that new investors will be prepared to subscribe for Ordinary Shares at the same price as the price paid by current investors.

## **General**

If any or all of the above risks actually occur, the Enlarged Group's business, financial conditions, results or future operations could be adversely affected. In such a case, the price of the Ordinary Shares could decline

and investors may lose all or part of their investment. Additional risks and uncertainties not presently known to the Directors and Proposed Directors or which the Directors and Proposed Directors currently deem immaterial, may also have an adverse effect upon the Enlarged Group.

## **2. RISKS RELATING TO THE COMPANY'S SHARES**

An investment in the Company is only suitable for investors capable of evaluating the risks and merits of such investment and who have sufficient resources to bear any loss which may result. A prospective investor should consider with care whether an investment in the Company is suitable for him in the light of his personal circumstances and the financial resources available to him. Investment in the Company should not be regarded as short term in nature. There can be no guarantee that any appreciation in the value of the Company's investments will occur or that the investment objectives of the Company will be achieved. Investors may not get back the full amount initially invested. The prices of shares and the income derived from them can go down as well as up. Past performance is not necessarily a guide to the future. Changes in economic conditions including, for example, interest rates, rates of inflation, industry conditions, competition, political and diplomatic events and trends, tax laws and other factors can substantially and adversely affect equity investments and the Company's prospects.

### ***Value of Ordinary Shares and liquidity***

It is likely that the Company's share price will fluctuate and may not always accurately reflect the underlying value of the Company's business and assets. The price of the Ordinary Shares may go down as well as up and investors may realise less than the original sum invested. The price that investors may realise for their holdings of Ordinary Shares, if and when they are able to do so, may be influenced by a large number of factors, some of which are specific to the Company and others of which are extraneous. The volume of shares traded in the Company fluctuates, and there may be periods when there is little demand for the Company's shares. This poor level of liquidity might affect adversely your ability to sell shares in the Company and the price at which you can sell those shares. The Directors and Proposed Directors are unable to predict when and if substantial numbers of Ordinary Shares will be sold in the open market. Any such sales, or the perception that such sales might occur, could result in a material adverse effect on the market price of the Ordinary Shares.

### ***Dividends***

There can be no assurance as to the level of future dividends. The declaration, payment and amount of any future dividends of the Company are subject to the discretion of the Shareholders or, in the case of interim dividends, to the discretion of the Directors and Proposed Directors, and will depend upon, among other things, the Company's earnings, financial position, cash requirements, availability of profits, as well as provisions for relevant laws or generally accepted accounting principles from time to time. For the time being the Company does not pay dividends, as it has no distributable reserves, and this is unlikely to change in the near future.

### ***Suitability***

An investment in the Company involves a high degree of risk and may not be suitable for all investors. Investors are reminded that the price at which they may realise their Ordinary Shares and the timing of any disposal of them may be influenced by a large number of factors, some specific to the Company and its proposed operations, some which may affect the sector in which the Company operates and some which relate to the operation of financial markets generally. These factors could include the performance of the Company's operations, large purchases or sales of shares in the Company, liquidity or absence of liquidity in the Ordinary Shares, legislative or regulatory changes relating to the business of the Company and general economic conditions.

### **3. GENERAL RISKS**

#### ***Forward looking statements***

Events in the past, or experience derived from these, or indeed present facts, beliefs or circumstances, or assumptions derived from any of these, do not predetermine the future. Hopes, aims, targets, plans or intentions contained in this document are no more than that and should not be construed as forecasts. This document contains certain forward-looking statements that are subject to certain risks and uncertainties, in particular statements regarding the Company's plans, goals and prospects. These statements and the assumptions that underpin them are based on the current expectations of the Directors and Proposed Directors and are subject to a number of factors, many of which are beyond their control. As a result, there can be no assurance that the actual performance of the Company will not differ materially from the matters described in this document.

#### ***Admission to trading on AIM***

The Existing Ordinary Shares are, and post Admission the New Ordinary Shares will be, admitted to trading on AIM, a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. The Ordinary Shares will not be admitted to the Official List. An investment in AIM quoted shares may carry a higher risk than an investment in shares quoted on the Official List. The investment described in this document is speculative and may not be suitable for all recipients of this document. Potential investors are accordingly advised to consult a person authorised under FSMA who specialises in advising in investments of this kind before making any investment decisions. A prospective investor should consider carefully whether an investment in the Company is suitable in the light of his/her personal circumstances and the financial resources available to him/her.

## **PART 4**

### **(i) Financial information on Verdes – incorporated by reference**

In accordance with Rule 28 of the AIM Rules, this document does not contain historical financial information on Verdes, which would otherwise be required under Section 20 of Annex I of the AIM Rules.

This information is available on Verdes' website, as follows:

- Verdes' audited results for the year ended 30 September 2012 are available at:  
[http://www.verdes-group.com/index.php/investor-relations/rns\\_statements](http://www.verdes-group.com/index.php/investor-relations/rns_statements)
- Verdes' audited results for the year ended 30 September 2013 are available at:  
[http://www.verdes-group.com/index.php/investor-relations/rns\\_statements](http://www.verdes-group.com/index.php/investor-relations/rns_statements)
- Verdes' audited results for the year ended 30 September 2014 are available at:  
[http://www.verdes-group.com/index.php/investor-relations/rns\\_statements](http://www.verdes-group.com/index.php/investor-relations/rns_statements)
- Verdes' unaudited results for the 6 months ended 31 March 2015 are available at:  
[http://www.verdes-group.com/index.php/investor-relations/rns\\_statements](http://www.verdes-group.com/index.php/investor-relations/rns_statements)

Shareholders or other recipients of this document may request a hard copy of the above information incorporated by reference from the Company at its registered office, c/o International Registrars Limited, Finsgate, 5 – 7 Cranwood Street, London EC1V 9EE, or by telephoning 0208 133 2782. Such copy will be provided to the requester within 7 days. A hard copy of the information incorporated by reference will not be sent to Shareholders or other recipients of this document unless requested.

## PART 4

### (ii) Financial information on REACT

The Directors and Proposed Directors  
Verdes Management plc  
Finsgate  
5-7 Cranwood Street  
London  
EC1V 9EE



And

The Directors  
SPARK Advisory Partners Limited  
5 St. John's Lane  
London  
EC1M 4BH

29 July 2015

Dear Sirs,

Chartered Accountants  
Finsgate 5-7 Cranwood Street  
London EC1V 9EE  
Telephone 020 7309 2222  
Fax 020 7309 2309  
Email [jh@jeffreysHenry.com](mailto:jh@jeffreysHenry.com)  
Website [www.jeffreysHenry.com](http://www.jeffreysHenry.com)

Accounting Outsourcing  
Business Advisors  
Corporate Finance  
Financial Services  
Listed Company Specialists  
Statutory Auditors  
Tax Specialists

#### **REACT Specialist Cleaning Limited**

##### **Introduction**

We report on the financial information on REACT set out in Part 4(ii) of the admission document issued by Verdes Management plc ("the Company") and dated 29 July 2015 (the "Admission Document") relating *inter alia*, to the proposed acquisition of REACT and the admission of the Enlarged Issued Share Capital of the Company to trading on AIM. This financial information has been prepared on the basis of the accounting policies set out in the notes to the financial information. This report is given for the purpose of complying with paragraph (a) of Schedule Two of the AIM rules for Companies and for no other purpose.

REACT comprised a division of Autoclenz Limited until its trade was transferred to REACT Specialist Cleaning Limited on 19 June 2015 and did not constitute a statutory entity.

The financial information set out in Part 4(ii) presents the income statements, balance sheets, statements of changes in equity, cash flow statements and notes thereto for the trade of REACT ("financial information"). The financial information contained within this section does not constitute statutory accounts within section 434 of the Companies Act 2006.

##### **Responsibility**

The directors of REACT are responsible for preparing the financial information on the basis of preparation set out in the notes to the financial information and in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS").

It is our responsibility to form an opinion as to whether the financial information gives a true and fair view, for the purposes of the Admission Document, and to report our opinion to you.

Save for any responsibility arising under paragraph (a) of Schedule Two of the AIM Rules for Companies to any person as and to the extent there provided, and save for any responsibility that we have expressly agreed in writing to assume, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Schedule Two of the AIM Rules for Companies.

**Basis of opinion**

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the Company's circumstances consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

**Opinion**

In our opinion, the financial information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of REACT as at 31 December 2014, 31 December 2013 and 31 December 2012 of its total comprehensive income, financial position, cash flows and changes in equity for the 3 years then ended in accordance with the basis of preparation and the applicable reporting framework as set out in the notes to the financial information.

**Declaration**

For the purposes of paragraph (a) of Schedule Two of the AIM Rules for Companies we are responsible for this report as part of the Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Admission Document in compliance with Schedule Two of the AIM Rules for Companies.

Yours faithfully

A handwritten signature in black ink that reads "Jeffreys Henry LLP". The signature is stylized and appears to be written in a cursive or semi-cursive font.

JEFFREYS HENRY LLP



## **1. Accounting Convention and general information**

REACT is an unincorporated division of Autoclenz Limited, a company incorporated in England. The registered office and principal place of business of REACT is Stanhope Road, Swadlincote, Derbyshire DE11 9BE.

The principal activity of REACT is that of a specialist cleaning and decontamination service to the public sector.

### **1.1 Accounting policies**

The principal accounting policies applied in the preparation of this financial information is set out below. The policies have been consistently applied throughout the three years ended 31 December 2014, unless otherwise stated.

### **1.2 Basis of preparation**

This financial information is prepared in accordance with applicable International Financial Reporting Standards (“IFRS”) including standards and interpretations issued by the International Accounting Board, as adopted by the European Union.

This financial information has been prepared under the historical cost convention.

The preparation of financial information in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying REACT’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial information are disclosed in Note 1.13.

### **1.3 Going Concern**

This financial information has been prepared on the assumption that REACT is a going concern.

### **1.4 International Financial Reporting Standards**

#### **Effect of IFRS adoption**

This is the first time that REACT has presented its financial statements under IFRS. As an unincorporated division of Autoclenz Limited, REACT has not been previously been required to prepare accounts. Autoclenz Limited prepares its accounts under United Kingdom Generally Accepted Accounting Practices (UK GAAP), the transition from UK GAAP to IFRS did not require any adjustments to the financial information.

#### **New and amended standards adopted by the entity**

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on or after 1 January 2014 that would be expected to have a material impact on REACT.

## 1.5 Standards, interpretations and amendments to published standards that are not yet effective.

The following new standards, amendments to standards and interpretations have been issued, but are not effective for the financial year beginning 1 January 2014 and have not been early adopted:

<i>Reference</i>	<i>Title</i>	<i>Summary</i>	<i>Application date of standard</i>	<i>Application of Entity date</i>
Amendments to IFRS 2, IFRS 3	Amendments resulting from Annual Improvements 2010-12 Cycle	IFRS 2: clarifies definition of vesting conditions IFRS 3: clarifies contingent consideration in a business combination	1 July 2014	1 January 2015
Amendments to IAS 19	Defined Benefit Plans: Employee Contributions	Clarifies that the treatment of contributions when they are independent of the number of years of service	Periods commencing on or after 1 July 2014	1 January 2015
IFRS 9	Financial Instruments	Revised standard for accounting for financial instruments	Periods commencing on or after 1 January 2015	1 January 2015
IFRS 14	Regulatory deferral accounts	Aims to enhance the comparability of financial reporting by entities subject to rate-regulations	Periods commencing on or after 1 January 2016	1 January 2016
IFRS 15	Revenue from contracts with customers	Specifies how and when to recognise revenue from contracts as well as requiring more informative and relevant disclosures	Periods commencing on or after 1 January 2017	1 January 2017

The directors anticipate that the adoption of these standards and the interpretations in future years will have no material impact on the financial statements of REACT.

## 1.6 Revenue

Revenue represents the invoiced value for specialist cleaning services provided, to third parties, net of value added tax and trade discounts and is recognised at the point the service has been completed.

## 1.7 Leasing

Rentals payable under operating leases are charged against the statement of comprehensive income on a straight line basis over the lease term.

## 1.8 Taxes

Current tax assets and liabilities are measured at the amount expected to be recovered or paid based on UK taxes rates and UK laws enacted at the year end.

Deferred tax is provided, using the liability method, on material temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets relating to the carry-forward of unused tax losses are recognised to the extent that it is probable that future taxable profits will be available against which the unused tax losses can be utilised. Current and deferred tax assets and liabilities are offset when the income taxes are levied by the same taxation authority and when there is a legally enforceable right to offset them.

## 1.9 Financial Instruments

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument.

### ***Trade and other receivables***

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to the initial recognition, trade and receivables are measured at amortised cost less impairment losses for bad and doubtful debts, except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less impairment losses for bad and doubtful debts.

Impairment losses for bad and doubtful debts are measured as the difference between the carrying amount of financial asset and the estimated future cash flows, discounted where the effect of discounting is material.

### ***Cash and cash equivalents***

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.

### ***Fair values***

The carrying amounts of the financial assets and liabilities such as cash and cash equivalents, receivables and payables of REACT at the statement of financial position date approximated their fair values, due to relatively short term nature of these financial instruments.

### ***Capital management***

Capital is made up of stated capital, premium and retained earnings. The objective of REACT's capital management is to ensure that it maintains strong credit ratings and capital ratios. This will ensure that the business is correctly supported and shareholder value is maximised.

## **1.10 Property, plant and equipment**

Property, plant and equipment are stated at historical cost less subsequent accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation on property, plant and equipment is calculated using the straight-line method to write off their cost over their estimated useful lives at the following annual rates:

Motor Vehicles	50%
Plant and Machinery	50%

Useful lives and depreciation method are reviewed and adjusted if appropriate, at the end of each reporting period.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss in the year in which the asset is derecognised.

## **1.11 Segmental Reporting**

In the opinion of management, REACT has one class of business, being that of a specialist cleaner. REACT's primary reporting format is determined by the geographical segment according to the location

of its establishments. There is currently only one geographic reporting segment, which is the UK. All costs are derived from the single segment.

### 1.12 Pension costs and other post-retirement benefits

REACT offers all employees membership of the personal pension plan after 3 months' service. The Scheme has operated on a salary-sacrifice basis with members given the option to opt out of this arrangement. REACT makes contributions at varying levels from 4 per cent. to 10 per cent., depended on the level of contribution made by the employee. Amounts charged to the profit and loss account in respect of pension costs is the contribution payable in the period. Differences between contributions payable and paid in the year are shown as either accruals or prepayments on the balance sheet.

### 1.13 Accounting estimates and judgments

The preparation of this financial information in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the entity's accounting policies. The nature of estimation means that actual outcomes could differ from those estimates. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities with the next financial year are stated below.

#### **Depreciation**

REACT depreciates property, plant and equipment on a straight line method over the estimated useful lives of each class of asset. The estimated useful lives reflect management's estimate of the period that REACT intends to derive future economic benefits from the use of REACT's plant, equipment and vehicles.

## 2. Statement of comprehensive income

		<i>Year ended</i> <i>31 December</i> <i>2014</i> <i>£'000</i>	<i>Year ended</i> <i>31 December</i> <i>2013</i> <i>£'000</i>	<i>Year ended</i> <i>31 December</i> <i>2012</i> <i>£'000</i>
	<i>Notes</i>			
<b>Revenue</b>		1,557	1,565	1,422
Cost of sales		(516)	(552)	(517)
<b>Gross profit</b>		1,041	1,013	905
Administrative expenses		(634)	(689)	(732)
<b>Operating profit</b>		407	324	173
Costs incurred centrally	6.1	(146)	(142)	(138)
Other income	6.3	20	14	20
<b>Profit on ordinary activities before taxation</b>	6.4	281	196	55
Taxation	6.5	(56)	(40)	(11)
<b>Profit for the year</b>		225	156	44
Other comprehensive income		–	–	–
<b>Total comprehensive income for the year</b>		225	156	44
<b>Basic earnings per share</b>	6.6	0.24p	0.17p	0.05p
<b>Diluted earnings per share</b>	6.6	0.24p	0.17p	0.05p

The profit and loss account has been prepared on the basis that all operations are continuing operations.

### 3. Statement of financial position

		31 December 2014 £'000	31 December 2013 £'000	31 December 2012 £'000
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment	6.7	93	65	49
		<u>93</u>	<u>65</u>	<u>49</u>
<b>Current assets</b>				
Trade and other receivables	6.8	450	331	227
Cash and cash equivalents		–	–	–
		<u>450</u>	<u>331</u>	<u>227</u>
<b>Total assets</b>		<u>543</u>	<u>396</u>	<u>276</u>
<b>Equity</b>				
Retained earnings		425	200	44
<b>Total equity</b>		<u>425</u>	<u>200</u>	<u>44</u>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Trade and other payables	6.9	118	196	232
<b>Total equity and liabilities</b>		<u>543</u>	<u>396</u>	<u>276</u>

### 4. Statement of changes in equity

	<i>Retained earnings £'000</i>	<i>Total £'000</i>
As at 1 January 2012	–	–
Profit for the year	44	44
As at 31 December 2012	44	44
Profit for the year	156	156
As at 31 December 2013	200	200
Profit for the year	225	225
As at 31 December 2014	<u>425</u>	<u>425</u>

Retained earnings Cumulative surplus of the entity attributable to equity shareholders.

## 5. Statement of cash flows

	<i>31 December</i> 2014 £'000	<i>31 December</i> 2013 £'000	<i>31 December</i> 2012 £'000
<b>Cash flows from operating activities</b>			
Profit before taxation	281	196	55
Adjustments for:			
Depreciation	76	62	96
Increase in receivables	(294)	(104)	(227)
Increase in payables	77	42	17
	<hr/>	<hr/>	<hr/>
Cash generated from operations	140	196	(59)
Taxation	–	–	–
	<hr/>	<hr/>	<hr/>
<b>Net cash flow from operating activities</b>	140	196	(59)
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	(104)	(78)	(50)
Sale of property, plant and equipment	20	14	33
	<hr/>	<hr/>	<hr/>
<b>Net cash flow from investing activities</b>	(84)	(64)	(17)
<b>Cash flows from financing activities</b>			
Autoclenz Intercompany advances	(56)	(132)	76
	<hr/>	<hr/>	<hr/>
<b>Net cash inflow/(outflow) from financing activities</b>	(56)	(132)	76
Net increase in cash and cash equivalents	–	–	–
Cash and cash equivalents at the beginning of the year	–	–	–
	<hr/>	<hr/>	<hr/>
Cash and cash equivalents at the year end	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

## 6. Notes to the financial information

### 6.1. Operating profit

	<i>Year ended</i> <i>31 December</i> 2014 £'000	<i>Year ended</i> <i>31 December</i> 2013 £'000	<i>Year ended</i> <i>31 December</i> 2012 £'000
<b>Operating profit is stated after charging/(crediting)</b>			
Depreciation	76	62	96
Operating lease rentals	14	18	8
Auditors remuneration – audit fees	4	4	4
	<hr/>	<hr/>	<hr/>

## 6.2. **Employees**

	<i>Year ended 31 December 2014 £'000</i>	<i>Year ended 31 December 2013 £'000</i>	<i>Year ended 31 December 2012 £'000</i>
Salaries	383	385	392
Social security costs	22	24	22
Pension costs	3	3	5
	<u>408</u>	<u>412</u>	<u>419</u>

The average number of employees during the year was as follows:

	<i>Number</i>	<i>Number</i>	<i>Number</i>
Operators	16	15	22
Administrative and management	4	4	4
Total	<u>20</u>	<u>19</u>	<u>26</u>

Key management personnel received £66,000 (2013: £70,000, 2012: £70,000) in short term employee benefits in the year.

## 6.3. **Costs incurred centrally**

	<i>Year ended 31 December 2014 £'000</i>	<i>Year ended 31 December 2013 £'000</i>	<i>Year ended 31 December 2012 £'000</i>
Costs incurred centrally	<u>146</u>	<u>142</u>	<u>138</u>

Costs incurred centrally relate to central management costs recharged to REACT from Autoclenz Limited. These costs include administrative functions such as credit control, accountancy and human resources along with REACT's portion of the rent of office space and office supplies. This is calculated as:

Invoices for specific expenses addressed to Autoclenz Limited	28	27	27
Autoclenz Limited staff time incurred on REACT	58	57	55
REACT's office costs recharged	<u>60</u>	<u>58</u>	<u>56</u>

## 6.4. **Other income**

	<i>Year ended 31 December 2014 £'000</i>	<i>Year ended 31 December 2013 £'000</i>	<i>Year ended 31 December 2012 £'000</i>
Profit on the disposal of property, plant and equipment	<u>20</u>	<u>14</u>	<u>20</u>

Profit on disposal of property, plant and equipment is recognised on the difference between the proceeds received and net book value of the assets disposed at the date of disposal.

## 6.5. **Taxation**

	<i>Year ended 31 December 2014 £'000</i>	<i>Year ended 31 December 2013 £'000</i>	<i>Year ended 31 December 2012 £'000</i>
<b>Domestic current year taxation</b>			
Total current tax charge for the year	<u>56</u>	<u>40</u>	<u>11</u>
<b>Factors affecting the tax charge for the year</b>			
Profit on ordinary activities before taxation	<u>281</u>	<u>196</u>	<u>55</u>
Profit on ordinary activities before taxation multiplied by standard UK corporation tax of 20.00%	<u>56</u>	<u>39</u>	<u>11</u>
Effects of:			
Non-deductible expenses for tax purposes	6	5	4
Capital (allowances)/charges	(1)	(2)	8
Other adjustments	<u>(5)</u>	<u>(2)</u>	<u>(12)</u>
Current tax charge for the year	<u>56</u>	<u>40</u>	<u>11</u>

As REACT is a division of a limited company it has no liability to corporation tax. The above amounts are an estimate of the likely tax charge that would have arisen if the entity was incorporated.

## 6.6. **Earnings per share**

	<i>Year ended 31 December 2014 £'000</i>	<i>Year ended 31 December 2013 £'000</i>	<i>Year ended 31 December 2012 £'000</i>
Profit for the purposes of basic and diluted profit per share	225	156	44
Weighted average number of ordinary shares	<u>92,857,142</u>	<u>92,857,142</u>	<u>92,857,142</u>
Earnings per share	<u>0.24p</u>	<u>0.17p</u>	<u>0.05p</u>

Basic earnings per share is calculated by dividing the earnings attributable shareholders by the weighted average number of prospective new ordinary shares after the reverse acquisition is complete. Basic and diluted earnings per share are the same, since there were no potentially dilutive equity instruments outstanding as at 31 December 2014.



## 6.7 *Plant and equipment*

	<i>Motor Vehicles £'000</i>	<i>Plant and machinery £'000</i>	<i>Total £'000</i>
<b>Cost</b>			
<b>At 1 January 2012</b>	280	–	280
Additions	44	6	50
Disposals	(87)	–	(87)
<b>At 31 December 2012</b>	237	6	243
Additions	75	3	78
Disposals	(68)	–	(68)
<b>At 31 December 2013</b>	244	9	253
Additions	102	2	104
Disposals	(97)	–	(97)
<b>At 31 December 2014</b>	249	11	260
<b>Depreciation</b>			
<b>At 1 January 2012</b>	172	–	172
Disposals	(74)	–	(74)
Charge for the year	94	2	96
<b>At 31 December 2012</b>	192	2	194
Disposals	(68)	–	(68)
Charge for the year	59	3	62
<b>At 31 December 2013</b>	183	5	188
Disposals	(97)	–	(97)
Charge for the year	73	3	76
<b>At 31 December 2014</b>	159	8	167
<b>Net book value</b>			
<b>At 31 December 2014</b>	90	3	93
<b>At 31 December 2013</b>	61	4	65
<b>At 31 December 2012</b>	45	4	49

## 6.8. *Trade and other receivables*

	<i>31 December 2014 £'000</i>	<i>31 December 2013 £'000</i>	<i>31 December 2012 £'000</i>
Trade and other receivables	396	331	227
Amounts due from Autoclenz Limited	54	–	–
	450	331	227

### 6.9. **Trade and other payables**

	31 December 2014 £'000	31 December 2013 £'000	31 December 2012 £'000
Other payables	–	–	1
Accruals	12	8	4
Tax and social security	106	51	11
Amount due to Autoclenz Limited	–	137	216
	<u>118</u>	<u>196</u>	<u>232</u>

### 6.10 **Pension commitments**

The entity contributed to a personal pension scheme. Contributions to the scheme are charged to the income statement as and when made.

The pension charge for the year was £2,966 (2013: £2,699, 2012: £4,984).

At the year end there was no accrual or prepayment outstanding (2013: £nil, 2012: £nil).

### 6.11 **Control**

REACT is an unincorporated division of Autoclenz Limited. The ultimate controlling party is Autoclenz Group Limited which prepares consolidated accounts.

### 6.12 **Related party transactions**

As disclosed in note 6.8 the entity was owed on an interest free current account balance by Autoclenz Limited of £53,557 (2013: owed £137,409, 2012: owed £215,955).

During the year, Autoclenz Limited recharged central management costs to REACT of £146,400 (2013: £142,008, 2012: £137,748). The calculation of this is explained in note 6.3.

### 6.13 **Subsequent events**

After the reporting date, the trade and assets of the REACT division were hived out of the Autoclenz Group Limited into a new company called REACT Specialist Cleaning Limited. This company is owned by REACT SC Holdings Limited. This company will then be acquired by Verdes Management plc.

### 6.14 **Risks and uncertainties**

The directors continually identify, monitor and manage the risks and uncertainties of the entity. Risk is inherent in all businesses. Set out below are certain risk factors which could have an impact on the entity's long-term performance and mitigating factors adopted to alleviate these risks. This list does not purport to be an exhaustive summary of the risks affecting the entity.

Management regularly review and agree policies for managing risks and uncertainties arising from the entity's financial instruments which are summarised below:

#### *Liquidity risk*

Liquidity risk is the risk that the entity will not be able to meet its financial obligations as they fall due. REACT's policy throughout the year has been to ensure that it has adequate liquidity to meet its liabilities when due by careful management of its working capital and, where necessary, issuing shares to raise additional finance.

#### *Credit risk*

Credit risk is the risk that a customer will default on any debt. REACT closely monitors outstanding balances and enforces contractual credit terms to ensure these debts are settled when due.

## PART 4

### (iii) Unaudited Pro Forma Statement of Net Assets

Set out below is an unaudited *pro forma* statement of net assets based on the net assets of Verdes and REACT. This unaudited pro forma statement of net assets is provided for illustrative purposes only to show the effect of the Acquisition and the Placing as if they had occurred on 31 March 2015.

Because of the nature of *pro forma* information, this information addresses a hypothetical situation and does not therefore represent the actual financial position or results of Verdes or the Enlarged Group.

The statement of pro forma net assets set out below is based on the unaudited balance sheet of Verdes as at 31 March 2015 (as extracted without material adjustment from Verdes' financial statements and REACT (as extracted without material adjustment from REACT'S financial information as at 31 December 2014 in Part 4 (ii) of this document), and other adjustments on the basis described in the notes below. The Enlarged Group will adopt Verdes' accounting policies.

	Verdes £'000 Note 1	REACT £'000 Note 2	Net assets not acquired £'000 Note 3	Acquisition £'000 Note 4	Loan conversion £'000 Note 5	Placing £'000 Note 6	Consolidation adjustments £'000 Note 7	Consolidation position £'000 Note 8
<b>Non-current assets</b>								
Goodwill and intangibles	–	–	–	–	–	–	1,560	1,560
Tangible assets	–	–	–	1,560	–	–	(1,560)	–
	1	93	57	–	–	–	–	151
	<u>1</u>	<u>93</u>	<u>57</u>	<u>1,560</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>1,711</u>
<b>Current assets</b>								
Trade and other receivables	3	450	(450)	–	–	–	–	3
Cash and cash equivalents	306	–	–	–	–	1,412	–	1,718
	<u>309</u>	<u>450</u>	<u>(450)</u>	<u>–</u>	<u>–</u>	<u>1,412</u>	<u>–</u>	<u>1,721</u>
<b>Total assets</b>	<u>310</u>	<u>543</u>	<u>(393)</u>	<u>1,560</u>	<u>–</u>	<u>1,412</u>	<u>–</u>	<u>3,432</u>
<b>Current liabilities</b>								
Trade and other payables	(128)	(118)	118	–	–	–	–	(128)
Borrowings	(275)	–	–	–	275	–	–	–
	<u>(403)</u>	<u>(118)</u>	<u>118</u>	<u>–</u>	<u>275</u>	<u>–</u>	<u>–</u>	<u>(128)</u>
<b>Net Assets</b>	<u>(93)</u>	<u>425</u>	<u>(275)</u>	<u>1,560</u>	<u>275</u>	<u>1,412</u>	<u>–</u>	<u>3,304</u>

Notes:

- The financial information in respect of Verdes as at 31 March 2015 has been extracted, without material adjustment, from its financial statements.
- The financial information in respect of REACT as at 31 December 2014 has been extracted, without material adjustment, from the financial information as set out in Part 4(ii) to this document.
- The business and fixed assets of REACT are being acquired by REACT Specialist Cleaning Limited for £150k and the issue of 92,857,142 New Ordinary Shares of 0.25p each at 1.68p each.
- Verdes' borrowings have increased by £275k since 30 September 2014 and these are to be converted to equity as set out in paragraph 10.1.14 of Part 6 of this Admission Document.
- The Placing receipts (after estimated expenses of £338k) of £1,412k are conditional on Admission.
- The Open Offer is not underwritten so no account has been taken in the above pro forma of any subscription under the Open Offer. Depending upon the subscriptions made under the Open Offer, the figures for "Cash and cash equivalents", "Current Assets", "Total Assets" and "Net Assets" could increase by up to a further £416,619.
- The *pro forma* net asset statement has been prepared on the basis that the acquisition by Verdes of REACT SC Holdings Limited being accounted for as a business combination under IFRS (3) revised.
- The *pro forma* financial information does not constitute statutory accounts within the meaning of section 434 of CA 2006.
- Apart from the above, no other adjustments have been made to reflect any trading, changes in working capital or other movements since 31 March 2015 or 31 December 2014 respectively for either Verdes or REACT.

## PART 5

### INFORMATION ON THE CONCERT PARTY AND ADDITIONAL DISCLOSURES REQUIRED UNDER THE TAKEOVER CODE

The information set out in this Part 5 which relates to the Concert Party has been accurately reproduced from information provided by those members of the Concert Party (as the context requires). As far as the Company is able to ascertain from this information, no facts have been omitted which would render the information in this Part 5 which relates to the members of the Concert Party inaccurate or misleading.

#### 1. Information on the Concert Party

The members of the Concert Party are made up of the existing shareholders of REACT. Full details of them are shown below.

None of the Concert Party holds any shares in the Company at present. Set out below is a table showing the potential interests of the members of the Concert Party in the Enlarged Share Capital following completion of the Acquisition, the Placing, the Open Offer, conversion of the HC Loan and Admission.

<i>Name</i>	<i>No. of Consideration Shares</i>	<i>No. of Placing Shares</i>	<i>No. of New Ordinary Shares in the Enlarged Group</i>
T Clingo	13,928,571	–	13,928,571
G Rummery	13,928,571	595,238	14,523,809
A Reynolds	18,571,429	–	18,571,429
P Foulger	18,571,429	–	18,571,429
M Ward	13,928,571	–	13,928,571
D Worrall	13,928,571	–	13,928,571
Total	<u>92,857,142</u>	<u>595,238</u>	<u>93,452,380</u>

The maximum controlling position of the Concert Party is 93,452,380 New Ordinary Shares representing 37.29 per cent. of the Enlarged Share Capital. This is based on the following assumptions:

- completion of (i) the Share Consolidation, (ii) the Acquisition (resulting in the issue of the Consideration Shares), (iii) the Placing (resulting in the issue of the Placing Shares), and First Admission;
- no issue of shares in the Open Offer;
- the Helium Convertible Loan has been converted into New Ordinary Shares (this should occur conditional upon First Admission); and
- there is no other issue of shares, or conversion of warrants in the share capital of the Company.

#### 1.1 Information on certain members of the Concert Party

- Adam Reynolds of Brandon House, Manor Road, Sandford St Martin, Oxfordshire OX7 7AG joined Autoclenz in November 2012 as part of the Management Buy Out (“MBO”) of Autoclenz Limited and Autoclenz Services Limited from AIM-quoted Autoclenz Holdings PLC. Further details of Adam Reynolds are set out in paragraph 13 of Part 1 of this document.
- Trevor Clingo of 40 Ingleton Close, Nuneaton, Warwickshire CV11 6WB, has been finance director at Autoclenz Limited since 2004.
- Grahame Rummery of 1 Hanley Close, Disley, Cheshire SK12 2DG, has been Chief Executive of Autoclenz Limited since 1990, and led the MBO in 2012.
- Martyn Ward of 8 Fernbank Close, Hasbury, Halesowen B63 1BL, is a divisional director of Autoclenz Limited.

- (v) Deryck Worrall of 11 Thorpe Close, Stapenhill, Burton on Trent, is a divisional director of Autoclenz Limited.
- (vi) Paul Foulger of Rosebank, 1 Fairmile Park Copse, Cobham, Surrey KT11 2PQ, became a shareholder in Autoclenz Limited in 2012 when he invested in the MBO.

## 1.2 **Definitions**

For the purposes of this Part 5:

- (a) References to persons “acting in concert” comprise persons who, pursuant to an agreement or understanding (whether formal or informal), co-operate to obtain or consolidate control (as defined below) of a company or to frustrate the successful outcome of an offer for a company. A person and each of its affiliated persons will be deemed to be acting in concert with each other. Without prejudice to the general application of this definition, the following persons will be presumed to be persons acting in concert with other persons in the same category unless the contrary is established:
  - (i) a company, its parent, subsidiaries and fellow subsidiaries, and their associated companies, and companies of which such companies are associated companies, all with each other (for this purpose 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);
  - (ii) a company with any of its directors (together with their close relatives and related trusts);
  - (iii) a company with any of its pension funds and the pensions funds of any company covered in (i);
  - (iv) a fund manager (including an exempt fund manager) with any investment company, unit trust or other person whose investments such fund manager manages on a discretionary basis, in respect of the relevant investment accounts;
  - (v) a connected adviser with its client and, if its client is acting in concert with an offeror or with the offeree company, with that offeror or with that offeree company respectively, in each case in respect of the interests in shares of that adviser and persons controlling, controlled by or under the same control as that adviser (except in the capacity of an exempt fund manager or an exempt principal trader); and
  - (vi) directors of a company which is subject to an offer or where the directors have reason to believe a *bona fide* offer for their company may be imminent;
- (b) an “arrangement” includes any indemnity or option arrangement 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;
- (c) a “connected adviser” means an organisation which is advising the Company;
- (d) “connected person” means in relation to any person a person whose interest in shares is one in which the first mentioned person is also taken to be interested pursuant to Part 32 of the Act;
- (e) “control” means a holding, or aggregate holdings, of shares in the capital of a company carrying 30 per cent. or more of the voting rights of such company, irrespective of whether the holding or holdings give *de facto* control;
- (f) “dealing or dealt” include:
  - (i) acquiring or disposing of Relevant Securities, the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights allocated to Relevant Securities or general control of Relevant securities;
  - (ii) taking, granting, acquiring, disposing of, entering into, closing out, terminating, exercising (by either party) or varying an option in respect of any Relevant Securities;
  - (iii) subscribing or agreeing to subscribe for Relevant Securities (whether in respect of new or existing securities);
  - (iv) exercising or converting any Relevant Securities carrying conversion or subscription rights;
  - (v) acquiring, disposing of, entering into, closing out, exercising (by either party) of any rights under, or varying of, a derivative referenced directly or indirectly, to Relevant Securities;

- (vi) entering into, terminating or varying the terms of any agreement to purchase or sell Relevant Securities; and
- (vii) any other action resulting, or which may result, in an increase or decrease in the number of Relevant Securities in which a person is interested or in respect of which he has a short position;
- (g) “derivative” includes any financial product whose value in whole or in part is determined, directly or indirectly, by reference to the price of an underlying security but which does not include the possibility of delivery of such underlying securities;
- (h) “disclosure date” means 28 July 2015, being the latest practicable date prior to the publication of this document;
- (i) “disclosure period” means the period of 12 months ending on the Disclosure Date;
- (j) an “exempt fund manager” means a person who manages investment accounts on a discretionary basis and is recognised by the Panel as an exempt fund manager for the purposes of the Code;
- (k) an “exempt principal trader” means a person who is recognised by the Panel as an exempt principal trader for the purposes of the Code;
- (l) Being “interested” in Relevant Securities includes where a person (otherwise than through a short position):
  - (i) owns Relevant Securities; or
  - (ii) has the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to Relevant Securities or has general control over them; or
  - (iii) by virtue of an agreement to purchase, option or derivative, has the right or option to acquire Relevant Securities or to 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; or
  - (iv) is 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;
- (m) “Relevant Securities” means securities which comprise equity share capital (or derivatives referenced thereto) and securities convertible into rights to subscribe for and options (including traded options) in respect of any such securities; and
- (n) “short position” means any short position (whether conditional or absolute and whether in the money or otherwise) including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery.

### 1.3 **Interests of the Concert Party in the Company**

No member of the Concert Party is currently interested in any voting rights of the Company.

### 1.4 **Save as disclosed in this Part 3 of this document:**

- (a) No member of the Concert Party nor any member of his immediate family, related trusts or connected persons had an interest in or a right to subscribe for, or had any short position in relation to any Relevant Securities of the Company, nor had any such person dealt in such securities during the disclosure period;
- (b) no person acting in concert with the members of the Concert Party had an interest in or a right to subscribe for, or had any short position in relation to, any Relevant Securities of the Company, nor had any such person dealt in any such securities during the disclosure period; and
- (c) no member of the Concert Party nor any person acting in concert with them had borrowed or lent any Relevant Securities of the Company, save for any borrowed shares which have either been on-lent or sold.

## 2. Middle Market Quotations

The following table sets out the middle market quotations for an Ordinary Share, as derived from the AIM Appendix to the Daily Official List of London Stock Exchange, for the first business day of each of the six months immediately preceding the date of this document and for 28 July 2015 (being the latest practicable date prior to the publication of this document):

<i>Date</i>	<i>Price per Ordinary Share</i>
2 February 2015	0.15p
2 March 2015	0.155p (suspended)
1 April 2015	0.155p (suspended)
1 May 2015	0.155p (suspended)
1 June 2015	0.155p (suspended)
1 July 2015	0.155p (suspended)
28 July 2015	0.155p (suspended)

## 3. The Concert Party's intention regarding the Company's business

The Concert Party does not have any immediate intentions to dispose of or otherwise change the use of any of the fixed assets within the Company. The Concert Party does not intend to make any changes to the existing trading facilities for the Relevant Securities of the Company.

## 4. Additional disclosures required by the Code

At the close of business on the disclosure date, save as disclosed in this paragraph 5 of Part 5 of this document and paragraph 11.1 of Part 6 of this document:

- (a) none of the Directors (including any members of such Directors respective immediate families, related trusts or connected persons) had any interest in or a right to subscribe for, or had any short position in relation to, any Relevant Securities of the Company;
- (b) no person acting in concert with the Company had any interest in, or right to subscribe for, or had any short position in relation to any Relevant Securities of the Company;
- (c) neither the Company nor any of the Directors (including any members of such Directors respective immediate families, related trusts or connected persons) had any interest in or right to subscribe for, or had any short position in relation to any Relevant Securities of the Company, nor has any such person dealt in any such securities during the disclosure period;
- (d) the Company has not redeemed or purchased any of its Relevant Securities during the disclosure period;
- (e) there were no arrangements which existed between the Company or any person acting in concert with of the Company or any other person;
- (f) neither the Company nor any person acting in concert with the Company had borrowed or lent any Relevant Securities of the Company, save for any borrowed shares which have either been on-lent or sold;
- (g) no member of the Concert Party nor any person acting in concert with them has entered into an agreement, arrangement or understanding (including any compensation arrangement) with any of the Company's Directors, recent Directors, Shareholders, recent Shareholders or any other person interested or recently interested in Existing Ordinary Shares which are connected with or dependent upon the outcome of the Proposals; and
- (h) no member of the Concert Party has entered into agreement, arrangement or understanding to transfer any interest acquired in the Company, pursuant to the Proposals.

## PART 6

### GENERAL INFORMATION

#### 1. Responsibility

- 1.1 The Directors and the Proposed Directors, whose names appear below in paragraph 4 of this Part 6, and the Company, accept responsibility, both individually and collectively for the information contained in this document. To the best of the knowledge and belief of the Directors and the Proposed Directors and the Company (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. **The Directors (excluding Adam Reynolds (in respect of the recommendation of Resolutions 1 and 2 set out in paragraph 29 of Part 1 of this document) and Gill Leates (in respect of the recommendation of Resolutions 4 and 7 set out in paragraph 29 of Part 1 of this document)) accept sole responsibility for the recommendations set out in paragraph 29 of Part 1 of this document.**
- 1.2 Each member of the Concert Party accepts responsibility for the information contained in this document relating to themselves. To the best of the knowledge and belief of each member of the Concert Party (having taken all reasonable care to ensure that such is the case) the information contained in this document for which he is responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.

#### 2. The Company and its subsidiaries

- 2.1 The Company is registered in England and Wales, having been incorporated on 17 May 2005 under the Act with registered number 5454010 as a public company limited by shares with the name Diablo Group plc. On 29 August 2006, the Company changed its name to x-phonics plc and on the 27 September 2010, the Company changed its name to Verdes Management plc. On 20 October 2005, the Company's issued share capital was admitted to trading on AIM.
- 2.2 The liability of members is limited. The principal legislation under which the Company operates is the Act and the regulations made thereunder.
- 2.3 The Company's principal activity is that of an investment holding company.
- 2.4 The Company's registered office and principal place of business is at c/o International Registrars Limited, Finsgate, 5-7 Cranwood Street, London EC1V 9EE. The telephone number at the Company's principal place of business is +44 (0)20 8 133 2782.
- 2.5 The Existing Ordinary Shares were created pursuant to the Companies Act 1985 and the Act. On 14 July 2005, the Company was granted a certificate of entitlement to do business and borrow pursuant to Section 117 of the Act.
- 2.6 On Admission, the Company will be the holding company of the Enlarged Group and will, directly or indirectly, own the following companies:

<i>Name</i>	<i>Principal Activity</i>	<i>Holding</i>	<i>Registered</i>
REACT SC Holdings Limited	Holding company	100%	England
REACT Specialist Cleaning Limited	Trading company	100%	England



### 3. Share Capital

- 3.1 The following are details of the changes in the issued share capital of the Company since 1 October 2011:
- 3.1.1 On 6 October 2011 16,666,667 ordinary shares of 0.1p were issued at 0.3p per share in a placing.
- 3.1.2 On 2 April 2012, 20,000,000 ordinary shares of 0.1p were issued at 0.3p per share in a placing.
- 3.1.3 On 1 November 2012, 211,000,000 ordinary shares of 0.1p were issued in a placing at 0.1p per share (though 64,000,000 were forfeited due to non-payment by a placee and retained as treasury shares by the Company).
- 3.1.4 On 22 November 2012, 39,000,000 ordinary shares of 0.1p were issued at 0.1p per share in a placing for cash.
- 3.1.5 On 16 January 2014, a share capital reorganisation took place whereby each of the 666,680,735 issued ordinary shares of 0.1p each in the capital of the Company were subdivided into one ordinary share of 0.01p and 1 C deferred share of 0.9p. Following the reorganisation, the issued share capital comprised 666,680,735 ordinary shares of 0.01p, 32,938,000 deferred shares of 6.5p, 66,214,920 B deferred shares of 0.9p and 666,680,735 C deferred shares of 0.9p.
- 3.1.6 On 23 January 2014, 163,272,727 ordinary shares of 0.01p were issued following the exercise of conversion rights under the Westminster Convertible Loan (see paragraph 10.1.3) at 0.055p per share (together with the 64,000,000 shares referred to in 3.1.4 above).
- 3.1.7 On 11 March 2014, 100,000,000 ordinary shares of 0.01p were issued at 0.75p per share in a placing for cash to Helium.
- 3.2 Save as referred to in this paragraph 3 and in paragraph 11 of this Part 6, no share or loan capital of the Company is under option or has been agreed, conditionally or unconditionally, to be put under option.
- 3.3 The Company does not have any securities in issue not representing share capital.
- 3.4 No shares in the capital of the Company are held by or on behalf of the Company or by any subsidiaries of the Company.
- 3.5 Save as referred to in this paragraph 3 and in paragraph 11 of this Part 6, there are no acquisition rights or obligations over authorised but unissued capital or undertakings to increase the capital of the Company.
- 3.6 At the General Meeting, resolutions of the Company are to be proposed that, *inter alia*:
- 3.6.1 the Directors be generally and unconditionally authorised pursuant to section 551 of the Act to exercise all and any powers of the Company to;
- 3.6.1.1 allot 104,166,666 New Ordinary Shares in connection with the Placing;
- 3.6.1.2 allot 92,857,142 New Ordinary Shares to the Vendors in accordance with the terms and conditions of the Acquisition Agreement;
- 3.6.1.3 allot up to 24,798,759 New Ordinary Shares in connection with the Open Offer;
- 3.6.1.4 allot up to 16,369,047 New Ordinary Shares in connection with the conversion of the HC Loan; and
- 3.6.1.5 allot shares in the Company or grant rights to subscribe for or to convert any security into shares in the Company ("Rights") up to an aggregate nominal amount of £100,000,

provided that the authority granted by this resolution shall, unless renewed, varied or revoked by the Company, expire on the earlier of fifteen months from the date of passing this resolution or at the Company's next annual general meeting, except that the Company may, before it expires make an offer or agreement which would or might require shares to be allotted or Rights to be granted and the directors may allot shares or grant Rights in pursuance of that offer or agreement. This authority is in substitution for all previous authorities conferred on the directors in accordance with section 80 of the 1985 Act or section 551 of the Act to the extent not utilised at the date it is passed.

- 3.6.2 the Directors be given power in accordance with sections 570 and 571 of the Act, to allot equity securities (as defined in section 560 of the Act) as if section 561(1) of the Act did not apply to such allotment provided that such authority shall expire on the earlier of fifteen months from the date of passing of the resolution or at the Company's next annual general meeting. Such authority will extend so that the Company may, before authority expires under the resolution, make an offer or agreement which would or might require equity securities to be allotted after it expires and the Directors may allot equity securities pursuant to that offer or agreement.
- 3.7 The Directors intend to exercise the authorities described in paragraphs 3.6.1 and 3.6.2 to issue up to 238,191,614 New Ordinary Shares pursuant to the Proposals and the issue of the HC Loan Shares (representing in aggregate approximately 86.49 per cent. of the Enlarged Share Capital).
- 3.8 It is proposed that on 14 August 2015 13 ordinary shares of 0.01p will be issued to Ms G Leates, ahead of the Share Consolidation. It is proposed that at the General Meeting scheduled for 14 August 2015 all the Deferred Shares are cancelled, and a 1:25 share consolidation of the Existing Ordinary Shares is approved, such that the only remaining class of share capital is that of the New Ordinary Shares of 0.25p.
- 3.9 The Company's issued share capital as at the date of this document is and immediately following Admission is expected to be:

<i>Class of shares</i>	<i>Number of Shares</i>		<i>Nominal value (£)</i>	
	<i>At the date of this Admission Document</i>	<i>Following Admission*</i>	<i>At the date of this Admission Document</i>	<i>Following * Admission</i>
Ordinary Shares of 0.01p	929,953,462	–	£92,995.35	–
Ordinary Shares of 0.25p	–	250,590,994†	–	£626,477,49†
Deferred Shares of £0.065	32,938,000	–	£2,140,970.00	–
B Deferred Shares of £0.009	66,214,920	–	£595,934.28	–
C Deferred Shares of £0.0009	666,680,735	–	£600,012.66	–

\* assuming the Share Consolidation has taken place so that the Ordinary Shares have a nominal value of 0.25p, and both First Admission and Second Admission have occurred and that no shares are subscribed in the Open Offer.

† In the event that the Open Offer is fully subscribed there would be 275,389,753 Ordinary Shares in issue, with a nominal value of £688,474.38.

- 3.10 Other than the Helium Convertible Loan, details of which are set out in paragraph 10.1.11 of this Part 6, and the warrants, details of which are set out in paragraph 11 of this Part 6, the Company has no convertible securities or securities with warrants.

#### 4. Additional Information on the Board and Senior Management

4.1 The Directors, Proposed Directors and members of senior management hold or have held the following directorships or are or have been partners in the following partnerships within the five years prior to the date of this document:

<i>Name</i>	<i>Current Directorships/Partnerships</i>	<i>Past Directorships/Partnerships</i>
Gill Leates	Verdes Management plc Hydrodec Group plc Freeton Limited InnoVenn UK Limited	Rosemary Gardens Mortlake (Management) Ltd Rosemary Gardens Mortlake (Freehold) Limited
Adam Reynolds	Verdes Management plc EKF Diagnostics Holdings Plc Boldwood Limited Orogen Gold plc Emotion Fitness Limited Reyco Limited Hubco Investments plc Autoclenz Group Limited Optibiotix Health plc Premaitha Health plc Medavinci Gold Limited Ocutec Eyecare Limited Autoclenz Holdings Limited	Hansard Corporate Limited Biolustre UK Ltd Velvet Consultancy Ltd Porta Communications plc Diablo Consulting Limited Hub Capital Partners Limited Chalton Consulting Limited Alan Bailey (Studios) Limited Wilton International Marketing Limited Wallgate Group plc Bcomp 415 Limited Greenhills plc Venn Life Sciences Holdings PLC Autoclenz Group Limited Bcomp 416 Limited Bcomp 429 Limited
Stephen Foster	Verdes Management plc Iridian Consulting Services Ltd	COMS plc
Grahame Rummery	Autoclenz Services Limited Autoclenz Group Limited Autoclenz Limited Autoclenz Holdings Limited REACT Specialist Cleaning Limited REACT SC Holdings Limited	Autoclenz Holdings Plc (now Mi-Pay Group plc)
Mark Collingbourne	Elm Medical Ltd Cesas Medical Limited Elm Developers Limited Morrison Kingsley Consultants Limited Artemis Management Services Limited The Slater Foundation Limited	Everything to Celebrate Ltd Premaitha Limited JMA Rentals Limited Premaitha Health plc
Chris Taylor	None	None

4.1.1 Adam Reynolds was appointed as a director of Wilton International Marketing Limited on 10 June 2005. The company entered a members' voluntary liquidation on 1 May 2014. The liquidator's receipt and payments accounts approved in general meeting on 22 April 2014 declared a surplus of £404,805.17.

4.1.2 Marlwood PLC was put into voluntary creditors' liquidation on 7 February 2012. On 10 July 2009 Adam Reynolds resigned from the company.

- 4.1.3 On 3 July 2008, Adam Reynolds was appointed as a director of Wallgate Group plc. On 12 December 2008 Wallgate Group plc was put into administration and became subject to voluntary creditors' liquidation on 15 December 2009. The directors' statement of affairs dated 12 December 2008 showed a creditor shortfall of £427,704.87. Adam Reynolds has not received any compensation in respect of his position as a director of Wallgate Group plc and was not the subject of public criticism by the liquidator in connection with the liquidation.
- 4.1.4 Greenhills plc was placed into compulsory liquidation in 1996 within 12 months of resigning as a director.
- 4.1.5 Chris Taylor was from 1991 until 1998 a minority shareholder, director and company secretary of G & B Print Associates Limited which traded as Greybird Corporation, for which a winding up petition was presented by Inland Revenue on 16 December 1997. G&B Print Associates was placed into liquidation on 16 April 1998 and dissolved on 24 September 2002. The estimated deficit to creditors was £287,395. Mr Taylor was disqualified under The Company Directors Disqualification Act (1986) from acting as a director for 3 years. The disqualification ended in 2002.
- 4.2 Save as disclosed above, none of the Directors or Proposed Directors have:
- 4.2.1 any unspent convictions in relation to indictable offences; or
- 4.2.2 any bankruptcy order made against him or entered into any individual voluntary arrangements; or
- 4.2.3 been a director of a company which has been placed in receivership, compulsory liquidation, creditors' voluntary liquidation, administration, been subject to a company voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors whilst he was a director of that company or within the 12 months after he ceased to be a director of that company; or
- 4.2.4 been a partner in any partnership which has been placed in compulsory liquidation, administration or been the subject of a partnership voluntary arrangement whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership; or
- 4.2.5 been the owner of any assets or a partner in any partnership which has been placed in receivership whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership; or
- 4.2.6 been publicly criticized by any statutory or regulatory authority (including recognised professional bodies) or been disqualified by a court from acting as a director of any company or from acting in the management or conduct of the affairs of a company.

## **5. Memorandum and Articles of Association**

The provisions of the Company's memorandum of association and articles of association are summarised as set out below:

### ***Memorandum of Association***

- 5.1 On 1 October 2009, by virtue of section 28 of the Act, the provisions of the Company's memorandum of association became part of the Company's articles of association. Pursuant to Resolution 11, authority is being sought at the GM in accordance with the Act to delete the provisions of the Company's memorandum so that there are no express objects of the Company and the Company is therefore able to carry out any business and do anything that the Board determines.

### ***Articles of Association***

#### ***5.2 Adoption***

The Articles were adopted on by special resolution on 15 January 2014 and contain the provisions (amongst others) set out below.

### 5.3 *Meetings of members*

Annual general meetings must be held within six months following the Company's accounting reference date at such time and place as may be determined by the directors. Annual general meetings are called on 21 days' notice in writing, exclusive of the day of which it is served or deemed to be served and of the day on which the meeting is to be held, and is to be given to all members on the register at the close of business on a day determined by the Company, such day being not more than 21 days before the day that the notice of meeting is sent.

An annual general meeting may be called on shorter notice providing all members entitled to attend and vote thereat agree. The Company may specify in the notice of meeting a time, not more than 48 hours before the time fixed for the meeting, by which a person must be entered into the register in order to have the right to attend or vote at the meeting. Notice of a general meeting may be validly given when sent in electronic form or made available on the Company's website.

All other general meetings may be called whenever the directors think fit or when a meeting has been requisitioned in accordance with the Act. General meetings are called on 14 days' notice in writing exclusive of the day on which it is served or deemed to be served and the day on which it is to be held. A general meeting can be called on shorter notice if a majority in number of the members having a right to attend and vote at the general meeting, being a majority together holding not less than 95 per cent. in nominal value of the shares giving that right, consent. Two members present in person or by proxy and entitled to vote shall be a quorum for all purposes.

Shareholders need not attend a meeting of the Company in person but can do so by way of a validly appointed proxy. Proxies are appointed in accordance with the Articles. In order to be validly appointed, details of the proxy must be lodged at the Company's registered office no later than 48 hours before the commencement of the relevant meeting (although a later time may be specified by notice of the meeting) or in the case of a poll which is not taken at or on the same day as the meeting, not less than 24 hours prior to the taking of the poll. Failure to lodge details of the appointed proxy in accordance with Articles will result in the proxy note being treated as valid.

### 5.4 *Voting rights*

Subject to paragraph 5.9 below, and to any special terms as to voting upon which any shares may for the time being, be held, on a show of hands every member who (being an individual) is present (or by proxy) in person or (being a corporation) is present by its duly appointed representative shall have one vote and on a poll every member present in person or by representative or proxy shall have one vote for every ordinary share in the capital of the Company held by him. A proxy need not be a member of the Company.

### 5.5 *Alteration of capital*

Subject to, and in accordance with the provisions of the Act, and to any rights for the time being attached to any shares, the Company may purchase its own shares (including any redeemable shares), provided that the Company shall not purchase any of its shares unless such purchase has been sanctioned by an resolution passed at a separate meeting of the holders of any class of shares convertible into equity share capital of the Company.

The rights attaching to the Company's shares are set out in its Articles and summarised in this paragraph 5. The alterations or change of these rights would require the passing of a special resolution passed at a general meeting of the holders of that class of shares.

### 5.6 *Variation of rights*

If at any time the capital of the Company is divided into different classes of shares, all or any of the rights or privileges attached to any class of shares in the Company may be varied or abrogated with the consent in writing of the holders of three-quarters in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of that class of shares. At every such separate general meeting (except an adjourned meeting), the quorum shall be two persons holding or representing by proxy one-third in nominal value of the issued shares of that class.

### 5.7 *Return of capital*

Subject to any preferred, deferred or other special rights, or subject to such conditions or restrictions to which any shares in the capital of the Company may be issued, on a winding-up or other return of capital, the holders of ordinary shares are entitled to share in any surplus assets remaining after the distribution of the Company's liabilities *pro rata* to the amount paid up or deemed to be paid up on their ordinary shares. A liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the Act, divide amongst the members in specie or in kind the whole or any part of the assets of the Company, those assets to be set at such value as he deems fair. A liquidator may also vest the whole or any part of the assets of the Company in trustees on trusts for the benefit of the members.

### 5.8 *Transfer of shares*

A member may transfer all or any of his shares:

- (1) in the case of certificated shares by instrument in writing in any usual or common form or in such other form as may be approved by the directors; and
- (2) in the case of uncertificated shares, through CREST in accordance with and subject to the CREST Regulations and the facilities and requirements of the relevant system concerned.

The instrument of transfer of a certificated share shall be executed by or on behalf of the transferor and, if the share is not fully paid, by or behalf of the transferee. The directors may in their absolute discretion refuse to register a transfer of any share which is not fully paid, or on which the Company as a lien provided that dealings in the shares are not prevented from taking place on an open and proper basis. Subject to paragraph 5.10 below, the Articles contain no restrictions on the free transferability of fully paid shares provided that the transfer is in respect of only one class of share and is accompanied by the share certificate and any other evidence of title required by the directors and that the provisions in the Articles relating to the deposit of instruments for transfer have been complied with.

The directors may also refuse to register the transfer of a share which is in favour of more than four transferees or as provided under paragraph 5.10. If the directors refuse to register a transfer, they shall within two months of the date on which the instrument of transfer was lodged with the Company (or in the case of uncertified shares the operator instrument was received by the Company) send to the transferee notice of refusal.

### 5.9 *Dividends and other distributions*

The Company may (subject to the provisions of the Act) by ordinary resolution in general meeting declare dividends to be paid to members in accordance with their respective rights and their respective interests provided that no dividend shall be paid otherwise than out of profits and no dividend shall exceed the amount recommended by the directors. The directors may from time to time pay such interim dividends as appear to the directors to be justified.

Subject to the rights of persons, if any, holding shares with special dividend rights, and subject to paragraph 5.9 below, all dividends shall be apportioned and paid *pro rata* according to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid. No amount paid or credited as paid in advance of calls shall be regarded as paid on shares for this purpose.

All dividends unclaimed for a period of 12 years after the payment date for such dividend shall if the directors so resolve be forfeited and shall revert to the Company.

The Company may by ordinary resolution, upon the recommendation of the directors, direct payment or satisfaction of such dividend wholly or partly out of specific amounts and, in particular, of fully paid up Shares of any other Company. Any difficulty with such a distribution may be settled by the directors as they think expedient and in particular they may issue fractional certificates.

The directors may from time to time pay such interim dividend as appear to the directors to be justified by the distributable profits of the Company and the position of the Company, subject to the provisions

of Act. The directors acting in good faith shall not incur any liability to the holders of shares conferring any preferential rights for any loss they may suffer as a consequence of lawful payment on an interim dividend on any Share having non-preferred or deferred rights.

The directors may also pay a dividend payable at a fixed rate at such interest settled by them if it appears to them that the profit available justifies the payment.

The Company may deduct from any dividend payable all sums of money (if any) due to the Company by the member on account of calls or alterations and use such monies to satisfy such amount payable.

All dividends unclaimed for a period of 12 years after having been declared shall if the directors so resolve be forfeited and shall revert to the Company and the Company shall not be constituted a trustee thereof. All dividends unclaimed for a period of 12 months shall be invested or otherwise made use of by the directors for the benefit of the Company until claimed.

The Board may if authorised by an ordinary resolution of the Company and subject to such terms and conditions as the Board may determine, offer any holder of ordinary shares the right to elect to receive additional ordinary shares, credited as fully paid, in lieu of cash in respect of any dividend or any part of any dividend specified by the ordinary resolution.

#### 5.10 *Pre-emption rights*

There are no rights of pre-emption under the Articles in respect of transfers of issued ordinary shares.

In certain circumstances, the Company's shareholders have statutory pre-emption rights under the Act in respect of the allotment of new shares in capital of the Company. These statutory pre-emption rights require the Company to offer new shares for allotment by existing shareholders on a *pro rata* basis before allotment to other persons.

Pursuant to Resolution 8 of the GM, authority is being sought dis-apply statutory pre-emption rights over 40,000,000 ordinary shares, with such authority to expire on the earlier of the date of the Company's next annual general meeting or the expiry of 15 months from the date of the resolution.

#### 5.11 *Restrictions on shares*

If a member or any other person appearing to be interested in shares held by such shareholder has been duly served with notice under section 793 of the Act and is in default in supplying to the Company within 14 days (or such longer period as may be specified in such notice) the information thereby, required, then (if the directors so resolve) such member shall not be entitled to vote or to exercise any right conferred by membership in relation to meetings of the Company in respect of the shares which are the subject of such notice. Where the holding represents more than 0.25 per cent. of the issued shares of that class, the payment of dividends may be withheld, and such member shall not be entitled to transfer such shares otherwise than by an arm's length sale.

#### 5.12 *Directors*

Save as provided in the Articles, a director shall not vote as a director in respect of any contract, transaction or arrangement or proposed contract, transaction or arrangement or any other proposal in which he has any interest which conflicts or which may conflict with the interests of the Company. He will not be counted in the quorum present at the meeting, and if he does vote, his vote shall not be counted.

A director shall (in the absence of any other interest than is indicated below) be entitled to vote (and be counted in the quorum) in respect of any resolution relating to any of the following matters namely:

- (a) the giving of any security, guarantee or indemnity in respect of money lent or obligations incurred by him or by any other person at the request of or for the benefit of the Company or any of its subsidiary undertakings;

- (b) the giving of any security, guarantee or indemnity in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which the director himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;
- (c) the granting of any indemnity or provision of funding pursuant to Article 185 unless the terms of such arrangement confer upon such director a benefit not generally available to any other director;
- (d) an offer of shares or debentures or other securities of or by the Company or any of its subsidiary undertakings for subscription or purchase in which offer he is or is to be or may be entitled to participate as a holder of securities or as an underwriter or sub-underwriter;
- (e) any matter involving any other company in which he or any person connected with him is interested, directly or indirectly, and whether as an officer or shareholder or otherwise howsoever, provided that he and any persons connected with him are not to his knowledge the holder (otherwise than as a nominee for the Company or any of its subsidiary undertakings) of or beneficially interested in one per cent, or more of any class of the equity share capital of such company (or of any third company through which his interest is derived) or of the voting rights available to members of the relevant company (any such interest being deemed for this purpose to be a material interest in all circumstances);
- (f) an arrangement for the benefit of the employees of the Company or any of its subsidiary undertakings which does not award him any privilege or benefit not generally awarded to the employees to whom such arrangement relates; and
- (g) the purchase and/or maintenance of any insurance policy for the benefit of directors or for the benefit of persons including directors.

The directors may, subject to the Articles, authorise a director to be involved in a situation in which he may have an interest which conflicts with the interests of the Company, provided that the director shall not vote in connection with the authorisation, and the authorisation may be given subject to such terms and conditions as are thought fit.

Fees may be paid out of the funds of the Company to directors who are not managing or executive directors at such rates as the directors may from time to time determine provided that such fees do not exceed the aggregate sum of £500,000 per annum (exclusive of value added tax if applicable) or such other figure as the Company may by ordinary resolution from time to time determine.

Any director who devotes special attention to the business of the Company, or otherwise performs services which in the opinion of the directors are outside the scope of the ordinary duties of a director, may be paid such additional remuneration as the directors or any committee authorised by the directors may determine.

The directors (including alternate directors) shall be entitled to be paid out of the funds of the Company all their travelling, hotel and other expenses properly incurred by them in connection with the business of the Company, including their expenses of travelling to and from meetings of the directors, committee meetings or general meetings.

Any director may hold any other office or place of profit under the Company (except that of Auditor) in conjunction with his office of director and, subject to Section 188 of the Act, on such terms as to remuneration and otherwise as the Board shall arrange.

No shareholding qualification is required by a director. Unless otherwise determined by ordinary resolution of the Company, the number of directors (other than alternate Directors) shall not be less than two. At each annual general meeting, any director who was not elected or re-elected at either of the two preceding annual general meetings shall retire by rotation.

The members of the Company may pass an ordinary resolution to fill the vacancy of a retiring director either by electing the retiring director or by appointing some other eligible person.

The minimum number of directors shall not be less than two but is not subject to any maximum number save as may from time to time by way of ordinary resolution be fixed or varied.



A director need not be a member of the Company but shall be entitled to receive notice of and attend and speak at all general meeting of the Company and all separate meetings of the holders of any class of securities of the Company.

The directors may from time to time appoint any one of their number to an executive office on such terms as they think fit. Such a director may receive such remuneration as the directors may determine. An appointment as chief executive shall cease immediately upon ceasing to be a director, in respect of any other executive office such appointment shall not cease upon ceasing to be a director but may be terminated at any time after ceasing to be a director by resolution of the directors.

The directors may appoint any person to be a director, either to fill a casual vacancy or by way of addition of their number, but the total number of directors shall not exceed the maximum number fixed by or in accordance with the Articles. Any director so appointed shall retire from office at the next annual general meeting of the Company but shall then be eligible for re-appointment. Such a director shall not be taken into account when determining which directors shall retire by rotation at an annual general meeting.

At each annual general meeting any director bound to retire in this way and one third of the other directors (or if the number is not a multiple of three, this shall be rounded down to the nearest whole number) for the time being shall retire from office. A retiring director shall retain office until the close of the meeting at which he retires. Any director who was not elected or re-elected at either of the two preceding annual general meetings shall retire by rotation. The directors to retire at each annual general meeting will, first, be the directors who have been longest in office since their last appointment. As between directors who have been in office an equal length of time, the directors to retire shall, unless they shall otherwise agree among themselves, be selected from among them by lot. The retiring directors shall be eligible for re-appointment.

If at any meeting at which an appointment of directors ought to take place the office vacated by any retiring director is not filled, the retiring directors shall, if willing be deemed to continue in office until dissolution of the annual general meeting in the next year, unless at the meeting it is expressly resolved to reduce the number of directors, or unless a resolution for the re-appointment of the retiring director is put to the meeting and lost.

No other director other than a director retiring at the meeting shall be appointed or re-appointed unless not less than twenty eight and no more than thirty five days before the date appointed for the meeting, notice executed by a member entitled to vote at the meeting (and not the person being proposed) has been given to the Company of the intention for that person to be appointed or reappointed, which must state the particular which would be added to the Company's register of directors, together with notice executed by the person being proposed of his willingness to be appointed.

#### 5.13 *Borrowing Powers*

The directors may exercise all the powers of the Company to borrow or raise money to mortgage or charge all or any of its undertaking, property, assets (present and future) and uncalled capital to issue debentures and other securities, and to give security whether outright or as collateral security for any debt, liabilities or obligations of the Company, any subsidiary of the Company or any third party.

#### 5.14 *CREST*

CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by a written instrument. This settlement procedure is reflected in the Articles.

### **6. Principal Activity of the Enlarged Group**

As at the date of this document, the principal activity of the Company is that of an investment company. Following Admission and completion of the Acquisition the principal activity of the Company will be a specialist provider of rapid response deep cleaning and emergency decontamination services, providing a 24 hour a day fast response service to a range of industries.

## 7. Interests and Dealings of the Directors, Proposed Directors and Significant Shareholders

7.1 In addition to the warrants set out in paragraph 11 of this Part 6, the interests of the Directors, the Proposed Directors and the persons connected with them (within the meaning of section 252-255 of the Act) in the share capital of the Company as at the date of this document, and as they are expected to be immediately following Admission, are as follows:

<i>Director</i>	<i>As at the date of the Admission Document</i>		<i>On Admission*</i>	
	<i>Existing Ordinary Shares</i>	<i>%</i>	<i>New Ordinary Shares</i>	<i>%</i>
Gill Leates	–	–	595,238	0.24
Adam Reynolds	–	–	18,571,429	7.41
Stephen Foster	–	–	–	–
Grahame Rummery	–	–	14,523,809	5.80
Mark Collingbourne	–	–	1,488,096	0.59

\*on the assumption that no Shareholders subscribe for any New Ordinary Shares in the Open Offer. The above figures assume that the Helium Convertible Loan is converted into New Ordinary Shares upon Admission.

7.2 So far as the Directors and Proposed Directors are aware, the only persons who are directly or indirectly interested (within in the meaning of Chapter 5 of the Disclosure & Transparency Rules) in 3 per cent. or more of the Ordinary Shares in issue as at the date of this Admission Document, and are expected (based on the information available as at the date of this Admission Document) to be so interested immediately following Admission (as appropriate) are as follows:

<i>Shareholder</i>	<i>As at the date of the Admission Document</i>		<i>On Admission*</i>	
	<i>Existing Ordinary Shares</i>	<i>%</i>	<i>New Ordinary Shares</i>	<i>%</i>
Mr D Breith	225,000,000	24.19	9,000,000	3.59
TD Direct Investing Nominees (Europe)	118,642,730	12.76	4,745,709	1.89
Helium Rising Stars Fund	100,000,000	10.75	62,630,951	24.99
HSDL Nominees	84,257,511	9.06	3,370,300	1.34
L R Nominees	37,749,166	4.06	1,509,966	0.60
Barclayshare Nominees Limited	33,321,858	3.58	1,332,874	0.53
Mr T Clingo	–	–	13,928,571	5.56
Mr G Rummery	–	–	14,523,809	5.80
Mr A Reynolds	–	–	18,571,429	7.41
Mr P Foulger	–	–	18,571,429	7.41
Mr M Ward	–	–	13,928,571	5.56
Mr D Worrall	–	–	13,928,571	5.56

\*on the assumption that no Shareholders subscribe for any New Ordinary Shares in the Open Offer. The above figures assume that the Helium Convertible Loan is converted into New Ordinary Shares upon Admission.

7.3 The Company's significant Shareholders listed above do not have, and on Admission will not have, different voting rights to the Company's other Shareholders.

7.4 As at 28 July 2015 (being the latest practicable date prior to publication of this document) and save as disclosed in this paragraph 7, the Directors and Proposed Directors are not aware of any person or persons who, directly or indirectly, jointly or severally, following the implementation of the Proposals own or exercise or could own or exercise control over the Company.

7.5 Save as disclosed in this document, the Company is not aware of any arrangements which may at a subsequent date result in a change of control in the Company.

7.6 There are no mandatory takeover bids outstanding in respect of the Company and none has been made either in the last financial year or the current financial year of the Company. No public takeover

bids have been made by third parties in respect of the Company's issued share capital in the current financial year nor in the last financial year.

- 7.7 Save as set out in this paragraph 7, following Admission neither the Directors, the Proposed Directors nor any person connected with the Directors or the Proposed Directors (within the meaning of section 809 of the Act) is expected to have any interest, beneficial or non-beneficial, in the share or loan capital of any member of the Enlarged Group.
- 7.8 Save as disclosed in this document, none of the Directors or the Proposed Directors have any interest, direct or indirect, in any assets which have been or are proposed to be acquired or disposed of by, or leased to, any member of the Enlarged Group and no contract or arrangement exists in which a Director or Proposed Director is materially interested and which is significant in relation to the business of the Enlarged Group.
- 7.9 There are no outstanding loans granted by any member of the Enlarged Group to any of the Directors or the Proposed Directors, nor are there any guarantees provided by any member of the Enlarged Group for their benefit.
- 7.10 Save as disclosed in this paragraph 7, none of the Directors or the Proposed Directors have any interest, whether direct or indirect, in any transaction which is or was unusual in its nature or conditions or significant to the business of the Enlarged Group taken as a whole and which was effected by any member of the Enlarged Group since its incorporation and which remains in any respect outstanding or unperformed.
- 7.11 Neither the Directors nor the Proposed Directors (nor any member of their respective families), has a related financial product (as defined in the AIM Rules) referenced to the Ordinary Shares.
- 7.12 In respect of the Directors, the Proposed Directors and the senior managers of the Enlarged Group, save as set out in this document, there are no conflicts of interest between any duties they have to the Company and their private interests and/or other duties they may have.
- 7.13 Save as set out in this Admission Document, there are no arrangements or undertakings between the Directors, the Proposed Directors or the senior managers and any major shareholder, customer or supplier of the Enlarged Group pursuant to which any Director, Proposed Directors or senior manager was selected or will be selected as a member of the administrative, management or supervisory body or member of senior management of the Company.

## **8. Directors', Proposed Directors and Senior Managers' Service Agreements, Letters of Appointment, Remuneration and Fees**

- 8.1 The Company has entered into the following agreements with the Directors, the Proposed Directors and Senior Management:
- 8.1.1 a letter of appointment dated 25 March 2014, between (1) the Company and (2) Gill Leates pursuant to which Gill Leates was appointed as a non-executive Director of the Company at an annual fee of £80,000 on the basis of a minimum of 50 days service per annum. The agreement runs from 25 March 2014 until 25 March 2017, however it may be terminated by either party serving at least 12 months' written notice on the other. The agreement contains normal provisions for termination. The letter of appointment was amended on 29 July 2015 (to take effect upon Admission) to reduce her annual fee to £30,000 per annum, to reduce her notice period to three months and reduce the time commitment to 4 days per month.
- 8.1.2 a letter of appointment dated 28 October 2014 between (1) the Company and (2) Adam Reynolds pursuant to which Mr Reynolds was appointed as a non-executive Director of the Company on an annual fee of £5,000 per annum. The agreement is terminable on three months' notice in writing by either party and contains other normal provisions for termination. The parties to the letter of appointment have agreed that Mr Reynolds' appointment as a non-executive director of the Company will terminate upon First Admission with a contractual payment of £1,250 in lieu of notice.

- 8.1.3 a consultancy agreement dated 30 September 2014 between (1) the Company, (2) Reyco Limited and (3) Adam Reynolds, pursuant to which Reyco Limited agreed to provide the services of Adam Reynolds to the Company in respect of merger and acquisition and funding advice. Under the terms of this agreement to date an amount of £25,000 has been incurred by the Company in relation to merger and acquisition and funding advice (unrelated to the Proposals) already provided to the Company. The agreement is terminable on three months' notice in writing by either party and contains other normal provisions for termination. The parties have agreed that this agreement will terminate upon First Admission with a contractual payment of £5,000 in lieu of notice.
- 8.1.4 a letter of appointment dated 14 July 2014, between (1) the Company and (2) Stephen Foster pursuant to which Stephen Foster was appointed as a non-executive Director of the Company. Stephen Foster's fee is £25,000 per annum. Mr Foster is entitled to be reimbursed for his travel and other expenses incurred in the performance of his duties. Stephen Foster and the Company may terminate his appointment on three months' prior written notice. The agreement contains normal provisions for termination.
- 8.1.5 a letter of appointment dated 29 July 2015, between (1) the Company and (2) Grahame Rummery pursuant to which, subject to Admission, Mr Rummery was appointed as Chief Executive of the Company and he will devote such time and attention to the Company and the Business as the circumstances require. Mr Rummery's fees are £30,000 per annum. Mr Rummery is entitled to be reimbursed for his travel and other expenses incurred in the performance of his duties. Mr Rummery and the Company may terminate his appointment on six months' notice. The agreement contains normal provisions for termination.
- 8.1.6 a consultancy agreement dated 29 July 2015 between (1) the Company and (2) Morrison Kingsley Consultants Limited pursuant to which Morrison Kingsley Consultants Limited agreed to provide the services of Mark Collingbourne to the Company as Financial Director of the Company. The services are provided for not less than 4 business days per month at a fee of £30,000 per annum. The agreement is terminable by six months' notice in writing by either party and contains other normal provisions for termination. Under the terms of this agreement Morrison Kingsley Consultants Limited will be paid a fee of £15,000 for services already provided to the Company.
- 8.1.7 an employment contract dated 4 January 2010 between (1) Autoclenz Limited and (2) Chris Taylor pursuant to which Chris Taylor was appointed as Divisional Manager of REACT at an annual fee of £41,500, with further provision for a bonus based upon achievement of targets. The appointment may be terminated by either party on four weeks' written notice.
- 8.2 The aggregate emoluments (including benefits in kind and pension contributions) of the Directors for the year ended 30 September 2014 was £148,283 and it is estimated that, assuming Admission occurs, the aggregate emoluments of the Board (including benefits in kind and pension contributions, but excluding any performance-related bonuses) for the year ending 30 September 2015 will amount to approximately £176,000 under the arrangements in force at the date of this document.
- 8.3 There are no Directors' or Proposed Directors' service contracts, or contracts in the nature of services, with the Company, other than those which expire or are terminable without payment of compensation on no more than 12 months' notice.
- 8.4 Save as set out above, there are no existing or proposed service contracts between any Directors or Proposed Directors and any member of the Enlarged Group and there are no such service contracts which have been entered into or amended within six months of the date of this document.
- 8.5 Other than as disclosed above:
- 8.5.1 there are no existing or proposed service contracts or consultancy agreements between any of the Directors, the Proposed Directors or the senior managers (or any members of any administrative, management or subsidiary bodies) of the Company or any member of the Enlarged Group and the Company or any member of the Enlarged Group. None of the arrangements referred to in paragraph 8.1 contains a right to benefits upon termination (other than those during the notice period under the relevant contract);

8.5.2 No sums have been set aside or accrued by the Company or any member of the Enlarged Group to provide pension, retirement, or similar benefits for the Directors, the Proposed Directors or senior managers; and

8.5.3 No incentivisation arrangements have been entered into and no proposals as to any incentivisation arrangements have reached an advanced stage between REACT and the Directors and Proposed Directors.

## **9. Material Changes**

### **9.1 The Company**

There has been no significant or material change in the financial or trading position of the Company since 31 March 2015, the date of the most recent published unaudited interim statement of the Company.

### **9.2 REACT**

There has been no significant or material change in the financial or trading position of REACT since 31 December 2014, the date to which the latest audited financial information on REACT has been drawn up.

## **10. Material contracts**

The following contracts (not being in the ordinary course of business) have been entered into by the members of the Company or REACT in the two years immediately preceding the date of this document and which are or may be material or contain any provision under which any member of the Company or REACT has an obligation or entitlement which is or may be material to such member of the Company or REACT as at the date of this document:

### **10.1 The Company**

#### **10.1.1 The Wildey Convertible Loan**

On 26 November 2013 the Company entered into a convertible loan agreement with Peter Wildey ("**Mr Wildey**") pursuant to which Mr Wildey agreed to provide up to £25,000 of loan capital to the Company. This sum was advanced in full by Mr Wildey.

The loan was convertible by notice from Mr Wildey at any time at a conversion price of 0.055p per share (or lower in certain circumstances). Interest was payable at the 5 per cent. per annum. The outstanding balance of the loan, would have become due and repayable if the resolutions put to Shareholders at the general meeting on 15 March 2014 were not passed at that time, or on the date falling 30 months after the date of drawdown under the agreement.

On 21 February 2014, and pursuant to a deed of amendment between (1) the Company and (2) Peter Wildey, the original terms of the loan agreement detailed above were amended so that the final repayment date would become the 21 June 2014 and the conversion right would be dis-applied. This loan was repaid on 10 March 2014.

#### **10.1.2 The RAB Convertible Loan**

On 25 November 2013 the Company entered into a convertible loan agreement with RAB Capital Limited ("**RAB**") pursuant to which RAB agreed to provide up to £275,000 of loan capital to the Company. RAB advanced £155,000 of its commitment under the RAB convertible loan with the balance falling due on the conversion of the full commitment under the Newick convertible loan referred to in paragraph 10.1.3.

The loan was convertible by notice from RAB at any time at a conversion price of 0.055p per share (or lower in certain circumstances). Interest was payable at 5 per cent. per annum. The outstanding balance of the loan would become due and repayable if the resolutions put to Shareholders at the general meeting held on 15 March 2014 were not passed at that time, or on 15 July 2014 if the full commitment under the Newick Convertible Loan

had not been converted by such time, or the date falling 30 months after the date of drawdown under the agreement.

On 3 March 2014, and pursuant to a deed of amendment and restatement between (1) RAB Capital Limited and (2) the Company the original terms of the loan agreement detailed above were amended so that the final repayment date would become the 21 June 2014, the conversion right would only become applicable following the expiry of the final repayment date and any such conversion would be in amounts of not less than £155,000. This loan was repaid in full on 16 March 2014.

#### 10.1.3 *The Newick Convertible Loan*

On 3 October 2013 (and as amended on 16 December 2013) the Company entered into a convertible loan agreement with Newick Developments Limited ("**Newick**") pursuant to which Newick agreed to provide up to £500,000 of loan capital to the Company. This agreement was amended and restated by the parties on 13 December 2013. Newick was obliged to advance the sum of £125,000 on 20 December 2013 with a further advance of £125,000 falling due on 20 March 2014 if a general meeting of the Company had not been held by such date. If all of the required resolutions (relating to a Takeover Panel waiver) were passed at such general meeting then Newick was required to advance the remaining balance of its commitment under this agreement within five business days of the date of the general meeting.

The loan was convertible by notice from Newick at any time at a conversion price of 0.055p per share. No interest was payable on the Loan. The outstanding balance of the loan, which had not been the subject of repayment or conversion, would become due and repayable if the resolutions put to Shareholders at the above general meeting were not passed at that time, or on the date falling 30 months after the date of drawdown under the agreement, and the interest rate from drawdown would have increased to 5 per cent.

No funds were validly received by the Company under the loan agreement.

#### 10.1.4 *Subscription Letter*

A subscription letter dated 27 February 2014 pursuant to a placing letter from the Company dated 25 February 2014 between (1) Helium and (2) the Company under which Helium conditionally agreed to subscribe for 100,000,000 Ordinary Shares for cash at 75p per share. These Ordinary Shares were issued on 4 March 2014.

#### 10.1.5 *Nominated Adviser Agreement*

An agreement dated 10 September 2013 between (1) SPARK Advisory Partners Limited and (2) the Company pursuant to which SPARK Advisory Partners Limited was appointed to act as nominated adviser to the Company. The Company agreed to pay SPARK Advisory Partners a fee of £25,000 (exclusive of VAT) per annum, payable quarterly in advance and all reasonable expenses incurred by SPARK Advisory Partners Limited. The agreement contains certain undertakings and indemnities including but not limited to the Company's compliance with all applicable laws and regulations.

#### 10.1.6 *Broker Agreement*

An agreement dated 5 September 2013 between (1) the Company and (2) SI Capital pursuant to which SI Capital was appointed to act as broker to the Company for the purposes of the AIM Rules for Companies as published by the London Stock Exchange plc from time to time. The Company agreed to pay SI Capital a fee of £15,000 (plus VAT) per annum, payable by quarterly instalments in advance for its services. In addition the agreement contains provisions for the payment of commission of 5 per cent of all funds raised by SI Capital in connection with any placing/placement of securities undertaken by the Company, an agreement that SI Capital shall have first right of refusal to act as lead broker and sole book runner in respect of any placing/placement of securities by the Company and an agreement to issue warrants in respect of 25,000,000 Ordinary Shares exercisable at 0.1p per share. The agreement contains certain undertakings to comply with

all applicable laws and regulations. The agreement will continue unless terminated by 30 business day's written notice following the first year anniversary of the agreement. The above agreement was superseded by a new agreement dated 14 April 2014, the only difference being that the above warrants were replaced by warrants over 5,000,000 Ordinary Shares at 2p per share. These warrants will be adjusted post Admission to reflect the Share Consolidation.

10.1.7 *SPARK Advisory Partners – reverse takeover engagement*

An agreement dated 10 April 2014 between (1) the Company and (2) SPARK Advisory Partners pursuant to which SPARK Advisory Partners was engaged in respect of advising on and managing the AIM regulatory requirements associated with a proposed acquisition (later aborted). The Company agreed to pay SPARK Advisory Partners a fee payable to the extent that an Admission Document was published and posted to Shareholders. An additional fee of £25,000 (exclusive of VAT) is payable should SPARK Advisory Partners not be retained as nominated adviser to Verdes beyond 30 September 2015.

10.1.8 *SPARK Advisory Partners Limited – reverse takeover engagement*

An agreement dated 23 December 2014 between (1) the Company and (2) SPARK Advisory Partners pursuant to which SPARK Advisory Partners was engaged in respect of advising on and managing the AIM regulatory requirements associated with the Proposals. The Company agreed to pay SPARK Advisory Partners a work fee over a 10 week period with a success fee payable to the extent that an admission document was published and posted to Shareholders which in aggregate totals £60,000 (exclusive of VAT) plus applicable expenses.

10.1.9 *Placing Agreement*

On 29 July 2015 (1) the Company, (2) the Directors (3) the Proposed Directors (4) SI Capital and (5) SPARK Advisory Partners entered into the Placing Agreement pursuant to which, subject to certain conditions, SI Capital has agreed to use its reasonable endeavours to procure subscribers for the Placing Shares at the Issue Price. The Placing Agreement contains customary indemnities and warranties from the Company, and warranties from the Directors and Proposed Directors in favour of SI Capital and SPARK Advisory Partners Limited together with provisions which enable SI Capital to terminate the Placing Agreement in certain circumstances, including circumstances where any of the warranties are found to be untrue or inaccurate in any material respect. The Company has agreed to pay to SPARK the fee referred to in paragraph 10.1.8 of this Part 6, and SI Capital: (i) a commission of 5 per cent. of the Issue Price for each of the Placing Shares for which the broker has procured subscribers excluding Helium, the Directors and Proposed Directors; (ii) a commission of 1 per cent. of the Issue Price for each of the Placing Shares for which SI Capital has not procured subscribers.

10.1.10 *Lock-in Agreements*

Pursuant to separate Lock-in Agreements dated 29 July 2015 between (1) the Company, (2) SPARK Advisory Partners (3) SI Capital and Helium and the Vendors respectively, the Vendors and Helium have respectively undertaken that they will not except in certain limited circumstances dispose of Ordinary Shares held by them for a period of 12 months from the date of Admission.

Save with the consent of SPARK Advisory Partners Limited and SI Capital or in certain limited circumstances for a further 12 months the Vendors and Helium will only dispose of Ordinary Shares held by them through the Company's broker from time to time.

10.1.11 *Helium Convertible Loan*

On 14 January 2015 the Company entered into a convertible interest free loan agreement with Helium pursuant to which Helium agreed to provide £250,000 of loan capital to the

Company. This sum has been advanced in full by Helium. Under the terms of the agreement the Company will pay a premium to Helium of £25,000 upon redemption of the loan.

The loan (together with the premium) is convertible by notice from Helium at any time into Ordinary Shares at the Issue Price. The Company may redeem the loan and the premium at any time prior to 30 June 2016, but Helium has the right to convert such loan and premium into Ordinary Shares at the Issue Price rather than accept such redemption. On 27 July 2015 Helium requested that the Loan (plus premium) be converted into New Ordinary Shares, conditional upon First Admission.

#### 10.1.12 *Acquisition Agreement*

Under the Acquisition Agreement, the Company has agreed to acquire from the Vendors the entire issued share capital of REACT for a consideration of £1.56 million (at the Issue Price), to be satisfied by the issue of the Consideration Shares. The Company has also agreed that following Admission it will provide sufficient funding to REACT to enable it to settle in cash the outstanding consideration due from it to Autoclenz (as referred to in paragraph 10.2.1 of this Part 6).

The Acquisition Agreement is conditional upon, *inter alia*, the passing of the Resolutions at the General Meeting and Admission.

Pursuant to the Acquisition Agreement, the Company has the right to rescind the Acquisition Agreement if there is a material breach of any of the warranties given by the Vendors in the Acquisition Agreement, or any facts, matters or circumstances arise prior to Admission that may have a material adverse effect on the financial position or prospects of REACT. The Vendors have given normal warranties and indemnities under the Acquisition Agreement.

#### 10.1.13 *Helium Relationship Agreement*

On 29 July 2015 the Company and SPARK entered into a relationship agreement with Helium pursuant to which Helium, as a significant Shareholder, has undertaken to the Company (i) to exercise all voting rights and powers of control available to it in relation to the Company in order that all transactions, agreements or arrangements entered into between the Company and Helium will be made at arm's length and on a normal commercial basis and (ii) not to undertake any activity which would conflict with the Company or would render the Company incapable of carrying on its business independently. The agreement will terminate if Helium ceases to hold 20 per cent. or more of the voting rights in the Company.

#### 10.1.14 *Vendors' Relationship Agreement*

On 29 July 2015 the Company and SPARK entered into a relationship agreement with each member of the Concert Party pursuant to which each member has undertaken to the Company (i) to exercise all voting rights and powers of control available to him in relation to the Company in order that all transactions, agreements or arrangements entered into between the Company and himself and any other member of the Concert Party will be made at arm's length and on a normal commercial basis and (ii) not to undertake any activity which would conflict with the Company or would render the Company incapable of carrying on its business independently. The agreement will terminate if, in aggregate, the Concert Party ceases to hold 20 per cent. or more of the voting rights in the Company.

#### 10.1.15 *Warrant Agreements*

On 29 July 2015 the Company entered into a warrant agreement with Ms G Leates granting her, conditional upon First Admission, warrants over New Ordinary Shares on the terms set out in paragraph 11.1 of this Part 6.



## 10.2 **REACT**

### 10.2.1 *Asset Purchase Agreement*

On 19 June 2015 REACT Specialist Cleaning Limited entered in to an Asset Purchase Agreement with Autoclenz Limited pursuant to which REACT Specialist Cleaning Limited agreed to acquire certain assets of Autoclenz Limited for £1,650,735. REACT Specialist Cleaning Limited settled £1,500,000 of the consideration by the allotment of 1,499,999 ordinary shares of £1 each in its capital to Autoclenz Limited. The balance of £150,735 was left outstanding and will be paid to Autoclenz Limited following Admission.

### 10.2.2 *Demerger Agreement*

On 24 June 2015 REACT SC Holdings Limited entered in to a demerger agreement with Autoclenz Holdings Limited and the Vendors pursuant to which REACT SC Holdings Limited became the new holding company of REACT Specialist Cleaning Limited. The demerger took effect on 25 June 2015 by way of a reduction in capital of Autoclenz Holdings Limited whereby the entire issued share capital of REACT Specialist Cleaning Limited was transferred to REACT SC Holdings Limited and 249,998 ordinary shares of £0.50 each in REACT SC Holdings Limited were allotted to the Vendors.

### 10.2.3 *Services Agreement*

On 29 July 2015 REACT entered into a services agreement with Autoclenz Limited pursuant to which Autoclenz Limited agreed to provide REACT with office space, back office facilities and services (including personnel) in respect of REACT's business for a fee of £50,000 per annum. This agreement is subject to six months' notice by either party.

Save as set out above, there are no contracts, not being contracts entered into in the ordinary course of business, which have been entered into by the Company or REACT within the two years preceding the date of this document which are, or may be, material or under which any member of the Company or REACT has any obligation or entitlement which is or may be material to such member of the Company or REACT as at the date of this document.

## 11. **Warrants and Share Options**

11.1 The following options and warrants in relation to the Company's Existing Ordinary Shares and New Ordinary Shares exist or, where indicated, will be issued on or following Admission:

<i>Warrant holder</i>	<i>Number of Existing Ordinary Shares</i>	<i>Exercise price per Existing Ordinary Share (p)</i>	<i>Date option granted</i>	<i>Expiry date</i>
Gill Leates	2,000,000*	2p	25 March 2014	25 March 2024
SI Capital†	5,000,000	2p	14 June 2014	14 June 2016

<i>Warrant holder</i>	<i>Number of New Ordinary Shares</i>	<i>Exercise price per New Ordinary Share (p)</i>	<i>Date option granted</i>	<i>Expiry date</i>
Gill Leates	2,380,000*	1.68p	17 August 2015	17 August 2025

\*the warrants over 2,000,000 Existing Ordinary Shares will be cancelled, upon the issue of warrants over 2,380,000 New Ordinary Shares (subject to Shareholders' approval, *inter alia*, of Resolution 7 at the GM). The new warrants will be exercisable at any time from 12 months post Admission.

†The number of shares covered by, and the exercise price of, the warrants over Existing Ordinary Shares will be adjusted, post Admission, to reflect the Share Consolidation.

11.2 As at the date of this Admission Document, (save as set out in paragraphs 10.1.6 and 11.1 above) no warrants or options over Ordinary Shares have been granted by the Company.

## 12. Litigation

### 12.1 *The Company*

Neither the Company nor any member of its Group is involved in any governmental, legal or arbitration proceedings which may have or have had during the 12 months preceding the date of this document a significant effect on the Company's financial position and, so far as the Directors and the Proposed Directors are aware, there are no such proceedings pending or threatened against the Company.

### 12.2 *REACT*

REACT is not involved in any governmental, legal or arbitration proceedings, which may have or have had during the 12 months preceding the date of this document a significant effect on their financial position and, so far as the Directors and the Proposed Directors are aware, there are no such proceedings pending or threatened against them.

## 13. Working capital

The Directors and the Proposed Directors are of the opinion that, having made due and careful enquiry, the working capital available to the Enlarged Group will be sufficient for its present requirements, which is for at least 12 months from the date of Admission.

## 14. Employees

### 14.1 *The Company*

The average number of persons employed by the Company during each of the accounting reference periods set out below was as follows:

	<i>Current period</i>	<i>30 September 2014</i>	<i>30 September 2013</i>
Administration & Management	3	3	1
Operational	–	–	–
<b>Total</b>	3	3	1

Of these employees relating to the current period all contracts of employment have been terminated within the probationary period, accordingly the Company currently has no employees.

### 14.2 *REACT*

The average number of persons employed by REACT during each of the accounting reference periods set out below was as follows:

	<i>31 December 2014</i>	<i>31 December 2013</i>	<i>31 December 2012</i>
Administration & Management	4	4	4
Operational	16	15	22
<b>Total</b>	20	19	26

## 15. Related Party Transactions

15.1 Save for the transactions referred to in paragraph 11 of Part 1 of this document and those referred to in paragraph 6.12 of Part 4 (ii), neither the Company nor any member of the Enlarged Group has been a party to any related party transactions.

15.2 Save for the agreements set out in paragraph 10.2 of Part 6 of this document, neither REACT nor any member of REACT's group has been a party to any related party transactions.

## 16. United Kingdom Taxation

### 16.1 *General*

The following comments are intended only as a general guide to the position under current United Kingdom tax law and what is understood to be the current practice (both of which are subject to change at any time, possibly with retrospective effect) of HM Revenue & Customs and may not apply to certain classes of investors, such as dealers in securities, insurance companies, collective investment schemes and persons who acquired securities in connection with their employment. Any person who is in doubt as to his tax position is strongly recommended to consult his own professional tax adviser.

### 16.2 *Taxation of Dividends*

(a) *The Company*

The Company will not be required to withhold tax at source on any dividends it pays to its shareholders in respect of the New Ordinary Shares.

(b) *UK resident shareholders*

Individuals resident in the UK for taxation purposes are generally liable to UK income tax on the aggregate amount of any dividend received and a non-repayable tax credit equal to 10 per cent. of the gross dividend (or one-ninth of the dividend received). For example, on a dividend received of £90, the tax credit would be £10, and an individual would be liable to income tax on £100.

No further income tax is payable in respect of the dividend by a UK resident individual to the extent such individual is not liable to income tax at the higher rate (currently 40 per cent) or the additional rate (currently 45 per cent). UK resident individuals who are subject to tax at the basic rate only will be charged to tax on the gross dividend at the dividend ordinary rate of 10 per cent. and therefore the tax liability will be treated as satisfied in full by the tax credit and no additional tax liability will arise for such shareholders.

UK resident individuals who are subject to tax at the higher rate are subject to tax on dividends at the dividend upper rate (currently 32.5 per cent) but are entitled to offset the 10 per cent. tax credit against such liability, resulting in an effective tax rate of 25 per cent. of the net dividend received. For example, on a dividend received of £90 such a taxpayer would have to pay additional tax of £22.50 (representing 32.5 per cent. of the gross dividend less the 10 per cent. tax credit). UK resident individuals who are subject to tax at the additional rate are subject to tax on dividends at the dividend additional rate (currently 37.5 per cent) but are entitled to offset the 10 per cent. tax credit against such liability, resulting in an effective tax rate of 30.56 per cent. of the net dividend received. For example, on a dividend received of £90 such a taxpayer would have to pay additional tax of £27.50 (representing 37.5 per cent. of the gross dividend less the 10 per cent. tax credit). For this purpose, dividends are treated as the top slice of an individual's income.

No repayment of the tax credit in respect of dividends paid by the Company (including in respect of any dividend paid where the New Ordinary Shares are held in an individual savings account) can be claimed by a United Kingdom resident shareholder (including pension funds and charities).

Shareholders within the charge to UK corporation tax which are "small companies" (for the purposes of UK taxation of dividends) will not generally expect to be subject to UK tax on dividends from the Company. Other Shareholders within the charge to UK corporation tax will not be subject to UK tax on dividends (including dividends from the Company) so long as the dividends fall within an exempt class and certain conditions are met. In general, dividends paid on shares that are "ordinary share capital" for UK tax purposes and are not redeemable, and dividends paid to a person holding less than 10 per cent. of the issued share capital of the payer (or any class of that share capital) are examples of dividends that fall within an exempt class.

The recent Budget announcement has indicated that the rules for the taxation of dividends are set to change from April 2016. The Chancellor has announced special dividend tax rates of 7.5 per cent. tax rate for basic rate tax payers, 32.5 per cent. for 40 per cent. tax payers and 38.1 per cent. for 45 per cent. tax payers. A £5000 exemption will also be introduced. However this all remains to be confirmed in law.

(c) *Non UK resident shareholders*

Non-UK resident shareholders are not generally entitled to claim any part of the tax credit and any ability to do so will depend on the terms of any applicable double tax treaty between the Company and the country in which the shareholder is resident. Non-UK resident shareholders may also be subject to tax on dividend income under any law to which they are subject outside the UK. Such shareholders should consult their own tax advisers concerning their tax liabilities.

### 16.3 **Taxation of Capital Chargeable Gains**

(a) *UK Resident Shareholders*

A disposal of the New Ordinary Shares by a shareholder who is (at any time in the relevant United Kingdom tax year) resident or, in the case of an individual, ordinarily resident in the United Kingdom for tax purposes, may give rise to a chargeable gain or an allowable loss for the purposes of United Kingdom taxation of chargeable gains, depending on the shareholder's circumstances and subject to any available exemption or relief.

Disposal of the New Ordinary Shares held by such a shareholder in an approved individual savings account should be exempt for the purposes of UK taxation.

(b) *Non-resident Shareholders*

A shareholder who is not resident in the United Kingdom for tax purposes but who carries on a trade, profession or vocation in the United Kingdom through a branch or agency (or, in the case of a non-UK resident corporate shareholder, a permanent establishment) to which the New Ordinary Shares are attributable will be subject to the same rules which apply to United Kingdom resident shareholders.

A shareholder who is an individual and who after acquiring his New Ordinary Shares, ceases to be resident or ordinarily resident for tax purposes in the United Kingdom for a period of less than five complete years of assessment and who disposes of the New Ordinary Shares during that period may also be liable, on his return, to United Kingdom taxation of chargeable gains (subject to any available exemption or relief).

### 16.4 **Stamp Duty and Stamp Duty Reserve Tax ("SDRT")**

The following comments are intended as a guide to the general United Kingdom stamp duty and SDRT position and (except insofar as expressly referred to below) do not relate to persons such as market makers, brokers, dealers, intermediaries, persons connected with depository receipt arrangements or clearance services or persons who enter into sale and repurchase transactions in respect of the Ordinary Shares, to whom special rules apply. No UK stamp duty or SDRT will be payable on the issue of the Ordinary Shares direct to persons acquiring those shares pursuant to the Placing. Transfers of shares for value generally give rise to a liability to pay UK *ad Valorem* stamp duty or stamp duty reserve tax at a rate in each case of 50p per £100 of the amount of value or consideration. However exemption is available if the Ordinary Shares qualify as being traded on a Recognized Growth Market. AIM currently qualifies as a Recognized Growth Market.

**Any person who is in any doubt as to his or her tax position or who may be subject to tax in any jurisdiction other than the United Kingdom should consult his or her own professional adviser.**

## **17. Share Consolidation**

- 17.1 The Share Consolidation which is expected to take place after close of business on the Record Date will involve every 25 Existing Ordinary Shares being consolidated into 1 New Ordinary Share. Accordingly the Board will issue one New Ordinary Share in exchange for every 25 Existing Ordinary Shares held. The rights attached to the New Ordinary Shares shall be the same as the rights attaching to the Existing Ordinary Shares.
- 17.2 Following the Share Consolidation, Shareholders will own the same proportion of Ordinary Shares in the Company as they did previously (subject to fractional entitlements) but will hold fewer New Ordinary Shares than the number of Existing Ordinary Shares currently held. The Share Consolidation will result in an issued ordinary share capital of 37,198,139 shares. The Deferred Shares will not be affected by the Share Consolidation
- 17.3 In order to ensure that a whole number of New Ordinary Shares is created, it is proposed that the Company may issue Existing Ordinary Shares to Gill Leates. The number of Existing Ordinary Shares to be issued will be 13 Existing Ordinary Shares (the Consolidation Shares) which will result in the total number of Existing Ordinary Shares being exactly divisible into New Ordinary Shares in accordance with the consolidation ratio.

## **18. General**

- 18.1 SPARK Advisory Partners Limited has given and has not withdrawn its written consent to the issue of this document with the inclusion herein of the references to its name and its advice to the Directors in the form and context in which they are included.
- 18.2 The accounting reference date of the Company is 30 September.
- 18.3 Jeffreys Henry LLP has given and has not withdrawn its written consent to the issue of this document with the inclusion of its name and reports in the form and context in which they appear and accepts responsibility for them. The reports from Jeffreys Henry LLP are dated the same date as this document. Jeffreys Henry LLP is a member firm of the Institute of Chartered Accountants in England and Wales.
- 18.4 There are no arrangements in force for the waiver of future dividends. There are no specified dates on which entitlement to dividends or interest thereon on Ordinary Shares arises.
- 18.5 The total costs and expenses relating to the Proposals payable by the Company are estimated to amount to approximately £338,000 (excluding VAT).
- 18.6 Save as disclosed in this document no person (excluding professional advisers otherwise disclosed in this document and trade suppliers) has received, directly or indirectly, from the Enlarged Group within the 12 months preceding the date of this document or has entered into any contractual arrangements (not otherwise disclosed in this document) to receive, directly or indirectly, from the Enlarged Group on or after Admission fees totalling £10,000 or more or securities in the Enlarged Group having a value of £10,000 or more calculated by reference to the expected opening price or any other benefit with a value of £10,000 or more at the date of Admission.
- 18.7 The financial information contained in this document does not constitute statutory accounts of the Company within the meaning of Section 434(3) of the Act.
- 18.8 Save as disclosed in this document, there have been no interruptions in the business of the Enlarged Group in the preceding 12 months from the date of this Admission Document and as far as the Directors and Proposed Directors are aware there are no known trends, uncertainties, demands, commitments or events that are reasonably expected to have a material effect on the Enlarged Group's prospects for at least the current financial year.
- 18.9 As far as the Directors and Proposed Directors are aware, there are no environmental issues that may affect the Enlarged Group's utilisation of its tangible fixed assets.

- 18.10 Save as disclosed in this document, as regards the Company's three previous financial years the Company has had no principal investments and there are no principal investments in progress and there are no principal future investments on which the Directors or Proposed Directors have made a firm commitment.
- 18.11 Where information has been sourced from a third party this information has been accurately reproduced. So far as the Company, the Directors and Proposed Directors are aware and are able to ascertain from information provided by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.
- 18.12 Save as disclosed in this document, there are no patents, intellectual property rights, licences or any industrial, commercial or financial contracts which are or may be material to the business or profitability of the Enlarged Group.
- 18.13 The Existing Ordinary Shares are, and the New Ordinary Shares will be, in registered form and may be held in certificated or uncertificated form. No temporary documents of title will be issued. The Existing Ordinary Shares have been, and the New Ordinary Shares will be, issued pursuant to the Act. The Company's registrars, Neville Registrars Limited, are responsible for maintaining the Company's register of members.
- 18.14 The historical financial statements for the Company as set out in Part 4(i) has been audited. The historical financial information set out in Part 4(ii) for the REACT business has been audited.

## **19. Documents available for inspection**

- 19.1 Copies of the following documents will be made available on display at the offices of the Company, c/o International Registrars Limited, Finsgate, 5-7 Cranwood Street, London EC1V 9EE during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) and at the following website address [www.verdes-group.com](http://www.verdes-group.com) from the date of posting of this document up to the date of the General Meeting and at the place of meeting for 15 minutes prior to the meeting and during the meeting:
- 19.1.1 the Memorandum and Articles of Association of the Company;
  - 19.1.2 the audited consolidated accounts of the Company for the years ended 30 September 2014, 30 September 2013 and 30 September 2012;
  - 19.1.3 the consent letters from SPARK and Jeffrey's Henry LLP referred to in paragraph 18 above;
  - 19.1.4 the audited accounts for REACT for the two financial periods ended 31 December 2014;
  - 19.1.5 a copy of this document together with the Notice;
  - 19.1.6 the material contracts related to the transaction as set out in paragraph 10 above;
  - 19.1.7 the lock-in agreements referred to in paragraph 10;
  - 19.1.8 the appointment letters and consultancy agreements for the Directors and Proposed Directors referred to in paragraph 8 above;
  - 19.1.9 the Buy Back Agreement; and
  - 19.1.10 the irrevocable undertaking from Helium.
- 19.2 Any Shareholder, person with information rights or other person to whom this document is sent may request a copy of each of the documents set out above in hard copy form. Hard copies will only be sent where valid requests are received from such persons. Requests for hard copies are to be submitted to the Company Secretary at the following address:

c/o International Registrars Limited, Finsgate, 5-7 Cranwood Street, London EC1V 9EE.

All valid requests will be dealt with as soon as possible and hard copies mailed by no later than two business days following such request.

**20. Availability of Admission Document**

Copies of this Admission Document are available for download from the Company's website at [www.verdes-group.com](http://www.verdes-group.com) and are available free of charge from the Company's registered office and at the offices of SPARK Advisory Partners Limited, 5 St John's Lane, London EC1M 4BH, during normal business hours on any weekday (Saturdays and public holidays excepted) and shall remain available for at least one month after Admission.

Dated: 29 July 2015

## DIRECTORS AND ADVISERS

<b>Directors</b>	Gill Margaret Leates ( <i>Non-Executive Chairman</i> ) Adam Reynolds ( <i>Non-Executive Director</i> )* Stephen Squire Foster ( <i>Non-Executive Director</i> ) *to step down upon Admission
<b>Proposed Directors</b>	Grahame Rummery ( <i>Chief Executive Designate</i> ) Mark Kingsley Collingbourne FCCA ( <i>Financial Director Designate</i> )
<b>Company Secretary</b>	Mark Kingsley Collingbourne FCCA
<b>Registered Office</b>	c/o International Registrars Limited Finsgate 5 – 7 Cranwood Street London EC1V 9EE
<b>Financial and Nominated Adviser</b>	<b>SPARK Advisory Partners Limited</b> 5 St Johns Lane London EC1M 4BH
<b>Stockbroker</b>	<b>SI Capital Ltd</b> 46 Bridge Street Godalming Surrey GU7 1HL
<b>Legal adviser to the Company</b>	<b>BPE Solicitors LLP</b> St James' House St James Square Cheltenham GL50 3PR
<b>Auditors &amp; Reporting Accountants</b>	<b>Jeffreys Henry LLP</b> Finsgate 5 – 7 Cranwood Street London EC1V 9EE
<b>Registrars</b>	<b>Neville Registrars Limited</b> Neville House 18 Laurel Lane Halesowen West Midlands B63 3DA
<b>Website</b>	<a href="http://www.verdes-group.com">www.verdes-group.com</a> (up to Admission) <a href="http://www.reactbeyondcleaning.co.uk">www.reactbeyondcleaning.co.uk</a> (post Admission)



# VERDES MANAGEMENT PLC

(the "Company")

(Registered in England and Wales with company number 5454010)

## NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that a general meeting of the Shareholders of the Company will be held at the offices of Verdes at Finsgate, 5-7 Cranwood Street, London EC1V 9EE on 14 August 2015 at 12 noon for the purpose of considering and, if thought fit, passing the resolutions set out below. Words and expressions used or defined in the Admission Document dated 29 July 2015 and despatched to shareholders of the Company shall have the same meaning as in this notice.

### ORDINARY RESOLUTIONS

1. THAT the waiver granted by the Panel of the obligation that would otherwise arise on the Vendors and persons deemed to be acting in concert with them under the Code, to make a general offer to Shareholders pursuant to Rule 9 of the Code, as a result of the issue of 92,857,142 New Ordinary Shares under the Acquisition Agreement and 595,238 New Ordinary Shares in the Placing (representing an aggregate of 93,452,380 New Ordinary Shares, a maximum of 37.29 per cent of the Enlarged Share Capital) be and is hereby approved.
2. THAT, subject to and conditional upon the passing of Resolution 1 above and Resolutions 3 and 4 below, the Acquisition be and is hereby approved.
3. That the Company's ordinary share capital be consolidated so that every 25 Existing Ordinary Shares held by a Shareholder (as defined in the Admission Document) at the date hereof be and is hereby consolidated into 1 New Ordinary Share.
4. THAT, subject to and conditional upon the passing of Resolutions 1 and 2 above, in accordance with section 551 of the Act, the Directors be generally and unconditionally authorised to allot shares in the Company or grant rights to subscribe for or to convert any security into shares in the Company ("**Rights**") provided that the authority hereby granted shall be limited to the allotment of:
  - (a) the allotment of the Consideration Shares, the Placing Shares, the Offer Shares and the HC Loan Shares up to an aggregate nominal amount of £595,479.04.
  - (b) the allotment of shares or the grant of Rights up to an aggregate maximum nominal amount equal to £100,000,

and so that the Directors may make such exclusions or other arrangements as they consider expedient in relation to treasury shares, fractional entitlements, record dates, legal or practical problems under the laws in any territory or the requirements of any relevant regulatory body or stock exchange or any other matter, provided that the authority hereby conferred shall operate in substitution for, and to the exclusion of, any previous authority given to the Directors pursuant to section 551 of the Act and shall expire on the earlier of fifteen months from the date of passing this Resolution or at the Company's next annual general meeting, save that the Company may, before it expires make an offer or agreement which would or might require shares to be allotted or Rights to be granted and the Directors may allot shares or grant Rights in pursuance of that offer or agreement as if the power conferred hereby had not expired.

5. THAT, subject to and conditional upon the passing of Resolutions 1, 2 and 4 above, Grahame Rummery having consented to act, be appointed as a Director, subject to, and with effect from, Admission.
6. THAT, subject to and conditional upon the passing of Resolutions 1, 2 and 4 above, Mark Collingbourne having consented to act, be appointed as a Director, subject to, and with effect from, Admission.
7. THAT, subject to and conditional upon the passing of Resolutions 4 and 8 and Admission warrants over 2,380,000 New Ordinary Shares at the Issue Price are awarded to Ms G Leates.

## **SPECIAL RESOLUTIONS**

8. THAT, subject to and conditional upon the passing of Resolutions 1, 2, and 4 above, in accordance with section 570 of the Act, the Directors be generally empowered to allot equity securities (as defined in section 560 of the Act) for cash as if section 561(1) of the Act did not apply to such allotment provided that such power shall be limited to:
- (a) allotment of the Consideration Shares, the Placing Shares and the Offer Shares and the HC Loan Shares;
  - (b) otherwise pursuant to paragraph (a) above:
    - (i) the allotment of equity securities in connection with a rights issue, open offer or any other pre-emptive offer in favour of holders of equity securities (as required by the rights of those securities) in proportion (as nearly as may be) to their respective holdings, subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal or practical difficulties in or under the laws of any territory or the requirements of any regulatory body or stock exchange; and
    - (ii) the allotment (otherwise than pursuant to sub-paragraph (i) above) of equity securities up to an aggregate nominal amount of £100,000, being approximately 16 per cent. of the Enlarged Share Capital

and the power hereby conferred shall operate in substitution for, and to the exclusion of, any previous power given to the Directors pursuant to section 570 of the Act and shall expire on the earlier of fifteen months from the date of passing this Resolution or at the Company's next annual general meeting, save that the Company may, before it expires make an offer or agreement which would or might require shares to be allotted or Rights to be granted and the Directors may allot shares or grant Rights in pursuance of that offer or agreement as if the power conferred hereby had not expired.

9. THAT, subject to and conditional upon the passing of Resolutions 1 and 4 above, the name of the Company be and is hereby changed to "REACT Group PLC".
10. THAT the terms of the Buy Back Agreement in the form available for inspection on the Company's website be and is hereby approved.
11. THAT all of the provisions of the Company's Memorandum of Association (which by virtue of Section 28 of the Act have been treated as provisions of the Articles with effect from 1 October 2009), be deleted.
12. THAT, with effect from this Resolution being passed, the articles of association in the form available for inspection on the Company's website, be adopted as the new articles of association of the Company, in substitution for and to the exclusion of, the Articles.

## **BY ORDER OF THE BOARD**

Mark Collingbourne  
*Company Secretary*

*Registered Office:*

c/o International Registrars Limited  
Finsgate  
5-7 Cranwood Street  
London  
EC1V 9EE

## NOTES

1. Resolution 1 will be taken on a poll by the Independent Shareholders.
2. Members entitled to attend and vote at the General Meeting are also entitled to appoint one or more proxies to exercise all or any of their rights to attend and to speak and vote on their behalf at the meeting. A shareholder may appoint more than one proxy in relation to the General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder of the Company. If you wish your proxy to speak at the General Meeting, you should appoint a proxy other than the chairman of the General Meeting and give your instructions to that proxy.
3. A Form of Proxy is enclosed for use at the General Meeting. Please read carefully the instructions on how to complete the form. To be valid it must be received by post or (during normal business hours only) by hand to the Company's registrars Neville Registrars, at Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA, no later than 48 hours before the time appointed for holding the General Meeting. Members who intend to appoint more than one proxy can obtain additional Forms of Proxy from Neville Registrars. Alternatively the form may be photocopied prior to completion. The Forms of Proxy should be returned in the same envelope and each should indicate that it is one of more than one appointment being made.
4. The return of a completed Form of Proxy, other such instrument or any CREST Proxy Instruction (as described in paragraph 6 below) will not prevent a member attending the General Meeting and voting in person if he/she wishes to do so.
5. To be entitled to attend and vote at the meeting or any adjournment (and for the purpose of the determination by the Company of the votes they may cast), shareholders must be registered in the Register of Members of the Company 48 hours before the time appointed for holding the meeting or adjourned meeting. Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
6. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
7. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual (available via [www.euroclear.com/CREST](http://www.euroclear.com/CREST)). The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID 7RA11) 48 hours (excluding non-working days) before the time appointed for holding the meeting or adjourned meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
8. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in Particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
9. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
10. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.

