

**This document is important and requires your immediate attention. When considering what action you should take, you are recommended to seek your own personal financial advice from your stockbroker, bank manager, solicitor, accountant or other appropriately authorised, independent financial adviser immediately.**

If you no longer hold any Warrants, please send this notice to the purchaser or transferee of the Warrants or to the bank, stockbroker or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee. If your Warrant certificate has been lost or defaced in any way, you should apply to the Company's Registrar for a form of indemnity.

The distribution of this document in jurisdictions other than the UK may be restricted by law and, therefore, persons into whose possession this document comes should inform themselves about and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of the securities laws of any such jurisdictions. In particular, this document should not be forwarded or transmitted in or into the United States, Canada, Australia, South Africa, Japan or any other jurisdiction where it would be illegal to do so. Neither the Ordinary Shares nor the Warrants have been registered under the United States Securities Act 1933 (as amended) or under any of the relevant securities laws of any state of the United States or of Canada, Australia, South Africa or Japan. Accordingly, none of the Ordinary Shares or Warrants may (unless an exemption under relevant securities laws is applicable) be offered, sold, resold or delivered, directly or indirectly, in or into the United States, Canada, Australia, South Africa or Japan or for the account or benefit of any such person located in the United States, Canada, Australia, South Africa or Japan.

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## **KUALA LIMITED**

*(Incorporated and registered in Guernsey under the Companies (Guernsey) Law 2008, as amended, with registered number 44403)*

### **WARRANTS EXPIRING ON 28 MAY 2015**

#### **NOTICE TO WARRANT HOLDERS**

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Copies of this document will be available free of charge from the Company's registered office at c/o Elysium Fund Management Limited, 1<sup>st</sup> Floor, Royal Chambers, St Julian's Avenue, St Peter Port, Guernsey, GY1 3JX during normal business hours and a copy is available on the website of the Company at [www.kualalimited.com](http://www.kualalimited.com).

If you have any questions relating to this document, and the completion and return of an Exercise Notice, please telephone Capita Asset Services between 9.00 a.m. and 5.30 p.m. (London time) Monday to Friday on 0871 664 0321 from within the UK or +44 20 8639 3121 if calling from outside the UK. Calls to the 0871 664 0321 number cost 10 pence per minute (including VAT) plus your service provider's network extras. Calls to the helpline from outside the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the exercising any of the Warrants, nor give any financial, legal or tax advice.

# KUALA LIMITED

(Registered in Guernsey under the Companies (Guernsey) Law 2008 as amended with registered number 44403)

*Directors:*

Mr Stephen Roland Dattels, *Executive Chairman*  
Mr Ian Michael Burns, *Non-Executive Director*  
Bryan George Smith, *Non-Executive Director*

*Registered Office:*

1st Floor  
Royal Chambers  
St Julian's Avenue  
St Peter Port  
Guernsey  
GY1 3JX

## THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

23 April 2015

### *To Warrant Holders only*

Dear Warrant Holder,

On 28 May 2012 the Company granted warrants over a total of 44,999,992 new Shares (the "**Warrants**"). Based on our records, you are a holder ("**Warrant Holder**") of outstanding Warrants, granted under the terms of a warrant instrument dated 3 May 2012 (the "**Warrant Instrument**").

Under the terms of the Warrant Instrument the Company is required to write to remind you of the subscription rights attached to the Warrants you hold in the Company. The final day on which these rights can be exercised is 28 May 2015 (the "**Final Subscription Date**").

Each Warrant entitles the registered holder to subscribe in cash for one ordinary share of 1 pence each ("**Ordinary Shares**") of the Company at the price of 5 pence (£0.05) ("**Warrant Exercise Price**") payable in full on subscription.

This notice is a reminder of your subscription rights and does not constitute a recommendation as to whether you should exercise those rights (and serves as the formal notice to Warrant Holders under Article 1(d) of the Warrant Instrument).

### **Instructions for exercising subscription rights**

If you wish to exercise the subscription rights attached to the Warrants you hold, the following must be received by Capita Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU before 5.30 p.m. on the Final Subscription Date.

1. The notice of exercise of subscription rights, duly completed, on the back of your Warrant certificate(s) in respect of the number of Ordinary Shares for which you wish to subscribe. The notice must be signed and dated. In the case of joint holders, all must sign. In the case of a corporation the notice should be either given under its common seal or signed on its behalf by an attorney or duly authorised officer of the corporation.
2. Remittance for the aggregate subscription price for the Ordinary Shares in respect of which the subscription rights are being exercised (in the amount of 5 pence times the number of Ordinary Shares being subscribed). Cheques, which must be drawn on your personal account where you

have sole or joint title to the funds, should be made payable to “Capita Registrars Limited re: Kuala Limited Warrant Subscription Monies”. Third party cheques, other than building society cheques or bankers’ drafts, where the building society or bank has confirmed that you have title to the underlying funds, will not be accepted. Payments must be made by cheque or bankers’ draft in pounds sterling drawn on a branch in the United Kingdom of a bank or building society which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques to be cleared through the facilities provided for the members of any of those companies and must bear the appropriate sort code in the top right-hand corner. Cheques may be cashed immediately upon receipt. Post-dated cheques will not be accepted.

3. At the discretion of the Company, such identification documents as required (at the Directors’ sole discretion) to confirm the residence and/or nationality of any Warrant Holder seeking to subscribe for Ordinary Shares (to confirm they are not a “*Non-Qualified Holder*” as such is defined in the Company’s memorandum and articles of association).

(1, 2 and 3 above, the “**Exercise Notice**”).

The date on which the Exercise Notice is received shall be the “Subscription Date” for the purposes of delivery of Ordinary Shares by the Company in accordance with the Warrant Instrument.

You may not apply for Ordinary Shares in excess of the number stated on the Warrant certificate(s) you hold.

Receipt of notices and remittances will not be acknowledged.

#### **Allotment**

Ordinary Shares issued in respect of Warrants will be issued in certificated form and will be allotted not later than fourteen (14) days after the Subscription Date. Certificates for Ordinary Shares will be despatched not later than twenty-eight (28) days after the Subscription Date.

The Company will endeavour to ensure that the London Stock Exchange admit the Ordinary Shares allotted on the exercise of subscription rights to trading on AIM as soon as practicable and, in any event, not later than fourteen days after the Subscription Date.

Ordinary Shares allotted pursuant to the exercise of subscription rights will not rank for any dividends or other distributions declared, paid or made on the Ordinary Shares by reference to any record date prior to the Subscription Date. Subject thereto, such Ordinary Shares will rank *pari passu* in all other respects with Ordinary Shares in issue at such date.

#### **Net Asset Value of Ordinary Shares and Future Prospects of the Company**

As at close of business on 22 April 2015 (the last practicable date before publication of this document), the share price of the Company’s Ordinary Shares on the AIM Market of London Stock Exchange plc (“**AIM**”) was 6.38 pence, a premium of 1.38 pence to the Warrant Exercise Price.

As at the date of this document, the Company has cash and cash equivalents of £507,400, representing approximately 1.5 pence per Ordinary Share. At the date of this document, cash (and cash equivalent) per Ordinary Share is 3.5 pence **less** than the Warrant Exercise Price, and 4.88 pence per Ordinary Share **less** than the price of Ordinary Shares on AIM on 22 April 2015.

Since November 2014, the Directors of the Company have conducted due diligence on a number of investment opportunities but as at the date of this document, have not approved any transaction, or signed any term sheets, or letters of intent. In what remain difficult market conditions, the Directors

continue to look for the right deal for Shareholders, but there can be no guarantee when such transaction will be completed, or what the terms of such transaction will be.

### **Liquidity and Volume of Trading**

Between 2 January 2015 and 22 April 2015 the maximum number of shares traded on AIM in a single day was 1,169,240 Ordinary Shares on 12 Jan 2015, for total value of £55,538. There have been several trading days on which no shares have traded.

As at the date of this document there are a total of 44,674,283 Warrants outstanding.

**WARRANT HOLDERS SHOULD BE AWARE THAT THE LOW LIQUIDITY OF THE COMPANY'S ORDINARY SHARES COULD NEGATIVELY AFFECT THE PRICE OF ORDINARY SHARES ON AIM SHOULD A LARGE NUMBER OF WARRANT HOLDERS EXERCISE THEIR WARRANTS AND SEEK TO REALISE THE VALUE OF THE SUBSCRIPTION SHARES ACQUIRED.**

### **Share price information**

For your information, the closing price for the Ordinary Shares on the first dealing day in each of the three months prior to, and on the last practicable date prior to, to the date of this document were:

<b>Date</b>	<b>Price of Company's ordinary Shares on AIM</b>
2 January 2015	4.375p
2 February 2015	5.125p
2 March 2015	8.25p
1 April 2015	7p
22 April 2015	6.38p

### **Appointment of Trustee and Lapse of Unexercised Warrants**

Article 1(h) of the Warrant Instrument states:

*"1(h) Within seven days following the end of the Subscription Period, the Company will appoint a Trustee who, provided that in such Trustee's opinion, the net proceeds of sale after deduction of all costs and expenses incurred by him, will exceed the costs of subscription, shall, within the period of 14 days following the end of the Subscription Period, exercise such Subscription Rights as have not been exercised on the terms on which the same could have been exercised on the final day of the Subscription Period and sell in the market the ordinary shares acquired on such subscription. Such Trustee shall distribute, pro rata, the proceeds less such subscription costs and such other cost and expenses to the persons entitled thereto within two calendar months of the end of the Subscription period, provided that entitlements of under £3 will be retained for the benefit of the Company. Subject thereto, all Subscription Rights shall lapse 14 days after the final day of the Subscription Period."*

Accordingly, the Company shall, within seven days of expiry of the Final Subscription Date (i.e. by not later than 4 June 2015) appoint a trustee to determine whether the net proceeds of sale of Ordinary

Shares that remain subject to outstanding Warrants after the Final Subscription Date, after deduction of all costs and expenses, will exceed the costs of subscription (such excess being a “**Surplus**”).

As at the date of this document, due to the low liquidity of the Company's Ordinary Shares on AIM, and the Company having no assets at the date of this document other than net cash and cash equivalents per Ordinary Share of approximately 1.5 pence, the Directors do not believe there would be a Surplus if a trustee did exercise Warrants not exercised by the Final Subscription Date. A further announcement in this regard will be made by the Company in due course.

### **Anti-Dilution Warrants**

On 12 November 2014 the Company granted warrants over, in aggregate, 158,400,000 new Ordinary Shares (the “**Anti-Dilution Warrants**”) to various investors as part of a subscription by parties for new Ordinary Shares on the same date (the “**November Subscription**”). The terms of the November Subscription are more fully set out in the circular to shareholders of the Company dated 20 October 2014 available to review on the Company's website.

Each Anti-Dilution Warrant gives the holder the right to subscribe for new Ordinary Shares by the Final Subscription Date, pro rata to the number of Warrants exercised by Warrant Holders.

### **Tax information**

The exercise of Warrants by a UK resident or ordinarily resident Warrant Holder will not constitute a disposal of the Warrants for the purposes of UK taxation of capital gains. The base cost (if any) of the Warrants, together with the amount paid on exercise of the subscription rights, will form the base cost in computing any gain or loss arising on a subsequent disposal of the Ordinary Shares so acquired. If you are in any doubt about the taxation effects of subscription you should consult your professional adviser.

### **No Recommendation**

Given that each Warrant Holder will have their own individual financial and investment considerations, the Directors of the Company make no recommendation to Shareholders in relation to whether exercising their Warrants is in their individual best interests. If Warrant Holders are in any doubt as to what action to take, they should consult an appropriately qualified independent financial adviser authorised under the United Kingdom Financial Services and Market Act 2000.

Yours faithfully

**Stephen Dattels**  
**Chairman, for an on behalf of the Board of Directors of Kuala Limited**