

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. THIS DOCUMENT CONTAINS A PROPOSAL WHICH, IF IMPLEMENTED, WILL RESULT IN THE CANCELLATION OF THE ADMISSION OF MEDIWATCH SHARES TO TRADING ON AIM.

PART TWO OF THIS DOCUMENT COMPRISES AN EXPLANATORY STATEMENT IN COMPLIANCE WITH SECTION 897 OF THE COMPANIES ACT 2006. If you are in any doubt as to the action you should take, you are recommended to seek your own personal financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser, authorised under the Financial Services and Markets Act 2000 if you are in the United Kingdom, or other appropriately authorised independent financial adviser if you are in a territory outside the United Kingdom.

If you have sold or otherwise transferred all of your Mediwatch Shares, please forward this document, the accompanying reply paid envelope and the Forms of Proxy as soon as possible to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. However, such documents should not be forwarded or transmitted in or into any jurisdiction in which such act would constitute a violation of the relevant laws in such jurisdiction. If you have sold or transferred part of your holding of Mediwatch Shares, please consult the bank, stockbroker or other agent through whom the sale or transfer was effected.

The release, publication or distribution of this document in or into jurisdictions other than the United Kingdom may be restricted by the laws of those jurisdictions and therefore persons into whose possession this document comes should inform themselves about, and observe, any such restrictions. Failure to comply with any such restrictions may constitute a violation of the securities laws of any such jurisdiction.

Recommended Acquisition

of

Mediwatch plc

by

Laborie Medical Technologies Europe Limited

to be implemented by means of a

Scheme of Arrangement

under Part 26 of the Companies Act 2006

**Circular to Shareholders and Explanatory Statement under section 897 of the Companies Act 2006
and Notices of Court Meeting and General Meeting**

Mediwatch Shareholders should read carefully the whole of this document and the accompanying Forms of Proxy. Your attention is drawn to the letter from the Independent Directors of Mediwatch in Part One of this document which contains the unanimous recommendation of the Independent Directors that you vote in favour of the Scheme at the Court Meeting and the Special Resolution to be proposed at the General Meeting. A letter from SP Angel Corporate Finance LLP explaining the Scheme, which constitutes an Explanatory Statement in compliance with section 897 of the Companies Act, appears in Part Two of this document.

Notices convening the Court Meeting and the General Meeting, both of which will be held at the offices of Field Fisher Waterhouse LLP at 35 Vine Street, London EC3N 2PX on 23 December 2013 are set out in Parts Nine and Ten of this document. The Court Meeting will start at 10.00 a.m. on that date and the General Meeting will start at 10.15 a.m. on that date (or as soon thereafter as the Court Meeting has been concluded or adjourned).

The action to be taken in respect of the Meetings is set out on pages 9 and 10 of this document and in paragraph 10 of Part One of this document. Mediwatch Shareholders will find enclosed with this document a BLUE Form of Proxy for use in connection with the Court Meeting and a WHITE Form of Proxy for use in connection with the General Meeting.

Whether or not you intend to attend the Meetings in person, please complete and sign both of the enclosed Forms of Proxy in accordance with the instructions printed on them and return them to Share Registrars Limited, Suite E, First Floor, 9 Lion and Lamb Yard, Farnham, Surrey GU9 7LL, as soon as possible and, in any event, so as to be received by not later than 10.00 a.m. on 19 December 2013 (in the case of the BLUE Form of Proxy for the Court Meeting) and 10.15 a.m. on 19 December 2013 (in the case of the WHITE Form of Proxy for the General Meeting), or in the case of any adjournments, not later than 48 hours before the time fixed for the holding of the adjourned meeting (excluding any part of a day which is not a working day). You may also appoint a proxy through CREST by following the instructions set out on page 10 of this document and in the notice of General Meeting contained in Part Ten of this document. Forms of Proxy returned by fax will not be accepted.

If the BLUE Form of Proxy for the Court Meeting is not returned by the above time, it may be handed to the Chairman of the Court Meeting or Share Registrars, on behalf of the Chairman of the Court Meeting, before the start of the Court Meeting and will still be valid. However, in the case of the General Meeting, unless the WHITE Form of Proxy is returned by the time noted above, it will be invalid. The completion and return of a Form of Proxy will not prevent you from attending and voting in person at either the Court Meeting or the General Meeting, or any adjournment thereof, if you so wish and if you are so entitled.

If you have any questions about this document, the Court Meeting or the General Meeting, or are in any doubt as to how to complete the Forms of Proxy, please call Share Registrars between 9.00 a.m. and 5.30 p.m. (London time) Monday to Friday (excluding bank or public holidays) on the following numbers:

For Mediwatch Shareholders: 01252 821390 (or +44 (0)1252 821390 if calling from outside the UK)

Please note that calls to these numbers may be monitored or recorded and that, for legal reasons, the helplines cannot provide advice on the Acquisition or its merits or give any personal, legal, financial or tax advice.

Investec Bank plc is authorised by the Prudential Regulation Authority and regulated in the United Kingdom by the FCA and the Prudential Regulation Authority. Investec is acting as financial adviser to Laborie and no one else in connection with the Acquisition and will not regard any other person as its client in relation to the matters in this document and will not be responsible to anyone other than Laborie for providing the protections afforded to clients of Investec or for providing advice in relation to the Acquisition or any other matters referred to herein.

SP Angel Corporate Finance LLP is authorised and regulated in the United Kingdom by the FCA. SP Angel is acting as financial adviser to Mediwatch and no one else in connection with the Acquisition and will not regard any other person as its client in relation to the matters in this document and will not be responsible to anyone other than Mediwatch for providing the protections afforded to clients of SP Angel or for providing advice in relation to the Acquisition or any other matters referred to herein.

IMPORTANT NOTICE

Overseas jurisdictions

The release, publication or distribution of this document in or into jurisdictions other than the United Kingdom may be restricted by law and therefore any persons who are subject to the laws of any jurisdiction other than the United Kingdom, or Mediwatch Shareholders who are not resident in the United Kingdom, should inform themselves about, and observe, any applicable requirements. In particular, the ability of persons who are not resident in the United Kingdom to vote their Mediwatch Shares with respect to the Court Meeting and the General Meeting, or to execute and deliver forms of proxy appointing another to vote at the Court Meeting and the General Meeting on their behalf, may be affected by the laws of the relevant jurisdiction in which they are located.

This document has been prepared for the purposes of complying with English law, the City Code and the AIM Rules, and the information disclosed may not be the same as that which would have been disclosed if this document had been prepared in accordance with the laws and regulations of any jurisdiction outside of England and Wales.

Copies of this document and any other formal documentation relating to the Acquisition are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in, into or from a Restricted Jurisdiction and persons receiving such documents (including, without limitation, custodians, nominees and trustees) must not mail or otherwise forward, distribute or send it in, into or from a Restricted Jurisdiction. Any person (including any custodian, nominee or trustee) who would, or otherwise intends to, or who may have a contractual or legal obligation to, forward this document and/or any other related documents to any jurisdiction outside the United Kingdom should inform themselves of, and observe, any applicable legal or regulatory requirements of their jurisdiction. If the Acquisition is implemented by way of an Offer (unless otherwise permitted by applicable law and regulation), the Offer may not be made directly or indirectly, in or into, or by the use of mail or any means or instrumentality (including, but not limited to, facsimile, e-mail or other electronic transmission, telex or telephone) of interstate or foreign commerce of, or of any facility of a national, state or other securities exchange of, any jurisdiction where to do so would constitute a violation of the relevant laws of that jurisdiction and the Offer may not be capable of acceptance by any such use, means, instrumentality or facilities.

Any failure to comply with the applicable requirements may constitute a violation of the securities laws of such jurisdiction. This document is not intended to and does not constitute, or form part of, any offer to sell or issue or an invitation to purchase or subscribe for any securities or a solicitation of an offer to buy any securities pursuant to this document or otherwise in any jurisdiction in which such offer or solicitation is unlawful.

Notice to US investors in Mediwatch

The Acquisition relates to shares of an English company and is proposed to be made by means of a scheme of arrangement under the laws of England and Wales. A transaction effected by means of a scheme of arrangement is not subject to the tender offer rules or the proxy solicitation rules under the US Securities Exchange Act of 1934 or other US securities laws. US holders of Mediwatch Shares should note that the Scheme relates to the shares of an English company that is a "foreign private issuer" as defined under Rule 3b-4 under the US Securities Exchange Act and will be governed by English law. Accordingly, neither the proxy solicitation rules nor the tender offer rules under the US Securities Exchange Act will apply to the Scheme. Moreover, the Scheme will be subject to the disclosure requirements, rules and practices applicable in the United Kingdom to schemes of arrangement and under the City Code which differ from the disclosure requirements of the US proxy solicitation rules and tender offer rules. Certain financial information included in this document relating to Mediwatch has been prepared in accordance with accounting standards applicable in the United Kingdom that may not be comparable to financial statements of US companies (or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the US). If, in the future, Laborie exercises the right to implement the Acquisition by way of an Offer and determines to extend the Offer into the US, it will be made in accordance with the procedural and filing requirements of the US securities laws, to the extent applicable.

Mediwatch and Laborie are organised under the laws of England and Wales. Some or all of the officers and directors of Mediwatch are residents in countries other than the United States. As a result, it may not be possible for United States holders of Mediwatch Shares to effect service of process within the United States upon Mediwatch or such directors of Mediwatch or to enforce against any of them judgements of

the United States predicated upon the civil liability provisions of the federal securities laws of the United States. It may not be possible to sue Mediwatch or its respective officers and directors in a non-US court for violations of US securities laws. It may be difficult to compel Mediwatch and its affiliates to subject themselves to the jurisdiction and judgment of a US court.

Statements made in this document

The statements contained in this document are made as at the date of this document, unless some other time is specified in relation to them, and service of this document shall not give rise to any implication that there has been no change in the facts set forth in this document since such date.

Cautionary note regarding forward-looking statements

This document contains certain forward-looking statements with respect to the financial condition, results of operations and business of Mediwatch and certain plans and objectives of Laborie with respect thereto. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements often use words such as 'anticipate', 'target', 'expect', 'estimate', 'intend', 'plan', 'goal', 'believe', 'hope', 'aims', 'continue', 'will', 'may', 'should', 'would', 'could' or other words of similar meaning. These statements are based on assumptions and assessments made by Mediwatch and/or Laborie in light of their experience and their perception of historical trends, current conditions, future developments and other factors they believe appropriate. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. The factors described in the context of such forward-looking statements in this document could cause actual results and developments to differ materially from those expressed in or implied by such forward-looking statements. Although it is believed that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct and persons reading this document are therefore cautioned not to place undue reliance on these forward-looking statements which speak only as at the date of this document. Neither Mediwatch nor Laborie assumes any obligation to update or correct the information contained in this document (whether as a result of new information, future events or otherwise), except as required by applicable law.

There are several factors which could cause actual results to differ materially from those expressed or implied in forward-looking statements. Among such factors are changes in the global, political, economic, business, competitive, market and regulatory forces, future exchange and interest rates, changes in tax rates and future business combinations or disposals.

Dealing and Opening Position Disclosure requirements

Under Rule 8.3(a) of the Code, any person who is interested in 1% or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any securities exchange offeror is first identified.

An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 pm (London time) on the 10th business day following the commencement of the offer period and, if appropriate, by no later than 3.30 pm (London time) on the 10th business day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

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

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

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

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

Publication of this document

A copy of this document will be published on the Mediwatch website at <http://mediwatch.com/en/shareholder-information> and on Laborie's website at <http://laboriemedical.co.uk/mwscheme> and will be available to view (subject to any applicable restrictions with respect to persons resident in Restricted Jurisdictions) until the end of the Offer Period. For the avoidance of doubt, the contents of those websites are not incorporated into and do not form part of this document.

Availability of hard copies

If you have received this document in electronic form, you may request a hard copy of this document and/or any information incorporated into this document by reference to another source by contacting Mediwatch's registrars, Share Registrars on 01252 821390 (from within the UK) or on +44 (0)1252 821390 (if calling from outside the UK). Calls are charged at your standard network rate. Lines are open from 9.00 a.m. to 5.30 p.m. (London time) Monday to Friday. Calls to Share Registrars from outside the UK will be charged at the applicable international rate. You may also request that all future documents, announcements and information to be sent to you in relation to the Acquisition should be in hard copy form. Copies of this document and any document or information incorporated by reference into this document will not be provided unless such a request is made.

Rounding

Certain figures included in this document have been subjected to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

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EXPECTED TIMETABLE OF PRINCIPAL EVENTS

All times shown in this document are London times, unless otherwise stated.

| Event | Time and/or date |
|---|---|
| Date of publication of this document | 29 November 2013 |
| Latest time for receipt of BLUE Forms of Proxy for the Court Meeting | 10.00 a.m. on 19 December 2013¹ |
| Latest time for receipt of WHITE Forms of Proxy for the General Meeting | 10.15 a.m. on 19 December 2013² |
| Voting Record Time for the Court Meeting and the General Meeting | 6.00 p.m. on 19 December 2013 ³ |
| Court Meeting | 10.00 a.m. on 23 December 2013 |
| General Meeting | 10.15 a.m. on 23 December 2013⁴ |
| <i>The following dates are indicative only and are subject to change⁵</i> | |
| Last day of dealings in, and for registration of transfers of, and disablement in CREST of, Mediwatch Shares | 22 January 2014 ⁵ |
| Scheme Court Hearing | 22 January 2014 ⁵ |
| Dealings in Mediwatch Shares suspended from trading on AIM | 7.30 a.m. on 23 January 2014 ⁵ |
| Scheme Record Time | 6.00 p.m. on 23 January 2014 ⁵ |
| Reduction Court Hearing | 24 January 2014 ⁵ |
| Effective Date of the Scheme and re-registration as a private company | 27 January 2014⁵ |
| Cancellation of admission of Mediwatch Shares to trading on AIM | 7.00 a.m. on 27 January 2014⁵ |
| Latest date for despatch of cheques or settlement through CREST in respect of the Cash Consideration within 14 days of the Effective Date | 10 February 2014 ⁵ |
| Long Stop Date, being the last date by which the Scheme can become Effective | 21 March 2014 |

1 It is requested that BLUE Forms of Proxy for the Court Meeting be lodged with the Company's registrars as soon as possible but in any event by not later than 10.00 a.m. on 19 December 2013. BLUE Forms of Proxy not so lodged may be handed to the Chairman of the Court Meeting or Share Registrars on behalf of the Chairman of the Court Meeting before the start of the Court Meeting. Please see "To vote on the Acquisition" and "Action to be taken" on pages 9 and 10 of this document for further details regarding the lodgement of Forms of Proxy.

2 It is requested that WHITE Forms of Proxy for the General Meeting be lodged with the Company's registrars as soon as possible but in any event by not later than 10.15 a.m. on 19 December 2013. WHITE Forms of Proxy may NOT be handed to the Chairman of the General Meeting or Share Registrars at the General Meeting. Please see "To vote on the Acquisition" and "Action to be taken" on pages 9 and 10 of this document for further details regarding the lodgement of Forms of Proxy.

3 If either the Court Meeting or the General Meeting is adjourned, the Voting Record Time for the relevant adjourned Meeting will be 6.00 p.m. on the second business day before the day set for such adjourned Meeting.

- 4 To commence at 10.15 a.m. or as soon thereafter as the Court Meeting shall have concluded or been adjourned.
- 5 These dates and times are indicative only and will depend, among other things, upon the date upon which the Court sanctions the Scheme and confirms the Capital Reduction and the date on which the Conditions set out in Part Three of this document are satisfied or (if applicable) waived. It will also depend on when the Court Orders sanctioning the Scheme and confirming the Capital Reduction are delivered to the Registrar of Companies. Mediwatch will give notice of any change(s) by issuing an announcement through a Regulatory Information Service. All Mediwatch Shareholders have the right to attend the Court Hearings.

TO VOTE ON THE ACQUISITION

This page should be read in conjunction with the rest of this document, and in particular, with the Action to be Taken section on page 10, paragraph 10 (headed "Action to be taken") of Part One of this document, and the notices of the Court Meeting and the General Meeting at the end of this document.

Whether or not you plan to attend the Meetings, you should:

1. complete, sign and return to the Company's registrars at Share Registrars Limited, Suite E, First Floor, 9 Lion and Lamb Yard, Farnham, Surrey GU9 7LL the BLUE Form of Proxy for use at the Court Meeting, or alternatively, submit a proxy by electronic means, in each case so as to be received **by no later than 10.00 a.m. on 19 December 2013**;

AND

2. complete, sign and return to the Company's registrars at Share Registrars Limited, Suite E, First Floor, 9 Lion and Lamb Yard, Farnham, Surrey GU9 7LL the WHITE Form of Proxy for use at the General Meeting, or alternatively, submit a proxy by electronic means, in each case so as to be received **by no later than 10.15 a.m. on 19 December 2013**.

If the BLUE Form of Proxy for the Court Meeting is not returned by the above time, it may be handed to the Chairman of the Court Meeting or Share Registrars on behalf of the Chairman of the Court Meeting before the start of the Court Meeting, and will still be valid. **However, in the case of the General Meeting, if the WHITE Form of Proxy is not returned so as to be received by the time mentioned above it will be invalid.**

THE COMPLETION AND RETURN OF FORMS OF PROXY WILL NOT PREVENT YOU FROM ATTENDING AND VOTING IN PERSON AT THE COURT MEETING AND/OR GENERAL MEETING, OR ANY ADJOURNMENTS THEREOF, SHOULD YOU WISH TO DO SO AND SHOULD YOU BE SO ENTITLED.

IT IS IMPORTANT THAT, FOR THE COURT MEETING, IN PARTICULAR, AS MANY VOTES AS POSSIBLE ARE CAST SO THAT THE COURT MAY BE SATISFIED THAT THERE IS A FAIR AND REASONABLE REPRESENTATION OF MEDIWATCH SHAREHOLDER OPINION. YOU ARE THEREFORE STRONGLY URGED TO COMPLETE, SIGN AND RETURN YOUR FORMS OF PROXY, OR MAKE SUCH APPOINTMENT ELECTRONICALLY, AS SOON AS POSSIBLE.

Share Registrars helpline

If you have any questions about this document, the Court Meeting or the General Meeting, or are in any doubt as to how to complete the Forms of Proxy or to submit your proxies electronically, please call Share Registrars on 01252 821390 (from within the UK) or on +44 (0)1252 821390 (if calling from outside the UK). Calls are charged at your standard network rate. Lines are open from 9.00 a.m. to 5.30 p.m. (London time) Monday to Friday. Calls to Share Registrars from outside the UK will be charged at the applicable international rate. Please note that calls may be monitored or recorded. Share Registrars cannot provide advice on the merits of the Scheme, nor give financial, tax, investment or legal advice.

ACTION TO BE TAKEN

The Scheme and the Acquisition are subject to the satisfaction or (if capable of waiver) waiver of the Conditions set out in Part Three of this document. Amongst other conditions, in order to become Effective:

- (A) the Scheme must be approved by a majority in number of those Mediwatch Shareholders present and voting, either in person or by proxy, at the Court Meeting, representing 75 per cent. or more in value of all Mediwatch Shares held by such Mediwatch Shareholders; and
- (B) the Special Resolution to facilitate the implementation of the Scheme must be passed at the General Meeting (which requires a vote in favour by not less than 75 per cent. of the votes cast in person or by proxy).

Under the Companies Act, the Scheme is also subject to the approval of the Court at the Scheme Court Hearing. If the Scheme becomes Effective, it will be binding on all Scheme Shareholders, including those who did not vote to approve the Scheme.

Mediwatch Shareholders will find enclosed with this document:

- (A) a BLUE Form of Proxy for use in respect of the Court Meeting; and
- (B) a WHITE Form of Proxy for use in respect of the General Meeting.

If you have not received all of these documents, please contact Mediwatch's registrars, Share Registrars, on the helpline number below.

TO VOTE ON THE SCHEME:

Whether or not you intend to attend the Meetings in person, please complete and sign both of the enclosed Forms of Proxy in accordance with the instructions printed thereon and return them to Share Registrars by post, using the pre-paid envelope provided with this document (for use in the UK only) or otherwise addressed to Share Registrars Limited, Suite E, First Floor, 9 Lion and Lamb Yard, Farnham, Surrey GU9 7LL, United Kingdom as soon as possible and, in any event, so as to be received not later than the deadline set out on the relevant form.

If the BLUE Form of Proxy relating to the Court Meeting is not lodged by the above time, it may be handed to the Chairman of the Court Meeting or Share Registrars on behalf of the Chairman of the Court Meeting before the start of the Court Meeting. However, in the case of the General Meeting, unless the WHITE Form of Proxy is returned at least 48 hours (excluding any part of a day that is not a working day) before the General Meeting and in accordance with the instructions printed on it, it will be invalid.

If you hold your shares through CREST, you may also vote using the CREST voting service by following the procedures set out in the CREST Manual (please also refer to the notes to the notice set out in Part Ten of this document). In each case, such appointments and instruction, or votes, must be made and received by Share Registrars (CREST participant 7RA36) at least 48 hours (excluding non-working days) prior to the Court Meeting or General Meeting, as applicable.

The completion and return of a Form of Proxy, or the making of such appointment electronically in accordance with the foregoing procedures, will not preclude you from attending and voting in person at either the Court Meeting or the General Meeting, if you so wish and are so entitled.

IT IS IMPORTANT THAT, FOR THE COURT MEETING IN PARTICULAR, AS MANY VOTES AS POSSIBLE ARE CAST SO THAT THE COURT MAY BE SATISFIED THAT THERE IS A FAIR AND REASONABLE REPRESENTATION OF MEDIWATCH SHAREHOLDER OPINION. YOU ARE THEREFORE STRONGLY URGED TO COMPLETE, SIGN AND RETURN YOUR FORMS OF PROXY, OR MAKE SUCH APPOINTMENT ELECTRONICALLY, AS SOON AS POSSIBLE.

Notices convening the Court Meeting and the General Meeting are set out in Part Nine and Part Ten of this document, respectively.

HELPLINE:

If you have any questions about this document, the Court Meeting, the General Meeting, or are in any doubt as to how to complete the Forms of Proxy or to submit your proxies electronically, please call the Share Registrars helpline on 01252 821390 (from within the UK) or on +44 (0)1252 821390 (if calling from outside the UK). Calls are charged at your standard network rate. Lines are open from 9.00 a.m. to 5.30 p.m. (London time) Monday to Friday. Calls to the Share Registrars helpline from outside the UK will be charged at the applicable international rate. Please note that the Share Registrars helpline cannot provide advice on the merits of the Scheme, nor give financial, tax, investment or legal advice.

PART ONE

LETTER FROM THE INDEPENDENT DIRECTORS OF MEDIWATCH

(Incorporated in England and Wales with registered number 03971079)



Directors:

Omer M.A. Karim (*Chairman*)
Dr Philip G Stimpson (*Chief Executive Officer*)
Mark Hughes (*Chief Financial Officer*)
Charles E Cattaneo (*Non-executive Director*)
Professor Mark Emberton (*Non-executive Director*)

Registered office:

Lumonics House
Valley Drive
Swift Valley
Rugby
CV21 1TQ

29 November 2013

To the holders of Mediwatch Shares and, for information only, to holders of options or awards under the Mediwatch Share Option Scheme.

Dear Shareholder,

RECOMMENDED ACQUISITION OF MEDIWATCH BY LABORIE (to be implemented by way of a scheme of arrangement under Part 26 of the Companies Act 2006)

1. Introduction

On 18 November 2013, the Laborie Board and the Independent Directors of Mediwatch announced that they had reached agreement on the terms of a recommended cash offer by Laborie for the entire issued and to be issued ordinary share capital of Mediwatch, which is to be effected by way of a scheme of arrangement under Part 26 of the Companies Act.

The Laborie Group is a leading multinational developer, manufacturer and supplier of innovative medical equipment and catheters used in the fields of urology and women's health. Laborie manufactures and distributes urodynamics diagnostic equipment and catheters to physicians and hospitals in North America, Europe, and Asia. Laborie also provides pelvic muscle rehabilitation (PMR) systems and the probes used in PMR treatments.

In view of the new employment arrangements with Philip Stimpson, which are described in paragraph 12 of this letter and paragraph 7 of Part Seven of this document, the Mediwatch Board has determined that it is appropriate that only the Independent Directors consider the terms of the Acquisition and make a recommendation to the Mediwatch Shareholders.

We, the Independent Directors, being Omer Karim, Mark Hughes, Charles Cattaneo and Professor Mark Emberton, are writing to you today to set out the terms of the Acquisition and to explain why the Independent Directors are unanimously recommending that Mediwatch Shareholders vote in favour of the Scheme at the Court Meeting and the Special Resolution relating to the Scheme to be proposed at the General Meeting, as each of the Mediwatch Directors has irrevocably undertaken to do in respect of his entire legal and beneficial holdings of Mediwatch Shares.

In order to approve the terms of the Acquisition, Mediwatch Shareholders will need to vote in favour of the resolutions to be proposed at the Court Meeting and the General Meeting, to be held on 23 December 2013. Details of the actions you should take are set out in paragraph 10 of this letter. The recommendation of the Independent Directors is set out in paragraph 15 of this letter.

2. Summary of the terms of the Acquisition

The Acquisition will be implemented by way of the Scheme, details of which are set out in the Explanatory Statement in Part Two of this document.

Under the terms of the Acquisition, Scheme Shareholders will be entitled to receive:

for each Mediwatch Share 6 pence in cash

The consideration for the Acquisition represents a premium of approximately:

- 118 per cent. to the Closing Price of 2.75 pence per Mediwatch Share on 17 October 2013 (being the last business day prior to the commencement of the Offer Period) and a premium of 45 per cent. to the highest closing price since 17 October 2013 up until 15 November 2013 (being the last business day prior to the release of the Announcement) being 4.13 pence;
- 141 per cent. to the average Closing Price of 2.49 pence per Mediwatch Share over the 90 day period up to and including 17 October 2013 (being the last business day prior to the commencement of the Offer Period);
- 140 per cent. to the average Closing Price of 2.50 pence per Mediwatch share over the one year period from 18 October 2012 up to and including 17 October 2013 (being the last business day prior to the commencement of the Offer Period); and
- 133 per cent. to the average Closing Price of 2.58 pence per Mediwatch Share over the two year period from 18 October 2011 up to and including 17 October 2013 (being the last business day prior to the commencement of the Offer Period).

The terms of the Acquisition value the Fully Diluted Share Capital of Mediwatch at approximately £8.48 million.

In addition, upon the Scheme becoming Effective, Laborie will repay Mediwatch's current indebtedness in the nature of borrowings with third party finance providers. This is currently expected to be approximately £1.81 million at the Effective Date, equivalent to approximately a further 1.3 pence per Mediwatch Share on a Fully Diluted Share Capital basis, and equating to an enterprise value for the Acquisition of approximately £10.29 million on a Fully Diluted Share Capital basis.

The Scheme requires the Scheme Shareholders to vote in favour of the Scheme at the Court Meeting and the Mediwatch Shareholders to vote in favour of the Special Resolution at the General Meeting. Notices of the Meetings are set out in Parts Nine and Ten of this document.

If the Scheme becomes Effective, it will be binding on all Scheme Shareholders irrespective of whether or not they attended or voted and, if they voted, whether they voted for or against the Scheme, at the Court Meeting or the General Meeting.

Upon the Scheme becoming Effective, Mediwatch will become a wholly owned subsidiary of Laborie.

Cheques in respect of the Cash Consideration will be sent to Scheme Shareholders at their own risk (or the Cash Consideration will be settled through CREST, as the case may be) as soon as practicable and, in any event, within 14 days of the Scheme becoming Effective.

3. Background to, and reasons for, recommending the Acquisition

Mediwatch is a manufacturer and supplier of high-technology urology and gastro intestinal diagnostic products, with a comprehensive range of disposables, and dedicated teams for service, clinical training and support. Mediwatch has offices in the US and the UK, and a wide network of distributors around the world.

In deciding to recommend the Scheme to Mediwatch Shareholders, the Independent Directors have taken into account a range of factors, including those outlined below.

The last four years have seen very difficult global economic markets. Trading in urology diagnostics has been particularly onerous and creditably the Group has managed to maintain its level of sales in this difficult market. In addition to the new products that the Group is developing and has recently launched, we are starting to see the benefits of the successful restructuring of the Group over the last 18 months.

In the United States, there have been significant changes in Medicare reimbursements which have put increasing pressures on our growth prospects. Consolidation within the industry has been expected. In July 2012, Audax Group acquired Laborie, a competitor of Mediwatch, and in September 2013 Laborie acquired T-DOC, a significant supplier to Mediwatch (particularly in the US). Given this consolidation in the market, it is the view of the Independent Directors that integration into an enlarged medical group would be in the best interest for Mediwatch's business, customers and shareholders.

Taking all of this into account, it is difficult to see how the Company's value will grow significantly in the short term without a transformational acquisition of another business and after evaluating various joint venture and merger and acquisition opportunities, the Board believes that the Acquisition by Laborie is the best opportunity to crystallise value for Mediwatch Shareholders and for the continued support of its customers.

The Independent Directors have concluded that whilst Mediwatch could continue to trade successfully as an independent entity, the Acquisition provides the certainty of an immediate cash return of 6 pence per Mediwatch Share, which represents a significant premium to both the current and recent closing prices at which Mediwatch Shares have traded.

The Boards of Laborie and Mediwatch believe that a combination of Mediwatch and Laborie would:

- Create a comprehensive diagnostic product line that will meet the varied needs of physicians around the world;
- Build a customer service network providing comprehensive technical support to customers around the world;
- Accelerate technological innovation and new product development by combining two of the leading research and development teams in their field; and
- Drive economies of scale across the supply chain.

The Independent Directors, who have been so advised by SP Angel, consider the terms of the Acquisition (including the Scheme) to be fair and reasonable. In providing its advice to the Independent Directors, SP Angel has taken into account the commercial assessments of the Independent Directors.

Accordingly, the Independent Directors intend to unanimously recommend that Mediwatch Shareholders vote in favour of the Scheme at the Court Meeting and the Special Resolution at the General Meeting, as all of the Mediwatch Directors and their Connected Persons have irrevocably undertaken to do in respect of their entire legal and beneficial holdings of Mediwatch Shares amounting, in aggregate, to 38,467,857 Mediwatch Shares representing approximately 27.31 per cent. of the existing issued ordinary share capital of Mediwatch.

4. Mediwatch Group current trading and prospects

On 3 June 2013, Mediwatch announced its unaudited financial results for the six months ended 30 April 2013 in which it made the following statement on the outlook for the Company:

“The Board is encouraged with the results for the first half of the 2013 financial year; in particular it is pleasing to see that the cost reductions have firmly benefited the bottom line. With new product launches well underway and more to come later in the year; the Group is positioned for a positive second half.”

Since this statement Mediwatch has continued along this course.

5. Management, employees and locations

The Mediwatch Directors have considered Laborie’s intentions for Mediwatch and had regard to Laborie’s statements about Mediwatch’s management, employees and locations (details of which are set out in paragraph 8 of Part Two of this document) when deciding to recommend the Acquisition.

6. Irrevocable undertakings

Laborie has received irrevocable undertakings to vote (or procure the vote) in favour of the resolutions to be proposed at the Court Meeting and the General Meeting in respect of a total of 59,008,355 Mediwatch Shares, representing, in aggregate, approximately 41.89 per cent. of Mediwatch’s issued ordinary share capital as at 28 November 2013 (being the latest practicable date prior to the publication of this document).

Copies of the irrevocable undertakings are on display on Mediwatch’s website at <http://mediwatch.com/en/shareholder-information> and on Laborie’s website at <http://laboriemedical.co.uk/mwscheme> until the end of the Offer Period. Further details of these irrevocable undertakings are set out in paragraph 3 of Part Two of this document.

7. Mediwatch Share Option Scheme

The Acquisition will affect options granted under the Mediwatch Share Option Scheme. Participants in the Mediwatch Share Option Scheme will be contacted separately to explain the effect of the Acquisition on their awards. Further details of how the Scheme will affect participants in the Mediwatch Share Option Scheme are set out in paragraph 10 of Part Two of this document.

8. Overseas shareholders

Overseas shareholders should refer to the sections of this document entitled “Overseas jurisdictions” and “Notice to US investors in Mediwatch” on page 3 of this document, which contain important information relevant to such holders.

9. United Kingdom Taxation

Your attention is drawn to Part Six of this document headed “United Kingdom taxation”. Although this document contains certain tax related information, if you are in any doubt about your own tax position or you are subject to taxation in any jurisdiction other than the United Kingdom, you should consult an appropriately qualified independent professional adviser immediately.

10. Action to be taken

You will find notices convening the Court Meeting and the General Meeting in Part Nine and Part Ten of this document, respectively.

Mediwatch Shareholders will find enclosed with this document:

- (A) a BLUE Form of Proxy for use at the Court Meeting; and
- (B) a WHITE Form of Proxy for use at the General Meeting.

Whether or not you intend to attend the Meetings in person, please complete and sign both the enclosed Forms of Proxy in accordance with the instructions printed thereon and return them to Share Registrars by post or by hand (during normal business hours only), using the pre-paid envelope provided with this document (for use in the UK only) or otherwise addressed to Share Registrars Limited, Suite E, First Floor, 9 Lion and Lamb Yard, Farnham, Surrey GU9 7LL, United Kingdom as soon as possible and, in any event, so as to be received not later than the deadline set out on the relevant form.

If you have any questions about this document, the Court Meeting or the General Meeting, or are in any doubt as to how to complete the Forms of Proxy or to submit your proxies electronically, please call Share Registrars between 9.00 a.m. and 5.30 p.m., Monday to Friday on 01252 821390 from within the UK (or +44 (0)1252 821390 if calling from outside the UK). Calls are charged at your standard network rate. Please note that calls may be monitored or recorded. Share Registrars cannot provide advice on the merits of the Scheme, nor give financial, tax, investment or legal advice.

It is important that, for the Court Meeting, as many votes as possible are cast so that the Court may be satisfied that there is a fair and reasonable representation of Mediwatch Shareholder opinion. You are therefore strongly urged to complete, sign and return your Forms of Proxy as soon as possible.

11. Further information

Your attention is drawn to the further information contained in the letter from SP Angel set out in Part Two of this document which provides further details concerning the Acquisition, and to the terms and conditions of the Scheme which are set out in full in Parts Three and Four of this document.

You are advised to read the whole of this document and not just rely on the summary information contained in this letter.

12. Non-Independent Director

Philip Stimpson, Chief Executive Officer of Mediwatch, has entered into a new service agreement with Mediwatch, relating to his employment by Mediwatch following the Scheme becoming Effective. Philip Stimpson’s employment under the new service agreement is conditional on the Scheme becoming Effective. Laborie is a party to the new service agreement so that it has the benefit of an obligation that no termination of the new service agreement or variation of the new service agreement may be entered into prior to the Effective Date without Laborie’s written consent.

In light of his proposed new service agreement as an employee of the Enlarged Group following the Effective Date, Philip Stimpson has taken no part in the Independent Directors’ decision to recommend Mediwatch Shareholders to vote in favour of the Scheme at the Court Meeting and the Special Resolution at the General Meeting.

Further details of Philip Stimpson’s new service agreement are set out in paragraph 7 of Part Seven of this document. SP Angel, independent financial adviser to Mediwatch for the purposes of the Acquisition, has confirmed that in its opinion the terms of the new service agreement are fair and reasonable so far as the remaining Scheme Shareholders are concerned.

13. Cancellation of admission to trading on AIM and re-registration

The last day of dealings in, and for registration of transfers of, Mediwatch Shares will be the day of the Scheme Court Hearing, following which Mediwatch Shares will be temporarily suspended from trading on AIM.

As at the close of trading on the last day of dealings in Mediwatch Shares prior to the Effective Date, there may be unsettled, open trades for the sale and purchase of Mediwatch Shares within the CREST system. The Mediwatch Shares that are the subject of such unsettled trades will be treated under the Scheme in the same way as any other Mediwatch Shares registered in the name of the relevant seller under that trade. Consequently, those Mediwatch Shares will be cancelled under the Scheme and the seller will receive the Cash Consideration in accordance with the terms of the Scheme.

No transfers of Mediwatch Shares will be registered after this date and, other than the registration of Mediwatch Shares issued under the Mediwatch Share Option Scheme after the Scheme Court Hearing and prior to the Scheme Record Time, no Mediwatch Shares will be issued after this date.

A request will be made to the London Stock Exchange prior to the Effective Date to cancel the admission of Mediwatch Shares to trading on AIM with effect from the Effective Date or shortly thereafter.

On the Effective Date, share certificates in respect of Scheme Shares will cease to be valid and each holder of Scheme Shares shall be bound to destroy such share certificates. As from the Scheme Record Time, each holding of Scheme Shares credited to any stock account in CREST will be disabled and all Scheme Shares will be removed from CREST in due course.

The Scheme provides for Mediwatch to be re-registered as a private limited company.

14. Offer related arrangements

Mediwatch and Audax Group entered into a mutual confidentiality agreement dated 15 August 2013 pursuant to which each of Mediwatch and Audax Group undertook to keep certain information relating to the Acquisition and to the other party confidential, and not to disclose such information to third parties, except (i) to certain permitted disclosees for the purposes of evaluating the Acquisition; or (ii) if required by applicable laws or regulations. These confidentiality obligations will remain in force until completion of the Acquisition or, if the Acquisition fails to complete, two years from the date of the mutual confidentiality agreement.

In addition, on 10 October 2013, Laborie and Mediwatch entered into a non-binding indicative letter of intent relating to the acquisition of Mediwatch by Laborie which included confidentiality provisions pursuant to which Mediwatch undertook, subject to the requirements of the City Code, not to disclose the existence of or the contents of the letter of intent without Laborie's prior consent.

On 15 November 2013, Philip Stimpson entered into a new service agreement with Mediwatch, to which Laborie is also a party. Details of the new service agreement are set out in paragraph 7 of Part Seven of this document.

15. Recommendation

The Independent Directors, who have been so advised by SP Angel, consider the terms of the Acquisition to be fair and reasonable. In providing its advice to the Independent Directors, SP Angel has taken into account the commercial assessments of the Independent Directors.

Accordingly, the Independent Directors unanimously recommend Mediwatch Shareholders to vote in favour of the Scheme at the Court Meeting and vote in favour of the Special Resolution at the General Meeting, as they and their Connected Persons have irrevocably undertaken to do in respect of their legal and beneficial holdings of Mediwatch Shares amounting to a total of 14,049,836 Mediwatch Shares, representing approximately 9.97 per cent. of the existing issued ordinary share capital of Mediwatch.

Yours faithfully,

Omer M.A. Karim
Chairman
For and on behalf
of the Independent Directors

PART TWO

EXPLANATORY STATEMENT

(In compliance with section 897 of the Companies Act)



Prince Frederick House
35-39 Maddox Street
London
W1S 2PP

29 November 2013

To the holders of Mediwatch Shares and, for information only, to holders of options or awards under the Mediwatch Share Option Scheme.

Dear Shareholder,

RECOMMENDED ACQUISITION OF MEDIWATCH BY LABORIE

1. Introduction

On 18 November 2013, the Laborie Board and the Independent Directors of Mediwatch announced that they had agreed the terms of a recommended cash offer by Laborie for the entire issued and to be issued ordinary share capital of Mediwatch. The Acquisition values the entire issued and to be issued ordinary share capital of Mediwatch at approximately £8.48 million. The Acquisition will be effected by way of a Court-sanctioned scheme of arrangement between Mediwatch and Scheme Shareholders under Part 26 of the Companies Act.

Your attention is drawn to the letter from the Independent Directors of Mediwatch set out in Part One of this document, which forms part of this Explanatory Statement. The letter contains, among other things: (a) the unanimous recommendation by the Independent Directors to Mediwatch Shareholders to vote in favour of the Scheme at the Court Meeting and the Special Resolution at the General Meeting; and (b) the background to and reasons why the Independent Directors are unanimously recommending that Mediwatch Shareholders vote in favour of the Acquisition.

SP Angel has been authorised by the Independent Directors to write to you to set out the terms of the Scheme and to provide you with other relevant information.

In giving its advice, SP Angel is advising Mediwatch in relation to the Acquisition and is not acting for any Mediwatch Director in his personal capacity nor for any Mediwatch Shareholder in relation to the Acquisition. SP Angel will not be responsible to any other person for providing the protections afforded to its clients or for advising any such person in relation to the Acquisition. In particular, SP Angel will not owe any duties or responsibilities to any particular Mediwatch Shareholder concerning the Acquisition.

The Independent Directors, who have been so advised by SP Angel, consider the terms of the Acquisition to be fair and reasonable. In providing its advice to the Independent Directors, SP Angel has taken into account the commercial assessments of the Independent Directors.

This Explanatory Statement contains a summary of the provisions of the Scheme. The Scheme is set out in full in Part Four of this document. For overseas holders of Mediwatch Shares, your attention is drawn to the paragraphs entitled "Overseas jurisdictions" and "Notice to US investors in Mediwatch" on pages 3 and 4 of this document, which form part of this Explanatory Statement.

2. Summary of the terms of the Acquisition

2.1 Consideration

The Acquisition is to be effected by way of the Scheme, which will be subject to the terms and conditions set out in Part Three of this document. If the Scheme becomes Effective, Scheme Shareholders will be entitled to receive:

for each Mediwatch Share 6 pence in cash

The consideration for the Acquisition represents a premium of approximately:

- 118 per cent. to the Closing Price of 2.75 pence per Mediwatch Share on 17 October 2013 (being the last business day prior to the commencement of the Offer Period) and a premium of approximately 45 per cent. to the highest closing price since 17 October 2013 up until 15 November 2013 (being the last business day prior to the release of the Announcement) being 4.13 pence;
- 141 per cent. to the average Closing Price of 2.49 pence per Mediwatch Share over the 90 day period up to and including 17 October 2013 (being the last business day prior to the commencement of the Offer Period);
- 140 per cent. to the average Closing Price of 2.50 pence per Mediwatch share over the one year period from 18 October 2012 up to and including 17 October 2013 (being the last business day prior to the commencement of the Offer Period); and
- 133 per cent. to the average Closing Price of 2.58 pence per Mediwatch Share over the two year period from 18 October 2011 up to and including 17 October 2013 (being the last business day prior to the commencement of the Offer Period).

The terms of the Acquisition value the Fully Diluted Share Capital of Mediwatch at approximately £8.48 million.

In addition, upon the Scheme becoming Effective, Laborie will repay Mediwatch's current indebtedness in the nature of borrowings with third party finance providers. This is currently expected to be approximately £1.81 million at the Effective Date, equivalent to approximately a further 1.3 pence per Mediwatch Share on a Fully Diluted Share Capital basis, and equating to an enterprise value for the Acquisition of approximately £10.29 million on a Fully Diluted Share Capital basis.

If the Scheme becomes Effective, the Scheme Shares will be cancelled pursuant to the Capital Reduction, and the reserve arising upon such Capital Reduction used to pay up in full such number of new Mediwatch Shares as is equal to the nominal value of the Scheme Shares so cancelled. Such new Mediwatch Shares will be allotted to Laborie or its nominee(s).

2.2 Deferred Shares

Pursuant to the Articles, holders of the Deferred Shares are not entitled to receive notice of, attend or vote at any general meeting of Mediwatch, or to receive any distribution of income and, on a return of capital, are not entitled to any payment of capital until first the holders of Mediwatch Shares have received £100,000 for each Mediwatch Share held by them. The Company is entitled to effect a transfer of a Deferred Share for nil consideration, and the Deferred Shares are liable to be cancelled without payment of any consideration to the holders thereof.

It is intended that, concurrently with the implementation of this Scheme, the Deferred Shares will also be cancelled and the reserve arising upon such cancellation used to pay up in full such number of new Mediwatch Shares as is equal to the aggregate nominal value of the Deferred Shares so cancelled. Such new Mediwatch Shares will be allotted to Laborie or its nominee(s).

Accordingly, the Special Resolution includes a resolution to approve the cancellation of the Deferred Shares. Pursuant to the Articles, a vote of the holders of the Deferred Shares is not required in order to approve the cancellation of the Deferred Shares.

2.3 Conditions

The Acquisition and, accordingly, the Scheme are subject to a number of conditions set out in full in Part Three of this document, including the sanction of the Scheme by the Court. In summary, the implementation of the Scheme is conditional, amongst other things, upon:

- (i) approval of the Scheme by a majority in number, representing not less than 75 per cent. of the voting rights of those Mediwatch Shareholders (or the relevant class or classes thereof) present, entitled to vote and voting, either in person or by proxy, at the Court Meeting and at any separate class meeting which may be required by the Court (or at any adjournment of such meeting);
- (ii) the Special Resolution being duly passed by the requisite majority of Mediwatch Shareholders at the General Meeting (or at any adjournment of that meeting);
- (iii) the sanction of the Scheme by the Court (with or without modification, but subject to any modification being on terms acceptable to Laborie and Mediwatch) and the delivery of the Scheme Court Order to the Registrar of Companies;
- (iv) the confirmation by the Court of the Capital Reduction and the delivery of the Reduction Court Order and a Statement of Capital to the Registrar of Companies and, if the Court so orders, the registration of the Reduction Court Order and Statement of Capital by the Registrar of Companies;
- (v) the confirmation by the Court of the cancellation of the Deferred Shares; and
- (vi) the Conditions which are not otherwise identified above being satisfied or (where applicable) waived by Laborie.

Subject to the sanction of the Scheme by the Court, the Acquisition is expected to become Effective on 27 January 2014. Unless the Scheme becomes Effective by not later than 21 March 2014, or such later date as Mediwatch and Laborie may agree and the Court and the Panel may allow, the Scheme will not become Effective and the Acquisition will not proceed.

2.4 *The Scheme*

It is intended that the Acquisition will be effected by means of a Court-sanctioned scheme of arrangement under Part 26 of the Companies Act, which is set out in full in Part Four of this document. The Scheme is an arrangement between Mediwatch and the Scheme Shareholders and is subject to the approval of the Court.

The purpose of the Scheme is to provide for Laborie to become the holder of the entire issued and to be issued ordinary share capital of Mediwatch. In order to achieve this, it is proposed that the Scheme Shares will be cancelled pursuant to the Capital Reduction, and the reserve arising upon such Capital Reduction used to pay up in full such number of new Mediwatch Shares as is equal to the nominal value of the Scheme Shares so cancelled. Such new Mediwatch Shares will be allotted to Laborie or its nominee(s). Laborie will subsequently pay the Cash Consideration to Scheme Shareholders on the register of members of Mediwatch at the Scheme Record Time.

The new Mediwatch Shares will be issued free from all liens, equitable interests, charges, encumbrances, rights of pre-emption and other rights and interests of any nature whatsoever and together with all rights attaching to them (if any) including voting rights and the right to receive and retain in full all dividends and other distributions.

The Scheme will also be subject to certain conditions and further terms as set out in Part Three of this document.

On the Effective Date, share certificates in respect of Scheme Shares will cease to be valid and each holder of Scheme Shares shall be bound to destroy such share certificates. In addition, entitlements to Mediwatch Shares held within the CREST system will be cancelled.

The last day for dealings in, and for registration of transfers of, Mediwatch Shares is expected to be 22 January 2014. It is expected that the Mediwatch Shares will be suspended from trading on AIM with effect from 7.30 a.m. on 23 January 2014.

Prior to the Effective Date, an application will be made by Mediwatch to the London Stock Exchange for Mediwatch Shares to cease to be admitted to trading on AIM. It is expected that the cancellation and cessation will take place at 7.00 a.m. on the Effective Date.

2.5 *The Meetings*

The implementation of the Scheme will require the approval of the Scheme by the Scheme Shareholders at the Court Meeting to be held at 10.00 a.m. on 23 December 2013 and also the passing by Mediwatch Shareholders of the Special Resolution at the General Meeting, which will

be held at 10.15 a.m. on 23 December 2013 or as soon thereafter as the Court Meeting shall have concluded or been adjourned. The Meetings will be held at the offices of Field Fisher Waterhouse LLP at 35 Vine Street, London EC3N 2PX.

Notices of the Meetings are set out in Parts Nine and Ten of this document respectively. Entitlement to attend and vote at these meetings and the number of votes which may be cast at them will be determined by reference to the register of members of Mediwatch at the Voting Record Time.

Neither Laborie nor any of its concert parties hold any Mediwatch Shares. In respect of any Mediwatch Shares that Laborie or any of its concert parties may acquire prior to the Meetings, Laborie and its concert parties are not entitled to vote at the Court Meeting, given their interests in the Acquisition, but will undertake to be bound by the terms of the Scheme.

If the Scheme becomes Effective, it will be binding on all Mediwatch Shareholders, irrespective of whether or not they attended or voted at the Court Meeting or the General Meeting.

(A) Court Meeting

The Court Meeting has been convened at the direction of the Court for 10.00 a.m. on 23 December 2013 to enable the Scheme Shareholders to consider and, if thought fit, approve the Scheme with or without modification. At the Court Meeting, voting will be by poll and each member present in person or by proxy will be entitled to one vote for each Scheme Share held by him. The approval required at the Court Meeting is a simple majority in number representing 75 per cent. or more in value of the Scheme Shares held by those Scheme Shareholders present and voting in person or by proxy.

It is important that, for the Court Meeting, as many votes as possible are cast so that the Court may be satisfied that there is a fair representation of Mediwatch Shareholder opinion. You are therefore strongly urged to complete and return your Forms of Proxy as soon as possible.

(B) General Meeting and amendment of the Articles

The General Meeting has been convened for 10.15 a.m. on 23 December 2013 (or as soon thereafter as the Court Meeting shall have been concluded or adjourned) to enable all Mediwatch Shareholders to consider and, if thought fit, approve the Special Resolution (which requires a vote in favour of not less than 75 per cent. of the votes cast in person or by proxy) in order to approve certain matters in connection with the implementation of the Scheme including to:

- (i) approve the Scheme;
- (ii) amend the articles of association of Mediwatch in the manner described below in this paragraph 2.5(B) of this Explanatory Statement;
- (iii) approve the cancellation of the Scheme Shares and subsequent issue of new Mediwatch Shares to Laborie (or its nominee(s)) in accordance with the Scheme;
- (iv) approve the cancellation of the Deferred Shares and subsequent issue of new Mediwatch Shares to Laborie (or its nominee(s)); and
- (v) grant authority to the directors of Mediwatch to implement the Scheme and issue new Mediwatch Shares to Laborie (or its nominee(s)).

All Mediwatch Shareholders will be entitled to vote at the General Meeting.

The Special Resolution, if passed, will authorise certain amendments to the Articles of Mediwatch required in connection with the Scheme. The proposed amendments will provide, amongst other things, that (i) any Mediwatch Shares issued between the Voting Record Time in respect of the General Meeting and the Scheme Record Time will be subject to the Scheme; and (ii) any Mediwatch Shares issued to any person (other than a member of the Laborie Group or its nominee(s)) on or after the Scheme Record Time will be immediately transferred to Laborie, in consideration for the payment of the same Cash Consideration per Mediwatch Share as was due to a holder of Scheme Shares under the Scheme. This is to avoid any person (other than a member of the Laborie Group or its nominee(s)) being left with Mediwatch Shares after dealings in such shares have ceased on AIM, which is expected to occur at 7.30 a.m. on 23 January 2014. The proposed changes to the Articles are contained in the notice of General Meeting as set out in Part Ten of this document.

2.6 Modifications to the Scheme

The Scheme contains a provision for both Mediwatch and Laborie jointly to consent on behalf of all persons affected to any modifications, additions or conditions to the Scheme which the Court may think fit to approve or impose. The Court would be unlikely to approve any modification of, or addition to, or impose a condition to the Scheme which might be material to the interests of Scheme Shareholders unless Scheme Shareholders were informed of any such modification, addition or condition. It would be a matter for the Court to decide, in its discretion, whether or not a further meeting of Scheme Shareholders should be held.

2.7 Effective Date

To become effective, the Scheme must be sanctioned by the Court at the Scheme Court Hearing, and the Court must confirm the Capital Reduction and approve the Statement of Capital at the Reduction Court Hearing.

All Mediwatch Shareholders have the right to attend, and be heard at, the Court Hearings.

The Scheme will become Effective on the delivery of the Court Orders and Statement of Capital to the Registrar of Companies and, if the Court so orders, registration by him of the Reduction Court Order and Statement of Capital.

If the Scheme becomes Effective, it will be binding on all Scheme Shareholders, including any who did not vote to approve the Scheme or who voted against the Scheme.

If the Scheme does not become Effective by 5.00 p.m. on 21 March 2014 (or such later date (if any) as Mediwatch and Laborie may agree and (if required) the Court and the Panel may allow), the Acquisition will not proceed.

Prior to the Scheme Record Time, Laborie will subscribe for or acquire one Mediwatch Share to ensure that the allotment of new Mediwatch Shares by Mediwatch to Laborie pursuant to the Scheme will be exempt from the requirements of section 593 of the Companies Act.

2.8 Re-registration as a private company

The Scheme makes provision for the Court to exercise its power under section 651 of the Companies Act to authorise the re-registration of Mediwatch as a private limited company in connection with the Capital Reduction without the need for a resolution to that effect of Mediwatch Shareholders.

2.9 Alternative means of implementing the Acquisition

Laborie reserves the right to elect to implement the Acquisition by way of an offer for the entire issued and to be issued ordinary share capital of Mediwatch not already held by Laborie as an alternative to the Scheme. In such an event, an Offer will be implemented on the same terms, so far as applicable, as those which would apply to the Scheme, subject to appropriate amendments including (without limitation) the amendment in respect of the acceptance condition referred to on page 32 in Part A of Part Three of this document.

If the Acquisition is effected by way of an Offer and such Offer becomes or is declared unconditional in all respects and sufficient acceptances are received, Laborie intends to: (i) request the London Stock Exchange to cancel trading in Mediwatch Shares on AIM; and (ii) exercise its rights to apply the provisions of Chapter 3 of Part 28 of the Companies Act to acquire compulsorily the remaining Mediwatch Shares in respect of which the Offer has not been accepted.

3. Irrevocable undertakings

Laborie has received irrevocable undertakings in respect of a total of 59,008,355 Mediwatch Shares representing, in aggregate, approximately 41.89 per cent. of Mediwatch's issued ordinary share capital as at 28 November 2013 (being the latest practicable date prior to the publication of this document).

Mediwatch Directors' irrevocable undertakings

All of the Mediwatch Directors and their Connected Persons have irrevocably undertaken, in respect of their entire legal and beneficial holdings of Mediwatch Shares, which is a total of 38,467,857 Mediwatch Shares, representing, in aggregate, approximately 27.31 per cent. of Mediwatch's issued ordinary share capital as at 28 November 2013 (being the latest practicable date prior to the publication of this document): (i) to vote (or procure the vote) in favour of the resolutions to be proposed at the

General Meeting and the Court Meeting in connection with the Scheme; (ii) to exercise (or procure the exercise) of the voting rights attaching to the shares in respect of any resolution which may impact on the success of the Scheme in accordance with Laborie's instructions; and (iii) if the Acquisition is effected by way of an Offer, to accept the Offer (and not withdraw such acceptance).

The irrevocable undertakings of the Mediwatch Directors and their Connected Persons remain binding if a competing offer for Mediwatch is made but shall automatically terminate if the Scheme or Offer does not become Effective by 31 March 2014.

Details of the irrevocable undertakings given by the Mediwatch Directors and their Connected Persons are set out below:

| Name of Mediwatch Director | Number of Mediwatch Shares | Percentage of Mediwatch issued ordinary share capital |
|-----------------------------------|-----------------------------------|--|
| Philip Stimpson | 24,418,021 | 17.33 |
| Omer Karim ¹ | 9,884,450 | 7.02 |
| Mark Emberton ² | 2,615,386 | 1.86 |
| Charles Cattaneo | 1,400,000 | 0.99 |
| Mark Hughes | 150,000 | 0.11 |
| Total | 38,467,857 | 27.31 |

¹ The irrevocable undertaking over 9,884,450 Mediwatch Shares shown for Omer Karim includes the irrevocable undertakings over 288,821 Mediwatch Shares given by his wife, Mrs Helen Karim and over 5,224,831 Mediwatch Shares given by Harbour Limited.

² The irrevocable undertaking over 2,615,386 Mediwatch Shares shown for Mark Emberton includes the irrevocable undertaking over 625,000 Mediwatch Shares given by his wife, Mrs Leah Byrne.

Irrevocable undertakings from other shareholders

Mr Nigel Bacon, Mr Gino Palmeri, Mr David Knox, Mr Hanif Motiwala, Mr Timothy Watts (a beneficiary of the Apsley House Pension Scheme) and Mr David Owen (as trustee of The Forward Innovation Fund) have irrevocably undertaken, in respect of 20,540,498 Mediwatch Shares, representing, in aggregate, approximately 14.58 per cent. of Mediwatch's issued ordinary share capital as at 28 November 2013 (being the latest practicable date prior to the publication of this document): (i) to vote (or procure the vote) in favour of the resolutions to be proposed at the General Meeting and the Court Meeting in connection with the Scheme; (ii) to exercise (or procure the exercise) of the voting rights attaching to the shares in respect of any resolution which may impact on the success of the Scheme in accordance with Laborie's instructions; and (iii) if the Acquisition is effected by way of an Offer, to accept the Offer (and not withdraw such acceptance).

These irrevocable undertakings shall automatically terminate if: (i) a third party announces a firm intention to make an offer pursuant to Rule 2.7 of the City Code to acquire the entire issued and to be issued ordinary share capital of Mediwatch where such offer provides for (whether by means of a Scheme or Offer) a consideration value of not less than 7 pence per Mediwatch Share; or (ii) the Acquisition does not become Effective by 31 March 2014.

Details of these other irrevocable undertakings are set out below:

| Name of Mediwatch Shareholder | Number of Mediwatch Shares | Percentage of Mediwatch issued ordinary share capital |
|---|-----------------------------------|--|
| Mr Nigel Bacon | 700,000 | 0.50 |
| Mr Gino Palmeri | 2,325,000 | 1.65 |
| Mr David Knox | 2,945,000 | 2.09 |
| Mr Hanif Motiwala | 2,052,165 | 1.46 |
| Mr Timothy Watts (a beneficiary of the Apsley House Pension Scheme) | 6,518,333 | 4.63 |
| Mr David Owen (as trustee of The Forward Innovation Fund) | 6,000,000 | 4.26 |
| Total | 20,540,498 | 14.58 |

4. Background to and reasons for the Acquisition

4.1 Introduction

Further to the announcement made on 18 October 2013 regarding a possible offer, the Boards of Laborie and Mediwatch announced on 18 November 2013 that they had reached agreement on the terms of a recommended cash offer by Laborie for the entire issued and to be issued ordinary share capital of Mediwatch, to be effected by way of a scheme of arrangement under Part 26 of the Companies Act.

4.2 Transaction Rationale

The Laborie Group's strategy is to expand through a combination of organic growth and acquisitions to further its position as a leader in global pelvic health. The Acquisition of Mediwatch by Laborie furthers this aim and would enable the Enlarged Group to service an increased number of customers globally and to benefit from the research and development projects underway at both Mediwatch and Laborie. In addition, the Acquisition would:

- Create a comprehensive diagnostic product line that will meet the varied needs of physicians around the world;
- Build a customer service network providing comprehensive technical support to customers around the world;
- Accelerate technological innovation and new product development by combining two of the leading research and development teams in their field; and
- Drive economies of scale across the supply chain.

The Enlarged Group would benefit from Laborie's customer relationships in North America and certain European countries and Mediwatch's customer relationships throughout the US, Europe, the Middle East, the Far East, Australasia and Africa.

5. Information relating to Laborie

The Laborie Group was established through the acquisition (by entities affiliated with Audax Private Equity Fund III, L.P.) of certain assets of Laborie Medical Technologies, Inc., a Canadian corporation. The strategy was to grow the business through organic growth opportunities and through acquisitions to further its position as a leader in global pelvic health. Since that time Laborie has made a number of acquisitions to broaden its geographic reach and product offering.

The Laborie Group is a leading multinational developer, manufacturer and supplier of innovative medical equipment and catheters used in the fields of urology and women's health. Laborie manufactures and distributes urodynamic diagnostic equipment and the catheters to physicians and hospitals in North America, Europe and Asia. Laborie also provides pelvic muscle rehabilitation (PMR) systems and the probes used in PMR treatments.

Laborie is the UK subsidiary of LM Holdings S.a.r.l, a company incorporated in Luxembourg. The holding company of the Laborie Group is LM Acquisition Holdings, LLC, which is incorporated in Delaware, USA. The majority owner of LM Acquisition Holdings, LLC remains Audax Private Equity Fund III, L.P., a private equity fund affiliated with Audax Group.

The Laborie Group, in its current form, has only been trading since 11 July 2012, the date of Audax Private Equity Fund III, L.P.'s original investment. The original investment acquired certain assets of Laborie Medical Technologies, Inc., as described in paragraph 6.2(b) of Part Seven of this document, therefore the financial history prior to 11 July 2012 of the companies which now comprise the Laborie Group does not reflect the Laborie Group in its current form and is therefore not reported or included in this document. The only audited consolidated financial information relates to LM Intermediate Financial Holdings, LLC, a wholly owned subsidiary of LM Acquisition Holdings, LLC for the period 11 July 2012 through to 31 March 2013. These consolidated financial statements capture all the trading entities of the Laborie Group. During this period the business generated revenues of \$37.5 million and reported a loss before tax of \$3.1 million. Net assets as at 31 March 2013 were \$36.3 million.

6. Information relating to Audax Group

Audax Group and its affiliates manage over \$5.0 billion of capital across their private equity, mezzanine debt, and private senior debt businesses on behalf of a wide range of prominent U.S.

and international investors, including public and corporate pension funds, endowments, insurance companies, investment trusts, banks, and private families. Audax Group and its affiliates have offices in Boston, Massachusetts and New York, New York.

7. Information relating to Mediwatch Group

Mediwatch is a manufacturer and supplier of high-technology urology and gastro intestinal diagnostic products, with a comprehensive range of disposables, and dedicated teams for service, clinical training and support. Mediwatch has offices in the US and the UK, and a wide network of distributors around the world.

For the financial year ending 31 October 2012, Mediwatch reported revenues of £10.1 million, EBITDA of £0.47 million and basic and diluted earnings per share from continuing operations of 0.06 pence.

On 3 June 2013, Mediwatch announced its unaudited financial results for the six months ended 30 April 2013 where it reported revenues of £4.9 million, EBITDA of £0.31 million and basic and diluted earnings per share from continuing operations of 0.09 pence and in which it made the following statement on the outlook for the Company:

“The Board is encouraged with the results for the first half of the 2013 financial year; in particular it is pleasing to see that the cost reductions have firmly benefited the bottom line. With new product launches well underway and more to come later in the year; the Group is positioned for a positive second half.”

Since this statement Mediwatch has continued along this course.

8. Management, employees and locations

The Laborie Board has given assurances to the Mediwatch Directors that, following the completion of the Acquisition, the existing employment rights, including pension rights, of all Mediwatch Group employees will be fully safeguarded.

Laborie will be reviewing the operations of Mediwatch in more detail following completion of the Acquisition. While no final decisions have been made save as set out in this paragraph, it is likely that certain cost saving measures will be implemented in areas where there is overlap between Laborie and Mediwatch's operations, including distribution and certain administrative functions. The cost savings are likely to include some redundancies. Since the date of the Announcement, Laborie has had the opportunity to further assess its plans for the combined business. The decision has now been taken to close the West Palm Beach facility. Laborie will look to redeploy some of the employees of this facility elsewhere in the Laborie Group to continue to support sales and service for the combined customer base. Positions not redeployed are likely to be made redundant.

In the UK, Laborie does not currently have any plans to close Mediwatch's facility in Rugby. Laborie will be reviewing its own facility in Bristol and Mediwatch's facility in Rugby to establish whether there are any efficiencies between the two facilities.

On 15 November 2013, Philip Stimpson entered into a new service agreement with Mediwatch, to which Laborie is also a party. A summary of the terms of Philip Stimpson's new service agreement is set out in paragraph 7(c) of Part Seven of this document. SP Angel, independent financial adviser to Mediwatch for the purposes of the Acquisition, has confirmed that in its opinion, the terms of Mr Stimpson's service agreement are fair and reasonable so far as the remaining Scheme Shareholders are concerned.

In addition, it is expected that Omer Karim and Mark Emberton will continue as directors of Mediwatch following the Scheme becoming Effective. No discussions have taken place between Laborie and Omer Karim and Mark Emberton in relation to their incentivisation arrangements. However, Laborie does intend to enter into discussions with Omer Karim and Mark Emberton once the Scheme has become Effective. It is expected that Mark Hughes and Charles Cattaneo will resign from the Board upon the Scheme becoming effective, but Mark Hughes will be retained for a period following the Acquisition to assist with the integration of the Mediwatch business into the Laborie Group. Mr Cattaneo will have no entitlement to compensation upon resignation, save for the payment of any accrued but unpaid fees or expenses including his contractual notice period of 12 months.

Mark Hughes and other key personnel in Mediwatch's organisation might be offered integration bonuses although no commitments have yet been entered into.

Other than as set out in paragraph 5 of Part One of this document and this paragraph 8 of this Part Two of this document, Laborie has informed Mediwatch that it has no plans to alter existing arrangements with employees (that is, it has no plans to make any material changes to conditions of employment), to change the locations of Mediwatch's places of business or to redeploy any of the fixed assets of Mediwatch.

9. Financing of the Acquisition

The Cash Consideration due under the Acquisition will be financed from the USD \$20 million delayed draw term loan facility forming part of the existing working capital and debt finance facilities available to the Laborie Group, details of which are set out in paragraph 6.2(a) of Part Seven of this document.

Investec, financial adviser to Laborie, is satisfied that sufficient resources are available to Laborie to satisfy in full the Cash Consideration payable to Mediwatch Shareholders under the terms of the Acquisition.

10. Mediwatch Share Option Scheme

Any Mediwatch Shares issued pursuant to the exercise of Options under the Mediwatch Share Option Scheme prior to the Scheme Record Time will be subject to the terms of the Scheme. To the extent that their Options are not already exercisable, holders of Options under the Mediwatch Share Option Scheme may become entitled to exercise their Options when the Scheme is sanctioned by the Court. Save for the issue of one Mediwatch Share to Laborie prior to the Effective Date, Mediwatch will not issue any shares after the Scheme Record Time until after the Effective Date.

As set out in the Special Resolution, an amendment to the Articles is being proposed at the General Meeting to the effect that any Mediwatch Shares allotted and issued pursuant to the exercise of an Option under the Mediwatch Share Option Scheme (or otherwise) (which are not subject to the Scheme) will be automatically transferred to, and purchased by, Laborie or its nominee(s) on the same terms as the Acquisition.

Participants in the Mediwatch Share Option Scheme will receive separate explanatory letters explaining the effect of the Scheme on their Options and the proposals to be made to participants in the Mediwatch Share Option Scheme in respect of their outstanding Options granted pursuant to the Mediwatch Share Option Scheme.

11. The Mediwatch Directors and the effect of the Scheme on their interests

The names of the Mediwatch Directors and details of their interests in the share capital of Mediwatch are set out in paragraph 3.2.1 of Part Seven of this document. Mediwatch Shares held by all of the Mediwatch Directors at the Scheme Record Time will be subject to the Scheme.

Each of the Mediwatch Directors has irrevocably undertaken to vote or procure the vote of his Mediwatch Shares in favour of the Scheme at the Court Meeting and the General Meeting. Further details of these irrevocable undertakings are set out in paragraph 8 of Part Seven of this document.

Particulars of the service contracts and letters of appointment of the Mediwatch Directors are set out in paragraph 4 of Part Seven of this document. With the exception of Philip Stimpson whose new proposed service contract details are set out in paragraph 7 of Part Seven of this document, no amendments to such service contracts or letters of appointment have been agreed in connection with the Acquisition.

Mr Stimpson will be entitled to attend and vote in respect of his holding of Scheme Shares at the Court Meeting.

Save as set out above, the effect of the Scheme on the interests of Mediwatch Directors does not differ from its effect on the like interests of any other Mediwatch Shareholder.

12. De-listing of Mediwatch Shares and settlement of Cash Consideration

De-listing of Mediwatch Shares

The last day of dealings in, and for registration of transfers of, Mediwatch Shares will be the day of the Scheme Court Hearing, following which Mediwatch Shares will be temporarily suspended from trading on AIM.

As at the close of trading on the last day of dealings in Mediwatch Shares prior to the Effective Date, there may be unsettled, open trades for the sale and purchase of Mediwatch Shares within the CREST system. The Mediwatch Shares that are the subject of such unsettled trades will be treated under the Scheme in the same way as any other Mediwatch Share registered in the name of the relevant seller under that trade. Consequently, those Mediwatch Shares will be cancelled under the Scheme and the seller will receive the Cash Consideration in accordance with the terms of the Scheme.

No transfers of Mediwatch Shares will be registered after this date and, other than the registration of Mediwatch Shares issued under the Mediwatch Share Option Scheme after the Scheme Court Hearing and prior to the Scheme Record Time, no Mediwatch Shares will be issued after this date.

A request will be made to the London Stock Exchange prior to the Effective Date to cancel the admission of Mediwatch Shares to trading on AIM with effect from the Effective Date or shortly thereafter.

On the Effective Date, each certificate representing a holding of Mediwatch Shares subject to the Scheme will be cancelled. Share certificates in respect of Mediwatch Shares will cease to be valid and every Mediwatch Shareholder will be bound to destroy such certificates. As from the Scheme Record Time, each holding of Scheme Shares credited to any stock account in CREST will be disabled and all Scheme Shares will be removed from CREST in due course.

The Scheme provides for Mediwatch to be re-registered as a private limited company.

Settlement

Subject to the Scheme becoming Effective, settlement of the consideration to which any Scheme Shareholder is entitled under the Scheme will be effected in the following manner:

(A) Scheme Shares in uncertificated form (that is, in CREST)

Where, at the Scheme Record Time, a Scheme Shareholder holds Scheme Shares in uncertificated form, the Cash Consideration to which such Scheme Shareholder is entitled will be transferred to such person through CREST by Laborie procuring the creation of an assured payment obligation in favour of the appropriate CREST account through which the Scheme Shareholder holds such uncertificated Scheme Shares in respect of the Cash Consideration due to him.

As from the Effective Date, each holding of Scheme Shares credited to any stock account in CREST will be disabled and all Scheme Shares will be removed from CREST in due course.

Laborie reserves the right to pay all, or any part of, the Cash Consideration referred to above to all or any Scheme Shareholder(s) who hold Scheme Shares in uncertificated form in the manner referred to in paragraph (B) below if, for any reason, it wishes to do so.

(B) Scheme Shares in certificated form

Where, at the Scheme Record Time, a Scheme Shareholder holds Scheme Shares in certificated form, settlement of the Cash Consideration due under the Scheme in respect of the Scheme Shares will be despatched:

- (i) by first class post, by cheque drawn on a branch of a UK clearing bank; or
- (ii) by such other method as may be approved by the Panel.

All such cash payments will be made in pounds sterling. Payments made by cheque will be payable to the Scheme Shareholder(s) concerned. Cheques will be despatched not later than the fourteenth day following the Effective Date to the person entitled thereto at the address as appearing in the register of members of Mediwatch at the Scheme Record Time or in accordance with any special standing instructions regarding communications. None of Mediwatch, Laborie, any nominee(s) of Laborie or any of their respective agents shall be responsible for any loss or delay in the transmission of cheques sent in this way, and such cheques shall be sent at the risk of the person entitled thereto.

(C) General

All documents and remittances sent to Scheme Shareholders will be sent at their own risk.

On the Effective Date, each certificate representing a holding of Scheme Shares will cease to be a valid document of title and should be destroyed. On the Effective Date, entitlements to Scheme Shares held within CREST will be cancelled.

Except with the consent of the Panel, settlement of the consideration to which any Scheme Shareholder is entitled under the Scheme will be implemented in full in accordance with the terms of the Scheme free of any lien, right of set-off, counterclaim or other analogous right to which Laborie might otherwise be, or claim to be, entitled against such Scheme Shareholder.

13. Overseas shareholders

This document has been prepared for the purposes of complying with English law, the City Code and the AIM Rules and the information disclosed may not be the same as that which would have been disclosed if this document had been prepared in accordance with the laws of jurisdictions outside the UK.

It is the responsibility of any person into whose possession this document falls to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection with the Acquisition including the obtaining of any governmental, exchange control or other consents which may be required and/or compliance with other necessary formalities which are required to be observed and the payment of any issue, transfer or other taxes or levies due in such jurisdiction.

This document does not constitute an offer to sell or issue or the solicitation of an offer to buy or subscribe for shares in any jurisdiction in which such offer or solicitation is unlawful.

Overseas shareholders should refer to the paragraphs entitled "Overseas jurisdictions" and "Notice to US investors in Mediwatch" on pages 3 and 4 of this document.

14. Action to be taken

Your attention is drawn to the section of this document entitled "To vote on the Acquisition" on page 9 and "Action to be Taken" on page 10 of this document and paragraph 10 of the letter from the Independent Directors of Mediwatch in Part One of this document, which explains the actions you should take in relation to the Scheme.

15. Helpline

If you have any questions about this document, the Court Meeting, the General Meeting, or are in any doubt as to how to complete the Forms of Proxy or to submit your proxies electronically, please call the Share Registrars helpline on 01252 821390 (from within the UK) or on +44 (0)1252 821390 (if calling from outside the UK). Calls are charged at your standard network rate. Lines are open from 9.00 a.m. to 5.30 p.m. (London time) Monday to Friday. Calls to the Share Registrars helpline from outside the UK will be charged at the applicable international rate. Please note that the Share Registrars helpline cannot provide advice on the merits of the Scheme, nor give financial, tax, investment or legal advice.

16. Further information

The terms of the Scheme are set out in full in Part Four of this document. Your attention is also drawn to the further information in this document which forms part of this Explanatory Statement.

Yours faithfully,

SP Angel Corporate Finance LLP

PART THREE

CONDITIONS TO THE IMPLEMENTATION OF THE SCHEME AND THE ACQUISITION

Part A: Conditions to the Scheme and the Acquisition

The Acquisition will be conditional upon the Scheme becoming unconditional and Effective by 5.00 p.m. on 21 March 2014 (or such later time or date (if any) as Laborie and Mediwatch may agree, with the approval of the Court and/or the Panel if required).

1. The Scheme will be subject to the following Conditions:
 - (i) approval of the Scheme by a majority in number, representing not less than 75 per cent. of the voting rights of those Mediwatch Shareholders (or the relevant class or classes thereof) present, entitled to vote and voting, either in person or by proxy, at the Court Meeting and at any separate class meeting which may be required by the Court (or at any adjournment of such meeting);
 - (ii) the Special Resolution being duly passed by the requisite majority of Mediwatch Shareholders at the General Meeting (or at any adjournment of that meeting);
 - (iii) the sanction of the Scheme by the Court (with or without modification, but subject to any modification being on terms acceptable to Laborie and Mediwatch) and the delivery of the Scheme Court Order to the Registrar of Companies; and
 - (iv) the confirmation by the Court of the Capital Reduction and the delivery of the Reduction Court Order and a Statement of Capital to the Registrar of Companies and, if the Court so orders, the registration of the Reduction Court Order and Statement of Capital by the Registrar of Companies.

Unless the Scheme becomes Effective by not later than 21 March 2014, or such later date as Mediwatch and Laborie may agree and the Court and the Panel may allow, the Scheme will not become Effective and the Acquisition will not proceed.

2. In addition, the Acquisition will be conditional upon the following Conditions and, accordingly, the necessary actions to make the Scheme Effective will not be taken unless the following Conditions (as amended if appropriate) have been satisfied or, where relevant, waived:
 - (A) the confirmation by the Court of the reduction of capital involved in the cancellation of the Deferred Shares and the delivery to the Registrar of Companies of the order of the Court confirming such reduction and a statement of capital (approved by the Court) showing, with respect to Mediwatch's share capital as altered by such Court order, the information required by section 649 of the Companies Act and, if the Court so orders, the registration of such order and statement of capital by the Registrar of Companies;
 - (B) no anti-trust regulator or Third Party having decided to take, institute, implement or threaten any action, proceeding, suit, investigation, enquiry or reference, or enacted, made or proposed any statute, regulation, decision or order, or having taken any other steps which would or might reasonably be expected to (to an extent which is material in the context of the Mediwatch Group or the Wider Laborie Group, as the case may be, in either case, taken as a whole):
 - (i) require, prevent or delay the divestiture, or materially alter the terms envisaged for any proposed divestiture by any member of the Wider Laborie Group or any member of the Mediwatch Group of all or any portion of their respective businesses, assets or property or impose any limitation on the ability of all or any of them to conduct their respective businesses (or any part thereof) or to own, control or manage any of their respective assets or properties (or any part thereof);
 - (ii) require, prevent or delay the divestiture by any member of the Wider Laborie Group of any shares or other securities in any member of the Mediwatch Group or the Wider Laborie Group; or
 - (iii) impose any limitation on, or result in a delay in, the ability of any member of the Wider Laborie Group directly or indirectly to acquire or to hold or to exercise effectively any rights of ownership in respect of shares or loans or securities convertible into shares or any other securities (or the equivalent) in any member of the Mediwatch Group or the Wider Laborie Group or to exercise management control over any such member;

- (iv) otherwise adversely affect all or any of the business, assets, profits or prospects of any member of the Wider Laborie Group or of any member of the Mediwatch Group;
 - (v) make the Acquisition or its implementation or the acquisition or proposed acquisition by Laborie or any member of the Wider Laborie Group of any shares or other securities in, or control of, Mediwatch void, illegal, and/or unenforceable under the laws of any jurisdiction, or otherwise, directly or indirectly, restrain, restrict, prohibit, delay or otherwise interfere with the same, or impose additional conditions or obligations with respect thereto, or otherwise challenge or interfere therewith;
 - (vi) require any member of the Wider Laborie Group or the Mediwatch Group to offer to acquire any shares or other securities (or the equivalent) or interest in any member of the Mediwatch Group or the Wider Laborie Group owned by any Third Party;
 - (vii) impose any limitation on the ability of any member of the Wider Laborie Group or any member of the Mediwatch Group to co-ordinate or integrate its business, or any part of it, with the businesses of any other member of the Wider Laborie Group or the Mediwatch Group; or
 - (viii) result in any member of the Wider Laborie Group or any member of the Mediwatch Group ceasing to be able to carry on business under any name under which it presently does so, and all applicable waiting and other time periods (including any extensions thereof) during which any such anti-trust regulator or Third Party could institute, implement or threaten any action, proceeding, suit, investigation, enquiry or reference or any other step under the laws of any jurisdiction in respect of the Acquisition having expired, lapsed or been terminated;
- (C) save as Fairly Disclosed there being no provision of any agreement, arrangement, licence or other instrument to which any member of the Mediwatch Group is a party or by or to which any member of the Mediwatch Group or any part of its assets may be bound, entitled or subject or any circumstance that, as a result of the Acquisition or the proposed acquisition by Laborie of the Mediwatch Shares or any of them, or change in the control or management of any member of the Mediwatch Group or otherwise, would or might reasonably be expected to result in (to an extent that is material in the context of the Mediwatch Group taken as a whole):
- (i) any moneys borrowed by, or any other indebtedness, actual or contingent of, or grant available to, any such member being or becoming repayable or capable of being declared repayable immediately or earlier than the repayment date provided for in such agreement, arrangement, licence or other instrument, or the ability of any such member to borrow moneys or incur any indebtedness being withdrawn or inhibited;
 - (ii) any such agreement, arrangement, licence or other instrument being terminated or adversely modified or any onerous obligation or liability arising or any material and adverse action being taken or arising thereunder;
 - (iii) the assets, rights, liabilities, obligations, interests or business of any member of the Mediwatch Group under any such agreement, arrangement, licence or instrument or the interests or business of any such member in or with any other person, firm, company or body (or any arrangements relating to any such interests or business) being terminated or adversely modified or affected;
 - (iv) any such member ceasing to be able to carry on its business under any name which it at present uses;
 - (v) any assets or interests of or the use of which is enjoyed by any such member being or failing to be disposed of or charged or any right arising under which any such asset or interest could be required to be disposed of or charged or could cease to be available to any member of the Wider Laborie Group or of the Mediwatch Group, in each case otherwise than in the ordinary course of business;
 - (vi) any change in or effect on the ownership or use of any intellectual property rights owned or used by any member of the Mediwatch Group;
 - (vii) the creation or enforcement of any mortgage, charge or other security interest over the whole or any material part of the business, property or assets of any such member or

any such security interest (whenever and wherever arising or having arisen) becoming enforceable;

- (viii) the value of any such member or their respective financial or trading position or profits or prospects being prejudiced or adversely affected or materially and adversely modified; or
- (ix) the creation or acceleration of any liability (actual or contingent) of any member of the Mediwatch Group;

and no event having occurred which, under any provision of any agreement, arrangement, licence, permit or other instrument to which any member of the Mediwatch Group is a party or by or to which any such member or any of its assets may be bound, entitled or subject, would or might result in any of the events or circumstances as are referred to in sub-paragraphs (i) to (ix) of this Condition;

- (D) all material notifications, filings or applications which are necessary or reasonably considered appropriate in connection with the Acquisition having been made and all statutory or regulatory obligations in any jurisdiction having been complied with in connection with the Acquisition or the acquisition by any member of the Wider Laborie Group of any shares or other securities in, or control of, Mediwatch and all material authorisations, orders, recognitions, grants, consents, licences, confirmations, clearances, permissions and approvals reasonably deemed necessary or appropriate by Laborie or any member of the Wider Laborie Group for or in respect of the Acquisition or the proposed acquisition of any shares or other securities in, or control of, Mediwatch by any member of the Wider Laborie Group having been obtained in terms and in a form reasonably satisfactory to Laborie from all appropriate Third Parties or persons with whom any member of the Mediwatch Group has entered into contractual arrangements and all such authorisations, orders, recognitions, grants, consents, licences, confirmations, clearances, permissions and approvals together with all authorisations, orders, recognitions, grants, licences, confirmations, clearances, permissions and approvals necessary or appropriate to carry on the business of any member of the Mediwatch Group remaining in full force and effect and all filings necessary for such purpose have been made and there being no notice or intimation of any intention to revoke or not to renew any of the same at the time at which the Acquisition becomes otherwise unconditional and all necessary statutory or regulatory obligations in any jurisdiction having been complied with;
- (E) except as Fairly Disclosed, no member of the Mediwatch Group having, since 31 October 2012 (to an extent that is material in the context of the Mediwatch Group taken as a whole):
 - (i) save as between Mediwatch and wholly-owned subsidiaries of Mediwatch or for Mediwatch Shares issued pursuant to the exercise of options granted under the Mediwatch Share Option Scheme, issued or agreed to issue, authorised or proposed the issue of additional shares (or other securities) of any class;
 - (ii) save as between Mediwatch and wholly-owned subsidiaries of Mediwatch or for the grant of options under the Mediwatch Share Option Scheme, issued or agreed to issue, authorised or proposed the issue of securities convertible into shares of any class or rights, warrants or options to subscribe for, or acquire, any such shares or convertible securities;
 - (iii) other than to another member of the Mediwatch Group, recommended, declared, paid or made or proposed to recommend, declare, pay or make any bonus, dividend or other distribution whether payable in cash or otherwise;
 - (iv) save for intra-Mediwatch Group transactions or pursuant to the Acquisition, merged or demerged with any body corporate or acquired or disposed of or transferred, mortgaged or charged or created any security interest over any assets or any right, title or interest in any asset (including shares and trade investments) or authorised or proposed or announced any intention to propose any merger, demerger, acquisition or disposal, transfer, mortgage, charge or security interest, in each case, other than in the ordinary course of business;
 - (v) save for intra-Mediwatch Group transactions, made or authorised or proposed or announced an intention to propose any change in its loan capital;

- (vi) issued or agreed to issue, authorised or proposed the issue of any debentures or, save in the ordinary course of business, incurred or increased, or agreed to incur or increase, any indebtedness or become, or agreed to become, subject to any contingent liability;
 - (vii) purchased, redeemed or repaid or announced any proposal to purchase, redeem or repay any of its own shares or other securities or reduced or, save in respect to the matters mentioned in sub-paragraph (i) above, made any other change to any part of its share capital;
 - (viii) implemented, or authorised, proposed or announced its intention to implement, any reconstruction, amalgamation, scheme, commitment or other transaction or arrangement otherwise than in the ordinary course of business or entered into or changed the terms of any contract with any director or senior executive;
 - (ix) entered into or varied or authorised, proposed or announced its intention to enter into or vary any contract, transaction or commitment (whether in respect of capital expenditure or otherwise) which is of a long term, onerous or unusual nature or magnitude or which is or could be materially restrictive on the businesses of any member of the Mediwatch Group or the Wider Laborie Group or which involves or could involve an obligation of such a nature or magnitude or which is other than in the ordinary course of business;
 - (x) (other than in respect of a member which is dormant and was solvent at the relevant time) taken any corporate action or had any legal proceedings started or threatened against it for its winding-up, dissolution or reorganisation or for the appointment of a receiver, administrative receiver, administrator, trustee or similar officer of all or any of its assets or revenues or any analogous proceedings in any jurisdiction or had any such person appointed;
 - (xi) entered into any contract, transaction or arrangement which would be restrictive on the business of any member of the Mediwatch Group or the Wider Laborie Group other than to a nature and extent which is normal in the context of the business concerned;
 - (xii) waived or compromised any claim otherwise than in the ordinary course of business;
 - (xiii) made or agreed or consented to any change in any material respect to:
 - (1) the terms of the pension scheme(s) established by any member of the Mediwatch Group for its directors, employees or their dependents;
 - (2) the contributions payable to any such scheme(s) or to the benefits which accrue or to the pensions which are payable thereunder;
 - (3) the basis on which qualification for, or accrual or entitlement to, such benefits or pensions are calculated or determined; or
 - (4) the basis upon which the liabilities (including pensions) of such pension schemes are funded, valued or made;
 - (xiv) save as agreed in writing by Laborie and with the consent of the Panel, proposed, agreed to provide or modified the terms of any share option scheme, incentive scheme or other benefit relating to the employment or termination of employment of any person employed by the Mediwatch Group;
 - (xv) save as agreed in writing by Laborie taken (or agreed or proposed to take) any action which requires, or would require, the consent of the Panel or the approval of Mediwatch Shareholders in general meeting in accordance with, or as contemplated by, Rule 21.1 of the City Code; or
 - (xvi) entered into any contract, commitment, arrangement or agreement otherwise than in the ordinary course of business or passed any resolution or made any offer (which remains open for acceptance) with respect to or announced any intention to, or to propose to, effect any of the transactions, matters or events referred to in this Condition;
- and, for the purposes of paragraphs (iii), (iv), and (v) of this Condition, the term 'Mediwatch Group' shall mean Mediwatch and its wholly-owned subsidiaries;

- (F) except as Fairly Disclosed, since 31 October 2012:
- (i) no adverse change or deterioration having occurred in the business, assets, financial or trading position or profits or prospects of any member of the Mediwatch Group which, in any such case, is material in the context of the Mediwatch Group taken as a whole and no circumstance having arisen which would or might reasonably be expected to result in any such adverse change or deterioration;
 - (ii) no litigation, arbitration proceedings, prosecution or other legal proceedings to which any member of the Mediwatch Group is or may become a party (whether as a claimant, defendant or otherwise) and no investigation by any Third Party against or in respect of any member of the Mediwatch Group having been instituted, announced or threatened by or against or remaining outstanding in respect of any member of the Mediwatch Group which, in any such case, has had, or might reasonably be expected to have, a material adverse effect on the Mediwatch Group taken as a whole;
 - (iii) no contingent or other liability having arisen or become apparent to Laborie which has had, or might reasonably be expected to have, a material adverse effect on the Mediwatch Group taken as a whole; and
 - (iv) no steps having been taken and no omissions having been made which are likely to result in the withdrawal, cancellation, termination or modification of any licence, accreditation or regulatory approval held by any member of the Mediwatch Group which is necessary for the proper carrying on of its business and the withdrawal, cancellation, termination or modification of which has had, or might reasonably be expected to have, a material adverse effect on the Mediwatch Group taken as a whole;
- (G) Laborie not having discovered:
- (i) that any financial, business or other information concerning the Mediwatch Group as contained in the information publicly disclosed at any time by or on behalf of any member of the Mediwatch Group or disclosed at any time to any member of the Wider Laborie Group or to any of their advisers by or on behalf of any member of the Mediwatch Group is misleading, contains a misrepresentation of fact or omits to state a fact necessary to make that information not misleading, in each case to an extent which is material in the context of the Mediwatch Group taken as a whole;
 - (ii) that, except as Fairly Disclosed, any member of the Mediwatch Group or any partnership, company or other entity in which any member of the Mediwatch Group has a significant economic interest and which is not a subsidiary undertaking of Mediwatch is subject to any liability (contingent or otherwise) which, in any such case, is material in the context of the Mediwatch Group taken as a whole;
 - (iii) any information which affects the import of any information disclosed to Laborie at any time by or on behalf of any member of the Mediwatch Group and which is material in the context of the Mediwatch Group taken as a whole;
 - (iv) that, except as Fairly Disclosed, any past or present member of the Mediwatch Group has failed to comply with any and/or all applicable legislation, regulation or other requirement, of any jurisdiction with regard to the use, treatment, carriage, disposal, spillage, release, discharge, leak or emission of any waste or hazardous substance or any substance likely to impair the environment or harm human health or animal health or otherwise relating to environmental matters, or that there has otherwise been any such use, treatment, carriage, disposal, spillage, release, discharge, leak or emission (whether or not the same constituted a non-compliance by any person with any such legislation, regulation or requirement, and wherever the same may have taken place) any of which use, treatment, carriage, disposal, spillage, release, discharge, leak or emission would be likely to give rise to any liability (actual or contingent) on the part of any member of the Mediwatch Group, which, in any case, is, or which might reasonably be expected to be, material in the context of the Mediwatch Group taken as a whole; or
 - (v) that, except as Fairly Disclosed, there is, or is likely to be, for any reason whatsoever, any liability (actual or contingent) of any past or present member of the Mediwatch Group to

make good, repair, reinstate or clean up any property or any controlled waters now or previously owned, occupied, operated or made use of or controlled by any such past or present member of the Mediwatch Group, under any environmental legislation, regulation, notice, circular or order of any government, governmental, quasigovernmental, state or local government, supranational, statutory or other regulatory body, agency, court, association or any other person or body in any jurisdiction, which, in any such case, is or might reasonably be expected to be material in the context of the Mediwatch Group taken as a whole.

The Conditions in paragraph 1 of Part A of this Part Three of this document may not be waived. Laborie reserves the right to waive, in whole or in part, all or any of the Conditions in paragraphs 2(A) to 2(G) of Part A of this Part Three of this document.

If Laborie is required by the Panel to make an offer for Mediwatch Shares under the provisions of Rule 9 of the Code, Laborie may make such alterations to the above Conditions, including the Conditions in paragraph 1, as are necessary to comply with the provisions of that Rule.

Each of the Conditions set out in Part A of this Part Three of this document shall be regarded as a separate condition and shall not be limited by reference to any other condition.

The Acquisition will lapse if before the Meetings it (or any part of it) is referred to the Competition Commission, or results in the European Commission, pursuant to Council Regulation (EC) 139/2004, initiating proceedings under Article 6(1)(c) or making a referral to a competent authority of the United Kingdom under Article 9(1). In such event, none of Laborie, Mediwatch or Mediwatch Shareholders will be bound by any term of the Scheme.

Laborie reserves the right to elect (with the consent of the Panel) to implement the Acquisition by way of a takeover offer (as defined in Part 28 of the Companies Act). In such event, the Acquisition will be implemented on the same terms, so far as applicable, as those which would apply to the Scheme, subject to appropriate amendments, including (without limitation and subject to the consent of the Panel) an acceptance condition that is set at 90 per cent. (or such lesser percentage, as Laborie may decide) (i) in nominal value of the shares to which such offer relates; and (ii) of the voting rights attached to those shares, and that is subject to Laborie and/or (with the consent of the Panel) any members of the Laborie Group having acquired or agreed to acquire, whether pursuant to the offer or otherwise, shares carrying more than 50 per cent. of the voting rights normally exercisable at a general meeting of Mediwatch, including, for this purpose, any such voting rights attaching to Mediwatch Shares that are unconditionally allotted or issued before the takeover offer becomes or is declared unconditional as to acceptances, whether pursuant to the exercise of any outstanding subscription or conversion rights or otherwise.

The availability of the Acquisition to persons not resident in the United Kingdom may be affected by the laws of the relevant jurisdictions. Persons who are not resident in the United Kingdom should inform themselves about and observe any applicable requirements.

Under Rule 13.5 of the Code, Laborie may only invoke a Condition so as to cause the Acquisition not to proceed, to lapse or to be withdrawn if the circumstances which give rise to the right to invoke the Condition are of material significance to Laborie in the context of the Acquisition. The Conditions in paragraph 1 are not subject to this provision of the Code.

Laborie shall be under no obligation to waive or treat as satisfied any of the Conditions by a date earlier than the latest date specified above for the satisfaction thereof notwithstanding that the other Conditions may at such earlier date have been waived or fulfilled and that on such earlier date there are no circumstances indicating that any of such Conditions may not be capable of fulfilment.

Part B: Certain further terms of the Scheme and the Acquisition

The offer will not be made, directly or indirectly, in or into, or by use of the mails of, or by any means or instrumentality (including, without limitation, facsimile transmission, telex, telephone, internet or e-mail) of interstate or foreign commerce of, or of any facility of a national securities exchange of, any Restricted Jurisdiction and the offer will not be capable of acceptance by any such use, means, instrumentality or facility from within any Restricted Jurisdiction.

Mediwatch Shares which will be acquired under the Acquisition will be acquired fully paid and free from all liens, equities, charges, encumbrances, options, rights of pre-emption and any other third party rights and interests of any nature and together with all rights now or hereafter attaching or accruing to them, including voting rights and the right to receive and retain in full all dividends and other distributions (if any) declared, made or paid on or after the date of the Announcement.

The Acquisition will be governed by English law and is subject to the jurisdiction of the courts of England. In addition, the Acquisition is subject to the terms and conditions as set out in this Part Three of this document. The Acquisition will comply with, and be subject to, the applicable rules and regulations of the FCA, the London Stock Exchange, the AIM Rules and the City Code.

PART FOUR

THE SCHEME OF ARRANGEMENT

IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
COMPANIES COURT

No. 8175 of 2013

IN THE MATTER OF MEDIWATCH PLC

and

IN THE MATTER OF THE COMPANIES ACT 2006

SCHEME OF ARRANGEMENT
(under Part 26 of the Companies Act 2006)

Between

MEDIWATCH PLC and

THE HOLDERS OF THE SCHEME SHARES (*as hereinafter defined*)

PRELIMINARY

In this Scheme, unless inconsistent with the subject or context, the following expressions bear the following meanings:

| | |
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| “Acquisition” | the proposed acquisition by Laborie of the entire issued ordinary share capital of Mediwatch pursuant to this Scheme; |
| “Articles” | articles of association of Mediwatch as amended from time to time; |
| “business day” | any day (other than a Saturday, Sunday or public or bank holiday) on which clearing banks in London are generally open for normal business; |
| “Capital Reduction” | the proposed reduction of the capital of Mediwatch involving the cancellation and extinguishing of the Scheme Shares pursuant to this Scheme; |
| “certificated form” or “in certificated form” | a share or other security which is not in uncertificated form (that is, not in CREST); |
| “Companies Act” | the Companies Act 2006, as amended; |
| “Court” | the High Court of Justice in England and Wales; |
| “Court Meeting” | the meeting of Scheme Shareholders (and any adjournment thereof) convened pursuant to an order of the Court pursuant to Part 26 of the Companies Act to be held at 10.00 a.m. on 23 December 2013, notice of which is set out in Part Nine of the Scheme Document, for the purpose of considering and, if thought fit, approving (with or without modification) this Scheme; |
| “Court Orders” | the Scheme Court Order and the Reduction Court Order; |
| “CREST” | the relevant system (as defined in the Regulations) in respect of which Euroclear is the Operator (as defined in the Regulations); |
| “Deferred Shares” | deferred shares of 9 pence each in the capital of Mediwatch; |

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| “Effective Date” | the date on which this Scheme becomes effective in accordance with its terms; |
| “Euroclear” | Euroclear UK & Ireland Limited; |
| “holder” | a registered holder of shares and includes any person(s) entitled by transmission; |
| “Laborie” | Laborie Medical Technologies Europe Limited, incorporated in England and Wales with registered number 6247281 with its registered office at Unit 5, Garonor Way, Royal Portbury, Bristol BS20 7XE; |
| “Laborie Group” | Laborie and its subsidiaries and subsidiary undertakings, together with LM Acquisition Holdings, LLC, and subsidiary undertakings and associated undertakings of LM Acquisition Holdings, LLC; |
| “Mediwatch” | Mediwatch plc, registered in England with registered number 03971079 with its registered office at Lumonics House, Valley Drive, Swift Valley, Rugby CV21 1TQ; |
| “Mediwatch Share(s)” | ordinary shares of 1 pence each in the capital of Mediwatch; |
| “Mediwatch Share Option Scheme” | the Mediwatch plc Company Share Option Scheme, established on 30 October 2000, amended on 26 January 2001 and approved by the Inland Revenue on 2 February 2001; |
| “Options” | options to acquire Mediwatch Shares pursuant to the Mediwatch Share Option Scheme; |
| “Reduction Court Hearing” | the hearing of the Court at which the Reduction Court Order is made; |
| “Reduction Court Order” | the order of the Court confirming the Capital Reduction; |
| “Regulations” | the Uncertificated Securities Regulations 2001 (SI 2001/3755), as amended; |
| “Scheme” | this scheme of arrangement between Mediwatch and the Scheme Shareholders to implement the Acquisition, in its present form or with or subject to any modification, addition or condition approved or imposed by the Court and/or agreed by Mediwatch and Laborie; |
| “Scheme Court Hearing” | the hearing of the Court at which the Scheme Court Order is made; |
| “Scheme Court Order” | the order of the Court sanctioning the Scheme; |
| “Scheme Document” | the circular to Mediwatch Shareholders of which this Scheme forms part; |
| “Scheme Record Time” | 6.00 p.m. on the business day immediately preceding the date on which the Reduction Court Order is made; |
| “Scheme Shareholders” | holders of Scheme Shares; |

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| “Scheme Shares” | the Mediwatch Shares: (i) in issue at the date of this Scheme; (ii) (if any) issued after the date of this Scheme and prior to the Voting Record Time; and (iii) (if any) issued at or after the Voting Record Time and prior to the Scheme Record Time in respect of which the original or any subsequent holder thereof shall be bound by this Scheme or shall by such time have agreed in writing to be bound by this Scheme, and remaining in issue at the Scheme Record Time but excluding in each case any Mediwatch Shares legally or beneficially held by any member of the Laborie Group (or their nominees); |
| “Statement of Capital” | the statement of capital to be as approved by the Court at the Reduction Court Hearing; |
| “uncertificated form” or “in uncertificated form” | a share or other security recorded on the relevant register as being held in uncertificated form in CREST, and title to which, by virtue of the Regulations, may be transferred by means of CREST; and |
| “Voting Record Time” | 6.00 p.m. on the day which is two business days prior to the date of the Court Meeting or, if the Court Meeting is adjourned, 6.00 p.m. on the day which is two business days before the day of such adjourned meeting. |

All times referred to in this Scheme are references to London time unless otherwise specified.

- (A) As at 28 November 2013 (the latest practicable date prior to the date of this Scheme), the issued share capital of Mediwatch was £3,841,886.96 divided into 140,871,032 Mediwatch Shares and 27,035,296 Deferred Shares, all of which have been issued and credited as fully paid.
- (B) As at 28 November 2013 (the latest practicable date prior to the date of this Scheme) Laborie does not hold or beneficially own any Mediwatch Shares. Laborie has agreed to acquire or subscribe for at least one Mediwatch Share (credited as fully paid) prior to the Effective Date and to continue to hold the same until the Effective Date.
- (C) Options to acquire up to 525,000 Mediwatch Shares are outstanding with an exercise price below 6 pence at the date of the Scheme Document. These Options will become exercisable (to the extent not already so) if the Court sanctions the Scheme. It is expected that Options to subscribe for up to 525,000 Mediwatch Shares will be exercised prior to the Scheme Record Time.
- (D) Pursuant to the Articles, holders of Deferred Shares are not entitled to receive notice of, attend or vote at any general meeting of Mediwatch, or to receive any distribution of income and, on a return of capital, are not entitled to any payment of capital until first the holders of Mediwatch Shares have received £100,000 for each Mediwatch Share held by them. Mediwatch is entitled to effect a transfer of a Deferred Share for nil consideration, and the Deferred Shares are liable to be cancelled without payment of any consideration to the holders thereof.
- (E) It is intended that concurrently with the implementation of this Scheme, the Deferred Shares will be cancelled and the reserve arising upon such cancellation used to pay up a new issue of Mediwatch Shares whose aggregate nominal value will equal the aggregate nominal value of the Deferred Shares so cancelled, and such new Mediwatch Shares will be allotted to Laborie and/or its nominee(s).
- (F) Laborie has agreed to appear by counsel at the Scheme Court Hearing and to undertake to the Court to be bound by the provisions of this Scheme and to execute and do or procure to be executed and done all such documents, acts and things as may be necessary or desirable to be executed or done by it to give effect to this Scheme.

THE SCHEME

1. Cancellation of Scheme Shares

- 1.1 The share capital of Mediwatch shall be reduced by cancelling and extinguishing the Scheme Shares.
- 1.2 Mediwatch shall be re-registered as a private limited company pursuant to section 651 of the Companies Act.
- 1.3 Subject to and forthwith upon the Capital Reduction taking effect, and notwithstanding any contrary provisions in the Articles, the reserve arising in the books of account of Mediwatch as a result of such Capital Reduction shall be capitalised and applied in paying up in full at par such number of new Mediwatch Shares as shall have an aggregate nominal value equal to the aggregate nominal value of the Scheme Shares cancelled as aforesaid which shall be allotted and issued credited as fully paid (and free from liens, charges, encumbrances, rights of pre-emption, rights of set-off and other third party rights of any nature whatsoever) to Laborie and/or its nominee(s).

2. Consideration for the cancellation of Scheme Shares

- 2.1 Subject to and in consideration for the cancellation of the Scheme Shares and the creation, allotment, payment up and allotment of such number of new Mediwatch Shares as is equal to the nominal value of the Scheme Shares so cancelled as provided for in clause 1 to Laborie and/or its nominee(s), Laborie shall, subject as hereinafter provided, pay or procure that there shall be paid to or for the account of each Scheme Shareholder (as appears in the register of members of Mediwatch at the Scheme Record Time):

for each Scheme Share 6 pence in cash

- 2.2 The Scheme Shareholders will not receive any further dividends declared or paid on or after the Effective Date.

3. Share certificates and cancellation of CREST entitlements

- 3.1 With effect from and including the Effective Date, all certificates representing Scheme Shares shall be cancelled as documents of title to the Scheme Shares comprised therein and every holder of Scheme Shares shall be bound to destroy the same. Appropriate entries will be made in the register of members of Mediwatch to reflect their cancellation.
- 3.2 Euroclear shall be instructed to cancel the entitlements to Scheme Shares of holders of Scheme Shares in uncertificated form.

4. Despatch of consideration

- 4.1 As soon as practicable after the Effective Date, and in any event not more than 14 days after the Effective Date, Laborie shall:
 - (i) in the case of the Scheme Shares which at the Scheme Record Time are in certificated form, despatch or procure the despatch to the persons entitled thereto, or as they may direct, in accordance with the provisions of clause 4.2 and clause 4.3, cheques for the sums payable to them respectively in accordance with clause 2; and
 - (ii) in the case of the Scheme Shares which at the Scheme Record Time are in uncertificated form, ensure that an assured payment obligation is created in respect of the sums payable in accordance with clause 2 and in accordance with the CREST assured payment arrangements provided that Laborie reserves the right to make payment of the said consideration by cheque as aforesaid in clause 4.1(i) if, for any reason, it wishes to do so.
- 4.2 All deliveries of cheques or certificates required to be made pursuant to this Scheme shall be effected by sending the same by first class post in pre-paid envelopes addressed to the persons entitled thereto at their respective registered addresses as appearing in the register of members of Mediwatch or, in the case of joint holders, at the address of that one of the joint holders whose name appears first in the register, at the Scheme Record Time and none of Mediwatch, Laborie or their respective agents or nominees shall be responsible for any loss or delay in the transmission of any cheques or certificates sent in accordance with this clause 4.2, which shall be sent at the risk of the person or persons entitled thereto.

- 4.3 All cheques shall be in Sterling drawn on the branch of a UK clearing bank. Payments made by cheque shall be made payable to the person or persons to whom, in accordance with the foregoing provisions of this clause 4, the envelope containing the same is addressed, and the encashment of any such cheque shall be a complete discharge of Laborie's obligation under this Scheme to pay the monies represented thereby.
- 4.4 The creation of an assured payment obligation in accordance with clause 4.1(ii) shall be a complete discharge of Laborie's obligation under this Scheme to pay the monies represented thereby.
- 4.5 The preceding paragraphs of this clause 4 shall take effect subject to any prohibition or condition imposed by law.

5. Dividend mandates

Any mandate relating to the payment of dividends on any Scheme Shares and other instructions given to Mediwatch by Scheme Shareholders in force at the Scheme Record Time shall, as from the Effective Date, cease to be valid.

6. Effective Date

- 6.1 This Scheme shall become Effective upon copies of the Court Orders (in the case of the Reduction Court Order accompanied by the Statement of Capital) being delivered to the Registrar of Companies in England and Wales for registration and, if the Court so orders, the Reduction Court Order and Statement of Capital being registered by the Registrar of Companies.
- 6.2 Unless this Scheme has become Effective on or before 21 March 2014, or such later date, if any, as Mediwatch and Laborie may agree and the Court and the Panel may allow, this Scheme shall never become Effective.

7. Modification

Mediwatch and Laborie may jointly consent on behalf of all concerned to any modification of, or addition to, this Scheme or to any conditions which the Court may approve or impose.

8. Governing Law

This Scheme is governed by English law and any dispute or claim arising out of or in connection with this Scheme is subject to the jurisdiction of English courts.

Dated: 29 November 2013

PART FIVE

FINANCIAL INFORMATION

1. Mediwatch financial information

The following information is incorporated by reference into this document pursuant to Rule 24.15 of the City Code and is available free of charge on Mediwatch's website at <http://mediwatch.com/en/shareholder-information>. A Mediwatch Shareholder may request a copy of such information in hard copy form (hard copies will not be provided unless requested). Hard copies may be requested by writing to Mediwatch's registrars, Share Registrars Limited, Suite E, First Floor, 9 Lion and Lamb Yard, Farnham, Surrey GU9 7LL, United Kingdom or by calling 01252 821390 (from within the UK) or +44 (0)1252 821390 (if calling from outside the UK). Lines are open from 9.00 a.m. to 5.30 p.m. (London time) Monday to Friday.

- the unaudited consolidated accounts of Mediwatch for the six months ended 30 April 2013 and the remainder of Mediwatch's Half Yearly Report for 2013;
- the audited consolidated accounts of Mediwatch for the financial year ending 31 October 2012 and the remainder of Mediwatch's Annual Report 2012; and
- the audited consolidated accounts of Mediwatch for financial year ending 31 October 2011 and the remainder of Mediwatch's Annual Report 2011.

Mediwatch's half yearly report for the six months ended 30 April 2013 as announced on 3 June 2013 contains a trading update for November 2012 to April 2013, and includes comparative figures for the 12 months ended 31 October 2012 and six months ended 30 April 2012 restated following the adoption of revised IAS 19 accounting rules.

There are no current ratings or outlooks publicly accorded to Mediwatch by ratings agencies.

No incorporation of website information

Save as set out above, neither the content of Mediwatch's website, nor the content of any website accessible from hyperlinks on Mediwatch's website, is incorporated into, or forms part of, this document.

2. Laborie financial information

As described in paragraph 5 of Part Two of this document, the Laborie Group, in its current form, has only been trading since 11 July 2012, the date of Audax Private Equity Fund III, L.P.'s original investment. The original investment acquired certain assets of Laborie Medical Technologies, Inc., as described in paragraph 6.2(b) of Part Seven of this document, therefore the financial history prior to 11 July 2012 of the companies which now comprise the Laborie Group does not reflect the Laborie Group in its current form and is therefore not reported or included in this document. The only audited consolidated financial information relates to LM Intermediate Financial Holdings, LLC, a wholly owned subsidiary of LM Acquisition Holdings, LLC for the period 11 July 2012 through to 31 March 2013. These consolidated financial statements capture all the trading entities of the Laborie Group. During this period the business generated revenues of \$37.5 million and reported a loss before tax of \$3.1 million. Net assets as at 31 March 2013 were \$36.3 million.

There are no current ratings or outlooks publicly accorded to Laborie or any member of the Laborie Group by ratings agencies.

PART SIX

UNITED KINGDOM TAXATION

The comments set out below summarise certain limited aspects of the UK taxation treatment of Mediwatch Shareholders under the Scheme and do not purport to be a complete analysis of all tax considerations relating to the Scheme. They are based on current UK legislation and what is understood to be current HM Revenue and Customs practice, both of which are subject to change, possibly with retrospective effect.

The comments are intended as a general guide and apply only to Mediwatch Shareholders who are resident for tax purposes in the UK, who hold Mediwatch Shares as an investment (other than under a personal equity plan or individual savings account) and who are the absolute beneficial owners of their Mediwatch Shares. These comments do not deal with certain types of shareholders, such as charities, persons holding or acquiring shares in the course of trade, persons who have or could be treated for tax purposes as having acquired their Mediwatch Shares by reason of their employment, collective investment schemes and insurance companies. Mediwatch Shareholders who are in any doubt about their taxation position, or who are resident or otherwise subject to taxation in a jurisdiction outside the UK, are advised to consult an appropriate independent professional tax adviser immediately.

UK taxation of chargeable gains

The cancellation of Scheme Shares under the Scheme in return for cash should be treated as a disposal of the Mediwatch Shareholder's Scheme Shares for UK tax purposes and therefore may, depending on the Mediwatch Shareholder's particular circumstances (including that Mediwatch Shareholder's base cost in their Scheme Shares and the availability of exemptions, reliefs and/or allowable losses), give rise to a liability to UK taxation on chargeable gains or, alternatively, an allowable capital loss.

Individual Mediwatch Shareholders

Subject to available exemptions, reliefs and/or allowances, gains arising on a disposal of Mediwatch Shares by an individual Mediwatch Shareholder who is tax resident in the UK will be subject to UK capital gains tax, which is currently charged at the rate of 18 per cent. (for basic rate individual taxpayers) and 28 per cent. (for higher and additional rate individual taxpayers, trustees and personal representatives). The upper limit of the income tax basic rate band for the tax year 2013 to 2014 is £32,010. The 28 per cent. rate will apply to the extent that the gain, when added to the Mediwatch Shareholder's other taxable income and gains in the relevant tax year, exceeds that upper limit.

To the extent it has not already been utilised, the capital gains tax annual exemption (£10,900 for the tax year 2013 to 2014) may be available to individual Mediwatch Shareholders to offset against chargeable gains realised on the disposal of their Mediwatch Shares.

Corporate Mediwatch Shareholders

For Mediwatch Shareholders within the charge to UK corporation tax (but which do not qualify for the substantial shareholding exemption in respect of their Mediwatch Shares), indexation allowance will be available in respect of the full period of ownership of the Mediwatch Shares to reduce any chargeable gain arising (but not to create or increase any allowable loss) on the cancellation of their Mediwatch Shares under the Scheme in return for cash.

The substantial shareholding exemption may apply to exempt from corporation tax any gain arising to Mediwatch Shareholders within the charge to UK corporation tax where a number of conditions are satisfied, including that such a Mediwatch Shareholder has held not less than 10 per cent. of the issued share capital of Mediwatch for a period of at least one year in the two-year period ending immediately prior to the date of disposal.

Mediwatch Shareholders not resident in the UK

Mediwatch Shareholders who are not tax resident in the UK will not generally be subject to UK tax on chargeable gains on the disposal of Mediwatch Shares unless they are carrying on a trade, profession or vocation in the UK through a branch or agency (or, in the case of a corporate Mediwatch Shareholder, a permanent establishment) in connection with which the Mediwatch Shares are used, held or acquired.

An individual Mediwatch Shareholder who has ceased to be resident in the UK for tax purposes for a period of less than five years and who, as a result of the cancellation of Mediwatch Shares, disposes of his/her

Mediwatch Shares during that period may be liable to capital gains tax on his/her return to the UK, subject to the availability of any exemptions or reliefs.

UK stamp duty and stamp duty reserve tax (“SDRT”)

No UK stamp duty or SDRT will be payable by Mediwatch Shareholders as a result of the Scheme.

PART SEVEN

ADDITIONAL INFORMATION ON MEDIWATCH AND LABORIE

1. Responsibility

- 1.1 The Mediwatch Directors, whose names are set out in paragraph 2.1 below, accept responsibility for the information, views and opinions contained in this document, save for the information, views and opinions for which the Independent Directors of Mediwatch, the Laborie Directors, the LMAH Directors, each of Young Lee, Adam Abramson, David Wong and Daniel Weintraub and Russell Lalli as the case may be, accept responsibility pursuant to paragraphs 1.2, 1.3, 1.4 and 1.5 of this Part Seven. To the best of the knowledge and belief of the Mediwatch Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 1.2 The Independent Directors of Mediwatch, whose names are set out on page 57 of Part Eight of this document accept responsibility for the recommendations in respect of the Acquisition and associated opinions contained in the Letter from the Independent Directors set out in Part One of this document. To the best of the knowledge and belief of the Independent Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 1.3 The Laborie Directors and the LMAH Directors, whose names are respectively set out in paragraphs 2.2 and 2.3 below, accept responsibility for the information contained in this document relating to the Laborie Group, the Laborie Directors and the LMAH Directors. To the best of the knowledge and belief of the Laborie Directors and the LMAH Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 1.4 Each of Young Lee, Adam Abramson, David Wong and Daniel Weintraub (being the LMAH Directors who are Audax Group executives and were appointed to the board of LM Acquisition Holdings, LLC at the direction of Audax Group) accept responsibility for the information contained in this document relating to Audax Group. To the best of the knowledge and belief of such persons (who have taken all reasonable care to ensure that such is the case), the information contained in this document relating to Audax Group for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 1.5 Russell Lalli accepts responsibility for the information contained in this document relating to himself, The Russell Lalli Irrevocable Deed of Trust dated December 14, 2012 and the Lisa Lalli Irrevocable Deed of Trust dated December 14, 2012. To the best of the knowledge and belief of Mr Lalli (who has taken all reasonable care to ensure that such is the case), such information contained in this document for which he accepts responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. Directors

- 2.1 The Mediwatch Directors and their respective positions are:

| | |
|-------------------------|--------------------------------|
| Omer M.A. Karim | <i>Chairman</i> |
| Dr Philip G Stimpson | <i>Chief Executive Officer</i> |
| Mark Hughes | <i>Chief Financial Officer</i> |
| Charles E Cattaneo | <i>Non-executive Director</i> |
| Professor Mark Emberton | <i>Non-executive Director</i> |

The business address of each of the Mediwatch Directors is Lumonics House, Valley, Drive, Swift Valley, Rugby, CV21 1TQ, United Kingdom. The company secretary of Mediwatch is Mark Hughes.

2.2 The Laborie Directors and their respective positions are:

| | |
|----------------|------------------------------------|
| Brian Ellacott | <i>Chief Executive Officer</i> |
| Ray Gullock | <i>European Operations Manager</i> |
| Alice Orczy | <i>Controller</i> |

The company secretary of Laborie is Ray Gullock.

The business address of Ray Gullock is Unit 5, Garonor Way, Royal Portbury, Bristol BS20 7XE.

The business address of each of Brian Ellacott, Alice Orczy and Jamie Fraser is 6415 Northwest Drive, Unit 11, Mississauga, Ontario L4V 1X1, Canada.

2.3 The LMAH Directors and their respective positions are:

| | |
|------------------|--|
| Brian Ellacott | <i>Manager, and Chief Executive Officer, Laborie Group</i> |
| Jamie Fraser | <i>Manager, and Executive Chairman, Laborie Group</i> |
| Russell Lalli | <i>Manager</i> |
| Young Lee | <i>Manager, President, Assistant Treasurer and Assistant Secretary</i> |
| Adam Abramson | <i>Manager, Vice President, Treasurer and Assistant Secretary</i> |
| David Wong | <i>Manager, Vice President, Secretary and Assistant Treasurer</i> |
| Daniel Weintraub | <i>Manager</i> |

The business address of each of Young Lee, Adam Abramson, David Wong and Daniel Weintraub is 101 Huntington Avenue, Boston, MA 02199 USA.

The business address of each of Brian Ellacott and Jamie Fraser is 6415 Northwest Drive, Unit 11, Mississauga, Ontario L4V 1X1, Canada.

The business address of Russell Lalli is 181 Edgemoor Road, Wilmington, DE 19809 USA.

2.4 Laborie is a private company limited by shares incorporated in England and Wales with registered number 6247281 with its registered office at Unit 5, Garonor Way, Royal Portbury, Bristol BS20 7XE. Laborie is an indirect wholly owned subsidiary of LM Acquisition Holdings, LLC.

2.5 LM Acquisition Holdings, LLC is a limited liability corporation organized under the laws Delaware with its principal executive offices at 101 Huntington Avenue, Boston, MA 02199 USA.

2.6 The following persons have a potential indirect interest of 5% or more in the equity share capital of Mediwatch following completion of the Acquisition by virtue of their interests in LM Acquisition Holdings, LLC as follows:

| Name of registered holder | Name of beneficial holder (if different) | Equity Holding |
|---|---|-----------------------|
| AG LM Holdings, LLC | | 62.44% |
| Dr. Timothy B McKinney | | 6.64% |
| Laborie Medical Technologies Inc. | | 6.13% |
| Lisa Lalli and Stephen Lalli as Trustees of the Russell Lalli Irrevocable Deed of Trust dated December 14, 2012 | Russell Lalli | 4.43%* |
| Russell Lalli and Stephen Lalli as Trustees of the Lisa Lalli Irrevocable Deed of Trust dated December 14, 2012 | Lisa Lalli | 4.43%* |

* These interests when aggregated total more than 5%.

Over 90% of the equity interests in AG LM Holdings, LLC are held by Audax Private Equity Fund III, L.P., a private equity fund affiliated with Audax Group. The balance of the equity interests are held by other investment funds affiliated with Audax Group.

Russell Lalli and Dr Timothy B McKinney held equity interests in T-DOC Company, LLC prior to its acquisition by Laborie Medical Technologies Corp. pursuant to the T-DOC Merger Agreement described in paragraph 6.2(c) below, and received equity interests in LM Acquisition Holdings, LLC as part of that transaction. They continue to be involved in the management of T-DOC Company, LLC, and Russell Lalli is a LMAH Director. Lisa Lalli is the wife of Russell Lalli.

Laborie Medical Technologies Inc., was a seller under the Laborie Purchase Agreement described in paragraph 6.2(b) below, in consideration for which it received equity interests in LM Acquisition

Holdings, LLC. Ray Laborie, the former chairman of Laborie Medical Technologies Inc. who is no longer involved in the senior management of the Laborie Group, holds 91% of the equity interests in Laborie Medical Technologies Inc. In addition, Ray Laborie's son Rob Laborie, also a former director of Laborie Medical Technologies Inc., holds 2.49% of the equity interests in LM Acquisition Holdings, LLC. Therefore, together, Ray Laborie and Rob Laborie have a potential indirect interest of 8.07% in the equity share capital of Mediwatch following completion of the Acquisition.

3. Disclosure of interests and dealings

3.1 Definitions and references:

- (A) "acting in concert" has the meaning given to it in the City Code;
- (B) "arrangement" includes indemnity or option arrangements, and any agreement or understanding, formal or informal, of whatever nature, relating to securities which may be an inducement to deal or refrain from dealing in such securities;
- (C) "dealing" has the meaning given to it in the City Code;
- (D) "derivative" has the meaning given to it in the City Code;
- (E) "disclosure period" means the period beginning on 18 October 2012 (being the date twelve months before the commencement of the Offer Period) and ending on 28 November 2013 (being the latest practicable date prior to the publication of this document);
- (F) "interest" or "interests" in relevant securities shall have the meaning given to it in the City Code and references to interests of Laborie Directors or interests of Mediwatch Directors in relevant securities shall include all interests, short positions and borrowings of any other person whose interests in shares the Laborie Directors or, as the case may be, the Mediwatch Directors, are taken to be interested in pursuant to Part 22 of the Companies Act;
- (G) "offer period" means the offer period (as defined by the City Code) which commenced on 18 October 2013; and
- (H) "relevant Mediwatch securities" means relevant securities (such term having the meaning given to it in the City Code in relation to an offeree company).

3.2 Interests in Mediwatch Shares

3.2.1 As at 28 November 2013 (the latest practicable date prior to the publication of this document), the Mediwatch Directors held the following interests (including the interests of "connected persons" of the directors (as defined in the Disclosure and Transparency Rules)) in, or rights to subscribe in respect of, relevant Mediwatch securities:

| Name of Director | Number of Ordinary Shares | Percentage of Mediwatch issued ordinary share capital |
|------------------|---------------------------|---|
| Philip Stimpson | 24,418,021 | 17.33 |
| Omer Karim | 9,884,450 | 7.02 |
| Mark Emberton | 2,615,386 | 1.86 |
| Charles Cattaneo | 1,400,000 | 0.99 |
| Mark Hughes | 150,000 | 0.11 |
| Total | 38,467,857 | 27.31 |

3.2.2 Save as disclosed in this paragraph 3 and in paragraph 8 below, as at 28 November 2013 (the latest practicable date prior to the publication of this document),

- (A) Neither Laborie nor LM Acquisition Holdings, LLC owned or controlled any Mediwatch Shares or any securities convertible or exchangeable into, or any rights to subscribe for or purchase, or any options (including traded options) to purchase or any short positions (whether conditional or absolute and whether in the money or otherwise and including under a derivative), agreement to sell, delivery obligation or right to require another person to take delivery of or any derivative referenced to, Mediwatch Shares, nor had Laborie or LM Acquisition Holdings, LLC dealt in any relevant Mediwatch securities during the disclosure period;

- (B) none of the Laborie Directors or the LMAH Directors (nor any of their close relatives or related trusts, so far as the Laborie Directors and the LMAH Directors (as the case may be) were aware having made due and careful enquiry) owned or controlled any Mediwatch Shares or any securities convertible or exchangeable into, or any rights to subscribe for or purchase, or any options (including traded options) to purchase or any short positions (whether conditional or absolute and whether in the money or otherwise and including under a derivative), agreement to sell, delivery obligation or right to require another person to take delivery of or any derivative referenced to, Mediwatch Shares, nor had any such person dealt in any relevant Mediwatch securities during the disclosure period;
- (C) no person acting in concert with Laborie (excluding connected advisers acting in the capacity of an exempt fund manager or an exempt principal trader) owned or controlled any Mediwatch Shares or any securities convertible or exchangeable into, or any rights to subscribe for or purchase, or any options (including traded options) to purchase or any short positions (whether conditional or absolute and whether in the money or otherwise and including under a derivative), agreement to sell, delivery obligation or right to require another person to take delivery of or any derivative referenced to, Mediwatch Shares, nor had any such person dealt in any relevant Mediwatch securities during the disclosure period;
- (D) no person who had an arrangement with Laborie or with a person acting in concert with Laborie (excluding connected advisers acting in the capacity of an exempt fund manager or an exempt principal trader) had dealt in any relevant Mediwatch securities during the disclosure period;
- (E) neither Mediwatch, Laborie, nor any person acting or presumed to be acting in concert with Mediwatch or Laborie (excluding connected advisers acting in the capacity of an exempt fund manager or an exempt principal trader) had borrowed or lent any relevant Mediwatch securities, save for any borrowed shares which have been either on-lent or sold;
- (F) neither Mediwatch, nor any of the Mediwatch Directors, nor (in the case of the Mediwatch Directors) any member of their respective families or related trusts or companies or (so far as the Mediwatch Directors are aware having made due and careful enquiry) other connected persons, nor any person acting in concert with Mediwatch, nor any person with whom Mediwatch or any person acting in concert with Mediwatch had a dealing arrangement, was interested in, directly or indirectly, nor had any right to subscribe for, or any short position in relation to, any relevant securities of Mediwatch and nor had any such person dealt in any relevant securities of Mediwatch since the beginning of the offer period; and
- (G) neither Mediwatch, nor any of the Mediwatch Directors, nor (in the case of the Mediwatch Directors) any member of their respective families or related trusts or companies or (so far as the Mediwatch Directors are aware having made due and careful enquiry) other connected persons, nor any person acting in concert with Mediwatch, nor any person with whom Mediwatch or any person acting in concert with Mediwatch had a dealing arrangement, was interested in, directly or indirectly, nor had any right to subscribe for, or any short position in relation to, any relevant securities of any member of Laborie and nor had any such person dealt in any relevant securities of Laborie since the beginning of the offer period.

3.3 General

- 3.3.1 Save as disclosed herein, no persons have given any irrevocable or other commitment to vote or procure the vote in favour of the Scheme or the Special Resolution to be proposed at the General Meeting.
- 3.3.2 Save as disclosed herein, none of (i) Laborie or any person acting in concert with Laborie (excluding connected advisers acting in the capacity of an exempt fund manager or an exempt principal trader) or (ii) Mediwatch or any person acting in concert with Mediwatch (excluding connected advisers acting in the capacity of an exempt fund manager or an exempt principal trader) has any arrangement in relation to relevant securities.

- 3.3.3 Save as disclosed herein, no agreement, arrangement or understanding (including any compensation arrangement) exists between Laborie or any person acting in concert with Laborie (excluding connected advisers acting in the capacity of an exempt fund manager or an exempt principal trader) and any of the Mediwatch Directors or the recent directors, shareholders or recent shareholders of Mediwatch having any connection with or dependence upon or which is conditional upon the Acquisition.
- 3.3.4 Save as disclosed herein, there is no agreement, arrangement or understanding whereby the beneficial ownership of any Mediwatch Shares to be acquired by Laborie will be transferred to any other person, save that Laborie reserves the right to transfer any such Mediwatch Shares to any member of the Wider Laborie Group. No member of the Wider Laborie Group holds any interest in the relevant securities of Mediwatch.
- 3.3.5 No relevant securities of Mediwatch have been redeemed or purchased by Mediwatch during the disclosure period.

4. Directors' service contracts and emoluments

- 4.1 As at the date of this document, the following are details of the existing service arrangements with the Mediwatch Directors:

Executive Directors

(a) *Philip Stimpson*

Philip Stimpson entered into a contract of employment with the Company dated 30 October 2000. Either party can terminate the agreement by giving to the other party a notice period of 12 months. The contract is automatically renewed for a period of 12 months. The contract terminates on Philip Stimpson's 70th birthday. The agreement provides that Philip Stimpson is to be paid £150,000 per annum.

The agreement provides the benefit of a healthcare scheme for Philip Stimpson and his wife, as well as a company car.

The Company has the right to terminate early by making a payment in lieu of notice equal to basic salary plus the value of benefits.

The agreement does not provide for any commission, profit sharing, or other liability on early termination.

In addition, Philip Stimpson has entered into the new service agreement, details of which are given in paragraph 7(c) below.

(b) *Mark Hughes*

Mark Hughes has entered into an employment contract with Mediwatch UK Limited dated 5 March 2012. Either party can terminate the agreement by giving to the other party a notice period of one month. The agreement provides that Mark Hughes is to be paid £80,000 per annum plus £4,000 per annum into his pension fund. This is a day rate of £613.14. A side letter dated 1 March 2012 refers to a commitment of three days per week being a minimum of 137 working days a year. A side letter dated 10 September 2013 refers to Mark Hughes being prepared to move virtually full time hours (provided outstanding amounts over and above minimum commitment are paid) at least until January 2014 when Mark Hughes expects this to be scaled back.

The agreement does not provide for any benefits, commission, profit sharing, compensation on early termination, or other liability on early termination.

Non-executive Directors

(a) *Omer Karim*

Omer Karim has entered into a non-executive director agreement with the Company dated 14 April 2000. Either party can terminate the agreement by giving to the other party a notice period of three months. The agreement provides that Omer Karim is to be paid £24,000 per annum through PAYE plus a day rate of £1,000 for specific tasks.

The agreement does not provide for any benefits, commission, profit sharing, compensation on early termination, or other liability on early termination.

(b) *Mark Emberton*

Mark Emberton has entered into a non-executive director agreement with the Company dated 14 April 2000. Either party can terminate the agreement by giving to the other party a notice period of three months. The agreement provides that Mark Emberton is to be paid £12,000 per annum through PAYE plus a day rate of £1,000 for specific tasks.

The agreement does not provide for any benefits, commission, profit sharing, compensation on early termination, or other liability on early termination.

(c) *Charles Cattaneo*

Charles Cattaneo has entered into a non-executive director agreement with Mediwatch dated 11 May 2007. Either party can terminate the agreement by giving to the other party a notice period of three months. The agreement provides that Cattaneo LLP is paid £20,000 per annum (excluding VAT) payable monthly in arrears plus a day rate of £1,000 for specific tasks.

The agreement does not provide for any benefits, commission, profit sharing or compensation on early termination.

If his appointment is terminated on or within three months following a change of control, Mediwatch plc will pay in lieu of notice an entitlement of 12 months' annual fee.

- 4.2 Save as set out in this document, the effect of the Scheme on the interests of the Mediwatch Directors does not differ from its effect on the like interests of any other holder of Mediwatch Shares.
- 4.3 Cover is provided to each Mediwatch Director under a qualifying third party indemnity insurance policy.
- 4.4 None of the existing agreements set out in paragraph 4.1 of this Part Seven has been amended during the six months prior to the date of this document.

5. Market quotations

Set out below are the closing middle market quotations of the Mediwatch Shares as derived from the as derived from the AIM Appendix to the Daily Official List of the London Stock Exchange on the following dates:

- 5.1 the first business day of each of the six months immediately prior to the date of this document;
- 5.2 17 October 2013 (being the last business day before the commencement of the offer period); and
- 5.3 28 November 2013 (being the latest practicable date prior to the publication of this document):

| Date | Mediwatch Share Price (pence) |
|------------------|--------------------------------------|
| 1 May 2013 | 2.63 |
| 3 June 2013 | 2.63 |
| 1 July 2013 | 2.50 |
| 1 August 2013 | 2.25 |
| 2 September 2013 | 2.50 |
| 1 October 2013 | 2.25 |
| 17 October 2013 | 2.75 |
| 1 November 2013 | 3.88 |
| 28 November 2013 | 5.75 |

6. Material contracts

6.1 Mediwatch material contracts

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by members of the Mediwatch Group in the period beginning two years before the commencement of the Offer Period and are or may be material:

(a) The Business Loan Network Loan Agreement

The Company entered into The Business Loan Network Loan Agreement (the “**Loan Agreement**”) with Thincats Loan Syndicates Limited (as agent and security trustee for the Syndicate Members (being members of an on-line market for business loans, known as Business Loan Network, who participate in the Loan)) (the “**Agent**”) on 21 May 2013, pursuant to which a loan of £250,000 (the “**Loan**”) was made available to the Company. The key terms of the Loan Agreement are as follows:

- unless previously pre- or repaid, the Loan will mature during March 2016;
- interest is payable on the Loan at a fixed rate of 11.5% per annum, calculated on the daily balance of the Loan;
- in addition to interest, a fee of 1% (plus VAT) is payable monthly on the outstanding balance of the Loan and is distributed by the Agent equally to BLN Sponsors Limited and Business Loan Network Limited;
- the Loan (together with interest and fees) is repayable by equal monthly payments;
- the Company may voluntarily prepay the Loan in whole at any time upon notice or, with the Agent’s consent, it can prepay 20% or more of the outstanding balance of the Loan, in each case without penalty;
- the Loan is secured by:
 - a debenture granted by the Company in favour of the Agent;
 - a guarantee from Mediwatch UK Limited supported by a debenture, in each case in favour of the Agent;
 - a guarantee from Mediwatch Biomedical Limited supported by a debenture, in each case in favour of the Agent; and
 - a guarantee from Mediwatch USA Inc. in favour of the Agent;
- the Company must prepay the Loan in whole on the occurrence of each of the following events:
 - when Dr Philip Stimpson ceases to hold at least 12.5% of the issued share capital and voting rights of the Company without agreement of the Agent;
 - when all or substantially all of the business and assets of the Company are sold to a third party; or
 - when all or any of the shares of the Company are listed on any official list or are admitted to trading on any recognised investment exchange or market of any country;
- the Company gives a number of covenants and warranties relating, inter alia, to its financial position which must be complied with throughout the life of the Loan;
- the Loan Agreement contains a number of events of default, the occurrence of which triggers the Agent’s right to declare the Loan immediately repayable, including:
 - a proposal for a composition in satisfaction of the Company’s debt or for a scheme of arrangement of its affairs or other arrangement or any proceedings for the benefit of its creditors are commenced; and
 - if control of the Company passes to any person or persons (whether acting individually or in concert) who was or were not a shareholder in the Company immediately after the date of the Loan Agreement;
- the Company may not assign, novate or otherwise deal with any of its rights under the Loan Agreement.

A further loan agreement was entered into with Thincats Loan Syndicates Limited on 21 May 2013 in respect of a loan of a further £250,000. This was on identical terms save that the loan matures on 30 June 2016.

6.2 Laborie material contracts

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by members of the Laborie Group in the period beginning two years before the commencement of the Offer Period and are or may be material:

- (a) A credit agreement was entered into on 27 September 2013 (the "Laborie Credit Agreement") between Laborie Medical Technologies Corp. and Laborie Medical Technologies Canada ULC (both of which companies are members of the Laborie Group and are subsidiary undertakings of Laborie's ultimate parent undertaking), as borrowers (together, the "Borrowers"), certain other persons as guarantors, certain financial institutions which are from time to time party to the Laborie Credit Agreement as lenders, General Electric Capital Corporation, as Administrative Agent for the lenders and as Revolver Agent-US for the lenders, and GE Canada Asset Financing Holding Company, as Revolver Agent-Canada for the lenders. At closing of the Laborie Credit Agreement on 27 September 2013, the participating lenders were all affiliates of General Electric Capital Corporation, however the Laborie Credit Agreement allows for assignment of loans and commitments and participation rights in the future. The Laborie Credit Agreement provides for a term loan facility in the aggregate initial principal amount of USD \$93,500,000 and revolving credit facilities in the aggregate maximum principal amount of USD \$15,000,000, of which USD \$10,000,000 is provided for a US subfacility to be funded at a floating interest rate pegged to Base Rate or LIBOR and the equivalent of USD \$5,000,000 is for use in a separate Canadian subfacility to be funded at a floating interest rate pegged to Canadian Prime Rate or BA Rate. The Laborie Credit Agreement further provides for a delayed draw term loan facility in the amount of USD \$20,000,000 which the Borrowers may request on terms identical to the existing term loan facility, and an option to incur further incremental term loans in a maximum amount of USD \$30,000,000 with terms and conditions to be agreed, but consistent with the existing facility. Each such facility is secured by a first priority lien on and security interest in substantially all assets of the Borrowers and guarantors, subject to permitted liens and customary exceptions. Subject to a pricing grid based on a total leverage ratio calculation, (i) the outstanding principal under the term loan facility accrues interest at a floating interest rate equivalent to LIBOR plus 6.00% or the Base Rate plus 5.00% when the leverage ratio is greater than or equal to 5.00:1.00, and at LIBOR plus 5.50% or Base Rate plus 4.50% when the leverage ratio is less than 5.00:1.00 and (ii) the outstanding principal under the revolving credit facilities accrue interest at a floating interest rate equivalent to LIBOR or BA Rate, as applicable, plus 4.50% or the Base Rate or Canadian Prime Rate, as applicable, plus 3.50% when the leverage ratio is greater than or equal to 5.00:1.00, and at LIBOR or BA Rate plus 4.25% or the Base Rate or Canadian Prime Rate, as applicable, plus 3.25% when the leverage ratio is less than 5.00:1.00. In each case, LIBOR and the BA Rate are subject to an interest rate floor of 1.25%, while the Base Rate and the Canadian Prime Rate are subject to an interest rate floor of 2.25%. The principal amount of the term loan facility is amortised over a series of quarterly payments to be made between January 2014 and the stated maturity date of the facility on 27 September 2018. Any delayed draw term loans are amortized at a rate of 0.25% of the principal per quarter with a final payment of the entire outstanding amount on 1 October 2018, in each case. Prepayment of the term loan facility or any delayed draw term loan is subject to a 3.00% prepayment premium prior to the first anniversary of the Laborie Credit Agreement, 2.00% prior to the second anniversary, and 1.00% prior to the third anniversary, with no prepayment penalty thereafter. The principal under the revolving facilities may be repaid at any time without premium or penalty. Repayment is further required pursuant to certain customary mandatory prepayment requirements in the event of certain casualty events, asset dispositions and the issuance of additional indebtedness, in addition to an excess cash flow sweep at 75% of excess cash flow when the leverage ratio is 4.00:1.00 or greater in the applicable fiscal year, and at 50% of excess cash flow when the leverage ratio is less than 4.00:1.00. The facilities are subject to certain customary positive and negative covenants, including periodic reporting and notices, maintenance of existence and properties, insurance, compliance with laws, inspection rights, use of proceeds, further assurances, and limitations on liens, asset dispositions, fundamental changes, investments, indebtedness, transactions with affiliates, restricted payments, negative pledges and sale leasebacks, and certain financial covenants requiring that the Borrowers maintain (i) a maximum leverage ratio covenant, measured quarterly, which is not to exceed 6.50:1.00 from the date hereof until the quarter ending 31 December 2014, and declining quarterly in amounts between 0.10:1.00 and 0.40:1.00 until the maturity date, and (ii) a fixed charge coverage ratio to be less than 1.25:1.00. The facility has a final maturity date of 27 September 2018. At such time,

the Borrowers will need to make repayment in full of all outstanding amounts under the term loan facility and the revolving facilities, subject to any ongoing indemnification obligations. If the Borrowers fail to repay or refinance the facility by the final repayment date, such failure to repay would be an Event of Default under the Laborie Credit Agreement, and the Administrative Agent would have the right to exercise its rights and remedies thereunder.

- (b) An asset purchase agreement dated 11 July 2012 between (1) Laborie Medical Technologies Canada ULC, a ULC incorporated under the laws of British Columbia (“Canada Buyer”), (2) LM Holdings S.à r.l., a Luxembourg société à responsabilité limitée (“Luxco Buyer”), (3) LM US Parent, Inc., a Delaware corporation (“US Buyer” and collectively with Canada Buyer and Luxco Buyer, the “Buyers”), (4) Laborie Medical Technologies, Inc., a Canadian corporation (the “Company”), (5) Laborie Properties Ltd, a Canadian corporation (“Properties”), (6) Ray Laborie (“Ray Laborie”), (7) Rob Laborie (“Rob Laborie”), (8) Ing Goping (“Goping”) and (9) Andrea Chong (“Chong” and together with the Company, Properties, Goping, Rob Laborie and Ray Laborie, the “Laborie Vendors”) (the “Laborie Purchase Agreement”), whereby the Buyers agreed to purchase certain of the assets (the “Purchased Assets”), and assume certain of the liabilities, of the business carried on by the Laborie Vendors from the Company and Properties. The Laborie Purchase Agreement contains standard warranties given by the Laborie Vendors in favour of the Buyers, which expire on the 18-month anniversary of the completion date (except for certain tax and compliance with laws representations which survive until the thirtieth day following the expiration of the applicable statute of limitations and certain fundamental representations which survive indefinitely) and are subject to standard limitations. The Laborie Purchase Agreement contains a standard pre-closing tax indemnity from the Laborie Vendors which provides that the Laborie Vendors are liable for all pre-closing taxes of certain of the Company’s subsidiaries acquired by the Buyers, which such obligation survives indefinitely. The Laborie Vendors also provided certain other specified indemnities. The liability of the Laborie Vendors is several and the maximum liability will not exceed the amount of the consideration paid under the Laborie Purchase Agreement (in each case, except in respect of the pre-closing tax indemnity). The Laborie Purchase Agreement contains standard restrictive covenants given by the Laborie Vendors in favour of the Buyers including, amongst others, an undertaking not to compete with the business acquired from the Laborie Vendors or solicit customers or employees for a period of five years immediately following completion. The Laborie Purchase Agreement is governed by the laws of the Province of Ontario, Canada. Luxco Buyer is the immediate parent undertaking of Laborie and Canada Buyer and US Buyer are both other subsidiary undertakings of Laborie’s ultimate parent undertaking.
- (c) An agreement and plan of merger dated 12 September 2013 between (1) Laborie Medical Technologies Corp. (a Delaware corporation which is a member of the Laborie Group and which is another subsidiary undertaking of the ultimate parent undertaking of Laborie) (“Laborie Corp”), (2) T-DOC Acquisition, LLC, a Delaware limited liability company, (3) T-DOC Company, LLC, a Delaware limited liability company (“T-Doc”), (4) T-DOC Investors, LLC, a Delaware limited liability company, (5) The Russell Lalli Irrevocable Deed of Trust dated December 14, 2012, Lisa Lalli and Stephen Andrew Lalli, Trustees, and The Lisa Lalli Irrevocable Deed of Trust dated December 14, 2012, Russell Lalli and Stephen Andrew Lalli, Trustees (collectively the “Lalli Trusts”), Dr. Timothy B. McKinney and W. Dan Parker (the Lalli Trusts, Dr. Timothy B. McKinney and W. Dan Parker, collectively, the “T-Doc Majority Vendors,” and each a “T-Doc Majority Vendor”) and (6) Russell S. Lalli, in his individual capacity (“Lalli”) and as equityholders representative (the “T-Doc Merger Agreement”), whereby Laborie Corp agreed to acquire all of the equity interests in T-DOC (the “T-Doc Equity Interests”) by merger and exchange of certain T-Doc Equity Interests. The T-Doc Merger Agreement contains standard warranties given by the T-Doc Majority Vendors in favour of Laborie Corp, which expire on the 15-month anniversary of the completion date (except for certain fundamental and tax representations which survive until the thirtieth day following the expiration of the applicable statute of limitations or the fifth anniversary of the completion date, as applicable) and are subject to standard limitations. The T-Doc Merger Agreement contains a standard pre-closing tax indemnity from the T-Doc Majority Vendors which provides that the T-Doc Majority Vendors are liable for all pre-closing taxes of T-Doc and its subsidiaries, which such obligation survives indefinitely. The T-Doc Majority Vendors also provided certain other specified indemnities. The liability of the T-Doc Majority Vendors is joint and several and the maximum liability will not exceed the amount of the consideration paid under the T-Doc Merger Agreement (in each case, except in respect

of the pre-closing tax indemnity and certain other specified indemnities). The T-Doc Merger Agreement contains standard restrictive covenants given by the T-Doc Majority Vendors and Lalli in favour of Buyer including, amongst others, an undertaking not to compete with T-Doc or solicit customers or employees for a period of five years immediately following completion. The T-Doc Merger Agreement is governed by Delaware law.

7. Offer related arrangements

(a) Mutual Non-Disclosure Agreement

Mediwatch and Audax Group entered into a mutual confidentiality agreement dated 15 August 2013 pursuant to which each of Mediwatch and Audax Group undertook to keep certain information relating to the Acquisition and to the other party confidential and not to disclose such information to third parties, except (i) to certain permitted disclosees for the purposes of evaluating the Acquisition; or (ii) if required by applicable laws or regulations. These confidentiality obligations will remain in force until completion of the Acquisition or, if the Acquisition fails to complete, two years from the date of the mutual confidentiality agreement.

(b) Letter of Intent

On 10 October 2013, Laborie and Mediwatch entered into a non-binding indicative letter of intent relating to the acquisition of Mediwatch by Laborie which included confidentiality provisions pursuant to which Mediwatch undertook, subject to the requirements of the City Code, not to disclose the existence of or the contents of the Letter of Intent without Laborie's prior consent.

(c) Philip Stimpson New Service Agreement

On 15 November 2013, Philip Stimpson entered into a new service agreement with Mediwatch relating to his employment by Mediwatch following the Scheme becoming Effective (the "new service agreement"). Philip Stimpson's employment under the new service agreement is conditional upon completion of the Acquisition and the Scheme becoming Effective (the date on which the Scheme becomes Effective being, the "effective date") on or before 28 March 2014. Philip Stimpson's employment under the new service agreement is for a minimum fixed term of three years from the effective date (the "fixed term") unless terminated earlier by Mediwatch or Philip Stimpson giving to the other not less than three months' notice in writing. The new service agreement contains various post-termination restrictions (including non-competition restrictions) on Philip Stimpson for a period of twelve months following termination of employment. Mediwatch will pay Philip Stimpson a salary of £320,000 per annum during the fixed term. Philip Stimpson is fully responsible for all expenses he incurs during the appointment and is not entitled to any commission or profit sharing arrangements. If the new service agreement is terminated: (a) by Mediwatch other than in circumstances where Mediwatch is able to summarily dismiss the employee without notice; or (b) by Philip Stimpson in circumstances that are determined to constitute constructive dismissal for the purposes of English law; then: (i) Philip Stimpson is entitled to be paid an amount equal to 60 per cent. of the amount of his salary which, but for such termination, would have been payable during the fixed term and which has not already been paid; and (ii) if Philip Stimpson agrees to be bound by the restrictive covenants for an additional period of 12 months (so a total of 24 months, in aggregate, following termination) then, in consideration for such agreement, Philip Stimpson shall be entitled to be paid an amount equal to the amount of his salary which, but for such termination, would have been payable during the fixed term and which has not already been paid less all amounts payable under (i) above. The new service agreement contains provisions confirming the ownership by Mediwatch of intellectual property rights in inventions and works developed by Philip Stimpson in the course of his employment prior to and after the date of the new service agreement. Laborie is a party to the new service agreement so that it has the benefit of an obligation that no termination of the new service agreement or variation of the new service agreement may be entered into prior to the effective date without Laborie's written consent.

8. Interests in shares and irrevocable undertakings

Laborie have received irrevocable undertakings in respect of a total of 59,008,355 Mediwatch Shares representing, in aggregate, approximately 41.89 per cent. of Mediwatch's issued ordinary share capital as at 28 November 2013 (being the latest practicable date prior to the publication of this document).

8.1 Irrevocable undertakings from Shareholders

Mr Nigel Bacon, Mr Gino Palmeri, Mr David Knox, Mr Hanif Motiwala, Mr Timothy Watts (a beneficiary of the Apsley House Pension Scheme) and Mr David Owen (as trustee of The Forward Innovation Fund) have irrevocably undertaken, in respect of 20,540,498 Mediwatch Shares, representing, in aggregate, approximately 14.58 per cent. of Mediwatch's issued ordinary share capital as at 28 November 2013 (being the latest practicable date prior to the publication of this document): (i) to vote (or procure the vote) in favour of the resolutions to be proposed at the General Meeting and the Court Meeting in connection with the Scheme; (ii) to exercise (or procure the exercise) of the voting rights attaching to the shares in respect of any resolution which may impact on the success of the Scheme in accordance with Laborie's instructions; and (iii) if the Acquisition is effected by way of an Offer, to accept the Offer (and not withdraw such acceptance).

These irrevocable undertakings shall automatically terminate if: (i) a third party announces a firm intention to make an offer to acquire the entire issued and to be issued ordinary share capital of Mediwatch on terms which represent a consideration value of at least 7 pence per Mediwatch Share; or (ii) the Scheme or the Offer does not become Effective by 31 March 2014.

8.2 Directors' irrevocable undertakings

The Mediwatch Directors and their Connected Persons have irrevocably undertaken, in respect of their entire legal and beneficial holdings of Mediwatch Shares, which is a total of 38,467,857 Mediwatch Shares, representing, in aggregate, approximately 27.31 per cent. of Mediwatch's issued ordinary share capital as at 28 November 2013 (being the latest practicable date prior to the publication of this document), (i) to vote (or procure the vote) in favour of the resolutions to be proposed at the General Meeting and the Court Meeting in connection with the Scheme; (ii) to exercise (or procure the exercise) of the voting rights attaching to the shares in respect of any resolution which may impact on the success of the Scheme in accordance with Laborie's instructions; and (iii) if the Acquisition is effected by way of an Offer, to accept the Offer (and not withdraw such acceptance). See paragraph 3 of Part Two for a breakdown of these irrevocable undertakings.

The irrevocable undertakings of the Mediwatch Directors and their Connected Persons remain binding if a competing offer for Mediwatch is made but shall automatically terminate if the Scheme or Offer does not become Effective by 31 March 2014.

Acquisition-related fees and expenses

8.3 Laborie fees and expenses

The aggregate fees and expenses to be incurred by Laborie in connection with the Acquisition are expected to be between £1.48 million and £1.7 million (excluding any applicable VAT), which consists of the following (each excluding any applicable VAT):

| Category | Amount £'000 |
|---|-------------------------|
| (i) financing arrangements | 140 - 160 |
| (ii) financial and corporate broking advice | 300 - 325 |
| (iii) legal advice | 460 - 550 |
| (iv) accounting advice | 230 - 250 |
| (v) public relations advice | Nil |
| (vi) other professional services | 10 - 15 |
| (vii) other costs and expenses | 340 - 400 |
| Total | 1,480 - 1,700 |

8.4 Mediwatch fees and expenses

The aggregate fees and expenses to be incurred by Mediwatch in connection with the Acquisition are expected to be between £282,350 and £290,350 (excluding any applicable VAT) which consists of the following (each excluding any applicable VAT):

| Category | Amount £ |
|---|--------------------------|
| (i) financing arrangements | Nil |
| (ii) financial and corporate broking advice | 130,000 |
| (iii) legal advice (including counsel's fees) | 140,000 - 145,000 |
| (iv) accounting advice | 350 |
| (v) public relations advice | Nil |
| (vi) other professional services | Nil |
| (vii) other costs and expenses | 12,000 - 15,000 |
| Total | 282,350 - 290,350 |

9. Financing and cash confirmation

It is intended that the Cash Consideration due under the Acquisition to Mediwatch Shareholders will be financed out of the USD \$20,000,000 delayed draw term loan facility forming part of the existing working capital and debt finance facilities available to the Laborie Group, details of which are set out in paragraph 6.2(a) above.

Investec is satisfied that sufficient resources are available to Laborie to satisfy in full the Cash Consideration payable to Mediwatch Shareholders pursuant to the Acquisition.

10. No significant change

Save as disclosed in this document, there has been no material change in the financial or trading position of Mediwatch since 31 October 2012, being the date to which the latest published audited financial statements of Mediwatch were drawn up.

11. Persons acting in concert

11.1 In addition to the Laborie Directors and the LMAH Directors (together with their close relatives and related trusts), the Laborie Group, Audax Group, funds affiliated with Audax Group and investee companies thereof, the persons who, for the purposes of the City Code, are acting, or deemed to be acting, in concert with Laborie are:

| Name | Type | Registered Office | Relationship with Laborie |
|-------------------|------------------------|--------------------------------------|----------------------------------|
| Investec Bank plc | Public Limited Company | 2 Gresham Street, London EC2V 7QP | Financial Adviser to Laborie |

11.2. In addition to the Mediwatch Directors (together with their close relatives and related trusts) and Mediwatch Group companies, the persons who, for the purposes of the City Code, are acting, or deemed to be acting, in concert with Mediwatch are:

| Name | Type | Registered Office | Relationship with Mediwatch |
|--------------------------------|-------------------------------|---|--|
| SP Angel Corporate Finance LLP | Limited Liability Partnership | Prince Frederick House, 35-39 Maddox Street, London W1S 2PP | Financial Adviser, Nominated adviser and broker to Mediwatch |

12. Consents

Each of Investec and SP Angel has given and not withdrawn its written consent to the issue of this document with the inclusion of references to its name in the form and context in which they are included.

13. Documents available for inspection

Copies of the following documents will be available for inspection during usual business hours on Monday to Friday of each week (public holidays excepted) up to and including the Effective Date on Laborie's website at <http://laboriemedical.co.uk/mwscheme> and on Mediwatch's website at <http://mediwatch.com/en/shareholder-information>:

- (A) this document and the Forms of Proxy;
- (B) the memorandum and articles of association of each of Mediwatch and Laborie;
- (C) a draft of the articles of association of Mediwatch as proposed to be amended at the General Meeting;
- (D) the consolidated audited report and accounts of Mediwatch for the two financial years ended 31 October 2012;
- (E) the half yearly report of Mediwatch for the six months ended 30 April 2013;
- (F) the written consents referred to in paragraph 12 above;
- (G) copies of the irrevocable undertakings referred to in paragraphs 8.1 and 8.2 above; and
- (H) the Offer-related arrangements referred to in paragraph 7 above.

14. Sources of information and bases of calculation

- 14.1 The value placed by the Acquisition on the Fully Diluted Share Capital of Mediwatch is based on a fully diluted ordinary share capital of 141,396,032 Mediwatch Shares comprising:
- (A) 140,871,032 Mediwatch Shares in issue on 17 November 2013, being the last dealing day prior to the date of the Announcement; and
 - (B) Options over 525,000 Mediwatch Shares which are currently subsisting and which have an exercise price below 6 pence.
- 14.2 The prices for Mediwatch Shares represent closing prices on the relevant date(s), taken from the AIM Appendix to the Daily Official List of the London Stock Exchange.
- 14.3 The premium calculations per Mediwatch Share have been calculated by reference to closing middle market quotations derived from the AIM Appendix to the Daily Official List of the London Stock Exchange.
- 14.4 Unless otherwise stated, the financial information relating to Mediwatch is extracted (without adjustment) from the audited consolidated financial statements for the Mediwatch Group for the financial year ended 31 October 2012 and Mediwatch's half yearly report for the six months ended 30 April 2013.

PART EIGHT

DEFINITIONS

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| “Acquisition” | the recommended acquisition by Laborie of the entire issued and to be issued ordinary share capital of Mediwatch to be effected by means of the Scheme as described in and on the terms and conditions set out in this document (or, should Laborie so elect, by an Offer as described in this document); |
| “AIM” | the market of that name operated by the London Stock Exchange; |
| “AIM Rules” | the AIM Rules for Companies published by the London Stock Exchange, as amended from time to time; |
| “Announcement” | the announcement by Laborie of a firm intention to make an offer for Mediwatch dated 18 November 2013; |
| “Announcement Date” | means the date of the Announcement; |
| “Articles” | the articles of association of Mediwatch as amended from time to time; |
| “associated undertaking” | has the meaning given by paragraph 19 of Schedule 6 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 other than paragraph 19(1)(6) of Schedule 6 to those Regulations which shall be excluded for this purpose; |
| “Audax Group” | Audax Management Company, LLC, a Delaware limited liability company; |
| “Board” | as the context requires, the board of directors of Mediwatch or the board of directors of Laborie and the terms ‘Mediwatch Board’ and ‘Laborie Board’ shall be construed accordingly; |
| “business day” | any day (other than a Saturday, Sunday or public or bank holiday) on which clearing banks in London are generally open for normal business; |
| “Capital Reduction” | the reduction of the capital of Mediwatch pursuant to the Scheme; |
| ‘Cash Consideration’ | the cash consideration due to a Scheme Shareholder under the Scheme in connection with the cancellation of Scheme Shares, being 6 pence per Scheme Share; |
| “certificated form” or “in certificated form” | a share or other security which is not in uncertificated form (that is, not in CREST); |
| “City Code” | the City Code on Takeovers and Mergers; |
| “Closing Price” | the closing middle-market price of a Mediwatch Share on a particular trading day as derived from the AIM Appendix to the Daily Official List of the London Stock Exchange; |
| “Companies Act” | the Companies Act 2006, as amended from time to time; |
| “Conditions” | the conditions to and certain other terms of the Acquisition and the implementation of the Scheme set out in Part Three of this document; |
| “Connected Persons” | has the meaning given in the Disclosure and Transparency Rules; |

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| “Court” | the High Court of Justice in England and Wales; |
| “Court Hearings” | the Scheme Court Hearing and the Reduction Court Hearing; |
| “Court Meeting” | the meeting of Mediwatch Shareholders (and any adjournment thereof) convened by order of the Court pursuant to section 896 of the Companies Act to be held at 10.00 a.m. on 23 December 2013, notice of which is set out in Part Nine of this document, for the purpose of considering and, if thought fit, approving the Scheme (with or without amendment); |
| “Court Orders” | the Scheme Court Order and the Reduction Court Order; |
| “CREST” | the relevant system (as defined in the Regulations) in respect of which Euroclear is the Operator (as defined in the Regulations); |
| “CREST Manual” | the rules governing the operation of CREST issued by Euroclear and as amended from time to time; |
| “CREST Proxy Instruction” | a properly authenticated CREST message appointing and instructing a proxy to attend and vote in place of a Mediwatch Shareholder at the General Meeting and containing the information required to be contained therein by the CREST Manual; |
| “Deferred Shares” | the 27,035,296 deferred shares of 9 pence each in the capital of Mediwatch in issue at the date of this document together with any additional deferred shares of 9 pence each in the capital of Mediwatch issued after the date of this document; |
| “Disclosure and Transparency Rules” or “DTRs” | the UKLA disclosure rules and transparency rules; |
| “disclosure period” | the period commencing on 18 October 2012 (being the date 12 months prior to the start of the Offer Period) and ending on 28 November 2013 (being the last practicable date prior to the publication of this document); |
| “Effective” | in the context of the Acquisition: (a) if the Acquisition is implemented by way of the Scheme, the Scheme becoming effective in accordance with its terms; or (b) if the Acquisition is implemented by way of an Offer, such Offer having been declared or becoming unconditional in all respects; |
| “Effective Date” | the date on which the Scheme becomes effective in accordance with its terms; |
| “Enlarged Group” | the enlarged group following the acquisition, comprising the Laborie Group and the Mediwatch Group; |
| “Euroclear” | Euroclear UK & Ireland Limited; |
| “Fairly Disclosed” | the information which has been fairly disclosed: (i) in writing prior to the date of the Announcement by or on behalf of Mediwatch to Laborie or Laborie’s financial, accounting, tax or legal advisers (specifically as Laborie’s advisers in relation to the Acquisition); (ii) in Mediwatch’s published annual and/or half year report and accounts for the relevant financial period or periods referred to in the relevant Condition; (iii) in a public announcement made in accordance with the AIM Rules or the DTRs by Mediwatch prior to the date of the Announcement; or (iv) in the Announcement; |

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| “FCA” | the United Kingdom’s Financial Conduct Authority; |
| “Form(s) of Proxy” | either or both (as the context demands) of the BLUE Form of Proxy in relation to the Court Meeting and the WHITE Form of Proxy in relation to the General Meeting; |
| “Fully Diluted Share Capital” | is calculated on the basis set out in paragraph 14.1 of Part Seven of this document; |
| “General Meeting” | the general meeting of Mediwatch Shareholders convened by the notice set out in Part Ten of this document and to be held at 10.15 a.m. on 23 December 2013 or as soon thereafter as the Court Meeting shall have been concluded or been adjourned, including any adjournment thereof; |
| “holder” | a registered holder and includes any person(s) entitled by transmission; |
| “Independent Directors” | Omer Karim, Mark Hughes, Charles Cattaneo and Professor Mark Emberton; |
| “Investec” | Investec Bank plc, registered in England and Wales under registered number 2122340 whose registered office is at 2 Gresham Street, London EC2V 7QP; |
| “Laborie” | Laborie Medical Technologies Europe Limited, incorporated in England with registered number 6247281 with its registered office at Unit 5, Garonor Way, Royal Portbury, Bristol BS20 7XE; |
| “Laborie Directors” | the persons whose names are set out in paragraph 2.2 of Part Seven of this document or, where the context so requires, the directors of Laborie from time to time; |
| “Laborie Group” | Laborie and its subsidiary undertakings and associated undertakings, together with LM Acquisition Holdings, LLC, and subsidiary undertakings and associated undertakings of LM Acquisition Holdings, LLC; |
| “LMAH Directors” | the persons whose names are set out in paragraph 2.3 of Part Seven of this document; |
| “London Stock Exchange” | London Stock Exchange plc; |
| “Long Stop Date” | 21 March 2014, or such later date as Mediwatch and Laborie may agree and the Panel and/or the Court may allow, being the latest date by which the Scheme must become Effective; |
| “Mediwatch” or “Company” | Mediwatch plc, registered in England with registered number 03971079 with its registered office at Lumonics House, Valley Drive, Swift Valley, Rugby CV21 1TQ, United Kingdom; |
| “Mediwatch Board” or “Mediwatch Directors” | the board of directors of Mediwatch; |
| “Mediwatch Group” | Mediwatch, its subsidiaries and subsidiary undertakings; |
| “Mediwatch Share(s)” | ordinary shares of 1 pence each in the capital of Mediwatch; |
| “Mediwatch Shareholders” | holders of Mediwatch Shares; |

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| “Mediwatch Share Option Scheme” | the Mediwatch plc Company Share Option Scheme, established on 30 October 2000, amended on 26 January 2001 and approved by the Inland Revenue on 2 February 2001; |
| “Meetings” | the Court Meeting and the General Meeting; |
| “Offer” | should the Acquisition be implemented by way of a takeover offer as defined in Chapter 3 of Part 28 of the Companies Act 2006, the offer to be made by or on behalf of Laborie to acquire the entire issued and to be issued ordinary share capital of Mediwatch and, where the context admits, any subsequent revision, variation, extension or renewal of such offer; |
| “Offer Document” | should Laborie decide to implement the Acquisition by way of an Offer, the document which would be dispatched to Mediwatch Shareholders containing and setting out the terms and conditions of the Offer; |
| “Offer Period” | as defined in the City Code, the period commencing on (and including) 18 October 2013 and ending on the earlier of the date on which it is announced that the Scheme has become effective and/or the date on which it is announced that the Scheme has lapsed or has been withdrawn (or such other date as the Panel may decide); |
| “Opening Position Disclosure” | an announcement containing details of interests or short positions in, or rights to subscribe for, any relevant securities of a party to the offer if the person concerned has such a position; |
| “Options” | options to subscribe for new Mediwatch Shares granted pursuant to the Mediwatch Share Option Scheme; |
| “Panel” | the Panel on Takeovers and Mergers; |
| “Reduction Court Hearing” | the hearing of the Court at which the Reduction Court Order is made; |
| “Reduction Court Order” | the order of the Court confirming the Capital Reduction; |
| “Registrar of Companies” | means the registrar of companies in England and Wales; |
| “Regulations” | the Uncertificated Securities Regulations 2001 (SI 2001/3755), as amended; |
| “Regulatory Information Service” | one of the regulatory information services authorised by the London Stock Exchange to receive, process, and disseminate regulatory information from quoted companies; |
| “Restricted Jurisdiction” | any jurisdiction where extension or acceptance of the Scheme or Offer would violate the law or regulation of that jurisdiction; |
| “Scheme” or “Scheme of Arrangement” | the proposed scheme of arrangement under Part 26 of the Companies Act between Mediwatch and holders of Scheme Shares, as set out in Part Four of this document, with or subject to any modification, addition or condition approved or imposed by the Court and/or agreed by Mediwatch and Laborie; |
| “Scheme Court Hearing” | the hearing of the Court at which the Scheme Court Order is made; |
| “Scheme Court Order” | the order of the Court sanctioning the Scheme; |

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| “Scheme Record Time” | 6.00 p.m. on the business day immediately preceding the date on which the Reduction Court Order is made; |
| “Scheme Shareholders” | holders of Scheme Shares; |
| “Scheme Shares” | <p>the Mediwatch Shares:</p> <ul style="list-style-type: none"> (i) in issue at the date of this document; (ii) (if any) issued after the date of this document and prior to the Voting Record Time; and (iii) (if any) issued at or after the Voting Record Time and prior to the Scheme Record Time in respect of which the original or subsequent holder thereof shall be bound by the Scheme or shall by such time have agreed in writing to be bound by the Scheme; <p>and remaining in issue at the Scheme Record Time but excluding in each case any Mediwatch Shares legally or beneficially held by any member of the Laborie Group (or their nominees);</p> |
| “Share Registrars” or “Registrars” | Share Registrars Limited, Mediwatch’s Registrars; |
| “SP Angel” | SP Angel Corporate Finance LLP, incorporated in England and Wales under number OC317049 whose registered office is at Prince Frederick House, 35-39 Maddox Street, London W1S 2PP; |
| “Special Resolution” | the special resolution to be proposed by Mediwatch at the General Meeting in connection with, amongst other things, the approval of the Scheme and the Capital Reduction, the amendment of Mediwatch’s articles of association, the cancellation of the Deferred Shares and such other matters as may be necessary to implement the Scheme and the delisting of the Mediwatch Shares; |
| “Statement of Capital” | a statement of capital (approved by the Court) showing the information required by section 649 of the Companies Act; |
| “subsidiary” | has the meaning given in paragraph 1159 of the Companies Act; |
| “subsidiary undertaking” | has the meaning given in paragraph 1162 of the Companies Act; |
| “Third Party” | means a central bank, government or governmental, quasi governmental, supranational, statutory, regulatory, environmental or investigative body or authority, court, trade agency, professional association, institution, employee representative body or any other body or person whatsoever in any jurisdiction; |
| “UK” or “United Kingdom” | the United Kingdom of Great Britain and Northern Ireland; |
| “UK Listing Authority” or “UKLA” | the Financial Conduct Authority acting in its capacity as the competent authority for listing in the United Kingdom; |
| “uncertificated form” or “in uncertificated form” | a share or other security recorded on the relevant register as being held in uncertificated form in CREST and title to which, by virtue of the Regulations, may be transferred by means of CREST; |
| “US” or “United States” | the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia; |

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| “US Securities Exchange Act” | the US Securities Exchange Act of 1934 (as amended from time to time); |
| “Voting Record Time” | 6.00 p.m. on 19 December 2013 or, if the Court Meeting is adjourned, 6.00 p.m. on the day which is two business days before the day of such adjourned meeting; |
| “Wider Laborie Group” | means Laborie and LM Acquisition Holdings, LLC and their respective subsidiary undertakings, associated undertakings and any other undertaking in which Laborie and/or LM Acquisition Holdings, LLC and/or their respective subsidiary undertakings and associated undertakings (aggregating their interests) have a direct or indirect interest in 10 per cent. or more of the equity share capital (as defined in the Companies Act). |

PART NINE

NOTICE OF COURT MEETING

**IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
COMPANIES COURT**

No. 8175 of 2013

MR REGISTRAR NICHOLLS

IN THE MATTER OF MEDIWATCH PLC

and

IN THE MATTER OF THE COMPANIES ACT 2006

NOTICE IS HEREBY GIVEN that, by an order dated 28 November 2013 made in the above matters, the Court has directed that a meeting be convened of the holders of the Scheme Shares (as such term is defined in the scheme of arrangement referred to below) for the purpose of considering and, if thought fit, approving (with or without modification) a scheme of arrangement pursuant to Part 26 of the Companies Act 2006 (the "**Scheme**") proposed to be made between Mediwatch plc (the "**Company**") and the holders of the Scheme Shares, and that such meeting shall be held at the offices of Field Fisher Waterhouse LLP at 35 Vine Street, London, EC3N 2PX on 23 December 2013 at 10.00 a.m. at which place and time all holders of Scheme Shares are requested to attend.

A copy of the Scheme and a copy of the Explanatory Statement required to be furnished pursuant to section 897 of the Companies Act 2006 in relation to the Scheme are incorporated in the document of which this notice forms part.

Holders of Scheme Shares may attend and vote in person at the meeting or they may appoint another person as their proxy to attend and vote in their stead. A proxy need not be a member of the Company. A holder of Scheme Shares may appoint more than one proxy in relation to the meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that holder. A BLUE Form of Proxy for use at the meeting is enclosed with this notice. Mediwatch Shareholders (as defined in the Scheme) with Scheme Shares held through CREST may also appoint a proxy or proxies using CREST by following the procedures described in the CREST Manual. Completion and return of a Form of Proxy, or the appointment of proxies through CREST, will not preclude a holder of Scheme Shares from attending and voting in person at the meeting, or any adjournment thereof.

In the case of joint holders of Scheme Shares the vote of the senior shareholder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holder(s) and for this purpose seniority will be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding.

It is requested that forms appointing proxies (together with any power of attorney or other authority under which they are signed, or a notarially certified copy of such power of attorney) be lodged with the Company's registrars, Share Registrars, by post, using the pre-paid envelope provided with this notice (for use in the United Kingdom only), or otherwise addressed to Share Registrars Limited at Suite E, First Floor, 9 Lion and Lamb Yard, Farnham, Surrey, GU9 7LL, United Kingdom, or through CREST, as soon as possible and, in any event, so as to be received by no later than 10.00 a.m. on 19 December 2013 (or, if the meeting is adjourned, at least 48 hours (excluding non-working days) prior the start of the adjourned meeting), but, if forms are not so lodged, they may be handed to the chairman at the meeting or to Share Registrars on behalf of the chairman before the start of the meeting.

Entitlement to attend and vote at the meeting and the number of votes which may be cast thereat will be determined by reference to the register of members of the Company at 6.00 p.m. on 19 December 2013 (or if the meeting is adjourned, 6.00 p.m. on the second business day prior to the date of such adjourned meeting). Changes to the register of members of the Company after such time shall be disregarded.

By the said order, the Court has appointed Omer M.A. Karim, or, failing him Charles E Cattaneo, or, failing him, Mark L.W Hughes, to act as chairman of the meeting and has directed the chairman to report the result of the meeting to the Court.

The Scheme will be subject to the subsequent sanction of the Court.

Solicitors for the Company

Field Fisher Waterhouse LLP
35 Vine Street
London EC3N 2PX

Dated: 29 November 2013

PART TEN
NOTICE OF GENERAL MEETING
MEDIWATCH PLC

Notice is hereby given that a general meeting of Mediwatch plc (the “**Company**”) will be held at the offices of Field Fisher Waterhouse LLP at 35 Vine Street, London, EC3N 2PX on 23 December 2013 at 10.15 a.m. (or as soon thereafter as the Court Meeting shall have concluded or been adjourned) for the purpose of considering and, if thought fit, passing the following resolution, which will be proposed as a special resolution.

SPECIAL RESOLUTION

THAT:

1. For the purpose of giving effect to the Scheme of Arrangement dated 29 November 2013 (the “**Scheme**”) between the Company and the holders of Scheme Shares (as defined in the Scheme), a print of which has been produced to this meeting and, for the purposes of identification, has been signed by the chairman of this meeting in its original form or subject to such modification, amendment or condition agreed by the Company and Laborie and/or approved or imposed by the Court, and for the purposes of doing such ancillary acts and things as are considered necessary or desirable as part of the transaction to be implemented by the Scheme:
 - 1.1. the directors of the Company be and are authorised to take all such action as they shall consider necessary or desirable for carrying the Scheme into effect;
 - 1.2. the issued share capital of the Company be reduced by cancelling and extinguishing all the Scheme Shares;
 - 1.3. the issued share capital of the Company be reduced by cancelling and extinguishing all the issued deferred shares of 9 pence each in the capital of the Company (the “**Deferred Shares**”);
 - 1.4. forthwith and contingent in each case upon the relevant reduction of capital taking place, and notwithstanding anything to the contrary in the articles of association of the Company:
 - 1.4.1. the reserve arising in the books of account of the Company as a result of the reduction of capital referred to at 1.2 above be applied in paying up in full at par such number of new ordinary shares of 1 pence each in the capital of the Company as shall have an aggregate nominal value equal to the aggregate nominal value of the Scheme Shares cancelled in accordance with 1.2 above, and which new ordinary shares shall be allotted and issued, credited as fully paid, to Laborie and/or its nominee(s) in accordance with the Scheme; and
 - 1.4.2. the reserve arising in the books of account of the Company as a result of the reduction of capital referred to at 1.3 above be applied in paying up in full at par such number of new ordinary shares of 1 pence each in the capital of the Company as shall have an aggregate nominal value equal to the aggregate nominal value of the Deferred Shares cancelled in accordance with 1.3 above, and which new ordinary shares shall be allotted and issued, credited as fully paid, to Laborie and/or its nominee(s);
 - 1.5. the directors of the Company be and are generally and unconditionally authorised pursuant to and in accordance with section 551 of the Companies Act 2006 to give effect to this special resolution and accordingly to effect the allotments of the new ordinary shares referred to in sub-paragraphs 1.4.1 and 1.4.2 above, provided that (a) this authority shall expire on the fifth anniversary of the date on which it is passed (unless previously revoked, varied or renewed), (b) the maximum aggregate nominal amount of relevant securities which may be allotted hereunder shall be no more than £3,850,000.00 and (c) this authority shall be without prejudice and in addition to any other authority under (or deemed to be given under) the said section 551 previously granted and in force before the date on which this special resolution is passed; and
 - 1.6. forthwith upon the passing of this special resolution, the articles of association of the Company be amended by the adoption and inclusion of the following new article 2.7:

“2.7 Scheme of Arrangement

2.7.1 In this Article 2.7, references to the “Scheme” are to the Scheme of Arrangement between the Company and the holders of Scheme Shares (as defined in the Scheme) dated 29 November 2013 (with or subject to any modification, addition or condition approved or imposed by the

Court) under Part 26 of the Companies Act 2006 and terms defined in the Scheme shall have the same meanings in this article.

- 2.7.2 Notwithstanding any other provision of these Articles, if the Company issues any Ordinary Shares (other than to Laborie or to any member of the Laborie Group or to any nominee of any such person) on or after the Voting Record Time and before the Scheme Record Time, such shares shall be issued subject to the terms of the Scheme (and shall be Scheme Shares for the purposes of the Scheme) and the holder or holders of such shares shall be bound by the Scheme accordingly.
- 2.7.3 Notwithstanding any other provision of these Articles, if any Ordinary Shares are issued to any person other than to Laborie or any member of the Laborie Group or to any nominee of any such person (a “new member”) at or after the Scheme Record Time they will, provided that the Scheme has become effective in accordance with its terms, be immediately transferred, free of all encumbrances, to Laborie or its nominee(s) who shall be obliged to acquire all such shares in consideration of and conditional on the payment to the new member of the same entitlement per Ordinary Share as would have been payable to a holder of the Scheme Shares under the Scheme.
- 2.7.4 On any reorganisation of, or material alteration to, the share capital of the Company (including, without limitation, any subdivision and/or consolidation), the amount of consideration per share to be paid under Article 2.7.3 above shall be adjusted by the directors in such manner as the auditors of the Company may determine to be fair and appropriate to reflect such reorganisation or alteration. References in this Article 2.7 to shares shall, following such adjustment, be construed accordingly.
- 2.7.5 To give effect to any such transfer required by this Article 2.7, the Company may appoint any person as attorney for the new member to execute and deliver a form of transfer on behalf of the new member in favour of Laborie or its nominee(s) and to do all such things and execute and deliver such documents as may, in the opinion of the attorney, be necessary or desirable to vest such shares in Laborie and/or its nominee(s). Pending the registration of Laborie or its nominee(s) as the holder of any share to be transferred pursuant to this Article, Laborie shall be empowered to appoint a person nominated by the directors to act as attorney on behalf of each holder of any such share and such attorney shall act in accordance with such directions as Laborie may give in relation to any dealings with or disposal of such share (or any interest therein), exercising any rights attached thereto or receiving any distribution or other benefit accruing or payable in respect thereof and the registered holder of such share shall exercise all rights attaching thereto in accordance with the directions of Laborie but not otherwise. The attorney shall be empowered to execute and deliver as transferor a form of transfer or other instrument or instruction of transfer on behalf of the new member (or any subsequent holder) in favour of Laborie or its nominee(s) and the Company may give a good receipt for the consideration for the transfer of any such share and may register Laborie or its nominee(s) as holder thereof and issue to it certificates for the same.
- 2.7.6 Laborie shall settle the consideration as set out in Article 2.7.3 above within 14 days of the date on which such share is issued to the new member.
- 2.7.7 Notwithstanding any other provision of these Articles, neither the Company nor the directors shall register the transfer of any Scheme Share or any Deferred Share effected between the Scheme Record Time and the Effective Date.
- 2.7.8 Notwithstanding any other provision of these Articles, no Deferred Share may be allotted after the date of adoption of this Article.”

By Order of the Board
Mark Hughes
Company Secretary

Registered Office:
Lumonics House
Valley Drive
Swift Valley
Rugby
CV21 1TQ

29 November 2013

Registered in England and Wales No. 03971079

Notes:

1. Only holders of ordinary shares of 1 pence each in the capital of the Company are entitled to attend and vote at this meeting and may appoint one or more proxies to attend and, on a poll, vote instead of them. A proxy need not be a member of the Company. A member may appoint more than one proxy provided that each proxy is entitled to exercise rights attached to different shares. A member should not appoint more than one proxy to exercise rights attached to any one share. Further information on appointing more than one proxy is given in Note 3 to the WHITE Form of Proxy.
2. A WHITE Form of Proxy is enclosed for use at this meeting. To be valid, completed Forms of Proxy must be returned so as to arrive at the offices of the Company's registrars, Share Registrars, using the pre-paid envelope provided with this notice (for use in the UK only) or otherwise by post addressed to Share Registrars Limited, Suite E, First Floor, 9 Lion and Lamb Yard, Farnham, Surrey GU9 7LL, United Kingdom by no later than 10.15 a.m. on 19 December 2013 (or, if the meeting is adjourned, by no later than 48 hours before the time of such adjourned meeting (excluding any part of a day which is not a working day)). Forms of Proxy returned by fax will not be accepted. If using CREST, proxy instructions must be received by no later than 10.15 a.m. on 19 December 2013 (or, if the meeting is adjourned, by no later than 48 hours before the time of such adjourned meeting (excluding any part of a day which is not a working day)) (see also note 6 below).
3. Completion and return of the WHITE Form of Proxy will not preclude a shareholder from attending the meeting and voting in person if they wish to do so.
4. Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, entitlement to attend and vote at the meeting and the number of votes which may be cast thereat will be determined by reference to the register of members of the Company as at 6.00 p.m. on 19 December 2013 (or, if the meeting is adjourned, by no later than 6.00 p.m. on the second business day before the time of such adjourned meeting). Changes to entries on the register of members after that time shall be disregarded in determining the rights of any person to attend and vote at the meeting.
5. In the case of joint holders of ordinary shares, the vote of the senior shareholder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the other joint holder(s) and, for this purpose, seniority will be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding.
6. Mediwatch Shareholders who hold shares through CREST and who wish to appoint a proxy or proxies for the meeting or any adjournment(s) by using the CREST electronic proxy appointment service may do so by utilising the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting 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.

In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a "**CREST Proxy Instruction**") must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instructions given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by Share Registrars (ID: 7RA36) by no later than 10.15 a.m. on 19 December 2013 (or, if the meeting is adjourned, by no later than 48 hours before the time of such adjourned meeting (excluding any part of a day which is not a working day)). For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which Share Registrars are 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.

CREST members and, where applicable, their CREST sponsors or voting service providers, should note that Euroclear does not make available special procedures in CREST for any particular messages. 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(s), to procure that his/her 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 service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

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.

