



Nexis Holdings PLC
(UK Company No. 06616015)

6 November 2011

Letter from the Chairman

Dear Shareholder

In my recent letter of 4 November 2011, I advised that further details would be provided in respect of shares issued to Mr Richard Walker (a former director of Nexis Holdings PLC) and his associate, Mr Terry O'Shannessy and their respective nominees and associates.

Key matters of concern noted in my letter included that:

- Over 192 million FP1 shares being allotted without agreed consideration provided;
- Market trading restrictions being removed without authority;
- A fraudulent website, offering shares to potential investors;
- Circumvention of Nexis commercial interests; and
- Accessing confidential Nexis information to further private interests.

Mr Walker was asked to resign as a director in December 2010.

Each of Mr Walker and Mr O'Shannessy have been asked to respond to questions put to them by Nexis on these matters. Unfortunately, no response has been received.

The Board is aware that Mr O'Shannessy has publicly distributed material, with comments that the Board believes are misinformed, inaccurate and intended to destabilise efforts of the company to restore value to shareholders. To this end, the Board is aware that Mr O'Shannessy has invited other shareholders to meet him this week.

The Board recognizes that there are a number of issues that directly impact shareholders in these matters. In this regard, the Board presently intends to proceed as follows:

Shareholders who purchased shares from O'Shannessy, Walker are protected

It is recognized that a number of people may have, in good faith, purchased Nexis FP1 shares directly from Mr Walker, Mr O'Shannessy or their nominees.

The Board is committed unequivocally to preserve the title and rights of such current shareholders.

Such shareholders will only be required to show (under the requirements of s.588(2) of the UK Companies Act), that they have provided real consideration (such as cash, forgiveness of debt, exchange for other assets) for their acquisition of shares.

We recognize that some shareholders may be unable to provide such proof of consideration, due to various circumstances. The Board does not wish to penalize such shareholders either. Accordingly, the company is prepared to establish a framework for such shareholders to continue being registered in respect of their holdings of shares.



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Resolving matters on shares currently held by Mr O'Shannessy, Mr Walker or nominees

The Board is obliged, under the UK Companies Act, to ensure that the company receives consideration for the shares it issues. Accordingly, Mr Walker and Mr O'Shannessy have been requested to provide evidence that consideration has been delivered to Nexis for shares provided to them and/or their nominees.

Pending such evidence, the company will (as it is entitled under s.670 of the UK Companies Act) hold a charge over their entitlement to shares registered in their names, or entities associated or controlled by them. Accordingly, rights associated with shares currently registered in the names of Mr Walker, Mr O'Shannessy and entities or parties controlled by them will be held by Treasury, pending resolution of this matter to the reasonable satisfaction of the Board.

Shareholder support is appreciated

It is with deep regret that the matters in this letter have to be put before you. Unfortunately, it has absorbed board and management effort that would have otherwise been focused on progressing business matters of the company.

We seek your trust and support, in the steps being taken on these matters, so that the Board and its management can focus upon the business objectives outlined in my previous letter.

Yours truly,

A handwritten signature in black ink, appearing to read "E.W. Filler", with some scribbles underneath.

E.W.FILLER
Executive Chairman



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ATTACHMENT –SHARE GOVERNANCE MATTERS (WALKER & O’SHANNESSY)

1 Unauthorized share dealings

1.1 Removal of trading restrictions on Walker’s shares

In June 2011 the Board publicly announced that it had concerns about the possibility of shares being offered for sale in the market that had circumvented trading restrictions. This followed an extensive examination of share dealings and transactions on the share register.

This review showed that instructions had been given to the company’s share registrar (Computershare UK) to convert holdings of FP1 shares in the names of the following entities out of certificate form (and subject to market trading restrictions) into free trading electronic format FP1 shares:

	Initial Holder (of escrow shares)	No of FP1 shares	Initial Transferee (CREST Custodian)
1	*Mr Richard Walker	8,492,000	Pershing Nominees Ltd
2	*Back ‘N’ Back Limited	20,000,000	Pershing Nominees Ltd
3	*Gebo Equity Management Pty Ltd	20,000,000	Pershing Nominees Ltd
	*Gebo Equity Management Pty Ltd	45,833,726	Vidacos Nominees Ltd
4	*New SMSF Pty Ltd	78,000,000	Pershing Nominees Ltd
	*New SMSF Pty Ltd	6,636,985	Vidacos Nominees Ltd
5	Wakabayashi Fund LLC	102,740	Hanover Nominees Ltd

* related parties

The Board had not, on any occasion, given any authority to the trading escrow provisions to be removed from the above (or any other certificate shares) and explanations have been sought from Mr Walker. These have not yet been provided to the Board.

2.2 Fraudulent Website linked to O’Shannessy

The Board has written to Mr Terry O’Shannessy, seeking explanation of a fraudulently established website (that represented itself as Nexis). A summary of the key matters have been raised with Mr O’Shannessy, including:

- His knowledge of a fraudulent website (www.nexistechnologies.com) that was established in June 2010 without the knowledge or approval of Nexis;
- That the enquiries contact number on the website redirected to Mr O’Shannessy’s private telephone;
- Confidential and proprietary material from the official Nexis website and server were sourced and replicated onto the fraudulent website;



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- Investors were invited to purchase Nexis shares by making contact with the telephone number provided (this led to Mr O'Shannessy's number);
- The fraudulent website was only removed after it was discovered by Nexis management; and
- Whether Mr O'Shannessy intended to use his knowledge of certain arrangements being put into place by Nexis, to engage or facilitate in the disposal of shares using the fraudulent website www.nexistechnologies.com

3. Commercial arrangements between Mr O'Shannessy and Mr Walker

Mr O'Shannessy has been asked to provide an explanation on a number of matters related to certain shares allotted to himself and close associates, such allotment being made by Nexis at the direction of Mr Richard Walker.

A summary of the key matters raised with Mr O'Shannessy include:

- The nature of the commercial arrangements between Mr O'Shannessy and Mr Walker that gave rise to the 22.45m shares being allotted to Mr O'Shannessy and his nominees;
- Mr O'Shannessy had recommended that Mr Richard Walker be engaged for the proposed listing of Nexis. At no time did Mr O'Shannessy disclose that certain principals of a Geneva based listing firm (with whom Mr Walker was employed at the time), had been charged and convicted of fraudulent share trading activities in Europe and North America; and
- Whether Mr O'Shannessy had knowledge of the unauthorized conversion of certain shares (controlled by Mr Walker) into electronic form, thereby circumventing the regulated market trading restrictions applicable to other shareholders of Nexis.

4 Failure to provide consideration for shares issued

Prior to its listing, Nexis agreed to allot 139 million shares to Richard Walker and his nominees. Mr Walker also required the company to allot a further 22.45 million shares to Mr Terry O'Shannessy and his nominees prior to the listing. A further 78 million shares were later allotted to Mr Walker's controlled entities.

Nexis was not paid any cash for the allotment of shares to Mr Walker or Mr O'Shannessy and their nominees, but did so on the arrangement that Mr Walker would effectively deliver a number of outcomes for Nexis.



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The outcomes to be delivered by Mr Walker to Nexis included:

- Establish and list Nexis on the Frankfurt Stock Exchange;
- Develop a framework for introducing new shareholders to Nexis;
- Develop a market depth for trading of Nexis shares, so that the general market trading restrictions on those shares could be removed as soon as possible;
- Manage the Nexis investor base and transactions with the share registrar; and
- Raise capital for Nexis, on a post-listing basis (although this was mutually removed from the deliverables at a meeting of directors held in May 2009).

The Board does not believe there has been sufficient evidence that these outcomes have been delivered.

5 Termination of board appointment

Mr Richard John Walker

On 17 December 2010, Mr Richard Walker was requested to resign, following concerns of board members regarding his conduct as a consultant (via his personal company Gebo Equity Management Pty Ltd) and as a director of Nexis Holdings PLC. Mr Walker formally tendered his resignation in March 2011.

Mr Walker had been a director since June 2008, with responsibility for the initial listing of the company, investor relations, management of the share register and share market related matters including management of the trading restriction conditions applicable to all shareholders.

The board is still awaiting an explanation from Mr Walker, of a number of matters put to him in July 2011, regarding the removal of trading restrictions attached to shares registered in the names of his controlled entities. In addition, there are other important governance matters that have been raised with Mr Walker, that remain outstanding.