

9 July 2009

**AN OPEN LETTER TO ALL PARTIES INTERESTED IN BESTNET EUROPE  
LIMITED AND ITS PRODUCT "NETPROTECT"**

Dear Sirs

***Bestnet Europe Limited and its product "Netprotect"***

The purpose of this letter is to further update you in relation to the UK proceedings commenced against our client Bestnet and to correct any misleading information which might have reached you. Following a further hearing by the English High Court, the terms of an order have been agreed giving effect to the Judgment dated 3 April 2009. The key elements of that order are as follows:-

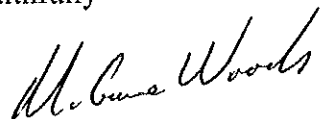
1. The only Bestnet product which may not be sold or manufactured is one which was launched in October 2005. Despite VF's protests, the Judge refused to make any injunction preventing the sale of the Netprotect products for which WHOPES1 and WHOPES2 approval were applied for in 2006 and 2007 or the current product. This is consistent with the Judge's comments in the Judgment that the misuse of VF's trade secrets he found was merely the starting point for a substantial program of further development which resulted in a formulation which is different from any of VF's recipes in a number of respects. As far as we are aware VF have never been able to make, let alone sell, a commercially viable polyethylene bed net with insecticide incorporated in the yarn. Bestnet have been given permission to challenge even the limited injunction granted against them in the Court of Appeal. Similarly, VF have been given permission to appeal with a view to extending the ambit of the injunction. In the meantime, the position is as stated above.
2. The form of an announcement to go on Bestnet's website has indeed been agreed between the parties and ordered by the Court. It will be noted that this announcement reflects the extremely limited nature of the injunction.
3. The court has ordered an enquiry as to damages for breach of confidence or alternatively, an account of profits. VF seek to give the impression that the damages will relate to all sales by Bestnet up to this year. They omit to mention that they will need to demonstrate the connection between the use of their trade secret and Bestnet's later products which, of course, the Court has already found to be very different. It is yet to be established whether damages will be more than merely nominal. In the light of the Judge's comments, any attempt by VF to seek royalties on future sales by Bestnet seems doomed to failure but we understand they intend to apply to the Court of Appeal.

4. While it is true that Bestnet have been ordered to pay VF's costs and that VF have claimed that they amount to the extraordinary sum of £4.5 million, these now have to be checked in detail by the Supreme Court Costs Office, a process which has not yet started. Bestnet have been ordered to pay the much smaller sum of £1.5 million on account as an interim payment and have requested and been given time to pay that by instalments. The Judge commented that it was in VF's interests for Bestnet to survive.

It is important to note that Bestnet will be applying to the Court of Appeal for permission to appeal against the finding that the Defendants misused VF's confidential information. Furthermore, although the Judgment found that the information in question belonged to VF, that is a matter which has yet to be determined between VF and Dr Skovmand in proceedings pending in Denmark. Dr Skovmand was, of course, not a party to the proceedings in London and claims that the confidential information which the English Judge found that he had misused belongs to him or to his company in France.

Finally, it still remains the case that there is no valid injunction of which we are aware anywhere in the world which prevents the manufacture and sale of Netprotect's current product.

Yours faithfully

A handwritten signature in cursive script, appearing to read "M. Cune Woods".

**McGuireWoods London LLP**