



1) May 2013

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or as to the action you should take, you are recommended to immediately seek your own personal financial advice from an independent financial adviser authorised pursuant to the Financial Services and Markets Act 2000, who specialises in advising on the acquisition of shares and other securities.**

This document dated 15 May 2013 is an admission document required by the rules of AIM, a market operated by the London Stock Exchange plc (the "London Stock Exchange"). This document does not constitute an offer to the public in accordance with the provisions of Section 85 of the Financial Services and Markets Act 2000 ("FSMA") as amended by the Prospectus Regulations 2005 and is not a prospectus as defined in the AIM Rules for Companies. Accordingly, this document has not been examined or approved by the Financial Conduct Authority in accordance with such rules. Copies of this document will be available free of charge to the public during normal business hours on any day (Saturdays, Sundays and public holidays excepted) at the offices of Smith & Williamson, 25 Moorgate, London, EC2R 6AY for a period of one month from the date of Admission.

The Company, whose registered office appears on page 10 of this document, and the Directors, whose names appear on page 10 of this document, accept responsibility for all the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Application has been made for the entire issued and to be issued share capital of the Company to be admitted to trading on AIM. It is expected that Admission will take place, and dealings in the Ordinary Shares will commence on AIM, on 21 May 2013. **AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the United Kingdom Listing Authority. A prospective investor should be aware of the potential risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Each AIM company is required pursuant to the AIM Rules for Companies to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on admission in the form set out in Schedule Two to the AIM Rules of Nominated Advisers. The London Stock Exchange has not itself examined or approved the contents of this document.**

**The whole of this document should be read and, in particular, your attention is drawn to the section entitled "Risk Factors" in Part III of this document.**

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# Quixant plc

*(Incorporated and registered in England & Wales under the Companies Act 1985 with Registered No. 4316977)*

**Placing of, in aggregate, 8,434,782 new ordinary shares  
and 1,452,174 existing shares of £0.001 each at £0.46 per share**

**Admission to trading on AIM**

*Nominated Adviser, Broker and Placing Agent*

**Smith & Williamson Corporate Finance Limited**

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**Enlarged Issued Share Capital immediately following Admission**

64,634,782 ordinary shares of £0.001 each amounting to £0.46

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Smith & Williamson Corporate Finance Limited, which is authorised and regulated by the Financial Conduct Authority and is a member of the London Stock Exchange, is acting exclusively for the Company and no one else in connection with the Placing and the proposed Admission. Smith & Williamson Corporate Finance Limited will not regard any other person as its customer or be responsible to any other person for providing the protections afforded to customers of Smith & Williamson Corporate Finance Limited nor for providing advice in relation to the transactions and arrangements detailed in this document for which the Company and the Directors are solely responsible. The responsibilities of Smith & Williamson Corporate Finance Limited as the Company's nominated adviser and broker for the purposes of the AIM Rules are owed solely to the London Stock Exchange and are not owed to the Company or any Director or to any other person in respect of his decision to acquire Ordinary Shares in reliance on any part of this document. Smith & Williamson Corporate Finance Limited is not making any representation or warranty, express or implied, as to the contents of this document and accordingly, without limiting the statutory rights of any recipient of this document, no liability is accepted by it for the accuracy of any information or opinions contained in this document or for the omission of any material information for which it is not responsible.

This document does not constitute an offer to buy or to subscribe for, or the solicitation of an offer to buy or subscribe for, Placing Shares in any jurisdiction in which such offer or solicitation is unlawful. In particular the Placing Shares offered by this document have not been, and will not be, registered under the United States Securities Act of 1933 as amended (the "Securities Act") or qualified for sale under the laws of any state of the United States or under the applicable laws of any of other Restricted Territories and, subject to certain exceptions, may not be offered or sold in the United States or to, or for the account or benefit of, US persons (as such term is defined in Regulation S under the Securities Act) or to any national, resident or citizen of other Restricted Territories. Neither this document nor any copy of it may be distributed directly or indirectly to any persons with addresses in the United States of America (or any of its territories or possessions), other Restricted Territories, or to any corporation, partnership or other entity created or organised under the laws thereof, or in any other country outside the United Kingdom where such distribution may lead to a breach of any legal or regulatory requirement.

The Placing Shares will, on Admission, rank in full for all dividends or other distributions hereafter declared, made or paid in the ordinary share capital of the Company and will rank *pari passu* in all other respects with all other Ordinary Shares which will be in issue on Admission.

## IMPORTANT INFORMATION

Investment in the Company carries risk. There can be no assurance that the Company's strategy will be achieved and investment results may vary substantially over time. Investment in the Company is not intended to be a complete investment programme for any investor. The price of Ordinary Shares and any income from Ordinary Shares can go down as well as up and investors may not realise the value of their initial investment. Prospective Shareholders should carefully consider whether an investment in Ordinary Shares is suitable for them in light of their circumstances and financial resources and should be able and willing to withstand the loss of their entire investment (see further under "Part III: Risk Factors" of this document).

Potential investors contemplating an investment in Ordinary Shares should recognise that their market value can fluctuate and may not always reflect their underlying value. Returns achieved are reliant upon the performance of the Group. No assurance is given, express or implied, that Shareholders will receive back the amount of their investment in Ordinary Shares.

If you are in any doubt about the contents of this document you should consult your stockbroker or your financial or other professional adviser.

Investment in the Company is suitable only for financially sophisticated individuals and institutional investors who have taken appropriate professional advice, who understand and are capable of assuming the risks of an investment in the Company and who have sufficient resources to bear any losses which may result therefrom.

Potential investors should not treat the contents of this document as advice relating to legal, taxation, investment or any other matters. Potential investors should inform themselves as to: (a) the legal requirements within their own countries for the purchase, holding, transfer, or other disposal of Ordinary Shares; (b) any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of Ordinary Shares that they might encounter; and (c) the income and other tax consequences that may apply in their own countries as a result of the purchase, holding, transfer or other disposal of Ordinary Shares. Potential investors must rely upon their own representatives, including their own legal advisers and accountants, as to legal, tax, investment or any other related matters concerning the Company and an investment therein.

Statements made in this document are based on the laws and practices currently in force in England and Wales, as applicable, and are subject to changes therein.

This document should be read in its entirety before making any investment in the Company.

Certain statements contained herein are forward looking statements and are based on current expectations, estimates and projections about the potential returns of the Group and industry and markets in which the Group will operate, the Directors' beliefs and assumptions made by the Directors. Words such as "expects", "anticipates", "should", "intends", "plans", "believes", "seeks", "estimates", "projects", "pipeline" and variations of such words and similar expressions are intended to identify such forward looking statements and expectations. These statements are not guarantees of future performance or the ability to identify and consummate investments and involve certain risks, uncertainties, outcomes of negotiations and due diligence and assumptions that are difficult to predict, qualify or quantify. Therefore, actual outcomes and results may differ materially from what is expressed in such forward looking statements or expectations. Among the factors that could cause actual results to differ materially are: the general economic climate, competition, interest rate levels, loss of key personnel, the result of legal and commercial due diligence, the availability of financing on acceptable terms and changes in the legal or regulatory environment.

This document has been drawn up in accordance with the AIM Rules and it does not comprise a prospectus for the purposes of the Prospectus Regulations 2005 in the United Kingdom. It has been drawn up in accordance with the requirements of Directive 2003/71/EC (the "Prospectus Directive") only in so far as required by the AIM Rules and has not been delivered to the Registrar of Companies in England and Wales for registration.

This document has been prepared for the benefit only of a limited number of persons all of whom qualify as "qualified investors" for the purposes of the Prospectus Directive, to whom it has been addressed and delivered, and may not in any circumstances be used for any other purpose or be viewed as a document for the benefit of the public. The reproduction, distribution or transmission of this document (either in whole or in part) without the prior written consent of the Company and Smith & Williamson Corporate Finance Limited is prohibited.

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## PLACING STATISTICS

Placing Price per Ordinary Share	£0.46
Number of Ordinary Shares in issue before the Placing	56,200,000
Number of Placing Shares	
– New Ordinary Shares	8,434,782
– Vendor Shares	1,452,174
– Total	9,886,956
Number of Ordinary Shares in issue following completion of the Placing	64,634,782
Estimated net proceeds of the Placing receivable by the Company	£3.10 million
Estimated expenses of the Placing payable by the Company	£0.78 million
Market capitalisation of the Company at the Placing Price following completion of the Placing	£29.72 million
Placing Shares expressed as a percentage of the Enlarged Issued Share Capital	15.30 %

## EXPECTED PLACING AND ADMISSION TIMETABLE

Publication date of this document	15 May 2013
Admission effective and expected commencement of dealings on AIM in the Ordinary Shares	8:00 am on 21 May 2013
Expected date for CREST accounts to be credited	21 May 2013
Expected date of despatch of definitive share certificates (as applicable)	31 May 2013

*Note: Figures are calculated based on a GBP: USD exchange rate of 1.5507 as at 9 May 2013, being the last practicable date prior to the date of this document*

## DEFINITIONS

<b>“Act”</b>	the Companies Act 2006
<b>“Admission”</b>	Admission of the Ordinary Shares to trading on AIM
<b>“AIM”</b>	the AIM market of the London Stock Exchange
<b>“AIM Rules”</b>	AIM Rules for Companies and the AIM Rules for Nominated Advisers, as appropriate
<b>“AIM Rules for Companies”</b>	the rules published by the London Stock Exchange entitled “AIM Rules for Companies”
<b>“AIM Rules for Nominated Advisers”</b>	the rules published by the London Stock Exchange entitled “AIM Rules for Nominated Advisers”
<b>“AMD”</b>	the American multinational semiconductor company Advanced Micro Devices, Inc. listed on the New York Stock Exchange (Ticker: AMD)
<b>“Articles”</b>	the articles of association of the Company, a summary of which is set out in paragraph 6 of Part V of this document
<b>“Board” or “Directors”</b>	the directors of the Company, including a duly constituted committee thereof, whose details are set out on page 10 of this document
<b>“Code”</b>	the City Code on Takeovers and Mergers
<b>“Company” or “Quixant”</b>	Quixant plc, incorporated and registered in England & Wales under the Companies Act 1985 with Registered No. 4316977
<b>“CREST”</b>	the relevant system (as defined in the Uncertified Securities Regulations) for the paperless settlement of share transfers and the holding of shares in uncertificated form in respect of which Euroclear is the operator (as defined in Uncertified Securities Regulations) in accordance with which securities may be held and transferred in uncertificated form
<b>“EIS”</b>	Enterprise Investment Scheme, a scheme from HMRC designed to help smaller higher-risk trading companies to raise finance by offering a range of tax reliefs to investors who purchase new shares in those companies
<b>“Enlarged Issued Share Capital”</b>	the issued share capital of the Company following completion of the Placing, being the Existing Shares and the New Ordinary Shares
<b>“Existing Shareholders”</b>	the Shareholders prior to completion of the Placing
<b>“Existing Shares”</b>	the 56,200,000 Ordinary Shares in issue prior to the Placing

<b>“Euroclear UK &amp; Ireland” or “Euroclear”</b>	Euroclear UK & Ireland Limited, the operator of CREST
<b>“Financial Conduct Authority” or “FCA”</b>	the UK Financial Conduct Authority
<b>“Founding Directors”</b>	Nicholas Jarmany, Gary Mullins and Chen-Tai Lin
<b>“FSMA”</b>	the UK Financial Services and Markets Act 2000 (as amended)
<b>“General Placees”</b>	certain institutional and other investors acquiring General Placing Shares pursuant to the General Placing
<b>“General Placing”</b>	the proposed placing by Smith & Williamson on behalf of the Company of the General Placing Shares with General Placees at the Placing Price pursuant to the Placing Agreement and the Vendor Deed of Authority
<b>“General Placing Shares”</b>	1,452,174 Vendor Shares to be sold by the Vendors pursuant to the General Placing
<b>“Group”</b>	the Company and its subsidiaries from time to time
<b>“HMRC”</b>	HM Revenue and Customs
<b>“Issued Share Capital”</b>	the issued share capital of the Company, prior to the Placing
<b>“Key Shareholders”</b>	certain holders of Ordinary Shares, prior to the Placing, comprising Nicholas Jarmany, Gary Mullins and Chen-Tai Lin
<b>“London Stock Exchange”</b>	London Stock Exchange plc
<b>“New Ordinary Shares”</b>	the 8,434,782 new Ordinary Shares to be issued by the Company pursuant to the Placing Agreement
<b>“Nominated Adviser” or “Broker” or “Smith &amp; Williamson”</b>	Smith & Williamson Corporate Finance Limited
<b>“Nominated Adviser &amp; Broker Agreement”</b>	the agreement dated 14 May 2013 between the Company and Smith & Williamson as described in paragraph 11 of Part V of this document
<b>“Official List”</b>	the Official List of the UK Listing Authority
<b>“Ordinary Shares” or “Shares”</b>	ordinary shares of £0.001 each in the capital of the Company
<b>“Panel”</b>	the Panel on Takeovers and Mergers
<b>“Placing”</b>	the VCT/EIS Placing and the General Placing
<b>“Placing Agreement”</b>	the conditional agreement dated 14 May 2013 between the Company, the Directors and Smith & Williamson relating to the Placing, as described in paragraph 11 of Part V of this document
<b>“Placing Price”</b>	£0.46 per Placing Share

<b>“Placing Shares”</b>	the VCT/EIS Placing Shares and the General Placing Shares
<b>“Quixant UK”</b>	Quixant UK Limited, the UK subsidiary of the Company
<b>“Quixant US”</b>	Quixant USA, Inc. the US subsidiary of the Company
<b>“Quixant Italia”</b>	Quixant Italia Srl, the Italian subsidiary of the Company
<b>“Quixant Taiwan”</b>	the Taiwanese branch of the Company
<b>“Restricted Territories”</b>	United States, Australia, Canada, Japan, Republic of Ireland and South Africa
<b>“Shareholders”</b>	holders of Ordinary Shares
<b>“Sterling” or “£”</b>	pounds sterling, the lawful currency of the United Kingdom
<b>“UK” or “United Kingdom”</b>	the United Kingdom of Great Britain and Northern Ireland
<b>“UK Listing Authority”</b>	the Financial Conduct Authority acting in its capacity as the competent authority for the purposes of Part VI of FSMA
<b>“uncertificated” or “in uncertificated form”</b>	recorded on the register of Ordinary Shares as being held in uncertificated form in CREST, entitlement to which, by virtue of the CREST Regulations, may be transferred by means of CREST
<b>“US” or “United States”</b>	United States of America, its territories and possessions, any state of the United States and the District of Columbia
<b>“VCT”</b>	Venture Capital Trust, an entity listed on a regulated market, approved by HMRC under its scheme designed to encourage individuals to invest indirectly in a range of small higher-risk trading companies by offering a range of tax reliefs to individuals who invest in the VCT
<b>“VCT/EIS Placees”</b>	certain institutional and other investors subscribing for VCT/EIS Placing Shares pursuant to the VCT/EIS Placing
<b>“VCT/EIS Placing”</b>	the proposed placing by Smith & Williamson on behalf of the Company of the VCT/EIS Placing Shares with VCT/EIS Placees at the Placing Price pursuant to the Placing Agreement
<b>“VCT/EIS Placing Shares”</b>	8,434,782 New Ordinary Shares to be issued by the Company pursuant to the VCT/EIS Placing

**“Vendor Deed of Authority”**

the conditional deed dated 14 May 2013 between the Vendors, Smith & Williamson and Neville Registrars Limited relating to the sale of the Vendor Shares as part of the Placing.

**“Vendors”**

all of the Existing Shareholders

**“Vendor Shares”**

1,452,174 Existing Shares being sold by the Vendors pursuant to the Vendor Deed of Authority

## GLOSSARY OF TECHNICAL TERMS

<b>“APU”</b>	an accelerated processing unit, a processor which combines a CPU and GPU elements into a single processing device
<b>“AWP”</b>	amusement with prize, gambling machines that provide some level of player interaction, similar to gaming and slot machines, but the outcome does not depend on the skill of the player
<b>“Bill acceptor”</b>	a scanner of paper currency using optical and magnetic sensors which may be a component of a gaming and slot machine
<b>“Coin hopper”</b>	a container where the coins that are immediately available for payouts are held which may be a component of a gaming and slot machine
<b>“Computer Hardware”</b>	the collection of physical elements that comprise a computer system
<b>“CPU”</b>	a central processing unit which is the hardware within a computer that carries out the instructions of a computer program by performing the basic arithmetical, logical, and input/output operations of the system
<b>“design-in”</b>	the process of collaboration between the Company and the customer aimed at integrating the Quixant gaming hardware and software with that of the customer, so that the two are combined into such a form as to create part of a complete gaming machine
<b>“DisplayPort”</b>	DisplayPort is a digital display interface developed by the Video Electronics Standards Association (VESA). The interface is primarily used to connect a video source to a display device such as a computer monitor
<b>“EMS”</b>	Electronic Manufacturing Services
<b>“Gaming Platform”</b>	the system comprising computer hardware and operating software, upon which a computer based game is operated
<b>“GPU”</b>	a graphics processing unit, a specialised electronic circuit designed to rapidly manipulate and alter memory to accelerate the building of images in a frame buffer intended for output to a display used in embedded systems, mobile phones, personal computers, workstations, and game consoles
<b>“PC”</b>	a personal computer, any general-purpose computer whose size, capabilities and original sales price make it useful for individuals, and which is intended to be operated directly by an end-user with no intervening computer operator

**“Ticket-in, Ticket-out Machine”**

ticket-in, ticket out machines are used in gaming and slot machines to print out a slip of paper with a barcode indicating the amount of money represented. These can in turn be redeemed for cash at an automated kiosk

**“Tier 1/2/3”**

see paragraph 7 on page 21 for further details

## DIRECTORS AND ADVISORS

### Directors

Michael John Peagram – *Non-executive Chairman\**

Nicholas (Nick) Charles Leopold Jarman – *Managing Director*

Gary Paul Mullins – *Sales Director*

Chen-Tai (JJ) Lin – *Manufacturing Director*

Alice Cresten Preddy – *Finance Director*

Guy Christopher van Zwanenberg – *Non-executive Director\**

All of the Company's registered office below

*\* Denotes independent director*

### Company Secretary

Alan Robert Milne

### Registered Office

Aisle Barn,  
100 High Street  
Balsham  
Cambridge CB21 4EP  
United Kingdom

### Legal Advisor to the Company

Jones Day  
21 Tudor Street  
London EC4Y 0DJ  
United Kingdom

### Nominated Adviser, Broker and Placing Agent

Smith & Williamson Corporate Finance Limited  
25 Moorgate  
London EC2R 6AY  
United Kingdom

### Legal Advisor to the Nominated Adviser

K&L Gates LLP  
One New Change  
London EC4M 9AF  
United Kingdom

### Reporting Accountant

KPMG Audit Plc  
15 Canada Square  
Canary Wharf  
London E14 5GL  
United Kingdom

### Auditor

KPMG Audit Plc  
Botanic House  
100 Hills Road  
Cambridge CB2 1AR  
United Kingdom

### Registrar and CREST Settlement Agent

Neville Registrars Limited  
Neville House  
18 Laurel Lane  
Halesowen B63 3DA  
United Kingdom

## PART I

### KEY INFORMATION

The following is derived from, and should be read in conjunction with, the full text of this document and prospective investors should read the whole document and not just rely on the key information set out below. In particular, attention is drawn to Part III of this document which is entitled “Risk Factors”.

#### History and Background

Quixant designs and manufactures complete advanced hardware and software solutions (“**Gaming Platforms**”) for the pay-for-play gaming and slot machine industry. Quixant’s Gaming Platforms are supplied to manufacturers of gaming and slot machines and provide the platform upon which their games operate.

Quixant is headquartered in the UK, with its finance, marketing and administrative functions based at its head office in Cambridge. The Company’s global sales team is also based at the head office in the UK, with the Las Vegas subsidiary (Quixant US) responsible for North American (USA and Canada) sales.

The Company currently has a total of 58 employees of which 40 employees are located in Taiwan, 8 employees are based in Italy, 3 employees are located in the United States and the balance are based at the Company’s UK headquarters in Cambridge.

#### Key Strengths

Quixant’s key strengths are:

- High quality, differentiated product
- Established Far Eastern manufacturing capability
- Experience in gaming market
- Market opportunity
- Quixant brand recognition

#### Products and Technology

Quixant produces a range of Gaming Platforms – high performance, PC compatible systems designed and tuned specifically to meet the complex needs of the gaming and slot machine industry. The computer hardware integrates the features necessary to drive pay to play gaming and slot machines, while comprehensive software support, including device drivers and gaming protocols, augments this hardware, providing an holistic operating platform solution for Quixant’s customers.

Quixant’s software has no role in defining the appearance, operation or probabilities of the game seen by the player, but is an essential interface for the game to communicate with the computer hardware which it is operating on. This differentiates the Company’s products from those of pure hardware suppliers.

#### Customers

Quixant’s longest standing customer is Ainsworth Game Technology Limited (“**Ainsworth**”), an Australian gaming and slot machine manufacturer, listed on the Australian Stock Exchange with a current market capitalisation of approximately AUD1.3 billion. Ainsworth is a key contributor to the Group’s income, representing a significant majority of the Company’s turnover in 2012. Quixant has continued to expand the rest of its customer base and currently has over 50 customers.

## The Market, Competition and Strategy

It is estimated that there are approximately 7.9 million gaming and slot machines currently in operation, with an estimated 450,000 new/replacement machines built in 2012. Quixant shipped approximately 18,500 Gaming Platforms in 2012 and the Company's market share of the total installed base of gaming and slot machines remains well below one per cent.

The Directors view gaming and slot machine manufacturers which typically produce over 25,000 gaming and slot machines per annum as "Tier 1" manufacturers, those which typically produce between 5,000 and 25,000 gaming and slot machines per annum as "Tier 2" manufacturers and which typically produce less than 5,000 gaming and slot machines per annum as "Tier 3" manufacturers

The gaming and slot machine manufacturers obtain their hardware from one of three sources:

- in-house engineering teams (the traditional approach of the Tier 1 manufacturers). The Directors believe that the potential outsourcing by Tier 1 manufacturers is a significant growth opportunity for Quixant;
- standard computer producers whose product then requires customisation. These computers are low cost but may contain components that impair reliability and typically have shorter life cycles which can cause additional regulatory complications and cost for the manufacturer; and
- specialist gaming computer product manufacturers (which the Directors believe both Tier 2 and Tier 3 manufacturers are using or are considering using). Quixant was one of the first movers in the market for specialist gaming computer product manufacturers.

Quixant produces high value, sophisticated products that are manufactured with Far Eastern cost competitiveness. It is the Directors' ambition to grow the business over the foreseeable future, capitalising on the progress made to date in broadening the customer base, securing new long-term customer contracts and building the brand of the Company to the extent that the "Quixant" name becomes synonymous with the standard for specialised gaming computer systems.

## Board of Directors

- Michael Peagram (Non-executive Chairman)\*
- Nick Jarmany (Founder and Managing Director)
- Gary Mullins (Founder and Sales Director)
- Chen-Tai (JJ) Lin (Founder and Manufacturing Director)
- Cresten Preddy (Finance Director)
- Guy van Zwanenberg (Non-executive Director)\*

\* Independent directors

## Financial Information, Current Trading and Prospects

The table below sets out selected key historical financial information for the three years ended 31 December 2012.

<i>Year ended 31 December</i>	<i>2010</i> <i>US\$'000</i>	<i>2011</i> <i>US\$'000</i>	<i>2012</i> <i>US\$'000</i>
Sales	5,303	9,100	21,577
Gross profit	2,418	3,792	9,900
EBITDA	715	1,440	5,081
Profit Before Tax	622	1,318	4,990
Profit After Tax	608	1,088	3,791
Net Assets	968	2,021	5,889
Net Cash inflow	112	806	852
Net Debt	(527)	(1,391)	(476)

Quixant has been in a period of transformational growth, driven to a large extent by the growth of sales to one key customer, with whom Quixant has a supply agreement until 2015.

In 2012, Quixant won design-in with two other Tier 2 customers. The custom design work for these customers has been completed and sample quantities of product were shipped to them in the first quarter of 2013. The Directors expect that mass production of Quixant products for these two new customers will commence in the second half of 2013. The Directors believe that the current sales pipeline is supportive of continued substantial growth in 2013 and 2014.

### **The Placing**

Smith & Williamson has undertaken to use its reasonable endeavours to act as agent of the Company to seek, pursuant to the Placing Agreement, subscribers for 8,434,782 million Ordinary Shares at a price of £0.46 per Ordinary Share. The Placing, which is not underwritten, is conditional upon, *inter alia*, the admission of the Ordinary Shares to trading on AIM by 21 May 2013, or such later time (being not later than 4 June 2013) as Smith & Williamson and the Company may agree.

The Company is issuing a total of 8,434,782 New Ordinary Shares at the Placing Price. The Placing will therefore raise £3.88 million (approximately US\$6.02 million) for the Company before expenses, which is expected to amount to £3.10 million (approximately US\$4.81 million) net of expenses. The Placing also includes 1,452,174 Vendor Shares which are being sold at the Placing Price on behalf of the Vendors to raise in aggregate £0.67 million (approximately US\$1.04 million) (before expenses).

The Vendor Shares comprise 1,452,174 Ordinary Shares (representing 2.25 per cent. of the Enlarged Issued Share Capital). Also as part of the Placing, Michael Peagram and Guy van Zwanenberg have agreed to subscribe for 178,261 New Ordinary Shares at the Placing Price.

### **Reasons for Admission and Use of Proceeds**

The Placing (which is conditional, *inter alia*, on Admission) has raised net proceeds of approximately £3.10 million (approximately US\$4.81 million) for the Company. The Company plans to use the proceeds from the Placing primarily to support the growth in the business, including the provision of working capital headroom that the Directors anticipate may be required as Quixant wins further contracts with larger customers.

In addition, the Directors believe Admission will assist the Group in its development by:

- raising its profile in the industry;
- providing potential access to capital to fund the future growth, when necessary; and
- incentivising existing and future employees.

### **Dividend Policy**

The Company is primarily seeking to achieve capital growth for its Shareholders. However, the Directors intend that the Company will declare and pay dividends in respect of excess equity over and above that required to fund the development of the Group. The amount thereof will depend upon the Company's financial results and condition, its cash requirements, future prospects, profits legally available for distribution and other factors deemed by the Directors to be relevant at the time.

### **VCT and EIS Taxation Relief**

The Company has received provisional approval from HMRC that the Placing Shares are capable of being a "qualifying holding" for the purpose of investment by a VCT or an investor seeking EIS relief.

## **Risk Factors**

Certain risk factors in relation to the Company and its business are brought to your attention in Part III of this document, including but not limited to:

**Regulation Risk** – It is possible that additional laws and regulations may be enacted with respect to the gaming industry, covering issues such as law enforcement, pricing, taxation, and quality of products and services.

**Technological risks** – The Company's business is dependent upon technology which could be superseded by superior technology, more competitively priced technology or a shift in working practices which could affect both the potential profitability and saleability of the Group's product offering.

**Key Persons** – The Company's success will depend to a significant extent upon the experience of the Company's executive officers whose continued service may not be guaranteed.

**Key customer dependency** – The Group currently generates a significant proportion of its revenue from certain customers. In 2012, the Group's top customer accounted for a significant majority of total revenue.

**Intellectual property protection** – The Group may be unable to successfully establish and protect its intellectual property which may be significant to the Group's competitive position. The Group's current or future intellectual property rights may or may not have priority over other third parties' claims to the same intellectual property.

## PART II

### INFORMATION ON THE GROUP

#### 1. History and background

Quixant designs and manufactures complete advanced hardware and software solutions (“**Gaming Platforms**”) for the pay-for-play gaming and slot machine industry. The Group was established in 2005 by the Founding Directors, all of whom worked together in the gaming-board division of a UK based global electronics company.

Quixant’s Gaming Platforms are supplied to manufacturers of gaming and slot machines and provide the platform upon which their games operate. Whilst Quixant’s technology in isolation is not subject to gaming industry regulation, the gaming and slot machines in which Quixant’s products are installed are heavily regulated in most jurisdictions and, therefore, in designing its products, Quixant gives careful consideration to these regulatory requirements to help its customers achieve their approvals.

The first product designed by Quixant, the QX-10, was formally launched at the International Casino Exhibition in London in January 2006, with its first volume sales of this product being made in 2007.

In 2007, Quixant won a major contract with Ainsworth Game Technology to design and manufacture a bespoke computer platform, based on Quixant’s QX-20 platform, for its then next generation of gaming and slot machines.

Quixant continued to win new customers and in September 2011, the Company opened its US office in Las Vegas (Quixant US) in order to provide a physical presence for existing US customers and accelerate the Company’s sales effort in the US market.

Quixant’s manufacturing capabilities have evolved with its rapid growth and continued investment into the Group’s manufacturing operations in Taiwan. The Company was awarded ISO 9001:2008 certification in 2008, a demonstration of Quixant’s commitment to high quality manufacturing.

#### 2. Operations

Quixant is headquartered in the UK, with its finance, marketing and administrative functions based at its head office in Cambridge. The Company’s global sales team is also based at the head office in the UK, with the Las Vegas subsidiary (Quixant US) responsible for North American (USA and Canada) sales.

Given the typical product development lifecycle for a gaming and slot machine manufacturer, the decision to change its computer hardware supplier represents a substantial business risk and requires significant consideration. The input of the customer design team is an integral part of sales process and the lead time for Gaming Platform suppliers (such as Quixant) to secure a substantial supply relationship with a gaming and slot machine manufacturer can be several years. Once a customer has selected a Quixant Gaming Platform, they are committing themselves to a long-term relationship with the Company (typically over five years).

The Directors’ experience has been that the design cycle for integration of Quixant’s Gaming Platforms with its customers is typically 12 to 18 months, requiring significant collaboration between the customer and the Quixant team, particularly in the area of supporting customers in their software development efforts. This function is provided by Quixant’s Italian subsidiary, Quixant Italia, which houses the Group’s software engineering and customer support team.

The manufacture of the Quixant Gaming Platforms is undertaken in Taiwan. Quixant Taiwan undertakes the electronic and mechanical hardware design engineering and is also responsible for procurement of all component parts, supplier and inventory management, overseeing the assembly of the Gaming

Platforms and maintaining quality control over the Company's products. Currently, Quixant outsources the assembly of its products to specialised electronics assembly subcontractors with whom it has established long-term working relationships. This has provided the Company with access to necessary expertise as well as scalability as sales have increased.

The Company currently has a total of 58 employees of which 40 employees are located in Taiwan, 8 employees are based in Italy, 3 employees are located in the United States and the balance are based at the Company's UK headquarters in Cambridge.

### **3. Key Strengths**

#### ***High quality, differentiated product***

- Quixant provides an all-in-one solution, based on PC technology but with augmentative hardware features and software developed by Quixant specifically to address the requirements of the gaming industry.
- Quixant products feature innovative mechanical designs which are optimised for operation in the gaming and slot machine environment. Quixant has secured a patent on aspects of its enclosure design under patent number US8373990B2 and is in the process of securing further patents.
- The software developed by Quixant communicates with the electronic hardware and connected gaming accessories in gaming and slot machines. Using this as a foundation, Quixant's customers' engineering teams are able to focus on game development which ultimately has the greatest impact on their commercial success and are supported by a comprehensive library of documentation to educate customers' software engineers on how to interface with Quixant's Gaming Platforms.
- Quixant guarantees the longevity of supply of its Gaming Platforms, thus providing customers with the assurance that both the hardware and software components will remain static for the lifetime of the gaming and slot machine.

#### ***Established Far Eastern manufacturing capability***

- The Taiwanese manufacturing and hardware design operations were established in 2007 and now have over 30 employees. The management team in Taiwan has over 20 years' experience in computer hardware manufacturing.
- Quixant is, therefore, able to couple high-value design capability with Far Eastern manufacturing cost competitiveness.

#### ***Experience in gaming market***

- Quixant is focussed on the gaming and slot machine market and, therefore, has a detailed understanding of the overall technology and regulatory requirements of the global gaming industry.
- Quixant's products have been designed to be compliant with the regulatory requirements in most major gaming jurisdictions and markets, worldwide.
- With over 25 years of combined experience in supplying PC based Gaming Platforms to the gaming and slot machine market, the management team at Quixant has established contacts with a significant number of gaming and slot machine manufacturers worldwide.

#### ***Market opportunity***

- In 2012, it is estimated that approximately 450,000 new/replacement gaming and slot machines were built. Quixant shipped approximately 18,500 Gaming Platforms in 2012.

- Over the last two years, the Company has gathered pace in gaining market share, securing three major design-ins with mid-sized manufacturers over the last twelve months.
- The Directors believe that Quixant’s listed status will facilitate the Company winning business with larger customers.

***Quixant brand recognition***

- The Directors believe that the awareness of the Quixant brand is increasing, with anecdotal evidence suggesting that Quixant Gaming Platforms are already being recognised as an industry standard in certain jurisdictions.
- Quixant regularly exhibits at numerous trade shows around the world, using these opportunities to demonstrate the Company’s products’ capabilities and develop new potential customer relationships.
- In 2012, Quixant won the “Best Devices and Accessory” award at the Balkan Entertainment and Gaming Exhibition.

**4. Products**

Quixant produces a range of Gaming Platforms – high performance, PC compatible systems designed and tuned specifically to meet the complex needs of the gaming and slot machine industry. The computer hardware integrates the features necessary to drive pay to play gaming and slot machines, while comprehensive software support, including device drivers and gaming protocols, augments this hardware, providing an holistic operating platform solution for Quixant’s customers.

Mainstream PC technology tends to have a relatively short product life cycle (often less than 12 months), to meet consumer demand, and this is poorly suited to gaming and slot machines which usually need to have their hardware and software components remain static for five years or more. When a gaming and slot machine manufacturer develops a new machine, it needs to pass a regulatory approval process in each jurisdiction in which it will be sold or operated. The Directors understand that this regulatory approval process is expensive and time consuming, with every subsequent minor variation requiring re-approval in advance and any unauthorised change potentially leading to a manufacturer experiencing regulatory consequences. This means that it is crucial for gaming and slot machine manufacturers to secure a stable source of computer hardware and software from trusted suppliers.

The development of Quixant’s Gaming Platforms is based on the following design principles which the Directors believe are essential characteristics for gaming and slot machine applications:

- Long lifecycles on key components to enable a 3 to 5 year supply lifetime of the Gaming Platform without changes to the components;
- Low power consumption components and, if possible, the ability to cool the Gaming Platform without fans;
- High reliability;
- Tailored electronics to enable direct interface with a range of third party gaming and slot machine hardware (e.g. bill acceptors, coin hoppers and ticket-in, ticket-out machines);
- Compliance with the regulatory requirements imposed on machine manufacturers in most major global gaming jurisdictions;
- High performance graphics processing capabilities and support for multiple screens;
- High degree of security against attack from hacking and unauthorised copying of game software and computer hardware; and
- Ability to customise Quixant products easily in order to match the requirements of individual customers.

Quixant currently has three tiers of product: a low-end product (currently the QXi-200); a mid-range product (currently the QXi-4000); and a high-end product (currently the QX-40); and a product specifically designed for the Italian AWP market (currently the QXi-106), each of which can be configured to customer specifications whilst retaining their core design. This enables the Company to cater for a wide variety of gaming and slot machines, from high end casino slot machines to low end AWP machines.

Quixant guarantees a five year supply lifetime of each of its Gaming Platforms from product launch with up to a two year extension, if required. In order to provide this Quixant selects the key components used in its computer boards from the long lifetime roadmap of its suppliers. Often these long lifetime parts are part of its suppliers' "embedded" roadmap.

Quixant has a strong relationship with AMD, which manufactures the microprocessors and graphics processors which are key components of Quixant's Gaming Platforms. Quixant is an AMD Fusion Partner Elite Member which provides Quixant with a very high degree of support from AMD including detailed information about their future product roadmap.

Quixant is also a Microsoft Windows Embedded Silver Partner.

Quixant also supplies several additional complementary accessory products to its Gaming Platforms which include monitors, storage devices and operating system licenses. Quixant's customers have cited the benefits of working with a trusted supplier for all the key components of their gaming and slot machines, and by offering these accessories, the Directors believe Quixant has catered for this preference.

## **5. Technology**

Quixant's products are based on PC technology, but through the Company's experience and knowledge of the gaming environment, the technology is tailored to gaming and slot machine applications.

In the Directors' experience standard PCs do not contain much of the functionality required by gaming and slot machines, such as:

- Interfaces to specialised gaming peripherals (e.g. bill acceptors, ticket-in, ticket-out machines, coin hoppers);
- Ability to store critical game data ("player tracking data") in memory which is preserved in the event of power failure;
- Security features required to ensure integrity of software operating on the machine and the hardware in the machine itself; and
- Logging capability, even when the gaming and slot machine mains power is switched off, to detect, for example, intrusion into the machine cabinet.

To address these requirements in its Gaming Platforms, Quixant has developed proprietary hardware and embedded software which is integrated onto its computer boards and is flexible in its design. This enables Quixant to easily respond to changes in regulation or customers operating in different markets or jurisdictions. In addition, this flexibility is useful in enabling customisation of products for specific customers if they decide to commission a bespoke design.

Quixant currently utilises advanced microprocessor and graphics technology from AMD's embedded division in its products. AMD has a long history as a leading supplier of microprocessors and, following its acquisition of graphics processor specialist ATI Technologies Inc in 2006, the Directors believe AMD has market leading graphics and processor technology which is well-aligned to the requirements of the gaming industry. In October 2012, International Gaming Technology announced that it had also selected AMD as a supplier of graphics processors for its latest gaming and slot machines.

Quixant’s software has no role in defining the appearance, operation or probabilities of the game seen by the player, but is an essential interface for the game to communicate with the computer hardware which it is operating on. This software further differentiates the Company’s products from those of pure hardware suppliers. The skills required to write this software are different to those required to write games. The Directors believe that Quixant’s Gaming Platforms enable customers to focus their software engineering resource on their core skills in writing popular and successful games, as well as reducing the time required to bring new games machines to market.

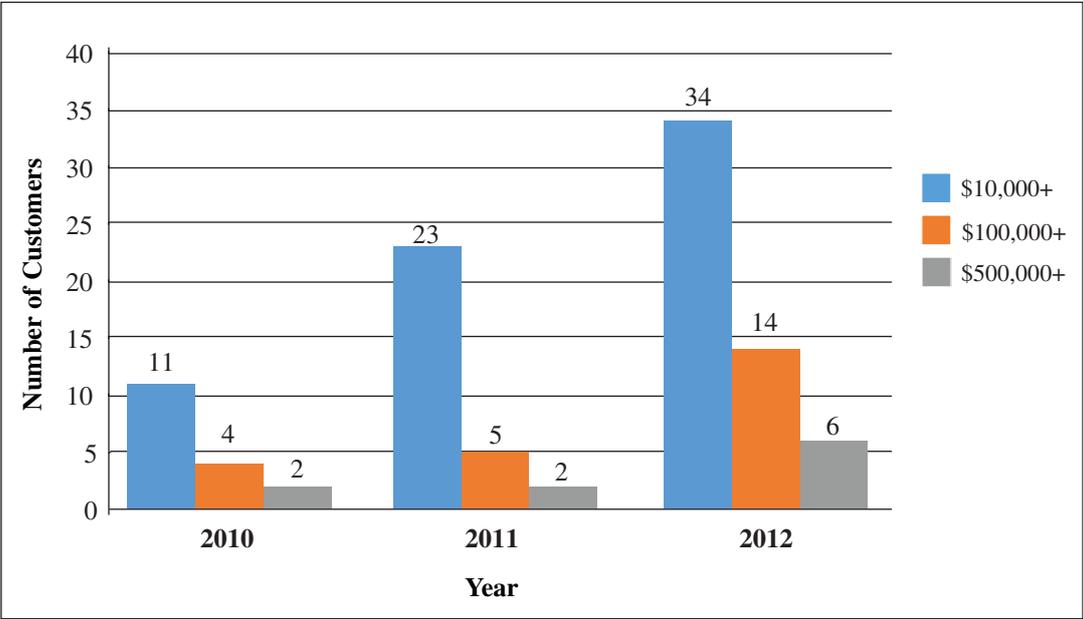
**6. Customers**

Given the nature of the gaming industry, in particular, the high degree of regulation which it is subject to, gaming and slot machine manufacturers tend to develop long term working relationships with suppliers which can provide a consistent and reliable product. The decision to change their computer hardware supplier requires significant consideration and, accordingly, the lead time for a supplier such as Quixant to secure a substantial supply relationship with a gaming and slot machine manufacturer can be several years. However, once such a relationship is secured, it is likely to be longstanding (typically over five years).

Quixant’s longest standing customer is Ainsworth Game Technology Limited (“**Ainsworth**”), an Australian gaming and slot machine manufacturer, listed on the Australian Stock Exchange with a current market capitalisation of approximately AUD1.3 billion. Ainsworth is a key contributor to the Group’s income, representing a significant majority of the Company’s turnover in 2012.

Quixant has continued to expand the rest of its customer base and currently has over 50 customers. As shown in the graph below, from 2010 to 2012, Quixant has increased its customers which represent revenues of US\$10,000 to US\$100,000 from 11 to 34. Its customers which represent revenues of US\$100,000 to US\$500,000 have increased from four to 14 and its customers which represent revenues in excess of US\$500,000 have increased from two to six.

These figures are summarised in the chart below.



Source: Quixant

Further, Quixant's management team has been successful in winning design-ins, which the Directors believe will lead to significant follow-on sales contracts, with two further Tier 2 gaming and slot machine manufacturers. The Directors expect that the additional business resulting from these new customers should lead to a material reduction in customer concentration.

## 7. The Market

It is estimated that there are approximately 7.9 million gaming and slot machines currently in operation. G3 Magazine, a global games and gaming publication, estimates the global new/replacement market for gaming and slot machines has fallen from its high in 2006/7 of between nine and eleven per cent. to the current level of between six and seven per cent. as a result of the global economic downturn. However, market analysis predicts that the total gaming market will grow by more than nine per cent. over the next three years.

In 2012, it is estimated that 450,000 new/replacement machines were built, during which time Quixant shipped approximately 18,500 Gaming Platforms. Quixant's market share of the total installed base of gaming and slot machines remains well below one per cent.

The majority of the gaming and slot machines manufactured and distributed globally are provided by a relatively small number of manufacturers which the Company classifies into three tiers for explanation purposes.

The first tier ("**Tier 1**") consists of the largest and in many cases publicly listed gaming and slot machine manufacturers, such as International Game Technology, Inc. ("**IGT**"), Bally Technologies, Inc., Scientific Games Corporation, Aristocrat Leisure Limited, Novomatic Group of Companies and the Gauselmann Group. The Directors view gaming and slot machine manufacturers which typically produce over 25,000 gaming and slot machines per annum as "Tier 1" manufacturers. They traditionally produce their own PC-based systems, however, the Directors believe they are increasingly considering using outsourced specialised gaming computer solutions for selected ranges of gaming and slot machines.

The Directors view gaming and slot machine manufacturers which typically produce between 5,000 and 25,000 gaming and slot machines per annum as second tier ("**Tier 2**") manufacturers, including Ainsworth, Multimedia Games Holding Company, Inc., SHFL Entertainment, Videobet (part of Playtech plc), American Gaming Systems Inc. and Video Gaming Technologies, Inc. Based on the contacts of the Quixant Sales team, the Directors believe that a majority of the Tier 2 manufacturers are using, or are considering using, specialised gaming computer solutions providers, such as Quixant.

The Directors view gaming and slot machine manufacturers which typically produce less than 5,000 gaming and slot machines per annum as third tier ("**Tier 3**") manufacturers. Based on the Company's experience, to date, the Directors believe that almost all of the Tier 3 manufacturers use, or are considering using, specialised gaming computer solution providers, such as Quixant.

Given the Company's current small market share and the potential to grow market share through additional business with new customers, the Directors believe that Quixant's growth is not dependent on the eventual upturn in the global economy and resultant recovery in gaming and slot machine replacement cycles or demand for new machines.

Instead, the Directors believe that Quixant has positioned itself as one of the leading suppliers of specialised Gaming Platforms, capitalising on evolution within the global gaming and slot machine manufacturing sector. They believe that Quixant can significantly increase its market share as Tier 1 and Tier 2 manufacturers continue to move away from in-house engineering of the computer boards and begin to outsource their gaming hardware production to specialist suppliers. The Directors believe that this process will accelerate as the PC technology becomes more complicated to design and the major manufacturers target new markets with varying regulatory regimes.

## **8. Competition**

The gaming and slot machine manufacturers obtain their hardware from one of three sources: in-house engineering teams; standard computer producers whose product then requires customisation; and specialist gaming computer product manufacturers. Quixant was one of the first movers in the market for specialist gaming computer product manufacturers.

The traditional approach of Tier 1 gaming and slot machine manufacturers is to have in-house hardware engineering teams. This gives the manufacturer complete control of the computer boards used in its machines. The in-house teams, however, create a fixed cost base which is not directly linked to volume of sales and therefore profitability is only achieved by higher volume production. In addition, the ability of these manufacturers to move quickly into new markets (with different regulatory requirements) is restricted by the time it would take for an in-house team to redesign the operating platform used in their gaming and slot machines. The Directors believe that these Tier 1 manufacturers are now considering outsourcing the computer design element which should free up capacity to focus on the high value game design and facilitates rapid entry into new markets. The Directors believe that the potential outsourcing by these manufacturers is a significant growth opportunity for Quixant.

The second approach for gaming and slot machine manufacturers is to customise standard computers from PC manufacturers such as Dell Inc., Nexcom International Co., Ltd, Kontron AG and ASUS TeK Computer Inc. These standard computers are designed to suit a wide range of applications and in the Directors' experience can lack the specific features required for a gaming and slot machine. These computers are low cost but may contain components that impair reliability and typically have shorter life cycles which can cause additional regulatory complications and cost for the manufacturer.

The third approach is to use a specialist gaming computer product manufacturer. This is a more recent development with a limited number of suppliers. There are two classes in this category: Western computer manufacturers that have traditionally specialised in gaming (for example, Quixant, Heber Limited and CMS Gaming Limited) and Far Eastern computer manufacturers who have chosen to develop products specifically for the gaming and slot machine market as a part of their overall product portfolio (for example, iBase Gaming Technology Inc., Advantech Co. Limited's Innocore gaming division, Acrosser Technology Co. Limited and Portwell Inc.). The approach of Quixant and its competitors is to create specialised products that are designed specifically for gaming applications, providing the reliability and longevity required by the gaming and slot machine manufacturers.

## **9. Strategy**

Quixant has a highly specialised product range with hardware and software designed to satisfy the specialist needs of gaming and slot machine manufacturers. With the gaming industry moving towards sophisticated PC-based machines, the Company's product range is designed to reduce the requirement for customers to perform menial hardware and software engineering tasks and also reduce customer effort required to generate compliant products for multiple markets. The Directors believe this addresses the customer's critical requirement for stable, long term supply while also reducing its need to develop the operating platform technology in house, thus enabling the customer to focus on development of the games themselves.

Due to long design/approval time for new gaming and slot machines manufacturers may be hampered in their ability to leverage new technology. Each new gaming and slot machine needs regulatory approval in each jurisdiction in which it will be sold or operated which the Directors understand is expensive and time consuming. This creates high product inertia and significant barriers to change for gaming and slot machine manufacturers, thus ensuring long-term business for their current suppliers. Quixant has been establishing itself in the gaming market since 2005 and, the Directors believe, is now well placed to win new contracts as customers redesign their products for the next cycle of replacements and new gaming and slot machines.

Quixant produces high value, sophisticated products that are manufactured with Far Eastern cost competitiveness. It has expertise in computer design and embodies elements of design in its products that are aimed at improving reliability when compared to higher volume manufacturers of standard computer products.

It is the Directors' ambition to grow the business over the foreseeable future, capitalising on the progress made to date in broadening the customer base, securing new long-term customer contracts and building the brand of the Company to the extent that the "Quixant" name becomes synonymous with the standard for specialised gaming computer systems.

## **10. Board of Directors and Senior Management**

### **10.1 The Board**

The Board comprises four executive Directors and two non-executive Directors, both of whom are independent. Details of the Directors are set out below:

#### ***Michael Peagram (69), Non-executive Chairman***

Michael has a background in the pharmaceutical and chemical industry. As managing director of Holliday Chemical Holdings Plc, he oversaw the international expansion of the company, leading to a listing on the Official List in 1993 and the subsequent sale to Yule Catto Plc in 1998, following which he remained as deputy chairman until 2007. Subsequently, Michael has held various non-executive director positions, principally as chairman, for growing AIM listed companies such as CRC Group plc (computer and mobile phone servicing) and RMR plc (internet conferencing). He is currently non-executive director of Hangar8 plc along with a number of other appointments. Michael is also an active investor in numerous private technology companies and is involved with a number of community based business and technology development ventures.

He has a doctorate in Chemistry from Oxford University and an MBA from Manchester Business School.

#### ***Nick Jarmany (51), Managing Director***

Nick is a founding director of Quixant and has brought extensive management experience and computer engineering knowledge to the Company. Nick has a background in the technology industry and he was employed by Densitron Technologies PLC ("**Densitron**") for 22 years. In this time he held numerous roles in design, engineering, sales and, finally as, Group Technical Director. Nick had overall responsibility for Densitron's gaming business strategy, led the design process and negotiated with key suppliers and customers in the USA, Europe and Asia.

He has an honours degree in Electronic Engineering from the University of Sheffield.

#### ***Gary Mullins (42), Sales Director***

Gary is a founding director of Quixant and has a proven track record in technology sales and marketing. He was employed by Densitron for more than 10 years in sales and marketing. At Densitron, Gary was responsible for securing contracts with numerous multi-nationals. Gary has a proven track record of winning large orders for technical products from major companies. Prior to founding Quixant, he was sales director at Ntera Limited, a nanotech electronic paper displays developer.

He has an honours degree in Electronic Systems from the Royal Military College of Science.

#### ***Chen-Tai (JJ) Lin (50), Manufacturing Director***

JJ is a founding director of Quixant and has 23 years' experience in computer hardware manufacturing. JJ's previous roles include leading the design teams at GIT Technologies Ltd and TC-Tech, developing automotive test systems and managing the hardware production at Intimate Partner Co., a major EMS house, producing motherboards and graphics cards for large Taiwanese brands. JJ was the General

Manager of Densitron Computers Taiwan Ltd, a manufacturer of long-life custom embedded PC products for the gaming market, and became the General Manager of Techware Technology Co. Ltd, a Taiwanese Windows CE development house.

He has a degree in Electronic Engineering from the National Taiwan University of Science and Technology.

***Cresten Preddy (59), Finance Director***

Cresten is an experienced accountant with 41 years in practice. Cresten began her career at Baker, Rooke & Amsdoms before moving to Arthur Andersen. She left Arthur Andersen after 18 years moving to NCL Investments Limited, to become its financial controller and company secretary. In April 2004, Cresten established her own practice, providing accounting services to a variety of clients as a qualified sole practitioner. Cresten has worked with and advised Quixant since July 2009 and joined the Company in July 2012.

Cresten is a Fellow of The Institute of Chartered Accountants in England and Wales.

***Guy van Zwanenberg (58) – Non-executive Director***

Guy has 40 years' experience in industry and practice. He qualified as a Chartered Accountant with Grant Thornton and then spent three years working with James Gulliver. Guy subsequently moved to become UK Finance Director of an American computer accessory company which was taken public in 1989. In 1991, he established his own interim financial management business and has since been involved in a number of SME businesses providing strategic and financial help. He joined Gaming King plc in 1998 on a part time basis as Finance Director and became Company Secretary and non-executive director in 2006, remaining as a non-executive director when the company listed on AIM as Sceptre Leisure plc in 2008, and where he sits on the Audit and Remuneration committees.

Guy is both a Fellow of The Institute of Chartered Accountants in England and Wales and a Chartered Director.

**10.2 Senior Management**

***Jon Jayal – General Manager***

Jon Jayal was one of the key members of the design team which developed Quixant's first product, the QX-10, but left Quixant in 2006 to broaden his experience in the financial sector, both as an investment consultant at Mercer Limited and as account manager at BlackRock, Inc. He re-joined Quixant in July 2012 as General Manager, based at the Company's UK headquarters in Cambridge. The Director's believe that Jon's deep knowledge of the technology that is the foundation of Quixant's business together with his wider financial and managerial experience means he is well suited to help Quixant continue its rapid rate of growth as part of the management team.

Jon is a Chartered Financial Analyst and has a first class honours degree in Electronic Engineering from the University of Warwick.

***Ivan Chen – Associate Vice President (Quixant Taiwan)***

Ivan Chen has over 15 years' experience in computing, most of which are in the industrial computer field. Ivan was Electrical Engineering manager at DT Research for 6 years before joining Advantech Co. Limited as senior Research & Development manager and senior programme manager for the medical and gaming product divisions. He joined Quixant Taiwan in 2011 and is responsible for product development and management.

Ivan has a degree in Electronic Engineering from Kuang Wu College.

***Dean Chang – Senior Finance Manager (Quixant Taiwan)***

Dean is a member of the senior management team at Quixant Taiwan. Dean's background is in audit, finance and accounting, having previously worked at KPMG Peat Marwick as well as holding senior financial roles in several industrial companies, including Lite-On Technology Corp., Cotek Industry Group, Compliance Certification Services, Inc., EZconn Corporation and I-Chiun Precision Industry Co., Ltd.

Dean has a B.S. in Business Administration from the National Chung Hsing University in Taipei, Taiwan and a M.P.A. in Professional Accounting from the University of Texas, USA and is fluent in English and Mandarin.

***Paolo Ruscitti – Manager, Software Development (Quixant Italia)***

Paolo joined Quixant Italia in 2008, as one of its founding members, and has played a key role in developing Quixant's proprietary software as well as building up the software development and customer support team. He has spent his whole career as a software engineer working in the embedded technology space. Before joining Quixant, Paolo worked in the R&D department of Ericsson, based in Rome, focused on telecom platform development and was the technical coordinator for several international projects. Prior to this, he worked at Olivetti Tecnost, where he was responsible for developing Totocalcio, a soccer betting machine.

Paolo has a Masters degree in Electronic Engineering, specialised in robotics, from University "La Sapienza" in Rome and speaks fluent Italian and English.

***Amit Sharma – Vice President, Sales (Quixant US)***

Amit Sharma joined the Group in 2011 as Vice President of Sales, bringing over seven years of sales and marketing experience to the company. Amit currently manages sales in the United States, while also running Quixant US in Las Vegas, Nevada. He has expertise in the area of embedded computers with a deep understanding of computer systems for gaming. The Directors believe that Amit's background in technology, knowledge of the gaming industry and success in sales make him qualified to help the Group into North America.

Amit Sharma has a B.S. in Electrical Engineering and B.A. in Economics – Management Science from the University of California San Diego.

## **11. Corporate Governance**

The Board comprises two independent non-executive Directors and four executive Directors. The Directors recognise the importance of sound corporate governance and intend to comply with the Quoted Companies Alliance Corporate Governance Guidelines for Smaller Quoted Companies which they believe are appropriate for a company with shares traded on AIM of the size and structure of the Company. In particular, the Directors are responsible for overseeing the effectiveness of the internal controls of the Company designed to ensure that proper accounting records are maintained, that the financial information on which business decisions are made and which is issued for publication is reliable and that the assets of the Company are safeguarded.

The Board has established an audit committee with formally delegated duties and responsibilities, comprising not less than two non-executive directors. The audit committee will meet at least twice a year and will be responsible for ensuring that the financial performance of the Company is properly reported on and monitored, including reviews of the annual and interim accounts, results announcements, internal control systems and procedures and accounting policies. Guy van Zwanenberg has been appointed chairman of the audit committee.

The Board has established a remuneration committee with formally delegated duties and responsibilities, comprising not less than two non-executive directors. The remuneration committee will

meet at least once a year and will be responsible for setting the remuneration policy for the executives of the Company. Michael Peagram has been appointed chairman of the remuneration committee.

The Board will not have a nomination committee. The Board as a whole is responsible for determining from time to time whether it is appropriate to appoint new Directors.

## 12. Selected key historical financial information

The table below sets out selected key historical financial information for the three years ended 31 December 2012.

<i>Year ended 31 December</i>	<i>2010</i> <i>US\$'000</i>	<i>2011</i> <i>US\$'000</i>	<i>2012</i> <i>US\$'000</i>
Sales	5,303	9,100	21,577
Gross profit	2,418	3,792	9,900
EBITDA	715	1,440	5,081
Profit Before Tax	622	1,318	4,990
Profit After Tax	608	1,088	3,791
Net Assets	968	2,021	5,889
Net Cash inflow	112	806	852
Net Debt	(527)	(1,391)	(476)

Quixant has demonstrated a strong financial track record, to date. Revenues for the year ended 31 December 2012 increased by 137 per cent. to US\$21.6 million (compared to 2011) with gross margins for the three years ended 31 December 2012 maintained at over 40 per cent. Whilst the Company does not experience pronounced seasonality, experience to date indicates that orders and, hence, revenues tend to be higher in the second half of the financial year.

EBITDA increased by over 250 per cent. in 2012 compared to 2011, with EBITDA margins having steadily increased from 13 per cent. for the year ended 31 December 2010 to 24 per cent. for 2012.

The Company has demonstrated strong growth in profitability with Profits Before Tax increasing by eight times over the period under review from US\$0.62 million for the year ended 31 December 2010 to US\$4.99 million for the year ended 31 December 2012, representing a profit margin of 23 per cent.

Net debt has reduced from US\$1.4 million as at 31 December 2011 to US\$0.5 million as at 31 December 2012, representing gearing of 8 per cent.

## 13. Current trading and prospects

Quixant has been in a period of transformational growth, driven to a large extent by the growth of sales to one key customer, with whom Quixant has a supply agreement until 2015.

In 2012, Quixant won design-ins with two other Tier 2 customers. The custom design work for these customers has been completed and sample quantities of product were shipped to them in the first quarter of 2013. The Directors expect that mass production of Quixant products for these two new customers will commence in the second half of 2013. The Directors believe that the current sales pipeline is supportive of continued substantial growth in 2013 and 2014.

## 14. The Placing

Smith & Williamson has undertaken to use its reasonable endeavours to act as agent of the Company to seek, pursuant to the Placing Agreement, subscribers for 8,434,782 million Ordinary Shares at a price of £0.46 per Ordinary Share. The Placing, which is not underwritten, is conditional upon, *inter alia*, the admission of the Ordinary Shares to trading on AIM by 21 May 2013, or such later time (being not later than 4 June 2013) as Smith & Williamson and the Company may agree.

Under the Placing Agreement, which may be terminated by Smith & Williamson in certain circumstances (including *force majeure*) prior to Admission, the Company has given certain warranties and indemnities to Smith & Williamson concerning, *inter alia*, the accuracy of the information contained in this document.

The Company is issuing a total of 8,434,782 New Ordinary Shares at the Placing Price. The Placing will therefore raise £3.88 million (approximately US\$6.02 million) for the Company before expenses, which is expected to amount to £3.10 million (approximately US\$4.81 million) net of expenses. The Placing also includes 1,452,174 Vendor Shares which are being sold at the Placing Price on behalf of the Vendors to raise in aggregate £0.67 million (approximately US\$1.04 million) (before expenses).

The Vendor Shares comprise 1,452,174 Ordinary Shares (representing 2.25 per cent. of the Enlarged Issued Share Capital). Also as part of the Placing, Michael Peagram and Guy van Zwanenberg have agreed to subscribe for 178,261 New Ordinary Shares at the Placing Price.

Dealings on AIM in the Ordinary Shares are expected to commence on 21 May 2013. In the case of Placees requesting their Placing Shares in uncertificated form, it is expected that the appropriate CREST accounts will be credited with the Placing Shares comprising their placing participation with effect from 21 May 2013. In the case of Placees requesting their Placing Shares in certificated form it is expected that certificates in respect of such shares will be despatched by post not later than 31 May 2013. Pending despatch of definitive share certificates or crediting of CREST accounts, the Company's registrars will certify any instrument of transfer against the register.

#### **15. Lock-in and Orderly Market Arrangements**

Subject to the arrangements for the sale of the Vendor Shares in the Placing, all of the Directors have undertaken, and have procured to ensure that their connected parties undertake, not to dispose of any interest in their Ordinary Shares for a minimum period of 12 months following Admission except in the very limited circumstances allowed by the AIM Rules, such as a takeover offer for the Company.

Further, the Directors shall not, and shall procure that their connected parties shall not, for a further period of 12 months from the end of such lock-in period dispose of any interest in such Ordinary Shares otherwise than through the Company's broker from time to time, subject to the broker's terms being competitive to the terms being offered by other brokers and the sale price through the broker of any Ordinary Shares proposed to be disposed of is at least equivalent to the price that can be obtained elsewhere.

The Vendors (other than the Directors whose arrangements are set out above) shall not, and shall procure that their connected parties shall not, for a period of 24 months following Admission dispose of any Ordinary Shares otherwise than through the Company's broker from time to time, subject to the broker's terms being competitive to the terms being offered by other brokers and the sale price through the broker of any Ordinary Shares proposed to be disposed of is at least equivalent to the price that can be obtained elsewhere.

#### **16. Relationship Agreements**

Following completion of the placing, the Key Shareholders, together with their connected parties, will, in aggregate, have an interest in 60.15 per cent. of the Enlarged Issued Share Capital. The Key Shareholders have each entered into a Relationship Agreement with the Company and Smith & Williamson under which they have agreed to exercise their rights as Shareholders so as to ensure that the Company is capable of carrying on its business independently of them.

A summary of the Relationship Agreements is set out in paragraph 11 of Part V of this document.

## **17. Reasons for Admission and Use of Proceeds**

The Placing (which is conditional, *inter alia*, on Admission) has raised net proceeds of approximately £3.10 million (approximately US\$4.81 million) for the Company. The Company plans to use the proceeds from the Placing primarily to support the growth in the business, including the provision of working capital headroom that the Directors anticipate may be required as Quixant wins further contracts with larger customers.

In addition, the Directors believe Admission will assist the Group in its development by:

- raising its profile in the industry;
- providing potential access to capital to fund the future growth, when necessary; and
- incentivising existing and future employees.

## **18. Vendor Placing**

As part of the Placing, the Vendors are selling 1,452,174 Vendor Shares, representing 2.25 per cent. of the Enlarged Issued Share Capital. The gross proceeds of the Vendor Placing are approximately £0.67 million (approximately US\$1.04 million).

Further details regarding the Vendors are set out in paragraph 5(E) of Part V of this document.

## **19. Dividend Policy**

The Company is primarily seeking to achieve capital growth for its Shareholders. However, the Directors intend that the Company will declare and pay dividends, including in respect of the current financial year, with regard to any excess equity over and above that required to fund the development of the Group. The amount thereof will depend upon the Company's financial results and condition, its cash requirements, future prospects, profits legally available for distribution and other factors deemed by the Directors to be relevant at the time.

## **20. VCT and EIS Taxation Relief**

The Company has received provisional approval from HMRC that the Placing Shares are capable of being a "qualifying holding" for the purpose of investment by a VCT or an investor seeking EIS relief. Further information is included in paragraph 19 of Part V of this document.

**Prospective investors should be aware that the Vendor Shares being sold on behalf of the Vendors are not eligible for either VCT or EIS relief. It is intended that insofar as is practicable, investors eligible for VCT or EIS relief will be allocated VCT/EIS Placing Shares. Prospective investors should not, however, invest on the basis of receiving such relief.**

## **21. Taxation**

Information regarding the United Kingdom taxation with regard to potential Shareholders is set out in Part V of this document. No taxation advice is being provided to Shareholders in this document. If you are in any doubt as to your tax position, you should consult your professional adviser immediately.

## **22. CREST**

CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by a written instrument in accordance with the CREST Regulations. The Articles permit the holding of Ordinary Shares under the CREST system. All of the Ordinary Shares will be in registered form and no temporary documents of title will be issued.

The Company has applied for the Ordinary Shares to be admitted to CREST on the date of Admission and it is expected that the Ordinary Shares will be so admitted and accordingly enabled for settlement

in CREST on the date of Admission. Accordingly, settlement of transactions in Ordinary Shares following Admission may take place within the CREST system if any Shareholder so wishes.

CREST is a voluntary system and holders of Ordinary Shares who wish to receive and retain share certificates will be able to do so.

### **23. Admission, Settlement and Dealings**

Application has been made to the London Stock Exchange for all of the Ordinary Shares to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings in the Ordinary Shares will commence on 21 May 2013.

No temporary documents of title will be issued. All documents sent by or to a Placee who elects to hold Ordinary Shares in certificated form, or at his direction, will be sent through the post at the Placee's risk. Pending the despatch of definitive share certificates, instruments of transfer will be certified against the register of members of the Company.

### **24. Risk Factors**

Certain risk factors in relation to the Company and its business are brought to your attention in Part III of this document.

### **25. Further Information**

**Your attention is drawn to the additional information set out in Part V of this document.**

## PART III

### RISK FACTORS

**In addition to the other relevant information set out in this document, the following specific factors should be considered carefully in evaluating whether to make an investment in the Company. If you are in any doubt about the contents of this document or the action you should take, you are strongly recommended to consult a professional adviser authorised under FSMA who specialises in advising on the acquisition of shares and other securities.**

**The Directors believe the following risks to be the most significant for potential investors. The risks listed, however, do not necessarily comprise all those associated with an investment in the Company and are not intended to be presented in any assumed order of priority. In particular, the Company's performance may be affected by changes in legal, regulatory and tax requirements in any of the jurisdictions in which it or its subsidiary companies operate or intend to operate as well as overall global financial conditions.**

**This is a high risk investment and investors may lose a substantial portion or even all of the money they invest in the Company. An investment in the Company is, therefore, suitable only for financially sophisticated investors who are capable of evaluating the risks and merits of such investment and who have sufficient resources to bear any loss that might result from such investment. If you are in any doubt about the contents of this document you should consult an independent financial adviser authorised under FSMA.**

**Investors should also take their own tax advice as to the consequences of their owning shares in the Company as well as receiving returns from it. No representation or warranty, express or implied, is given to investors as to the tax consequences of their acquiring, owning or disposing of any shares in the Company and neither the Company, the Directors nor Smith & Williamson will be responsible for any tax consequences for any such investors.**

**A prospective investor should consider carefully whether an investment in the Company is suitable for him/her in view of his/her personal circumstances and the financial resources available to him/her.**

#### **Business and Industry Risks**

##### *Regulation risk*

Regulation of the gaming industry is rapidly evolving and there are an increasing number of directly applicable laws and regulations. It is possible that additional laws and regulations may be enacted with respect to the gaming industry, covering issues such as law enforcement, pricing, taxation, and quality of products and services. Whilst the Group is not, itself, currently subject to any gaming industry regulation, the adoption of and the requirement to comply with such new or revised regulations, or new or changed interpretations or enforcement of existing regulations, may have a material adverse effect on the Group's business and on the results of its operations.

##### *Technological risks*

The Company's business is dependent upon technology which could be superseded by superior technology, more competitively priced technology or a shift in working practices which could affect both the potential profitability and saleability of the Group's product offering.

Staying abreast of technological changes may require substantial investment. The Group's existing software products need to develop continually in order to meet customer requirements. The technology used in the Group's products is still evolving and is highly complex and may change. Research and

development by other companies may render any of the Group's products in development or currently available obsolete.

#### *Key persons*

The Company's success will depend to a significant extent upon the experience of the Company's executive officers whose continued service may not be guaranteed. The departure of one or more key executives of the Company could have a material and adverse effect on the performance of the Company.

#### *Competition risk*

There can be no guarantee that the Group's competitors have not already developed and/or will not develop products and services which are competitive to those supplied by the Group and there can be no assurances that the availability of any such products and services will not adversely affect future demand for the Group's own products and services. The Group's competitors may have or develop greater financial, marketing and technological resources than the Group enabling them to develop products and services which are competitive to those of the Group and to promote them more successfully than the Group.

#### *Key customer dependency*

The Group currently generates a significant proportion of its revenue from certain customers. In 2012, the Group's top customer accounted for a significant majority of total revenue. The loss of all or a substantial proportion of the business provided by one or more of the Group's top customers could have a material adverse effect on the Group's business.

#### *Failure to renew customer agreements*

The Group's customers may not renew, or may reduce the scope of, their subscriptions for the Group's services and products. Renewal rates may decline or fluctuate as a result of a number of factors, including customers' level of satisfaction with the Group's products and services and their ability to continue their operations and spending levels.

#### *Currency exchange rates risk*

The Group's functional currency is the US Dollar and its contracts are denominated in US Dollars to protect against any changes in exchange rate, which is a strategic decision. A portion of the Group's operating, marketing and administrative expenses are, however, paid in other currencies including Sterling and the net proceeds of the Placing will be denominated in Sterling. Hence, the Company is exposed to fluctuations in exchange rates, in particular, between the US Dollar and Sterling. Such exposure may affect the Company's results. The Company may consider, on a case by case basis, implementing policies to limit its currency exposure, if appropriate, and will examine currency hedging instruments when they prove to be available and cost effective.

#### *Product risks*

The Group's products and the software on which they are based are complex and may contain undetected defects when first introduced. Additionally problems may be discovered from time to time in existing, new or enhanced products. Undetected defects could damage the Group's reputation, ultimately leading to an increase in the Group's costs or reduction in its revenues.

#### *Operational problems*

The Group's revenues are dependent on the continued operations of its various facilities. Operational risks include equipment failure, failure to comply with applicable regulations and standards, disruptions in the supply of component parts, labour force shortages or work stoppages, events impeding or increasing the cost of transporting the Group's products and natural disasters.

Any disruption of the manufacturing processes can result in delivery delays, interrupt production or even lead to a full cessation of production. Whilst the Group has established relationships with more than one specialised electronics producer, which mitigates this risk, a disruption in production could damage the Group's reputation, ultimately leading to a reduction in its revenues.

#### *Intellectual property protection*

The Group may be unable to successfully establish and protect its intellectual property which may be significant to the Group's competitive position. The Group's current or future intellectual property rights may or may not have priority over other third parties' claims to the same intellectual property.

#### *Tax related risks*

There may, in certain circumstances, be withholding or other taxes on the profits or other returns derived from the Company's investments which may change from time to time and which could have a material and adverse affect on the Company's performance.

The tax regimes applying in the countries in which the Company operates and/or invests may change, thereby affecting the tax treatment of the Company. For further information, please refer to Part V of this document.

#### *Growth management and acquisitions*

The Directors believe that further expansion, either organic or via acquisition, will be required in the future to capitalise on the anticipated increase in demand for the Group's services and products. The Group's future success will depend, in part, on its ability to manage this anticipated expansion. Such expansion is expected to place demands on management, support functions, accounting, sales and marketing and other resources.

If the Group is unable to manage its expansion effectively, its business and financial results could suffer. The process of integrating an acquisition into its business may produce unforeseen operating difficulties and expenditures and may absorb significant attention of the Group's management that would otherwise be available for the on-going development of its business, which may materially harm the Group's business, financial condition or operating results. There can be no guarantee that the Group will be able to source and execute suitable acquisitions in the future.

#### *Potential requirement for further investment*

Any future acquisitions, expansion, activity and/or business development may require additional capital, whether from equity or debt sources. There can be no guarantee that the necessary funds will be available on a timely basis, on favourable terms, or at all, or that such funds if raised, would be sufficient. If additional funds are raised by issuing equity securities, dilution to the then existing shareholdings may result. Debt funding may require assets of the Group to be secured in favour of the lender, which security may be exercised if the Group were to be unable to comply with the terms of the relevant debt facility agreement. The level and timing of future expenditure will depend on a number of factors, many of which are outside the Group's control. If the Group is not able to obtain additional capital on acceptable terms, or at all, it may be forced to curtail or abandon such planned acquisition opportunities, expansion, activity and/or business development. The above could have a material adverse effect on the Group.

#### *Dividends*

The Company's current policy is to only recommend dividends when appropriate and practicable. There can be no assurance as to the level of future dividends (if any) that may be paid by the Company. Any determination to pay dividends in the future will be a decision for the Board (and will be subject to applicable laws and generally accepted accounting principles from time to time, and other factors the Board deems relevant).

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

The Company's operating results may fluctuate significantly in the future due to a variety of factors, many of which are outside its control. Accordingly, investors should not rely on comparisons with the Company's results to date as an indication of future performance. Factors that may affect the Company's operating results include increased competition, an increased level of expenses, technological change necessitating additional capital expenditure, slower than expected sales and changes to the statutory and regulatory regime in which it operates. It is possible that, in the future, the Company's operating results may fall below the expectations of market analysts or investors. If this occurs, the trading price of the Company's Ordinary Shares may decline significantly.

### *EIS and VCT status*

The Company received provisional approval from HMRC on 1 February 2013 that the Company should be a "qualifying holding" for the purposes of the EIS and for investment by a VCT under Part 5 (EIS) and Part 6 (VCT) of Chapter 4 of the Income Taxes Act 2007 respectively, and that the Ordinary Shares will be eligible shares for the purposes of section 173 and section 285(3A) of the Income Taxes Act 2007.

The provisional approval relates only to the qualifying status of the Company and its shares and does not guarantee that any particular VCT will qualify for relief in respect of an acquisition of Ordinary Shares. The continuing availability of EIS relief and the status of the relevant Placing Shares as a qualifying holding for VCT purposes will be conditional *inter alia*, on the Company continuing to satisfy the requirements for a qualifying company throughout the period of three years from the date of the investor making their investment (under EIS) and, for VCT purposes, throughout the period the Ordinary Shares are held as a "qualifying holding". Neither the Company nor the Company's advisers are giving any warranties or undertakings that any relief under the EIS or that VCT qualifying status will be available in respect of this Placing, or that in due course such relief or status will not be withdrawn.

Circumstances may arise where the Board believes that the interests of the Company are not best served by acting in a way that preserves the EIS or VCT qualifying status (if granted). In such circumstances, the Company cannot undertake to conduct its activities in a way designed to preserve any such relief or status. Should the law regarding the EIS or VCTs change then any relief or qualifying status previously obtained may be lost. Any person who is in any doubt as to their taxation position should consult their professional taxation adviser in order that they may fully understand how the rules apply in their individual circumstances.

## **Risks Relating to the Ordinary Shares**

### *AIM*

The Ordinary Shares will be admitted to AIM and it is emphasised that at this time no application is being made for admission of the Ordinary Shares to the Official List or to any other stock exchange. An investment in shares quoted on AIM may be less liquid and may carry a higher risk than an investment in shares quoted on the Official List. The rules of AIM are less demanding than those of the Official List. Further, the London Stock Exchange has not itself examined or approved the contents of this document. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser.

The market price of the Ordinary Shares may be subject to wide fluctuations in response to many factors, including variations in the operating results of the Company, divergence in financial results from analysts' expectations, changes in earnings estimates by stock market analysts, general economic conditions, overall market or sector sentiment, legislative changes in the Company's sector and other events and factors outside of the Company's control.

Stock markets have from time to time experienced severe price and volume fluctuations, a recurrence of which could adversely affect the market price for the Ordinary Shares.

#### *Economic conditions and current economic weakness*

Any economic downturn either globally or locally in any area in which the Group operates may have an adverse effect on the demand for the Group's products. A more prolonged economic downturn may lead to an overall decline in the volume of the Group's sales, restricting the Group's ability to realise a profit. The markets in which the Group offers its services are directly affected by many national and international factors that are beyond the Group's control.

#### *Market risks*

The Group may be affected by general market trends which are unrelated to the performance of the Group itself. The Group's success will depend on market acceptance of the Group's products and there can be no guarantee that this acceptance will be forthcoming. Market opportunities targeted by the Group may change and this could lead to an adverse effect upon its revenue and earnings.

#### *Taxation*

Any change in the Company's or its subsidiaries' tax status or in tax legislation could affect the Company's ability to provide returns to shareholders. Statements in this document in relation to tax and concerning the taxation of investors in Ordinary Shares are based on current tax law and practice which is subject to change. The taxation of an investment in the Company depends on the specific circumstances of the relevant investor.

The nature and amount of tax which members of the Group expect to pay and the reliefs expected to be available to any member of the Group are each dependent upon a number of assumptions, any one of which may change and which would, if so changed, affect the nature and amount of tax payable and reliefs available. In particular, the nature and amount of tax payable is dependent on the availability of relief under tax treaties in a number of jurisdictions and is subject to changes to the tax laws or practice in any of the jurisdictions affecting the Group. Any limitation in the availability of relief under these treaties, any change in the terms of any such treaty or any changes in tax law, interpretation or practice could increase the amount of tax payable by the Group.

#### *Investment risk*

An investment in a share which is traded on AIM, such as the Ordinary Shares, may be difficult to realise and carries a high degree of risk. The ability of an investor to sell Ordinary Shares will depend on there being a willing buyer for them at an acceptable price. Investors may therefore realise less than, or lose all of, their investment.

Investors should be aware that, following Admission, the market price of the Ordinary Shares may be volatile and may go down as well as up and investors may therefore be unable to recover their original investment and could even lose their entire investment. This volatility could be attributable to various facts and events, including the availability of information for determining the market value of an investment in the Company, any regulatory or economic changes affecting the Group's operations, variations in the Group's operating results, developments in the Group's business or its competitors, or changes in market sentiment towards the Ordinary Shares. In addition, the Group's operating results and prospects from time to time may be below the expectations of market analysts and investors.

### *Volatility of the value of the Company's Ordinary Shares*

Investors should be aware that the value of the Ordinary Shares may be volatile and may go down as well as up and investors may therefore not recover any or all of their original investment, especially as the market in Ordinary Shares on AIM may have limited liquidity.

In addition, the price at which investors may dispose of their Ordinary Shares may be influenced by a number of factors, some of which may pertain to the Company, and others of which are extraneous. These factors could include the performance of the Company's operations, large purchases or sales of Ordinary Shares, liquidity (or absence of liquidity) in the Ordinary Shares, currency fluctuations, legislative or regulatory or taxation changes and general economic conditions. The value of the Ordinary Shares will therefore fluctuate and may not reflect their underlying asset value. Investors may realise less than the original amount invested.

### *Shareholder tax*

Investors should take their own tax advice as to the consequences of owning shares in the Company as well as receiving returns from it. In particular investors should be aware that ownership of shares in the Company can be treated in different ways in different jurisdictions.

### *Illiquidity*

There will have been no public trading market for the Ordinary Shares prior to Admission. The Ordinary Shares may therefore be illiquid in the short to medium term and, accordingly, an investor may find it difficult to sell Ordinary Shares, either at all or at an acceptable price. Further, the Group can give no assurance that an active trading market for the Ordinary Shares will develop, or if such a market develops, that it will be sustained. If an active trading market does not develop or is not maintained, the liquidity and trading price of the Ordinary Shares could be adversely affected and investors may have difficulty selling their Ordinary Shares. The market price of the Ordinary Shares may drop below the Placing Price. Any investment in the Ordinary Shares should be viewed as a long term investment.

### *Litigation risks*

Whilst the Group has taken, and the Company intends the Group to continue to take, such precautions as it regards appropriate to avoid or minimise the likelihood of any legal proceedings or claims, or any resulting financial loss to the Group, the Directors cannot preclude the possibility of litigation being brought against the Group, including in the United States. Any litigation brought in the future involving the Group's products or services, for example, pursuant to end user licence and service agreements that provide indemnification for infringement of third party intellectual property, could have a material adverse effect on the Group's business.

There can be no assurance that claimants in any litigation proceedings will not be able to devote substantially greater financial resources to any litigation proceedings or that the Group will prevail in any such litigation. Any litigation, whether or not determined in the Group's favour or settled by the Group, may be costly and may divert the efforts and attention of the Group's management and other personnel from normal business operations.

### *Significant shareholders*

Following Admission, the Directors will, in aggregate, hold approximately 60.42 per cent. of the Enlarged Issued Share Capital and may be able to exert significant influence over the Company in respect of its corporate affairs requiring shareholder approval.

### *Forward-looking statements*

All statements other than statements of historical facts included in this document, including, without limitation, those regarding the Company's financial position, business strategy, plans and objectives of management for future operations or statements relating to expectations in relation to dividends or any statements preceded by, followed by or that include the words "targets", "believes", "expects", "aims", "intends", "plans", "will", "may", "anticipates", "would", "could" or similar expressions or the negative thereof, are forward looking statements. Such forward looking statements involve known and unknown risks, uncertainties and other important factors beyond the Company's control that could cause the actual results, performance, achievements of or dividends paid by, the Company to be materially different from future results, performance or achievements, or dividend payments expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the net asset value, present and future business strategies and income flows and the environment in which the Company will operate in the future.

These forward-looking statements speak only as of the date of this document. The Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained herein to reflect any change in the Company's expectations with regard thereto, any new information or any change in events, conditions or circumstances on which any such statements are based, unless required to do so by law or any appropriate regulatory authority.

**The foregoing factors are not exhaustive and do not purport to be a complete explanation of all the risks and significant considerations involved in investing in the Company.**

## PART IV

### Section A

#### Historical Financial Information on the Group

##### Consolidated income statement

for the years ended 31 December 2010, 2011 and 2012

	Note	2010 \$000	2011 \$000	2012 \$000
<b>Revenue</b>	1	5,303	9,100	21,577
Operating expenses	2,3	<u>(4,662)</u>	<u>(7,754)</u>	<u>(16,535)</u>
<b>Operating profit</b>		641	1,346	5,042
Financial expenses	4	(19)	(28)	(59)
Other income		<u>—</u>	<u>—</u>	<u>7</u>
<b>Profit before tax</b>		622	1,318	4,990
Taxation	5	<u>(14)</u>	<u>(230)</u>	<u>(1,199)</u>
<b>Profit for the year</b>		<u>608</u>	<u>1,088</u>	<u>3,791</u>
Basic earnings per share	6	\$2.20	\$3.94	\$13.74

##### Consolidated statement of comprehensive income

for the years ended 31 December 2010, 2011 and 2012

	2010 \$000	2011 \$000	2012 \$000
Profit for the year	608	1,088	3,791
Foreign currency translation differences	<u>30</u>	<u>(35)</u>	<u>77</u>
<b>Total comprehensive income for the year</b>	<u>638</u>	<u>1,053</u>	<u>3,868</u>

## Consolidated statements of financial position

as at 31 December 2010, 2011 and 2012

	Note	2010 \$000	2011 \$000	2012 \$000
<b>Non current assets</b>				
Property, plant and equipment	7	870	3,102	3,800
Intangible assets – research and development	8	—	110	502
<b>Total non-current assets</b>		<u>870</u>	<u>3,212</u>	<u>4,302</u>
<b>Current assets</b>				
Inventories	11	1,299	1,632	2,419
Trade and other receivables	12	248	414	4,370
Cash and cash equivalents	13	305	951	1,803
<b>Total current assets</b>		<u>1,852</u>	<u>2,997</u>	<u>8,592</u>
<b>Total assets</b>		<u><u>2,722</u></u>	<u><u>6,209</u></u>	<u><u>12,894</u></u>
<b>Current liabilities</b>				
Bank overdraft	13	(160)	—	—
Other financial liabilities	14	—	(363)	(92)
Trade and other payables	15	(889)	(1,614)	(3,675)
Corporation tax payable	16	(16)	(176)	(913)
<b>Total current liabilities</b>		<u>(1,065)</u>	<u>(2,153)</u>	<u>(4,680)</u>
<b>Non-current liabilities</b>				
Other financial liabilities	17	(672)	(1,979)	(2,187)
Deferred tax liability	10	(17)	(56)	(138)
<b>Total non-current liabilities</b>		<u>(689)</u>	<u>(2,035)</u>	<u>(2,325)</u>
<b>Total liabilities</b>		<u>(1,754)</u>	<u>(4,188)</u>	<u>(7,005)</u>
<b>Net assets</b>		<u>968</u>	<u>2,021</u>	<u>5,889</u>
Share capital	18	27	27	27
Share premium		505	505	505
Retained earnings		406	1,494	5,285
Translation reserve		30	(5)	72
<b>Total equity</b>		<u>968</u>	<u>2,021</u>	<u>5,889</u>

**Consolidated statements of changes in equity**  
*for the years ended 31 December 2010, 2011 and 2012*

	<i>Share Capital \$000</i>	<i>Share Premium \$000</i>	<i>Retained Earnings \$000</i>	<i>Translation Reserve \$000</i>	<i>Total Shareholders Funds \$000</i>
<b>At 1 January 2010</b>	27	505	(202)	—	330
Profit for the year	—	—	608	—	608
Total other comprehensive income	—	—	—	30	30
<b>At 31 December 2010 and 1 January 2011</b>	<u>27</u>	<u>505</u>	<u>406</u>	<u>30</u>	<u>968</u>
Profit for the year	—	—	1,088	—	1,088
Total other comprehensive income	—	—	—	(35)	(35)
<b>At 31 December 2011 and 1 January 2012</b>	<u>27</u>	<u>505</u>	<u>1,494</u>	<u>(5)</u>	<u>2,021</u>
Profit for the year	—	—	3,791	—	3,791
Total other comprehensive income	—	—	—	77	77
<b>At 31 December 2012</b>	<u><u>27</u></u>	<u><u>505</u></u>	<u><u>5,285</u></u>	<u><u>72</u></u>	<u><u>5,889</u></u>

## Consolidated cash flow statements

for the years ended 31 December 2010, 2011 and 2012

	Note	2010 \$000	2011 \$000	2012 \$000
<b>Cash flows from operating activities</b>				
Profit for the year		608	1,088	3,791
Adjustments for:				
Depreciation	7	74	90	212
Amortisation	8	—	4	18
(Profits) on disposal	2	—	—	(198)
Financial expenses	4	19	28	59
Taxation	5	14	230	1,199
		<u>715</u>	<u>1,440</u>	<u>5,081</u>
Decrease/(increase) in trade and other receivables		166	(165)	(3,956)
(Increase) in inventories		(899)	(333)	(787)
Increase in trade and other payables		296	702	2,007
		<u>278</u>	<u>1,644</u>	<u>2,345</u>
Interest paid		(19)	(28)	(59)
Tax Paid		(13)	(31)	(380)
		<u>246</u>	<u>1,585</u>	<u>1,906</u>
<b>Net cash from operating activities</b>				
<b>Cash flows from investing activities</b>				
Acquisition of property, plant and equipment	7	(806)	(2,335)	(1,521)
Development expenditure	8	—	(114)	(410)
Proceeds from sale of property, plant and equipment		—	—	941
		<u>(806)</u>	<u>(2,449)</u>	<u>(990)</u>
<b>Net cash from investing activities</b>				
<b>Cash flows from financing activities</b>				
Proceeds from borrowings		672	1,798	760
Repayment of borrowings		—	(128)	(824)
		<u>672</u>	<u>1,670</u>	<u>(64)</u>
<b>Net cash from financing activities</b>				
Net increase in cash and cash equivalents		112	806	852
Cash and cash equivalents at 1 January		33	145	951
		<u>145</u>	<u>951</u>	<u>1,803</u>
<b>Cash and cash equivalents at 31 December</b>	13	<u><u>145</u></u>	<u><u>951</u></u>	<u><u>1,803</u></u>

## General Information and Reporting entity

Quixant plc (“Quixant”) develops and supplies specialist computer systems. The company is domiciled in the UK. The address of the company’s registered office is Aisle Barn, 100 High Street, Balsham, Cambridge, CB21 4EP. This consolidated financial information for The Quixant Group comprises the company, its branch in Taiwan and its subsidiaries as detailed in note 9.

### 1. Principal Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented.

#### *Basis of preparation*

The Quixant group financial information has been prepared for the purposes of the circular in accordance with the requirements of the listing rules, and in accordance with this basis of preparation.

## 1. Principal Accounting Policies (continued)

This basis of preparation describes how the financial information has been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (“IFRS as adopted by the EU”) as applied by the Quixant group. This financial information has been prepared under the historical cost convention. The reporting currency adopted by the Quixant group is US\$ as this is the trading currency of the group.

The preparation of financial information in conformity with IFRS as adopted by the EU requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Quixant group accounting policies. The areas involving a higher degree of judgement and complexity, or areas where assumptions and estimates are significant to the consolidated financial information are disclosed within note 17.

### *Basis of consolidation*

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent Company, using consistent accounting policies. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

The Italian subsidiary, Quixant Italia Srl, is 99 per cent. owned by the group. The comprehensive income and equity attributable to the non-controlling interests in this subsidiary are not material.

### *Going concern*

The Directors have prepared trading and cash flow forecasts for the Group covering the period to 31 December 2014. After making enquiries and considering the impact of risks and opportunities on expected cashflows, the Directors have a reasonable expectation that the Group has adequate cash to continue in operational existence for the foreseeable future. For this reason they have adopted the going concern basis in preparing the financial statements.

### *Changes in accounting policies: new standards, interpretations and amendments effective in 2012 adopted by the Group and published standards not yet effective*

The IASB and the International Financial Reporting Committee (IFRIC) have issued the following standards and interpretations with an effective date after the date of these accounts:

IFRS 9	Financial Instruments: Presentation
IFRS 7 (revised)	Financial Instruments: Disclosures
IFRS 10	Consolidated Financial Statements
IFRS 11	Joint Arrangements
IFRS 12	Disclosure of Interest in Other Entities
IFRS 13	Fair Value Measurement
IAS 1 (amended)	Presentation of Financial Statements
IAS 12 (amended)	Income Taxes
IAS 19 (revised)	Employee Benefits
IAS 24 (revised)	Related Party Disclosures
IAS 27 (revised)	Consolidated and Separate Financial Statements
IAS 28 (revised)	Investments in Associates
various	Improvements to IFRSs – minor amendments

## **1. Principal Accounting Policies (continued)**

The Directors consider that the adoption of these standards and interpretations on the Group's financial statements will not be material.

### ***Revenue recognition***

Revenue represents amounts chargeable, net of value added tax, in respect of the sale of goods and services to customers. Revenue which represents the sale of goods is recognised at the point that risk is transferred to the customer as determined by the terms agreed in the contract.

In most circumstances this will result in revenue being recognised on despatch by the group's Taiwanese branch. Where invoicing takes place in advance of revenue recognition, the amounts invoiced, net of value added tax, are recorded as deferred revenue.

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

Property, plant and equipment are stated at cost, net of depreciation and any provision for impairment.

Depreciation is provided on all property, plant and equipment at rates calculated to write off the cost less estimated residual value of each asset on a straight-line basis over its expected useful economic life, as follows:

Freehold Buildings      50 years

Plant and machinery    between 3 and 5 years

No depreciation is provided on freehold land.

The carrying value of property, plant and equipment is reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

### ***Intangible assets – Development costs***

The Quixant group incurs significant expenditure on the research and development of new computer products and enhancements. The internally generated intangible asset arising from the company's development is recognised only if the Company can demonstrate all of the following conditions:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- The probability that the asset created will generate future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

Development costs not meeting these criteria and all research costs are expensed in the statement of comprehensive income as incurred. Capitalised development costs are amortised on a straight line basis over their expected useful economic lives of 5 years once the related software product or enhancement is available for use.

## **1. Principal Accounting Policies (continued)**

### ***Dividends***

Final dividends proposed by the Board of Directors and unpaid at the year end are not recognised in the financial statements until they have been approved by the shareholders at the Annual General Meeting. Interim dividends, which do not require shareholder approval, are recognised when paid.

### ***Inventories***

Inventories, which comprise goods held for resale, are stated at the lower of cost and net realisable value. Cost includes all costs in acquiring the inventories and bringing each product to its present location and condition. Net realisable value represents the estimated selling price and costs to be incurred in marketing, selling and distribution.

### ***Finance income and costs***

Finance income and costs are recognised on an accruals basis.

### ***Leases***

Rentals paid under operating leases are charged to income on a straight-line basis over the term of the lease.

### ***Foreign currencies***

Transactions denominated in foreign currencies are translated into US\$ at the rates ruling at the dates of transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

On consolidation, results of overseas subsidiaries are translated using the average exchange rate for the period, unless exchange rates fluctuate significantly. The balance sheets of overseas subsidiaries, including goodwill and fair value adjustments arising on consolidation are translated to the Group's presentational currency, US Dollars, using the closing period-end rate. Exchange differences arising, if any, are taken to a translation reserve. Such translation differences are recognised as income or as expenses in the period in which the operation is disposed of.

### ***Income tax***

The charge for current income tax is based on the results for the year as adjusted for items which are not taxed or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred income tax is accounted for using the liability method in respect of temporary differences arising from differences between the tax bases of certain assets and liabilities and their carrying amounts in the financial statements.

In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference is due to goodwill arising on a business combination or from an asset or liability, the initial recognition of which does not affect either taxable or accounting income.

Deferred tax is charged or credited in the Income Statement or in Other Comprehensive Income, except when it relates to items credited or charged directly to Shareholders' equity, in which case the deferred tax is also dealt with in Shareholders' equity.

## **1. Principal Accounting Policies (continued)**

### ***Financial assets***

The Group's financial assets fall into the categories discussed below, with the allocation depending to an extent on the purpose for which the asset was acquired. Unless otherwise indicated, the carrying amounts of the Group's financial assets are a reasonable approximation of their fair values.

- Trade receivables: – Trade receivables do not carry interest and are stated at their nominal value as reduced by allowances for estimated irrecoverable amounts.
- Cash and cash equivalents: – Cash and cash equivalents in the Statement of Financial Position comprise cash at bank and in hand, short-term deposits and other short-term liquid investments.

In the Cash Flow Statement, cash and cash equivalents comprise cash and cash equivalents as defined above, net of bank overdrafts.

### ***Financial liabilities***

All of the Group's financial liabilities are classified as financial liabilities carried at amortised cost. The Group does not use derivative financial instruments or hedge account for any transactions.

Unless otherwise indicated, the carrying amounts of the Group's financial liabilities are a reasonable approximation of their fair values.

Financial liabilities include the following items:

- Trade payables and other short-term monetary liabilities, which are recognised at their nominal value.
- Bank borrowings, which are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the consolidated Statement of Financial Position. Interest expense in this context includes initial transaction costs and premiums payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

### ***Share capital***

Financial instruments issued by the Group are treated as equity only to the extent that they do not meet the definition of a financial liability. The Group's ordinary shares are classified as equity instruments.

### ***Pension***

The group operates a defined contribution scheme to the benefit of its employees. Contributions payable are charged to income in the year they are payable.

### ***Determination and presentation of operating segments***

The Quixant Group determines and presents operating segments based on the information that internally is provided to the executive management team, the body which is considered to be the Quixant Group's Chief Operating Decision Maker ("CODM").

An operating segment is a component of the Quixant Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Quixant Group's other components. The operating segment's operating results are reviewed regularly by the CODM to make decisions about resources to be allocated to the segment to assess its performance, and for which discrete financial information is available.

## 1. Principal Accounting Policies (continued)

### Segmental analysis

The Quixant group has determined that it only has one operating and reportable segment. The Quixant group assesses the performance of that segment based on a measure of revenue, and profit/(loss) before interest and taxation. All significant assets and liabilities are located within the UK and Taiwan.

The segmental information is therefore presented in the income statement and statement of financial position and has not been reproduced here.

A single customer accounted for 90 per cent., 82 per cent. and 79 per cent. of reported revenues in each of the years ended 31 December 2010, 2011 and 2012.

## 2. Operating costs

	2010 \$000	2011 \$000	2012 \$000
<b>Employee costs</b>			
Wages and salaries	723	988	1,974
Social security	94	127	204
Other pension costs	20	30	56
	<u>837</u>	<u>1,145</u>	<u>2,234</u>
Depreciation – owned assets	74	90	212
Amortisation of development expenditure	—	4	18
Profit on disposal of freehold property	—	—	(198)
	<u>74</u>	<u>94</u>	<u>32</u>
<b>Other operating expenses</b>			
Cost of sales	2,885	5,308	11,677
Administrative expenses	866	1,207	2,592
	<u>3,751</u>	<u>6,515</u>	<u>14,269</u>
<b>Total operating expenses</b>	<u>4,662</u>	<u>7,754</u>	<u>16,535</u>

Disclosures relating to the remuneration of directors are set out in note 3.

### Other operating expenses include:

	2010 \$000	2011 \$000	2012 \$000
Operating leases – Land and buildings	36	65	118
<b>Auditor's remuneration</b>			
Statutory audit of the consolidated financial statements	—	40	40
Non audit services	—	—	164
Gain on foreign exchange transactions	(3)	4	87

### 3. Average staff numbers

The average number of employees including directors was as follows:

	2010 Number	2011 Number	2012 Number
Production and manufacturing	11	18	28
Research and customer service	6	7	7
Sales and marketing	2	3	5
Administrative	3	3	5
	<u>22</u>	<u>31</u>	<u>45</u>

### 3. Average staff numbers (continued)

	2010 \$000	2011 \$000	2012 \$000
<b>Directors' emoluments</b>			
Aggregate emoluments	293	453	489
	<u>293</u>	<u>453</u>	<u>489</u>

### 4. Finance expense

	2010 \$000	2011 \$000	2012 \$000
Finance expense loan interest	19	28	59
	<u>19</u>	<u>28</u>	<u>59</u>

### 5. Taxation

	2010 \$000	2011 \$000	2012 \$000
Analysis of charge in periods			
Current tax			
UK corporation tax	56	176	1,072
Adjustments in respect of prior periods	(39)	(16)	—
Foreign tax	12	31	45
Deferred tax (see note 10)	(15)	39	82
Tax expense	<u>14</u>	<u>230</u>	<u>1,199</u>
<b>Reconciliation of effective tax rate</b>			
Profit for the year	608	1,088	3,791
Total tax expense	<u>14</u>	<u>230</u>	<u>1,199</u>
Profit excluding taxation	<u>622</u>	<u>1,318</u>	<u>4,990</u>
Tax using the UK corporation tax rate of 24.5 per cent. (2011: 26.5 per cent. 2010: 21 per cent.)	131	349	1,223
Non-deductible expenses	4	12	35
Capital allowances in excess of depreciation	(8)	19	(30)
Utilisation of tax losses	(12)	(35)	—
Enhanced research and development claim	(62)	(99)	(145)
Under/(over) provided in prior years	(39)	(16)	—
Unrelieved overseas losses	—	—	116
Total tax expense	<u>14</u>	<u>230</u>	<u>1,199</u>

### Factors that may affect future current and total tax charges

A reduction in the UK corporation tax rate from 26 per cent. to 25 per cent. (effective from 1 April 2012) was substantively enacted on 5 July 2011, and further reductions to 24 per cent. (effective from 1 April 2012) and 23 per cent. (effective from 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. This will reduce the Group's future current tax charge accordingly. The deferred tax liability at 31 December 2012 has been calculated based on the rate of 23 per cent. substantively enacted at the balance sheet date.

The March 2013 Budget announced that the rate will further reduce to 20 per cent. by 2015 in addition to the planned reduction to 21 per cent. by 2014 previously announced in the December 2012 Autumn Statement. It has not yet been possible to quantify the full anticipated effect of the announced further 3 per cent. rate reduction, although this will further reduce the Group's future current tax charge and reduce the Group's deferred tax liability accordingly.

### 6. Earnings per ordinary share

Basic earnings per share is calculated by dividing the basic earnings from continuing operations for the year by the weighted average number of fully paid ordinary shares in issue during the year.

	<i>Earnings \$000</i>	<i>Weighted average number of shares</i>	<i>Earnings per share</i>
Year ended 31 December 2010	608	276,000	\$2.20
Year ended 31 December 2011	1,088	276,000	\$3.94
Year ended 31 December 2012	3,791	276,000	\$13.74

## 7. Property, plant and equipment

	<i>Freehold land and building \$000</i>	<i>Plant and Machinery \$000</i>	<i>Total \$000</i>
<b>Cost</b>			
At 1 January 2010	—	301	301
Additions	739	67	806
Balance at 31 December 2010 and at 1 January 2011	739	368	1,107
Additions	2,173	162	2,335
Translation	(12)	(1)	(13)
Balance at 31 December 2011 and at 1 January 2012	2,900	529	3,429
Additions	1,238	283	1,521
Translation	131	2	133
Disposals	(760)	—	(760)
Balance at 31 December 2012	3,509	814	4,323
<b>Depreciation</b>			
At 1 January 2010	—	163	163
Depreciation charge for the year	8	66	74
Balance at 31 December 2010 and at 1 January 2011	8	229	237
Depreciation charge for the year	14	76	90
Balance at 31 December 2011 and at 1 January 2012	22	305	327
Depreciation charge for the year	36	176	212
Translation	1	—	1
Disposals	(17)	—	(17)
Balance at 31 December 2012	42	481	523
<b>Net book value</b>			
At 31 December 2010	731	139	870
At 31 December 2011	2,878	224	3,102
At 31 December 2012	3,467	333	3,800

## 8. Intangible assets

	<i>Capitalised Development Costs \$000</i>
<b>Internally generated development costs</b>	
Cost at 1 January 2010 and 1 January 2011	—
Additions	114
Balance at 31 December 2011 and at 1 January 2012	114
Additions	410
Disposals	—
Balance at 31 December 2012	524
<b>Amortisation</b>	
At 1 January 2010 and at 1 January 2011	—
Amortisation charge for the year	4
Balance at 31 December 2011 and at 1 January 2012	4
Amortisation charge for the year	18
Balance at 31 December 2012	22
<b>Net book value</b>	
At 31 December 2010	—
At 31 December 2011	110
At 31 December 2012	502

Development activity prior to 1 January 2011 has not been capitalised as the related costs could not be separately identified and as a result, did not meet the recognition criteria as set out in IAS 38 'Intangible assets'

## 9. Subsidiary undertakings

At 31 December 2012 Quixant's subsidiary undertakings were

	<i>Nature of operation</i>	<i>Percentage holding</i>	<i>Country of incorporation</i>	<i>Class of share capital held</i>
Quixant Italia Srl	Research and development	99%	Italy	Ordinary
Quixant USA Inc	Sales and marketing	100%	USA	Ordinary

Quixant Italia Srl was incorporated on 27 May 2008.

Quixant USA Inc was incorporated on 1 August 2011.

These subsidiary undertakings have been consolidated in the Quixant's group financial information.

Quixant Italia Srl has net assets of \$20,433 as at 31 December 2012 (31 December 2011: \$15,908; 31 December 2010: \$14,411). In addition, its results for the years then ended were \$4,675, \$1,974, loss \$(4,657) respectively. The Directors do not consider the disclosure of the 1 per cent. minority interest to be material to these financial statements and have accordingly excluded minority interests from the primary statements.

Quixant USA Inc has net liabilities of \$499,287 as at 31 December 2012 (31 December 2011: \$98,822). In addition, its results for the years then ended were \$(409,466), and \$(100,822) respectively.

On 31 January 2013 the Company formed a wholly owned subsidiary Quixant UK Limited. On 1 April 2013 the Company transferred its trade to Quixant UK Limited and Quixant UK Limited commenced trading with effect from this date.

## 10. Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	<i>Assets</i>			<i>Liabilities</i>		
	<i>2010</i>	<i>2011</i>	<i>2012</i>	<i>2010</i>	<i>2011</i>	<i>2012</i>
	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>
Property plant and equipment	—	—	—	17	29	15
Capitalised development costs	—	—	—	—	27	123
Net tax liabilities	<u>—</u>	<u>—</u>	<u>—</u>	<u>17</u>	<u>56</u>	<u>138</u>

Movement in deferred tax during the years ended 31 December 2010, 2011 and 2012

	<i>Liability</i>	<i>Charge/</i>
	<i>\$000</i>	<i>(Credit</i>
	<i>\$000</i>	<i>to income)</i>
	<i>\$000</i>	<i>\$000</i>
<b>2010</b>		
Accelerated capital allowances	17	(15)
Capitalised development costs	—	—
	<u>17</u>	<u>(15)</u>
	<i>\$000</i>	<i>\$000</i>
<b>2011</b>		
Accelerated capital allowances	29	12
Capitalised development costs	27	27
	<u>56</u>	<u>39</u>
	<i>\$000</i>	<i>\$000</i>
<b>2012</b>		
Accelerated capital allowances	15	(14)
Capitalised development costs	123	96
	<u>138</u>	<u>82</u>

## 11. Inventories

	<i>2010</i>	<i>2011</i>	<i>2012</i>
	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>
Raw materials and consumables	495	433	1,376
Work in progress	325	453	261
Finished goods	479	746	782
Inventories	<u>1,299</u>	<u>1,632</u>	<u>2,419</u>

## 12. Trade and other receivables

	<i>2010</i>	<i>2011</i>	<i>2012</i>
	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>
Trade receivables	102	137	3,606
Other receivables	146	277	764
	<u>248</u>	<u>414</u>	<u>4,370</u>

A provision of \$171,120 has been provided in respect of potential doubtful debts as at 31 December 2012 (31 December 2011: \$nil; 31 December 2010: \$nil)

## 12. Trade and other receivables (continued)

As at 31 December the following sets out the trade receivable that were past due but not impaired. These relate to customers where there is no evidence of unwillingness or of an inability to settle the debt. The ageing of these receivables is as follows.

	2010 \$000	2011 \$000	2012 \$000
Not past due	89	24	3,560
30-60 days	6	101	30
60-90 days	1	12	19
>90 days	6	—	(3)
Carrying value at 31 December	<u>102</u>	<u>137</u>	<u>3,606</u>

## 13. Cash and cash equivalents

	2010 \$000	2011 \$000	2012 \$000
Cash	305	951	1,803
Bank overdraft	(160)	—	—
Net cash and cash equivalents	<u>145</u>	<u>951</u>	<u>1,803</u>

## 14. Other financial liabilities

	2010 \$000	2011 \$000	2012 \$000
Within one year	—	363	92
Greater than one year	672	1,979	2,187
	<u>672</u>	<u>2,342</u>	<u>2,279</u>

## 15. Trade and other payables

	2010 \$000	2011 \$000	2012 \$000
Trade payables	732	667	2,040
Other tax and social security payables	14	18	36
Other payables and accruals	143	929	1,599
	<u>889</u>	<u>1,614</u>	<u>3,675</u>

## 16. Corporation tax

	2010 \$000	2011 \$000	2012 \$000
Corporation tax due	<u>16</u>	<u>176</u>	<u>913</u>

## 17. Financial instruments

This note presents information about the Group's exposure risk, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

## **17. Financial instruments (continued)**

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

### **Financial risks**

The Group's activities expose it to a number of financial risks including credit risk, cash flow risk and exchange rate risk:

#### **Credit risk**

The Group's principal financial assets are bank balances and cash, trade and other receivables. The Group's credit risk is primarily attributable to its trade receivables, which are concentrated in a small number of high value customer accounts. In addition, operations in emerging or new markets may have a higher than average risk of political or economic instability, and may carry increased credit risk. In each case the risk to the Group is the recoverability of the cash flows.

Credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies. The credit risk on trade and other receivables is managed by agreeing appropriate payment terms with customers, obtaining credit agency ratings of all potential customers; by requiring wherever possible payment for goods in advance or upon delivery; and by closely monitoring customers balances due, to ensure they do not become overdue. In addition careful consideration is given to operations in emerging or new markets before the Group enters that market.

#### **Cash flow risk**

The Group's activities expose it primarily to the financial impact of changes in interest rates. Interest bearing assets and liabilities are held, wherever possible, at a fixed rate to ensure certainty of cash flows. Group cash balances and expected cash flow are monitored on a daily basis to ensure the Group has sufficient available funds to meet its needs.

#### **Exchange rate risk**

Group exposure to exchange rate risk includes the measurement of overseas operations at the relevant exchange rate and changes in trade payables and receivables as a result of exchange rate movements. Daily exchange rate movements are monitored and any losses or gains incurred are taken to the income statement and reported in the Group's internal management information. Before agreeing any overseas transactions consideration is given to utilising financial instruments such as hedging and forward purchase contracts

#### **Liquidity risk**

Group policy is to maintain a strong capital base so as to enhance investor, creditor and market confidence. Surplus funds are placed on deposits, with cash balances available for immediate withdrawal if required.

#### **Capital management**

The Group's capital management policy is to maintain a strong capital base so as to enhance investor, creditor and market confidence. The Board's objective is to safeguard the Group's ability to continue as a going concern, to sustain the future development of the business and to provide returns for shareholders, whilst controlling the cost of capital.

## 17. Financial instruments (continued)

The Group monitors capital on the basis of the carrying amount of equity, less cash and cash equivalents as presented on the face of the balance sheet.

In order to maintain or adjust the capital structure the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets.

There were no changes in the Group's approach to capital management during the period. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

	2010 \$000	2011 \$000	2012 \$000
Total equity	968	2,021	5,889
Cash and cash equivalents	(305)	(951)	(1,803)
Capital	<u>663</u>	<u>1,070</u>	<u>4,086</u>
	2010 \$000	2011 \$000	2012 \$000
Total equity	968	2,021	5,889
Other financial liabilities	672	2,342	2,279
Total financing	<u>1,640</u>	<u>4,363</u>	<u>8,168</u>

### Financial assets and liabilities

The Group's activities are financed by cash at bank and borrowings.

### Credit risk

#### *Exposure to credit*

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2010 \$000	2011 \$000	2012 \$000
Cash and cash equivalents	305	951	1,803
Trade and other receivables excluding prepayments	102	137	3,606
	<u>407</u>	<u>1,088</u>	<u>5,409</u>

The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:

	2010 \$000	2011 \$000	2012 \$000
Australia	66	—	1,066
USA	3	19	2,099
Europe	31	107	435
Asia	—	3	5
Rest of world	2	8	1
	<u>102</u>	<u>137</u>	<u>3,606</u>

## 17. Financial instruments (continued)

### Liquidity risk

The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements:

	<i>Bank overdraft</i>	<i>Trade and other payables \$000</i>	<i>Other financial liabilities \$000</i>	<i>Total \$000</i>
<b>31 December 2012</b>				
Carrying amount	—	3,675	2,279	5,954
Contractual cash flows				
6 months or less	—	3,383	58	3,441
6 to 12 months	—	292	84	376
More than 12 months	—	—	2,433	2,433
	<u>—</u>	<u>3,675</u>	<u>2,575</u>	<u>6,250</u>
<b>31 December 2011</b>				
Carrying amount	—	1,614	2,342	3,956
Contractual cash flows				
6 months or less	—	1,614	891	2,505
6 to 12 months	—	—	13	13
More than 12 months	—	—	1,668	1,668
	<u>—</u>	<u>1,614</u>	<u>2,572</u>	<u>4,186</u>
<b>31 December 2010</b>				
Carrying amount	160	889	672	1,721
Contractual cash flows				
6 months or less	160	889	123	1,012
6 to 12 months	—	—	9	9
More than 12 months	—	—	556	556
	<u>160</u>	<u>889</u>	<u>688</u>	<u>1,737</u>

The carrying amounts of the Group's financial assets and liabilities may also be categorised as follows:

	<i>2010 \$000</i>	<i>2011 \$000</i>	<i>2012 \$000</i>
<b>Current assets</b>			
Cash and cash equivalents	305	951	1,803
Trade and other receivables excluding prepayments	102	137	3,606
	<u>407</u>	<u>1,088</u>	<u>5,409</u>

All of the above relate to the IAS 39 category 'loans and receivables'

### Current liabilities

Bank overdraft	(160)	—	—
Trade and other payables	(889)	(1,614)	(3,675)
Other financial liabilities	—	(363)	(92)
	<u>(1,049)</u>	<u>(1,977)</u>	<u>(3,767)</u>

### Non-current liabilities

Other financial liabilities	(672)	(1,979)	(2,187)
	<u>(1,721)</u>	<u>(3,956)</u>	<u>(5,954)</u>

All of the above relate to the IAS 39 category 'other financial liabilities'.

## 17. Financial instruments (continued)

Liquidity needs are managed by regular review of the timing of expected receivables and the maintenance of cash on deposit.

### Interest rate risk

The Group is exposed to changes in market interest rates through its bank borrowings, which are subject to variable interest rates, however this is not a material risk to the business.

### Currency risk

The Group has a limited element of currency risk as it buys materials, some services, parts and equipment from overseas manufacturers. However, foreign currency risk is not significant.

### Interest rate and currency profile

The Group's financial assets comprise cash at bank. At 31 December 2012 the average interest rate earned on the temporary closing balances was nil per cent. (2011: nil per cent., 2010: nil per cent.).

### Sensitivity analysis

The Group's sensitivity to interest rates and currency exchange rates are considered immaterial.

### Fair values versus carrying amounts

There is no difference between fair values and carrying amounts of financial assets and liabilities.

## 18. Share capital

	2010 '000	2011 '000	2012 '000
Authorised ordinary shares of 5p each	20,000	20,000	20,000
	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>
	2010 \$000	2011 \$000	2012 \$000
Allocated, called up and fully paid 276,000 ordinary shares of 5p each	27	27	27
	<u>27</u>	<u>27</u>	<u>27</u>

On 4 February 2013 a bonus issue of three shares for every one share held was awarded to the shareholders by a transfer from the share premium account to the share capital of £41,400. In March 2013, a further issue of 20,000 ordinary shares was subscribed. In April 2013, the shares of 5p each were subdivided into shares of £0.001 each.

## 19. Financial commitments

At 31 December the Group had annual commitments under non cancellable operating leases as follows:

	<i>Land and Buildings</i>		
	2010 \$000	2011 \$000	2012 \$000
Expiry date:			
Between two and five years	25	25	25
	<u>25</u>	<u>25</u>	<u>25</u>

**20. Pension and other post retirement benefit commitments**

The Quixant group operates a defined contribution pension plan. The contribution payables by the group for the years ended 31 December 2010, 2011 and 2012 are set out below. There were no outstanding contributions as at 31 December 2010, 2011 and 2012.

	<i>2010</i>	<i>2011</i>	<i>2012</i>
	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>
Contributions payable	<u>—</u>	<u>—</u>	<u>—</u>

**21. Related party transactions**

There were no related party transactions other than transactions with Key Management Personnel, which are the directors, disclosed in note 3 above.

**Section B**  
**Accountant's Report on Historical Financial Information**

The Directors  
Quixant Plc  
Aisle Barn  
100 High Street  
Balsham  
Cambridgeshire CB21 4EP

15 May 2013

Dear Sirs

**Quixant plc ('the Company')**

We report on the financial information set out on pages 37 to 56 for the three years ended 31 December 2012. This financial information has been prepared for inclusion in the AIM Admission Document dated 15 May 2013 of Quixant plc on the basis of the accounting policies set out in note 1 to the financial information. This report is required by Paragraph (a) of Schedule Two of the AIM Rules for Companies and is given for the purpose of complying with that paragraph and for no other purpose.

**Responsibilities**

The Directors of the Company are responsible for preparing the financial information on the basis of preparation set out in note 1 to the financial information and in accordance with International Financial Reporting Standards as adopted by the European Union.

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

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

**Basis of opinion**

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

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

**Opinion on financial information**

In our opinion, the financial information gives, for the purposes of the AIM Admission Document dated 15 May 2013, a true and fair view of the state of affairs of Quixant plc as at 31 December 2010, 2011 and 2012 and of its profits, cash flows and recognised gains and losses for the three years ended

31 December 2012 in accordance with the basis of preparation set out in note 1 and in accordance with International Financial Reporting Standards as adopted by the European Union as described in note 1.

**Declaration**

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

Yours faithfully

**KPMG Audit Plc**

*Chartered Accountants*

## PART V

### ADDITIONAL INFORMATION

#### 1. Responsibility

The Company and the Directors, whose names and functions are set out on page 10 of this document, accept responsibility for all the information contained in this document. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

#### 2. The Company

- (A) The Company was incorporated and registered in England and Wales under the Companies Act 1985 on 5 November 2001 as a private company limited by shares with the name of Vecchiamici Limited and with number 4316977. The Company subsequently changed its name to Quixant Limited on 30 March 2005.
- (B) On 29 April 2013, the Company was re-registered as a public limited company and its name was changed to Quixant plc. The Company trades under the name Quixant plc.
- (C) The registered office and principal place of business of the Company is in England and Wales and is located at Aisle Barn, 100 High Street, Balsham, Cambridge, CB21 4EP, United Kingdom (telephone number 01223 892 696). The Company is domiciled in England.
- (D) The Company's website is <http://www.quixant.com>.
- (E) The business address of each of the Directors is Aisle Barn, 100 High Street, Balsham, Cambridge, CB21 4EP, United Kingdom.
- (F) The accounting reference date of the Company is 31 December.

#### 3. Organisational Structure

The Company is currently the parent company for three subsidiary companies and also has one manufacturing co-ordination branch:

<i>Name</i>	<i>Entity</i>	<i>Principal activity</i>	<i>Country of Incorporation</i>	<i>% of ownership interest</i>
Quixant USA, Inc.	Subsidiary	Sales, marketing and customer support functions	USA	100.00
Quixant Italia Srl.	Subsidiary	Software development, customer support centre and sales functions.	Italy	99.00*
Quixant UK Limited	Subsidiary	Sales and marketing	UK	100.00
Quixant Limited (Taiwan Branch)	Branch	Manufacturing coordination, electronic hardware design, testing, debugging, finance and logistics.	Taiwan	N/A

\* Ms Francesca Marzilli, Amministratore for Quixant Italia Srl, has a 1.00 per cent. ownership interest in Quixant Italia Srl.

#### 4. Share Capital of the Company

(A) The history of the Company's share capital since incorporation is as follows:

- (1) On incorporation, the authorised share capital of the Company was £10,000 divided into 10,000 ordinary shares of £1 each ("**£1 Ordinary Shares**"). 1 £1 Ordinary Share was allotted, fully paid to the subscriber to the memorandum of association. This subscriber share was subsequently transferred, and 99 £1 Ordinary Shares were issued, to Francesca Marzilli on 5 November 2001.
- (2) The Company increased its authorised share capital from £10,000 to £1,000,000 by ordinary resolution passed on 11 February 2005 by the creation of 990,000 £1 Ordinary Shares ranking equal in all respects with the existing £1 Ordinary Shares in the capital of the Company. It subsequently converted its £1 Ordinary Shares (both issued and unissued) into ordinary shares of 5p each ("**5p Ordinary Shares**") on 31 March 2005 by ordinary resolution and Francesca Marzilli transferred the then issued 2,000 5p Ordinary Shares to Nicholas Jarmany.
- (3) On 2 September 2005, Chen-Tai Lin subscribed for 30,000 5p Ordinary Shares, Eagle Holdings Limited subscribed for 65,000 5p Ordinary Shares, Nicholas Jarmany subscribed for a further 80,000 5p Ordinary Shares, Gary Mullins subscribed for 25,000 5p Ordinary Shares, John Philip Mullins subscribed for 12,500 5p Ordinary Shares, Mark John Mullins subscribed for 25,000 5p Ordinary Shares, Susan Jane Mullins subscribed for 12,500 5p Ordinary Shares and Alexander David Nicholas Taylor subscribed for 20,000 5p Ordinary Shares. On 3 October 2005, Jon Jayal and Lee Howard Weekes both subscribed for 2,000 5p Ordinary Shares.
- (4) On 12 April 2007, Eagle Holdings Limited transferred 10,000 5p Ordinary Shares to Nicholas Jarmany and 10,000 5p Ordinary Shares to Gary Mullins, and transferred a further 45,000 5p Ordinary Shares to Nicholas Jarmany on 18 June 2007. On 28 June 2007, Jon Jayal transferred 2,000 5p Ordinary Shares to Nicholas Jarmany.
- (5) On 11 November 2008, Lee Howard Weekes transferred 2,000 5p Ordinary Shares to Gary Mullins. Gary Mullins transferred 2,000 5p Ordinary Shares to Sophie Jayne Woodward on 5 December 2008.
- (6) On 16 September 2011, Chen-Tai Lin transferred 6,000 5p Ordinary Shares to Shu-Hsiang Wu.
- (7) On 11 February 2013, the Company made a bonus issue of 828,000 5p Ordinary Shares in aggregate to its existing Shareholders as follows: Chen-Tai Lin – 72,000 5p Ordinary Shares; Nicholas Jarmany – 417,000 5p Ordinary Shares; Gary Mullins – 105,000 5p Ordinary Shares; John Philip Mullins – 37,500 5p Ordinary Shares; Mark John Mullins – 75,000 5p Ordinary Shares; Susan Jane Mullins – 37,500 5p Ordinary Shares; Alexander David Nicholas Taylor – 60,000 5p Ordinary Shares; Sophie Jayne Woodward – 6,000 5p Ordinary Shares; and Shu-Hsiang Wu – 18,000 5p Ordinary Shares. The increase in the share capital was made by capitalisation of the share premium account.
- (8) On 14 March 2013, Nicholas Jarmany transferred 170,000 5p Ordinary Shares to Francesca Marzilli.
- (9) On 22 March 2013, an allotment of a further 20,000 5p Ordinary Shares was made to Chen-Tai Lin for cash at par.
- (10) On 27 March 2013, Nicholas Jarmany transferred 25,000 5p Ordinary Shares to Daniel Mark Jarmany and 20,000 5p Ordinary Shares to Timothy James Moulson.

- (11) On 25 April 2013, the Company subdivided the existing 5p Ordinary Shares into ordinary shares of £0.001 each by ordinary resolution.
- (12) As at the date of this document, the Company's issued share capital is £56,200 divided into 56,200,000 Ordinary Shares. On 14 May 2013, the Existing Shareholders passed a resolution conditional on Admission, authorising the issue of the Placing Shares (other than the Vendor Shares).
- (13) The Placing Shares are all Ordinary Shares and will rank *pari passu* in all respects with the Existing Shares including in relation to voting rights and the right to receive all dividends or other distributions declared, paid or made after Admission.
- (14) On Admission, the Company's issued share capital will be £64,634.78 divided into 64,634,782 Ordinary Shares.
- (15) Save as disclosed in this document, no person has any rights to purchase the unissued capital of the Company and no person has been given an undertaking by the Company to increase its issued capital.
- (16) The provisions of section 561(1) of the Act which, to the extent not disapplied pursuant to section 570 of the Act, confer on shareholders rights of pre-emption in respect of the allotment of equity securities which are, or are to be, paid up in cash, apply to the unissued share capital of the Company, except to the extent disapplied by the resolutions referred to in paragraph 4(A)(4) above.
- (17) Application for Admission has been made today.

## 5. Major Shareholders and Vendors

- (A) So far as is known to the Company, the persons, other than the Directors (and their spouses), who hold or who are deemed to hold three per cent. or more of the voting rights in respect of the Ordinary Shares in issue (whether directly or indirectly or through direct or indirect holdings of financial instruments or through a combination of such holdings) as at the date of this document and immediately following Admission are as follows:

<i>Name</i>	<i>At the date of this document</i>		<i>Immediately following Admission</i>	
	<i>Number of Ordinary Shares</i>	<i>Percentage of Issued Share Capital</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of Enlarged Issued Share Capital</i>
Mark John Mullins	5,000,000	8.90%	4,865,415	7.53%
Alexander David Nicholas Taylor	4,000,000	7.12%	3,892,332	6.02%
John Philip Mullins	2,500,000	4.45%	2,432,707	3.76%
Susan Jane Mullins	2,500,000	4.45%	2,432,707	3.76%

- (B) Following Admission, the Company's major Shareholders will not have any different voting rights. All Shareholders have and will have the same voting rights in respect of the Ordinary Shares held by them.
- (C) So far as the Company is aware, the Company is not owned or controlled directly or indirectly by any entity.
- (D) So far as the Company is aware, there are no arrangements in place, the operation of which may at a subsequent date result in a change of control of the Company.

(E) As part of the Placing, the Vendors, as set out below, are selling the following Vendor Shares:

<i>Name</i>	<i>Position in the Company (if any)</i>	<i>Vendor Shares offered for sale (Ordinary Shares of £0.001 each)</i>
Nicholas Charles Leopold Jarmany	Director	458,935
Chen Tai Lin	Director	156,119
Gary Paul Mullins	Director	188,419
Francesca Marzilli	n/a	228,795
Shu Hsiang Wu	n/a	32,300
Sophie Jayne Woodward	n/a	10,767
Mark John Mullins	n/a	134,585
Alexander David Nicholas Taylor	n/a	107,668
John Phillip Mullins	n/a	67,293
Susan Jane Mullins	n/a	67,293

The business address of all the Vendors is Aisle Barn, 100 High Street, Balsham, Cambridge, CB21 4EP.

## 6. Articles of Association

(A) The Company approved the adoption of the Articles by special resolution on 14 May 2013. The Articles contain, *inter alia*, provisions to the following effect:

### (1) Voting

Subject to any rights or restrictions as to voting attached to any class of shares at any general meeting:

- (a) on a show of hands every member who (being an individual) is present in person or by proxy or (being a corporation) by a duly authorised representative shall have one vote; and
- (b) on a poll every member who (being an individual) is present in person or by proxy or (being a corporation) is present by a duly authorised representative has one vote for every share of which he is the holder. Unless the Board otherwise decides, a member is not entitled to be present or vote at any meeting if any call or other monies due and payable in respect of every share held by him, whether alone or jointly with any other person, remain unpaid.

### (2) Dividends, distributions and return of capital

- (a) Dividends may be declared by ordinary resolution but shall in no event exceed the amount recommended by the Directors.
- (b) The Directors may from time to time declare and pay to the holders of any class of shares such interim dividends (including dividends payable at a fixed rate) as appear to the Directors to be justified by those profits.
- (c) The Directors acting in good faith shall not incur any liability to the holders of shares conferring preferential rights for any loss they may suffer by the lawful payment of an interim dividend on any shares having deferred or non-preferential rights provided that at the time of the declaration no preferential dividend is in arrears.
- (d) Subject to the rights of persons (if any) entitled to shares with special dividend rights, all dividends will be paid according to the amounts paid up (other than amounts paid up in advance) on the nominal value of the shares in respect of which the dividend is paid *pro*

*rata* to the period in which the amounts were paid up on shares in respect of the period of which the dividend is paid.

- (e) The Directors may deduct from any dividend or any moneys payable to any member on or in respect of a share all sums of money presently payable by him to the Company on account of calls or otherwise in relation to any shares of the Company.
- (f) No dividend or other money payable in respect of a share shall bear interest against the Company unless otherwise provided by the rights attached to the share.
- (g) The Directors may withhold payment of a dividend (or part of a dividend) payable to a person entitled by transmission to a share until he has provided any evidence of his entitlement that the Directors may reasonably require.
- (h) If any member or any other person appearing to be interested in shares held by that member representing 0.25 per cent. or more of the class of shares concerned shall be in default in supplying to the Company any information required by any notice given pursuant to section 793 of the Act, the Directors may by notice to such member direct that any dividend (or any part thereof) or other monies payable on such shares shall be retained by the Company and that any right to receive any additional shares in the Company in lieu of any dividends in accordance with the Articles shall be of no effect.
- (i) If approved by ordinary resolution at a general meeting of the Company, upon the recommendation of the Board, dividends may be satisfied wholly or partly by the distribution of assets (including without limitation, paid up shares or securities of any other body corporate).

(3) Unclaimed dividends

Any dividends unclaimed may be invested or otherwise made use of by the Directors for the benefit of the Company until claimed. Any dividend which is still unclaimed twelve years after having become due for payment shall be forfeited and shall revert to the Company.

(4) Uncashed dividends

The Company may cease to send dividends to an address or stop the transfer by any other means if for the amount paid in respect of two consecutive dividends have been returned undelivered or remain uncashed or the transfer has not been accepted and reasonable enquiries have been made by the Company of the holder of those shares. The Company shall not be obliged to send or transfer dividends or other amounts payable in respect of such shares to the holder until he notifies the Company of an address or amount to be used for such a purpose.

(5) Untraced shareholders

The Company may sell, at the best price reasonably obtainable, any share of a member or any share to which a person is entitled by transmission if and provided that:

- (a) during a period of twelve years no cheque order or warrant addressed to the member or the person entitled to such shares by transmission has been cashed;
- (b) during a period of twelve years no cash dividend payable on the shares has been satisfied by the transfer of funds to the bank account of a shareholder or by transfer of funds by means of the Uncertificated System (as defined in the Articles);
- (c) no communication has been received from such member or any person entitled to the shares by transmission, provided that during the twelve year period the Company has paid at least three cash dividends in respect of the shares and no dividend has been claimed;

- (d) the Company gives notice and in both a national newspaper and a newspaper circulating in the area where the member's last known address is located of its intention to sell;
- (e) the Company has not during the further period of three months after the date of the advertisement and prior to the date of sale received any communication from the member or person entitled by transmission; and
- (f) if such a share is listed or dealt on any stock exchange the Company has first given notice in writing to that exchange of its intention to sell such share.

(6) Variation of class rights

Whenever the capital of the Company is divided into different classes of shares, the rights or privileges attached to any class of share may be varied or abrogated either with the consent in writing of the holders of three-quarters in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class.

(7) Fractions

The Directors may deal with fractional entitlements arising as a result of any alteration to the Company's share capital as they see fit including:

- (a) selling the aggregate of such fractions to any person for the best price reasonably obtainable and to distribute the proceeds amongst the members entitled to such shares in due proportions; or
- (b) issuing the minimum number of shares to round up the shareholders' holding to a whole number, credited as fully paid up, with the amount required to pay up such shares appropriated out of the sums standing to the credit of the Company's reserve account.

(8) Transfer of shares

- (a) All transfers of certificated shares shall be effected by instrument in writing, in any usual or common form or in any other form approved by the Directors. Every written instrument of transfer shall be executed by or on behalf of the transferor and (in the case of a partly paid share) by or on behalf of the transferee. The transferor of any share shall remain the holder of the share concerned until the name of the transferee is entered in the Register in respect of that share.
- (b) All transfers of uncertificated shares shall be effected without a written instrument in accordance with the Uncertificated Securities Regulations (as defined in the Articles).
- (c) The Directors may, in their absolute discretion and without assigning any reason therefore, decline to register any transfer of a share which is not fully paid or on which the Company has a lien provided that, where any such share is listed on the London Stock Exchange, such discretion may not be exercised in such a way as to prevent dealings in the shares of that class from taking place on an open and proper basis.
- (d) The Articles contain no restrictions on the free transferability of fully paid certificated shares provided that the instrument of transfer is in respect of only one class of share and in favour of not more than four transferees, is duly stamped (if so required), and lodged at the Company's registered office accompanied by the certificate for the share to which it relates and such other evidence as the Directors reasonably may require to show the right of the transferor to make the transfer.
- (e) The Articles contain no restrictions on the free transferability of any uncertificated shares provided that the Directors may refuse to register any such transfer which is in favour of

four or more persons jointly or in any other circumstance permitted by the Uncertificated Securities Regulations (as defined in the Articles).

(9) Meetings of shareholders

- (a) The Directors may call a general meeting of the Company and must do so if required under the Act.
- (b) Annual general meetings must be called on at least 21 days' notice, all other general meetings must be called on at least 14 days' notice, unless in each case longer is required under the Act.
- (c) Notice of every general meeting shall:
  - (i) be given to the members (other than a member who, under the Articles or any restrictions imposed on any shares, is not entitled to receive notice from the Company), to the Directors and to the Auditors; and
  - (ii) (to the extent applicable) comply with all relevant obligations under the AIM Rules, including but not limited to being made available on the Company's website.
- (d) Notice of the meetings must specify:
  - (i) If applicable, that the general meeting is to be the annual general meeting;
  - (ii) the place, the day and the time of the meeting;
  - (iii) subject to the requirements of (to the extent applicable) the AIM Rules and/or the London Stock Exchange, the general nature of the business to be transacted;
  - (iv) if the meeting is convened to consider a special resolution, the intention to propose the resolution as such.
  - (v) with reasonable prominence, that a member entitled to attend and vote is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him and that a proxy need not also be a member;
  - (vi) the procedures with which members must comply in order to be able to attend and vote at the meeting (including the date by which they must comply);
  - (vii) details of any forms to be used for the appointment of a proxy;
  - (viii) a time by which a person must be entered on the Register of Members in order for such person to have the right to attend or vote at the meeting (subject to the Uncertificated Securities Regulations (as defined in the Articles) if the Company is then a participating issuer for the purpose of the Uncertificated Securities Regulations (as defined in the Articles)); and
  - (ix) at the Board's discretion, include a statement for the procedure for members to vote in advance or by electronic means (including the date by which it must be done and details of any forms to be used).
- (e) Directors
  - (i) Each of the Directors is entitled to receive by way of remuneration for his services as a director of the Company in each year such sum as the Board may determine provided that such fees shall not exceed in aggregate £150,000 per annum or such larger amount as the Company may by ordinary resolution decide. Additional remuneration is payable to the Directors if they go or reside abroad for any purposes of the Company or who otherwise perform services outside of the scope of his

ordinary duties (in the opinion of the Directors). The Directors are also entitled to be repaid all reasonable travelling and hotel expenses incurred by them in or about the performance of their duties as Directors.

- (ii) A director shall not be disqualified from his office by contracting with the Company, nor is any contract or arrangement entered into on behalf of the Company in which any director is in any way interested liable to be avoided, nor is any director so contracting or being so interested liable to account to the Company for the profit realised thereby, but the nature of his interest must be declared by the director at a meeting of the Board.
- (iii) Save as provided below, a director may not vote in respect of any contract or arrangement or any other proposal in which he has to his knowledge any interest otherwise than by virtue of his interest in shares or debentures or other securities of or otherwise in or through the Company. A director will not be counted in the quorum for a meeting in relation to any resolution on which he is debarred from voting.
- (iv) A director shall (in the absence of some other interest than is indicated below) be entitled to vote (and be counted in a quorum) in respect of any resolution concerning any of the following matters:
  - (v) the giving of any guarantee, security or indemnity to him in respect of money lent or obligations incurred by him at the request of or for the benefit of the Company or any of its subsidiaries;
  - (vi) the giving of any guarantee, security or indemnity in respect of a debt or obligation of the Company or any of its subsidiaries for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;
  - (vii) any proposal concerning an offer of securities in or by the Company or any of its subsidiaries for subscription or purchase in which offer he is entitled to participate or is to be interested as a participant in the underwriting or sub-underwriting thereof;
  - (viii) any proposal concerning another company in which does not have to his knowledge an interest in shares (as that term is used in sections 820 to 825 of the Act) representing one per cent. (1%) or more of either any class of the equity share capital or the voting rights in such company;
  - (ix) any proposal relating to an arrangement for the benefit of employees of the Company or any of its subsidiaries which does not award him any privilege or benefit not generally awarded to the employees to whom such arrangement relates; or
  - (x) any proposal concerning insurance which the Company proposes to maintain or purchase for the benefit of Directors or for the benefit of persons including Directors.
- (f) There is no requirement for Directors to hold qualification shares.
- (g) The Articles do not specify any age limit for Directors, who may remain in office when they are over 70.

(10) Directors' Interests

- (a) The Board may, in accordance with the Articles, authorise a matter proposed to it which would, if not authorised, involve a breach by a Director of his duty under section 175 of the Act to avoid a situation in which he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the Company's interests.
- (b) A matter is proposed to the Board by its being submitted in writing for consideration at a meeting of the Board, and in accordance with the Board's normal procedures or in such other manner as the Board may approve.
- (c) A reference in these Articles to a conflict of interest includes a conflict of interest and duty and a conflict of duties.
- (d) An authorisation is effective only if it is given in accordance with the requirements of the Act, any requirement as to quorum at the meeting at which the matter is considered is met without counting the Director in question or any other Director who has a direct or indirect interest in the matter being authorised (each such other Director being an "Interested Director"), and the matter has been agreed to without the Director in question or any Interested Director voting or would have been agreed to if their votes had not been counted.
- (e) The Board may authorise a matter on such terms and for such duration, or impose such limits or conditions on it, as it may decide, and vary the terms or duration of such an authorisation (including any limits or conditions imposed on it) or revoke it.
- (f) A Director is not required, by reason of being a Director (or because of the fiduciary relationship established by reason of being a Director), to account to the Company for any remuneration or other benefit which he derives from or in connection with a relationship involving a conflict of interest or possible conflict of interest which has been authorised by the Board, including (without limitation) pursuant to the Articles (subject to any terms, limits or conditions attaching to that authorisation).

(11) Borrowing powers

The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge all or part of the undertaking, property and assets (present or future) and uncalled capital of the Company and, subject to the Companies Acts (as defined in the Articles), to create and issue debentures and other securities, whether outright or as collateral security for a debt, liability or obligation of the Company or of a third party. The borrowing powers of the Company as exercisable by the Directors are restricted to ensure that the aggregate of the amounts borrowed by the Group and remaining outstanding at any time (excluding intra Group borrowings) shall not without the previous sanction of an ordinary resolution of the Company exceed an amount equal to two times the gross asset value of the Group.

## 7. Directors' Interests

- (A) The interests (all of which are beneficial unless otherwise stated) of the Directors, their immediate family members and persons connected with them in the share capital of the Company, together with any options in respect of such capital, the existence of which is known to or could with reasonable diligence be ascertained by that Director, whether or not held through another party, as at the date of this document, and as they are expected to be immediately following the Placing and Admission, are as follows:

<i>Director</i>	<i>At the date of this document</i>		<i>Immediately following Admission</i>	
	<i>Number of Ordinary Shares</i>	<i>Percentage of Issued Share Capital</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of Enlarged Issued Share Capital</i>
Nicholas Charles Leopold Jarmany <sup>(1)</sup>	25,550,000	45.46%	24,862,270	38.47%
Chen-Tai Lin <sup>(2)</sup>	7,000,000	12.46%	6,811,581	10.54%
Gary Paul Mullins <sup>(3)</sup>	7,400,000	13.17%	7,200,814	11.14%
Michael John Peagram	N/A	N/A	152,174	0.24%
Guy Christopher van Zwanenberg	N/A	N/A	26,087	0.04%

Notes:

- (1) Mr Jarmany's holding includes 8,500,000 Ordinary Shares, representing 15.12 per cent. of the Issued Share Capital, registered in the name of his wife, Francesca Marzilli. On Admission, 8,271,205 Ordinary Shares, representing 12.80 per cent. of the Enlarged Issued Share Capital, will be registered in the name of Ms Marzilli. In addition, Mr Jarmany has granted a nil cost option to Jon Jayal over 400,000 Ordinary Shares, further details of which are set out in paragraph 10(B) of this Part V.
- (2) Mr Lin's holding includes 1,200,000 Ordinary Shares, representing 2.14 per cent. of the Issued Share Capital, registered in the name of his wife, Shu-Hsiang Wu. On Admission, 1,167,700 Ordinary Shares, representing 1.81 per cent. of the Enlarged Issued Share Capital, will be registered in the name of Ms Wu.
- (3) Mr Mullins' holding includes 400,000 Ordinary Shares, representing 0.71 per cent. of the Issued Share Capital, registered in the name of his partner, Sophie Jayne Woodward. On Admission, 389,233 Ordinary Shares, representing 0.60 per cent. of the Enlarged Issued Share Capital, will be registered in the name of Ms Woodward.
- (B) On Admission, the Directors will hold, in aggregate, 39,052,926 Ordinary Shares representing 60.42 per cent. of the Enlarged Issued Share Capital.
- (C) Save as disclosed in this Part V, none of the Directors nor any person connected with a Director within the meaning of section 252 of the Act has any interest whether beneficial or non-beneficial in any share capital of the Company.
- (D) Save as set out below, or as disclosed elsewhere in this document, no Directorships of any company, other than the Company and its subsidiaries, have been held or occupied over the previous five years by any of the Directors, nor over that period has any of the Directors been a partner in a partnership:

<i>Director</i>	<i>Current Directorships/Partnerships</i>	<i>Former Directorships/Partnerships</i>
Nicholas Charles Leopold Jarmany	—	—
Chen-Tai Lin (formerly Chin-Tsung Lin)	GZ Technologies Inc	—
Gary Paul Mullins	—	—
Michael John Peagram	CMS s.r.o. Hanger8 plc Mountmorris Developments Limited Valentia Properties Limited Valentine Chemicals BVI	Czech, Moravian and Slovak Chemical Limited DMS Montpellier Valentia Air Limited

<i>Director</i>	<i>Current Directorships/Partnerships</i>	<i>Former Directorships/Partnerships</i>
Alice Cresten Preddy	—	—
Guy Christopher van Zwanenberg	Fast Lane Consulting and Education Services Limited Fast Lane Consulting and Education Services Limited (Ireland) ICE Marketing Limited Powder Byrne International Limited Sceptre Leisure plc The Powder Byrne Group Limited Thoughts to Treasure Limited VZ Limited Wargrave and Shiplake Regatta Limited	Club Biz Limited Club Lottery (UK) Limited Creative Lotteries Limited Gemini Club Supplies Limited Kelly's Eye (No1) Limited Kelly's Eye (North West) Limited Lotteryking International Limited Lotteryking Limited Milestone Group plc The business information Zone Limited Vendingking Limited

- (E) There are no actual or potential conflicts of interest between any duties to the Company of the Directors and their respective private interests and other duties.
- (F) There are no outstanding loans granted by the Company to any of the Directors or granted by any Director to the Company nor has any guarantee been provided by the Company for their benefit.
- (G) None of the Directors has:
- (1) any unspent convictions in relation to indictable offences;
  - (2) had any bankruptcy order made against him or entered into any individual voluntary arrangements;
  - (3) been a director of a company which has been placed into receivership, compulsory liquidation or creditors' voluntary liquidation, or administration, or which has entered into any company voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors, nor have they been a director of any company within the 12 months preceding such events;
  - (4) been a partner of any partnership which has been put into compulsory liquidation or administration or entered into partnership voluntary arrangements, nor have they been a partner within the 12 months preceding such events;
  - (5) had a receivership of any asset of such director or of a partnership where he was a partner at the time of or within the 12 months preceding such events;
  - (6) been publicly criticised by statutory or regulatory authorities (including recognised professional bodies), nor has any Director ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.

## **8. Directors' Terms of Appointment**

(A) The Directors currently have the following service agreements or letters of appointment with the Company:

(1) Nicholas Charles Leopold Jarmany

A service agreement dated 2 January 2013 between Quixant and Nicholas Charles Leopold Jarmany under which Nicholas Charles Leopold Jarmany is employed, full-time, as Managing Director at a salary of £148,000 per annum and other benefits commensurate with his position (e.g. a bonus at the discretion of the Board, eligibility for the Company's pension scheme and discretionary sick pay), terminable on 6 months' written notice by either party. Nicholas Charles Leopold Jarmany is subject to non-compete and non-solicitation covenants for a period of 6 months following termination of his engagement with Quixant and to confidentiality undertakings.

(2) Michael John Peagram

A letter of appointment dated 20 February 2013 between Quixant and Michael John Peagram pursuant to which Michael John Peagram is appointed as a non-executive director of the Company and Chairman of the Board at an annual fee of £40,000, for an initial term of 12 months commencing on 1 February 2013, which appointment is terminable thereafter on 3 months' written notice by either party.

(3) Alice Cresten Preddy

A service agreement dated 2 November 2012 between Quixant and Alice Cresten Preddy under which Alice Cresten Preddy is employed, full-time, as Finance Director at a salary of £60,000 per annum and other benefits commensurate with her position (e.g. a bonus at the discretion of the Board, eligibility for the Company's pension scheme and discretionary sick pay), terminable on 6 months' written notice by either party. Alice Cresten Preddy is subject to non-compete and non-solicitation covenants for a period of 6 months following termination of her engagement with Quixant and to confidentiality undertakings.

(4) Chen-Tai Lin

A consultancy agreement dated 20 January 2013 between Quixant and Chen-Tai Lin under which Chen-Tai Lin is employed, full-time, as Manufacturing Director at a salary of \$236,800 per annum, terminable on 6 months' written notice by either party. Chen-Tai Lin is subject to a non-compete covenant for the period of his engagement with Quixant and to confidentiality undertakings.

(5) Gary Paul Mullins

A service agreement dated 2 November 2012 between Quixant and Gary Paul Mullins under which Gary Paul Mullins is employed, full-time, as Sales Director at a salary of £148,000 per annum and other benefits commensurate with his position (e.g. a bonus at the discretion of the Board, eligibility for the Company's pension scheme and discretionary sick pay), terminable on 6 months' written notice by either party. Gary Paul Mullins is subject to non-compete and non-solicitation covenants for a period of 6 months following termination of his engagement with Quixant and to confidentiality undertakings.

(6) Guy Christopher van Zwanenberg

A letter of appointment dated 1 March 2013 between Quixant and Guy Christopher van Zwanenberg pursuant to which Guy Christopher van Zwanenberg is appointed as a non-executive director of the Company at an annual fee of £25,000, for an initial term of 12 months commencing on 1 March 2013, which appointment is terminable thereafter on 3 months' written notice by either party.

- (B) Other than as described above, no service contract of any of the Directors has been entered into or amended in the last six months.

## 9. Employees

- (A) The table below sets out the number of persons employed by Quixant plc (Quixant Limited as of 31 December 2012) and its subsidiaries as of 31 December 2012:

<i>Name</i>	<i>Number</i>			
	<i>of persons employed</i>	<i>Operational Staff</i>	<i>Management Staff</i>	<i>Administration Staff</i>
Quixant plc	7	2	4	1
Quixant US	3	2	0	1
Quixant Italia	8	6	1	1
Quixant UK Limited <sup>(1)</sup>	N/A	N/A	N/A	N/A
Quixant Taiwan Branch	32	20	9	3

Note: (1) Quixant UK Limited was incorporated on 31 January 2013.

## 10. Share Options

- (A) The Directors recognise that a key factor in developing the Company is a skilled, motivated, and stable workforce. In order to incentivise employees the Company has adopted, on 14 May 2013, an equity incentive plan (the “**Plan**”) pursuant to which the Directors may make awards (including, without limitation, share options, incentive stock options, share appreciation rights, restricted shares and restricted stock units), in such form and on such terms and conditions as the Directors may agree, over Ordinary Shares to such employees of the Group as the Directors may select. The Plan will be administered by the remuneration committee of the Board.

The aggregate number of Ordinary Shares which may be issued and/or transferred pursuant to awards made under the Plan will not exceed, when aggregated with the number of Ordinary Shares issued or remaining issuable or transferred or remaining transferable in respect of awards made under the Plan, ten per cent. of the number of Ordinary Shares then in issue. (When calculating this limit, regard will be had only to Ordinary Shares issued or remaining issuable and treasury shares transferred or remaining transferable by the Company.)

- (B) In recognition of Jon Jayal’s earlier contribution to Quixant’s business and his importance to the management team in the future, Nicholas Jarmany, after discussion with the Board, has decided to grant a nil cost option to Jon Jayal over 400,000 Ordinary Shares held by him, when the Ordinary Shares are admitted to trading on AIM, but exercisable only after three years subject to continued employment. These Ordinary Shares equate to the 2,000 5p Ordinary Shares transferred by Jon Jayal to Nicholas Jarmany on 28 June 2007 (referred to at paragraph 4(A)(4) of this Part V of this document) and the bonus shares issued by the Company in respect of such shares (being 6,000 5p Ordinary Shares) on 11 February 2013 (referred to at paragraph 4(A)(7) of this Part V of this document).

## 11. Material Contracts

- (A) The Company

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

(a) Placing Agreement

An agreement dated 14 May 2013 between the Company (1), Smith & Williamson (2), and the Directors (3) (the “**Placing Agreement**”) under which Smith & Williamson has agreed as agents of the Company to use its reasonable endeavours to procure subscribers for up to 8,434,782 New Ordinary Shares at the Placing Price, but without liability or obligation to subscribe for any New Ordinary Shares not taken up pursuant to the Placing. The Company and the Directors have given certain representations and warranties and certain indemnities to Smith & Williamson as to the accuracy of the information contained in this document and other matters in relation to the Company and the Placing. The Placing of the Placing Shares is conditional on the admission of the issued and to be issued ordinary share capital of the Company to trading on AIM becoming effective by 21 May 2013 (or such later date as Smith & Williamson and the Company may agree). Under the Placing Agreement, the Company shall pay to Smith & Williamson for its services a fee of £180,000 (plus VAT, if applicable) and a commission of 4 per cent. of the value of the New Ordinary Shares for which subscribers are procured and shall indemnify Smith & Williamson against costs and expenses in connection with the application for Admission.

In addition, under the Placing Agreement the Directors have agreed, and have procured to ensure to ensure that their connected parties undertake, not to dispose of any interest in their Ordinary Shares (except in limited circumstances) for a period of 12 months from the date of Admission. Following the end of the restriction on disposals of Ordinary Shares within the initial 12 month period following the date of Admission, the Directors have agreed that for a further period of 12 months any sales of Ordinary Shares should be made only through the Broker, for the time being, of the Company.

(b) Nominated Adviser and Broker Agreement

An agreement dated 14 May 2013 between the Company (1) and Smith & Williamson (2) (the “**Nominated Adviser and Broker Agreement**”) pursuant to which the Company has appointed Smith & Williamson to act as the nominated adviser and broker to the Company. The agreement shall continue for a minimum fixed period of twelve months from the date of the Agreement until terminated by the Company or Smith & Williamson upon giving not less than three months’ prior written notice to the other party. Smith & Williamson shall be paid a fee at the annual rate of £40,000 (together with VAT thereon), which shall be payable in advance in four equal quarterly instalments. In addition the Company has agreed to reimburse to Smith & Williamson all expenses, costs (including, for the avoidance of doubt, the reasonable fees of its legal advisers and providers of independent research) and out-of-pocket disbursements incurred in connection with the fulfilment of its obligations under the agreement.

(c) Relationship Agreements

Each of the Key Shareholders, being Nicholas Jarman, Gary Mullins and Chen-Tai Lin, have entered into a relationship agreement with the Company and Smith & Williamson on 14 May 2013 (together, the “**Relationship Agreements**” and each a “**Relationship Agreement**”). Pursuant to the Relationship Agreements, each Key Shareholder has agreed to exercise his rights as a Shareholder at all times, and to procure that his connected parties who may also be Shareholders exercise their rights at all times, so as to ensure that the Company is capable of carrying on its business independently of the Key Shareholders or any control which the Key

Shareholders or their connected parties may otherwise be able to exercise on the Company. In particular, each of the Key Shareholders has undertaken, and has agreed to procure that his connected parties undertake, that he will not do or omit to do anything which would render the Company unsuitable for admission to listing on AIM including, *inter alia*, voting on any resolution to cancel the admission to trading on AIM of the Ordinary Shares. Moreover, each of the Key Shareholders has undertaken to ensure, so far as he is able to, that all transactions, relationships and agreements entered into between the Key Shareholder or his connected parties and the Company or any of its subsidiaries, following Admission are on arms' length terms and on a normal commercial basis. In addition, each of the Key Shareholders and the Company have agreed, amongst other things, that he will not participate in the deliberations of the Board in relation to any proposal to enter into any commercial arrangements with him or his connected parties.

## **12. Litigation**

(A) Save as set out below, there are no, and have been no, governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened against it of which the Company is aware) during the period of 12 months prior to the date of this document which may have, or may have had in the recent past a significant effect on the Group's financial position or profitability.

(1) Shock Machine Limitada

The Company is in dispute with Shock Machine Limitada (“**Shock Machine**”) over an alleged failure by Quixant to supply certain gaming platform kit components. The value of the claim received from Shock Machine is approximately US\$190,000 plus interest. Quixant has denied the claim in correspondence with Shock Machine's legal representatives, the most recent correspondence being on 27 September 2012. There has been no correspondence between the Company and Shock Machine or its legal representatives since that date. The Company considers that the claim has no merit and has been advised to defend the claim should Shock Machine seek to take further action.

(2) Ainsworth Game Technology Limited (“AGT”) has brought a claim against the Company for approximately US\$176,000 for costs incurred in arranging to rework and replace failed power supply units which AGT bought from Topower Computer Industrial Co., Ltd. (“Topower”) through the Company. Management have confirmed that the Company will be seeking reimbursement for some or all of the monies from Topower. Management have confirmed that a provision has been made in the Company's 2012 accounts for the full amount of the monies. Management have also confirmed that they do not believe there is reputational damage as AGT is aware that the problem was not with the Company's products but with those of Topower.

## **13. Related Party Transactions**

Save as set out in note 21 to the historical financial information on the Group in Part IV of this document, as far as the Directors are aware, there have been and are currently no agreements or other arrangements between the Company and individuals or entities that may be deemed to be related parties, for the period of five years prior to the date of this document.

## **14. Information On Holdings**

The Company does not hold a proportion of capital in any undertakings outside of the Group which are likely to have a significant effect on the assessment of its own assets and liabilities, financial position or profits and losses.

## **15. Patents And Licences**

Save as disclosed in this document, the Company is not dependent on patents or licences or any particular industrial or new manufacturing processes which are material to the Company's business or profitability.

## **16. Property, Plant and Equipment**

Save as disclosed in this document, the Company is not aware of any material environmental issues or risks affecting the utilisation of the Group's tangible fixed assets or its operations.

## **17. Significant Change**

Save as disclosed in this document, there has been no significant change in the trading or financial position of the Group since 31 December 2012, being the latest date to which audited accounts have been prepared for the Group.

## **18. Working Capital**

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

## **19. Taxation**

- (A) The following paragraphs are intended as a general guide only and are based on current United Kingdom legislation and HMRC practice as at the date of this document (both of which are subject to change at any time, possibly with retrospective effect). Except where the position of non-United Kingdom resident shareholders is expressly referred to, these comments deal only with the position of shareholders who are resident and, in the case of individuals domiciled, in the United Kingdom for tax purposes, who are the beneficial owners of their Ordinary Shares and who hold their Ordinary Shares as an investment. They do not deal with the position of certain classes of shareholders such as dealers in securities, financial institutions, tax exempt organisations and holders that hold (either directly or indirectly) 10 per cent. or more of the shares in the Company. The following paragraphs are not exhaustive and are intended as a general guide only.
- (B) Any person who is in any doubt as to his or her own tax position, or is subject to taxation in a jurisdiction other than the United Kingdom, is strongly recommended to consult their professional tax adviser.
- (C) The comments in this section are intended as a general guide to current United Kingdom tax law and to the current published practice of HMRC as at the date of this document. Such law and practice (including, without limitation, rates of tax) is in principle subject to change at any time. The comments apply to Shareholders who are resident and domiciled for tax purposes in the UK (except in so far as express reference is made to the treatments of non-UK residents) who will hold Ordinary Shares as an investment and will be the absolute beneficial owners of them.

Non-UK resident and non-UK domiciled Shareholders should consult their own tax advisers.

The position of Shareholders who are officers or employees of the Company is not considered in this section. Such Shareholders may be subject to an alternative tax regime and should therefore seek tax advice specific to their individual circumstances. The position of UK resident but non-domiciled individuals claiming the remittance basis of taxation is not considered in this section.

The tax position of certain Shareholders who are subject to special rules such as dealers in securities, broker-dealers, insurance companies and collective investment schemes is not considered in this section. Any Shareholder who has any doubt as to his or her tax position

regarding the acquisition, ownership and disposition of the Ordinary Shares or who is subject to tax in a jurisdiction other than the United Kingdom should consult their own tax advisers.

**(D) Taxation of Chargeable Gains**

For the purpose of UK tax on chargeable gains, the purchase of Ordinary Shares on a placing will be regarded as an acquisition of a new holding in the share capital of the Company. To the extent that a shareholder acquires Ordinary Shares allotted to him, the Ordinary Shares so acquired will, for the purpose of tax on chargeable gains, be treated as acquired on the date of the purchase becoming unconditional.

The amount paid for the Ordinary Shares will constitute the base cost of a Shareholder's holding.

A disposal of all or any of the Ordinary Shares may, depending on the circumstances of the relevant shareholder give rise to a liability to UK taxation on chargeable gains. Shareholders will normally be subject to UK taxation of chargeable gains, unless such holders are not UK tax resident.

*Individuals*

Where an individual Shareholder disposes of Ordinary Shares at a gain, capital gains tax will be levied to the extent that the gain exceeds the annual exemption (£10,900, for 2013/14) and after taking account of any exemptions and reliefs available to the individual.

For individuals, the starting rate for capital gains tax is 18 per cent. This rate applies where the individual's income and gains are less than the upper limit of the income tax basic rate band after taking into account the individual's personal allowance. The basic rate band for 2013/14 is £32,010. The amount of the personal allowance depends on when an individual is born. For individuals born after 5 April 1948 it is £9,440, for those born between 6 April 1938 and 5 April 1948 it is £10,500 and for those born before 6 April 1938 it is £10,660. To the extent that any chargeable gains, or part of any chargeable gain, aggregated with income arising in a tax year exceed the upper limit of the income tax basic rate band, capital gains tax will be charged at 28 per cent.

For trustees and personal representatives of deceased persons, capital gains tax on gains in excess of the current annual exempt amount (for 2013/14, £10,900 for personal representatives of deceased persons and trustees for disabled persons and £5,450 for other trustees) will be charged at a flat rate of 28 per cent.

Where a Shareholder disposes of the Ordinary Shares at a loss, the loss may be available to offset against other current year gains or carried forward to offset against future gains.

*Companies*

Where a Shareholder is within the charge to corporation tax, a disposal of Ordinary Shares may give rise to corporation tax on a chargeable gain (or allowable loss) for the purposes of UK corporation tax, depending on the circumstances and subject to any available exemption or relief. Corporation tax is charged on chargeable gains at the rate applicable to that company (24 per cent. for the financial year 1 April 2012 to 31 March 2013, reducing to 23 per cent. for the financial year 1 April 2013 to 31 March 2014). Indexation allowance may reduce the amount of chargeable gain that is subject to corporation tax but may not create or increase any allowable loss.

**(E) Taxation of Dividends**

No tax is required to be withheld from dividend payments made by the Company.

### *Individuals*

An individual Shareholder receiving a dividend from the Company also receives a notional tax credit in respect of the dividend of an amount equal to one-ninth of the amount of the net dividend (which is 10 per cent. of the sum of the dividend and the tax credit). The liability to United Kingdom income tax is calculated on the gross dividend income (i.e. the net dividend received plus the notional 10 per cent. tax credit) which will be regarded as the top slice of the individual's income.

Individual Shareholders whose income is within the basic rate tax band (currently £32,010 after the personal allowance) will be subject to dividend income tax at the rate of 10 per cent., so that (after taking into account the notional 10 per cent. credit) such Shareholders will have no further liability to income tax on that dividend income.

Individual Shareholders who are subject to the higher rate of income tax (broadly, where income exceeds £32,010, after the personal allowance) will be subject to income tax on the gross dividend at 32.5 per cent., but will be able to set the tax credit off against part of this liability.

Individual Shareholders who are subject to the additional rate of income tax (broadly, where income exceeds £150,000) will be subject to dividend income tax at 37.5 per cent., but will be able to set the tax credit off against part of this liability.

Dividends payable to trustees and personal representatives of deceased persons will be subject to dividend income tax at 37.5 per cent.

Shareholders who are not liable to income tax on the dividend income (or any part of it) may not claim payment of the tax credit (or any part of it).

### *Companies*

Shareholders within the charge to UK corporation tax which are "small companies" (for the purposes of UK taxation of dividends) will not generally expect to be subject to tax on dividends from the Company.

Other Shareholders within the charge to UK corporation tax will not be subject to tax on dividends (including dividends from the Company) so long as the dividends fall within an exempt class and certain conditions are met. In general, dividends paid on shares that are "ordinary share capital" for UK tax purposes and are not redeemable, and dividends paid to a person holding less than 10 per cent. of the issued share capital of the payer (or any class of that share capital) are examples of dividends that fall within an exempt class. United Kingdom resident Shareholders (including authorised unit trusts and open ended investment companies) and pension funds are not entitled to claim payment of the tax credit (or any part of it).

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

It was announced in the Budget 2013 that SDRT will be abolished on transactions in shares quoted on the small companies markets, such as AIM and the ISDX Growth Market. However, the change will not be effective until April 2014 and HMRC have stated that consultation will take place first.

Except in relation to depositary receipt systems and clearance services (to which the special rules outlined below apply), no stamp duty or SDRT will be levied on the issue of Ordinary Shares in registered form.

A sale of Shares will generally be subject to *ad valorem* stamp duty at the rate of 0.5 per cent. rounded up to the nearest multiple of £5 on the amount or value of the consideration paid by the purchaser. If an unconditional agreement for the transfer of such Ordinary Shares is not completed by a duly stamped transfer to the transferee by the seventh day of the month following

the month in which the agreement becomes unconditional, SDRT will be payable on the agreement at the rate of 0.5 per cent. of the amount or value of consideration paid. Liability to SDRT is generally that of the transferee. Where a purchase or transfer is effected through a member of the London Stock Exchange or a qualified dealer, the said member or dealer will normally account for the SDRT.

When Ordinary Shares are transferred to a CREST member who holds those shares in uncertificated form as a nominee for the transferor, no stamp duty or SDRT will generally be payable.

When Ordinary Shares are transferred by a CREST member to the beneficial owner (on whose behalf it has held them as nominee) no stamp duty or SDRT will generally be payable.

Where a change in beneficial ownership of Ordinary Shares held in uncertificated form occurs and such change is for consideration in money or money's worth (whether the transferee will hold those shares in certificated or uncertificated form) a liability to SDRT at the rate of 0.5 per cent. of the amount or value of the consideration will arise. This will generally be met by the new beneficial owner.

### **Depository receipt systems and clearance services**

Following the European Court of Justice decision in C-569/07 HSBC Holdings Plc and Vidacos Nominees Limited v The Commissioners for Her Majesty's Revenue & Customs and the First-tier Tax Tribunal decision in HSBC Holdings Plc and The Bank of New York Mellon Corporation v The Commissioners for Her Majesty's Revenue & Customs, HM Revenue & Customs has confirmed that 1.5 per cent. SDRT is no longer payable when new shares are issued to a clearance service or depository receipt system.

Where shares in the Company are transferred (a) to, or to a nominee or an agent for, a person whose business is or includes the provision of clearance services or (b) to, or to a nominee or an agent for, a person whose business is or includes issuing depository receipts, stamp duty or SDRT will generally be payable at the higher rate of 1.5 per cent. of the amount or value of the consideration given or, in certain circumstances, the value of the shares. Any liability for stamp duty or SDRT in respect of a transfer into a clearance service or depository receipt system, or in respect of a transfer within such a service, which does arise, will strictly be accountable by the clearance service or depository receipt system operator or their nominee, as the case may be, but will, in practice, be payable by the participants in the clearance service or depository receipt system. There is an exception from the 1.5 per cent. charge on the transfer to, or to a nominee or agent for, a clearance service where the clearance service has made and maintained an election under section 97A(1) of the Finance Act 1986, which has been approved by HM Revenue & Customs. In these circumstances, SDRT at the rate of 0.5 per cent. of the amount or value of the consideration payable for the transfer will arise on any transfer of shares in the Company into such an account and on subsequent agreements to transfer such shares within such account.

### **(G) Inheritance Tax**

Individual and trustee investors domiciled or deemed to be domiciled in any part of the UK may be liable on occasions to inheritance tax ("IHT") on the value of any Ordinary Shares held by them. IHT may also apply to individual Shareholders who are not domiciled in the UK although relief under a double tax convention may apply to those in this position.

Under current law, the chief occasions on which IHT is charged are on the death of the Shareholder, on any gifts made during the seven years prior to the death of the Shareholder, and on certain lifetime transfers, including transfers to trusts or appointments out of trusts to beneficiaries, save in very limited and exceptional circumstances.

However, a relief from IHT known as business property relief (“BPR”) may apply to Ordinary Shares once these have been held for two years. This relief applies notwithstanding that the Company’s shares will be admitted to trading on AIM (although it does not apply to companies whose shares are listed on the Official List). BPR operates by reducing the value of shares by 100 per cent. for IHT purposes.

(H) **Enterprise Investment Scheme (“EIS”)**

The following provides an outline of the EIS tax reliefs potentially available to individuals and trustee investors. Any potential investor should obtain independent advice from a professional advisor as a claim for relief will be conditional upon his or her own circumstances and is subject to holding the shares throughout the relevant three year period.

In addition, for EIS relief not to be withdrawn, the Company must comply with a number of conditions throughout the qualifying period relating to Ordinary Shares.

In summary, EIS relief may be available where a qualifying company issues new ordinary shares, the purpose of which is to raise money for a qualifying business activity. The EIS shares must be subscribed for in cash and be fully paid up at the date of issue and must be held, broadly, for three years after they were issued.

EIS income tax relief is available to individuals only – the current relief is 30 per cent. of the amount subscribed for EIS shares to be set against the individual’s income tax liability for the tax year in which the EIS investment is made, and is available up to a maximum of £1,000,000 in EIS subscriptions per tax year. This relief can be ‘carried back’ one tax year (subject to the overriding limit for relief in that tax year). This relief is only available to individuals who are not connected with the Company in the period of two years prior to and three years after the subscription.

Very broadly, an individual is connected with the issuing company if, *inter alia*, he or his associates are employees or directors or have an interest in more than 30 per cent. of the Company’s ordinary share capital or voting rights.

Where EIS income tax relief has been given and has not been withdrawn, any gain on the subsequent disposal of the shares in qualifying circumstances is generally free from capital gains tax. If the shares are disposed of at a loss, capital gains tax relief will generally be available for that loss net of any income tax relief previously given. Alternatively, an election can be made to set that loss (less any income tax relief already given) against income of that year or any income of the previous year.

Individuals and trustees who have realised gains on other assets within one year before or up to three years after the EIS shares are issued, are able to defer a capital gains tax liability arising on those gains by making a claim to reinvest an amount of those gains against the cost of the EIS share subscription. Deferred gains will become chargeable on a disposal or deemed disposal of the EIS shares. The investor can be connected with the Company (as outlined above) and obtain such capital gains tax deferral relief.

**20. Takeover Bids, Squeeze Out and Sell Out Rules**

(A) The Company will be subject to the provisions of the Code, including the rules regarding mandatory takeover bids. Under Rule 9 of the Code, when:

- (1) a person acquires interests in shares which, when taken together with interests in shares already held by him or persons acting in concert with him (as defined in the Code), carry 30 per cent. or more of the voting rights of the Company; or
- (2) a person who, together with persons acting in concert with him, is interested in shares equal to not less than 30 per cent. of the voting rights of the Company (but does not hold

shares carrying more than 50 per cent. of such voting rights), and such person, or any person acting in concert with him, acquires additional interests in shares which increase the percentage of shares carrying voting rights in which he is interested,

then that person is normally required to make a general offer in cash, at the highest price paid by him or any person acting in concert with him for shares in the Company within the preceding 12 months, for all the remaining equity share capital (and any other class of transferable securities carrying voting rights) in the Company.

- (B) If a “takeover offer” (as defined in section 974 of the Act) is made and the offeror, by virtue of acceptances of such offer, acquires or contracts to acquire not less than nine tenths in value of the Ordinary Shares to which the takeover offer relates, then the offeror has the right to acquire compulsorily the remaining Ordinary Shares of the minority Shareholders for the offer price within a fixed period. In certain circumstances, the minority Shareholders also have the right to require the offeror to buy their Ordinary Shares at the offer price within a fixed period.
- (C) No takeover offers have been made in respect of the Group either in the last financial year (being the year ended 31 December 2012) or the current financial year of the Group.

## **21. Dilution**

- (A) Assuming the Placing Shares are fully subscribed, the Existing Shares will account for 86.95 per cent. of the Enlarged Issued Share Capital.
- (B) Holders of Existing Shares will be diluted by the subscription for the 8,434,782 New Ordinary Shares, which will represent a 13.05 per cent. immediate dilution of the holders of the Existing Shares.

## **22. General**

- (A) The Placing Shares are being offered pursuant to the Placing at the Placing Price. The ISIN (International Security Identification Number) for the Ordinary Shares is GB00B99PCP71.
- (B) The Placing Shares will be created and allotted under the Act and the laws of England and Wales. The currency of the Placing Shares will be pounds sterling. The Placing Shares will be issued for cash at the Placing Price and credited as fully paid.
- (C) The Placing Shares are to be issued in registered form and will be issued in either certificated or uncertificated form to those subscribers who have CREST accounts. CREST accounts will be credited on Admission. Definitive share certificates are expected to be dispatched by 31 May 2013.
- (D) CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by certificate and transferred otherwise than by written instrument. The Company has applied for the Placing Shares to be admitted to CREST with effect from Admission and CREST has agreed to such arrangements. Accordingly, settlements of Ordinary Shares following Admission may take place within the CREST system if individual Shareholders so wish. CREST is a voluntary system and holders of Ordinary Shares who wish to receive and retain share certificates will be able to do so.
- (E) The holders of the Placing Shares will participate proportionately to such shareholdings in all distributions of capital or income by the Company or any surplus arising on liquidation of the Company. There are no fixed dates for dividend payments on the Ordinary Shares. Each Ordinary Share affords the holder of such share the right to one vote. There are no restrictions on the transferability of the Ordinary Shares.

- (F) KPMG Audit Plc, as reporting accountants, have given and have not withdrawn written consent to the inclusion in this document of its report set out in Part IV of this document in the form and context in which it appears.
- (G) Smith & Williamson Corporate Finance Limited has given and not withdrawn its written consent to the issue of this document with the inclusion in it of its name in the form and context in which it appears.
- (H) Save as disclosed in this document, no person (excluding professional advisers otherwise disclosed in this document and trade suppliers) has received, directly or indirectly, from the Company within the 12 months preceding the date of application for Admission or entered into contractual arrangements (not otherwise disclosed in this document) to receive, directly or indirectly, from the Company on or after Admission any of the of the following:
  - (1) fees totalling £10,000 or more;
  - (2) securities in the Company with a value of £10,000 or more calculated by reference to the Issue Price; or
  - (3) any other benefit with a value of £10,000 or more at the date of Admission.
- (I) Where information in this document has been sourced from a third party it has been accurately reproduced and, as far the Company is aware and is able to ascertain from information published by that third party, no facts have been omitted that would render the reproduced information inaccurate or misleading. Where third party sources have been used they have been referenced accordingly in this document.
- (J) Assuming that Admission takes place, the total proceeds of the Placing to be received by the Company are expected to amount to £3.88 million (approximately US\$6.02 million) and the total costs, charges and expenses payable by the Company in connection with Admission and the Placing are estimated to be £0.78 million (approximately US\$1.21 million) (excluding any applicable VAT).
- (K) The Company's auditors for the two years to 31 December 2012 were KPMG Audit Plc, who are a member firm of the Institute of Chartered Accountants in England and Wales.
- (L) Except as disclosed in this document, there are no exceptional factors which have influenced the Company's activities in any material respect.
- (M) The Directors are not aware of any significant recent trends in production, sales and inventory and costs and selling prices. There are no known uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Group's prospects for the current financial year.
- (N) Nothing in this document is intended to be or should be taken as a profit forecast, estimate or projection.
- (O) The financial information set out in Part IV of this document relating to the Company does not constitute statutory accounts within the meaning of section 434 of the Act. Statutory accounts for the Company have been delivered to the Registrar of Companies for each of the years ended 31 December 2011 and 2012. The Company was exempt from the requirement for an audit in respect of the year ended 31 December 2010.

### **23. Documents Available for Inspection**

- (A) A copy of this document will be available, free of charge, during normal business hours on any week day (Saturdays, Sundays and public holidays excepted) at the offices of Smith & Williamson, 25 Moorgate, London EC2R 6AY, from the date of this document for a period of one month from the date of Admission.

Dated 15 May 2013

