

The content of this document has not been approved by an authorised person within the meaning of the Financial Services and Markets Act 2000 (as amended). Reliance on this document for the purpose of engaging in any investment activity may expose an individual to a significant risk of losing all amounts invested.

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document and/or the action that you should take, you should immediately seek your own financial advice from your stockbroker, bank manager, solicitor or other independent professional adviser authorised under the Financial Services and Markets Act 2000 (as amended), if you are in the United Kingdom or, if not, another appropriately authorised independent financial adviser.

If you have sold or otherwise transferred all of your registered holding of Ordinary Shares on or before 5 December 2016, please forward this document and the enclosed Application Form to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. If you have sold or otherwise transferred part of your holding of Ordinary Shares, please consult the stockbroker, bank or other agent through whom the sale or transfer was effected.

The Directors, whose names appear on page 3 of this document, and the Company, accept responsibility for the information contained in this document. To the best of the knowledge of the Directors and the Company (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.

This document does not constitute a prospectus for the purposes of the Prospectus Rules and has not been, and will not be, approved by or filed with the Financial Conduct Authority. In issuing this document, AB Dynamics plc is relying on the exemption from issuing a prospectus in section 86 and paragraph 9 of Schedule 11A of the Financial Services and Markets Act 2000 (as amended) and on paragraphs 43 and 60 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended). Details of these exemptions are set out in Part II of this document. Applications in respect of the Offer from persons not falling within such exemption will be rejected and the Offer contained in this document is not capable of acceptance by such persons.

Copies of this document will be available free of charge during normal business hours on any weekday (except Saturdays, Sundays and public holidays) at the offices of Pinsent Masons LLP, 30 Crown Place, Earl Street, London EC2A 4ES, from the date of this document to the date of admission of the Offer Shares.

The Ordinary Shares are admitted to trading on AIM. Application has been made for the New Placing Shares to be admitted to trading on AIM and application will be made to the London Stock Exchange for the Offer Shares to be admitted to trading on AIM. Conditional upon completion of the Offer, it is expected that admission to trading on AIM and dealings in the Offer Shares will commence on or around 28 December 2016.

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 UK Listing Authority. 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 London Stock Exchange has not itself examined or approved the contents of this document. A prospective investor should consider carefully whether an investment in the Company is suitable for him in the light of his personal circumstances and the financial resources available to him.

AB Dynamics plc

(incorporated in England and Wales under the Companies Act 2006 with registered number 8393914)

Offer of up to 210,526 Offer Shares to Qualifying Participants

Placing announced today of 1,136,842 New Placing Shares to raise £5.4 million before expenses

Cairn Financial Advisers LLP ("Cairn"), which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting as nominated adviser to the Company in relation to the transaction referred to herein. The responsibilities of Cairn as the Company's nominated adviser under the AIM Rules for Nominated Advisers are owed solely to the London Stock Exchange and are not owed to the Company or to any Director or to any person. Persons receiving this document should note that Cairn will not be responsible to anyone other than the Company for providing the protections afforded to its clients or for advising any other person on the arrangements described in this document. Cairn has not authorised the contents of, or any part of, this document and no liability whatsoever is accepted by Cairn for the accuracy of any information or opinions contained in this document or for the omission of any information.

Cantor Fitzgerald Europe ("Cantor Fitzgerald"), which is authorised and regulated in the United Kingdom by the Financial Conduct Authority and is a member of the London Stock Exchange, is acting as broker to the Company under the AIM Rules. Cantor Fitzgerald is acting exclusively for the Company in relation to the Fundraising and will not regard any other person (whether or not a recipient of this document) as a client in relation to the Fundraising and will not be responsible to anyone other than the Company in providing the protections afforded to its clients nor for providing advice in relation to the contents of this document or any other matter referred to herein.

The distribution of this document and/or the accompanying Application Form in jurisdictions other than the UK may be restricted by law and therefore persons into whose possession these documents come should inform themselves about and observe any of those restrictions. Any failure to comply with any of those restrictions may constitute a violation of the securities laws of any such jurisdiction.

This document should be read in its entirety and, in particular, your attention is drawn to the section headed "Risk Factors" in Part III of this document. Neither the Placing Shares nor the Offer Shares have been nor will they be registered under the US Securities Act of 1933, as amended (the "Securities Act") and, subject to certain exceptions, may not be offered or sold or subscribed, directly or indirectly, within the United States, Canada, Japan, South Africa or Australia or to or by any US Person (as such term is defined in Regulation S promulgated under the Securities Act) or any national, resident or citizen of Canada, Japan, South Africa or Australia or any corporation, partnership or other entity created or organised under the laws thereof.

Neither the content of any website referred to in this document, nor any hyperlinks on such website, is incorporated in, or forms part of, this document.

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DIRECTORS, SECRETARY AND ADVISERS

Directors	Anthony Best, <i>Chairman</i> Timothy John Rogers, <i>Chief Executive</i> Robert Andrew Leonard Hart, <i>Finance Director</i> Frederick Bryan Smart, <i>Non-executive Director</i> Graham Eves, <i>Non-executive Director</i>
Company Secretary	Robert Andrew Leonard Hart
Registered Office	Holt Road Bradford-on-Avon Wiltshire BA15 1AJ
Nominated Adviser	Cairn Financial Advisers LLP Cheyne House Crown Court 62-63 Cheapside London EC2V 6AX
Broker to the Company	Cantor Fitzgerald Europe One Churchill Place London E14 5RB
Solicitors to the Company	Pinsent Masons LLP 30 Crown Place Earl Street London EC2A 4ES
Solicitors to the Nominated Adviser and Broker	Fieldfisher LLP Riverbank House 2 Swan Lane London EC4R 3TT
Registrar and receiving agent to the Offer	Share Registrars Ltd The Courtyard 17 West Street Farnham Surrey GU9 7DR

PLACING AND OFFER STATISTICS

Placing Price	475p
Number of Ordinary Shares in issue as at the date of this document	17,764,578
Number of New Placing Shares	1,136,842
Number of Ordinary Shares in issue following Placing Admission	18,901,420
Maximum number of Offer Shares being offered pursuant to the Offer	210,526
Enlarged Issued Share Capital (assuming Offer Maximum is taken up)	19,111,946
Number of Offer Shares as a percentage of the Enlarged Issued Share Capital (assuming Offer Maximum is taken up)	1.1%
Number of New Placing Shares and Offer Shares as a percentage of the Enlarged Issued Share Capital (assuming Offer Maximum is taken up)	7.0%
Estimated proceeds from the Placing and Offer, net of expenses (assuming Offer Maximum is taken up)	£6.0 million

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

2016

Offer Record Date	5 December
Announcement of the Placing	6 December
Announcement of the Offer, date of this document and posting of the Application Form	6 December
Admission of the Placing Shares to AIM	9 December
CREST accounts expected to be credited for the New Placing Shares in uncertificated form	9 December
Expected date for posting of share certificates for the New Placing Shares in certificated form	16 December
Latest time and date for receipt of completed Application Forms and payment in full under the Offer	11.00 a.m. on 20 December
Announcement of the result of the Offer	21 December
Admission of the Offer Shares to AIM	28 December
CREST accounts expected to be credited for the Offer Shares in uncertificated form	28 December
Expected date for posting of share certificates for the Offer in certificated form	9 January (2017)

Each of the times and dates in the above timetable is subject to change. If any of the above times and/or dates change, the revised times and/or dates will be notified to Shareholders by announcement through a Regulatory Information Service. References to time in this document are to London time.

The Company's SEDOL code is B9GQVG7 and ISIN code is GB00B9GQVG73.

DEFINITIONS

“Act”	the Companies Act 2006 (as amended from time to time)
“Admission”	admission of the Offer Shares to trading on AIM becoming effective in accordance with Rule 6 of the AIM Rules
“AIM”	the market of that name operated by London Stock Exchange
“AIM Rules”	the rules for companies with a class of securities admitted to AIM and their nominated advisers governing the admission to and operation of AIM as published by London Stock Exchange from time to time
“Application Form(s)”	the application form(s) accompanying this document on which Qualifying Participants may apply for Offer Shares under the Offer
“Business Day”	a day not being a Saturday or a Sunday or a bank or public holiday in England on which clearing banks are open for business in the City of London
“Cairn”	Cairn Financial Advisers LLP, nominated adviser to the Company
“Cantor Fitzgerald”	Cantor Fitzgerald Europe, the Company’s broker in connection with the Placing
“Company” or “ABD”	AB Dynamics plc, a company incorporated in England and Wales under the Companies Act 2006 with registered number 8393914
“CREST”	the Relevant System (as defined by the CREST 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 by the CREST Regulations)
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (as amended) (SI 2001/3755)
“Directors” or “Board”	the directors of the Company whose names are set out on page 3 of this document, or any duly authorised committee thereof
“Enlarged Issued Share Capital”	the Ordinary Shares in issue immediately following Admission, assuming Placing Admission occurs and the Offer Maximum is taken up under the Offer
“Euroclear”	Euroclear UK & Ireland Limited, the operator of CREST
“FCA”	the Financial Conduct Authority
“Financial Promotion Order”	the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, (as amended)
“Fundraising”	the Placing and the Offer
“Group”	the Company, its subsidiaries and its subsidiary undertakings
“London Stock Exchange”	London Stock Exchange plc
“New Placing Shares”	the 1,136,842 new Ordinary Shares issued and allotted conditional on Placing Admission pursuant to the Placing to Placees

“OEM”	original equipment manufacturer
“Offer”	the offer of the Offer Shares on the terms and conditions set out in Part IV of this document and the Application Form accompanying this document
“Offer Maximum”	the aggregate maximum subscription under the Offer (before expenses) of £1 million
“Offer Record Date”	the record date in relation to the Offer, being 5.00 p.m. on 5 December 2016
“Offer Shares”	up to 210,526 new Ordinary Shares to be issued and allotted conditional on Admission to Qualifying Participants pursuant to the Offer
“Optionholders”	the holders of options under the Option Schemes
“Option Schemes”	the AB Dynamics plc Enterprise Management Investment Share Option Plan, the AB Dynamics plc Unapproved Share Option Plan and the AB Dynamics plc Company Shares Option Plan, each dated 11 July 2016
“Ordinary Shares”	the ordinary shares of 1p each in the capital of the Company
“Placees”	subscribers for or purchasers of Placing Shares pursuant to the Placing
“Placing”	the conditional placing of the Placing Shares to Placees as announced by the Company on 5 December 2016
“Placing Admission”	admission of the New Placing Shares to trading on AIM becoming effective in accordance with Rule 6 of the AIM Rules
“Placing Agreement”	the conditional agreement dated 6 December 2016 between the Company, Cairn and Cantor Fitzgerald relating to the Placing of the New Placing Shares, details of which are set out in paragraph 2 of Part II and paragraph 6(ii) of Part V of this document
“Placing Price” or “Issue Price”	the price of 475p per New Placing Share or Offer Share
“Placing Shares”	the New Placing Shares to be subscribed for and Sale Shares to be purchased by Placees conditional on Placing Admission pursuant to the Placing
“Prospectus Rules”	the Prospectus Rules published by the FCA
“Qualifying Participants”	Shareholders on the register of members of the Company on the Offer Record Date who are in any jurisdiction in which an offer to sell or an invitation to subscribe for the Offer Shares is not unlawful and does not require the Offer or Offer Shares to be approved by, or registered with, any regulatory body
“Sale Shares”	the 300,000 existing Ordinary Shares in aggregate in issue and to be sold to Placees conditional on, <i>inter alia</i> , Placing Admission pursuant to the Placing
“Sellers”	Anthony Best, (Chairman of the Company) and Stephen Neads, who will sell Sale Shares to Placees conditional on, <i>inter alia</i> , Placing Admission pursuant to the Placing

“Selling Shareholders Agreement”	the conditional agreement dated 6 December 2016 between the Company, Cantor Fitzgerald and the Sellers relating to the Placing of the Sale Shares, details of which are set out in paragraph 2 of Part II and paragraph 6(ii) of Part II of this document
“Shareholders”	holders of Ordinary Shares
“Share Registrars”	Share Registrars Limited, registrars and receiving agent to the Company
“subsidiaries” and “subsidiary undertakings”	have the meaning set out in section 1162 of the Act
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland
“U.S.”	the United States of America, each state thereof, its territories and possessions, and all areas subject to its jurisdiction
“£” and “p”	pounds and pence sterling, respectively, the lawful currency of the United Kingdom

PART I

LETTER FROM THE CHAIRMAN

AB Dynamics plc

(incorporated in England and Wales under the Companies Act 2006 with registered number 8393914)

Directors:

Anthony Best, *Chairman*
Timothy Rogers, *Chief Executive*
Robert Hart, *Finance Director*
Frederick Bryan Smart, *Non-executive Director*
Graham Eves, *Non-executive Director*

Registered office:

Holt Road
Bradford-on-Avon
Wiltshire BA15 1AJ

6 December 2016

To Qualifying Participants and, for information purposes only, to Optionholders

Dear Shareholders

Offer of up to 210,526 Offer Shares to Qualifying Participants

Placing announced today of 1,136,842 New Placing Shares to raise £5.4 million before expenses

Introduction

Your Board was pleased to announce earlier today that, conditional on, *inter alia*, Placing Admission, the Company has raised £5.0 million (net of expenses) in a Placing of new Ordinary Shares through Cantor Fitzgerald, broker to the Placing, with new and existing investors. The Company has allotted (conditional on Placing Admission) the 1,136,842 New Placing Shares and application has been made for such New Placing Shares to be admitted to trading on AIM which is expected to occur at 8.00 am on 9 December 2016. In addition, pursuant to the Placing the Sellers have sold 300,000 Sale Shares conditional on, *inter alia*, Placing Admission through Cantor Fitzgerald, broker to the Placing, with new and existing investors.

The Board considers it important to allow existing Shareholders to participate on the same terms as investors who participated under the Placing and to that end, the Board is providing Qualifying Participants with the opportunity to subscribe for Offer Shares under the Offer. In connection with the Offer the Company will allot (conditional on Admission) up to 210,526 Offer Shares and will make an announcement in due course once the total number of Offer Shares subscribed for is known and application will be made for such Offer Shares to be admitted to trading on AIM which is expected to occur at 8.00 am on 28 December 2016. The Offer is capped at £1 million.

Information about the Offer, the Company's business and the risks of investing in the Company, are set out in this document, which you are encouraged to read carefully.

More information about the Company and our recent activities, including our announcements and financial reports, is available at the Company's website, www.abd.uk.com.

Background and history of the Company

ABD is a leading designer, manufacturer and provider of advanced testing and measurement products for vehicle suspension, brakes and steering to the global automotive research and development sector. The Group was founded in 1982 and its shares were admitted to trading on AIM in May 2013. The Group is headquartered in Bradford on Avon and employs approximately 90 staff. ABD currently supplies all of the top twenty automotive manufacturers, including Honda, Toyota, Ford and Volkswagen, who routinely use the Group's products to test vehicle safety and dynamics.

Further information on the Group is set out in the Company's recently published annual report and accounts for the year ended 31 August 2016 and on its website www.abd.uk.com.

Current trading and prospects

The Group released its results for the year ended 31 August 2016 on 16 November 2016 and these are available on the Group's website at www.abd.uk.com.

Highlights from the Group's operations for the year ended 31 August 2016 are:

- Revenues increased 23.9 per cent. to £20.5 million (2015: £16.5 million) due to increased demand from the global automotive testing sector. The rise in revenues resulted in profits after tax increasing 19.4 per cent. to £3.9 million (2015: £3.2 million).
- Net cash inflow of £4.1 million (2015: £4.0 million) resulting in a year end closing cash balance of £10.4 million (2015: £8.0 million).
- Recommendation to pay a final dividend of 1.815p per share subject to shareholder approval at the AGM, bringing the total dividend for the year to 3.025p, an increase of 10 per cent. on 2015.
- Increased focus on research & development and customer support, with new teams of field support engineers located in the UK, Germany and Japan. This includes a new commercial director based in Germany providing a key supporting role to the German OEMs.

Future prospects for the Group have been identified by the Board to include the following:

- Completion of the Group's new 3,070m² facility targeted for September 2017.
- Continued focus on business diversification through aVDS and commencement of new research & development programmes.
- Potential acquisition of companies offering complementary products and services in the same sector.

Use of Proceeds

The Board anticipates that a significant portion of the Group's existing funds will be required for completion of a new manufacturing facility, together with existing research and development commitments. The Group has a track record of increasing research and development expenditure in order to develop new products and solutions to take advantage of growing opportunities across its target markets. The net proceeds of the Placing, together with the Group's existing cash resources, will be used to support and further advance the future growth and development of the Group:

- by accelerating existing development programmes and projects for new products, including simulator development, new specialised lab and track testing equipment and growth areas such as autonomous vehicles and virtual vehicle testing;
- by investing in technical and commercial centres in Japan, Korea, Germany and the US. The Board believe these centres will provide the Group greater control over the Group's routes to market and will facilitate deeper relationships with its customers;
- by investing in additional facilities. The Group has purchased land adjacent to its new manufacturing facility in order to build an approximately 20,000 square feet factory dedicated to the Group's simulator business. With the benefit of the Placing proceeds, the Board expect that this building, which will cost approximately £2.2 million, will now be operational in mid-2018, some 18 months earlier than expected; and
- for general working capital purposes.

To the extent that funds are raised pursuant to the Offer, these will be used to further augment the Group's general working capital position.

The Offer

The Board considers it important that Qualifying Participants have an opportunity to participate on the same terms as investors in the recently announced Placing. Qualifying Participants can subscribe for, in aggregate, up to £1 million, the Offer Maximum, which is within the limits of the authorities previously granted to the Directors permitting them to allot equity securities on a non-pre-emptive basis, further details of which are set out in paragraph 3 of Part V of this document. The Directors may use their absolute discretion to scale back applications under the Offer as they see fit. For further information on the Offer, your attention is drawn to Parts II and IV of this document and the Application Form.

It is expected that dealing in the Offer Shares issued pursuant to the Offer will commence on or around 28 December 2016.

In order to apply for Offer Shares, Qualifying Participants should complete the Application Form in accordance with the instructions set out in Parts II and IV of this document and on the Application Form itself and return the Application Form, together with the appropriate remittance, by post or by hand (during normal business hours only), to Share Registrars, The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR, or by hand (during normal business hours only) to Share Registrars at that address together, in each case, with payment in full, so as to be received by not later than 11.00 a.m. on 20 December 2016.

The Placing

The Company announced earlier today that pursuant to the Placing it had raised approximately £5.0 million (net of expenses) through the issue, conditional on Placing Admission of the New Placing Shares at the Placing Price through Cantor Fitzgerald. In addition, pursuant to the Selling Shareholders Agreement, the Sellers have agreed to sell the Sale Shares to Placees at the Placing Price. The Placing Agreement and the Selling Shareholders Agreement are each subject to certain conditions including Placing Admission becoming effective on 9 December 2016 (or such later date as the Company and Cantor Fitzgerald may agree, being not later than 16 December).

The Placing Price represents a discount of approximately 6 per cent. to the price of 505 pence per existing Ordinary Share, being the average closing price for the preceding 5 business days prior to this announcement. The New Placing Shares and Offer Shares will represent approximately 7.0 per cent. of the Enlarged Issued Share Capital (assuming the Offer Maximum is taken up).

Actions to be taken

Qualifying Participants wishing to participate in the Offer should carefully read the Application Form and accompanying instructions and send their completed Application Form along with the appropriate remittance to Share Registrars at the address specified in the instructions.

Yours faithfully

Anthony Best
Chairman

PART II

DETAILS OF THE OFFER AND PLACING

1. The Offer

The Offer comprises an offer to Qualifying Participants of up to 210,526 Offer Shares with the aggregate consideration to be received by the Company limited to £1 million, being the Offer Maximum. Qualifying Participants can apply for as many Offer Shares as they wish. However, the Directors reserve the right to exercise their absolute discretion in the allocation of successful applications, including, without limitation, to ensure no Offer Shares are issued so as to exceed the Offer Maximum.

The Offer is only open to Qualifying Participants and, save as set out in the preceding paragraph, there is no maximum or minimum subscription per applicant. No Qualifying Participant may subscribe for Offer Shares in excess of the Offer Maximum. Multiple applications may be submitted. Qualifying Participants who are joint Shareholders may only apply for Offer Shares as joint applicants.

The Offer is conditional on Admission of the Offer Shares occurring on 28 December 2016 (or such later date, being not later than 4 January 2017, as the Company may decide). If Admission of the Offer Shares has not occurred by such time and date, applications are expected to be returned without interest by crossed cheque in favour of the applicant(s) (at the applicant's risk) through the post as soon as practicable. Any interest earned on the application monies will be retained for the benefit of the Company. The Offer will close at 11.00 a.m. on 20 December 2016 unless previously closed or extended. The Offer is not being underwritten. The Application Form and accompanying procedure for application sets out, in detail, how Qualifying Participants may participate under the Offer.

Applications must be made on the terms and conditions set out in Part IV of this document and in the Application Form and by duly completing and returning the Application Form and appropriate remittance.

2. The Placing

Pursuant to the terms of the Placing Agreement, Cantor Fitzgerald, as broker to the Company, has conditionally agreed to use its reasonable endeavours, as agent for the Company, to place the New Placing Shares at the Placing Price with certain institutional and other investors on the terms and conditions of the Placing announcement published on 6 December 2016. The Placing Agreement is conditional upon, *inter alia*, Placing Admission becoming effective on or before 8.00 a.m. on 9 December 2016 (or such later time and/or date as the Company and Cantor Fitzgerald may agree, but in any event by no later than 8.00 a.m. on 16 December 2016). The Placing Agreement contains, *inter alia*, certain warranties and indemnities from the Company for the benefit of Cantor Fitzgerald and Cairn. Cantor Fitzgerald and Cairn have rights to terminate their respective obligations under the Placing Agreement in certain circumstances prior to Placing Admission, including for any force majeure which in the reasonable opinion of Cantor Fitzgerald and/or Cairn is materially adverse, or in the event of a breach of the warranties set out in the Placing Agreement which, in the reasonable opinion of Cantor Fitzgerald and/or Cairn is likely to materially and adversely affect the market position or prospects of the Group as a whole.

Pursuant to the terms of the Selling Shareholders Agreement, Cantor Fitzgerald, as agent for the Sellers, has conditionally agreed to use its reasonable endeavours to procure purchasers for the Sale Shares at the Placing Price. The Selling Shareholders Agreement is conditional upon, *inter alia*, Placing Admission becoming effective on or before 8.00 a.m. on 9 December 2016 (or such later time and/or date as the Company and Cantor Fitzgerald may agree, but in any event by no later than 8.00 a.m. on 16 December 2016). The Selling Shareholders Agreement contains certain warranties and indemnities from the Sellers in favour of Cantor Fitzgerald.

3. Dealings and Settlement on AIM

The Offer Shares will be allotted and issued fully paid and will, on issue, rank *pari passu* with the existing Ordinary Shares, including the right to receive, in full, all dividends and other distributions thereafter declared, made or paid after the date of issue together with all rights attaching to them and free from all liens, charges and encumbrances of any kind. Application will be made to the London Stock Exchange for the Offer Shares

to be admitted to trading on AIM. Admission of the Offer Shares to trading on AIM is expected to occur at 8.00 a.m. on 28 December 2016.

4. Prospectus Rules and Financial Promotion Order

The Company has been advised that the limited size of the Offer means that it falls within an exemption in paragraph 9 of Schedule 11A of the Financial Services and Markets Act 2000 (as amended). In addition, since the Placing is with UK Subscribers and directed at qualified investors only, the Placing falls within an exemption in Section 86 of the Financial Service and Markers Act 2000 (as amended). As such this document does not constitute a prospectus.

Furthermore, this document is exempt from the general restriction contained in section 21 of the Financial Services and Markets Act 2000 relating to the communication of invitations or inducements to engage in investment activity on the grounds that it is being made available by the Company only to Qualifying Participants. Accordingly, the Offer is only capable of being accepted by Qualifying Participants. As this document relies on the exemption set out in paragraph 43 of the Financial Promotion Order (non-real time communications by or on behalf of a body corporate to members of that body corporate) and paragraph 60 of the Financial Promotion Order (participation in employee share schemes), it has not been drawn up in accordance with the FCA's Handbook or its Conduct of Business Sourcebook.

PART III

RISK FACTORS

An investment in the Company involves significant risks and is only suitable for investors who are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses (which may be equal to the whole amount invested) which may result from such an investment. Prospective investors should carefully review and evaluate the risks and the other information contained in this document before making a decision to invest in the Company. If in any doubt, prospective investors should immediately seek their own personal financial advice from their independent professional adviser authorised under the Financial Services and Markets Act 2000 (as amended) who specialises in advising on the acquisition of shares and other securities or other advisers such as legal advisers and accountants.

It should be noted that the Company is relying on an exemption from issuing a prospectus in section 86 and paragraph 9 of Schedule 11A of the Financial Services and Markets Act 2000 (as amended) resulting in this document not being considered to be a prospectus. Consequently, this document does not include all information that an investor would receive if it were a prospectus.

If any of the following risks actually occur, the Group's business, financial condition, capital resources, results and/or future operations could be materially and adversely affected. In such circumstances, the trading price of the New Placing Shares and the Offer Shares could decline and investors may lose all or part of their investment. Additional risks and uncertainties not currently known to the Board may also have an adverse effect on the Group's business and the information set out below does not purport to be an exhaustive summary of the risks affecting the Company or the Group. There can also be no guarantee that the Group's investment objectives will be achieved. Prospective investors should be aware that the value of New Placing Shares and Offer Shares and the income from them may go down as well as up and that they may not be able to realise their investment. In addition, it is possible that the market price of New Placing Shares and Offer Shares in the Company may be less than the underlying net asset value per New Placing Share or Offer Share.

References to the Company are also deemed to include, where appropriate, each member of the Group.

1. Risks relating to the business and operations of the Group

The Group is reliant on key executives and personnel

The Group's business, development and prospects are dependent upon the continued services and performance of its Directors and other key personnel. The experience and commercial relationships of the Group's personnel help provide the Group with a competitive advantage. As such, key man insurance exists for all key personnel in the Group, save for Anthony Best. Although several members of staff have worked for the Group for over 20 years and the Group continues to recruit and develop intelligent and motivated individuals, the Directors believe that the loss of services of any existing key executives, for any reason, or failure to attract and retain necessary additional personnel, could adversely impact on the business, development, financial condition, results of operations and prospects of the Group.

The Group may not successfully manage its growth

Expansion of the business of the Group may place additional demands on the Group's management, administrative and technological resources and marketing capabilities, and may require additional capital expenditure. If the Group is unable to manage any such expansion effectively, then this may adversely impact the business, development, financial condition, results of operations, prospects, profits, cash flow and reputation of the Group.

The Group's growth and future success will be dependent to some extent on the successful completion of such expansion strategies proposed to be undertaken by the Group and the sufficiency of demand for the Group's products. The execution of the Group's expansion strategies may also place a strain on its managerial, operational and financial resources. Should the Group fail to implement such expansion strategies or should there be insufficient demand for the Group's products and services, the Group's business operations, financial performance and prospects may be adversely affected.

Potential requirement for further investment

The Group may require additional capital in the future for expansion, its activities and/or business development, 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, material dilution to the existing shareholdings may result. The level and timing of future expenditure will depend on a number of factors, many of which are outside of 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 expansion, activities and/or business development which could adversely impact upon the Group, its business, development, financial condition, operating results or prospects.

Litigation

Legal proceedings, with or without merit, may arise from time to time in the course of the Group's business, including in connection with intellectual property rights. The Directors cannot preclude litigation being brought against the Group and any litigation brought against the Group could have a material adverse effect on the financial condition, results or operations of the Group. The Group's business may be materially adversely affected if the Group and/or its employees or agents are found not to have met the appropriate standard of care or exercised their discretion or authority in a prudent or appropriate manner in accordance with accepted standards.

Internal controls

Future growth and prospects for the Group will depend on its management's ability to manage the business of the Group and to continue to expand and improve operational, financial and management information and quality control systems on a timely basis, whilst at the same time maintaining effective cost controls. Any failure to expand and improve operational, financial and management information and quality control systems in line with the Group's growth could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group is reliant on overseas sales representatives, agents and distributors

The Group has appointed a number of sales representatives, agents and distributors for certain of its products in overseas jurisdictions, including the US, Canada, India, Japan, Malaysia, Mexico, Germany, China and Taiwan. However, for the majority of these individuals, there are no formal written terms of engagement. Terms concerning, *inter alia*, notice and termination are therefore uncertain, meaning that there are potential issues regarding the Group's ability to sell and distribute in certain jurisdictions should such sales representatives, agents and distributors cease to work with the Group at short notice. In addition, provisions as to termination payments and/or compensation are also uncertain, meaning the Group is at risk of being liable to pay uncapped compensation to these individuals, either under the Commercial Agents (Council Directive) Regulations 1993 or local law equivalent, as well as possible common law damages if statutory minimum notice periods are not complied with.

Uninsured liabilities

The Group may be subject to substantial liability claims due to the technical nature of its business and products or for acts or omissions of its sales representatives, agents or distributors. The Group can give no assurance that the proceeds of insurance applicable to covered risks will be adequate to cover expenses relating to losses or liabilities. Accordingly, the Group may suffer material losses from uninsurable or uninsured risks or insufficient insurance coverage.

Competitors

While the Directors are unaware of any single competitor that provides the range of products and services offered by the Group, there are a number of competitors for each of the Group's product categories. The acquisition of market share by any of these competitors may have a material adverse impact on the Group's revenues and profitability.

Limited IP protection

The Group does not have a formal policy on intellectual property. While the Directors believe that the barriers to entry in its market are high, the ability of a competitor to develop similar products to those manufactured by the Group may have a material adverse impact on the Group's revenues and profitability.

2. Risks relating to the market in which the Group operates

Research & development budgets of global automotive corporations may be squeezed or significantly reduced

The global automotive market is highly competitive and continues its recovery from the significant downturn in 2008. Competition is expected to intensify further in light of continuing globalisation in the industry, possibly resulting in industry reorganisation. Factors affecting competition include product quality and features, safety, reliability, fuel economy, the amount of time required for innovation and development, pricing, customer service and financing terms. Increased competition may lead to lower vehicle unit sales, which may result in downward pressure on research and development budgets. Furthermore, adverse issues arising in the automotive industry or in the global economy may significantly reduce the level of these research and development budgets.

The Group's ability to respond adequately to changes in the automotive industry and to maintain its position as a leading technology supplier will be fundamental to its future success in existing and new markets and to maintain its market share. There can be no assurance that the Group will be able to compete successfully in the future.

Key suppliers

Over the past 30 years, the Group has built up a reliable supplier base for its externally sourced components. At present, a significant proportion of these components are supplied by certain key suppliers. While the Group uses its design capabilities to dual source components, there remains a risk of material impact in the short term if one of its key suppliers were to fail.

In certain instances, the Group has taken out an insurance policy to protect its profits should a key supplier be unable to supply for whatever reason.

Exposure to exchange rate fluctuations

The Group is exposed to exchange rate fluctuations, principally the GBP, the US\$, the Euro and, to a lesser extent, the Japanese Yen and Chinese RMB. Changes in foreign currency exchange rates may affect the Group's pricing of products sold and materials purchased in foreign currencies.

The Directors believe that its use of certain derivative financial instruments, including foreign currency forward contracts used to mitigate the impact of commitments denominated in foreign currencies, reduces the Group's exposure to this risk.

Exposure to economic cycle

Market conditions may affect the value of the Group's share price regardless of operating performance. The Group could be affected by unforeseen events outside of its control including economic and political events and trends, inflation and deflation, terrorist attacks or currency exchange fluctuation. The combined effect of these factors is difficult to predict and an investment in the Group could be affected adversely by changes in economic, political, administrative, taxation or other regulatory factors in any jurisdiction in which the Group may operate. Deterioration in the economic climate could result in a delay or cancellation of clients' projects.

Force majeure events

There is a risk that the markets in which the Group currently operates could be affected by events such as war, civil war, riot or armed conflict, acts of terrorism, floods, explosions or other catastrophes, epidemics or quarantine restrictions, which are outside of the Directors' control and generally not covered by insurance. Such events could have a variety of materially adverse consequences for the Group, including risks and

costs related to decline in revenues or reputational damage, and injury or loss of life, as well as litigation related thereto.

Laws and regulations

The Group is subject to the laws of the United Kingdom. Existing and future legislation and regulation could cause additional expense, capital expenditure and restrictions and delays in the activities of the Group, the extent of which cannot be predicted. No assurance can be given that new laws, rules and regulations will not be enacted or existing laws, rules and regulations will not be applied in a manner which could limit or curtail certain of the Group's activities or services. In addition, the Group may have to defend itself against legal proceedings which could have an adverse effect on trading performance and, in turn, future profits. The Group also exports its products overseas and therefore its exports may be subject to existing and future overseas legislation and regulation and similar risks.

PART IV

TERMS AND CONDITIONS OF THE OFFER

- (a) The contract created by the acceptance by the Company (at the absolute discretion of the Directors) of applications from Qualifying Participants under the Offer is conditional upon Admission of the Offer Shares occurring on 28 December 2016 (or such later date, being not later than 4 January 2017, as the Company may decide).
- (b) The right is reserved by the Company to present all cheques and bankers' drafts for payment on receipt and on which no interest will be payable to the applicant and to retain surplus application monies pending clearance of successful applicants' cheques. The Company also reserves the right to reject, in whole or in part, any application. If any application is not accepted in full or if any contract created by acceptance does not become unconditional, the application monies or as the case may be the balance thereof, will be returned by crossed cheque in favour of the applicant, through the post at the sole risk of the person entitled thereto (on which no interest will be payable), within 14 days of the closing of the Offer.
- (c) By completing and delivering an Application Form each Qualifying Participant who applies for Offer Shares:
 - (i) offers to subscribe for the amount of Offer Shares specified in such applicant's Application Form (or such lesser amount for which such applicant's application is accepted) on the terms of, and subject to, this document, including (without limitation) these terms and conditions, the articles of association of the Company and the terms and conditions set out in the Application Form;
 - (ii) represents and agrees that, in consideration of the Company agreeing that it will not prior to the closing date of the Offer issue any Offer Shares to any person other than by means of the procedures referred to in this document, such applicant's application shall not be revoked and this paragraph shall constitute a collateral contract between such applicant and the Company which will become binding upon despatch by post to, or (in the case of delivery by hand) on receipt by, Share Registrars of such applicant's Application Form;
 - (iii) represents and warrants that such applicant's remittance will be honoured on first presentation and agrees that, if it is not so honoured, such applicant will not be entitled to receive a share certificate for the Offer Shares applied for unless and until such applicant makes payment in cleared funds for such Offer Shares and such payment is accepted by the Company in its absolute discretion (which acceptance may be on the basis that such applicant indemnifies the Company against all costs, damages, losses, expenses and liabilities arising out of, or in connection with, the failure of such applicant's remittance to be honoured on first presentation) and such applicant agrees that, at any time prior to the unconditional acceptance(s) by the Company, the Company may (without prejudice to any other rights(s)) avoid the agreement to issue such Offer Shares and may issue such Offer Shares to some other person, in which case such applicant will not be entitled to any payment in respect of such Offer Shares;
 - (iv) agrees that, in respect of those Offer Shares for which such applicant's application has been received and is not rejected, acceptance of such applicant's application shall be constituted, at the election of the Company by notification of acceptance thereof to Share Registrars;
 - (v) agrees that any monies returnable to such applicant may be retained by Share Registrars pending clearance of such applicant's remittance and the completion of any verification of identity required by the Money Laundering Regulations 2007 and/or any amendment, modification, and/or re-enactment of the same (the "Regulations") and that such monies will not bear interest;
 - (vi) authorises Share Registrars to send a share certificate in respect of the number of Offer Shares for which such applicant's application is accepted and/or to send a crossed cheque for any monies returnable, by post, at the sole risk of the person entitled thereto, to the address of the person named as the applicant in the Application Form;
 - (vii) represents and warrants that, if such applicant signs an Application Form on behalf of somebody else, such applicant has due authority to do so on behalf of that other person and such person will also be bound accordingly and will be deemed also to have given the confirmations, warranties and undertakings contained herein and such applicant further undertakes to enclose such

- applicant's power of attorney or a copy thereof duly certified by a solicitor with the Application Form;
- (viii) agrees that all applications, acceptances of applications and contracts resulting therefrom under the Offer shall be governed by and construed in accordance with English law, and that such applicant submits to the jurisdiction of the English Courts and agrees that nothing shall limit the right of the Company to bring any action, suit or proceedings arising out of or in connection with any such applications, acceptances of applications and contracts in any other manner permitted by law or in any court of competent jurisdiction;
 - (ix) confirms that, in making such application, such applicant is not relying on any information, representation and/or warranty in relation to the Company other than the information contained in this document and, accordingly, such applicant agrees that no person responsible solely or jointly for this document or any part thereof or involved in the preparation thereof shall have any liability for any such other information, representation and/or warranty;
 - (x) agrees that, having had the opportunity to read this document, such applicant shall be deemed to have had notice of all information concerning the Company contained herein including, without limitation, the Risk Factors set out in Part III of this document;
 - (xi) in the case of any Qualifying Participant who is a joint Shareholder, agrees that such joint Shareholder applicants may only apply for Offer Shares as joint applicants;
 - (xii) confirms, represents and warrants that such applicant has read and complied with paragraph (f) below;
 - (xiii) represents and warrants that such applicant is not a person who, by virtue of being resident in, or a citizen of, any country outside the United Kingdom, is prevented by the law of any relevant jurisdiction from lawfully applying for Offer Shares;
 - (xiv) represents and warrants that such applicant is a Qualifying Participant;
 - (xv) confirms, represents and warrants that such applicant has read the restrictions contained in paragraph (g) below and represents and warrants as provided therein;
 - (xvi) represents and warrants that such applicant is not under the age of 18;
 - (xvii) represents and warrants that such applicant is a person of the kind described in Article 43 or Article 60 of the Financial Promotion Order, being a Shareholder or employee of the Group at the Record Date; and
 - (xviii) agrees that all documents and cheques sent by post, by or on behalf of the Company or Share Registrars, will be sent at the risk of the person(s) entitled thereto.
- (d) All payments must be in pounds sterling and made by cheque or banker's draft made payable to "Share Registrars Limited Receiving Agent Account" and crossed "A/C Payee Only". Cheques should be drawn on the personal account to which the applicant has sole or joint title to such funds. Cheques or banker's drafts must be drawn on a bank or building society or branch of a bank or building society in the United Kingdom or Channel Islands which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques and banker's drafts to be cleared through the facilities provided by any of those companies or committees and must bear the appropriate sort code in the top right hand corner and must be for the full amount payable on application. Third party cheques will not be accepted with the exception of building society cheques or banker's drafts where the building society or bank has confirmed the name of the account holder by stamping and endorsing the cheque or draft to such effect. The account name should be the same as that shown on the Application Form. Post-dated cheques will not be accepted. Cheques or banker's drafts will be presented for payment upon receipt.

The Company reserves the right to instruct Share Registrars to seek special clearance of cheques and banker's drafts to allow the Company to obtain value for remittances at the earliest opportunity. No interest will be paid on payments made before they are due. It is a term of the Offer that cheques shall be honoured on first presentation and the Company may elect to treat as invalid acceptances applications in respect of which cheques are not so honoured. All documents, cheques and banker's drafts sent through the post will be sent at the risk of the sender. Payments via CHAPS, BACS or electronic transfer will not be accepted.

If cheques or banker's drafts are presented for payment before all of the conditions of the Offer are fulfilled, the application monies will be kept in a separate non-interest bearing bank account.

If the Offer does not become unconditional, no Offer Shares will be issued and all monies will be returned (at the applicant's sole risk), without payment of interest, to applicants as soon as reasonably practicable following the lapse of the Offer.

- (e) To ensure compliance with the Regulations, Share Registrars may require, at its absolute discretion, verification of the identity of the person by whom or on whose behalf an Application Form is lodged with payment (which requirements are referred to below as the "verification of identity requirements").

If Share Registrars determines that the verification of identity requirements apply to any application, the relevant Offer Shares (notwithstanding any other term of the Offer) will not be issued to the relevant applicant unless and until the verification of identity requirements have been satisfied in respect of that applicant or application. Share Registrars is entitled, in its absolute discretion, to determine whether the verification of identity requirements apply to any application and whether such requirements have been satisfied, and neither Share Registrars nor the Company will be liable to any person for any loss or damage suffered or incurred (or alleged), directly or indirectly, as a result of the exercise of such discretion.

If the verification of identity requirements apply, failure to provide the necessary evidence of identity within a reasonable time may result in delays in the despatch of share certificates or in crediting CREST accounts. If, within a reasonable time following a request for verification of identity, Share Registrars has not received evidence satisfactory to it as aforesaid, the Company may, in its absolute discretion, treat the relevant application as invalid, in which event the monies payable on acceptance of the Offer will be returned (at the applicant's risk) without interest to the account of the bank or building society on which the relevant cheque or banker's draft was drawn.

The verification of identity requirements will not usually apply:

- if the applicant is an organisation required to comply with the Money Laundering Directive (2005/60/EC of the European Parliament and of the EC Council of 26 October 2005) on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing; and
- if the applicant (not being an applicant who delivers his application in person) makes payment by way of a cheque drawn on an account in the applicant's name; or
- if the aggregate subscription price for the Offer Shares is less than €15,000 (approximately £12,500).

In other cases the verification of identity requirements may apply. Satisfaction of these requirements may be facilitated in the following ways:

- (i) if payment is made by cheque or banker's draft in pounds sterling drawn on a branch in the United Kingdom of a bank or building society which bears a UK bank sort code number in the top right hand corner the following applies. Cheques should be made payable to "Share Registrars Limited Receiving Agent Account" in respect of an application by a Qualifying Participant and crossed "A/C Payee Only". Third party cheques may not be accepted with the exception of building society cheques or banker's drafts where the building society or bank has confirmed the name of the account holder by stamping or endorsing the cheque/banker's draft to such effect. However, third party cheques will be subject to the Regulations which would delay applicants receiving their Offer Shares. The account name should be the same as that shown on the Application Form; or
- (ii) if the Application Form(s) is/are in respect of Offer Shares with an aggregate subscription price of €15,000 (approximately £12,500) or more and is/are lodged by hand by the applicant in person, or if the Application Form(s) in respect of Offer Shares is/are lodged by hand by the applicant and the accompanying payment is a banker's draft or building society cheque, he or she should ensure that he or she has with him or her evidence of identity bearing his or her photograph (for example, his or her passport) and separate evidence of identity of his or her address. If, within a reasonable period of time following a request for verification of identity, and in any case, Share Registrars has not received evidence satisfactory to it as aforesaid, Share Registrars may, at its absolute

discretion, as agent of the Company, reject the relevant application, in which event the monies submitted in respect of that application will be returned without interest to the account at the drawee bank from which such monies were originally debited (without prejudice to the rights of the Company to undertake proceedings to recover monies in respect of the loss suffered by it as a result of the failure to produce satisfactory evidence as aforesaid).

- (f) No person receiving a copy of this document and/or any Application Form in any territory other than the United Kingdom may treat the same as constituting an invitation or offer to him, nor should he in any event use such Application Form unless, in the relevant territory, such an invitation or offer could lawfully be made to him or such Application Form could lawfully be used without contravention of any registration or other legal requirements. It is the responsibility of any person outside the United Kingdom wishing to make an application hereunder to satisfy himself as to full observance of the laws of any relevant territory in connection therewith, including (without limitation) obtaining any requisite governmental or other consents, observing any other formalities requiring to be observed in such territory and paying any issue, transfer or other taxes required to be paid in such territory.
- (g) The Offer Shares have not been and will not be approved or disapproved by the U.S. Securities and Exchange Commission, any state securities commission in the United States or any other United States regulatory authority, nor have any of the foregoing authorised, passed upon or endorsed the merit of the Offer or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the United States. The Offer Shares have not been and will not be registered under the United States Securities Act of 1933 (as amended) (the "Securities Act") or under the securities laws of any state or other jurisdiction in the United States, neither do they qualify for distribution under any of the relevant securities laws of Canada, Australia, South Africa or Japan.

Persons subscribing for Offer Shares shall be deemed and shall be required to represent and warrant to the Company that they are not a person in the United States, Canada, Australia, South Africa and/or Japan and that they are not subscribing for such Offer Shares for the account of any such person and will not offer, sell, renounce, take up, transfer or deliver, directly or indirectly, such Offer Shares in the United States or to any such person or into Canada, Australia, South Africa and/or Japan.

- (h) Applicants are encouraged to submit their Application Forms early. In the event that applications are received for an amount in excess of £1 million, the Directors reserve the right to exercise their absolute discretion in the allocation of successful applications. The right is also reserved to reject in whole or in part any application or any part thereof for any reason whatsoever, including (without limitation) a breach of any of the terms, conditions, representations and/or warranties set out in this document and/or the Application Form and to treat as valid any application not in all respects completed in accordance with the instructions relating to the Application Form.
- (i) Save where the context otherwise requires, words and expressions defined in this document have the same meaning when used in the Application Form and any explanatory notes in relation thereto.

PART V

ADDITIONAL INFORMATION

1. Responsibility Statement

The Directors, whose names and positions appear in paragraph 3 below, and the Company, accept responsibility for the information contained in this document. To the best of the knowledge of the Directors and the Company (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. Share Capital

The existing issued share capital of the Company as at the date of this document is 17,764,578 Ordinary Shares. Following Placing Admission, the issued share capital of the Company will increase to 18,901,420 Ordinary Shares.

On 10 December 2015, resolutions were passed by the Shareholders authorising the Directors to allot equity securities up to a maximum aggregate nominal amount of £29,500 on a non-pre-emptive basis until 8 December 2016 (being the date of the Company's next annual general meeting), provided that the Directors may before expiry of such period make an offer or agreement which might require such securities to be allotted after expiry of such period in which event the Directors may allot shares as if such authority had not expired.

3. Directors and interests in shares

<i>Name</i>	<i>Position</i>	<i>Date of appointment as director</i>
Anthony Best	<i>Chairman</i>	7 February 2013
Timothy John Rogers	<i>Chief Executive</i>	7 February 2013
Robert Andrew Leonard Hart	<i>Finance Director</i>	20 March 2013
Frederick Bryan Smart	<i>Non-Executive Director</i>	17 April 2013
Graham Eves	<i>Non-Executive Director</i>	17 April 2013

The interests of the Directors (including persons connected with the Directors within the meaning of section 252 of the Act) in the issued share capital of the Company as at 5 December 2016, being the most recent practicable date prior to the publication of this document and as they are expected to be following Admission of the Offer Shares (assuming Placing Admission of the New Placing Shares and the Offer Maximum is taken up) are as follows:

	<i>As at 5 December 2016</i>		<i>Immediately following Admission of the Offer Shares (assuming Placing Admission and Offer Maximum is taken up)</i>	
	<i>Number of Ordinary Shares</i>	<i>Percentage of issued share capital</i>	<i>Expected number of Ordinary Shares</i>	<i>Expected percentage of Enlarged Issued Share Capital</i>
Anthony Best ⁽¹⁾	6,497,107	36.6 per cent.	6,247,107	32.7 per cent.
Timothy John Rogers ⁽²⁾	408,953	2.3 per cent.	408,953	2.1 per cent.
Robert Andrew Leonard Hart ⁽³⁾	19,332	0.1 per cent.	19,332	0.1 per cent.
Frederick Bryan Smart	Nil	–	Nil	–
Graham Eves	Nil	–	Nil	–

Note 1: At the date of this document, Anthony Best is, and immediately following Admission he will be, deemed interested in the 1,500,000 Ordinary Shares held by his wife, Naemi Best, which are included in the figures set out beside his name in the table above.

Note 2: At the date of this document Timothy John Rogers is, and immediately following Admission he will be, deemed interest in the 16,001 Ordinary Shares held by his partner, Jeanette Grafstrom, which are included in the figures set out beside his name in the table above.

Note 3: At the date of this document Robert Andrew Leonard Hart holds 11,389 Ordinary Shares jointly with his wife Wendy Hart, which are included in the figures set out beside his name in the table above.

4. Taxation

Shareholders who are in any doubt as to their tax position or who may be subject to tax in any other jurisdiction are strongly recommended to consult their own professional advisers.

No liability to UK stamp duty or stamp duty reserve tax will arise on the issue or allotment of new Ordinary Shares by the Company pursuant to the Placing and Offer.

5. Litigation

No member of the Group is or has been involved in any governmental, legal or arbitration proceedings which may have, or have had during the 12 months preceding the date of this document, a significant effect on the Group's financial position or profitability and, so far as the Directors are aware, there are no such proceedings pending or threatened against any member of the Group.

6. Material Contracts

The following are material contracts (not being contracts entered into in the ordinary course of business) which have been entered into within the two years prior to the date of this document by the Company and which relate to the share capital of the Company:

(i) the Placing Agreement

On 6 December 2016 the Company entered into a placing agreement with Cantor Fitzgerald and Cairn, under which Cantor Fitzgerald agreed to use its reasonable endeavours, as agent for the Company, to procure Placees for the New Placing Shares at the Placing Price. The agreement contains, *inter alia*, certain warranties from the Company for the benefit of Cantor Fitzgerald and Cairn. In addition, the Company has agreed to indemnify Cantor Fitzgerald and Cairn in relation to certain liabilities that may incur in respect of the placing of the New Placing Shares. Both Cantor Fitzgerald and Cairn have rights to terminate their respective obligations under the Placing Agreement in certain circumstances, in particular in the event of a breach of the warranties and in certain circumstances for *force majeure*. The Placing Agreement is subject to the satisfaction or waiver or certain conditions, including Placing Admission becoming effective on 9 December 2016, or such later date that the Company and Cantor Fitzgerald may agree being not later than 16 December 2016.

(ii) the Selling Shareholders Agreement

On 6 December 2016 the Company entered into the Selling Shareholders Agreement with Cantor Fitzgerald and each of the Sellers pursuant to which Cantor Fitzgerald has agreed, subject to certain conditions, as agent for the Sellers, to use its reasonable endeavours to procure purchasers for the Sale Shares at the Placing Price. The Selling Shareholders Agreement is conditional, amongst other things, on Placing Admission taking place on or before 9 December 2016 (or such later date as Cantor Fitzgerald and the Company may agree, but in any event not later than 16 December 2016). Cantor Fitzgerald is entitled to terminate the Selling Shareholders Agreement in certain specified circumstances prior to Admission, principally in the event of a material breach of the Selling Shareholders Agreement or in the event that the Placing Agreement does not become unconditional. The agreement contains warranties from the Sellers in favour of Cantor Fitzgerald and the Sellers have agreed to indemnify Cantor Fitzgerald in relation to certain liabilities it may incur in respect of the placing of the Sale Shares.

(iii) Cairn engagement letter

On 23 November 2016, the Company entered into an engagement letter with Cairn under which Cairn agreed to act as nominated adviser to the Company in relation to the Placing and Offer. Under the terms of the engagement letter, the Company agreed to pay to Cairn a corporate finance fee which is payable immediately on receipt of Cairn's invoice to the Company. Additionally, the Company has agreed to pay all

of Cairn's costs and expenses (including any applicable VAT) of the Placing and Offer. The Company has agreed to indemnify Cairn in respect of certain liabilities that it may incur in connection with the matters set out in the engagement letter.

(iv) Cantor Fitzgerald engagement letter

On 5 December 2016, the Company entered into an engagement letter with Cantor Fitzgerald under which Cantor Fitzgerald agreed to act as broker to the Company in relation to the Placing. Under the terms of the engagement letter, the Company agreed to pay to Cantor Fitzgerald a corporate finance fee and a commission based upon funds raised pursuant to the placing of the New Placing Shares. Additionally, the Company has agreed to pay all of Cantor Fitzgerald's costs and expenses (including any applicable VAT) of the Placing and Offer. The Company has agreed to indemnify Cairn in respect of certain liabilities that it may incur in connection with the matters set out in the engagement letter.

(v) Receiving agent agreement

On 25 November 2016 the Company entered into a receiving agent agreement with Share Registrars, pursuant to which it agreed to provide the services of a receiving agent to the Company in connection with the Offer.

7. General

The costs and expenses relating to the Placing and Offer payable by the Company are estimated to amount to approximately £0.37 million (excluding VAT) (assuming the Offer Maximum is taken up).

The Sellers will pay all commissions relating to the sale of Sale Shares pursuant to the Placing and the Company shall have no liability for such commissions.

Cairn has given and not withdrawn its written consent to the issue of this document with the inclusion of its name and reference to Cairn in the form and context in which it appears.

Cantor Fitzgerald has given and not withdrawn its written consent to the issue of this document with the inclusion of its name and reference to Cantor Fitzgerald in the form and context in which it appears.

Save as disclosed in this document or in the announcement made by the Company on 16 November 2016 of its audited results for the 12 months ended on 31 August 2016, there has been no significant change in the financial or trading position of the Group since 1 September 2016.