THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the contents of this document, or as to the action you should take, you should immediately seek your own personal financial advice from your stockbroker, bank manager, solicitor, accountant or other independent professional adviser authorised pursuant to the Financial Services and Markets Act 2000, as amended ("FSMA") if you are resident in the United Kingdom or, if not, another appropriately authorised independent financial adviser. The whole text of this document should be read.

Scholium Group PLC (the "Company") and the Directors, whose names appear on page 5 of this document, accept individual and collective responsibility for the information contained in this document, including individual and collective responsibility for compliance with the AIM Rules for Companies. 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.

Application has been made for the Ordinary Shares to be admitted to trading on AIM. It is expected that Admission will become effective and that trading in the Ordinary Shares will commence on AIM on 28 March 2014. 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. 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 for Nominated Advisers. The London Stock Exchange has not itself examined or approved the contents of this document.

A copy of this document, which comprises an AIM admission document prepared in accordance with the AIM Rules for Companies, has been issued in connection with the application for admission to trading on AIM of the Ordinary Shares in issue and to be issued. This document does not comprise a prospectus for the purposes of FSMA and the Prospectus Rules and has not been delivered to the Registrar of Companies in England and Wales for registration.

The whole of this document should be read. Your attention is particularly drawn to the Risk Factors set out in Part 2 of this document.

SCHOLIUM GROUP PLC

(a company incorporated and registered in England and Wales with registered no. 8833975)



PLACING OF 8,000,000 ORDINARY SHARES OF 1 PENNY EACH AT A PRICE OF 100 PENCE PER SHARE

AND

ADMISSION TO TRADING ON AIM

Nominated Adviser

Broker

WH Ireland Limited

Whitman Howard Limited

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Each of WH Ireland Limited and Whitman Howard Limited is regulated by the Financial Conduct Authority and is acting exclusively for the Company and for no one else in connection with the Placing and Admission and will not be responsible to anyone other than the Company for providing the protections afforded to its customers or for advising any other person on the contents of this document or the Placing and Admission. The responsibility of WH Ireland Limited as nominated adviser to the Company is owed solely to the London Stock Exchange. No representation or warranty, express or implied, is made by WH Ireland Limited or Whitman Howard Limited as to the contents of this document (without limiting the statutory rights of any person to whom this document is issued). No liability whatsoever is accepted by WH Ireland Limited or Whitman Howard Limited 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.

Copies of this document will be available during the normal business hours on any day (except Saturdays, Sundays, bank and public holidays) free of charge at the offices of WH Ireland Limited and Whitman Howard Limited for one month from the date of Admission. Copies of this document will also be available on the Company's website.

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FORWARD LOOKING STATEMENTS

All statements other than statements of historical fact, contained in this document constitute "forward looking statements". In some cases forward looking statements can be identified by terms such as "may", "intend", "might", "will", "should", "could", "would", "believe", "anticipate", "expect", "estimate", "predict", "project", "potential", or the negative of these terms, and similar expressions. Such forward looking statements are based on assumptions and estimates and involve risks, uncertainties and other factors which may cause the actual results, financial condition, performance or achievements of the Scholium Group, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. Except as required by the AIM Rules for Companies, the Company expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained in this document to reflect any change in the Group's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

PLACING STATISTICS

Number of Ordinary Shares in issue prior to Admission	5,200,325
Total number of Placing Shares	8,000,000
Placing Price per Placing Share	100 pence
Number of Ordinary Shares in issue immediately following Admission ("Enlarged Share Capital")	13,200,325
Gross proceeds of the Placing	£8.00 million
Estimated net proceeds of the Placing	£6.99 million
Market capitalisation of the Company on Admission at the Placing Price	£13.20 million
Ordinary Shares ISIN	GB00BJYS2173
AIM Symbol	SCHO

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication of this document	25 March 2014
Admission and commencement of trading in Ordinary Shares on AIM 8.00 a.r.	m. on 28 March 2014
CREST accounts credited (as applicable)	28 March 2014
Despatch of definitive share certificates (if applicable)	by 4 April 2014

EXCHANGE RATES

For reference purposes only, the following exchange rate was prevailing on 21 March 2014 (being the latest practicable date prior to the publication of this document):

£1.00 = US\$1.649

All amounts in Part 1 of this document expressed in the above currencies have, unless otherwise stated, been calculated using the above exchange rates.

DIRECTORS, SECRETARY AND ADVISERS

Directors Jasper Allen (*Chairman*)

Philip Blackwell (*Chief Executive Officer*) Simon Southwood (*Finance Director*) Charles Sebag – Montefiore FCA

(Senior Independent Non-Executive Director)

Thomas James Jennings CBE (Non-Executive Director)

Graham Noble (Non-Executive Director)

Company secretary Amanda Bateman BA, ACIS

Registered office 32 St George Street

London W1S 2EA

Company website www.scholiumgroup.com

Nominated Adviser
to the Company

WH Ireland Limited
24 Martin Lane
London EC4R 0DR

Broker to the Company Whitman Howard Limited

55 Bryanston Street London W1H 7AA

Financial adviser to the Company Stafford Corporate Consulting Limited

3 Wine Office Court London EC4A 3BY

Reporting accountant BDO LLP

55 Baker Street London W1U 7EU

Joint legal advisers Henmans Freeth LLP

to the Company 5000 Oxford Business Park South

Oxford OX4 2BH

Joint legal advisers Stikeman Elliott (London) LLP

to the Company

Dauntsey House
48 Frederick's Place

London EC2R 8AB

Legal adviser to the Nominated

Adviser and broker

Shepherd and Wedderburn LLP

Condor House

10 St Paul's Churchyard London EC4M 8AL

Registrars Capita Registrars Limited

The Registry

34 Beckenham Road

Beckenham Kent BR3 4TU

Financial public Redleaf Polhill Limited relations adviser 4 London Wall Buildings

Blomfield Street London EC2M 5NT

DEFINITIONS

TD1 C 11 ' 1 C '.'	1 .1	1 1 1 1	1 1	
The following definitions	annly throug	thout this document	unless the context	requires otherwise.
The following delimitions	appry unoug	mode and document	, united the context	requires ourier wise.

"Admission" admission of the issued and to be issued Ordinary Shares

to trading on AIM becoming effective in accordance with

the AIM Rules for Companies

"AIM" AIM, a market operated by the London Stock Exchange

"AIM Rules" the AIM Rules for Companies and the AIM Rules for

Nominated Advisers

"AIM Rules for Companies" the rules for AIM companies published by the London

Stock Exchange

"AIM Rules for the rules for nominated advisers to AIM companies

published by the London Stock Exchange

"Articles" the articles of association of the Company in force with

effect from Admission, a summary of which is set out in

paragraph 10 of Part 4 of this document

"Board" or "Directors" the directors of the Company whose names are set out on

page 5 of this document

"Bookbank Limited" Bookbank Limited, a company incorporated in England

and Wales with number 6720898

"Bookbank Replacement

Nominated Advisers"

Share Options"

options to subscribe for new Ordinary Shares granted under the Bookbank Replacement Share Options Plan adopted by the Company on 22 March 2014, the principal terms of which are set out in paragraph 4 of Part 4 of this document

"Companies Act" the Companies Act 2006 (as amended)

"Company" or "Scholium" Scholium Group plc, a company incorporated in England

and Wales with number 8833975

"CREST" the relevant system (as defined in the Uncertificated

Securities Regulations 2001) in respect of which Euroclear UK & Ireland is the operator (as defined in the

Uncertificated Securities Regulations 2001)

"Employee Share Schemes" the Scholium Group Enterprise Management Incentives

Share Option Scheme and the Scholium Group Unapproved Share Option Scheme, both adopted on 22 March 2014, the principal terms of which are set out in

paragraph 4 of Part 4 of this document

"Enlarged Share Capital" the enlarged issued share capital of the Company

immediately following Admission

"Euroclear UK & Ireland" Euroclear UK & Ireland Limited, the operator of CREST

"FCA" the Financial Conduct Authority

"FSMA" the Financial Services and Markets Act 2000 (as amended)

"Group" or "Scholium Group" the Company and its subsidiaries and subsidiary

undertakings from time to time

"HMRC" HM Revenue & Customs

"Locked-In Persons" Messrs Philip Blackwell, Thomas James Jennings CBE, and Bernard Shapero and the Trustees of the Canova Trust, the Trustee of the Beaver Pension Scheme, Bateman Street Investments LLP and Toby Blackwell Limited "London Stock Exchange" London Stock Exchange plc "Nominated Adviser" WH Ireland Limited, nominated adviser to the Company or "WH Ireland" "Non-executive Directors" Messrs Charles Sebag – Montefiore, Thomas James Jennings **CBE** and Graham Noble "Options" options to subscribe for new Ordinary Shares in accordance with the Employee Share Schemes ordinary shares of 1 penny each in the capital of the "Ordinary Shares" Company "Placing" the conditional placing of the Placing Shares by Whitman Howard at the Placing Price pursuant to the Placing Agreement "Placing Agreement" the conditional agreement dated 24 March 2014 between the Company, the Directors, WH Ireland and Whitman Howard relating to the Placing, summary details of which are set out in paragraph 13 of Part 4 of this document "Placing Price" 100 pence per Placing Share "Placing Shares" 8,000,000 new Ordinary Shares to be issued and allotted pursuant to the Placing Scholium Trading Limited, a company incorporated in "Scholium Trading" England and Wales with number 8881198 "Shareholder" a holder of Ordinary Shares "Statutes" the Companies Act and every other statute (including any orders, regulations or other subordinate legislation made under them) for the time being in force concerning companies and affecting the Company (including, without limitation, the Electronic Communications Act 2000 (as amended from time to time)) "Takeover Code" the City Code on Takeovers and Mergers "UK" or "United Kingdom" the United Kingdom of Great Britain and Northern Ireland "UK Listing Authority" the FCA acting in its capacity as the competent authority for the purposes of Part VI of the FSMA and in the exercise of its functions in respect of admission to the Official List of the London Stock Exchange "US" or "United States" the United States of America, its territories and possessions, any State of the United States, and the District of Columbia "Whitman Howard" Whitman Howard Limited

PART 1

INFORMATION ON THE SCHOLIUM GROUP

Introduction

Scholium is the holding company of a group of businesses involved primarily in the trading and retailing of rare and antiquarian books and works on paper.

The group of businesses at present comprises:

- Shapero Rare Books, a dealer in rare and antiquarian books and works on paper, located in Mayfair, London; and
- South Kensington Books, a bookshop specialising primarily in art, and its sister business, Ultimate Library, a creator of bespoke libraries for residences, luxury resorts and hotels, which are located together in South Kensington, London.

The Directors intend that the net proceeds of the Placing will be applied primarily:

- to expand the Group's stock of rare and antiquarian books and works on paper; and
- to fund a broadening of the Group's activities, drawing on management's experience, into trading, in affiliation with other dealers, in the wider rare and collectible goods market.

Background and history

Bookbank Limited, the principal subsidiary of the Scholium Group, was established by Philip Blackwell in March 2009 in order to trade in books in affiliation with other dealers. Mr Blackwell had previously been the chief executive of Blackwell Limited, a distributor and retailer of new and antiquarian books. He was also a director of Blackwell Publishing (Holdings) Limited, an academic publishing business, until the sale of the latter for approximately £572 million in February 2007.

Bookbank Limited extended its activities into dealing in rare and antiquarian books and works on paper, through a series of direct and indirect acquisitions, over the period from April 2011 until February 2012, of much of the stock of Stocklight Limited, which had traded as Bernard J. Shapero Rare Books.

In May 2011, Bookbank Limited also extended its activities into book retailing, through a staged acquisition of the business which now trades as South Kensington Books.

More recently, in October 2011, it further extended its activities into bespoke library creation, through the acquisition of Ultimate Library Limited, whose business was combined with that of South Kensington Books.

Finally, on 20 March 2014, the whole of the issued share capital of Bookbank Limited was acquired by Scholium by way of a share for share exchange.

Activities

Shapero Rare Books

Shapero Rare Books, which was founded by its chief executive Bernard Shapero in 1979, is a dealer in rare and antiquarian books and works on paper, which includes maps of historic importance, vintage photographs and decorative and artistic prints. Mr Shapero is a well known and established international dealer in rare books and maps. He developed his expertise from an initial focus on travel and illustrated books into a broad spectrum of rare and collectible works.

Mr Shapero was joined at Shapero Rare Books in 2007 by Pierre-Yves Guillemet, an experienced Eastern European and Russian books dealer, who had previously worked at the fine art and collectibles auctioneer, Christie's.

Shapero Rare Books, which specialises in travel, natural history and Russian materials, has experience in acquiring large consignments of rare and historically important antiquarian books for sale to an international client base. The business has operated since 1996 from its current leasehold premises in St George Street, Mayfair, London.

In the year ended 31 March 2013, Shapero Rare Books generated revenue of approximately £5.38 million, comprising sales of approximately £5.23 million and commissions of approximately £0.15 million on trades on behalf of third parties of approximately £2.75 million. The average price of a book sold from own stock was approximately £6,100, with the highest value book sold for approximately £400,000.

South Kensington Books and Ultimate Library

South Kensington Books is the current trading name of a bookshop which has been operating from leasehold premises in Thurloe Street, South Kensington, London for several decades. South Kensington Books, which specialises in books valued at up to £50 in visual arts, architecture and photography, caters to local professionals; visitors to the museums; Christie's (South Kensington); interior designers; and affluent local residents. The bookshop has benefited from the recent pedestrianisation of the area.

Ultimate Library, which operates from the same premises, creates bespoke libraries on behalf of luxury hotels and resorts, and high-end personal residences around the world. Its customers include Aman Resorts, Four Seasons Hotels and Resorts, Six Senses Resorts and Spas, and the Savoy Hotel.

In the year ended 31 March 2013, South Kensington Books and Ultimate Library generated revenue of approximately £550,000.

Marketplace

Rare and antiquarian books and works on paper

The Group is primarily involved in the trading and retailing of rare and antiquarian books and works on paper. The Directors estimate that the UK market for rare and antiquarian books and works on paper amounts to in excess of £200 million per annum. Availability of fresh stock of rare and antiquarian books and works on paper is often driven by major life events, such as inheritance, unrecovered debt, divorce or downsizing.

The market is primarily traded through London, New York and Paris, driven principally by the major auctioneers: Sotheby's, Christie's and Bonhams. The Directors estimate that up to £40 million of trade in rare and antiquarian books and works on paper is conducted each year through these major auctioneers in the UK, with the balance through smaller auctioneers, dealers and private vendors.

Whilst auction houses offer both buyer and vendor transparent pricing, total transaction costs can amount to as much as 35 per cent. of the total amount paid by the buyer. Furthermore the vendor typically has no guarantee of price before the auction. In contrast, sale to a dealer offers certainty of proceeds, speed of sale and discretion.

In addition to one-off items offered for sale, an auctioneer or dealer may also dispose of a consignment or a collection of items. An auctioneer may sell an entire collection in discrete units, whilst a dealer may acquire the whole collection for subsequent resale in smaller consignments. In this environment, a dealer might compete with an auctioneer by offering a lump-sum cash payment to the vendor for an entire library, whilst the auctioneer offers price transparency but typically no guaranteed level of sale proceeds.

The dealing market is highly fragmented with a few high-end dealers, including Shapero Rare Books, each typically having highly specific market knowledge. Whilst high-end dealers normally have a publicly accessible gallery in a major city, a significant amount of trade is conducted at international trade shows. The most significant annual trade shows for Shapero Rare Books are The European Fine Art Fair ("TEFAF"), which is held in Maastricht in late March, the International Fine Art and Dealers fair, which is held in New York in October, and the Salon International de l'Estampe et du Dessin, which is held at the Grand Palais in Paris in April. Other fairs take place throughout the year in various other cities, including London and Hong Kong.

Various dealers also publish several catalogues each year to market their stock. In the experience of the Directors, the internet is primarily used as a trading channel for lower priced items and as a discovery tool for higher priced items. For such higher priced items, attributes such as binding, provenance and condition can vary significantly and direct inspection is normally required to conclude a trade.

The Directors believe that public institutions and wealthy collectors drive demand in the market for rare and antiquarian books and works on paper, which are typically expensive and of cultural or historic importance. In addition to established markets in Europe and the United States, current analyses of the market demonstrate a correlation between the increase in dollar millionaires around the world and demand for rare and collectible goods. This is borne out, in the Directors' experience, by recent growth in the market for Eastern European and Russian items, the current focus on Asia as an emerging market force, and nascent South American demand.

Art book market

New illustrated art books, whilst having a lower value than items sold by Shapero Rare Books, generally have an above average value within the overall UK retail book market, and therefore tend to be purchased by relatively affluent customers.

The Directors believe that this is a sub sector of the market which has been less impacted by e-readers than the overall book market and where online vendors have not made a great impact, as purchase decisions tend to be made with the book in hand.

Other rare and collectible items

The market for rare and antiquarian books and other works on paper is a part of the wider market for rare and collectible goods. The Directors estimate that the global market for such rare and collectible goods amounts to in excess of £5 billion per annum.

The Directors intend to deploy part of the proceeds from the Placing to develop a business to trade alongside other high-end dealers at the top end of the wider rare and collectible goods market. The Directors expect that the Group might in the future, in affiliation with dealers in the wide rare and collectible goods market, deal in pieces such as Old Masters, sculptures, arms and armoury and other high value antique items, such as ceramics and silverware. The structure and dynamics of the market for rare and antiquarian books and works on paper are, in the Directors' opinion, broadly representative of the wider market for rare and collectible goods.

Importantly, the Directors believe that many dealers in the wider rare and collectible goods market have limited access to capital. Although a number of private banks and smaller art-related investment companies may lend to wealthy individuals against art as collateral, in the Directors' experience, banks or investment funds will not lend in most cases against art owned by dealers, unless either personal guarantees are provided by the dealer or the collateral is moved into the lenders' physical custody by way of security. Furthermore, loan to value ratios are often less than 50 per cent. of assessed value, and interest rates can be in excess of 30 per cent. per annum, ie often significantly higher than for other forms of secured lending.

In response to this limited access to finance, arrangements between dealers and their clients include:

- dealers acquiring an interest in an item which another dealer holds for sale; or
- clients acquiring all or part of an item for their dealer to sell on commission.

Advantages of such arrangements for dealers may include, in the Directors' opinion:

- the ability to pool resources by taking a partial interest in expensive items which would otherwise be beyond the financial means of individual dealers;
- the ability to display such items for sale, rather than place them in to the custody of a third party lender; and
- the ability to synchronise payments to the other interested parties with receipt of sale proceeds.

Strategy

Shapero Rare Books

The primary strategic focus of the Group has been, and continues to be, dealing in rare and antiquarian books and works on paper through Shapero Rare Books.

The Group's management has improved the performance of Shapero Rare Books since its acquisition. From when it started operating the business during September 2011 until 30 September 2013, Shapero Rare Books sold approximately £21.9 million of books and works on paper, approximately £10.5 million on its own behalf and approximately £11.4 million on behalf of third parties. These gross sales are equivalent to approximately £10.5 million per annum. Gross margins on sale of owned stock amounted to approximately 37 per cent.

As at 30 September 2013 the aggregate stock value of Shapero Rare Books was approximately £3.8 million.

It is the Directors' opinion that the performance of Shapero Rare Books is currently being constrained by the limited capital available to it. The Directors are confident that Shapero Rare Books is capable of increasing its stock by up to £4 million and delivering a proportionate increase in sales of owned stock at a similar gross margin. The Directors believe that the business has the capacity to manage the increased sales with a minimal increase in overheads, which should therefore significantly enhance the profitability of the business.

Accordingly a primary reason for the Placing is to provide additional capital for Shapero Rare Books.

South Kensington Books and Ultimate Library

Since its acquisition by the Group, South Kensington Books, including Ultimate Library, has been profitable. Following the Placing, the Directors intend that these profits will be utilised to broaden its stockholding, develop its website and increase its sales and marketing functions. Furthermore they believe that there is strong growth potential in its Ultimate Library offering to luxury hotels and resorts and high-end personal residences.

Scholium Trading: Dealing in the wider rare and collectible goods market

As explained in the section entitled "Marketplace" above, the Directors have identified the opportunity for a well-funded dealer to develop interests, in affiliation with highly regarded specialist dealers, in trading at the high value end of the rare and collectible goods market. Certain of the Directors and senior management of the Group have considerable experience in working alongside other dealers, in these markets.

The Directors intend therefore that approximately £3 million of the net proceeds of the Placing will be applied to trading, alongside other dealers, including Shapero Rare Books, in the wider rare and collectible goods market. They would expect such trading to be conducted by Scholium Trading, a newly incorporated subsidiary of the Company, and to be focussed on items of higher value or fresh to market collections.

The Directors anticipate that associated dealers will sell the stock of the Scholium Group on its behalf.

Investment committee

The Board has devolved the responsibility for acquiring stock with a cost of up to £125,000 to the management of each of the Group businesses. However the acquisition of items costing in excess of £125,000 will require the approval of an investment committee, comprising each of the executive Directors and the senior management of Shapero Rare Books.

Summary financial information

The financial information below has been extracted from the financial information set out in Part 3 of this document. In order to make a proper assessment of the Group's business, investors should not rely solely on the summary information set out below but should read the whole of the Group's financial information contained in Part 3 of this document.

		Year ended 31 Ma	urch		nths ended September
\pounds millions	2011	2012	2013	2012 (unaudited)	2013
Revenue					
Sales	0.14	3.47	5.78	2.62	2.50
Commissions		0.81	0.16	0.09	0.24
	0.14	4.28	5.94	2.71	2.74
Normalised					
operating profit	0.05	(0.05)	0.31	0.05	0.24
Gross assets	0.27	4.28	5.04	4.62	5.63
Including					
inventories of		3.25	3.33	3.64	3.88

Normalised operating profit in the year ended 31 March 2012 is stated prior to impairment of intangible assets of £0.12 million and exceptional costs of £0.87 million.

The financial information above includes the results of:

- Shapero Rare Books commencing in April 2011;
- South Kensington Books from May 2011; and
- Ultimate Library from September 2011.

Current trading & prospects

The Group has generated profits since 1 October 2013 significantly ahead of its performance in the same period in the prior year. The Board therefore currently anticipates that the Group's performance for the year ending 31 March 2014 will be ahead of that of the year ended 31 March 2013. However the final result for the year ending 31 March 2014 will be dependent on the outcome of The European Fine Art Fair in late March 2014 in Maastricht and there can therefore be no guarantee that actual performance for the year ending 31 March 2014 will be ahead of that of the previous year.

The Board believes that the Group has excellent prospects and, given its operational gearing, is well placed to generate a strong return on the net proceeds of the Placing, and that it will therefore deliver an attractive return to its Shareholders.

Directors, senior management and employees

Board of Directors

Jasper Allen, Chairman, 62, who joined the board of Bookbank Limited in May 2011 and became Chairman of the Company on 18 February 2014, is an experienced financier, with a track record in businesses involved in dealing in and auctioning rare and collectible goods. Mr. Allen was a founder and chairman of Noble Investments (UK) plc, an AIM quoted vehicle involved in dealing in and auctioning primarily collectible coins, medals and stamps. Founded in 2003, Noble Investments (UK) plc was acquired by Stanley Gibbons Group plc for approximately £45 million in December 2013. Previously Mr Allen had been involved in stockbroking and corporate finance, latterly with Insinger de Beaufort.

Philip Blackwell, *Chief Executive Officer,* 56, who founded Bookbank Limited in March 2009 and became Chief Executive of the Company on 7 January 2014. Mr Blackwell trained as a bookseller and publisher before completing an MBA at London Business School in 1996. After four years as a strategy consultant with Cap Gemini, Mr Blackwell became chief executive officer of Blackwell Limited in 2000 until 2006 and in 2002 became a director of Blackwell Publishing (Holdings) Limited until its sale for approximately £572 million in 2007. Mr Blackwell is a former member of the Bodleian Library Development Board, and the Google publisher content advisory board, and is a trustee of the Royal Green Jackets museum in Winchester. Mr Blackwell's family has owned rare and antiquarian book dealing businesses for over 100 years.

Simon Southwood, *Finance Director,* 36, who joined the Board of the Company on 18 February 2014, is a director of Stafford Corporate Consulting and is the former chief financial officer of Juridica Capital Management, an AIM quoted company that acquired certain rights to proceeds of claims. The portfolio included over 20 investments ranging in size up to US\$80 million (approximately £48.5 million). Mr Southwood has a background in stockbroking (Cenkos Securities), corporate finance and asset management in the City of London. He has a degree in Mathematics and Philosophy from the University of Cape Town.

Graham Noble, *Non-Executive Director, 39*, who joined the Board of the Company on 18 February 2014, has been a FCA regulated person since 2001, having worked for a number of financial institutions including UBS and Credit Suisse. In 2010 Graham co-founded Rampart Capital, an investment management business based in Mayfair, London. Graham acts as a non executive director for What Group Limited and as Chief Investment Officer for Soho Estates Limited.

Charles Sebag-Montefiore FCA, Senior Non-Executive Director, 64, who joined the Board of the Company on 18 February 2014, qualified as a Chartered Accountant in 1974. He was a corporate advisory partner of Grieveson Grant & Co from 1985 until 1986 and an executive director of Kleinwort Benson Securities Ltd from 1986 until 1994, of Elderstreet Private Equity from 1997 until 1999 and of IDJ Limited from 1999 until 2004. In 2004 he became head of corporate finance and finance director of Ludgate Investments Ltd, retiring at the end of 2012. He is currently a non-executive director of Ludgate Investments Ltd and of Hightex Group plc. He is a Trustee of the National Gallery and Treasurer of a number of charities. For over 40 years, he has collected rare books on the history of collecting fine and decorative arts and is the author of two books on that subject.

Thomas James Jennings CBE, Non-Executive Director, 60, who joined the Board of the Company on 18 February 2014, is a Fellow of the Institute of Mechanical Engineers. In 1975 he joined the Rotary Group, a family controlled multi-national mechanical and electrical engineering business, and in 1999 was appointed Chairman and Managing Director. He remained in this role until the Group was sold for over £100 million in 2008 to Hastie Limited. In addition, he was Chairman of the Cromwell Hospital in West London from 2006 until 2008, when this

business was sold to BUPA for in excess of £90 million. Since 2008 he has controlled the family office and managed various private equity business interests. Thomas James Jennings CBE is a Fellow of the Royal Society of Arts.

Senior management

Bernard J Shapero, *Managing Director and Founder of Shapero Rare Books*, 50, is an experienced international dealer in rare books and works on paper. He began dealing in rare books in 1979 from a stall in Gray's Antique Market, moving to Holland Park in 1989 and Mayfair in 1996. He has specialist knowledge primarily in works of Natural History, Travel and Literature.

Pierre-Yves Guillemet, *Executive Director of Shapero Rare Books, 36*, has worked for Shapero Rare Books since 2007, after working in the books department of Christie's, as an expert in Eastern European and Russian materials. He qualified as an accountant with Mazars & Guerard, having graduated from Hautes Études Commerciales in France and the Courtauld Institute in London. Pierre-Yves, who speaks English, French, Russian and German, is particularly experienced in the financing of large book collection acquisitions.

Employees

The Scholium Group currently has 18 employees as follows:

Management	3
Sales	13
Other	2

Eight of the employees involved in sales are employed on a part time basis.

As at 30 September 2013, the Group had 18 employees.

Employee incentivisation schemes

The Directors recognise the importance of appropriate employee incentivisation.

An Enterprise Management Incentives share option plan was implemented by Bookbank Limited and options granted under it to Mr Shapero and Mr Guillemet. The options granted to Mr Shapero and Mr Guillemet under the Bookbank plan were exchanged for Bookbank Replacement Share Options granted by the Company.

In addition the Directors have implemented the Employee Share Schemes.

Employee Share Schemes

The Chairman, executive Directors and employees of the Company are eligible to participate in the Employee Share Schemes. Options exercisable at the Placing Price over 1,048,000 Ordinary Shares were granted on 24 March 2014, representing approximately 8 per cent. of the Enlarged Share Capital, of which 928,000 were issued to Directors and Senior Management:

Director/senior manager	Ordinary Shares under option
Jasper Allen	63,000
Philip Blackwell	211,000
Simon Southwood	63,000
Bernard Shapero	296,000
Pierre-Yves Guillemet	253,000
Thomas James Jennings CBE	21,000
Graham Noble	21,000

Options exercisable over a further 272,032 Ordinary Shares remain available for issue under the Employee Share Schemes. The Company will in aggregate grant no more than 10 per cent. of its issued share capital, including Options granted to date, from time to time by way of option under the Employee Share Schemes for 10 years following Admission.

Bookbank Replacement Share Options

Senior manager
Senior manager
Under option
Bernard Shapero
Pierre-Yves Guillemet

Ordinary Shares
under option
324,736
74,939

Bookbank Replacement Share Options are exercisable at 15.4 pence per Ordinary Share.

Further details of the employee incentivisation schemes can be found in paragraph 4 of Part 4 of this document.

Corporate governance

The Directors recognise the importance of corporate governance and intend that the Company will comply with the provisions of the "Corporate Governance Code for Small and Mid-Sized Quoted Companies 2013" published by the Quoted Companies Alliance.

The Board is responsible for formulating, reviewing and approving the Company's strategy, budgets and corporate actions. Following Admission, the Company intends to hold Board meetings at least 8 times each financial year, and at any other times as and when required.

The Company has established properly constituted audit, remuneration and nomination committees of the Board with formally delegated duties and responsibilities.

The audit committee has primary responsibility for monitoring the quality of internal controls and ensuring that the financial performance of the Company is properly measured and reported on. It will receive and review reports from the Company's management and auditors relating to the interim and annual accounts and the accounting and internal control systems in use throughout the Company. The audit committee intends to meet no less than three times each financial year and will have unrestricted access to the Company's auditors. The audit committee comprises Charles Sebag – Montefiore (as Chairman), Jasper Allen and Graham Noble.

The remuneration committee reviews the performance of executive Directors and makes recommendations to the Board on matters relating to their remuneration and terms of employment. The committee also makes recommendations to the Board on proposals for the granting of share options and other equity incentives pursuant to any share option scheme or equity incentive scheme in operation at the time. The remuneration committee comprises Jasper Allen (as Chairman), Graham Noble and Charles Sebag – Montefiore.

The nomination committee meets whenever there is business to discuss. The committee will consider appointments to the Board and be responsible for nominating candidates to fill Board vacancies and for making recommendations on Board composition. The nomination committee comprises Graham Noble (as Chairman), Thomas James Jennings CBE and Jasper Allen.

Reasons for Admission and use of proceeds

The Company has applied for the Enlarged Share Capital to be admitted to trading on AIM to:

- provide it with capital to increase the inventories of its businesses dealing in rare and antiquarian books and works on paper;
- provide it with capital to trade, in affiliation with other dealers, in the wider rare and collectible goods market;
- provide it with access, in due course, to further capital to finance ongoing growth of the business, both organically and by acquisition of related businesses;
- attribute a value to its Ordinary Shares to increase the employee motivation intended to be achieved by the employee incentivisation schemes; and
- enhance its public and corporate profile.

The net proceeds of the Placing of approximately £6.99 million are expected to be applied:

- as to approximately £3 million to increase the day-to-day trading stock of Shapero Rare Books;
- as to approximately £3 million to trade alongside other dealers in the wider rare and collectible items market; and
- as to the balance for general working capital purposes, including repayment of the £533,000 loans referred to in paragraphs 13.2.3 and 13.2.5 in Part 4 of this document.

Admission

Application has been made to the London Stock Exchange for the Enlarged Share Capital to be admitted to trading on AIM. It is expected that Admission will be effective and that dealings in the Ordinary Shares will commence on 28 March 2014.

Dividend policy

The Directors intend to adopt a dividend policy that will take account of the Group's profitability, underlying growth, availability of cash and distributable reserves, and the need for funding to support the development and expansion of the business.

It is currently envisaged that the first dividend will, subject to the performance of the Group and the availability of cash and distributable reserves, be paid by June 2014 and that the Company will adopt a progressive dividend policy thereafter. All of the Ordinary Shares in issue at Admission will rank *pari passu* for the payment of dividends.

Lock-in and orderly marketing arrangements

The Company, Whitman Howard and WH Ireland have entered into lock-in and orderly market arrangements (details of which are set out in paragraph 13 of Part 4 of this document) with the Locked-In Persons, pursuant to which the Locked-In Persons have undertaken in respect of an aggregate of 5,200,325 Ordinary Shares, comprising 39.4 per cent. of the Enlarged Share Capital, not to dispose of any of their interest in such Ordinary Shares at any time prior to the first anniversary of Admission. In addition, the Locked-In Persons have agreed thereafter until the second anniversary of Admission only to dispose of an interest in such Ordinary Shares with the consent of and through the Company's broker, Whitman Howard, in accordance with the orderly market agreement. The lock-in restrictions are subject to certain customary exceptions.

Terms and conditions of the Placing

Whitman Howard has conditionally agreed to use its reasonable endeavours to place with institutional and other new and existing investors, as agent for the Company, 8,000,000 Placing Shares at the Placing Price, which will represent 60.6 per cent. of the Enlarged Share Capital. The Placing, which has not been underwritten, will raise approximately £8.00 million for the Company (before commissions and expenses).

The Placing is conditional, inter alia, on Admission occurring on 28 March 2014 (or such later date as the Company and WH Ireland and Whitman Howard may agree, being no later than 30 April 2014) and on the Placing Agreement not being terminated prior to Admission. The Placing Shares will rank pari passu in all respects with the existing Ordinary Shares in issue. It is expected that the proceeds of the Placing will be received by the Company on or before 2 April 2014. Placees who have elected not to receive Placing Shares in uncertificated form in CREST will receive Placing Shares in certificated form.

The Placing is subject to the satisfaction of certain conditions contained in the Placing Agreement, some of which relate to events which are outside the control of the Company, the Directors, WH Ireland and Whitman Howard.

Further details of the Placing Agreement are set out in paragraph 13 of Part 4 of this document.

CREST and trading in Ordinary Shares

CREST is a paperless settlement procedure allowing title to securities to be transferred from one person's CREST account to another otherwise than by written instruments of transfer in accordance with the CREST Regulations. The Articles permit the holding of Ordinary Shares under the CREST system. The Directors intend to apply for the Ordinary Shares to be admitted to CREST 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 wishes.

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

VCT/EIS investment

The Company has applied for advance assurance from HMRC that the Placing Shares should be a qualifying holding for investment by VCTs, and that the Placing Shares to be issued should be a qualifying holding for investment under the Enterprise Investment Scheme (EIS). Whilst the Directors intend the Group to continue to comply with the VCT and EIS legislation they make no representation that the Group will continue to so comply. Whether any particular VCT or individual will be eligible to invest in the Placing Shares will depend on the circumstances relating to that particular VCT or individual who should take their own advice.

Taxation

The attention of Shareholders is drawn to the information contained in paragraph 9 of Part 4 of this document in respect of the tax position of UK resident Shareholders. If you are in any doubt as to your tax position, you should contact your professional adviser immediately.

Further information

Your attention is drawn to the additional information set out in Part 4 of this document and in particular to the "Risk Factors" in Part 2 of this document, which sets out certain risk factors relating to any investment in the Ordinary Shares.

PART 2

RISK FACTORS

Before deciding to invest in the Ordinary Shares, prospective investors should carefully consider the risks associated with an investment in the Ordinary Shares, the Scholium Group's business and the industry in which it operates, together with all other information contained in this document and in particular the risk factors described below. If any of the following risks actually occur, the Scholium Group's business, financial condition, results and/or scope of operations and anticipated expansion could be materially and adversely affected. In such case, an investor may lose all or part of his or her investment. Additional risks and uncertainties not currently known to the Directors 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 Group.

An investment in Scholium is suitable only 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 arise therefrom and which may be equal to the whole amount invested.

Risks related to the business

Reliance on management

The business and future development of the Group is critically dependent upon its present and prospective management team. The loss of any key manager, including Messrs Blackwell, Shapero and Guillemet, for whatever reason may have an adverse effect on the future of the Group. Future success depends on its ability to attract and retain key management and employees and there can be no assurance that the Group will be able to attract and retain such persons. The market for rare and antiquarian books and works on paper is highly specialised and the Directors believe that the Group's management team possesses the knowledge, reputation and trade contacts to put them among the top dealers in the market. A dealer's reputation is critical to his ability to successfully execute sales or purchases and any damage to the reputation of a member of the Group's senior management could materially adversely effect its business and prospects.

Supply of antiquarian books and other items

By their nature, the books and other items in which Shapero Rare Books trades (and intends to trade) are rare. As indicated in the section headed "Rare and antiquarian books and works on paper" in Part 1 of this document, the availability of fresh stock of such items is often driven by major life events, such as inheritance, unrecovered debt, divorce or downsizing due to economic malaise. The business of Shapero Rare Books is reliant upon individual works and collections of works coming onto the market and upon the Group being able to access those business opportunities. There is no guarantee that fresh stock will come onto the market in sufficient quantities to meet the Group's plans for growth. When works become available for sale or purchase, such sales are often dealt with privately and discretely and, accordingly, there is no guarantee that the Group's employees will be able to access such business opportunities or to negotiate successfully the purchase of fresh stock coming onto the market.

Reliance on key international trade fairs

A material value of goods are sold by the Group at international trade fairs, specifically The European Fine Art Fair. If this fair were to be discontinued it would have a material effect on the ability of the Group to sell goods. There are a limited number of stands at international trade fairs and as a result places are highly sought after. Whilst members of the Group have been exhibiting at these fairs for many years there can be no certainty that it will continue to secure a place in the future.

Competition

The market in the books and other items in which the Group trades is competitive.

In the market for antiquarian books and other items in which Shapero Rare Books trades, the Group faces various competitive pressures including from the major auctioneers, Sotheby's, Christie's and Bonhams, as well as smaller auctioneers and a large number of dealers and smaller operators.

The other parts of the Group's business, including the business of South Kensington Books and Ultimate Library, also face various competitive pressures. While the Directors believe that the art book market has (as described in the section headed "Art book market" in Part 1 of this document) been less impacted by e-readers and online retailers than the UK retail book market as a whole, the art book market is nonetheless highly competitive and the Group has to compete with large bookshop chains, smaller independent bookshops and large and small online retailers.

The Company is likely to face continued and/or increased competition in the future both from established competitors and/or from new entrants to the market. The Company's competitors include businesses with greater financial and other resources than the Company. Such competitors may be in a better position than the Company to compete for future business opportunities. If the Company is unable to compete effectively in any of the markets in which it operates, it could lead to a material adverse effect on the Company's business, financial condition, and operating.

Co-owned rare and collectible goods

In the case of high value items or collections, the Group will often acquire the items jointly with another bookseller and if not expressly provided for there is a risk that the Group will not be able to sell the entire asset without the agreement of all joint-owners. In this and other respects the Group relies on the honesty and integrity of other dealers. Whilst the Group takes care to deal only with established counterparties and experienced dealers who are well known to senior management and/or the Directors, there can be no guarantee that co-owners will comply with the agreed terms (including, for example not charging the items) or that such co-owners will not enter into administration or other insolvency procedure, and in the event there is a loss of the co-owned goods it is not certain that the Group could claim under its insurance policy in relation thereto.

Stock valuation and liquidity

The Group will trade in rare and collectible items, which may be highly illiquid. The value of goods acquired is difficult to assess and it may not be possible for management to sell the assets at or above the price for which they were acquired. The value of assets in the balance sheet may not represent the actual resale value achievable.

Theft, loss or damage

Rare and collectible items are highly mobile goods. Furthermore such goods are frequently transported internationally for trade shows or other marketing opportunities. Whilst precautions are taken to ensure safe passage, the Group's assets may be lost, damaged or stolen. While the Group carries specialist insurance, there is no guarantee that the Group's insurance cover will be adequate in all circumstances. For further details see the paragraph headed 'Insurance' below. Assets of the Group will be placed with third parties for sale on commission. While the Group intends to take appropriate precautions when placing assets with third parties, there is a risk that these assets outside of the Group's direct control may be stolen or replaced by unscrupulous third parties with fakes or forgeries.

Authenticity and export authority

The Directors of the Company will ensure that due diligence is undertaken on the authenticity of the assets acquired for sale. Nonetheless fakes and forgeries do exist in the market and the Group may acquire these believing them to be authentic. Further, the attribution of works to a particular writer or artist is not an exact science, and there can be no guarantee that assets of the Group will not have been mistakenly attributed in this way. Lack of authenticity is not

covered by the Group's insurance. Whilst the Group takes appropriate care when acquiring works which may be of material importance in the state of origin, there can be no guarantee that works acquired by the Group are not subject to restrictions on export or sale.

Insurance

The Group carries a specialist insurance policy under the Antiquarian Booksellers Association Insurance Scheme which covers each of the businesses. The Directors believe that the Group carries appropriate insurance for a business of its size and nature but there can be no guarantee that the extent or value of the cover will be sufficient, in particular in relation to stock in transit or on consignment. The Directors will review the Group's insurance arrangements on an annual basis and endeavour to insure its stock adequately, but there is no certainty that future claims will not fall within the exclusions under the policy or that the insurer will pay out any claim if made. Further, there can be no guarantee that the necessary insurance will be available to the Group in the future at an acceptable cost or at all.

Premises

Like many of the established dealers in the market, the Group has a publicly accessible gallery in Mayfair, London from where Shapero Rare Books operates. In addition, the Group has a shop in South Kensington, London from where the South Kensington Books and Ultimate Library businesses operate. The Directors believe that both locations are highly desirable and an important factor in the success of the business as a whole. However, both premises are leased and, unless extended, will terminate within 3 months (South Kensington Books) and 13 months (Shapero Rare Books), respectively, of Admission. Whilst discussions with the landlords have commenced, there can be no guarantee that the leases of either of the premises will be extended on terms acceptable to the Company or at all. In addition, the Group might incur dilapidation liabilities.

Terms of sale

To date, the contractual arrangements which the Group has entered into with clients, customers and other dealers have not always included (amongst other things) terms dealing specifically with (i) transfer of ownership and risk, (ii) contract formation, (iii) price and payment, (iv) limitations and exclusions of liability, and (v) governing law and jurisdiction. In light of the foregoing, there can be no guarantee that the Group's arrangements with its customers will not be terminated on short notice or that the Group will not at some future time face challenges or disputes in relation to the contractual or other arrangements with its clients. If the Group became involved in a contractual dispute and/or a third party was successful in any contractual dispute with the Group, any resultant loss of revenues or exposure to litigation costs or other claims could have a material adverse effect on the Group's reputation, business, financial condition and/or operations or financial results. The Group is revising its standard terms of sale to seek to ensure that, going forward, the arrangements with clients, customers, dealers and others will include terms dealing with each of the aforementioned areas.

Currency risk

The Directors anticipate that the Group will conduct certain of its transactions other than in Pounds Sterling, the Company's functional currency. As a result, movements in foreign exchange rates may impact the Group's performance.

General risk factors

Market value of Ordinary Shares

Following Admission, it is likely that the Company's share price will fluctuate and may not always accurately reflect the underlying value of the business. The value of Ordinary Shares may go down as well as up and investors may lose some or all of the original sum invested. The price that investors may realise for their holdings of Ordinary Shares, when they are able to do so, may be influenced by a large number of factors, some of which are specific to the

Company and others of which are extraneous. Such factors may include the possibility that the market for the Ordinary Shares will be less liquid than for other equity securities and that the price of the Ordinary Shares will be relatively volatile.

Investment in AIM quoted securities

Application has been made for the Ordinary Shares to be admitted to AIM, a market designated primarily for emerging or smaller companies. The AIM Rules are less demanding than those of the Official List of the UK Listing Authority. Further, neither the London Stock Exchange nor the UK Listing Authority has examined or approved the contents of this document. Investment in shares on AIM is perceived to involve a higher degree of risk and therefore may be less liquid than an investment in shares quoted on the Official List of the UK Listing Authority. AIM has been in existence since June 1995 but its future success and liquidity in the market for the Company's securities cannot be guaranteed. 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.

No assurance that an active trading market will develop

Although an application has been made for the Ordinary Shares to be admitted to AIM, as there has been no public trading market for the Ordinary Shares, there can be no assurance that an active trading market will develop or, if one does develop, that it will be maintained. Shareholders representing approximately 39.4 per cent. of the Company's issued share capital have undertaken, save in limited circumstances, not to dispose of any of their Ordinary Shares for a period of one year following Admission. This will affect the liquidity of the Ordinary Shares. Shareholders who need to dispose of their Ordinary Shares may be forced to do so at prices that do not fully reflect the value of the Company per Ordinary Share.

The interests of significant Shareholders may conflict with those of other Shareholders

Upon Admission, the Locked-In Persons and their associates will own in aggregate approximately 39.4 per cent. of the Ordinary Shares and it is possible that, in the future, other investors may have significant holdings of Ordinary Shares. Accordingly, they will possess sufficient voting power to have significant influence on matters requiring Shareholder approval. The interests of such significant Shareholders may conflict with those of other holders of Ordinary Shares.

Future issues of shares may result in dilution

The Company may issue additional Ordinary Shares in subsequent public offerings or private placements. Statutory pre-emption rights prevent the issue of shares for cash consideration without such shares being offered to Shareholders first, subject to the disapplication of such pre-emption rights by a special resolution of the Shareholders. Therefore, existing Shareholders may not be offered the right or opportunity to participate in such future share issues (if such a special resolution is approved by Shareholders), which may dilute the existing Shareholders' interests in the Company. Furthermore, the issue of additional Ordinary Shares may be on more favourable terms than the Placing. In addition, the issue of additional Shares by the Company including following the exercise of options, or the possibility of such issue or exercise, may cause the market price of the Ordinary Shares to decline and may make it more difficult for Shareholders to sell Ordinary Shares at a desirable time or price.

Sales of Ordinary Shares by certain Directors or by substantial shareholders, or the possibility of such sales, and the future exercise of options may affect the market price of the Ordinary Shares

The Locked-In Persons have agreed for a one year period after Admission, subject to certain exceptions, and among other things, not to offer, sell, contract to sell, grant options over or otherwise dispose of, directly or indirectly, any of their Ordinary Shares (representing in aggregate 39.4 per cent. of the issued share capital of the Company immediately following Admission). Although there is no present intention or arrangement to do so, those Directors and Shareholders may, following the expiry of the initial one year lock-in period, sell their

Ordinary Shares without restriction, subject to customary orderly market provisions which last for a further twelve months. In addition, a substantial amount of Ordinary Shares being sold or the perception that sales of this type could occur, could also depress the market price of the Ordinary Shares.

Dividends

All dividends and other distributions paid by the Company will be made at the discretion of the Board. The payment of any such dividend or distribution will depend upon a number of factors, including the Company's ability to execute its business plan, its operating results, financial condition, current and anticipated cash needs and regulatory capital requirements, legal and other regulatory restrictions. Dividend growth in the Ordinary Shares will rely on underlying growth in the Company's businesses and, in particular, the dividend policy mentioned in Part 1 of this document should not be construed as a dividend forecast.

Future performance

There is no certainty and no representation or warranty is given by any person that the Company will be able to achieve any returns referred to in this document. The financial operations of the Company may be adversely affected by general economic conditions, by conditions within the market generally or by the particular financial condition of other parties doing business with the Company.

General economic climate

Factors such as inflation, currency fluctuation, interest rates, supply and demand of capital and industrial disruption have an impact on business costs and stock market prices. The Group's operations, business and profitability can be affected by these factors, which are beyond the control of the Group.

Catastrophic events, terrorist acts or other acts of war

Catastrophic events, terrorist acts or other acts of war may lead to an abrupt interruption of activities and losses resulting from such disruptions. If the business continuity plans are not available or adequate, losses may increase further. In addition, such events and the responses to those events may create economic and political uncertainties which could have an unanticipated adverse impact on the general market conditions in which the Group may operate, and on the operations of the Group.

Negative impact of claims and litigation

Legal proceedings could be brought against the Company or any of its businesses. This could be costly and may divert the efforts of management and other personnel from normal business operations. It could also adversely affect the reputation and brand image of the relevant business, which could reduce consumer demand and materially damage the business and prospects of that business, thus devaluing the Company's assets.

Risk factors relating to tax

Adverse changes in the tax position of the Group

Any change in the Group's tax position or status or in tax legislation or proposed legislation, or in the interpretation of tax legislation or proposed legislation by tax authorities or courts, or tax rates could adversely affect the Company's ability to pay dividends, dividend growth and/or the market value of the Ordinary Shares.

Levels of and reliefs from taxation may change

The levels of, and reliefs from, taxation may change. Investors should not rely on general guidance and should seek their own advice. There can be no guarantee that the rates of taxation envisaged by the Directors will be the ongoing rates of taxation paid by the Group.

EIS

Advanced assurance has been sought from HMRC that the Company should be a qualifying company and the Placing Shares are eligible shares for the purposes of EIS provisions. The actual availability of relief under the EIS provisions will be contingent, *inter alia*, upon certain conditions being met by both the Company and the relevant investors. Neither the Company nor the Company's advisers give any warranties, representations or undertakings that EIS relief will be available or that, if initially available, such relief or status will not be withdrawn. Should the law regarding EIS change then any reliefs or qualifying status previously obtained may be lost. Additional information on the EIS is included in paragraph 9 of Part 4 of this document.

Circumstances may arise (which may include sale of the Company) where the Directors believe that the interests of the Group are not best serviced by acting in a way that preserves EIS tax relief (including capital gains tax reliefs). In such circumstances, the Group cannot undertake to conduct its activities in a way designed to secure or preserve any such relief or status claimed by any Shareholder. If the Group does not employ the proceeds of an EIS Share issue for qualifying purposes within two years of issue, the EIS Shares would cease to be eligible and all of the EIS tax reliefs of investors in respect of the EIS Shares would be withdrawn.

If the Company or any qualifying subsidiary ceases to carry on the business outlined in this document or acquires or commences a business which is not insubstantial to the Group's activities and which is a non-qualifying trade for EIS purposes, this could prejudice the qualifying status of the Company (as referred to above) under the EIS if this occurred during the three year period from the last issue of shares to the EIS investors.

VCT

The Company has sought provisional clearance from HMRC that the Placing Shares will be eligible for the purposes of section 258(3A) of the Income Tax Act 2007 and that certain of such shares will be "qualifying holdings" for the purposes of Chapter 4, Part 6, Income Tax Act 2007. In order for the Placing Shares to be "qualifying holdings" for VCT purposes, inter alia, the Company must satisfy and continue to satisfy the relevant requirements.

There is no guarantee that such clearance will be obtained or that any particular VCT will qualify for relief in respect of an acquisition of the Placing Shares. The conditions for relief are complex and depend not only upon the qualifying status of the Company but upon certain factors and characteristics of the VCT concerned. VCTs who believe they may qualify for VCT relief should consult their own tax advisers regarding this.

Neither the Company nor the Directors is/are giving any warranty, representation or undertaking that the Company will meet or continue to meet any conditions relation to VCT relief. Should the law regarding VCTs change then any reliefs or qualifying status previously obtained may be lost. Circumstances may arise where the Directors believe that the interests of the Group are not best served by acting in a way which reserves any VCT-related status. In such circumstances, the Group cannot undertake to conduct its activities in a way designed to secure or preserve any such relief or status claimed by any Shareholder. Investors considering making a qualifying VCT investment are recommended to seek their own professional advice in order that they may fully understand how the relief legislation may apply in their individual circumstances.

The foregoing risk 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 3

HISTORICAL FINANCIAL INFORMATION

Section A – Accountant's Report



BDO LLP 55 Baker Street London W1U 7EU

25 March 2014

The Directors Scholium Group plc 32 St George Street London W1S 2EA

WH Ireland Limited 24 Martin Lane London EC4R ODR

Dear Sirs

EC4R 0DR

Bookbank Limited ("Bookbank")

Introduction

We report on the financial information set out in Section B of Part 3. This financial information has been prepared for inclusion in the admission document dated 25 March 2014 of Scholium Group plc (the "Admission Document") 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. We have not audited or reviewed the financial information for the six months ended 30 September 2012 which has been included for comparative purposes only and accordingly do not express an opinion thereon.

Responsibilities

The directors of Scholium Group plc are responsible for preparing the financial information 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 the 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 significant estimates and judgements 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.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America or other jurisdictions outside the United Kingdom and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion, the financial information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of Bookbank as at 31 March 2011, 2012, 2013 and as at 30 September 2013 and of its results, cash flows and changes in equity for the periods then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

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 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 Admission Document in compliance with Schedule Two of the AIM Rules for Companies.

Yours faithfully

BDO LLP

Chartered Accountants

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

Section B – Historical Financial Information

Statement of total comprehensive income

		Year ended 31 March	Year ended 31 March	Year ended 31 March	Six months ended 30 September	Six months ended 30 September
		2011	2012	2013	2012 (unaudited)	2013
	Note	£	£	£	£	£
Revenue	4	138,352	4,281,483	5,935,579	2,711,934	2,739,122
Cost of sales		77,175	2,574,376	3,601,658	1,764,022	1,577,545
Gross profit		61,177	1,707,107	2,333,921	947,912	1,161,577
Distribution costs	_		459,012	524,986	178,399	159,378
Exceptional costs Impairment of		_	871,046	_	_	_
intangible assets Other administrative		_	122,920	_	_	_
expenses		13,479	1,296,993	1,496,621	720,168	767,111
Administrative costs	5	13,479	2,290,959	1,496,621	720,168	767,111
Profit/(loss)						
from operations	5	47,698	(1,042,864)	312,314	49,345	235,088
Finance income	8	_	_	671		
Finance expense	8		(173,239)	(239,044)	(119,522)	(128,250)
Profit/(loss) before tax		47,698	(1,216,103)	73,941	(70,177)	106,838
Tax expense	9	(5,481)				189,465
Profit/(loss) for the period		42,217	(1,216,103)	73,941	(70,177)	296,303
Total comprehensive income attributable to equity holders of the company		42,217	(1,216,103)	73,941	(70,177)	296,303
• •						
Earnings/(loss) per share attributable to the owners of the company	10					
Basic (pounds)	- 3	14.07	(85.22)	0.87	(0.82)	3.47
Diluted (pounds)		0.01	(85.22)	0.04	(0.82)	0.07

Statement of financial position

Statement of Infancial	JUSIU	OII				
		As at 31 March 2011	As at 31 March 2012	As at 31 March 2013	As at 30 September 2012 (unaudited)	As at 30 September 2013
	Note	£	£	£	£	£
Assets						
Non-current assets						
Property, plant	11		134,991	119,479	129,194	114,526
and equipment Intangible assets	12		31,033	23,433	27,233	19,633
Deferred taxation	13	_	_			189,465
Total non-current assets			166,024	142,912	156,427	323,624
Current assets						
Inventories Trade and	14	_	3,249,977	3,331,396	3,635,286	3,879,875
other receivables	15	106,965	764,243	1,368,631	738,515	1,374,504
Cash		159,733	97,357	196,034	85,786	49,774
Total current assets		266,698	4,111,577	4,896,061	4,459,587	5,304,153
Total assets		266,698	4,277,601	5,038,973	4,616,014	5,627,777
Liabilities Current liabilities Trade and						
other payables	16	_	923,287	1,599,383	1,331,309	1,614,884
Loans and borrowings	17	240,000	350,000	350,000	350,000	623,000
Corporation tax liability		5,481	3,432	6,767		6,767
Total current liabilities		245,481	1,276,719	1,956,150	1,681,309	2,244,651
Non-current liabilities Loans and borrowings	17		2,096,438	2,104,438	2,100,438	2,108,438
Total non-current liabilities			2,096,438	2,104,438	2,100,438	2,108,438
Total liabilities		245,481	3,373,157	4,060,588	3,781,747	4,353,089
Net assets		21,217	904,444	978,385	834,267	1,274,688
Equity attributable to owners of the company						
Called up share capital	18	600	17,054	17,054	17,054	17,054
Share premium Retained earnings/(deficit)		20,617	2,082,876 (1,195,486)	2,082,876 (1,121,545)	2,082,876 (1,265,663)	2,082,876 (825,242)
		$\frac{20,017}{21,217}$	904,444	978,385	834,267	1,274,688
Total equity		41,417	904,444 	=====	034,407	1,4/4,000

Statement of changes in equity

j,	Share capital £	Share premium £	Retained earnings/(deficit) £	Total equity £
At 1 April 2010 Profit for the year Other comprehensive income	600	_	(21,600) 42,217	(21,000) 42,217
Total comprehensive income			42,217	42,217
Equity as at 31 March 2011 Loss for the year Other comprehensive income	600		20,617 (1,216,103)	21,217 (1,216,103)
Total comprehensive income			(1,216,103)	(1,216,103)
Shares issued in the year Share issue expenses	16,454	2,122,825 (39,949)		2,139,279 (39,949)
Total transactions with owners recognised directly in equity	16,454	2,082,876		2,099,330
Equity as at 31 March 2012 Loss for the period Other comprehensive income	17,054 —	2,082,876	(1,195,486) (70,177)	904,444 (70,177)
Total comprehensive income	_		(70,177)	(70,177)
Equity as at 30 September 2012 Profit for the period Other comprehensive income	17,054 —	2,082,876 — —	(1,265,663) 144,118 —	834,267 144,118 —
Total comprehensive income	_		144,118	144,118
Equity as at 31 March 2013 Profit for the period Other comprehensive income	17,054	2,082,876	$ \begin{array}{r} \hline (1,121,545) \\ 296,303 \\ \end{array} $	978,385 296,303
Total comprehensive income	_	_	296,303	296,303
Equity as at 30 September 2013	17,054	2,082,876	(825,242)	1,274,688

Statement of cash flows

	. 5			Six months	Six months
	Year ended 31 March	Year ended 31 March	Year ended 31 March	ended 30 September (unaudited)	ended 30 September
	2011 £	2012 £	2013 £	2012 £	2013 £
Operating activities Profit before tax Depreciation of	47,698	(1,216,103)	73,941	(70,177)	106,838
property, plant and equipment Amortisation of	_	3,665	32,939	16,063	18,450
intangible assets Impairment of	_	15,746	7,600	3,800	3,800
intangible assets	_	122,920		_	
	47,698	(1,073,772)	114,480	50,314	129,088
Decrease/(Increase) in trade and	,		,		
other receivables Decrease/(Increase)	24,122	(657,278)	(604,388)	25,728	(5,873)
in inventories Increase/(Decrease) in trade and	77,175	(3,249,977)	(81,419)	(385,309)	(548,479)
other payables		1,087,209	819,032	478,158	94,365
Cash generated	140.005	(0.000.010)	0.45 505	64.001	(990,000)
from operations Corporation tax paid	148,995	(3,893,818) (5,481)	247,705	64,831 (3,432)	(330,899)
Net cash flows from operating activities	148,995	(3,899,299)	247,705	64,831	(330,899)
Investing activities Purchase of property, plant and equipment Purchase of intangibles (note 22) Interest received		(138,656)	(17,427) — 671	(10,266)	(13,497)
Net cash used in investing activities		(308,355)	(16,756)	(10,266)	(13,497)
Financing activities Proceeds from the issuance of					
ordinary shares	_	1,215,395	_	_	_
Share issue expenses Loans from directors	_	(39,949) 113,892		_	273,000
Issue of loans and loan		113,092		_	273,000
notes to shareholders		2,962,438		_	_
Loan issue expenses	_	(40,000)	(180.070)	(66.196)	<u> </u>
Interest paid		(66,498)	(132,272)	(66,136)	(74,864)
Net cash used in financing activities		4,145,278	(132,272)	(66,136)	198,136
Net increase/(decrease) in cash and cash equivalents Cash and cash equivalents at	148,995	(62,376)	98,677	(11,571)	(146,260)
beginning of period	10,738	159,733	97,357	97,357	196,034
Cash at the end of period	159,733	97,357	196,034	85,786	49,774

Notes to the financial information

1. Accounting policies

General information

Bookbank Limited is engaged in the publishing sector and the sale of rare and high-quality new and used books. The company is a private limited company domiciled and incorporated in England and Wales (registered number 06720898). The address of its registered office is c/o Mofo Notices Limited, Citypoint, 1 Ropemaker Street, London EC2Y 9AW.

Basis of preparation

The financial information has been prepared in accordance with International Financial Reporting Standards and IFRC Interpretations issued by the International Accounting Standards Board (together "IFRSs") as adopted by the European Union (EU).

The principal accounting policies applied by the company in the preparation of the financial information for the years ended 31 March 2011, 31 March 2012, 31 March 2013 and the six-month periods ended 30 September 2012 and 30 September 2013 are set out below. These policies have been consistently applied to all periods presented. The 2012 half-yearly information is not audited.

Composition of the financial information

The financial information is drawn up in Sterling, the functional currency of Bookbank and in accordance with IFRS accounting presentation. The level of rounding for the financial information is the nearest pound. The financial information comprises:

- The statement of total comprehensive income
- The statement of financial position
- The statement of changes in equity
- The statement of cash flows
- Notes to the financial information

Changes to accounting policies since the last period

The following standards and interpretations, issued by the IASB or the International Financial Reporting Interpretations Committee (IFRIC), are also effective for the first time in the current financial year and have been adopted by the company with no significant impact on its results or financial position for the current reporting period:

- IAS 19 'Employee Benefits' (Revised 2011).
- Amendment to IAS1 'Presentation of Items of Other Comprehensive Income'.
- Amendment to IAS12 'Deferred Tax: Recovery of Underlying Assets'.
- Amendment to IFRS 7 'Disclosures Offsetting Financial Assets and Financial Liabilities'.
- Amendment to IFRS 1 'Government Loans'.
- Annual Improvements to IFRSs (2009–2011 Cycle) Minor amendments to various accounting standards, effective for periods beginning on or after 1 January 2013 onwards.
- IFRS 13 'Fair Value Measurement'.

The following standards and interpretations issued by the IASB or IFRIC have not been adopted by the company as these are not effective for the current year. The company is currently assessing the impact these standards and interpretations will have on the presentation of its results in future periods:

- IFRS 10 'Consolidated Financial Statements'. This interpretation has been endorsed for use in the EU (the mandatory effective date for the EU-endorsed version is 1 January 2014).
- IFRS 11 'Joint Arrangements'. This interpretation has been endorsed for use in the EU (the mandatory effective date for the EU-endorsed version is 1 January 2014).
- IFRS 12 'Disclosure of Interests in Other Entities'. This interpretation has been endorsed for use in the EU (the mandatory effective date for the EU-endorsed version is 1 January 2014).
- Amendments to IFRS 10, IFRS 11 and IFRS 12 'Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance'. This amendment has been endorsed for use in the EU (the mandatory effective date for the EU-endorsed version is 1 January 2014).
- IAS 27 'Separate Financial Statements'. This interpretation has been endorsed for use in the EU (the mandatory effective date for the EU-endorsed version is 1 January 2014).
- IAS 28 'Investments in Associates and Joint Ventures'. This interpretation has been endorsed for use in the EU (the mandatory effective date for the EU-endorsed version is 1 January 2014).
- Amendment to IAS 32 'Offsetting Financial Assets and Financial Liabilities' (effective for accounting periods beginning on or after 1 January 2014). This amendment has been endorsed for use in the EU.
- Amendments to IFRS 10, IFRS 12 and IAS 27 'Investment Entities' (effective for accounting periods beginning on or after 1 January 2014). This amendment has been endorsed for use in the EU.
- IFRS 9 'Financial Instruments' (effective date for accounting periods is to be confirmed). This amendment has not yet been endorsed for use in the EU.
- Amendment to IAS 36 'Recoverable amounts disclosures for non-financial assets' (effective for accounting periods beginning on or after 1 January 2014). This amendment has been endorsed for use in the EU.
- Amendment to IAS 39 'Novation of Derivatives and Continuation of Hedge Accounting' (effective for accounting periods beginning on or after 1 January 2014). This amendment has been endorsed for use in the EU.
- IFRIC 21 'Levies' (effective for accounting periods beginning on or after 1 January 2014). This amendment has not yet been endorsed for use in the EU.
- Amendment to IAS 19 'Defined Benefit Plans: Employee Contributions' (effective for accounting periods beginning on or after 1 July 2014). This amendment has not yet been endorsed for use in the EU.
- Annual Improvements to IFRSs (2010–2012 Cycle) Minor amendments to various accounting standards, effective for periods beginning on or after 1 July 2014 onwards. These amendments have not yet been endorsed for use in the EU.
- Annual Improvements to IFRSs (2011–2013 Cycle) Minor amendments to various accounting standards, effective for periods beginning on or after 1 July 2014 onwards. These amendments have not yet been endorsed for use in the EU.

Revenue recognition

Revenue for the company is measured at the fair value of the consideration received or receivable. The company recognises revenue for agency and other commission services provided when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the company. No revenue is recognised in respect of books held by customers 'under approval' until the sale is confirmed.

Expenditure

Expenditure is recognised in respect of goods and services received when supplied in accordance with contractual terms. Provision is made when an obligation exists for a future liability relating to a past event and where the amount of the obligation can be reliably estimated.

Retirement benefits: defined contribution schemes

Contributions to defined contribution schemes are charged to the statement of comprehensive income in the period to which they relate.

Externally acquired intangible assets

Externally acquired intangible assets are initially recognised at cost and subsequently amortised on a straight-line basis over their useful economic lives.

The significant intangibles recognised by the company, their useful economic lives and the methods used to determine the cost of the intangibles acquired in a business combination are as follows:

Intangible assetUseful economic lifeValuation methodCustomer lists and data5 yearsAmortised cost

The amortisation expense is recognised within administrative expenses in the statement of comprehensive income.

Property, plant and equipment

Items of property, plant and equipment are initially recognised at cost. As well as the purchase price, cost includes directly attributable costs.

Depreciation is provided on all items of property, plant and equipment so as to write off their carrying value over the expected useful economic lives. It is provided at the following rates:

Bibliography – 15% on cost per annum

Plant and machinery – 15% – 33% on cost per annum

Fixtures and fittings – 15% – 33% on cost per annum

Motor vehicles – 25% on cost per annum

Impairment of non-financial assets

The carrying values of non-financial assets are reviewed for impairment when there is an indication that assets might be impaired. When the carrying value of an asset exceeds its recoverable amount, the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash generating unit (i.e. the smallest group of assets in which the asset belongs for which there are separately identifiable cash flows).

Impairment charges are included in the income statement, except to the extent they reverse previous gains recognised in the statement of comprehensive income.

Financial assets

The company classifies its financial assets into the categories, discussed below, due to the purpose for which the asset was acquired. The company has not classified any of its financial assets as held to maturity.

Inventories

Inventories are valued at the lower of cost and net realisable value. Where an impairment of a particular item or group of inventory items is identified these items are written down to net realisable value and the resulting charge is included within cost of sales. Cost incurred in bringing each product to its present location and condition is accounted for as follows:

Purchase cost on a first-in, first-out basis together with the cost of repair works performed on high-value and rare books.

Net realisable value is the estimated selling price in the ordinary course of business.

Cash and cash equivalents

Cash and cash equivalents comprise cash.

Loans and receivables

These assets are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transactions costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

The company's loans and receivables comprise trade and other receivables included within the statement of financial position.

Cash and cash equivalents include cash held at bank and bank overdrafts. Bank overdrafts are shown within loans and borrowings in current liabilities in the consolidated statement of financial position.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the statement of comprehensive income. On confirmation that the trade receivables will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Financial liabilities

The company classifies its financial liabilities as other financial liabilities which include the following:

- Shareholder loan notes 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 ensuring the interest element of the borrowing is expensed over the repayment period at a constant rate.
- Trade payables, short-term loans from directors, other borrowings and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

Fair value hierarchy

All financial instruments measured at fair value must be classified into one of the levels below:

- Level 1: Quoted prices, in active markets.
- Level 2: Level 1 quoted prices are not allowable but fair value is based on observable market data.
- Level 3: Inputs that are not based on observable market data.

Share capital

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

Leased assets

Where substantially all of the risks and rewards incidental to ownership are not transferred to the company (an 'operating lease'), the total rentals payable under the lease are charged to the statement of comprehensive income on a straight-line basis over the lease term. The aggregate benefit of lease incentives is recognised as a reduction of the rental expense over the lease term on a straight-line basis.

Foreign currency

The individual financial statements of the Company are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the financial statements, the results and financial position are expressed in pound sterling which is the presentation currency for the Company financial statements.

In preparing the financial statements transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date.

Exchange differences arising on the settlements of monetary items and on the retranslation of monetary items are included in the income statement for the period.

Deferred taxation

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the statement of financial position differs from its tax base, except for differences arising on:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and
- investments in subsidiaries and jointly controlled entities where the company is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantially enacted by the reporting date and are expected to apply when the deferred tax liabilities or assets are settled or recovered. Deferred tax balances are not discounted.

Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision maker has been identified as the managing director.

The Board considers that the company's activity constitutes one operating and one reporting segment, as defined under IFRS 8. Management reviews the performance of the company by reference to total results against budget.

The total profit measures are operating profit and profit for the year, both disclosed on the face of the income statement. No differences exist between the basis of preparation of the performance measures used by management and the figures in the company financial information.

All of the revenues generated relate to sales of books, commissions received and repair of books from the United Kingdom. Accordingly there are no additional disclosures provided to the financial information.

Operating profit and loss

Operating profit and loss comprises revenues less operating costs. Operating costs comprise adjustments for changes in inventories, employee costs, amortisation of intangible assets, depreciation of property, plant and equipment, impairment of intangible assets and other operating expenses.

Business combinations

For business combinations, cost comprises the fair value of assets given, liabilities assumed and equity instruments issued, plus the amount of any non-controlling interests in the acquiree, plus if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree. Contingent consideration is included in cost at its acquisition date fair value and, in the case of contingent consideration classified as a financial liability, remeasured subsequently through profit or loss. Direct costs of acquisition are recognised immediately as an expense.

2. Critical accounting estimates and judgements

The company makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including the expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Judgements and accounting estimates and assumptions

(a) Revenue recognition

Revenue is recorded at the fair value of the goods and services provided.

(b) Bad debts

The Directors have assessed the recoverability of the company's trade receivables at each period end based on the information available to them at the time. Consequently, judgements have been made in making a provision for doubtful debts. Accordingly, future results could be significantly impacted by subsequent events.

(c) Property, plant and equipment

Property, plant and equipment is depreciated over the useful lives of the assets. Useful lives are based on the management's estimates of the period that the assets will generate revenue, which are reviewed annually for continued appropriateness. The carrying values are tested for impairment when there is an indication that the value of the assets might be impaired. When carrying out impairment tests these would be based upon future cash flow forecasts and these forecasts would be based upon management judgement. Future events could cause the assumptions to change, therefore this could have an adverse effect on the future results of the company.

(d) Other intangible assets

As set in note 1, accounting policies, intangible assets acquired in a business combination are capitalised and amortised over their useful lives. Both initial valuations and valuations for subsequent impairment tests are based on risk-adjusted future cash flows discounted using appropriate discount rates. These future cash flows will be based on forecasts which are inherently judgemental. Future events could cause the assumptions to change which could have an adverse effect on the future results of the company.

(e) Inventories

The company's inventories comprise rare and high-quality books which are sold to a limited number of institutions and customers. A fall in demand for these books could significantly affect the carrying value of the company's inventory.

3. Financial instruments – risk management

The Board has overall responsibility for the determination of the company's risk management objectives and policies. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the company's competitiveness and flexibility. The company reports in Sterling. All funding requirements and financial risks are managed based on policies and procedures adopted by the Board of Directors. The company does not use derivative financial instruments such as forward currency contracts, interest rate swaps or similar instruments. The company does not issue or use financial instruments of a speculative nature.

The company is exposed to the following financial risks:

- Credit risk
- Liquidity risk

In common with all other businesses, the company is exposed to risks that arise from its use of financial instruments. The principal financial instruments used by the company, from which financial instrument risk arises, are as follows:

- Trade and other receivables
- Cash and cash equivalents
- Trade and other payables
- Shareholder and director loans

To the extent that financial instruments are not carried at fair value in the statement of financial position, book value approximates to fair value at 31 March 2011, 31 March 2012, 31 March 2013, 30 September 2012 and 30 September 2013.

Trade and other receivables are measured at book value and amortised cost. Book values and expected cash flows are reviewed by the Board and any impairment charged to the statement of comprehensive income in the relevant period.

Cash is held in sterling and placed on deposit in UK banks.

Trade and other payables are measured at book value and amortised cost.

Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The company is mainly exposed to credit risk from credit sales. At 31 March 2011 the amount of trade receivables were £106,828, 31 March 2012 £456,195, 31 March 2013 £1,018,442, 30 September 2012 £375,121 and 30 September 2013 £1,007,963.

The company is exposed to credit risk in respect of these balances such that, if one or more customers encounter financial difficulties, this could materially and adversely affect the company's financial results. The company attempts to mitigate credit risk by assessing the credit rating of new customers prior to entering into contracts and by entering contracts with customers with agreed credit terms.

The Directors are unaware of any factors affecting the recoverability of outstanding balances at 30 September 2013 and consequently no further provisions have been made for bad and doubtful debts.

Liquidity risk

Liquidity risk arises from the company's management of working capital. It is the risk that the company will encounter difficulty in meeting its financial obligations as they fall due. The company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain cash balances to meet expected requirements for a reasonable period.

Capital management

The company's capital is made up of share capital, share premium, retained earnings and shareholder loan notes. The share capital, share premium and retained earnings were at 31 March 2011 £21,217, 31 March 2012 £904,444, 31 March 2013 £978,385, 30 September 2012 £834,267 and 30 September 2013 £1,274,688. The short-term director loans were at 31 March 2011 £240,000, 31 March 2012 £350,000, 31 March 2013 £350,000, 30 September 2012 £350,000 and 30 September 2013 £623,000. The company also issued, on 17 February 2012, five-year loan notes to certain shareholders amounting to £2,135,438 repayable on 16 February 2017.

The company's objectives when maintaining capital are:

- To safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

All working capital requirements are financed from existing cash resources.

4. Revenue

	Year ended 31 March 2011	Year ended 31 March 2012	Year ended 31 March 2013	Six months ended 30 September 2012 (unaudited)	Six months ended 30 September 2013
	£	£	£	£	£
Revenue arises from:					
Sales of books	138,352	3,465,995	5,772,109	2,617,629	2,493,727
Commissions		812,501	152,388	87,731	239,755
Other sales		2,987	11,082	6,574	5,640
	138,352	4,281,483	5,935,579	2,711,934	2,739,122

Sales are made to a large number of individuals and institutions. No sales are made to any entity which exceed 10 per cent. of company revenues.

5. Profit/(loss) from operations

The operating profit (2012 – operating loss) is stated after charging:

				Six months	Six months
	ear ended	Year ended	Year ended	ended	ended
-	31 March	31 March	31 March	30 September	30 September
	2011	2012	2013	2012 (unaudited)	2013
	£	£	£	(unauanea) £	£
Staff costs	_	607,901	680,692	339,795	336,935
Depreciation		3,665	32,939	16,063	18,450
Amortisation of					
intangible assets	_	15,746	7,600	3,800	3,800
Impairment of					
intangible assets	_	122,920		_	
Exceptional costs		871,046	_	_	_
Operating lease rentals		56,351	343,005	181,005	181,630
Auditors' remuneration:					
For audit services	_	8,000	7,000	5,100	5,100
For taxation services	_	2,000	1,800	_	_
Foreign currency losses		455	14,381	5,106	3,476
Exceptional costs comprise	:				
Legal and professional cost		103,132	_	_	_
Stock write off costs	_	88,527	_		_
Write off of advances					
made to Stocklight Limited	l				
and payments to Stocklight	t				
Limited suppliers	_	679,387		_	_
_	_	871,046			
=					

Exceptional legal and professional costs relate to costs incurred in relation to the financing of, and acquisition of, assets from Stocklight Limited and the trade and assets of Ultimate Library Limited and the trade and assets of South Kensington Books.

Stock write off costs represent the write off of the cost of stock acquired from Stocklight Limited which could not be identified during a full year end stock count. This is presented net of the reversal of a bad debt provision.

The write off of advances made to Stocklight Limited and payments to Stocklight Limited suppliers represent costs incurred by the company on behalf of Stocklight Limited which were subsequently deemed irrecoverable. Total costs of £679,387 include £581,434 relating to suppliers and £97,953 relating to overheads.

6. Directors' remuneration

				Six months	Six months
	Year ended	Year ended	Year ended	ended	ended
	31 March	31 March	31 March	30 September	30 September
	2011	2012	2013	2012	2013
				(unaudited)	
	£	£	£	£	£
Wages and salaries		26,667	160,000	80,000	86,538
Social security costs	_	2,507	14,447	7,196	8,525
Other pension costs	_	_	12,000	_	6,000
Directors' fees		82,000	94,000	47,000	35,000
	_	111,174	280,447	134,196	136,063

Information regarding the highest-paid director is as follows:

	Year ended 31 March	Year ended 31 March	Year ended 31 March	Six months ended 30 September	Six months ended 30 September
	2011	2012	2013	2012 (unaudited)	2013
	£	£	£	£	£
Salary and benefits		26,667	172,000	80,000	92,538

7. Employee costs including directors

	Year ended 31 March 2011	Year ended 31 March 2012	Year ended 31 March 2013	Six months ended 30 September 2012 (unaudited)	Six months ended 30 September 2013
	£	£	£	£	£
Wages and salaries	_	552,533	611,011	305,105	299,644
Social security costs		51,942	55,170	27,444	29,520
Other pension costs	_	3,218	12,000	6,000	6,408
Other employee benefits		208	2,511	1,246	1,363
		607,901	680,692	339,795	336,935

Key management personnel are considered to be the directors and one other employee. The remuneration of the individual who is considered to be key management but who was not a director was as follows:

	Year ended 31 March	Year ended 31 March	Year ended 31 March	Six months ended 30 September	Six months ended 30 September
	2011 £	2012 £	2013 £	(unaudited) 2012 £	2013 £
Salary	_	54,600	70,000	34,500	36,667
Social security costs		6,614	8,626	4,313	4,529
		61,214	78,626	38,813	41,196

The average monthly number of employees during the period was as follows:

	Year ended 31 March 2011	Year ended 31 March 2012	Year ended 31 March 2013	Six months ended 30 September 2012 (unaudited)	Six months ended 30 September 2013
Management	3	6 11	6 13	6 14	6 12
Operations					
	3	17	19	20	18
8. Finance income a	nd finance ex	penses		Sin months	Six months
	Year ended 31 March 2011	Year ended 31 March 2012	Year ended 31 March 2013	Six months ended 30 September 2012 (unaudited)	ended 30 September 2013
	£	£	£	£	£
Finance income Bank interest	_		671		
Finance expense Interest on shareholder loan notes and					
director loans	_	172,516	231,044	115,522	124,250
Amortised loan issue expenses	_	723	8,000	4,000	4,000
•	_	173,239	239,044	119,522	128,250
Net finance costs		173,239	238,373	119,522	128,250
•					
9. Tax expense				Six months	Six months
	Year ended 31 March 2011	Year ended 31 March 2012	Year ended 31 March 2013	ended 30 September 2012	ended 30 September 2013
	£	£	£	(unaudited) £	£
Current tax expense Current tax on profits for the period	5,481	~ —		_	_
Adjustment for under-provision					
in prior periods					
	5,481				
Deferred tax expense Origination and reversal of					
temporary differences					(189,465)
Total tax expense	5,481				(189,465)

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in the United Kingdom applied to profit/(loss) for the period are as follows:

	Year ended 31 March 2011 £	Year ended 31 March 2012 £	Year ended 31 March 2013 £	Six months ended 30 September 2012 £	Six months ended 30 September 2013 £
Profit/(loss) before tax for the period	47,698	(1,216,103)	73,941	(70,177)	106,838
Expected tax charge based on corporation tax rate of 21% in 2011, and 20% for all subsequent periods	10,017	(243,221)	14,788	(14,386)	21,368
Capital allowances in excess of depreciation Tax losses Other adjustments	(4,536) —	733 209,483 33,005	1,702 (16,490)	1,940 12,446	2,692 (213,525)
Total tax expense	5,481		_		(189,465)

The Company has potentially available tax losses at 30 March 2013, valued at the current expected rate of £193,726 (gross trading losses of £968,628).

10. Earnings/(loss) per share

	Year ended 31 March 2011	Year ended 31 March 2012 £	Year ended 31 March 2013 £	Six months ended 30 September 2012 (unaudited) £	Six months ended 31 September 2013
Profit/(loss) Profit/(loss) used in calculating basic earnings per share	42,217	(1,216,103)	73,941	(70,177)	296,303
Interest on shareholder loan notes		65,014	124,272	62,136	70,864
Profit/(loss) used in calculating diluted earnings per share	42,217	(1,151,089)	198,213	(8,041)	367,167
Number of shares Weighted average number of shares used in basic earnings per share	3,000	14,270	85,268	85,268	85,268
Weighted average number of shares used in diluted earnings per share	5,004,888	5,004,888	5,004,888	5,004,888	5,004,888

Basic earnings per share is calculated based on the share capital of Bookbank Limited and the earnings of the Company. Diluted earnings per share is based upon the earnings of the Company and the maximum number of shares to be issued upon capitalisation of shareholder loan notes. These loan notes will only be converted upon listing. Interest on these loan notes is added back to earnings for the purposes of this calculation.

The calculation of the weighted average number of shares after the loan notes have been converted has been based on the assumption that the enterprise value is £6m. The articles of association of Bookbank Limited determine the allocation of value on a debt-free cash-free basis. On the basis of a £6 million enterprise value of the company the order of priority of repayment is: Loan Notes with accrued interest, A Preference Shares, B Preference Shares at Par Value and the balance allocated amongst shareholders per their holding of shares.

Subsequent to the reporting period, a number of share options were granted to key management personnel. These options would have affected the weighted average number of shares had they been issued before the end of the reporting period.

11. Property, plant and equipment

11. Troperty, plant at	ia equipment				
	Bibliography £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Total £
COST					
At 1 April 2010			_		_
Additions			_		_
At 31 March 2011	_	_	_	_	_
Acquired in business					
combinations (note 22)	_	1,421	_	_	1,421
Additions	72,836	50,003	13,293	1,103	137,235
At 31 March 2012	72,836	51,424	13,293	1,103	138,656
Additions	5,134	6,303	5,990		17,427
At 31 March 2013	77,970	57,727	19,283	1,103	156,083
Additions	2,418	10,810	269	· —	13,497
At 30 September 2013	80,388	68,537	19,552	1,103	169,580
DEPRECIATION					
At 1 April 2010	_	_		_	_
Charge for year					
At 31 March 2011			_		_
Charge for year	989	2,039	614	23	3,665
At 31 March 2012	989	2,039	614	23	3,665
Charge for year	11,379	17,606	3,678	276	32,939
At 31 March 2013	12,368	19,645	4,292	299	36,604
Charge for period	5,924	10,492	1,896	138	18,450
At 30 September 2013	18,292	30,137	6,188	437	55,054
NET BOOK VALUE					
At 1 April 2010		_	_		_
At 31 March 2011					
At 31 March 2012	71,847	49,385	12,679	1,080	134,991
At 31 March 2013	65,602	38,082	14,991	804	119,479
At 30 September 2013	62,096	38,400	13,364	666	114,526

There are no items of property, plant and equipment held under finance leases in any of the periods presented.

12. Intangible assets

	Customer lists £
COST At 1 April 2010 Additions	
At 31 March 2011 Acquired in business combinations (note 22)	169,699
At 31 March 2012 Additions	169,699
At 31 March 2013 Additions	169,699
At 30 September 2013	169,699
Amortisation and impairment At 1 April 2010 Charge for year	
At 31 March 2011 Charge for year Impairment charge	15,746 122,920
At 31 March 2012 Charge for year	138,666 7,600
At 31 March 2013 Charge for period	146,266 3,800
At 30 September 2013	150,066
Net Book value At 1 April 2010	
At 31 March 2011	
At 31 March 2012	31,033
At 31 March 2013	23,433
At 30 September 2013	19,633

The customer lists were acquired in two separate business combinations (note 22). The valuation of the customer lists at 31 March 2012 was calculated on the basis of a calculation of customer retention statistics. This was performed by the directors and is a Level 3 valuation within the fair-value hierarchy. The value of customer lists attributable to the Ultimate Library acquisition was impaired, using the valuation method described above, in the year by £122,920.

13. Deferred tax asset

The movement on the deferred tax asset is as follows:

	Year ended 31 March 2011 £	Year ended 31 March 2012 £	Year ended 31 March 2013 £	Six months ended 30 September 2012 £	Six months ended 30 September 2013 £
Origination and reversal of temporary differences					189,465
Deferred tax asset relat	es to tax losse	es.			
14. Inventories					
11 Inventories	As at 31 March 2011	As at 31 March 2012	As at 31 March 2013	As at 30 September 2012 (unaudited)	As at 30 September 2013
	£	£	£	£	£
Finished goods		3,249,977	3,331,396	3,635,286	3,879,875
15. Trade and other r	eceivables				
	As at 31 March 2011	As at 31 March 2012	As at 31 March 2013	As at 30 September 2012 (unaudited)	As at 30 September 2013
	£	£	£	£	£
Trade debtors Other debtors Prepaid expenses	106,828 137	456,195 62,024	1,018,442 63,250	375,121 63,124	1,007,963 84,158
and accrued income	_	246,024	286,939	300,270	282,383
	106,965	764,243	1,368,631	738,515	1,374,504

Some of the receivables were past due but not considered to be impaired. There is no significant difference between the fair value of the other receivables and the values stated above. The other receivables balances are categorised as loans and receivables.

Trade debtor age analysis as at 30 September 2013

					Over		
	Current £'000	1 month past due £'000	2 months past due £'000	3 months past due £'000	3 months past due £'000	Bad debt provision £'000	Total £'000
As at 30 September							
2013	451	115	110	91	245	(4)	1,008

As at 30 September 2013, trade receivables of £3,983 (31 March 2011 £100,000, 2012 £nil, 2013 £nil) were past due and impaired.

16. Trade and other payables

	As at 31 March 2011	As at 31 March 2012	As at 31 March 2013	As at 30 September 2012 (unaudited)	As at 30 September 2013
	£	£	£	£	£
Trade creditors Other taxes and	_	352,772	979,932	913,335	1,110,685
social security	_	16,690	16,724	33,108	50,448
Other creditors Accrued expenses	_	52,000	52,000	52,000	55,102
and deferred income		501,825	550,727	332,866	398,649
		923,287	1,599,383	1,331,309	1,614,884

The directors consider the carrying value of trade and other payables approximate to their fair values.

17. Loans and borrowings

	As at 31 March 2011	As at 31 March 2012	As at 31 March 2013	As at 30 September 2012 (unaudited)	As at 30 September 2013
	£	£	£	£	£
Current Directors' and					
Shareholders' loans	240,000	350,000	350,000	350,000	623,000
Non-current Shareholder loan		9 006 499	9 104 499	9 100 499	9 100 490
notes		2,096,438	2,104,438	2,100,438	2,108,438
Total borrowings	240,000	2,446,438	2,454,438	2,450,438	2,731,438

Book values approximate to fair values. The shareholder loan notes are secured by floating charges over the company's assets.

The directors' and shareholders' loans of £350,000 carry interest at 5 per cent. per annum and are secured by floating charges over the company's assets. Subsequent to 10 February 2013 this loan has been repayable on demand.

During the six months ended 30 September 2013 additional loans of £273,000 were advance to the company. This amount carries interest at 12 per cent. per year and was repayable in eight equal instalments. By mutual agreement between the lenders and the company, repayments have been postponed, continuing to bear interest under the terms of the agreement. On 3 March 2014, £90,000 was repaid to the lenders. Repayment of the remaining balance is accelerated on change of control of the company.

In 2012, the company issued 5 per cent. loan notes to the shareholders at an aggregate face value of £2,135,438. These loan notes will only be convertible upon listing.

Principal terms and the debt repayment schedule of the shareholder loan notes are as follows:

	Currency	Nominal Rate %	Year of Maturity
		4.5%	
Shareholder loan notes		plus Bank of	
	Sterling	England base rate	2017

In addition to interest charges, the shareholder loan notes also carry a 5 per cent. per annum observer fee.

In respect of interest-bearing financial liabilities, the following table indicates their effective interest rates at 30 September 2013 and the periods in which they mature or, if earlier, are repriced. Amounts shown for debt include both capital repayments and related interest calculated at year-end rates.

	Effective interest rate	Maturing within 1 year	Maturing between 1 to 2 years	Maturing between 2 to 5 years
	2013 %	2013 £	2013 £	2013 £
Shareholder loan notes	5.0%	106,772	106,772	2,816,730

Further details are provided in note 22 related-party transactions.

18. Share capital

10. Share capital	'A' preferred	'B' preferred	Ordinary	m . 1
	shares Number	shares Number	shares Number	Total Number
Ordinary shares of 20 pence each				
At 1 April 2010 and at 1 April 2011		_	3,000	3,000
Reclassification of ordinary shares	1,000		(1,000)	
Issued in the year/period		62,807	19,461	82,268
At 31 March 2012, 30 September 2012, 31 March 2013 and				
30 September 2013	1,000	62,807	21,461	85,268
	'A' preferred shares	'B' preferred shares	Ordinary shares	Total
	£	£	£	£
Ordinary shares of 20 pence each				
At 1 April 2010 and at 1 April 2011	200	_	400	600
Issued in the year/period		12,562	3,892	16,454
At 31 March 2012, 30 September 2012, 31 March 2013 and				
30 September 2013	200	12,562	4,292	17,054

On 10 February 2012 the company issued 19,461 ordinary shares of 20 pence each at a price of £2.57. Of this amount £2.37 is unpaid and callable by the company only in the event of a sale event or listing on a recognised stock exchange. On the same date the company issued 62,807 'B' preferred ordinary shares of 20 pence each at a price of £34.00. The 'B' preferred ordinary shares were issued for an aggregate cash consideration of £1,215,395 and an aggregate consideration of £920,043 for the conversion of loans.

Each ordinary share carries the right to one vote per share at general meetings of the company. The 'A' preferred and 'B' preferred ordinary shares carry preferential rights in respect of return of capital and to share in any residual assets available for distribution in the event of a winding up.

19. Share capital and reserves

Share capital is the amount subscribed for shares at nominal value. Share premium is the amount subscribed for share capital in excess of nominal value less attributable share-issue expenses. Retained earnings/(deficit) is the cumulative profit/(loss) of the company attributable to equity shareholders.

20. Leases

The company leases a number of properties. The total value of minimum lease payments is due as follows:

	As at	As at	As at	As at	As at
	31 March	31 March	31 March	30 September	30 September
	2011	2012	2013	2012 (unaudited)	2013
	£	£	£	£	£
Not later than one year	_	323,625	324,750	324,250	312,500
Later than one year and					
not later than five years		606,329	281,579	444,079	131,579
Later than five years					
Total		929,954	606,329	768,329	444,079

The company has contracted two principal property leases. One is at an annual rate of £275,000 which expires on 15 March 2015. The second is at an annual rate of £50,000 which expires on 23 June 2014. The company is confident of securing reasonable renewal terms on the expiry dates.

21. Dividends

No dividends were declared or paid in any period.

22. Related-party transactions

Directors' advances and credits

The following are loans to/(from) directors:

	Year ended 31 March 2011	Year ended 31 March 2012	Year ended 31 March 2013	ended 30 September 2012	ended 30 September 2013
	£	£	£	$(unaudited) \ \pounds$	£
B J Shapero, overdrawn loan account, interest charged at 4%					
Opening balance		_	8,076		27,068
Amounts advanced		13,076	33,473	11,516	59,597
Amounts repaid		(5,000)	(14,481)	(4,639)	(50,377)
Closing balance		8,076	27,068	6,877	36,288

Six months

Six months

The balance on the advances is being repaid by means of deductions from net pay. The maximum balance on the loan account in the year/period was at 31 March 2011 £nil, at 31 March 2012 £13,076, at 30 September 2012 £16,109, 31 March 2013 £32,010 and 30 September 2013 £44,683.

On 8 March 2014 the outstanding balance due to the company of £34,980 was forgiven.

Other related-party transactions

The company made the following related-party transactions:

Blackwell Ventures Limited (a company controlled by P B Blackwell, director and shareholder)

Travel expenses were reimbursed to Blackwell Ventures Limited in the following periods for the following amounts: 31 March 2011 £nil, 31 March 2012 £1,228, 30 September 2012 £418, 31 March 2013 £3,297 and for the period to 30 September 2013 £158.

Bibliopole Limited (a company controlled by B J Shapero)

The company sold books on an arm's length basis to Bibliopole Limited in the following periods for the following amounts: 31 March 2011 £nil, 31 March 2012 £nil, 30 September 2012 £nil, 31 March 2013 £11,850 and 30 September 2013 £nil. The company also paid commission for the sale of Bibliopole Limited's shares in books held by the company of £17,390 in the year ended 31 March 2013. The company has also made an interest free loan to Bibliopole Limited, the balance due being at 31 March 2011 £nil, 31 March 2012 £51,133, 30 September 2012 £43,324, 31 March 2013 £42,640 and 30 September 2013 £42,640. In the year ended 31 March 2012, the company purchased a 50 per cent. interest in stocks for £75,000 from Bibliopole Limited and paid £50,000 for the waiver and release of overage obligations between the company and Bibliopole Limited. The benefit of these overage obligations was assigned to Bibliopole Limited by Stocklight Limited during the year.

Ultimate Library Limited

Ultimate Library Limited was owned by Philip Blackwell, a director of the company. In the year ended 31 March 2012, the company acquired the trade and assets of Ultimate Library Limited. Total consideration of £147,000 was paid on an arm's length basis. At 31 March 2011 the amount due to Ultimate Library Limited was £nil, 31 March 2012 £nil, 30 September 2012 £nil, 31 March 2013 £nil, and 30 September 2013 £nil.

Stocklight Limited

B Shapero, a director of the company, had a material shareholding in Stocklight Limited. In the year ended 31 March 2012 the company acquired the assets of Stocklight Limited. Total consideration of £1,123,221 was paid for stock and £129,811 for fixed assets on an arm's length basis. At 31 March 2011 the amount due to Stocklight Limited was £nil, 31 March 2012 £nil, 30 September 2012 £nil, 31 March 2013 £nil and 30 September 2013 £nil.

During the year ended 30 March 2012 the company incurred £679,387 of costs on behalf of Stocklight Limited which were subsequently deemed irrecoverable. Total costs of £679,387 include £581,434 relating to suppliers and £97,953 relating to overheads (refer to note 5).

Loan notes

On 10 February 2012 the company adopted a loan note instrument pursuant to which it issued on the same date an aggregate of £2,135,438 five year secured variable rate loan notes to Philip Blackwell (£773,464), Thomas James Jenning CBE (£729,266), Bateman Street Investments LLP (£457,708), Toby Blackwell Limited (£125,000) and the Canova Trust (£50,000).

Directors' and shareholders' loans

On 10 February 2012 the company entered a facility agreement with Thomas James Jennings CBE, Bateman Street Investments LLP and the Canova Trust pursuant to which the Lenders provided a revolving credit facility of a total principal amount not exceeding £350,000 in aggregate. At 30 September 2013 £350,000 was outstanding under this facility (refer to note 17).

During the six months to 30 September 2013 an aggregate £273,000 was advanced to the company by Bateman Street Investments LLP, Thomas James Jennings CBE, Philip Blackwell and Pierre-Yves Guillemet. At 30 September 2013 £273,000 remained outstanding (refer to note 17).

Sponsorship Agreement

On 10 February 2012 Bookbank Limited entered a sponsorship agreement with Sorbus Holdco Limited (a company controlled by Thomas James Jennings CBE) for the payment of £36,436 per annum to Sorbus in return for the grant to Bookbank Limited of the "Sponsorship Rights", being the right to display the Shapero Rare Books mark on the bonnet of Sorbus' motor vehicle.

This sponsorship agreement was terminated by consent without liability from either party to the other subsequent to 30 September 2013.

Purchase of antique globes

Between March 2012 and June 2013 Pierre-Yves Guillemet sold antique globes to the company at fair-market value determined by the directors as £212,933.

Purchase of an interest in an antiquarian map

On 5 December 2011 the company borrowed an aggregate £52,000 from Thomas James Jennings CBE, Philip Blackwell and Bateman Street Investments LLP in order to acquire a half share in an antiquarian map. Under the terms of this agreement the company will pay Thomas James Jennings CBE, Philip Blackwell and Bateman Street Investments LLP 50 per cent. of any future profits realised on the sale of the map over and above £52,000.

Blackwell family loan agreements and share issues

During 2011 Philip Blackwell transferred books and works on paper to Bookbank Limited. The consideration for these transfers was left outstanding as loans due from Bookbank Limited to Mr Blackwell pursuant to outline heads of terms dated 12 January 2011 and 4 February 2011 (as discussed further below).

These loans were part repaid and as to the remainder were converted into equity in, and loan notes of, Bookbank Limited on 10 February 2012.

On 20 September 2011, Bookbank Limited entered into an overage agreement with (amongst others) Philip Blackwell and Stocklight Limited (a company controlled by Bernard Shapero) concerning the books and works on paper referred to above which Mr Blackwell had previously acquired from Stocklight Limited pursuant to two memoranda of agreement entered on 17 January 2011 and 16 February 2011 ("MOUs"). Pursuant to the overage agreement, the parties acknowledged (a) the transfer of the stock from Mr Blackwell to Bookbank Limited, and (b) the transfer of certain rights and obligations under the MOUs from Mr Blackwell to Bookbank Limited. These rights and obligations included (amongst other things) (a) the right for Bookbank Limited, in place of Mr Blackwell, to receive the proceeds of stock sold by Stocklight Limited as agent for Bookbank, and (b) the obligation of Bookbank Limited to pay part of the proceeds of sale back to Stocklight Limited depending on the sale price achieved. The obligation of Bookbank Limited to pay sums to Stocklight Limited in relation to the sale of stock under the overage agreement terminated on 3 April 2013. Stocklight Limited entered administration in November 2011.

On 12 January 2011, outline heads of terms were agreed for a loan by Philip Blackwell to Bookbank Limited of £300,000 to be secured against stock through a debenture, the term of the loan to be one year and then repayable on demand, at an interest rate of 10 per cent.(interest to be rolled up and payable at the end of the term), with the option to convert up to 50 per cent. of the loan to equity at the prevailing rate of other investors. The purpose of the loan was to fund acquisition of a parcel of stock from Stocklight Limited.

On 4 February 2011, outline heads of terms were agreed for a loan by Philip Blackwell to Bookbank Limited of £619,000 the term of the loan to be one year and then repayable on demand, at an interest rate of 10 per cent. (interest to be rolled up and payable at the end of the term), with the option to convert up to 50 per cent. of the loan to equity at the prevailing rate of other investors. The purpose of this loan was to fund the acquisition of a further parcel of stock from Stocklight Limited and to meet expenses concerning the Maastricht Fine Art Fair.

On 25 March 2011, outline heads of terms were agreed for a loan by Philip Blackwell to Bookbank Limited of £214,700 the term of the loan to be one year and then repayable on demand, at an interest rate of 10 per cent. (interest to be rolled up and payable at the end of the term), with the option to convert up to 50 per cent. of the loan to equity at the prevailing rate of other investors. The purpose of this loan was to acquire a further parcel of stock from Stocklight Limited and another book.

On 28 April 2011, outline heads of terms were agreed for a loan by the Canova Trust of £561,000, to be secured against a certain parcel of stock, for a period of 6 months at an interest rate of 7 per cent. (to be rolled up and payable at the end of term), with an option to convert up to 50 per cent. of the loan to equity at the prevailing rate of other investors, the purpose of the loan being to parcel of stock.

In April 2011, outline heads of terms were agreed for a loan by Philip Blackwell to Bookbank Limited of £80,000, the term of the loan to be one year and then repayable on demand, at an interest rate of 10 per cent. (interest to be rolled up and payable at the end of the term), with the option to convert up to 50 per cent. of the loan to equity at the prevailing rate of other investors. The purpose being to meet working capital requirements of Bookbank Limited.

On 15 June 2011, outline heads of terms were agreed for a loan by Toby Blackwell Limited to Bookbank Limited of £250,000, the term of the loan to be one year and then repayable on demand, at an interest rate of 10 per cent. payable quarterly in arrears, with the option to convert up to 50 per cent. of the loan to equity at the prevailing rate of other investors. The purpose of the loan was to provide additional working capital.

On 31 August 2011, Philip Blackwell and Bookbank Limited entered into a loan agreement for a loan of £147,000 repayable on the 1 September 2012, and at an interest rate of 2 per cent. over Barclays bank base lending rate.

On 2 October 2011, outline heads of terms for a loan by Philip Blackwell of £125,000 for a period of 3 months and thereafter repayable on demand at an interest rate of 10 per cent. (interest to be rolled up and payable at the end of the term). The purpose of the loan being to purchase from Heritage a senior debenture over Stocklight Limited to the value of \$330,000.

By 10 February 2012, all of the loans described above had been repaid, converted into shares or loan notes of Bookbank Limited (refer to note 17) or otherwise settled.

23. Acquisitions of trades and assets South Kensington Library

$\begin{array}{c ccccccccccccccccccccccccccccccccccc$		Book values		Fair-values
Property, plant and equipment $1,000$ — $1,000$ Customer relationships — $38,000$ $38,000$ Inventories $30,847$ — $30,847$ Trade and other receivables $5,872$ — $5,872$ Consideration $75,719$		of identifiable		of identifiable
2012 £ 2012 £		assets and	Fair-value	assets and
Property, plant and equipment 1,000 — 1,000 Customer relationships — 38,000 38,000 Inventories 30,847 — 30,847 Trade and other receivables $5,872$ — $5,872$ Consideration $75,719$		liabilities	adjustments	liabilities
Property, plant and equipment 1,000 — 1,000 Customer relationships — 38,000 38,000 Inventories 30,847 — 30,847 Trade and other receivables 5,872 — 5,872 37,719 38,000 75,719 Consideration 75,719		2012	2012	2012
Customer relationships — 38,000 38,000 Inventories 30,847 — 30,847 Trade and other receivables 5,872 — 5,872 37,719 38,000 75,719 Consideration 75,719		£	£	£
Inventories 30,847 — 30,847 Trade and other receivables 5,872 — 5,872 37,719 38,000 75,719 Consideration 75,719	Property, plant and equipment	1,000	_	1,000
Trade and other receivables 5,872 — 5,872 37,719 38,000 75,719 Consideration 75,719	Customer relationships	_	38,000	38,000
37,719 38,000 75,719 Consideration 75,719	Inventories	30,847		30,847
Consideration 75,719	Trade and other receivables	5,872		5,872
		37,719	38,000	75,719
Goodwill	Consideration			75,719
	Goodwill			

On 1 May 2011 the company acquired the trade and assets of the business formerly known as the South Kensington Library for consideration of £75,719, comprised of the release of indebtedness to the company. The fair-value of the acquired assets was determined using directors' estimates. This was a level 3 valuation in the fair-value hierarchy.

Ultimate Library

	Book values of identifiable assets and liabilities 2012 £	Fair-value adjustments 2012 £	Fair-values of identifiable assets and liabilities 2012 £
Property, plant and equipment	421		421
Customer relationships	_	131,699	131,699
Inventories	11,754		11,754
Trade and other receivables	14,637	_	14,637
Trade and other receivables	(11,511)		(11,511)
	15,031	131,699	147,000
Cash consideration paid			147,000
Goodwill			

On 1 November 2011 the company acquired the trade and assets of the business formerly known as the Ultimate Library for a cash consideration of £147,000. The fair-value of the acquired assets was determined using directors' estimates. This was a level 3 valuation in the fair-value hierarchy. At 31 March 2012 the customer relationships acquired were considered to be impaired (see notes 5 and 12). The valuation of the customer lists as 31 March 2012 was calculated on the basis of a calculation of customer retention statistics. This was performed by the directors and is a Level 3 valuation within the fair-value hierarchy.

24. Events after the reporting period

On 21 January 2014 Blackwell Ventures Limited ("BVL"), a company of which Philip Blackwell is a director, acquired a collection of 5 volumes of books from Bookbank Limited for £100,000. These books have been placed for sale under an agency agreement with Bookbank. Under the terms of this agreement Bookbank Limited will be paid between 20 and 100 per cent. of the gross value of the books when sold, depending on the price obtained for the books. In addition Bookbank Limited has the option to acquire the books from BVL for £112,000 on or before 21 April 2014.

25. Transition to IFRS

The company's financial statements have been prepared using IFRSs for all periods presented. There were no material adjustments required from the results reported under the company's previous results prepared under United Kingdom Generally Accepted Accounting Practices.

26. Control

The company is controlled by a small number of shareholders, none of whom has overall control.

PART 4

ADDITIONAL INFORMATION

1 Responsibility

1.1 The Directors, whose names appear on page 5 of this document, and the Company accept responsibility, both individually and collectively, 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 History

- 2.1 The Company was incorporated on 7 January, 2014 in England and Wales under the Companies Act with registration number 08833975 under the name Henlex 20141 Ltd. The principal legislation under which the Company operates is the Companies Act.
- 2.2 On 17 February 2014 the Company changed its name from Henlex 20141 Ltd to Scholium Limited and on 24 March 2014 was re-registered as a public limited company named Scholium Group plc.
- 2.3 The liability of the members of the Company is limited.
- 2.4 The registered office and principal place of business of the Company is 32 St George Street, London W1S 2EA and the telephone number of the Company is +44(0)2074930876.
- 2.5 The Company currently has two wholly owned subsidiaries, Bookbank Limited and Scholium Trading Limited (together the "Subsidiaries"). Bookbank Limited was incorporated in England and Wales on 10 October 2008. The principal activity of Bookbank Limited is the trading and retailing of rare and antiquarian books and works on paper. Scholium Trading was incorporated in England and Wales on 7 February 2014 and its principal activity is intended to be trading, in affiliation with other dealers, in the high value end of the rare and collectible goods market.

3 Share capital

- 3.1 The capital history of the Company from the date of the Company's incorporation to the date of this document is as follows:
 - 3.1.1 At the date of incorporation, the issued share capital of the Company was £2, divided into 2 Ordinary Shares of £1 each, both of which were fully paid or credited as fully paid to the subscribers of the Company's Memorandum. Such shares were subdivided on 16 February 2014 into 200 Ordinary Shares with a nominal value of 1p each.
 - 3.1.2 On 20 March 2014, the Company issued 1,000 A preferred ordinary shares of 1p each, 62,807 B preferred ordinary shares of 1p each, and 2,000 Ordinary Shares at 1p each as consideration for the transfer to the Company of the entire issued share capital of Bookbank Limited.
 - 3.1.3 On 21 March 2014, 1,000 A preferred ordinary shares of 1p each (being all the issued A preferred ordinary shares) were converted into 146,165 Ordinary Shares in the capital of the Company and 62,807 B preferred ordinary shares of 1p each (being all the issued B preferred ordinary shares) were converted into 2,657,759 Ordinary Shares in the capital of the Company.

- 3.1.4 On 21 March 2014, the Company issued £2,363,028 unsecured loan notes constituted by a loan note instrument dated 21 March 2014 (the "Company Loan Notes") in consideration of the transfer to the Company of all outstanding Bookbank Limited loan notes.
- 3.1.5 On 22 March 2014, the Company issued 2,363,028 Ordinary Shares by way of redemption of the Company Loan Notes.
- 3.2 Save as referred to in paragraph 4 below of this Part 4, no share or loan capital of the Company is under option or has been agreed, conditionally or unconditionally, to be put under option, and there are in issue no convertible securities.
- 3.3 There are no shares not representing share capital and there are no Ordinary Shares in the Company held by or on behalf of the Company or its Subsidiaries.
- 3.4 The Placing will result in the issue of 8,000,000 Placing Shares. The Company's issued share capital immediately prior to, and as at Admission, is expected to be as follows:

	Immediately prior	r to Admission	As at Aa	lmission
		$Number\ of$		Number of
		Ordinary		Ordinary
	$Amount(\pounds)$	Shares in issue	$Amount(\pounds)$	Shares in issue
Issued	52,003.25	5,200,325	132,003.25	13,200,325

- 3.5 The Placing Shares will be issued in accordance with a shareholder resolution, passed on 24 March 2014 and conditional on Admission taking place, which generally and unconditionally authorised the Directors in accordance with section 551 of the Companies Act to allot shares or grant rights to subscribe for, or convert securities into, shares in the Company pursuant to the Placing up to an aggregate nominal amount of £80,000.00, with such authority to expire on the date falling 15 months after the passing of the resolution or, if earlier, at the conclusion of the annual general meeting of the Company to be held in 2014.
- 3.6 On 24 March 2014, a shareholder resolution was passed conditional on Admission taking place, which disapplied the rights of pre-emption of existing shareholders in respect of the issue and allotment of shares, or the grant of rights to subscribe for, or convert securities into, shares in the Company pursuant to the Placing, up to an aggregate amount of £80,000.00, with such disapplication to expire on the date falling 15 months after the passing of the resolution or, of earlier, at the conclusion of the annual general meeting of the Company to be held in 2014.
- 3.7 There is no class of shares in issue other than Ordinary Shares.
- 3.8 No Ordinary Shares are issued other than as fully paid.

4 Employee incentivisation schemes

4.1 To further motivate the Company's Directors and employees, the Board has adopted both an approved and an unapproved option scheme (collectively, the "Employee Share Schemes") to authorise the Company to issue share options to employees. In addition, the Board granted Bookbank Replacement Share Options to Mr Shapero and Mr Guillemet in exchange for options they held over shares in Bookbank Limited.

Any options issued pursuant to the Employee Share Schemes will not exceed 10 per cent. of the total share capital in issue from time to time without the Board having first obtained the consent of the Shareholders.

4.2 The terms of the Bookbank Replacement Share Options are as follows:

Options were granted to Mr Shapero and Mr Guillemet under the Bookbank Replacement Share Options plan on 24 March 2014 over 399,675 Ordinary Shares exercisable at 15.4 pence per share.

The options are not subject to exercise conditions and may be exercised at any time.

No option may be transferred, assigned or otherwise alienated, otherwise than on the death of the holder of the option and in accordance with the Bookbank Replacement Share Options plan rules and the relevant option deed.

Subject to the applicable option deed, options may be exercised in accordance with the rules of the Bookbank Replacement Share Options plan prior to the business day immediately preceding the date ten years after the execution of, and subject to the provisions of, the relevant option deed (the Bookbank Replacement Option Period).

An option shall lapse and cease to be exercisable *inter alia* (i) at the end of the Bookbank Replacement Option Period; (ii) 90 days after the grantee ceases to be an eligible employee; (iii) 12 months from the date of the death of a grantee; (iv) if the option is purported to be transferred, assigned, charged or otherwise alienated otherwise than to a grantee's legal representative on the death of the grantee; (v) if the grantee is adjudicated bankrupt; (vi) if the grantee is deprived of the legal or beneficial ownership of the option; or (vii) 90 days after a person acquires control of the company in which shares are subject to the option.

In the event of any capitalisation, consolidation, subdivision, reduction or other similar variation to the share capital of the Company, the Board shall, subject to certain conditions, determine any adjustments necessary to the number of shares subject to an option and the exercise in respect of those shares to ensure the value of such option is not increased or decreased solely in consequence of such variation.

In the event of a change of control of the Company, options granted to the employee pursuant to the Bookbank Replacement Share Options plan may be exercised. To the extent not exercised, and if the acquiring company agrees, the options may be converted into new options over the shares in the acquiring company equivalent to the converted options. All options under the Bookbank Replacement Share Options plan lapse on the expiry of 90 days from the date on which change of control occurred, or, if earlier, upon the expiry of any compulsory acquisition period.

The Bookbank Share Scheme does not form any part of the grantee's contract of employment and individuals who participate in it will not have any additional rights to damages for any loss, or potential loss of benefit, in the event of termination of their office.

The Grantor Board may, at any time, add to or alter all or any of the provisions of the rules or the terms of any option.

4.3 The terms of the Employee Share Schemes are as follows:

4.3.1 Approved Option Scheme

The Company has adopted an approved share option scheme (the "Approved Option Scheme") for the benefit of the Group's employees. Options granted pursuant to the Approved Option Scheme rules (the "Approved Rules") shall, together with Options granted under the Unapproved Option Scheme, be subject to an aggregate limit of 10 per cent. of the issued share capital of the Company from time to time.

The Board may attach such performance conditions to the Options as it thinks fit. No Option may be transferred assigned or otherwise alienated otherwise than on the death of the holder of the Option and in accordance with the Approved Option Scheme and the relevant option deed.

Subject to the applicable option deed, Options may be exercised in accordance with the Approved Rules prior to the business day immediately preceding the date ten years after the execution of the relevant option deed (the "Approved Option Period"). Any performance targets attached to the relevant Option must have been satisfied or have been waived or varied.

Subject to certain exceptions where the grantee ceases to be an employee by virtue of his or her (i) death, illness, injury or disability; (ii) dismissal on the grounds of redundancy; or (iii) reaching retirement age as specified in the grantee's contract, an Option shall immediately lapse and cease to be exercisable *inter alia*: (i) at the end of the Approved Option Period; (ii) on a grantee ceasing to be an eligible employee; (iii) 12 months from the date of the death of a grantee provided the relevant Approved Option Period has not elapsed and the applicable performance period (if any) has not elapsed without satisfaction of the performance conditions; (iv) if the Option is purported to be transferred, assigned, charged or otherwise alienated otherwise than to a grantee's legal representative upon the death of the grantee; (v) if the grantee is deprived of the legal or beneficial ownership of the Option; or (vi) at the end of the applicable performance period (if any) upon determination by the Board that the relevant performance targets were not satisfied.

In the event of any capitalisation, consolidation, subdivision, reduction or other similar variation to the share capital of the Company, the Board shall, subject to certain conditions, determine any adjustments necessary to the number of Ordinary Shares comprised in an Option and the exercise price in respect of such Ordinary Shares under the Approved Option Scheme to ensure the value of each Option is not increased or decreased solely in consequence of such variation.

The exercise price in respect of the Options shall not be less than (i) the Market Value of an Ordinary Share at the date of grant of the Option; or (ii) if greater, the nominal value of an Ordinary Share. For the purposes of determining the exercise price "Market Value" shall be (i) where the Ordinary Shares are quoted on the London Stock Exchange the average of the closing mid-market quotation of Ordinary Shares on the London Stock Exchange for the five days on which the London Stock Exchange is open for business prior to the date of grant of an Option; and (ii) where the Ordinary Shares are not quoted on the London Stock Exchange, the value of an Ordinary Share as determined by the Board in in accordance with the provisions of Part VIII of the Taxation of Chargeable Gains Act 1992.

In the event that the Company is acquired and the acquiring company agrees, Options granted to employees pursuant to the Approved Option Scheme may be converted into new options over the shares in the acquiring company ("New Approved Options") equivalent to the converted Options.

In the event of a change of control of the Company in consequence of a takeover bid, Options may be exercised in respect of vested and unvested shares. All Options lapse on the expiry of 90 days from the date on which the takeover offer goes unconditional or, if earlier, upon the expiry of the compulsory acquisition period.

The Approved Option Scheme does not form any part of the grantee's contract of employment and individuals who participate in it will not have any additional rights to damages for any loss, or potential loss of benefit, in the event of termination of their office.

The Board may, at any time, add to or alter all or any of the provisions of the rules or the terms of any Option.

On 24 March 2014 the Board granted, to certain employees, an aggregate of 923,500 Options under the Approved Option Scheme, conditional upon Admission.

4.3.2 Unapproved Option Scheme

The Company has also adopted an unapproved share option scheme (the "Unapproved Option Scheme") for the benefit of the Group's employees. Options granted pursuant to the Unapproved Option Scheme rules (the "Unapproved Rules") shall, together with Options granted under the Approved Option Scheme, be subject to an aggregate limit of 10 per cent. of the issued share capital of the Company from time to time.

The Board may attach such performance conditions to the Options as it thinks fit. No Option may be transferred assigned or otherwise alienated otherwise than on the death of the holder of the Option and in accordance with the Unapproved Option Scheme and the relevant option deed.

Subject to the applicable option deed, Options may be exercised in accordance with the Unapproved Rules prior to the business day immediately preceding the date ten years after the execution of the relevant option deed (the "Unapproved Option Period"). Any performance targets attached to the relevant Option must have been satisfied or have been waived or varied.

Subject to certain exceptions where the grantee ceases to be an employee by virtue of his or her (i) death, illness, injury or disability; (ii) dismissal on the grounds of redundancy; or (iii) reaching retirement age as specified in the grantee's contract, an Option shall immediately lapse and cease to be exercisable *inter alia*: (i) at the end of the Unapproved Option Period; (ii) on a grantee ceasing to be an eligible employee; (iii) 12 months from the date of the death of a grantee provided the relevant Unapproved Option Period has not elapsed and the applicable performance period (if any) has not elapsed without satisfaction of the performance conditions; (iv) if the Option is purported to be transferred, assigned, charged or otherwise alienated otherwise than to a grantee's legal representative upon the death of the grantee; (v) if the grantee is deprived of the legal or beneficial ownership of the Option; or (vi) at the end of the applicable performance period (if any) upon determination by the Board that the relevant performance targets were not satisfied.

In the event of any capitalisation, consolidation, subdivision, reduction or other similar variation to the share capital of the Company, the Board shall, subject to certain conditions, determine any adjustments necessary to the number of Ordinary Shares comprised in an Option and the exercise price in respect of such Ordinary Shares under the Unapproved Option Scheme to ensure the value of each option is not increased or decreased solely in consequence of such variation.

The exercise price in respect of the Options shall not be less than (i) the Market Value of an Ordinary Share at the date of grant of the Option; or (ii) if greater, the nominal value of an Ordinary Share. For the purposes of determining the exercise price "Market Value" shall be (i) where the Ordinary Shares are quoted on the London Stock Exchange be the average of the closing mid-market quotation of

Ordinary Shares on the London Stock Exchange for the five days on which the London Stock Exchange is open for business prior to the date of grant of an Option; and (ii) where the Ordinary Shares are not quoted on the London Stock Exchange, the value of an Ordinary Share as determined by the Board in in accordance with the provisions of Part VIII of the Taxation of Chargeable Gains Act 1992.

In the event that the Company is acquired and the acquiring company agrees, Options granted to employees pursuant to the Unapproved Option Scheme may be converted into new options over the shares in the acquiring company ("New Unapproved Options") equivalent to the converted Options.

In the event of a change of control of the Company in consequence of a takeover bid, Options may be exercised in respect of vested and unvested shares. All Options lapse on the expiry of 90 days from the date on which the takeover offer goes unconditional or, if earlier, upon the expiry of the compulsory acquisition period.

The Unapproved Option Scheme does not form any part of the grantee's contract of employment and individuals who participate in it will not have any additional rights to damages for any loss, or potential loss of benefit, in the event of termination of their office.

The Board may, at any time, add to or alter all or any of the provisions of the Rules or the terms of any Option.

On 24 March 2014 the Board granted, to certain employees, an aggregate of 124,500 Options under the Unapproved Option Scheme, conditional upon Admission.

5 Directors

5.1 Other than their directorships of the Company, the current directorships and partnerships of the Directors and directorships and partnerships held by them over the previous five years are as follows:

Director	Current directorships/partnerships	Previous directorships/partnerships
Jasper Allen	Bookbank Limited Lady Clare Group Limited Kelsey Giftware Limited Lingfawn Management Ltd	Noble Investments (UK) Plc The Fine Art Auction Group Limited
Philip Blackwell	Bookbank Limited Onstream Communications Limited Blackwell Ventures Limited The Royal Green Jackets Museum Trading Company Ltd 25 Courtfield Rd Ltd	UP Jenkins Limited Ultimate Library Limited
Simon Southwood	Stafford Corporate Consulting Limited	Juridica Capital Management Alboran Limited

Director
Thomas
James
Jennings
CBE

Current directorships/partnerships

Ducales Trading No.1 Limited Ducales Trading No.2 Limited Ducales Trading No.3 Limited Ducales Trading No.4 Limited Ducales Trading No.5 Limited Ducales Trading No.6 Limited

Ducales Trading No.7 Limited Ducales Trading No.8 Limited Ducales Trading No.9 Limited Ducales Trading No.10 Limited

Ducales Trading No.10 Limited Ducales Trading No.11 Limited Ducales Trading No.12 Limited Ducales Asset No.1 Limited

Ducales Asset No.2 Limited Ducales Asset No.3 Limited Ducales Asset No.4 Limited

Ducales Asset No.4 Limited
Ducales Capital Limited

Ballyrogan Holdings Limited Ballyculter Trading (Number 1) Limited

Ballyculter Trading (Number 2) Limited

Ballyculter Trading (Number 3) Limited

Ballyculter Trading (Number 4) Limited

Ballyculter Trading (Number 5) Limited

Solent Joint Venture Limited Ballyculter Trading Limited

Sorbus Holdco Limited Cusp Limited

Varo Estates Limited

McCaw Stevenson & Orr Limited

Ballyblack Trading Limited

Destorm Limited

Parkway (NI) LLP Northern Homes (NI) Limited Culzean Properties (Number 1)

Limited

Greenisland Trading Limited

The Golf Outlet Limited

Ballyrogan Finance Limited

Kendal Car Park Limited Kendal Riverside Limited

Gernel Property Services Limited

Bishopsgate Shopping Centres

Limited

Valto (Number 3) Limited

Laggan Properties Limited

Valto Limited

Valto (Number 1) Limited

Valto (Number 2) Limited

Ian Gawley Limited

Turnus Limited

SIAC Group Holdings Limited

Bookbank Limited

Previous directorships/partnerships

Active Asset Management Limited

Rathbeg Estates Limited Rotary Group Limited

Jasry Limited

H.F. Trading Company Limited

Heaton Floors Limited

Rotary Technical Services Limited

Culzean Estates Limited Junction One Limited Culzean Holdings Limited North Coast Hotels Limited Waterside Crescent Limited Sorbus (Number 1) Limited

Ballycrochan Finance Limited Ballygilbert Trading Limited Stonethorn Homes Limited Stonethorn Stud Farms Limited

Inchbervis Limited

A McFarlane & Company Limited

Raven Firematic Limited

Raven FM Realisations Limited

Raven Northern Limited

Raven Realisations Limited

Raven RIL Limited

Raven Scotland Limited

Raven Services Realisations

Limited

Rotary – Humm (M & E) Services

Limited

Rotary North West Limited Rotary Southern Limited

Rotary Yorkshire Limited

Director Current directorships/partnerships Previous directorships/partnerships

Charles Ludgate Investments Limited

Sebag – Hightex Group plc

Montefiore The Oxford Centre for Hebrew

& Jewish Studies

Graham Mata Leao Limited

Noble What Group Investments Limited

Firth Street Investments No. 2 Limited

Solent Joint Venture Limited

Bookbank Limited

- 5.2 The business address of each of the Directors is 32 St. George Street, London W1S 2EA.
- 5.3 Save as disclosed in paragraph 5.4 below, as at the date of this Document, none of the Directors has:
 - 5.3.1 any unspent convictions in relation to indictable offences; or
 - 5.3.2 been declared bankrupt or made any individual voluntary arrangement; or
 - 5.3.3 been a director of a company at the time of or within the twelve months preceding any receivership, compulsory liquidation, creditors' voluntary liquidation, administration, voluntary arrangement or any composition or arrangement with creditors generally or any class of creditors; or
 - 5.3.4 been a partner or in a partnership at the time of or within the twelve months preceding the partnership being subject to a compulsory liquidation, administration or partnership voluntary arrangement; or
 - 5.3.5 had any asset subject to receivership or been a partner of any partnership at the time of or within the twelve months preceding any asset of such partnership being subject to a receivership; or
 - 5.3.6 been subject to any public criticism by statutory or regulatory authorities (including recognised professional bodies), nor 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.
- 5.4 Charles Sebag Montefiore was a director of West 175 Media Group Inc. when it completed a company voluntary arrangement with its creditors in July 2004.
- 5.5 Thomas James Jennings CBE is a director of four companies which are the subject of a group financial restructuring: Valto Limited (administration commenced on 25 October 2013); Bishopsgate Shopping Centres Limited (administrative receivership commenced on 25 October 2013); Turnus Limited (creditors' voluntary liquidation commenced on 27 November 2013); and Culzean Properties (Number 1) Limited (members' voluntary liquidation commenced on 19 December 2013).

Thomas James Jennings CBE is also a director of Kendal Riverside Limited which was placed into administration on 28 December 2012 and of Ballyrogan Holdings Limited which was placed into a members' voluntary liquidation on 15 August 2013.

6 Directors' and other interests

6.1 The interests of the Directors (all of which are beneficial, unless otherwise stated), and (so far as is known to the Directors, or could with reasonable diligence be ascertained by them) the interests of persons connected with the Directors, in the Ordinary Share capital of the Company immediately prior to and as at Admission will be as follows:

	Immediately prior to Admission		As at Admission		
	Number of Percentage of		Number of	Percentage of	
	Ordinary	issued ordinary	Ordinary	Enlarged	
	Shares	share capital	Shares	Share Capital	
Philip Blackwell	1,964,716	37.8	1,964,716	14.9	
Thomas James Jennings CBE	1,731,320	33.3	1,731,320	13.1	

- 6.2 Save as disclosed above, the Directors are not aware of any interests of persons connected with them.
- 6.3 The Directors are not required to hold any Ordinary Shares under the Articles.
- 6.4 As at 24 March 2014 (being the latest practicable date prior to publication of this document) the Directors and senior managers held the following options to subscribe for Ordinary Shares granted pursuant to the Bookbank Replacement Share Options plan and the Employee Share Schemes:

	$Number\ of$		
	Ordinary Shares	Exercise price	
	under option	(\pounds)	Expiry date
Employee Share Schemes			
Jasper Allen	63,000	1.00	23 March 2024
Philip Blackwell	211,000	1.00	23 March 2024
Simon Southwood	63,000	1.00	23 March 2024
Thomas James Jennings CBE	21,000	1.00	23 March 2024
Graham Noble	21,000	1.00	23 March 2024
Bernard Shapero	296,000	1.00	23 March 2024
Pierre-Yves Guillemet	253,000	1.00	23 March 2024
	$Number\ of$		
	Ordinary Shares	Exercise price	
	$under\ option$	(pence)	Expiry date
Bookbank Replacement Share Options			
Bernard Shapero	324,736	15.4	23 March 2024
Pierre-Yves Guillemet	74,939	15.4	23 March 2024

6.5 Other than as set out below, the Company is not aware of any person, other than the Directors and their immediate families, who immediately prior to and immediately following Admission will, directly or indirectly, be interested in 3 per cent. or more of the voting rights of the Company or who, directly or indirectly, jointly or severally exercise or could exercise control over the Company:

	Immediately prior to Admission		As at Admission	
		Percentage of	Percentage o	
	Number of	issued ordinary	Number of	issued ordinary
	Ordinary Shares	share capital	Ordinary Shares	share capital
Bateman Street				
Investments LLP	1,076,151	20.7	1,076,151	8.2
Toby Blackwell Limited	293,876	5.7	293,876	2.2

6.6 Other than the protections afforded to Shareholders in the Company under the Takeover Code (details of which are set out in paragraph 11 of this Part 4) there are no controls in place to ensure that any Shareholder having a controlling interest in the Company does not abuse that interest.

- 6.7 Save for the Placing, neither the Directors nor the Company are aware of any arrangements in place which may result in a change in control of the Company.
- 6.8 Save as disclosed in this document, none of the Directors has any interest, beneficial or non-beneficial, in the share or loan capital of the Company.
- 6.9 Save as disclosed in this document, no Director has any interest, direct or indirect, in any assets which have been or are proposed to be acquired or disposed of by, or leased to, the Group and no contract or arrangement exists in which any Director is materially interested and which is significant in relation to the business of the Group.
- 6.10 There are no outstanding loans granted by the Company to any Director, nor are there any guarantees provided by the Company for their benefit.
- 6.11 No Director or any member of a Director's family has a related financial product referenced to the Ordinary Shares.

7 Directors' service contracts and letters of appointment

- 7.1 On 24 March 2014, the Company entered into a director's service agreement with Jasper Allen in respect of him acting as the Chairman of the Company for 25 hours per week. Either party may terminate the agreement on 12 months' notice. Provisions are made for payment in lieu of notice and garden leave. In respect of these services, Jasper Allen will receive £60,000 per annum (subject to annual review) from the Company and may receive a discretionary bonus. Mr Allen is also entitled to 17.5 days' paid holiday per annum and is entitled to participate, at the Company's expense, in a private medical scheme.
- 7.2 On 24 March 2014, the Company entered into a director's service agreement with Philip Blackwell in respect of him acting as the Chief Executive Officer of the Company on a full-time basis. Either party may terminate the agreement on 12 months' notice. Provisions are made for payment in lieu of notice and garden leave. In respect of these services, Philip Blackwell will receive £125,000 per annum (subject to annual review) from the Company and may receive a discretionary bonus. Mr Blackwell is also entitled to 25 days paid holiday per annum and is entitled to participate, at the Company's expense, in a private medical scheme.
- 7.3 On 24 March 2014, the Company entered into a director's service agreement with Stafford Corporate Consulting Limited agrees to supply the services of Simon Southwood to act as the Finance Director of the Company for 25 hours per week or such additional time as may be needed to fulfill his duties. Either party may terminate the agreement on 12 months' notice. Provisions are made for payment in lieu of notice and garden leave. Stafford Corporate Consulting Limited will receive £50,000 per annum (subject to periodic review based on time commitment) from the Company in respect of Simon Southwood acting as Finance Director. Mr Southwood may receive a discretionary bonus. Mr Southwood is also entitled to 17.5 days' paid holiday per annum and is entitled to participate, at the Company's expense, in a private medical scheme.
- 7.4 The service agreements for each of the Executive Directors also contain post-termination restrictions which include a non-compete restriction.
- 7.5 Each of Charles Sebag Montefiore, Thomas James Jennings CBE, and Graham Noble were appointed a Non-executive Director of the Company on 18 February 2014. Each of the Non-executive Directors has entered into a letter of appointment with the Company and does not have a service contract. Under such letter of appointment each of Charles Sebag Montefiore, Thomas James Jennings CBE, and Graham Noble is entitled to receive a fee of £25,000 per annum and is appointed on a rolling contract, terminable on three months' written notice by either the relevant Non-executive Director or the Company.

- 7.6 All of the Directors will be entitled to be reimbursed for reasonable expenses incurred by them in the performance of their duties relating to the Company.
- 7.7 Other than as disclosed above, there are no Directors' service contracts, or contracts in the nature of services, with the Company, other than those which expire or are terminable without payment of compensation on no more than 12 months' notice.
- 7.8 Other than as disclosed above, no Director is entitled to any benefit, financial or otherwise, upon the termination of his respective service agreement or office.

8 Accounting

8.1 The Company's accounting reference date is 31 March in each year. The Company's next accounting reference period will end on 31 March 2014.

9 United Kingdom taxation

The following summary, which is intended as a general guide only, outlines certain aspects of current UK tax legislation, and what is understood to be the current practice of HMRC in the United Kingdom regarding the ownership and disposal of ordinary shares.

The Company is at the date of this document resident for tax purposes in the United Kingdom and the following is based on that status.

This summary is not a complete and exhaustive analysis of all the potential UK tax consequences for holders of Ordinary Shares of the Company. It addresses certain limited aspects of the UK taxation position of UK resident and domiciled Shareholders who are absolute beneficial owners of their Ordinary Shares and who hold their Ordinary Shares as an investment. This summary does not address the position of certain classes of Shareholders who (together with associates) have a 10 per cent. or greater interest in the Company, or, such as dealers in securities, market makers, brokers, intermediaries, collective investment schemes, pension funds or UK insurance companies or whose shares are held under a personal equity plan or an individual savings account or are "employment related securities" as defined in Section 421B of the Income Tax (Earnings and Pensions) Act 2003. Any person who is in any doubt as to his tax position or who is subject to taxation in a jurisdiction other than the UK should consult his professional advisers immediately as to the taxation consequences of their purchase, ownership and disposition of Ordinary Shares. This summary is based on current United Kingdom tax legislation. Shareholders should be aware that future legislative, administrative and judicial changes could affect the taxation consequences described below.

9.1 The Company

The profits of the Company will be subject to UK corporation tax. Income arising from overseas investments may be subject to overseas taxes, subject to relief which may be available under any relevant double taxation agreement with the UK or UK domestic law.

9.2 **Shareholders**

9.2.1 Withholding tax

Under current UK taxation legislation, no tax will be withheld at source from dividend payments by the Company.

9.2.2 Taxation of dividends

(a) United Kingdom resident Shareholders

Individuals

UK resident individual Shareholders who receive a dividend from the Company will generally be entitled to a tax credit, which can be set off against the individual's income tax liability on the dividend payment. The rate of tax credit on dividends paid by the Company will be 10 per cent. of the total of the dividend payment and the tax credit (the "gross dividend"), or one-ninth

of the dividend payment. UK resident individual Shareholders will generally be taxable on the gross dividend, which will be regarded as the top slice of the Shareholder's income. UK resident individual Shareholders who are not liable to income tax in respect of the gross dividend will generally not be entitled to reclaim any part of the tax credit. In the case of a UK resident individual Shareholder who is not liable to income tax at the higher rates (taking account of the gross dividend he or she receives), the tax credit will satisfy in full such Shareholder's liability to income tax. To the extent that a UK resident individual Shareholder's income (including the gross dividend) is subject to 40 per cent. income tax, such Shareholders will be subject to income tax on the gross dividend at the distribution income upper rate of 32.5 per cent. but will be able to set the tax credit against this liability. This results in an effective tax rate of 25 per cent. on the net dividend. To the extent that a UK resident individual Shareholder's income (including the gross dividend) is subject to 45 per cent. income tax, such Shareholders will be subject to income tax on the gross dividend at the distribution income upper rate of 37.5 per cent. on the gross dividend and an effective tax rate of approximately 31 per cent. of the net dividend.

Companies

A corporate Shareholder resident in the UK (for tax purposes) should generally not be subject to corporation tax or income tax on dividend payments received from the Company. Corporate Shareholders will not, however, be able to claim repayment of tax credits attaching to the dividend payment.

(b) Non-residents

In general, the right of non-UK resident Shareholders to reclaim tax credits attaching to dividend payments by the Company will depend upon the existence and the terms of an applicable double tax treaty between their jurisdiction of residence and the UK. In most cases, the amount of tax credit that can be claimed by non-UK resident Shareholders from HMRC will be nil. They may also be liable to tax on the dividend income under the tax law of their jurisdiction of residence. Non-UK resident Shareholders should consult their own tax advisers in respect of their liabilities on dividend payments, whether they are entitled to claim any part of the tax credit and, if so, the procedure for doing so.

9.3 Capital Gains Tax

A disposal of Ordinary Shares by a Shareholder who is resident for tax purposes in the UK, will in general be subject to UK taxation on capital gains on a disposal of Ordinary Shares.

A Shareholder who is not resident in the UK for tax purposes, but who carries on a trade, profession or vocation in the UK through a permanent establishment (where the Shareholder is a company) or through a branch or agency (where the Shareholder is not a company) and has used, held or acquired the Ordinary Shares for the purposes of such trade, profession or vocation or such permanent establishment, branch or agency (as appropriate) will be subject to UK tax on capital gains on the disposal of Ordinary Shares.

In addition, any holders of Ordinary Shares who are individuals and who dispose of shares while they are temporarily non-resident may be treated as disposing of them in the tax year in which they again become resident in the UK.

For UK individuals and trustees, capital gains are chargeable at a flat rate of 18 per cent. subject to certain reliefs and exemptions. For UK corporates, indexation may apply to reduce any such gain (though indexation is no longer available to individuals and trustees).

9.4 Stamp duty and stamp duty reserve tax ("SDRT")

No UK stamp duty will be payable on the issue by the Company of Ordinary Shares. Transfers of Ordinary Shares for value will generally give rise to a liability to pay UK ad valorem stamp duty, or SDRT, at the rate in each case of 50 pence per £100 of the amount or value of the consideration (rounded up in the case of stamp duty to the nearest £5).

9.5 Inheritance and gift taxes

Ordinary Shares beneficially owned by an individual Shareholder will be subject to UK inheritance tax on the death of the Shareholder (even if the Shareholder is not domiciled or deemed domiciled in the UK), although the availability of exemptions and reliefs may mean that in some circumstances there is no actual tax liability. A lifetime transfer of assets to another individual or trust may also be subject to UK inheritance tax based on the loss of value to the donor, although again exemptions and reliefs may be relevant. Particular rules apply to gifts where the donor reserves or retains some benefit. Special rules also apply to close companies and to trustees of settlements who hold shares, which could bring them within the charge to UK inheritance tax.

Shareholders should consult an appropriate professional adviser if they intend to make a gift of any kind or intend to hold any Ordinary Shares through trust arrangements. They should also seek professional advice in a situation where there is a potential for a double charge to UK inheritance tax and an equivalent tax in another country.

9.6 Venture Capital Trust Investors

Venture Capital Trust Investors may be taxed differently on their interests in shares in the Company than other corporate shareholders. Venture Capital Trusts should take their own advice on the tax consequences of receiving income or capital gains from their shareholding in the Company.

9.7 Enterprise Investment Scheme ("EIS")

The Company intends to operate so that it qualifies for the taxation advantages offered under the Enterprise Investment Scheme. The main advantages are as follows:

- Individuals can claim a tax credit of 30 per cent. of the amount invested in the Company against their UK income tax liability, thus reducing the effective cost of their investment to 70 pence for each £1 invested. However, there is an EIS subscription limit of £1,000,000 in each tax year and, to retain the relief, the Ordinary Shares must be held for at least three years.
- UK investors (individuals or certain trustees) may defer a chargeable gain by investing the amount of the gain in the Company. There is no limit to the level of investment and, therefore, to the amount of gain which may be deferred in this way.

There is no tax on capital gains made upon disposal after the Three Year Qualifying Period (defined below) of shares in an EIS qualifying company on which income tax relief has been given and not withdrawn. If a loss is made on disposal of the shares at any time, the amount of the loss (after allowing for any income tax relief initially obtained) can be set off against either the individual's gains for the tax year in which the disposal occurs, or, if not so used, against capital gains of a subsequent tax year, or against the individual's income of the tax year of the disposal or of the previous tax year.

Provided a Shareholder has owned Ordinary Shares in the Company for at least two years and certain conditions are met at the time of transfer, 100 per cent. business property relief will be available, which reduces the inheritance tax liability on the transfer of Ordinary Shares to nil.

For example: if an EIS qualifying investor who has a chargeable capital gain of £50,000 and invests this amount in the Company, they could receive tax reliefs as follows:

Initial Investment	£50,000
Income Tax Relief at 30%	£ $(15,000)$
CGT deferral relief at 28%	£ $(14,000)$
Net cash cost of EIS investment	£21,000

However the deferred gain will come back into charge when the EIS shares are disposed of, or if the Company ceases to qualify as an EIS company within the Three Year Qualifying Period.

The amount of relief an investor may gain from an EIS investment in the Company will depend on the investor's individual circumstances.

Three Year Qualifying Period

In order to retain EIS reliefs, an investor must hold their shares for at least three years. A sale or other disposal (other than an inter-spousal gift or a transfer on death) will result in any income tax relief that has been claimed being clawed back by HMRC. Additionally, any capital gains deferred will come back into charge and the capital gains tax exemption will be lost. It is the investor's responsibility to disclose a disposal to HMRC.

Additionally, if the Company ceases to meet certain qualifying conditions within the Three Year Qualifying Period, tax reliefs will be lost.

The Three Year Qualifying Period expires on the later of the third anniversary of the date the shares are issued, and the third anniversary of the date the Company's trade commenced. In this case, as the Company is already trading, the Three Year Qualifying period will expire on the third anniversary of the date the shares are issued. This will be shown as the "Termination Date" on the EI3 certificate which the Company will issue to investors following formal approval of the share issue by HMRC.

Advance assurance of EIS status

In order for investors to claim EIS reliefs relating to their shares in the Company, the Company has to meet a number of rules regarding the kind of company it is, the amount of money it can raise, how and when that money must be employed for the purposes of the trade, and the trading activities carried on. The Company must satisfy HMRC that it meets these requirements, and is therefore a qualifying company.

The Company has sought advanced assurance from HMRC that it would be able to issue shares under the EIS regime.

EIS tax legislation – further detail

The following is a summary of the main provisions of the EIS regime as far as is relevant to the Company. It does not set out any of the provisions in full and prospective investors are strongly recommended to seek professional advice as to the tax relief that their particular investment will attract and the tax consequences of selling or otherwise disposing of their shares.

Tax reliefs

Income Tax

EIS relief allows qualifying individuals to deduct from their total liability to income tax an amount equal to tax at 30 per cent. on the amounts subscribed for qualifying shares in qualifying companies from their total liability to income tax for the year in which the shares are issued.

EIS relief is currently obtained at a rate of 30 per cent. on qualifying investments up to £1,000,000 in any tax year. The spouse of the claimant is also entitled to claim EIS relief on his or her own investments.

EIS income tax relief reduces an individual's tax liability, and cannot exceed an amount which reduces the individual's tax liability for the year in question to nil.

Income tax relief may be claimed in the tax year in which the shares are issued, or, by election, carried back to the previous tax year, subject to the annual investment limit for that year. The annual investment limit for the 2013/14 tax year is £1,000,000.

Capital Gains Tax Exemption

To the extent that EIS relief is given and not withdrawn, there will be no capital gains tax charged in respect of the gain arising on the EIS shares on a disposal of the shares in the Company, provided those shares have been held for at least three years. However in order for the shares to be exempt from capital gains tax, some income tax relief must have been claimed and given.

Capital Gains Tax Deferral Relief

The deferral relief available under EIS means that an investor may use investment in an EIS company to defer a charge to capital gains tax arising on a gain made on the disposal of any other asset in the period commencing one year before, and ending three years following, the disposal of that asset. The maximum gain that can be deferred is equal to the lower of the amount subscribed by an investor or the amount of the gain. The gain will then become chargeable at such time as the investor disposes of his EIS shares, or if the Company loses its EIS qualifying status within the three year qualifying period.

Loss Relief

Where a loss is incurred by an investor on the first disposal of his shares, the loss (after deducting any EIS income tax relief claimed) may be set against either chargeable gains or against taxable income at the election of the investor. A claim to set the loss against income may be made against income of the tax year of the loss, or the preceding tax year.

The following example illustrates the position of an investor who has subscribed £50,000 for EIS qualifying shares, and has claimed income tax relief only, in the event of a complete loss on the shares:

EIS Qualifying Investment	£50,000
Less income tax relief at 30%	£ $(15,000)$
Net cost of investment	£35,000
Income tax relief at 40% on net cost	£(14,000)
Maximum cash loss to investor	£21,000

This example assumes the investor is liable to income tax at 40 per cent. in the year of the loss, and elects for the loss to be set against their income.

Persons qualifying for relief

Income Tax

An investor need not be UK resident, but relief will only be available against UK taxable income.

An investor must not be connected with the Company at any time in the period beginning two years before the issue of the shares and ending immediately before the third anniversary of the date on which the shares are issued.

Connection is defined by reference to the investor and his associates (i.e. spouse, lineal ancestor or descendent, a business partner and certain persons with whom there is a connection through a trust), and will prohibit the following qualifying for income tax relief under EIS:

• where the investor or one of his associates is an employee, partner or paid director of the Company, or a subsidiary of the Company;

- where the investor or one of his associates directly or indirectly possesses of would be entitled to acquire more than 30 per cent. of the issued ordinary share capital, or the voting power of the Company or any subsidiary; or
- where the investor or one of his associates possesses directly or indirectly such rights as would, in the event of a winding up of the Company or any subsidiary or in any other circumstances, entitle him to receive more than 30 per cent. of the assets of the Company or any subsidiary which would be available for distribution to equity holders (i.e. shareholders and certain types of loan capital holders).

Capital Gains Tax

An investor must be resident or ordinarily resident in the UK at the time of accrual of the capital gain and at the time when he makes the EIS qualifying investment in the Company, in order to claim the capital gains tax relief and/or deferral relief.

For the purposes of residency, the investor must not be regarded by any tax treaty as resident in another country.

Claims

Investors need to make a formal claim for EIS relief or EIS deferral relief from their individual tax office. The claim is made on receipt of Form EIS3 from the Company. Form EIS3 is a certificate issued by the Company, with the approval of HMRC, confirming that it is a qualifying company for EIS purposes. The Company proposes to submit its application to HMRC to issue an EIS3 as soon as practicable after the Placing.

An investor's claim must be submitted to his tax office no later than the fifth anniversary of 31 January following the year of assessment in which the shares were issued.

Withdrawal of relief

The investor should note that there are a number of anti-avoidance provisions that can apply to the reliefs described above, but a description of these is beyond the scope of this summary. If you are in any doubt about whether such provisions could affect your investment, we strongly recommend that you seek professional advice.

Income Tax

If the Company ceases to be a qualifying company within three years, commencing with the issue of the shares, all EIS relief will be withdrawn.

If shares are disposed of within three years of their issue, relief will be withdrawn in respect of those shares to the extent of the amount or value of the consideration received for them. The exception to this is if the disposal is not made at arm's length, in which case all relief in respect of the shares will be withdrawn.

EIS relief will be withdrawn if value is received by an investor from the Company or a person connected with the Company (or in more limited circumstances, by other shareholders) within the period commencing one year before the share issue and ending three years after it.

Capital Gains Tax

The gain that is deferred becomes a chargeable gain when an investor disposes of his or her shares, otherwise than to a spouse, or ceases to be UK resident within the three years commencing with the issue of the shares (or if later the commencement of the relevant trade).

EIS deferral relief is withdrawn if the Company ceases to be a qualifying company, the Company ceases to carry on a qualifying business activity or the proceeds of the share issue are not used within 24 months of the share issue. The deferred gain is deemed to arise on the relevant date on which such circumstance occurs.

EIS deferral relief will be withdrawn if value is received by an investor from the Company or a person connected with the Company (or in more limited circumstances by other shareholders) within the period commencing one year before the share issue and ending three years after.

The comments set out above are intended only as a general guide to the current tax position in the UK at the date of this document. The rates and basis of taxation can change and will be dependent on a Shareholder's personal circumstances.

Neither the Company nor its advisers warrant in any way the tax position outlined above which, in any event, is subject to changes in the relevant legislation and its interpretation and application.

10 Articles

- 10.1 The Company's objects are unrestricted.
- 10.2 The Articles contain (amongst other things) provisions to the following effect.

10.2.1 Voting rights

Subject to paragraph 10.2.4 below and subject to any special terms as to voting on which any shares may be issued, on a show of hands every member present in person (or, being a corporation, present by a duly authorised representative) or by proxy shall have one vote and on a poll every member present in person or by proxy shall have one vote for every share of which he is the holder.

The Company's major shareholders do not have different voting rights.

10.2.2 Transfer of shares

The Ordinary Shares are capable of being held in certificated or uncertificated form.

A member may transfer all or any of his uncertificated shares by means of a computer-based system such as CREST which allows units of securities without written instruments to be transferred and endorsed.

All transfers of certificated shares must be effected by a transfer in writing in any usual form or any other form approved by the Directors. The 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 Board may, in its absolute discretion, refuse to register any transfer of shares which are not fully paid provided that, where any such shares are admitted to the Official List of the competent authority, 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. The Directors may also refuse to register any transfer of shares in certificated form unless the instrument of transfer is:

(i) is lodged (duly stamped if the Statutes so require) at the office or at such other place as the Board may appoint, accompanied by the certificate for the shares to which it relates and such other evidence (if any) as the Board may reasonably require to show the right of the transferor to make the transfer (and, if the instrument of transfer is executed by some other person on his behalf, the authority of that person to do so) provided that, in the case of a transfer by a

person to whom the Company is not required by law to issue a certificate and to whom a certificate has not been issued in respect of the share or in case of renunciation, the lodgement of share certificates shall not be necessary;

- (ii) in respect of only one class of shares;
- (iii) in the case of a transfer to joint holders, they do not exceed more than four in number;
- (iv) in respect of shares over which the Company has no lien; and
- (v) in favour of a single transferee.

If the Directors refuse to register a transfer, it shall within two months after the date on which the instrument of transfer was lodged with the Company (or in the case of uncertificated shares the date on which the Operator instructions was received) send to the transferee notice of, together with the reasons for, the refusal.

10.2.3 Dividends

The Company may, by ordinary resolution, declare dividends in accordance with the respective rights of the members, provided that no dividend shall be payable in excess of the amount recommended by the Directors.

The Directors may pay such interim dividends (including any dividend at a fixed rate) as appear to them to be justified by the profits of the Company available for distribution.

The Board may deduct from any dividend payable to any member on or in respect of a share all sums of money (if any) presently payable by him to the Company on account of calls or otherwise in relation to shares in the Company.

No dividend or other moneys payable in respect of a share shall bear interest as against the Company unless otherwise expressly provided by the rights attached to the share. All dividends unclaimed for a period of twelve years after becoming due for payment shall, if the Directors so resolve, be forfeited and shall cease to remain owing by the Company.

10.2.4 Disclosure of interests in shares

If any member or other person appearing to be interested in shares of the Company is in default in supplying within the prescribed period from the date of service of a notice in accordance with section 793 of the Companies Act requiring such member or other person to supply to the Company in writing all or any such information as is required by such notice within the prescribed period as set out on the Articles, the Directors may, for such period as the default shall continue, impose sanctions upon the relevant shares. The sanctions available are the suspension of voting or other rights conferred by membership in relation to meetings of the Company in respect of the withholding of payment of any dividends on, and the restriction of transfers of, the relevant shares.

10.2.5 Distribution of assets on a winding up

If the Company is voluntarily wound up, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the Companies Act or the Insolvency Act 1986 (as amended) divide amongst the members in specie the whole or any part of the assets of the Company and may, for that purpose, value any assets and determine how the division shall be carried out as between the members or different classes of members. The liquidator may, with the like sanction, vest the whole or any part of the assets in trustees upon such trusts for the benefit of the members as he with the like sanction determines, but no member shall be compelled to accept any assets upon which there is a liability.

10.2.6 Changes in share capital

Without prejudice to any rights attached to any existing shares, any share may be issued with such rights or restrictions as the Company may by ordinary resolution determine, or in the absence of such determination as the Directors may determine. Subject to the Companies Act, the Company may issue shares which are, or at the option of the Company or the holder are liable, to be redeemed.

The Company may by ordinary resolution alter its share capital, in accordance with the Companies Act.

10.2.7 Variation of rights

Whenever the capital of the Company is divided into different classes of shares, the rights attached to any class may (unless otherwise provided by the terms of issue of that class) be varied or abrogated either with the consent in writing of the holders of three-fourths in nominal amount of the issued shares of the class or with the sanction of a special resolution passed at a separate meeting of such holders.

10.2.8 Directors' interests

A Director who is in any way, directly or indirectly, interested in a transaction or arrangement with the Company shall, by notice or at a meeting of the Directors, declare in accordance with the Companies Act the nature and extent of his interest.

Provided such Director has made such disclosures a Director, notwithstanding his office, may be a party to or otherwise directly or indirectly interested in any transaction or arrangement with the Company or in which the Company is otherwise interested; or a proposed transaction or arrangement with the Company.

For the purposes of Section 175 of the Companies Act, the Directors shall have the power to authorise any matter or situation other than a conflict relating to a transaction or arrangement with the Company, which would or might otherwise constitute or give rise to a breach of the duty of a Director under that Section to avoid a situation in which he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company.

Save as otherwise agreed by him, a Director will not be accountable to the Company for any benefit which he (or a person connected with him) derives from any matter authorised by the Directors or by the Company in general meeting and any contract, transaction or arrangement relating thereto shall not be liable to be avoided on the grounds of any such benefit.

Save for certain exceptions, a Director shall not vote at a meeting of the Directors in respect of a matter which may give rise to a conflict of interest, unless his interest arises only because the case falls within one or more of the following paragraphs:

- (a) giving him any security, guarantee or indemnity for any money or any liability which he, or any other person, has lent or obligations he or any other person has undertaken at the request, or for the benefit, of the Company or any of its subsidiary undertakings;
- (b) giving any security, guarantee or indemnity to any other person for a debt or obligation which is owed by the Company or any of its subsidiary undertakings, to that other person if the Director has taken responsibility for some or all of that debt or obligation. The Director can take this responsibility by giving a guarantee, indemnity or security;

- (c) a proposal or contract relating to an offer of any shares or debentures or other securities for subscription or purchase by the Company or any of its subsidiary undertakings, if the Director takes part because he is a holder of shares, debentures or other securities, or if he takes part in the underwriting or sub-underwriting of the offer;
- (d) any arrangement for the benefit of employees of the Company or any of its subsidiary undertakings which only gives him benefits which are also generally given to employees to whom the arrangement relates;
- (e) any arrangement involving any other company if the Director (together with any person connected with the Director) has an interest of any kind in that company (including an interest by holding any position in that company or by being a shareholder of that company). This does not apply if he knows that he has a Relevant Interest (as defined in the Articles);
- (f) a contract relating to insurance which the Company can buy or renew for the benefit of the Directors or a group of people which includes Directors; and
- (g) a contract relating to a pension, superannuation or similar scheme or a retirement, death, disability benefits scheme or employees' share scheme which gives the Director benefits which are also generally given to the employees to whom the scheme relates.

A Director shall not be counted in the quorum present at a meeting in relation to a resolution on which he is not entitled to vote.

Where proposals are under consideration concerning the appointment, or the settlement or variation of the terms or the termination of the appointment of two or more Directors to offices or employments with the Company or any company in which the Company is interested, the proposals may be divided and considered in relation to each Director separately and (if not otherwise precluded from voting) each of the Directors concerned shall be entitled to vote and be counted in the quorum in respect of each resolution except those concerning his own appointment or the settlement or the variation of the terms or the termination of his own appointment.

10.2.9 Remuneration of Directors

The fees payable by the Company to the Directors shall be such amount as the Directors shall from time to time determine (provided that unless otherwise approved by the Company in general meeting the aggregate of such fees shall not exceed £1 million per annum). Such remuneration shall be deemed to accrue from day to day, and shall be distinct from any remuneration or other benefits which may be paid or provided to any Director pursuant to any other provision of the Articles. The Directors shall also be entitled to be repaid all travelling, hotel and other expenses of attending Board meetings, committee meetings, general meetings, or otherwise incurred while engaged on the business of the Company. Any Director who, by request of the Directors, performs special services or goes or resides abroad for any purposes of the Company may be paid such extra remuneration as the Directors may determine.

The remuneration of any executive Director shall be decided by the Board and may be either in addition to or in lieu of any remuneration as a Director.

The Board may exercise all the powers of the Company to provide pensions or other retirement or superannuation benefits and to provide death or disability benefits or other allowances or gratuities (whether by insurance or otherwise) for any person who is or has at any time been a Director or employee of the Company or any company which is a holding company or a subsidiary undertaking of, or allied to or

associated with, the Company or any such holding company or subsidiary undertaking or any predecessor in business of the Company or of any such holding company or subsidiary undertaking, and for any member of his family (including a spouse or former spouse) and any person who is or was dependent on him.

10.2.10 Retirement of Director

Each Director shall retire from office at the third annual general meeting after the annual general meeting or general meeting (as the case may be) at which he was previously appointed.

10.2.11 Borrowing powers

The Directors may exercise all the powers of the Company to borrow money, indemnify and guarantee, mortgage or charge the Company's undertaking, property and assets (present and future) and uncalled capital, to issue debentures and other securities and to give security; whether outright or as collateral security, for any debt, liability or obligation of the Company or of any third party.

The Board shall restrict the borrowings of the Company so as to secure that the aggregate of the amounts borrowed by the Group (excluding intra-Group borrowings) shall not without the previous sanction of an ordinary resolution of the Company exceed an amount equal to one half of the Adjusted Capital and Reserves.

10.2.12 Chairman's casting vote

The Chairman of the Board will have a casting vote in the event of a tied Board.

10.2.13 Shareholder meetings

The Board shall convene an annual general meeting of the Company within such time as may be required by the Companies Act. Thereafter the Board may call a general meeting whenever it thinks fit and, on the requisition of members in accordance with the Companies Act, it shall proceed to convene a general meeting for a date not more than 28 days after the date of the notice convening the meeting.

An annual general meeting shall be called by at least 21 clear days' notice in writing. All other general meetings shall be called by at least 14 clear days' notice in writing. Subject to any restrictions, every notice of meeting shall be given to all the members, the Directors and (in the case of an annual general meeting) the Auditors.

Every notice of meeting shall specify the place, the day and the time of the meeting, the general nature of the business to be transacted, if the meeting is convened to consider a special resolution, the intention to propose the resolution as such and that a member entitled to attend and vote is entitled to appoint one or more proxies to attend, to speak and to vote instead of him and that a proxy need not also be a member.

11 Mandatory bids, squeeze-out and sell-out rules relating to the Ordinary Shares

11.1 Mandatory bid

The Takeover Code applies to the Company. Under the Takeover Code, where:

- (i) any person acquires, whether by a series of transactions over a period of time or not, an interest in shares which (taken together with shares in which he is already interested, and in which persons acting in concert with him are interested) carry 30 per cent. or more of the voting rights of a company; or
- (ii) any person who, together with persons acting in concert with him, is interested in shares which in the aggregate carry not less than 30 per cent. of the voting rights of a 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 an interest in any other shares which increases the percentage of shares carrying voting rights in which he is interested;

such person shall, except in limited circumstances, be obliged to extend offers, on the basis set out in Rules 9.3, 9.4 and 9.5 of the Takeover Code, to the holders of any class of equity share capital whether voting or non-voting and also to the holders of any other class of transferable securities carrying voting rights. Offers for different classes of equity share capital must be comparable; the Panel should be consulted in advance in such cases.

11.2 Squeeze-out

Under sections 979 to 982 of the Companies Act, if an offeror were to acquire 90 per cent. of the Ordinary Shares it could then compulsorily acquire the remaining 10 per cent. It would do so by sending a notice to outstanding Shareholders telling them that it will compulsorily acquire their shares, provided that no such notice may be served after the end of (a) the period of three months beginning with the day after the last day on which the offer can be accepted, or (b) if earlier, and the offer is not one to which section 943(1) of the Companies Act applies, the period of six months beginning with the date of the offer.

Six weeks following service of the notice, the offeror must send a copy of it to the Company together with the consideration for the Ordinary Shares to which the notice relates, and an instrument of transfer executed on behalf of the outstanding Shareholder(s) by a person appointed by the offeror.

The Company will hold the consideration on trust for the outstanding Shareholders.

11.3 Sell-out

Sections 983 to 985 of the Companies Act also give minority Shareholders in the Company a right to be bought out in certain circumstances by an offeror who had made a takeover offer. If a takeover offer related to all the Ordinary Shares and at any time before the end of the period within which the offer could be accepted the offeror held or had agreed to acquire not less than 90 per cent. of the Ordinary Shares, any holder of shares to which the offer related who had not accepted the offer could by a written communication to the offeror require it to acquire those shares. The offeror is required to give any Shareholder notice of his right to be bought out within one month of that right arising. The offeror may impose a time limit on the rights of minority Shareholders to be bought out, but that period cannot end less than three months after the end of the acceptance period, or, if longer a period of three months from the date of the notice.

If a Shareholder exercises his/her rights, the offeror is bound to acquire those shares on the terms of the offer or on such other terms as may be agreed.

11.4 There have been no takeover bids by third parties in respect of the Company's equity, which have occurred during the last financial year or the current financial year.

12 Corporate governance

- 12.1 The Directors recognise the importance of corporate governance and intend that the Company will comply with the provisions of the "Corporate Governance Code for Small and Mid-Sized Quoted Companies 2013" published by the Quoted Companies Alliance. The Board intends regularly to review key business as well as financial risks facing the Group in the operation of its business.
- 12.2 There is in place a share dealing code applicable to the Directors and their connected persons.

13 Material contracts

Other than as set out below there are no contracts (not being in the ordinary course of business) entered into by the Company or any subsidiary undertaking in the two years immediately preceding the date of this document which are or may be material or which contain any provision under which the Company or any subsidiary undertaking has any obligation or entitlement which is material to the Group as at the date of this document, save for Directors' service contracts (as described in paragraph 7 of this Part 4).

13.1 The Company

13.1.1 Nominated adviser agreement

On 24 March 2014, the Company and WH Ireland entered into a nominated adviser agreement to continue for a minimum of 6 months following Admission and thereafter terminable by either the Company or WH Ireland on 30 days' written notice to the other party. Pursuant to this agreement, WH Ireland will receive, conditional on Admission, an annual retainer of £25,000 for the provision of nominated adviser services on an ongoing basis.

The Company has agreed to comply with its legal and regulatory obligations (including under the AIM Rules) and to consult and discuss with WH Ireland in connection with any announcements and statements to be made by it. The Company has also agreed to provide WH Ireland with any information which WH Ireland believes is reasonably necessary in order to enable it to carry out its obligations to the Company or the London Stock Exchange as nominated adviser.

The nominated adviser agreement contains undertakings given by the Directors to WH Ireland and the Company and indemnities given by the Company in favour of WH Ireland.

13.1.2 Placing Agreement

On 24 March 2014, the Company (1), the Directors (2), WH Ireland (3) and Whitman Howard (4) entered into the Placing Agreement pursuant to which Whitman Howard has agreed to use its reasonable endeavours to procure subscribers for the Placing Shares at the Placing Price. The Placing is not being underwritten.

Under the Placing Agreement the Company shall pay (i) to WH Ireland a corporate advisory fee in the sum of £125,000 and (ii) to Whitman Howard a corporate advisory fee of £50,000 and a commission of up to 4 per cent. of the aggregate value of the Placing Shares placed with Places pursuant to the Placing Agreement at the Placing Price. The Placing Agreement provides for the payment by the Company of certain other costs and expenses of the Placing together with VAT where appropriate.

The Placing Agreement, which contains certain warranties, undertakings and indemnities by the Company and the Directors in favour of WH Ireland and Whitman Howard is conditional, among other things, on (i) Admission taking place not later than 28 March 2014 or such later time and/or date as WH Ireland, Whitman Howard and the Company may agree (being not later than 30 April 2014) and (ii) none of the warranties given to WH Ireland and Whitman Howard being untrue, inaccurate or misleading. The liability of the Directors under the warranties is limited in certain respects.

WH Ireland and Whitman Howard may terminate the Placing Agreement in specified circumstances, including for material breach of warranty at any time prior to Admission and in the event of force majeure at any time prior to Admission.

13.1.3 Lock-In arrangements

Each of the Locked-In Persons has entered into lock-in and orderly market arrangements with the Company, WH Ireland and Whitman Howard pursuant to which each of the Locked-In Persons has agreed that: (1) during the First Restricted Period (as defined below) he will not, and shall procure that no person who is his related party (as defined therein) will, save with the prior written consent of WH Ireland, Whitman Howard and the Company, dispose of: (i) any Ordinary Shares registered in his name or in the name of such related party at the date of the relevant lock-in arrangement; (ii) any shares in the capital of the Company issued to him or any of his related parties pursuant to the Placing; (iii) any ordinary shares in the capital of the Company acquired by him or any of his related parties pursuant to the exercise of an option; (iv) any shares in the capital of the Company into which the Ordinary Shares are sub-divided or converted; and (2) during the Second Restricted Period, he and his related parties will only dispose of any such shares through Whitman Howard and in such orderly manner as Whitman Howard shall acting reasonably determine. For these purposes, "First Restricted Period" means the period commencing on the date of Admission and ending immediately prior to the first anniversary of the date of Admission and "Second Restricted Period" means the period commencing on the first anniversary of Admission and ending immediately prior to the second anniversary of Admission. The restrictions which apply in the First Restricted Period are subject to certain exceptions including: (i) a transfer pursuant to acceptance of a takeover offer; (ii) transfers pursuant to an offer by the Company to purchase its own shares made on identical terms to all holders of Ordinary Shares; (iii) transfers made in connection with any reorganisation which results in a new holding company of the Company; (iv) transfers required by order of a competent court; (v) transfers to beneficiaries of a shareholder following death; (vi) transfers to a Connected Person (as defined therein).

13.1.4 Share exchange agreement

On 20 March 2014, Philip Blackwell, the Beaver Pension Scheme, the Canova Trust, Toby Blackwell Ltd, Thomas James Jennings CBE, and Bateman Street Investments LLP (the "Sellers") entered into a share exchange agreement with the Company. Pursuant to the share exchange agreement, the Sellers agreed to sell and the Company agreed to purchase the shares in the capital of Bookbank Limited held by the Sellers, which, in aggregate, amounted to all Bookbank Limited's issued and outstanding shares, in consideration for the issue of all of the shares in the capital of the Company (other than the subscriber shares) to the Sellers on a pro rata basis according to the number of Sale Shares held by each of the Sellers.

13.1.5 Stafford Corporate Consulting Limited engagement letter

Pursuant to a letter of engagement dated 19 February 2014, the Company retained the advice and services of Stafford Corporate Consulting Limited as financial adviser in relation to the Placing and Admission. In relation to these services, Stafford Corporate Consulting Limited will receive a corporate finance fee of £100,000 upon Admission.

13.1.6 Whitman Howard engagement letter

Pursuant to a letter of engagement dated 14 February 2014, the Company retained the advice and services of Whitman Howard Limited as broker following Admission. In relation to these services, Whitman Howard will receive an annual retainer of £25,000.

13.1.7 Loan Note Instrument

On 21 March 2014 the Company adopted a loan note instrument pursuant to which it issued on the same date an aggregate of £2,363,028 Five Year Unsecured Variable Rate Loan Notes 2014 ("Company Loan Notes") to Philip Blackwell

(£855,898), Thomas James Jenning CBE (£806,990), Bateman Street Investments LLP (£506,489), Toby Blackwell Limited (£138,322) and Philip Blackwell, Christine Susan Blackwell, Mathew Derek Pintus and Philip Luke Fabian French (£55,329).

The interest rate applicable to the Company Loan Notes is 4.5 per cent. per annum above Bank of England base rate from time to time. Once repaid, the Company Loan Notes are not available for reissue.

The Company Loan Notes were repaid on 22 March 2014, such repayment being satisfied by the issue of 2,363,028 Ordinary Shares by the Company.

13.1.8 Conditional termination agreement

On 19 March 2014, Philip Blackwell, the Beaver Pension Scheme, the Canova trust, Toby Blackwell Limited, Thomas James Jennings CBE, Bateman Street Investments LLP, Pierre- Yves Guillemet and Bernard Shapero, (the "Terminating Parties") entered into a conditional termination agreement in connection with a shareholders' agreement entered into among the Terminating Parties on 19 March 2014 (the "Shareholders' Agreement"). Pursuant to the termination agreement the Terminating Parties will terminate the Shareholders Agreement immediately prior to Admission provided Admission occurs within 120 days after the date of the termination agreement (the "Long Stop Date"). The Shareholders' Agreement will continue in full force and effect if (i) Admission does not occur prior to the Longstop Date; or (ii) if the Company gives notice to the Terminating Parties that the intended Admission has been abandoned or that Admission will not occur within 120 days of the execution of the conditional termination agreement.

13.2 Bookbank Limited

13.2.1 Loan note instrument

On 10 February 2012, Bookbank Limited adopted a loan note instrument pursuant to which it issued on the same date an aggregate of £2,135,438 Five Year Secured Variable Rate Loan Notes 2012 ("**Bookbank Loan Notes**") to Philip Blackwell (£773,464), Thomas James Jenning CBE (£729,266), Bateman Street Investments LLP (£457,708), Toby Blackwell Limited (£125,000) and the Canova Trust (£50,000).

The interest rate applicable to the Bookbank Loan Notes is 4.5 per cent. per annum above Bank of England base rate from time to time.

The Bookbank Loan Notes were transferred to the Company on 21 March 2014 and repaid by Bookbank Limited, such repayment being satisfied by the issue of 919,466 ordinary shares in the capital of Bookbank Limited.

13.2.2Loan Note Debenture

The Bookbank Loan Notes referred to above were secured by a debenture dated 10 February 2012 ("Loan Note Debenture") issued to Philip Blackwell as security trustee for the noteholders. The Loan Note Debenture secures all sums due under the Bookbank Loan Notes and all other financial accommodation from time to time made available to Bookbank Limited by Philip Blackwell as security trustee. The Loan Note Debenture is subject to the prior security constituted by the debenture securing the revolving credit facility (see below).

The security constituted by the Loan Note Debenture was discharged by Philip Blackwell on 22 March 2014 upon transfer of the Bookbank Loan Notes to the Company.

13.2.3 Revolving credit facility

On 10 February 2012 Bookbank Limited entered a facility agreement with Thomas James Jennings CBE, Bateman Street Investments LLP and the Canova Trust (the "**Lenders**") pursuant to which the Lenders provided a revolving credit facility of a total principal amount not exceeding £350,000 in aggregate.

The interest rate applicable to the facility is 5 per cent. per annum.

The availability period of the facility was one year from 10 February 2012 after which the facility became repayable on demand.

The amount of the facility currently drawn and outstanding is £350,000 plus accrued and unpaid interest and is to be repaid out of the proceeds of the Placing.

13.2.4 Debenture securing revolving credit facility

The facility referred to above in paragraph 13.2.3 is secured by a debenture dated 10 February 2012 issued to the Lenders securing the facility and all other monies, indebtedness and other liabilities, present or future, actual or contingent owing by Bookbank Limited to the Lenders pursuant to the facility agreement. There is no prior security referred to in the debenture.

The Directors intend to replace the facility referred to in paragraph 13.2.3 with a bank facility following Admission, at which point the security constituted by the debenture will be discharged. The Lenders have undertaken not to demand repayment of the facility until an equivalent new bank facility has been obtained.

13.2.5 On 1 June 2013, Bookbank Limited entered into a facility agreement under which Philip Blackwell, Thomas James Jennings CBE, Bateman Street Investments LLP and Pierre-Yves Guillemet ("2013 Lenders") provided a revolving credit facility of up to £273,000 to be available to Bookbank Limited for three months from the date of the agreement. The facility bears interest at the rate of 12 per cent. per annum, payable quarterly, but interest has in fact been rolled up. The facility agreement provides for security to be given by Bookbank Limited, but no such security has been given.

The facility was fully drawn. The 2013 Lenders' contributions were as follows: Philip Blackwell – £99,056.50, Thomas James Jennings CBE – £76,154.50, Bateman Street Investments LLP – £47,789.00 and Pierre-Yves Guillemet – £50,000.00

Repayment of the facility was to be by eight equal monthly instalments, commencing in October 2013. By mutual agreement between the 2013 Lenders and Bookbank Limited, repayments have been postponed, continuing to bear interest under the terms of the agreement.

Repayment is accelerated on change of control of Bookbank Limited, which will occur on completion of the Placing. The sum of £189,185 remains outstanding, and is to be repaid out of the proceeds of the Placing.

13.2.6 *Summary*

As at Admission, therefore, gross indebtedness of the Group amounted to approximately £533,000 plus accrued and unpaid interest of approximately £10,000.

14 Litigation

14.1 There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Group is aware) in which Company or any subsidiary undertaking is involved by or against any Group company which may have or have had in the twelve months preceding the date of this document a significant effect on the Group's financial position or profitability.

15 Intellectual property rights

15.1 There are no patents or intellectual property rights, licenses or particular contracts which are of fundamental importance to the Group's business.

16 Investments

Save as set out in this document, there are no:

- 16.1 investments in progress which are significant; or
- 16.2 future investments upon which the Company or its management bodies have already made firm commitments.

17 Working capital

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

18 Environmental issues

Neither the Company nor the Directors are aware of any environmental issues or risks affecting the utilisation of the property, plant or machinery of the Group.

19 Related party transactions

19.1 Save as set out in paragraph 13 and this paragraph 19 of this Part 4, there are no related party transactions that the Company or any subsidiary undertaking has entered into during the period covered by the historical financial information set out in Part 3 and up to the date of this document.

19.2 Stock transfer agreement with Philip Blackwell

Between April 2011 and February 2012 Philip Blackwell transferred books and works on paper to Bookbank Limited. The consideration for these transfers was left outstanding as loans due from Bookbank Limited to Mr Blackwell pursuant to outline heads of terms pertaining to loan agreements referred to in paragraphs 19.7 and 19.8 below. These loans, together with accrued interest, have been repaid, converted into shares or loan notes of Bookbank Limited by 10 February 2012.

On 20 September 2011, Bookbank Limited entered into an overage agreement with (amongst others) Philip Blackwell and Stocklight Limited (a company controlled by Bernard Shapero) concerning the books and works on paper referred to above which Mr Blackwell had previously acquired from Stocklight Limited pursuant to two memoranda of agreement entered on 17 January 2011 and 16 February 2011 ("MOUs"). Pursuant to the overage agreement, the parties acknowledged (a) the transfer of the stock from Mr Blackwell to Bookbank Limited, and (b) the transfer of certain rights and obligations under the MOUs from Mr Blackwell to Bookbank Limited. These rights and obligations included (amongst other things) (a) the right for Bookbank Limited, in place of Mr Blackwell, to receive the proceeds of stock sold by Stocklight Limited as agent for Bookbank, and (b) the obligation of Bookbank Limited to pay part of the proceeds of sale back to Stocklight Limited depending on the sale price achieved. The obligation of Bookbank Limited to pay sums to Stocklight Limited in relation to the sale of stock under the overage agreement terminated on 3 April 2013. Stocklight Limited had entered into administration in November 2011.

19.3 Ultimate Library Limited

Ultimate Library Limited was owned by Philip Blackwell, a director of the Company and Bookbank Limited. In the financial year ended 31 March 2012, Bookbank Limited acquired the trade and assets of Ultimate Library Limited. Total consideration of £147,000 was paid on an arm's length basis.

19.4 Stocklight Limited

Bernard Shapero, a director of Bookbank Limited, was a material shareholder in Stocklight Limited. In the financial year ended 31 March 2012 Bookbank Limited acquired the trade and assets of Stocklight Limited. Total consideration of £1,123,221 was paid for stock and £129,811 for fixed assets on an arm's length basis.

19.5 Sponsorship Agreement

On 10 February 2012, Bookbank Limited entered a sponsorship agreement with Sorbus Holdco Limited (a company ultimately controlled by Thomas James Jennings CBE and family) for the payment of £36,436.30 per annum to Sorbus in return for the grant to Bookbank Limited of the "Sponsorship Rights", being the right to display the Shapero Rare Books mark on the bonnet of Sorbus' motor vehicle.

The Sponsorship Agreement continued until terminated on three months written notice by either party, material breach of the agreement, on an insolvency event or on a change of control but was terminated by consent without liability of either party to the other immediately prior to Admission.

19.6 Bibliopole Limited

On 10 February 2012, an asset purchase agreement was entered between Bibliopole Limited (a company in which Bernard Shapero owns 26 per cent. of the voting shares) and the administrators of Stocklight Limited (in Administration) for the acquisition by Bibliopole Limited of stock from Stocklight Limited. On the same date, and immediately after the completion of that first asset purchase agreement, Bookbank Limited and Bibliopole Limited entered a second asset purchase agreement which provided for the acquisition by Bookbank Limited of a 50 per cent. undivided share in the stock acquired by Bibliopole Limited pursuant to the first asset purchase agreement. The consideration payable by Bookbank Limited under the second asset purchase agreement was the payment of £125,000 on completion to be used to satisfy the fees due from Bibliopole Limited to its business advisers and solicitors and half of the fees of the administrator of Stocklight Limited (all the administrator's fees having been charged to Bibliopole Limited). On completion of the second asset purchase agreement, and in accordance with the terms set out therein, Bookbank Limited loaned to Bibliopole Limited the sum of £70,000, to be used in payment of the remaining half of the administrator's fees. The terms of the loan provided for the repayment of the loan out of the proceeds of sale of Bibliopole Limited's 50 per cent. undivided share of the stock concerned, and Bookbank Limited being appointed, under the terms of the second asset purchase agreement, as agent for the sale of Bibliopole Limited's share in that stock. The loan was interest free. The balance now outstanding on the loan is approximately £30,000.

19.7 Loans from the family of Philip Blackwell

On 12 January 2011, outline heads of terms were agreed for a loan by Philip Blackwell to Bookbank Limited of £300,000 to be secured against stock through a debenture, the term of the loan to be one year and then repayable on demand, at an interest rate of 10 per cent. (interest to be rolled up and payable at the end of the term), with the option to convert up to 50 per cent. of the loan to equity at the prevailing rate of other investors. The purpose of the loan was to fund acquisition of a parcel of stock from Stocklight Limited. This loan has been settled in accordance with paragraph 19.15.

- 19.8 On 4 February 2011, outline heads of terms were agreed for a loan by Philip Blackwell to Bookbank Limited of £619,000, the term of the loan to be one year and then repayable on demand, at an interest rate of 10 per cent. (interest to be rolled up and payable at the end of the term), with the option to convert up to 50 per cent. of the loan to equity at the prevailing rate of other investors. The purpose of this loan was to fund the acquisition of a further parcel of stock from Stocklight Limited and to meet expenses concerning the Maastricht Fine Art Fair. This loan has been settled in accordance with paragraph 19.15.
- 19.9 On 25 March 2011, outline heads of terms were agreed for a loan by Philip Blackwell to Bookbank Limited of £214,700, the term of the loan to be one year and then repayable on demand, at an interest rate of 10 per cent. (interest to be rolled up and payable at the end of the term), with the option to convert up to 50 per cent. of the loan to equity at the prevailing rate of other investors. The purpose of this loan was to acquire a further parcel of stock from Stocklight Limited and another book. This loan has been settled in accordance with paragraph 19.15.
- 19.10 On 28 April 2011, outline heads of terms were agreed for a loan by the Canova Trust of £561,000, to be secured against a certain parcel of stock, for a period of 6 months at an interest rate of 7 per cent. (to be rolled up and payable at the end of term), with an option to convert up to 50 per cent. of the loan to equity at the prevailing rate of other investors, the purpose of the loan being to acquire a parcel of stock. This loan has been settled in accordance with paragraph 19.15.
- 19.11 In April 2011, outline heads of terms were agreed for a loan by Philip Blackwell to Bookbank Limited of £80,000, the term of the loan to be one year and then repayable on demand, at an interest rate of 10 per cent. (interest to be rolled up and payable at the end of the term), with the option to convert up to 50 per cent. of the loan to equity at the prevailing rate of other investors. The purpose being to meet working capital requirements of Bookbank Limited. This loan has been settled in accordance with paragraph 19.15.
- 19.12 On 15 June 2011, outline heads of terms were agreed for a loan by Toby Blackwell Limited to Bookbank Limited of £250,000, the term of the loan to be one year and then repayable on demand, at an interest rate of 10 per cent. payable quarterly in arrears, with the option to convert up to 50 per cent. of the loan to equity at the prevailing rate of other investors. The purpose of the loan was to provide additional working capital. This loan has been settled in accordance with paragraph 19.15.
- 19.13 On 31 August 2011, Philip Blackwell and Bookbank Limited entered into a loan agreement for a loan of £147,000 repayable on 1 September 2012, and at an interest rate of 2 per cent. over Barclays Bank base lending rate. This loan has been settled in accordance with paragraph 19.15.
- 19.14 On 2 October 2011, outline heads of terms for a loan by Philip Blackwell of £125,000 for a period of 3 months and thereafter repayable on demand at an interest rate of 10 per cent. (interest to be rolled up and payable at the end of the term). The purpose of the loan being to purchase from Heritage a senior debenture over Stocklight Limited to the value of US\$330,000. This loan has been settled in accordance with paragraph 19.15.
- 19.15 By 10 February 2012, all of the loans described at paragraphs 19.7 to 19.14, together with accrued interest, had been repaid, converted into shares or loan notes of Bookbank Limited or otherwise settled.

19.16 Blackwell Ventures Limited trading agreement

On 21 January 2014, Blackwell Ventures Limited ("BVL"), a company of which Philip Blackwell is a director, acquired a collection of five volumes of books from Bookbank Limited for £100,000. These books have been placed for sale under an agency

- agreement with Bookbank Limited. Under the terms of this agreement Bookbank Limited will be paid between 20 and 100 per cent. of the gross value of the books when sold, depending on the price obtained for the books. In addition Bookbank Limited has the option to acquire the books from BVL for £112,000 on or before 21 April 2014.
- 19.17 On 5 December 2011, Bookbank Limited borrowed £52,000 from Thomas James Jennings CBE, Philip Blackwell and Bateman Street Investments LLP for the purpose of financing the acquisition of a half share in an antiquarian map. Pursuant to the terms of this agreement, Bookbank Limited has undertaken to pay the shareholders 50 per cent. of its share of any profits it receives upon the sale of the antiquarian map in excess of the capital of £52,000 which shall be returned. Bookbank Limited is acting as joint agent with Daniel Crouch Rare Books in relation to the sale of the map.
- 19.18 On 27 February 2014, an option was granted to Bernard Shapero over 19,461 ordinary shares of 20p each in Bookbank Limited at an exercise price of £2.57 per share.
 - On 24 March 2014, an option was granted to Bernard Shapero under the Bookbank Replacement Share Options plan on the terms described in paragraphs 4.3 and 6.4 of this Part 4, this being in exchange for Bernard Shapero's option over shares in Bookbank Limited which was surrendered on the same date.
- 19.19 Over the period since October 2011, the Company made various advances to Bernard Shapero. The aggregate outstanding balance due at 8 March 2014 of £34,980 was forgiven.

20 General information

- 20.1 The total proceeds of the Placing are expected to be £8.0 million. The estimated amount of the expenses of the Placing and Admission which are all payable by the Company, is approximately £1.01 million. The net proceeds of the Placing are therefore expected to be £6.99 million.
- 20.2 The financial information contained in this document does not constitute full statutory accounts as referred to in section 434 of the Companies Act.
- 20.3 There are not, neither in respect of the Company nor Bookbank Limited, any significant recent trends in production, sales and inventory, and costs and selling prices since the end of the last financial year to the date of this document.
- 20.4 There are not, neither in respect of the Company nor Bookbank Limited, any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Company's prospects for at least the current financial year of the Company.
- 20.5 Save as disclosed in this document, there has been no significant change in the financial or trading position of the Company since 7 January 2014, the date of its incorporation. Save as disclosed in this document, there has been no significant change in the financial or trading position of Bookbank since 30 September 2013, the date to which the financial information set out in Section B of Part 3 was prepared.
- 20.6 No person, either directly or indirectly, has in the last twelve months received or is contractually entitled to receive either directly or indirectly, from the Company on or after Admission (excluding in either case persons who are professional advisers otherwise disclosed in this document and trade suppliers) (i) fees totalling £10,000 or more; (ii) its securities, where these have a value of £10,000 or more calculated by reference to the Placing Price; or (iii) any payment or benefit from the Company to the value of £10,000 as at the date of Admission.
- 20.7 Of the Placing Price, 1p represents the nominal value of each Placing Share and 99p the premium.

- 20.8 Monies received from applicants pursuant to the Placing will be held in accordance with the terms of the Placing Letters issued by Whitman Howard until such time as the Placing Agreement becomes unconditional in all respects. If the Placing Agreement does not become unconditional in all respects by 30 April 2014, application monies will be refunded to applicants at their risk and without interest.
- 20.9 BDO LLP, Chartered Accountants of 55 Baker Street, London W1U 7EU, are a member firm of the Institute of Chartered Accountants in England and Wales.
- 20.10WH Ireland of 24 Martin Lane London EC4R 0DR has given and not withdrawn its written consent to the inclusion in this document of references to its name in the form and context in which they appear.
- 20.11Whitman Howard of 55 Bryanston Street London W1H 7AA has given and not withdrawn its written consent to the inclusion in this document of references to its name in the form and context in which they appear.
- 20.12 BDO LLP have given and have not withdrawn their written consent to the inclusion in this document of their report set out in Section A of Part 3 in the form and context in which it appears.
- 20.13 To the extent information has been sourced from a third party, this information has been accurately reproduced and, as far as the Directors and the Company are aware and able to ascertain from information published by that third party, no facts have been omitted which may render the reproduced information inaccurate or misleading.

21 Publication of this document

Copies of this document shall be available free of charge during normal business hours on any day (except Saturdays, Sundays and public holidays) from WH Ireland at 24 Martin Lane London EC4R 0DR for a period of one month from the date of Admission.

Date: 25 March 2014