cerillion

PLACING AND ADMISSION TO AIM

SHORE CAPITAL
CAPITAL MARKETS

NOMINATED ADVISER AND BROKER

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or the action you should take, you should immediately consult a person authorised for the purposes of the Financial Services and Markets Act 2000 (as amended) ("FSMA") who specialises in advising on the acquisition of shares and other securities. Although the whole text of this document should be read, the attention of persons receiving this document is drawn to the section headed "Risk Factors" contained in Part 2 of this document. All statements regarding the Group's business, financial position and prospects should be viewed in light of the risk factors set out in Part 2 of this document.

Cerillion plc (the "**Company**") and each of its Directors, whose names, business address and functions appear on page 6 of this document, accept responsibility for the information contained in this document including collective and individual responsibility for compliance with the AIM Rules for Companies. To the best of the knowledge of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and contains no omission likely to affect its import. To the extent that information has been sourced from a third party, this information has been accurately reproduced and, as far as the Directors are aware and are able to ascertain from information published by that third party, no facts have been omitted which may render the reproduced information inaccurate or misleading. In connection with this document, no person is authorised to give any information or make any representation other than as set out in this document. This document has been prepared in connection with the proposed application for admission of the entire issued and to be issued share capital of the Company to trading on AIM, a market operated by London Stock Exchange plc ("**AIM**"). This document is an AIM admission document drawn up in accordance with the AIM Rules for Companies. This document does not contain an offer or constitute any part of an offer to the public within the meaning of sections 85 and 102B of FSMA or otherwise. This document is not an approved prospectus for the purposes of section 85 of FSMA and a copy of it has not been, and will not be, approved or filed with the Financial Conduct Authority ("**FCA**") in accordance with the Prospectus Rules or delivered to or approved by any other authority which could be a competent authority for the purposes of Directive 2003/71/EC (the "**Prospectus Directive**").

Application will be made for the whole of the ordinary share capital of the Company in issue and to be issued pursuant to the Placing and the Acquisition, 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 18 March 2016.

The AIM Rules for Companies are less demanding than those of the Official List of the UK Listing Authority. It is emphasised that no application is being made for admission of the Ordinary Shares to the Official List. No application has been made for the Ordinary Shares to be listed on any other recognised investment exchange.

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. Neither the London Stock Exchange nor the UK Listing Authority have examined or approved the contents of this document.

Cerillion plc

(Incorporated in England & Wales under the Companies Act 2006 with registered number 09472870)

Acquisition of Cerillion Technologies Limited

Subscription for and Placing of 13,157,895 new Ordinary Shares of GBP 0.005 each at a price of 76p per Ordinary Share and Admission to trading on AIM

Nominated Adviser

Shore Capital & Corporate Limited

Broker

Shore Capital Stockbrokers Limited

SHORE CAPITAL
CAPITAL MARKETS

Ordinary Share Capital immediately following Admission

Ordinary Shares of GBP 0.005 each
Issued and fully paid

Number	*Amount*
29,513,486	£147,567.43

Shore Capital & Corporate, which is authorised and regulated in the United Kingdom by the FCA, is acting as Nominated Adviser to the Company in connection with the Placing and Admission and is advising no one else in relation to the Placing and Admission and will not be responsible to any person other than the Company for providing the protections afforded to its clients or for advising any other person in relation to the Placing or Admission or otherwise. The responsibilities of Shore Capital & Corporate, as Nominated Adviser under the AIM Rules for Companies and the AIM Rules for Nominated Advisers, are owed solely to the London Stock Exchange and are not owed to the Company or any Director of the Company or to any other person in respect of their decision to acquire Ordinary Shares in the Company in reliance on any part of this document. No representation or warranty, express or implied, is made by Shore Capital & Corporate as to the contents of this document, or for the omission of any material information from this document. Shore Capital & Corporate has not authorised the contents of, or any part of, this document and no liability whatsoever is accepted by Shore Capital & Corporate for the accuracy of any information or opinions contained in this document or for the omission of any information from this document.

Shore Capital Stockbrokers, which is authorised and regulated in the United Kingdom by the FCA, is acting as broker to the Company for the purposes of the AIM Rules for Companies in connection with the Placing and is advising no one else in relation to the Placing and will not be responsible to any person other than the Company for providing the protections afforded to its clients or for advising any other person in relation to the Placing or otherwise. No representation or warranty, express or implied, is made by Shore Capital Stockbrokers as to the contents of this document, or for the omission of any material information from this document. Shore Capital Stockbrokers has not authorised the contents of, or any part of, this document and no liability whatsoever is accepted by Shore Capital Stockbrokers for the accuracy of any information or opinions contained in this document or for the omission of any information from this document.

Prospective investors should rely only on the information contained in this document. No person has been authorised to give any information or make any representations other than as contained in this document and, if given or made, such information or representations must not be relied upon as having been authorised by the Company, the Directors, Shore Capital & Corporate or Shore Capital Stockbrokers. Without prejudice to the Company's obligations under the AIM Rules for Companies, neither the delivery of this document nor any subscription made under this document shall, under any circumstances, create any implication that there has been no change in the business or affairs of the Company since the date of this document or that the information contained in this document is correct as of any time subsequent to the date of this document.

Copies of this document will be available during normal business hours on any day (except Saturdays, Sundays, bank and public holidays) free of charge to the public at the offices of Orrick Herrington & Sutcliffe (Europe) LLP at 107 Cheapside, London EC2V 6DN from the date of this document to the date one month from the date of Admission.

IMPORTANT INFORMATION

No legal, business, tax or other advice is provided in this document. Prospective investors should consult their professional advisers as needed on the potential consequences of subscribing for, purchasing, holding or selling Ordinary Shares under the laws of their country and/or state of citizenship, domicile or residence.

Prospective investors must inform themselves as to: (a) the legal requirements within their own countries for the purchase, holding, transfer, redemption or other disposal of the Ordinary Shares; (b) any foreign exchange restrictions applicable to the purchase, holding, transfer, redemption or other disposal of the Ordinary Shares which they might encounter; and (c) the income and other tax consequences which may apply in their own countries as a result of the purchase, holding, transfer, redemption or other disposal of the Ordinary Shares.

This document does not constitute an offer to sell or an invitation to subscribe for, or the solicitation of an offer to buy or to subscribe for, Ordinary Shares in any jurisdiction in which such an offer or solicitation is unlawful and this document is not for distribution in or into the Prohibited Territories. The Ordinary Shares have not nor will they be registered under the United States Securities Act of 1933 (as amended) (the "Securities Act") or with any securities regulatory authority of any state or other jurisdiction of the United States or under the applicable securities laws of the other Prohibited Territories and, unless an exemption under such Act or laws is available, may not be offered for sale or subscription or sold or subscribed directly or indirectly within the Prohibited Territories for the account or benefit of any national, resident or citizen of the Prohibited Territories. The distribution of this document in other jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of such jurisdictions.

The Placing Shares are being placed only outside the United States pursuant to the requirements of Regulation S under the Securities Act and have not been, and will not be registered under the Securities Act.

Restrictions on sales in the United States

THE ORDINARY SHARES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION IN THE UNITED STATES OR ANY OTHER REGULATORY AUTHORITY IN THE UNITED STATES, NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED ON OR ENDORSED THE MERITS OF THE OFFER OR THE ACCURACY OR ADEQUACY OF THE INFORMATION CONTAINED IN THIS ADMISSION DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

Notice to prospective investors in the European Economic Area

In the United Kingdom this document is being distributed to, and is directed only at qualified investors (as defined in the Prospectus Directive) who are (i) persons having professional experience in matters relating to investments who fall within the definition of "investment professionals" in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Order**"), or (ii) high net worth bodies corporate, unincorporated associations and partnerships and trustees of high value trusts as described in Article 49(2) of the Order and persons within the United Kingdom who receive this document (other than persons falling within (i) and (ii) above) should not rely on or act upon this document.

In relation to each member state of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), no Ordinary Shares have been offered or will be offered pursuant to the Placing to the public in that Relevant Member State prior to the publication of a prospectus in relation to the Ordinary Shares which has been approved by the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that offers of Ordinary Shares to the public may be made at any time under the following exemptions under the Prospectus Directive, if they are implemented in that Relevant Member State:

1. to any legal entity which is a "qualified investor" as defined in the Prospectus Directive;
2. to fewer than 150, or, if the Relevant Member State has not implemented the relevant provision of the Prospectus Directive, 100 natural or legal persons (other than qualified investors) in such Relevant Member State; or
3. in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Ordinary Shares shall result in a requirement for the publication of a prospectus pursuant to Article 3 of the Prospectus Directive or any measure implementing the Prospectus Directive in a Relevant Member State and each person who initially acquires any Ordinary Shares or to whom any offer is made under the Placing will be deemed to have represented, acknowledged and agreed that it is a "qualified investor" within the meaning of Article 2(1)(e) of the Prospectus Directive. For the purposes of this provision, the expression "an offer to the public" in relation to any offer of Ordinary Shares in any Relevant Member State means a communication in any form and by any means presenting sufficient information on the terms of the offer and any Ordinary Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Ordinary Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State and the expression the "Prospectus Directive" means Directive 2003/71/EC (as amended), to the extent implemented in the Relevant Member State and includes any relevant implementing measure in each Relevant Member State.

Forward looking statements

This document contains certain "forward looking statements", including statements about current beliefs and expectations of the Directors. In particular, the words "expect", "anticipate", "estimate", "may", "should", "plans", "intends", "will", "believe" and similar expressions (or in each case their negative and other variations or comparable terminology) can be used to identify forward looking statements. Such forward-looking statements are subject to, *inter alia*, the "Risk factors" in Part 2 of this document and involve known and unknown risks and uncertainties and speak only as of the date they are made. These statements are based on the Board's expectations of external conditions and events, current business strategy, plans and the other objectives of management for future operations, and estimates and projections of the Company's financial performance. Though the Board believes these expectations to be reasonable at the date of this document they may prove to be erroneous. Investors are hereby cautioned that certain important factors could cause actual results, outcomes, performance or achievements of the Company or industry results to differ materially from those expressed or implied in forward looking statements. Such factors include, but are not limited to, those described in the Risk Factors section of this document.

Save as required by law or the AIM Rules for Companies, the Company undertakes no obligation to publicly release the results of any revisions to any forward looking statements in this document that may occur due to any change in the Board's expectations or to reflect events or circumstances after the date of this document.

Presentation of financial information

The financial information presented in a number of tables in this document has been rounded to the nearest whole number or the nearest decimal place. Therefore, the sum of the numbers in a table may not conform exactly to the total figure given for that table. In addition, certain percentages presented in the tables in this document reflect calculations based upon the underlying information prior to rounding, and, accordingly, may not conform exactly to the percentages that would be derived if the relevant calculations were based upon the rounded numbers.

Certain non-IFRS measures such as "EBITDA" have been included in the financial information contained in this document as the Directors believe that these provide important alternative measures with which to assess the Group's performance. Investors should not consider EBITDA as an alternative to revenue and operating profit which are IFRS measures. Additionally, the Group's calculation of EBITDA may be different from the calculation used by other companies and therefore comparability may be limited.

Defined terms

Certain terms used in this document are defined in the "Definitions" section of this document. Certain technical terms are defined in the "Glossary of Business Definitions" section of this document.

CONTENTS

DIRECTORS, SECRETARY AND ADVISERS

Directors	Alan Miles Howarth *(Non-executive Chairman)* Louis Tancred Hall *(Chief Executive Officer)* Oliver Campbell Radnor Gilchrist *(Chief Financial Officer)* Guy Jason O'Connor *(Business Development Director)* Michael (Mike) Dee *(Non-executive Director)*
Company Secretary	Oliver Gilchrist
Registered Office	125 Shaftesbury Avenue London WC2H 8AD
Nominated Adviser	Shore Capital & Corporate Limited Bond Street House 14 Clifford Street London W1S 4JU
Broker	Shore Capital Stockbrokers Limited Bond Street House 14 Clifford Street London W1S 4JU
Legal Advisers to the Company	Orrick Herrington & Sutcliffe (Europe) LLP 107 Cheapside London EC2V 6DN
Legal Advisers to the Nominated Adviser and Broker	Taylor Wessing LLP 5 New Street Square London EC4A 3TW
Reporting Accountant	Grant Thornton UK LLP 30 Finsbury Square London EC2P 2YU
Auditors	Grant Thornton UK LLP Grant Thornton House Melton Street Euston Square London NW1 2EP
Registrars	Computershare Investor Services PLC The Pavilions Bridgwater Road Bristol BS13 8AE
Financial PR Consultants	KTZ Communications Limited No. 1 Cornhill London EC3V 3ND
Company website	www.cerillion.com

DEFINITIONS

The following definitions apply throughout this document, unless the context otherwise requires:

"Acquisition Agreement"	the unconditional offer made by the Company to the shareholders of Cerillion to acquire the entire issued and to be issued share capital of Cerillion upon Admission, which has been accepted by the holders of 100 per cent. of each class of share to which such offer relates;
"Acquisition"	the acquisition of Cerillion by the Company pursuant to the Acquisition Agreement;
"Act"	the Companies Act 2006;
"Admission"	the admission of the Ordinary Shares (in issue and to be issued, pursuant to the Acquisition and the Placing), to trading on AIM becoming effective in accordance with the AIM Rules for Companies;
"AIM Rules for Companies"	the AIM Rules for Companies published by the London Stock Exchange from time to time;
"AIM Rules for Nominated Advisers"	the AIM Rules for Nominated Advisers published by the London Stock Exchange from time to time;
"AIM"	the market of that name operated by the London Stock Exchange;
"Articles"	the articles of association of the Company, a summary of which is set out in paragraph 5 of Part 6 of this document;
"Bank"	HSBC Bank plc;
"Board"	all or any number of the Directors acting as the Board of Directors or a duly constituted committee thereof;
"CAGR"	compound annual growth rate;
"Cerillion" or **"Cerillion Technologies"**	Cerillion Technologies Limited, a company registered in England & Wales under company number 03849601;
"certificated" or **"in certificated form"**	not in uncertificated form (that is, not in CREST);
"CGT"	capital gains tax;
"City Code"	The City Code on Takeovers and Mergers as amended from time to time;
"Company"	Cerillion plc, a company registered in England & Wales under company number 09472870;
"Consideration Shares"	the 4,482,800 new Ordinary Shares to be allotted and issued at Admission to certain existing shareholders in Cerillion pursuant to the Acquisition Agreement;
"CREST Regulations"	the Uncertificated Securities Regulations 2001 (SI 2001/3755);

"CREST"	the relevant system (as defined in the CREST Regulations) in respect of which Euroclear is the Operator (as defined in the CREST Regulations) in accordance with which securities may be held and transferred in uncertificated form;
"CTIPL"	Cerillion Technologies India Private Limited, a company registered in India under company number U72900PN2006PTC128792 whose registered office is at Cyber City, Tower- 5, Level- 2, Wing- B Magarpatta City, Hadapsar, Pune – 411013 Maharashtra, India;
"Directors"	the current directors of the Company whose names are set out on page 6 of this document;
"Director Shareholders"	Louis Hall, Oliver Gilchrist and Guy O'Connor;
"Disclosure and Transparency Rules"	the disclosure and transparency rules made pursuant to section 73A of FSMA;
"EBITDA"	earnings before net finance charges, tax, depreciation and amortisation;
"Enlarged Share Capital"	the issued share capital of the Company immediately following the Acquisition and the Placing;
"Euroclear"	Euroclear UK & Ireland Limited, the operator of CREST;
"Facility"	the facility to be provided by the Bank pursuant to the terms of the Facility Agreement;
"Facility Agreement"	the agreement between the Company and the Bank dated 11 March 2016, further details of which are set out in paragraph 10.1 of Part 6;
"FCA"	the Financial Conduct Authority of the UK;
"FSMA"	the Financial Services and Markets Act 2000;
"Fundraising"	the Placing and the Subscription;
"Group"	Cerillion and its subsidiaries from time to time;
"HMRC"	Her Majesty's Revenue and Customs (which shall include its predecessors, the Inland Revenue and HM Customs and Excise);
"IBM"	International Business Machines Corporation;
"IFRS"	International Financial Reporting Standards as endorsed by the European Union;
"INR"	Indian rupee, the lawful currency of India;
"LHS"	LHS Telekommunikation GmbH & Co. KG;
"Lock-in Agreements"	the conditional agreements dated 14 March 2016 between (1) SCC, (2) SCS, (3) the Company and (4) each of Louis Hall, Oliver Gilchrist and Guy O'Connor, details of which are set out in paragraph 7 of Part 1 and paragraph 10.1 of Part 6 of this document;

"Logica"	Logica plc;
"London Stock Exchange"	London Stock Exchange Group plc;
"Money Laundering Regulations"	the Money Laundering Regulations 2007;
"NAPF AIM Policy"	The National Association of Pension Funds Policy and Voting Guidelines for AIM Companies published in March 2007;
"Official List"	the Official List of the UKLA;
"Ordinary Shares"	ordinary shares of £0.005 each in the share capital of the Company;
"Panel"	the Panel on Takeovers and Mergers;
"Placees"	subscribers for Placing Shares pursuant to the Placing;
"Placing Agreement"	the conditional agreement dated 14 March 2016 between (1) the Company (2) the Directors (3) SCC and (4) SCS relating to the Placing, details of which are set out in paragraph 10.2 of Part 6 of this document;
"Placing Price"	76 pence per Placing Share;
"Placing Shares"	the 7,894,737 new Ordinary Shares to be allotted and issued to Placees pursuant to the Placing Agreement;
"Placing"	the conditional placing by SCS, on behalf of the Company, of the Placing Shares pursuant to the terms of the Placing Agreement;
"Prohibited Territories"	USA, Australia, Canada, Japan, the Republic of South Africa and their respective territories and possessions;
"Prospectus Directive"	Directive 2003/71/EC;
"Prospectus Rules"	the rules made pursuant to section 73A of FSMA;
"Relationship Agreement"	the conditional agreement dated 14 March 2016 between (1) the Company, (2) the Director Shareholders, (3) SCC and (4) SCS, details of which are set out in paragraph 10.3 of Part 6 of this document;
"SCC" or **"Shore Capital & Corporate"**	Shore Capital & Corporate Limited;
"SCS" or **"Shore Capital Stockbrokers"**	Shore Capital Stockbrokers Limited;
"Share Dealing Code"	the share dealing code adopted by the Company on Admission;
"Shareholders"	holders of Ordinary Shares;
"Shore Capital"	SCC and/or SCS, as the context permits;
"SID"	Senior Independent Director;
"Subscription"	the subscription for 5,263,158 Subscription Shares by funds managed by Livingbridge VC LLP at the Placing Price which completed on 9 November 2015;

"Subscription Shares"	the 5,263,158 new Ordinary Shares subscribed for pursuant to the Subscription;
"UK Corporate Governance Code"	the UK Corporate Governance Code published by the Financial Reporting Council;
"UK Listing Authority" or **"UKLA"**	the FCA acting in its capacity as the competent authority for the purposes of Part VI of FSMA;
"UK" or **"United Kingdom"**	the United Kingdom of Great Britain and Northern Ireland;
"uncertificated" or **"in uncertificated form"**	recorded on the register of members of the Company as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST;
"US" or **"USA"** or **"United States"**	the United States of America, its territories and possessions, any state or political sub-division of the United States of America, the District of Columbia and all other areas subject to the jurisdiction of the United States of America;
"USD" or **"$"**	United States Dollars, the lawful currency of the United States;
"VCT"	a venture capital trust;
"VAT"	value added tax; and
"£" and **"p"**	pounds and pence sterling respectively, the lawful currency of the UK.

All references to legislation in this document are to the legislation of England & Wales unless the contrary is indicated. Any reference to any provision of any legislation shall include any amendment, modification, re-enactment or extension thereof.

Words importing the singular shall include the plural and vice versa, and words importing the masculine gender shall include the feminine or neutral gender.

GLOSSARY OF BUSINESS DEFINITIONS

The following technical terms are used in this document and have the following meanings:

3G	Third Generation mobile telecommunications technology, used by networks that comply with the IMT-2000 ITU specifications;
3GPP	Third Generation Partnership Project, the body responsible for maintaining the 2G, 3G, 4G and 5G standards;
4G	Fourth Generation, a mobile telecommunications technology succeeding 3G;
5G	Fifth Generation, a mobile telecommunications technology succeeding 4G;
BABT	British Approvals Board for Telecommunications;
BSS	Business Support System;
Carriers	providers of telecommunications network infrastructure; typically large, tier-1 telecommunications operators;
Carrier grade	in telecommunications, a system that is extremely reliable, scalable and proven;
CEM technology	Customer experience management technology;
Cloud-based	a software system that is accessed remotely (e.g. via the Internet) and is typically charged for on a usage basis;
Convergent charging and billing	a software solution in the telecoms industry that enables common management of all users and all services for operators and enables charging and billing for all services to be carried out on a single BSS platform;
Convergent Charging System	Cerillion's software solution to the telecoms industry that enables common management of all users and all services for operators and for charging for all services to be carried out on a single BSS platform;
CRM	Customer Relationship Management;
CSPs	Communications Service Providers;
Fixed Line	the provision of electronic communications services to premises using wired (as opposed to wireless) technology;
Fully redundant	A software system in which all software and hardware components are replicated, often at different geographic locations, so as to prevent a loss of service should a single component fail;
GSM	Global System for Mobile Communications;

HSDPA	High Speed Downlink Packet Access, an enhanced 3G mobile-telephony communications protocol, allowing higher data speeds and capacity than on a regular 3G data platform;
IP	Internet Protocol, the method or protocol by which data is sent across network boundaries over the internet;
IP Network	a network which transports traffic (which may be voice or data) using IP technology;
IP Services	services provided by way of IP;
ISP	an Internet Service Provider;
ISVs	Independent Software Vendors;
Logical assets	In relation to telecommunications networks, logical assets are the conceptual network entities as opposed to the physical network components;
LTE	Long Term Evolution, a 4G wireless broadband technology;
Mission critical	any element of a system (equipment, process, procedure, software, etc.) whose failure will result in the failure of business operations. That is, it is critical to the organisation's "mission";
Multi-play	the provision of different telecommunications services, such as internet access, television, telephone, and mobile phone service by organisations that traditionally only offered one or two of these services;
NFV	Network functions virtualisation;
OSS	Operations support system;
OTT service	Over-the-top service refers to video, television and other services provided over the internet rather than via a service provider's own dedicated network;
Quad-play	in telecommunications, a marketing term combining the service of broadband internet access, television, telephone and mobile in the same product bundle;
RFP	Request For Proposal;
SaaS	Software-as-a-Service;
SDN	Software Defined Networks;
SIP	Session Initiation Protocol, a signalling communications protocol widely used for controlling multimedia communication sessions;
SMS	Short Message Service, the text messaging service component of GSM networks;

TDM	Time Division Multiplexing, a method of transmitting and receiving independent signals over a common signal path;
Tier-1	a large telecommunications service provider, typically a carrier which owns the major part of the network across which it provides services;
Tier-2	a mid-size telecommunications service provider, which may buy network access from a Tier-1 carrier, but typically owns some network components;
Tier-3	a smaller carrier which may buy network access from a Tier-1 carrier but may own some network components;
UMTS	Universal Mobile Telecommunications System; and
VoIP	Voice over Internet Protocol, a generic term for voice calls transported over IP data networks.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication of this document	14 March 2016
Issue of the Placing Shares and Consideration Shares	18 March 2016
Complete Acquisition, effect Admission and commence dealings in the Ordinary Shares on AIM	18 March 2016
Credit CREST accounts (as applicable)	18 March 2016
Despatch definitive share certificates (as applicable)	by 31 March 2016

Each of the dates in the above timetable is subject to change.

PLACING & SUBSCRIPTION STATISTICS

Placing Price	76 pence
Number of existing Ordinary Shares in issue immediately prior to the Subscription and entry into the Acquisition	11,872,791
Number of Subscription Shares issued pursuant to the Subscription	5,263,158
Number of Consideration Shares to be issued pursuant to the Acquisition Agreement	4,482,800
Number of Placing Shares to be issued pursuant to the Placing	7,894,737
Number of Ordinary Shares in issue immediately following Admission	29,513,486
Percentage of the Enlarged Share Capital being placed pursuant to the Fundraising	44.6%
Proceeds of the Fundraising receivable by the Company before expenses	£10 million
Market capitalisation of the Company at the Placing Price following Admission	£22.4 million
EPIC/TIDM	CER
ISIN	GB00BYYX6C66
SEDOL	BYYX6C6

PART 1

INFORMATION ON THE GROUP

1 Information on the Company

The Company was incorporated in England & Wales on 5 March 2015 by Louis Hall, CEO, Guy O'Connor, Business Development Director, and Oliver Gilchrist, CFO, as a platform to acquire the entire issued share capital of Cerillion Technologies Limited, a well-established billing, charging and customer relationship management ("CRM") software company. Since its incorporation, the Company has not traded other than to the extent necessary to make the Acquisition.

2 Information on Cerillion

2.1 Introduction

Cerillion has a 16 year track record in providing comprehensive billing, charging and CRM software solutions, predominantly to the telecommunications sector but also to other industry sectors, including financial services and utilities.

It has established a reputation within the global telecoms market for being a leading supplier of carrier-grade, enterprise billing, charging and CRM software, supporting fixed wire, mobile, broadband and TV communications service providers. Cerillion solutions are now used in more than 75 customer installations across 40 countries.

Cerillion is headquartered in London and has 164 staff, with 79 based in Pune, India.

2.2 History and background

Cerillion was incorporated in September 1999 following the management buyout from Logica of the customer care and billing product division, which had been operating since 1992. The buyout was led by Louis Hall and Guy O'Connor. Between 2000 and 2002, Cerillion raised a combined total of £10.5 million from three venture capital funding rounds via Baird Capital Partners and DFJ Esprit (formerly WestLB Panmure), with £3.0 million raised in 2000, £6.0 million in 2001 and £1.5 million in 2002. Cerillion has not raised any further funding and its growth from 2002 to March 2015 has been achieved predominantly organically. In March 2015 the board of Cerillion authorised Louis Hall, Guy O'Connor and Oliver Gilchrist to incorporate the Company in order to pursue an acquisition of Cerillion in conjunction with the flotation of the Company on AIM. The rationale for Admission is set out in the "Growth strategy and reasons for Admission" section on page 25 in this Part 1.

Cerillion's key development milestones are outlined below:

- In 2001, Cerillion signed a contract with the now AIM quoted Manx Telecom Plc, to provide billing services for the world's first commercial UMTS (3G mobile cellular system). In 2005, Cerillion implemented its solution in support of Manx Telecom plc's HSDPA network and in 2006, Cerillion helped Manx Telecom plc become the first combined fixed and mobile telecommunications company in the world to gain BABT approval for its billing accuracy.
- In 2006, Cerillion opened its Global Solutions Centre within the hi-tech commercial area Cybercity, in Magarpatta City, Pune, India. The Global Solutions Centre was established to enhance Cerillion's ability to provide customers worldwide with solutions that are cost-effective while remaining at the cutting edge of technology. Following the opening, Cerillion was able to win contracts in Guinea, Gambia, Mauritania and Kenya.
- In 2012, Truphone Limited, the world's first global mobile network which offers multiple local numbers on one SIM card, signed a five-year contract for Cerillion's convergent billing and CRM solution. Cerillion's system now supports Truphone's presence in multiple countries.

- In 2013, Cerillion released its real-time Convergent Charging System thereby significantly increasing its addressable market. This system enables the billing of pre-paid mobile services and is of particular relevance to the faster growing mobile and mobile data sector. Cerillion's ability to offer convergent (real-time) charging within a fully integrated product suite is viewed by the Directors as a key differentiator of the Group's core offering as compared with its competitors.

- In 2014, Cerillion soft-launched its cloud SaaS billing product Skyline and announced an extension of its partnership with IBM. Skyline was made available to IBM clients on the IBM cloud marketplace and, later in the year, IBM named Cerillion as the 2014 Independent Software Vendor of the Year for UK and Ireland.

- In March 2015, Cerillion acquired netSolutions, a geospatial location network inventory business, from AIM quoted Ubisense Group plc. The acquisition has enhanced Cerillion's BSS/OSS portfolio, enabling it to address the service management needs of next generation networks within the same seamless solution. It has also extended Cerillion's reach into other industry verticals and facilitates channel partner relationships with other large corporates such as General Electric Company.

2.3 The business

Cerillion service offering

Cerillion is a full service BSS/OSS solution provider offering a wide range of professional services from initial implementation and system migration, to comprehensive support and maintenance. Cerillion also offers a suite of training and consultancy services to support the deployment of its solutions and provides a complete managed service which can provide a charging and billing solution in a much shorter time frame than is required for the deployment of a traditional enterprise solution and for a much lower start-up cost.

Cerillion revenue model

Cerillion generates revenues from implementation services, support services and maintenance as well as software licence sales.

In the year to 30 September 2015, Cerillion generated approximately 61 per cent. of its revenues from implementation services, approximately 26 per cent. of its revenues from support and maintenance services, approximately 4 per cent. of its revenues from software licence sales and approximately 9 per cent. of its revenues from other activities, including the reselling of third party products.

Implementation services

Cerillion generates the majority of its revenues from software implementation. A full system implementation takes on average 12 to 18 months, with initial workshops undertaken to establish a detailed understanding of customers' requirements and to analyse the existing infrastructure. Implementations may comprise a standard Cerillion system, a more bespoke solution designed to fit specific customer requirements or an upgrade programme for an existing customer. The key elements of an implementation project include establishing business processes, providing staff training, integrating systems and data migration.

Support and maintenance

Cerillion offers a range of support and maintenance services to its customers. Support staff are based in three different time zones around the world, in India, Malta and the UK, with customers able to subscribe to a 24 x 7 support service. Customer support requests are accepted via email, phone or online channels.

Cerillion's support and maintenance services are based on standardised offerings which can be tailored to the individual needs of customers. These offerings typically cover second and third line support for Cerillion products and a help desk facility for third party products. Software support staff assist with product configuration, defect correction and new software releases. Depending on the support level required, Cerillion can provide individual service level agreements with options including enhanced response times, onsite support and specific time period support.

Software Licences

Cerillion generates revenue from licence fees for its software systems. Software licences may be sold for a fixed period (typically five years) or in perpetuity. Licence revenue may also be generated from upgrades to a more advanced system or from customers increasing the number of their subscribers.

Cerillion product offering

The Cerillion Enterprise BSS/OSS Suite is a pre-integrated end-to-end billing, charging and CRM solution for mobile, fixed, cable and multi-service communications providers as well as utilities. The suite of applications has been developed in a modular fashion allowing individual modules to be purchased and used on a standalone basis for specific needs, as well as providing a complete solution. The software components are pre-integrated, and built according to industry standards (including the 3GPP charging standard) and common data specifications.

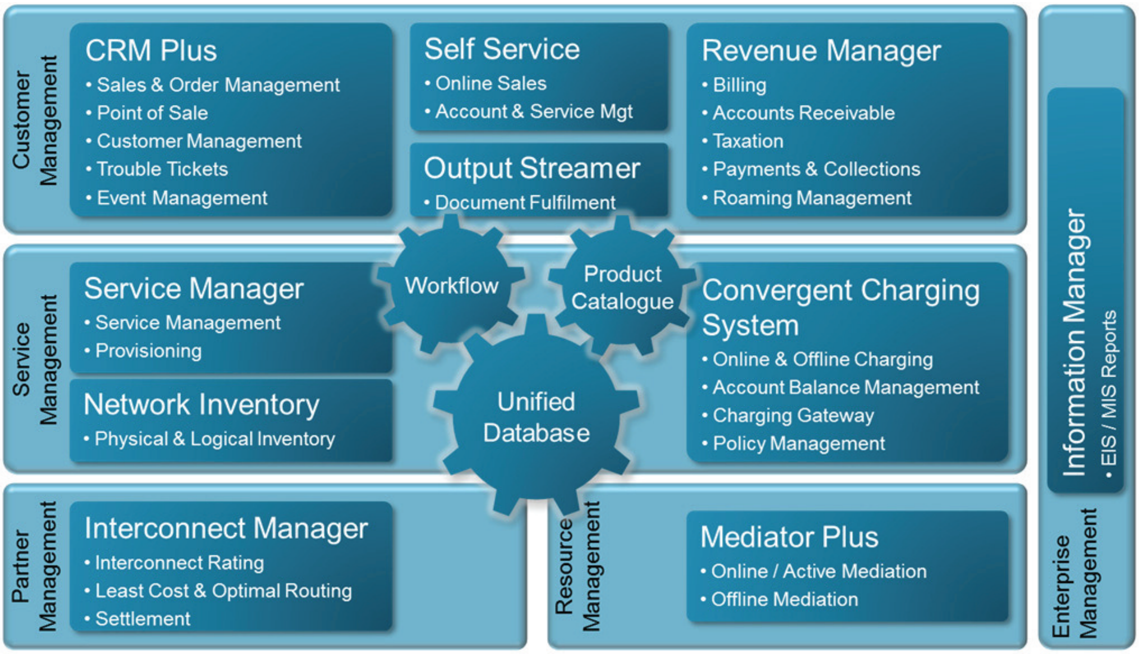

Figure 1 – Cerillion Enterprise BSS/OSS product map

The individual components of Cerillion's Enterprise BSS/OSS Suite are shown in the above diagram. They are explained in greater detail below.

Customer Management Modules

Revenue Manager

Cerillion Revenue Manager is a convergent billing and revenue management solution for mobile, fixed, cable and multi-play communication service providers. Revenue Manager is at the heart of the end-to-end Cerillion suite, enabling revenue generation from any type of service including both 'pre-paid' and 'post-paid' customers.

CRM Plus

Cerillion CRM Plus is a comprehensive CRM solution that integrates all aspects of the customer relationship lifecycle for telecoms services. It provides a fully integrated suite of functions to allow sales and customer service staff to manage the customer lifecycle, from initial contact, to sales, post sales, and financial and marketing management. Integrated workflow management and automated processes enable streamlined operations whilst providing a complete audit trail of customer contact activities.

Self-Service

Cerillion Self-Service is a web design application offering self-service account management and online sales from any device or browser. It provides a platform on which to offer a range of online self-service features including: buying new services and bolt-ons; viewing and paying bills; and managing spending controls and automatic top-ups; all available as a website which automatically adapts to the size and orientation of the user's device.

Output Streamer

Based on Open Text Corporation's StreamServe platform, Cerillion Output Streamer is a document fulfilment tool, providing design, production and distribution control of invoices and other customer communications. It provides presentation and distribution control over all document output produced from the Cerillion solution. It enables common document designs and consistent communication across all channels. Documents may be sent by email, SMS, fax and other distribution methods, allowing each document type to be used as the basis for targeted marketing campaigns and cross-sell or up-sell promotions.

Service Management Modules

Convergent Charging System

Cerillion Convergent Charging System (CCCS) is a 3GPP compliant convergent charging system for online and offline services. It delivers the next generation of convergent services, supporting session and event-based charging with or without unit reservation. CCCS allows operators to perform real-time authorisation, accounting and policy control during service delivery, with an industry standard interface for integration with the network and upstream application platforms.

Service Manager

Cerillion Service Manager is a telecom order management and service fulfilment solution for fixed, mobile, cable and convergent services. It provides a complete closed-loop service fulfilment solution, which enables efficient network resource utilisation combining service order management and provisioning with a comprehensive product catalogue and an optional network inventory solution.

Network Inventory

Cerillion Network Inventory is an integrated suite of software products designed to complement and extend GE Digital Energy's Smallworld Network Inventory™ software. It is a network asset management solution that is pre-integrated within the Cerillion Enterprise BSS/OSS product suite as well as being available for standalone project deployments. Designed to manage both physical and logical assets, networks can be modelled accurately and flexibly from the core network all the way to the customer premises, supporting capacity planning and service assignment for all fixed and mobile networks.

Partner Management, Resource Management and Enterprise Management Modules

Interconnect Manager

Cerillion Interconnect Manager is an interconnect billing and settlement solution for fixed, mobile, cable and multi-play Communications Services Providers ("CSPs"). It is a solution for managing interconnect agreements between CSPs.

Mediator Plus

Based on Digital Route AB's MediationZone platform, Cerillion Mediator Plus is a convergent mediation solution for multiple types of usage including fixed, mobile, IP, content and transactional systems. It is a convergent mediation system that provides: collection, correlation, duplicate checking, validation, transformation, filtering, distribution, and auditing. It allows a wide range of offline and online deployment scenarios, and the system can grow and evolve in support of network expansion and new application rollouts.

Information Manager

Based on SAP's BusinessObjects platform, Cerillion Information Manager provides a set of integrated business intelligence and analytics tools for maximising the value of its customers' data. It includes a suite of standard business reports and a set of custom reporting tools, enabling sophisticated data analysis to support CRM initiatives, targeted outbound marketing and revenue assurance programmes. Moreover these can be scheduled to run automatically and can be published directly to relevant recipients.

Customer base

Cerillion has a global customer base, with approximately 75 customer installations across 40 countries.

Its customers predominantly comprise telecommunications providers, with Cerillion's product offering being suitable for mobile, broadband and TV service operators as well as multi-play customers. In addition, Cerillion has customers outside the telecommunications sector including in financial services and utilities. As of September 2015, the geographic customer spread was: 22 in Europe, 35 in the Americas, 12 in Asia Pacific and 6 in the Middle East and Africa.

Cerillion's customers within telecommunications are mainly smaller Tier-2 and Tier-3 operators, although some of these customers have subscriber bases in the millions. The Directors believe that the flexibility and ease of implementation of the Cerillion suite reduces complexity and therefore the cost of implementation, which is key for a smaller operator.

Cerillion is also targeting Tier-1 operators, and has recently entered into a contract with a large, multi-country operator in the Americas (see "Current trading and prospects" section on page 27 in this Part 1). Cerillion also gained some Tier-1 customers when it acquired netSolutions in 2015. These include KDDI Corporation in Japan, Cox Communications Inc. and CenturyLink Inc. in the Americas and MTN Group in Africa.

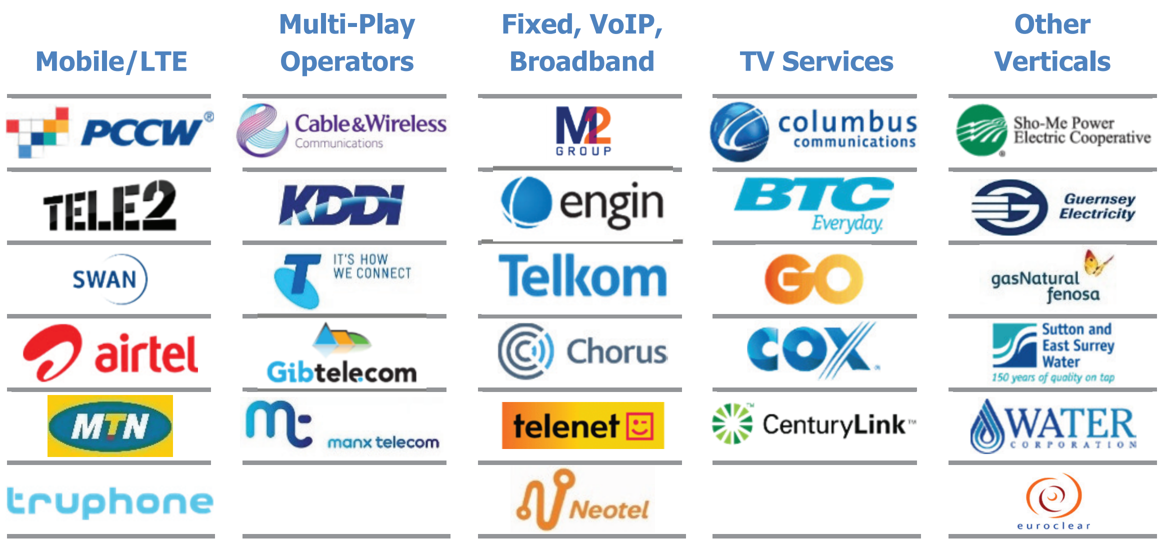

Figure 2 – Selected Customers

Revenue concentration

In FY2013 87 per cent. of revenue was generated from Cerillion's top 10 customers, decreasing to 79 per cent. in FY2014 and 79 per cent. in FY2015. Cerillion's top five customers accounted for 69 per cent. of revenue in FY2013, 55 per cent. in FY2014 and 53 per cent. in FY2015. The same customers do not make up the largest five or ten customers across the three year historical period analysed above and this is typically the case year by year. This is mainly due to the scale and duration of implementation contracts, large examples of which are typically in excess of £1.5 million and stretch over one to two years.

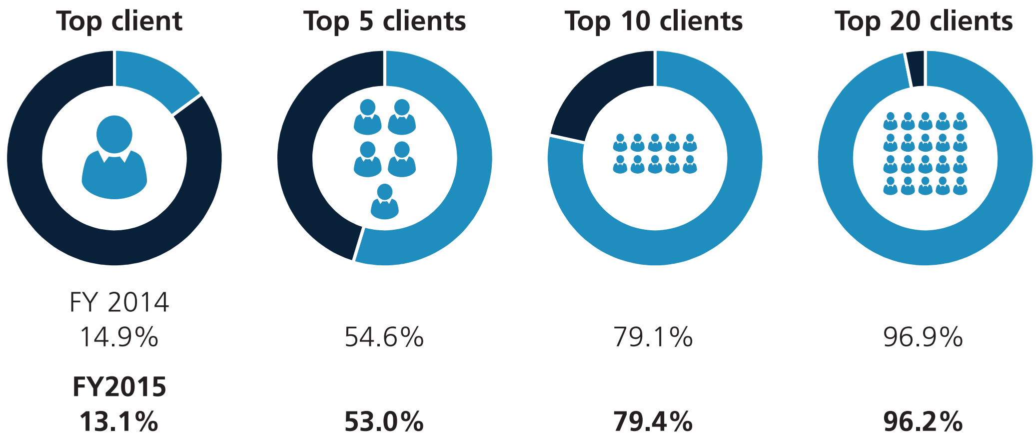

Figure 3 – Revenue/Customer Concentration

Market drivers

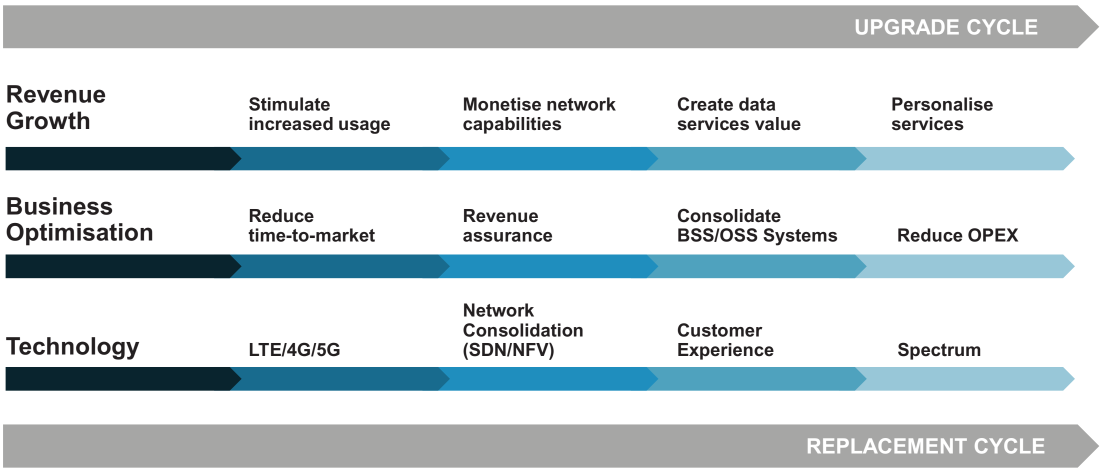

Figure 4 – BSS/OSS Market Drivers

Revenue growth

An increasing number of internet-based companies, which are not subject to the same regulatory regime as traditional Communication Service Providers, are now competing for a share of the customer's "wallet". In response, CSPs are taking a more dynamic approach to service creation and product pricing, which creates value in data services and monetises new network capabilities. This is creating the opportunity for BSS/OSS systems to move from a passive role, administering customers and managing revenue, to an active role using real-time convergent charging to create new revenue and acquire/keep customers.

Business optimisation

Incumbent CSPs usually suffer from complex, legacy BSS/OSS architectures, which inhibit their ability to launch new services and are expensive to maintain. Generally these systems have been added to and patched over many years of service, resulting in overlapping and duplicated functions as well as data integration and revenue assurance challenges. The Directors believe that increasing competitive pressures from more agile rival CSPs and over-the-top (OTT) service providers means that BSS/OSS transformation is one of the only ways to address the time-to-market and operational efficiency challenges facing CSPs.

Technology

The telecoms industry is continuously driven forward by new waves of network technology which provide faster and more efficient forms of communication. However, a step change in network technology frequently requires an upgrade or replacement of the BSS/OSS infrastructure to support the new network and service delivery capabilities.

In the mobile sector, the transitions from 3G to 4G networks and from LTE to 5G networks continue to create significant opportunities for both transformation projects for existing CSPs and implementations for newly licensed start-ups. Investment in customer experience management (CEM) technology is also on the rise, as CSPs come under competitive pressures from both traditional competitors and newer OTT service providers. The move towards software defined networks (SDN) and network functions virtualisation (NFV) is also driving change and investment in BSS/OSS platforms.

2.4 Real-time convergent charging

As CSPs come under ever greater competitive pressures, both from traditional competitors and newer OTT service providers, the need to monetise new services and move to real-time decision-making is driving a surge in demand for real-time convergent charging systems.

Turning new network capability and capacity into new revenue streams needs a fresh approach to charging and billing which removes the historic customer segmentation by payment method ('pre-paid' and 'post-paid'). In addition, increased competition in all markets is creating demand for a more personalised service, with innovative customer spending controls and pricing transparency required to create a more compelling customer experience and increase customer lifetime value.

The directors believe that, to date, telecoms operators have struggled to properly converge pre-paid and post-paid payment methods. In 2013, Cerillion released its Convergent Charging System (CCCS). This breaks down the barriers between pre-paid and post-paid services allowing CSPs to deliver a real-time experience to both customer bases. It allows customers to manage their own service level spending controls according to their desired budget. The system offers fully transparent pricing, enabling customers to know what they are spending as they consume their services, without the risk of overspending.

CCCS has been built from scratch following the 3GPP charging specifications, and delivers substantial inter-operational and performance-related benefits, compared with many competitor systems that are constructed from legacy code or adapted legacy functions. The system can be deployed in multiple ways: as a standalone charging engine; as a replacement for legacy pre-paid systems or as an integral part of the Cerillion end-to-end billing and CRM solution.

Since its release, Cerillion has won a number of significant CCCS-based contracts, including with: Manx Telecom plc, the leading telecommunications provider in the Isle of Man; UK Broadband Limited, trading as Relish™, a new 4G communication service provider in London; and SWAN, a.s., a rapidly developing telecommunication service provider in Slovakia.

Infonetics Research, the telecom market research firm (now part of IHS), estimates that the global convergent charging market was worth $3.1 billion in 2014 and forecasts that it will grow at a Compound Annual Growth Rate (CAGR) of 16 per cent. from 2014 to 2019.

2.5 The cloud opportunity

Companies in many industries are transitioning from selling individual products to becoming service providers, with a recurring billing relationship used to manage and charge for subscriptions and variable usage. In the past, subscription services were billed using traditional on-premise billing and accounting systems. However, the emergence of cloud billing means that service providers of all sizes can now access the same powerful billing capabilities that could previously only be afforded by large companies with significant resources.

With cloud billing, customers can sign up for billing services online, with these services becoming fully operational within a matter of a few days or weeks. At the same time, they only need pay for what they use. This gives customers the ability to trial new business models and adjust to changing market conditions at a much lower cost and risk than has previously been possible. For the cloud billing provider, subscriptions deliver predictable streams of recurring revenue and create a more 'sticky' customer relationship with the opportunity to upsell additional options and services. For customers, subscriptions are a predictable way to manage spend, typically aligning with how they receive their own income.

MarketsandMarkets, the market research organisation, forecasts the cloud billing market to grow from $2.4 billion in 2013 to $9.58 billion in 2018, at a CAGR of 31.9 per cent. during the forecast period.

The Directors believe that cloud billing offers Cerillion the opportunity to expand into new sectors outside its existing core market of telecommunications. For further information, see the "Current trading and prospects" section of this Part 1.

Cerillion Skyline

Cerillion Skyline is a SaaS billing application designed for subscription and usage-based services. Built specifically for the cloud, Skyline is scalable and capable of supporting many millions of subscriptions, and can be used for both corporate and consumer service offerings. It provides product creation and customer management tools, alongside traditional features needed to bill and collect payment from customers, all in one online application with a simple pay-as-you-grow pricing model. Skyline has been built to comply with the latest security standards and web technologies, and can be integrated with customers' existing systems and processes.

Figure 5 – Cerillion Skyline product map

Cerillion Skyline is available in four pre-packaged editions, each with incremental functionality, to support subscription-based businesses from start-ups to large corporations:

(i) Skyline Essential is designed for start-ups or small businesses;

(ii) Skyline's Standard Edition provides extra functionality for advanced management of consumer service subscriptions;

(iii) Skyline Metered is designed for businesses looking to extend their subscription-based service offerings and create additional value through usage-based pricing models; and

(iv) Skyline Enterprise is Cerillion's top of the range cloud billing application, supplementing the power and flexibility of the other editions with additional features designed for the sophisticated management of large corporate and SME customers.

Since releasing the Skyline product in 2014, Cerillion has sought to pursue a soft launch, making the product available for potential customers to trial.

The Directors believe that Cerillion Skyline is one of the first SaaS billing applications from a European vendor and provides a clear opportunity for Cerillion to grow into other industry verticals such as digital services, retail and the internet of things.

The Directors believe that the key business benefits of Skyline include:

- the ability to bill and collect recurring revenue from any type of service;
- faster time to implement compared with on-premise billing solutions;
- lower cost of entry with 'pay-as-you-grow' model and no infrastructure requirement;
- secure data storage in a fully redundant hosting centre; and
- flexibility to support B2B and B2C service offerings in any industry vertical.

The Directors believe that these benefits will lead to customers choosing Skyline as their primary billing and CRM software platform.

2.6 Sales & marketing strategy

Sales

Cerillion is well-known in the telecoms industry as a BSS/OSS solution provider. Many opportunities to tender for contracts are received directly from the potential customer or by systems integrators working on behalf of an end customer. Sales leads are also generated by tracking visitors to Cerillion's website and contacting them directly. New leads are recorded and rated according to their potential value and probability of closure within Cerillion's internal CRM system. Customers range from large corporates to smaller SaaS providers looking to build a billing function into their native application.

Some Tier-1 telecommunications providers prefer to work through systems integrators, and in these cases Cerillion works alongside its Tier-1 partners such as IBM to build joint proposals. At the start of a tender process, Requests For Proposals (RFPs), setting out full technical and functional requirements, are received. The responses to these technical documents are dealt with by a team of primary pre-sales resources, with access to the wider business analysis team if required. If Cerillion decides it has the ability to implement the project and is invited by the customer to formally submit a proposal, then a detailed cost estimate is built, based on man days, Cerillion software licences, third party costs, contingency and anticipated margin. This forms the basis of the pricing structure. Following this process, communications with customers are undertaken by a team of sales executives and account managers.

Marketing

Cerillion's website, www.cerillion.com, is the focal point for promoting Cerillion and generating new business leads. The website enables potential customers to view the suite of products, read case studies, request demonstrations and in some cases sign up for a free trial. All other marketing activities link back to the corporate website as the primary point of lead capture/conversion through online forms and fully integrated web chat features.

Cerillion undertakes a number of activities to drive traffic to its website. These activities include pay-per-click advertising, search engine optimisation and marketing initiatives aimed at positioning Cerillion as a 'thought leader' for the telecoms, billing and cloud industries. These initiatives include a blog on Cerillion's website, activity on social media platforms such as Twitter and LinkedIn, and regular editorial contributions to industry publications – ensuring, where possible, that online articles carry links to Cerillion's website.

Targeted outbound marketing campaigns are undertaken after conducting research from mainly online resources to identify potential customers. Cerillion also ensures it has a presence at the telecoms industry's major trade shows, including the Mobile World Congress in Barcelona, Spain and TM Forum Live in Nice, France.

2.7 The billing industry market and competitive landscape

The Directors believe that the market for Cerillion's software and services is worldwide, growing and characterised by technological and regulatory change. Cerillion's enterprise BSS/OSS suite has been designed specifically for the telecommunications sector whilst the Company's new SaaS cloud based billing application, Skyline, is aimed at all industries that may want to bill for subscription and usage-based services.

The global BSS/OSS market was worth $21.86 billion in 2013 and according to Transparency Market Research will be worth $49.78 billion by 2020, growing at a CAGR of 12.7 per cent. Cerillion believes that its directly addressable market within this is currently worth approximately $7.43 billion. MarketsandMarkets forecasts that the telecom billing and revenue management market will grow from $7.80 billion in 2014 to $11.78 billion by 2019, representing a CAGR of 8.6 per cent. during the forecast period.

Demand for new services from subscribers, growing competition between operators, subscriber growth in developing countries, and improved customer experience with real-time charging information are seen by the Directors as important drivers of demand for Cerillion's enterprise BSS/OSS suite.

The ability to offer convergent (real-time) charging within a fully integrated product suite is viewed by the Directors as a key differentiator of Cerillion's core offering as compared with its competitors, many of whom have added functionality through acquisitions.

According to Infonetics Research, the global convergent charging market totalled $3.1 billion in 2014, and forecasts that it will grow at a CAGR of 16 per cent. from 2014 to 2019.

The demand for convergent charging is also being driven by the move by telecommunications operators and content providers towards offering so called "quad-play" offerings. Quad-play is the combination of broadband internet access, television, telephone and mobile. Its rise is demonstrated by BT's proposed acquisition of EE, Sky's alliance with O2, and Vodafone's launch of broadband services and planned launch of TV services. With such offerings traditionally supported on different BSS and OSS software suites there is a clear opportunity to replace them with an integrated convergent solution.

Cerillion currently has a very small market share in what the Directors understand to be a multi-billion dollar addressable market. The Directors believe that Cerillion is well positioned in its competitive landscape as it offers services across the broad spectrum of the billing industry and is already in the market with products that the Directors believe will be a lead growth driver in the industry.

In the Directors' view Cerillion's principal competitors in three broad categories:

(i) large independent software vendors such as Amdocs, Oracle and Redknee;

(ii) network equipment vendors such as Ericsson, Alcatel Lucent and Huawei; and

(iii) smaller independent software vendors such as Mind, Infonova and Hansen Technologies.

The largest market share is generally attributed to be held by Amdocs, with a c. 20 per cent. share of the revenue management systems and services market.

Although Cerillion often faces competition for prospective clients from other providers, including from larger companies with significant resources, the Directors believe that Cerillion is able to offer a more flexible approach and a shorter implementation period than can be offered by its larger competitors.

Cerillion also faces competition from smaller independent software vendors. The Directors believe that Cerillion offers greater breadth and depth in its product than those which are offered by smaller providers as well as significant experience in implementation.

The Directors believe that the Company's admission to trading on AIM will increase the profile of Cerillion in the UK and internationally, which is expected to help attract new clients and provide increased transparency to potential clients.

2.8 Growth strategy and reasons for Admission

The Directors believe that Cerillion's comprehensive billing, charging and CRM solutions and products are well positioned to take advantage of the structural trends surrounding telecommunications.

Cerillion's strategy for growth is built on:

- further exploiting its pre-integrated end-to-end billing and CRM solution;
- winning new customers in pre-paid mobile and "quad-play" convergent billing through its real-time convergent charging platform;
- winning new customers in market verticals outside telecoms through sales of Cerillion Skyline, which also offers a highly scalable business model, with high levels of recurring revenues;
- expanding its geographic footprint through local presence and offices, initially in the USA and Australia; and
- identifying acquisition targets which will enhance its existing BSS/OSS product suite, team and service offering.

The key reasons why the Company is seeking Admission are:

- to increase its public profile and enhance its market positioning;
- to allow the Group to capitalise on growth opportunities through the use of the Company's shares to fund potential mergers and acquisitions;
- in due course to provide long-term equity incentives to motivate and act as a retention tool for key staff; and
- to diversify the shareholder base and facilitate an exit for Cerillion's existing venture capital shareholders.

2.9 Operations

Cerillion's head office is in central London, where 75 staff are based. It also has 5 staff in its Cambridge office and 79 staff based in Pune, India where Cerillion's Global Solutions Centre is located. The India operation is a fully integrated part of the global team and has grown from providing development, testing and support services to full implementation services. Cerillion has two permanent employees in Australia, one in Miami and two in Malta, all of whom are currently based in local customers' offices. It is intended that the Australia and Miami teams will be expanded and the Group will serve customers in the Americas out of its own office in Miami.

2.10 Key strengths

The Directors believe that Cerillion benefits from a number of key strengths that differentiate it from its competitors and which they believe will enable it to take advantage of current and future growth opportunities. In the view of the Directors, Cerillion's strengths include:

- a record of profitability and strong cash generation over the last seven years;
- a highly experienced management team;
- an established track record in the telecoms billing, charging and CRM market;
- a diverse and growing customer base with a record of customer retention over multiple years, typically over five years – reflecting the mission critical nature of its solutions and its customer support;
- a record of on-going revenue generation from existing customers:
  - o approximately 60 – 70 per cent. of annual income in each of the last three years has been generated by existing customers;
- an advanced, fully integrated and functionally rich product suite which provides:
  - o a comprehensive solution, and
  - o attractive commercial benefits;
- newer products, namely Cerillion's convergent charging platform and cloud billing platform, which offer additional growth opportunities:
  - o the convergent charging platform expands Cerillion's addressable market into the growing pre-paid mobile and convergent billing domains and unlocks additional enterprise software opportunities; and
  - o the cloud billing platform expands Cerillion's addressable market into multiple verticals outside telecoms and builds recurring revenues. It has a rapidly scalable growth model, which is less constrained by services resource recruiting than the on-premises deployment of traditional enterprise software; and
- presence in a market displaying structural growth.

2.11 Summary financial information

The following information has been extracted without material adjustment from the financial information on Cerillion contained in Section B of Part 4 of this document. Prospective investors should read the whole of this document and should not rely solely on this summary.

	Year ended 30 September 2013 £ 000s	*Year ended 30 September 2014 £ 000s*	*Year ended 30 September 2015 £ 000s*
Revenue	**13,317**	**13,345**	**14,016**
Cost of Sales	(3,272)	(3,082)	(3,636)
Gross Profit	**10,044**	**10,263**	**10,380**
Administrative Expenses	(7,676)	(7,637)	(8,240)
EBITDA	**2,764**	**3,241***	**2,878**
Operating Profit	2,369	2,626	2,140
Profit Before Tax	**2,362**	**2,628**	**2,144**
Profit After Tax	2,079	2,466	2,056

* Cerillion achieved certain non-recurring revenues in FY2014, including one-off gains from the release of a dilapidation provision and a premium on a new lease totalling £324,000 and a one-off gain of £150,000 on foreign exchange adjustments.

2.12 Current trading and prospects

Since 30 September 2015, trading in the Group's core businesses has been in line with management's expectations.

The implementation projects that Cerillion undertakes are typically governed by long term and high value contracts. As a result, the business typically enjoys a high level of forward visibility of revenues through its back order book and annualised support revenue. The Directors estimate that the aggregate value of Cerillion's back order book and annualised support revenue as at 29 February 2016 stood at approximately £12.7 million, £3.8 million of which was support revenue. The projects within Cerillion's back order book are typically performed over a period of up to two years. For these purposes, Cerillion calculates its "back order book" as including unperformed, contracted work under purchase orders and contracted work that is still subject to the receipt of purchase orders.

The Group is currently in discussions with a large, multi-country operator in the Americas, which is an existing customer, with respect to rolling out the Cerillion platform to support additional services and country operations, as well as upgrading existing installations. The project is expected to have a value of $10.3 million, $7.9 million of which is already contracted to be undertaken (and is included in the backlog described above), and will greatly extend Cerillion's footprint within the customer's group, with further phases likely to follow in the financial year ending 30 September 2017.

The Group is also in contract negotiations with certain other potential customers, including being selected as the preferred bidder by a mobile operator in the Middle East for the provision of the Cerillion platform to support a 4G rollout and subsequent migration of the existing customer base.

In November 2015, the Group entered into its first contract for the provision of its new Skyline product, with a UK based energy provider.

3 Information on the Board and Senior Management

3.1 Current Directors

Alan Miles Howarth, Non-executive Chairman (aged 70 years)

Alan Howarth has extensive senior executive experience in a range of national and international organisations in both the public and private sector. At Ernst & Young he was one of the founding partners of the UK Management Consulting practice. For the last 15 years he has managed a portfolio of non-executive appointments, as chairman of both public and private companies primarily in the UK and US Technology and Health sectors. He is Chairman of Essentia Trading Limited and MPL Systems Limited as well as a non-executive Director of Premier Technical Services Group plc (AIM:PTSG).

Louis Tancred Hall, Chief Executive Officer (aged 51 years)

Louis Hall is the CEO and founder of Cerillion, having led the management buy-out of the original business from Logica in 1999. Louis has worked in the enterprise software industry for over 25 years and prior to forming Cerillion held a number of product, sales and management positions at Logica.

Oliver Radnor Gilchrist, Chief Financial Officer (aged 51 years)

Oliver Gilchrist joined Cerillion in 2001 as CFO. He has over 26 years' experience in finance, training as a chartered accountant at Coopers & Lybrand (now part of PWC). He left Coopers & Lybrand for industry in 1995, joining Parallax plc as CFO, prior to its sale to Keane Inc. in 1999 for $25m. Following this he acted as interim CFO to Apaam Inc., managing a second round interim fundraise of $10 million in 2001. The company was subsequently sold to the Carlyle Group.

Guy Jason O'Connor, Business Development Director (aged 52 years)

Guy O'Connor is a co-founder of Cerillion and has led business development at Cerillion since the management buy-out. Prior to joining Cerillion, Guy was Group Director for Matheson Investment International, a subsidiary of Jardine Matheson Group.

Mike Dee, Non-executive Director (aged 60 years)

Mike Dee is a qualified accountant (CIMA). Until July 2015, he was CEO of Manx Telecom plc and led its successful AIM IPO in February 2014. Before becoming CEO in April 2011, he was Director of Finance and had been part of the British Telecom plc team which set up Manx Telecom plc in 1987. Prior to his 29 years at Manx Telecom plc, Mike spent four years at British Telecom plc. Before that, Mike held accounting and company secretary positions with the Dowty Group, Iloman Engineering and Castle Industries. Mike holds a BA (Hons) degree in Business Studies and a CIMA qualification.

3.2 Senior management team

Arif Bhavnargawalla, Head of Operations, India Office

Arif Bhavnagarwalla heads Cerillion's operations in Pune, India. After beginning his career at Siemens and Mahindra British Telecom Limited, he joined Cerillion's London operations as a Senior Analyst in 2000, rising to Head of Development and Support Director. He was part of the three-man team which opened the Indian office in March 2007.

Mark Nicholls, Chief Operating Officer

Mark Nicholls is an experienced executive with over 20 years' experience within the IT sector, including a track record of delivering large-scale, time-critical, complex projects on time and to budget. Mark joined Cerillion in 2000 from Logica. He has extensive experience in system development, integration and delivery, which spans telecommunication customer relationship management, customer care and billing systems, real-time defence systems, and utility telemetry systems.

Dominic Smith, Head of Marketing

Dominic Smith has 21 years' experience in the software/telecoms industry and joined Cerillion in 2004. He was previously Marketing Director at both LHS and the telecoms software products division of Schlumberger. He also held a variety of sales/marketing and technical roles at Sema Group.

4 The Transaction

4.1 Terms of the Acquisition

Under the terms of the Acquisition Agreement, the Company has unconditionally offered to acquire the entire issued share capital of Cerillion (other than those shares which it already holds) on Admission for a consideration of £14.6 million, of which £11.19 million will be satisfied in cash and £3.41 million will be satisfied by the issue of the Consideration Shares. The venture capital funds are taking their entire proportion of the consideration in cash, totalling £10.4 million. Louis Hall, Oliver Gilchrist and Guy O'Connor (each a "**Director Shareholder**" and together the "**Director Shareholders**") are each taking the vast majority of their consideration in the form of Consideration Shares, save for a total of £0.7 million that they are collectively receiving in cash to satisfy certain historic director loans that are owed to Cerillion, unpaid share capital in the Company and tax liabilities. The Company has received acceptances of this offer from the holders of all of the Shares to which the offer relates.

Further information on the Acquisition Agreement is set out in paragraph 10.4 of Part 6 of this document.

Prior to Admission, Cerillion is expected to complete a reduction of capital which will result in approximately £3 million being returned to its existing shareholders.

4.2 Terms of the Facility

The Facility is to be used to part finance the cash element of the consideration for the Acquisition. The Bank has offered the Company the following facility:

	Period	*Amount*
HSBC Term Loan Facility	5 years	£5.0 million

Further terms of the Facility can be found in the summary of the Facility Agreement which is set out in paragraph 10.1 of Part 6 of this document.

5 Details of the Fundraising and Use of Proceeds

The Fundraising of £10 million (prior to expenses) comprises the Placing and the Subscription.

The Placing comprises the placing by Shore Capital, as agent for the Company, of 7,894,737 Placing Shares with institutional and other investors. The Placing will raise approximately £6 million for the Company. The Placing is not being underwritten.

The Company has entered into the Subscription pursuant to which it has, prior to Admission, issued 5,263,158 Subscription Shares at the Placing Price to certain VCT investors introduced to the Company by Shore Capital. This Subscription has raised approximately £4.0 million for the Company.

The Fundraising will raise approximately £8.5 million net of expenses for the Company.

The net proceeds of the Placing and the Facility will be used to fund the cash consideration for the Acquisition. The net proceeds of the Subscription will be used for the general working capital purposes of the Group.

Shore Capital has, as agent for the Company, procured subscribers for the Subscription Shares at the Placing Price and has conditionally agreed to use its reasonable endeavours to procure Placees for the Placing Shares at the Placing Price. The Placing Shares will be placed with institutional and other investors introduced by Shore Capital.

The Placing Shares will be issued credited as fully paid and will, on issue, rank *pari passu* in all respects with the existing Ordinary Shares (including those issued in connection with the Subscription), including the right to receive all dividends and other distributions thereafter declared, made or paid after the date of Admission.

The Placing is conditional upon Admission becoming effective and the Placing Agreement otherwise becoming unconditional in all other respects by 18 March 2016 or such later date (not being later than 31 March 2016) as the Company and Shore Capital may agree. The Placing Agreement contains provisions entitling Shore Capital to terminate the Placing prior to Admission becoming effective. If this right is exercised, the Placing will lapse.

The Placing Shares and the Subscription Shares will account for 44.6 per cent. of the Enlarged Share Capital on Admission.

Further details of the Placing Agreement and of the Subscription are set out in paragraphs 10.2 and 10.1 of Part 6 of this document.

6 Dividend Policy

Dividend payments will depend on the results of the Group's operations, its financial condition, cash requirements, future prospects, profits available for distribution and other factors deemed to be relevant at the time.

The Board intends to declare a maiden interim dividend in respect of the half year ending 31 March 2016 and, subject to the above, intends to pay out between a third to half of the Group's free cash-flow as dividends each year.

7 Lock-In and Orderly Market Arrangements

Pursuant to the terms of the Lock-in Agreements, Louis Hall, Oliver Gilchrist and Guy O'Connor have each undertaken to Shore Capital and the Company that they shall not, except in certain specified circumstances, sell, transfer, grant any option over or otherwise dispose of the legal, beneficial or any other interest in any Ordinary Shares ("**Interest**") held by them and their related parties at the date of Admission (or shares arising or deriving from those Ordinary Shares or rights arising from any such shares or other securities or attached to any such shares) (together the "**Restricted Shares**") prior to the first anniversary of Admission (the "**Lock-In Period**").

In order to maintain an orderly market in the Ordinary Shares, the Director Shareholders have also undertaken to Shore Capital and the Company that they shall (save in certain specified circumstances), for a period of twelve months following the expiry of the Lock-In Period only dispose of any Interest in the Restricted Shares through Shore Capital for so long as Shore Capital is retained by the Company as its broker with a view to maintaining an orderly market in the Ordinary Shares.

Further details of the lock-in, orderly market and other arrangements described above are set out in paragraph 10.1 of Part 6 of this document.

8 Relationship Agreement

On Admission, Louis Hall, Oliver Gilchrist and Guy O'Connor will together be the beneficial owners of 55.2 per cent. of the voting rights of the Company.

The Company has entered into a Relationship Agreement with the Director Shareholders, Shore Capital & Corporate and Shore Capital Stockbrokers which governs the relationship between the parties to ensure that the Company is able to carry on its business independently. The obligations under the Relationship Agreement shall become unconditional upon Admission taking place, and shall continue in full force and effect in relation to a Director Shareholder for so long as he and/or any of his respective associates, together with the other Director Shareholders (and their respective associates) holds 30 per cent. or more of the voting rights of the Company.

The Relationship Agreement will automatically terminate in relation to any Director Shareholder upon (i) him and his associates ceasing to hold any interest in Ordinary Shares; (ii) him ceasing to be a director of the Company and he and his associates holding less than 12 per cent. of the voting rights of the Company; and (iii) the Ordinary Shares ceasing to be admitted to trading on AIM.

The Director Shareholders have agreed that while the Relationship Agreement applies they shall, *inter alia*: conduct all transactions with any member of the Group on arm's length terms and on a normal commercial basis; exercise their respective voting rights to ensure that the members of the Group shall at all times be capable of carrying on its business and making decisions independently of the Director Shareholders; and abstain from voting at any general meeting in respect of any resolution concerning any contract between the Company or any member of the Group and any other Director Shareholder.

9 Corporate Governance and Compliance

The Company's Ordinary Shares will be admitted to trading on AIM, therefore the Company is not required to comply with the UK Corporate Governance Code. Nonetheless, the Directors recognise that it is in the best interests of the Company and its Shareholders to follow the UK Corporate Governance Code's principles of corporate governance and to have in place risk controls appropriate for a company of its size along with the NAPF Corporate Governance Policy and Voting Guidelines for AIM Companies.

The UK Corporate Governance Code provides that the board of directors of a UK public company should include an appropriate combination of executive and non-executive directors. Except in the case of smaller companies, at least half the board, excluding the Chairman should comprise independent non-executive directors. The board should determine whether a director is independent in character and judgment and whether there are relationships or circumstances which are likely to affect, or could appear to affect, the director's judgment taking into account the criteria of independence defined in the UK Corporate Governance Code and the guidance in the NAPF AIM Policy.

The Directors support high standards of corporate governance. The Company's Board currently comprises three executive directors and two non-executive directors. The Chairman and the other non-executive director are considered by the Board to be independent of management and free of any relationship which could materially interfere with the exercise of their independent judgment.

The Directors have adopted terms of reference for and will form an audit committee, a nominations committee and a remuneration committee. In accordance with the NAPF AIM Policy a majority of the members of the audit committee, remuneration committee and nominations committee will be independent non-executive directors. The UK Corporate Governance Code requires that a majority of the members of the nominations committee should be independent non-executive directors. It also requires that the audit committee and the remuneration committee comprise at least three (or in the case of small companies, two) independent non-executive directors. The Company fully complies with these requirements.

The UK Corporate Governance Code recommends that the Board should appoint one of its independent non-executive directors to be the Senior Independent Director ("**SID**") to provide a sounding board for the Chairman and to serve as an intermediary for the other directors when necessary. The SID should be available to Shareholders if they have concerns that contact through the normal channels of chairman, chief executive or other executive directors has failed to resolve or for which such contact is inappropriate. The Company's SID is Mike Dee.

The audit committee comprises Alan Howarth and Mike Dee, both independent non-executive directors and will be chaired by Mike Dee. In compliance with the UK Corporate Governance Code, Mike Dee has relevant financial experience. The audit committee will normally meet not less than twice a year and has responsibility for, amongst other things, the planning and review of the Group's annual report and accounts and half-yearly reports and the involvement of the Group's auditors in that process. The committee will focus in particular on compliance with legal requirements, accounting standards and on ensuring that an effective system of internal financial control is maintained. The ultimate responsibility for reviewing and approving the annual report and accounts and the half-yearly reports remains with the Board.

The terms of reference of the audit committee cover such issues as membership and the frequency of meetings, as mentioned above, together with the role of the secretary and the requirements of notice of and quorum for the right to attend meetings. The duties of the audit committee covered in the terms of reference are: financial reporting, internal controls and risk management systems, whistleblowing internal audit, external audit and reporting responsibilities. The terms of reference also set out the authority of the committee to exercise its duties.

The nominations committee comprises Alan Howarth and Mike Dee, both of whom are independent non-executive directors, and will be chaired by Alan Howarth. The nominations committee will meet when appropriate and will consider the composition of the Board, retirements and appointments of additional and replacement directors and make appropriate recommendations to the Board.

The remuneration committee comprises Alan Howarth and Mike Dee, both of whom are independent non-executive directors, and will be chaired by Alan Howarth. The remuneration committee will normally meet not less than twice a year and has responsibility for making recommendations to the Board on the Group's policy on the remuneration of certain senior executives (including senior management), including annual bonuses, the eligibility requirements for benefits under long-term incentive schemes and for the determination, within agreed terms of reference, of specific remuneration packages for each of the executive Directors, including pension rights, contracts of employment and any compensation payments.

The terms of reference of the remuneration committee cover such issues as membership and frequency of meetings, as mentioned above, together with the role of secretary and the requirements of notice of and quorum for and the right to attend meetings. The duties of the remuneration committee covered in the terms of reference relate to the following: determining and monitoring policy on and setting levels of remuneration, contracts of employment, early termination, performance-related pay, pension arrangements, authorising claims for expenses from the executive directors, reporting and disclosure, and remuneration consultants. The terms of reference also set out the reporting responsibilities and the authority of the committee to exercise its duties.

10 Admission and CREST

Application will be made to the London Stock Exchange for the Enlarged Share Capital to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings in the Enlarged Share Capital will commence on 18 March 2016. Definitive share certificates in respect of the Placing Shares will be despatched on or before 31 March 2016, where applicable.

The Company's articles of association permit the holding of Ordinary Shares in uncertificated form in accordance with the CREST Regulations. The system allows shares and other securities to be held in electronic form rather than paper form, although a shareholder can continue dealing based on share certificates. For private investors who do not trade frequently, this latter course is likely to be more cost-effective.

For more information concerning CREST, Shareholders should contact their brokers or Computershare Investor Services plc.

Trading in Ordinary Shares on AIM will require Shareholders to deal through a stockbroker or other intermediary who is a member of the London Stock Exchange.

11 Taxation

Your attention is drawn to the information regarding taxation which is set out in paragraph 14 of Part 6 of this document. That information is intended only as a general guide to the current tax position under the relevant law. If you are in any doubt as to your tax position, you should contact your independent professional adviser.

12 Application of the City Code on Takeovers and Mergers

The Panel on Takeovers and Mergers (the "**Panel**") is an independent body, whose main functions are to issue and administer the City Code and to supervise and regulate takeovers and other matters to which the City Code applies in accordance with the rules set out in the City Code. The City Code is designed principally to ensure that shareholders are treated fairly and are not denied an opportunity to decide on the merits of a takeover and that shareholders of the same class are afforded equivalent treatment by an offeror. The City Code also provides an orderly framework within which takeovers are conducted. In addition, it is designed to promote, in conjunction with other regulatory regimes, the integrity of the financial markets. On Admission, the City Code will apply to the Company.

Under Rule 9 of the City Code, any person who acquires an interest (as defined in the City Code) 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, is normally required to make a general offer to all the remaining shareholders to acquire their shares.

Similarly, when any person, together with persons acting in concert with him, is interested in shares which in aggregate carry not less than 30 per cent. of the voting rights of such a company but does not hold shares carrying more than 50 per cent. of such voting rights, a general offer will normally be required if any further interests in shares are acquired by any such person.

Unless the Panel otherwise consents, an offer under Rule 9 must be made to all other shareholders, be in cash (or have a cash alternative) at the highest price paid by the person required to make the offer, or any person acting in concert with him, for any interests in shares of the company during the 12 months prior to the announcement of the offer and cannot be conditional on anything other than the securing of acceptances which will result in the offeror and persons acting in concert with him holding shares carrying more than 50 per cent. of the voting rights.

Following Admission, Louis Hall, Guy O'Connor and Oliver Gilchrist as well as certain minority shareholders holding less than 0.25 per cent. of the voting rights of the Company, will together control 55.4 per cent. of the voting rights of the Company. As Louis Hall, Guy O'Connor and Oliver Gilchrist founded the Company with a view to acquiring Cerillion, the Directors believe that the Panel will consider them to be a concert party (the "Concert Party"). As the Concert Party controls more than 50 per cent. of the voting rights of the Company they will be free to increase their interest in shares and voting rights without being obliged to make an offer to the other shareholders under Rule 9. Should any member of the Concert Party dispose of interests in shares resulting in the aggregate holding of the Concert Party being less than 30 per cent. or between 30 per cent. and 50 per cent. of the voting rights the provisions of Rule 9 will apply to any subsequent acquisition of interests in shares carrying voting rights.

13 Share Dealing Code

The Company has adopted, with effect from Admission, a share dealing code for the Directors and certain employees, which is appropriate for a company whose shares are admitted to trading on AIM (particularly relating to dealing during close periods in accordance with Rule 21 of the AIM Rules for Companies) and the Company will take all reasonable steps to ensure compliance by the Directors and any relevant employees.

14 Ordinary share repurchase authority

Conditional upon Admission, the Company has been granted authority (subject to the AIM Rules for Companies and all other applicable legislation and regulations) to repurchase up to ten per cent. of its Enlarged Share Capital following Admission. This authority has been granted for the purpose of addressing any imbalance between the supply and demand for the Ordinary Shares. This authority will expire at the conclusion of the next annual general meeting of the Company or, if earlier, 15 months after the date of the resolution. It is intended that renewal of the authority to make purchases of Ordinary Shares will be sought from Shareholders at the next annual general meeting of the Company and at subsequent annual general meetings of the Group. The timing of any purchases will be decided by the Board in light of prevailing market conditions and will be made within guidelines established from time to time by the Board. However, such purchases will only be made in accordance with applicable law and regulations and the AIM Rules for Companies.

15 Further information

Your attention is drawn to Part 2 of this document which contains certain risk factors relating to any investment in the Group and to Parts 3 to 6 (inclusive) of this document which contain additional information on the Group.

PART 2

RISK FACTORS

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

If any of the following risks actually occur, the Group's business, financial condition, capital resources, results and/or future operations could be materially and adversely affected. In such circumstances, the trading price of the Ordinary Shares could decline and investors may lose all or part of their investment. Additional risks and uncertainties not currently known to the Board may also have an adverse effect on the Group's business and the information set out below does not purport to be an exhaustive summary of the risks affecting the Group.

Prospective investors should be aware that the value of the Ordinary Shares and the income from them may go down as well as up and that they may not be able to realise their initial investment.

There can be no guarantee that the Group's business objectives will be achieved.

RISKS RELATING TO THE GROUP AND ITS BUSINESS OPERATIONS

The Group is reliant on a small number of customers and the loss or deterioration of business from any one of these customers could materially affect the Group's financial condition.

The Group is reliant on a small number of customers and expects this reliance to increase in the short to medium term. In FY2013, 87 per cent. of revenue was generated from Cerillion's top 10 customers, decreasing to 79 per cent. in FY2014 and 79 per cent. in FY2015. Cerillion's top five customers accounted for 69 per cent. of revenue in FY2013, decreasing to 55 per cent. in FY2014 and 53 per cent. in FY2015. The same customers do not make up the largest five or ten customers across the three year historical period analysed above and this is typically the case year by year. This is mainly due to the scale and duration of implementation contracts, large examples of which are typically in excess of £1.5 million and stretch over one to two years. In total, the Group generated revenue from 23 customers in FY2013, increasing to 27 in FY2014 and 52 in FY2015. The Group is currently in discussions with a large, multi-country operator in the Americas, which is an existing customer, with respect to the first phase of a project that is expected to have a significant value and will greatly extend Cerillion's footprint within the customer's group, with further phases likely to follow in the financial year ending 30 September 2017. If implemented this project and any future phases would likely form a significant part of the Company's revenue in any one year.

Any deterioration of the Group's relationship with any one of its customers could have a material adverse effect on the Group's business, financial condition, results of operations, future prospects and/or the price of the Ordinary Shares.

Any one of the Group's customers may experience financial difficulties and may cease to trade, may decide not to renew their support contracts or may be unable to continue to conduct business with the Group, which could materially affect the Group's business, financial condition and results of operations.

The Group's cash receipts are driven by project milestones (plus payment terms), resulting in volatility over any given year. Revenue is recognised alongside effort (services and licence) or term (support), resulting in comparably low volatility across any one year. Relatively large levels of accrued income have built up in the past, whereby the Group has incurred considerable effort and expense in relation to certain projects that it is yet to receive payment for. In addition certain customers have historically been offered longer payment terms, based on instalments over a number of years. As a result a number of the Group's customers have in the past and are likely in the future to be in a position where they will in effect be significant debtors.

The Group does not have long-term agreements with its customers and the Group may be unable to retain customers, attract new customers, or replace departing customers with new customers from whom the Group can generate comparable amounts of revenues.

The Group's continued success requires it to maintain and expand its current customer relationships and to develop new profitable customer relationships. In general, the Group's billing contracts and relationships with its customers are for specific services and do not require customers to maintain or increase the amounts they spend or renew or enter into a new contract with the Group, and are terminable upon short notice and without penalty. As a result, the Group has limited visibility of its future revenue streams. The Group cannot assure prospective investors that its customers will continue to enter into new contracts with it or perform within its target parameters, or that the Group will be able to replace, in a timely or effective manner or at all, departing customers with new customers that generate comparable amounts of revenues for the Group. Further, the Group has some customers which are habitually slow in paying their invoices. The Group's inability to recover its debts could have an adverse effect on the Group's business, financial condition and results of operations.

The Group is currently in discussions with a large, multi-country operator in the Americas (the "Offeree") with respect to a project that is expected to have a significant value. The Offeree may be affected by the proposed acquisition of that company by another business (the "Offeror").

The Group is currently in discussions with the Offeree, which is an existing customer, with respect to rolling out the Cerillion platform to support additional services and country operations, as well as upgrading existing installations. The first phase of this project is expected to have a significant value and will greatly extend Cerillion's footprint within the Offeree's group, with further phases likely to follow in the financial year ending 30 September 2017.

The Offeror has announced a recommended acquisition through which the Offeror will acquire the entire issued and to be issued share capital of the Offeree, such acquisition being subject, amongst other things, to the approval of the Offeree shareholders under a scheme of arrangement the effective date of which is likely to be in the second quarter of 2016. There is a risk that the Offeree may decide to put new and existing projects on hold and/or delay implementation of further phases pending the implementation of the scheme of arrangement by the Offeree. The failure of the Offeree to either approve the initial contracts under discussion, or issue purchase orders under the first or subsequent phases of the planned project may have a material adverse effect on the growth prospects for the Group.

The Group is dependent on third parties renewing licence agreements and reseller agreements.

The Group is dependent on obtaining renewals of its software licences from third parties to support its product offering which generally have short terms. Further, the Group acts as a reseller for certain third party licences to its customers, which are material for the functioning of its products. Licences for which Cerillion is a licensee may not be renewed on their renewal date and many of these licences are terminable without cause by the licensor on relatively short notice periods. Additionally, such third party products may not always be available or compatible with the Group's product as it develops in response to evolving technology and demands or the contractual terms offered by such third parties may not be compatible with the Group's terms. The Group's inability to obtain renewed licence agreements or compatible terms could have an adverse effect on the Group's business, financial condition and results of operations.

The Group is dependent on the cooperation of its partners to market its products and consultants to service its contracts.

The Group does not have employees or operations in the majority of the countries in which its customers are based and is in some cases dependent on appointing agents to market its products and consultants to service its products in those jurisdictions. Local laws in the jurisdictions in which the agents practice, may establish certain rights of the agent above what is within the agency contract entered into with the Group. The Group maintains all risk for the actions of the agent. The Group's inability to attract quality agents, monitor the activities of its agents or review labour or agency laws active in the agents' jurisdictions could have an adverse effect on the Group's business, financial condition or results of operations.

The Group's consultants may not carry the same level of care in servicing the contracts as the Group may do if it were to perform these services directly. The Group may lose customers if the consultants do not provide the required service standards and Cerillion's reputation may be damaged. The Group's inability to attract quality consultants and monitor the activities of its consultants could have an adverse effect on the Group's business, financial condition and results of operations.

The Group may be unable to contract with customers or partners on favourable terms.

Many of the Group's partners or consultants are in strong negotiating positions and have greater financial resources than the Group. Whilst the Group seeks to negotiate contracts on terms that it considers are the most beneficial to it in the circumstances, the Group sometimes is required to enter into contracts on the other party's standard terms which can include more onerous terms.

Further, Cerillion is party to certain customer contracts which require it to notify the relevant counterparty of a change of control of the Group which, in some instances, may allow the relevant counterparty to terminate their contracts with the Group. It is likely that the Acquisition will trigger certain customers' rights to terminate for change of control. Some customers are able to terminate their contracts, or effectively cease trading with the Group, without breaching the relevant agreements. There can be no certainty that customers will provide any assurances to waive these rights. The loss of any material customer contract could have a material adverse effect on the Group's reputation, business, prospects, results of operation and financial condition.

Failures in the Group's IT systems and infrastructure supporting its solution could significantly disrupt its operations and cause it to lose customers.

The Group's business relies on the continued and uninterrupted performance of its software and hardware infrastructures, especially as the Group moves towards providing cloud services and an increased number of managed services. Sustained or repeated system failures of its software and hardware infrastructures, which interrupt its ability to record the use of their client's end customers use of their client's services, could significantly reduce the attractiveness of its solution to telecom and other customers, reduce its revenue and affect its reputation.

Cyber-attacks, such as denial-of-service attacks, or other breaches of network or IT security, natural disasters, malicious human acts, telecommunications failures, power outages, terrorist acts or acts of war may cause equipment failures or disrupt the Group's systems and operations. The Group may be subject to sustained or repeated attempts to breach the security of its networks and IT infrastructure through cyber-attacks, malware, computer viruses and other means of unauthorised access. Any steps the Group takes to increase the reliability and redundancy of its systems may be expensive and may not prevent system failures. The Group has in place a disaster recovery protocol, however it cannot guarantee that this will be effective in the event of a breach. The Group's customers typically expect the Group to comply with certain security obligations, including back-up of data, ensuring its systems are virus-free, maintaining confidentiality procedures and ensuring the credentials of those employees who work with customers. The Group therefore may be required to expend significant capital or other resources to protect against the threat of security breaches and major virus attacks, or to alleviate problems caused by such breaches. Although the Group employs security and testing measures for the software it deploys, these may not protect against all possible security breaches that could harm the Group's or its customers' business. Furthermore, there can be no assurances that any security measures that the Group implements will not be circumvented in the future. Any resulting security breaches may cause significant disruption to the Group's operations and may potentially lead to litigation or regulatory action as a result of customers' data having been leaked. Any breach of security may result in damage to the Group's reputation, fines by regulators and/or claims for damages by customers which could have a material adverse effect on the Group's business, financial condition and results of operations. The Group may not be able to meet the levels of service expected from customers or which it is required to meet in the event of service interruptions. Any such failure could result in customer dissatisfaction and reduced revenues and may also damage the Group's reputation and could reduce the confidence of the Group's customers in its services, impairing its ability to retain existing customers and attract new customers which could have an adverse effect on the Group's business, financial condition and results of operations.

The Group's intellectual property rights may not be adequately protected and the Group may need to be involved in litigation to defend or enforce its proprietary rights and the Group's business may suffer if it is alleged or determined that its technology or another aspect of its business infringes the intellectual property rights of others.

The Group has not protected any of its software by patent. Therefore, if competitors were to develop equivalent technology, the Group could not preclude or prevent them from offering services substantially similar to its own. The Group has also not registered any trademarks in any jurisdiction other than the UK. Unregistered trademarks can be difficult to enforce and passing off actions are time-consuming and expensive; therefore it may be difficult for the Group to prevent unauthorised use of its brands. Additionally, there may be existing trademarks registered by other entities that would prevent the Group from trading under its brands in other jurisdictions.

The software and internet services industries are characterised by the existence of a large number of patents, trademarks and copyrights and by frequent litigation based on allegations of infringement or other violations of intellectual property rights. Third parties may assert patent and other intellectual property infringement claims against the Group in the form of lawsuits, letters or other forms of communication. If a third party successfully asserts a claim that the Group is infringing its proprietary rights, then royalty or licensing agreements might not be available on terms the Group finds acceptable, or at all. As currently pending patent applications are not publicly available, the Group cannot anticipate all such claims or know with certainty whether its technology infringes the intellectual property rights of third parties. Further, the Group cannot be certain that the intellectual property rights acquired by it from third parties were previously validly held and therefore that the Group's activities by using such intellectual property rights are not infringing third party rights. Any third party claims, whether or not successful, could require significant management time and attention and result in costly and time consuming litigation and the payment of substantial damages. The Group may be required to expend additional development resources to redesign its solutions to avoid infringement or as a result of a successful claim or discontinue the sale of its solutions. Any third party claims may create negative publicity that could adversely affect the Group's reputation and brand and the demand for its solutions and/or require it to indemnify its customers. Even if the Group has not infringed any third party intellectual property rights, it cannot be sure that its legal defences will be successful and, even if it is successful in defending against such claims, the Group's legal defences could require significant financial resources and management time, which could have an adverse effect on the Group's business, financial condition and results of operations.

The Group could face sanctions for failure to comply with data protection legislation.

Failure to comply with data protection legislation in the countries where the Group operates may leave it open to criminal and civil sanctions. In the event that confidential information is wrongfully used or misappropriated by the Group or its employees or contractors, the Group could face sanctions both from regulators and under its commercial arrangements. There is also the risk that the Group's database administrators could wrongfully use, misappropriate or otherwise unlawfully or improperly exploit customer data which could lead to reputational damage and loss of customer confidence in the Group which could therefore impair the volume of sales achieved by the Group. The Group also transfers data between companies in the Group which is subject to stringent legislative control. It is also possible that laws in the Group's various operational jurisdictions may be introduced or interpreted in a manner which is inconsistent with the Group's existing data practices and which could, therefore, have a material adverse effect on the Group. Although the Group takes precautions to protect data in accordance with applicable statutory and contractual privacy requirements, the Group may fail to do so and certain data may be leaked or otherwise used inappropriately. The Group's inability to comply with applicable legislation and/or its contractual obligations in relation to customer data could result in fines, damages claims and reputational damage and could have an adverse effect on the Group's business, financial condition and results of operations.

The success of the Group's business is partly dependent on key personnel.

The Group's future growth and success depends, in part, upon the leadership and performance of its management team, many of whom have significant experience in the technology sector and would be difficult to replace. In particular, the Group is highly dependent on the continued services of the Directors, the senior management team and other key employees, including technical personnel. Competition for employees with the particular skill sets the Group requires is intense. The loss of executive officers, any members of the senior management team or other key employees, the inability to recruit sufficiently qualified personnel, or the inability to replace departing employees in a timely manner could have a material adverse effect on the Group's business, financial condition and results of operations.

Fluctuations or devaluations in foreign currencies could adversely affect the Group's financial condition.

The Group services customers in 40 countries and, as of September 2015, 69 per cent. of the Group's revenues were generated outside of the UK, some of which were transacted in foreign currencies. To the extent that the Group's business transactions are not denominated in the same currency, the Group is exposed to foreign currency exchange rate risk. The Group has historically utilised derivative currency contracts to hedge its exposure in sales contracts, however does not currently do so. The Group's inability to continually review contract denominations and foreign exchange rates and enter into hedging contracts where appropriate could have an adverse effect on the Group's business, financial condition and results of operations.

The Group's risk management and internal controls may not prevent or detect violations of law.

The Group's existing compliance controls may not be sufficient in order to prevent or detect inadequate practices, fraud or violations of law by the Group's partners, sales agents or employees. If any of these individuals or entities receive or grant inappropriate benefits or use corrupt, fraudulent or other unfair business practices, the Group could be confronted with legal sanctions, penalties and harm to its reputation. Given the Group's international operations, its internal controls, policies and its risk management may not be adequate, which could have a material negative impact on the Group's reputation, business activities, financial position and results of operations.

The Group is also required to comply with anti-corruption and anti-bribery laws in the countries where it conducts its operations, including the Foreign Corrupt Practices Act, the UK Bribery Act and similar legislation. In recent years, there has been a general increase in both the frequency and severity of enforcement under such laws. Furthermore, the Group may be found liable for violations by its employees, as well as its third party agents. Although the Group has adopted policies, procedures and internal controls concerning corruption and bribery, such measures may not be effective in ensuring that it, its employees or third party agents will comply with such laws. The Group's failure to comply with such laws could result in penalties, which could harm the Group's reputation and have a material adverse effect on its business, financial condition and results of operations.

RISKS RELATED TO THE INDUSTRY AND MARKET WHERE THE GROUP OPERATES

Regulatory, legislative or self-regulatory developments could adversely affect the Group's ability to conduct its business.

The Group's main client base is telecommunications companies which are principally regulated and supervised by Ofcom in the UK as well as by government and other regulatory authorities in their respective jurisdictions. There is likely to be continual regulatory intervention in the future which may have unforeseen impacts on market pricing and services provided to the Group's customers at that time. Changes to the markets in which the Group's customers operate could have an adverse effect on the Group's business, financial condition and results of operations.

The Group is also subject to export restrictions on the export of its software and in some occasions on the export of third party software for which it has a licence. For example, in its standard form master agreement, Cerillion assumes liability for compliance with export restrictions. The Group therefore needs to be familiar with the export laws of multiple jurisdictions, which are subject to change. Any inability to comply with export restrictions could result in fines and could have an adverse effect on the Group's business, financial condition and results of operations.

The Group must also comply with international financial sanctions, including those administered by the US. The scope of such sanctions may change which could impact on how the Group operates. Any breach of sanctions could impact the Group's arrangements with lenders and could have an adverse effect on the Group's business, financial condition and results of operations.

Some of the countries in which the Group operates or in which the Group's customers are based are politically unstable and the legal and regulatory environment is subject to change and any current or future instability may affect the Group's revenue or ability to conduct business.

Some of the Group's customers are located in countries which have historically been politically unstable and therefore the legal and regulatory environment may be subject to change. In the year to 30 September 2015, 51 per cent. of the Group's revenues derived from Europe and 25 per cent. of the Group's revenues derived from customers based in the Caribbean and Latin America. Customers in these countries may not be reliable with payments and contracts may not be interpreted in the customers' jurisdictions as envisaged, and may not be governed under English law. Further, any claims brought by the Group under agreements not governed by English law may be difficult and expensive to enforce. The Group's inability to accurately measure and address the risk of contracting with customers in these jurisdictions could have an adverse effect on the Group's business, financial condition and results of operations.

A significant proportion of the Group's personnel, operations and other assets are located in India. Additionally, some of the Group's contracts are governed by local laws including the master services agreement between Cerillion and CTIPL. Consequently, the Group is subject to certain risks, including possible political or economic instability, bribery and corruption, changes in laws and/or state intervention in the operation of private businesses. For example, employee non-competition agreements are unlikely to be enforceable in India and so the Group is unable to restrict the activities of CTIPL employees following termination of the employment agreement. Further, the Government of India has exercised and continues to exercise significant influence over many aspects of the economy in India. Any changes in regulations or shifts in political attitudes are beyond the control of the Group and may adversely affect the Group's business, financial condition and results of operations.

The Group's financial performance and the market price of the Ordinary Shares may be affected by changes in exchange rates and controls, interest rates, changes in government policies, including taxation policies, social and civil unrest and other political, social and economic developments in or affecting the jurisdictions in which it or its customers operate.

Unpredictable tax systems in countries where the Group operates give rise to uncertainties and risk that could complicate the Group's tax planning and business decisions.

The tax systems in certain jurisdictions where the Group operates are unpredictable. For example, the Indian government has introduced retrospective tax legislation which has raised challenges in the pricing of capital transactions. Such or similar types of action in other jurisdictions, including changes in local or international tax rules or new challenges by tax authorities, may expose the Group to significant additional tax liabilities which could have an adverse effect on the price of the Ordinary Shares as well as the Group's business, financial condition and results of operations.

Additionally, in view of the approach taken by the tax authorities in India to transfer pricing aspects of cross border intra-group transactions, the transactions between the Group and CTIPL must be carried out on an arm's length basis. In the event that the tax authorities in India disagree with the determination of arm's length values, tax disputes, significant tax demands and litigation could have an adverse effect on the Group's business, financial condition and results of operations.

CTIPL provides customer support services for the Group and charges CTL its costs plus a margin for these services. The Indian tax authorities have historically challenged this arrangement, arguing for a higher margin to be applied to the recharge. This challenge was successfully defended with respect to CTL's 2010 and 2011 tax returns but if this challenge were successful it would result in additional taxable profits being assessed in CTI. New tax rules for providers of telecommunications, broadcasting and other digital services are expected to be introduced in the EU which may impact the corporate structure of the Group's customers. In order to prevent companies using offshore jurisdictions to reduce corporation tax charges the European Commission announced that from 1 January 2015 telecommunications, broadcasting and electronic services will always be taxed in the country where the customer belongs, regardless of whether the customer is a business or a consumer. VAT on pre-paid services was previously charged at the point of purchase and not at the point of consumption. Any regulatory changes to customers' businesses could have an adverse effect on the Group's business, financial condition and results of operations.

The Group faces competition from other technology companies.

The Group must remain competitive in its industry. If the Group does not compete effectively, the demand for its products and services may decline. The Group's competitors may respond to new or emerging technologies and changes in the requirements of the Group's customers faster and more effectively than the Group. These competitors may offer their products and services at a discount in order to gain market share and the Group may be forced to lower prices in response, thereby reducing the Group's profits and revenues.

Large and established technology companies such as Oracle and Ericsson may significantly impair the Group's ability to operate. These larger incumbents currently service larger telecoms customers but could change their strategy and target medium and small customers traditionally serviced by the Group. The Group may not be able to compete with such large incumbents' substantial level of resources, quality and reliability of service and strong brand image. In comparison to its competitors, the Group may not be able to engage sufficient quantity or quality of employees or contractors to service future contracts. The Group's inability to recruit candidates could prevent it from being competitive. The Group's inability to compete may have an adverse effect on the Group's business, financial condition and results of operations.

In order to remain competitive, the Group must continually update its products and services and invest in research and development. The process of updating products and services could result in increased costs and the Group's investment in such products and services may therefore affect its short-term profitability. Additionally, the Group may fail to successfully implement such products and services. This could impact revenues and cause the Group's business to suffer. There is no guarantee that new products and services will perform as intended or that they will be accepted by the Group's customers and costs spent on developing such products and services may not be recouped. The Group's inability to realise monies spent on research and development activities could have an adverse effect on the Group's business, financial condition and results of operations.

Changes in demands in the telecoms industry market are expected to impact the Group's customers.

The Group generates a large proportion of its revenues from the telecoms industry. Prices for many telecoms products have declined consistently in recent years, through a combination of regulatory intervention and market competition and these declining price trends are expected to continue. It is possible that the pricing environment could become more difficult than currently anticipated by the Group's customers. Consequently, the Group's customers may become less financially viable.

Any downturn in the global economy may affect the growth of the telecoms industry or result in reductions in telecoms expenditure. If economic conditions were to deteriorate, or do not materially improve, the Group's existing and potential customers may reduce their expenditure with the Group as a result of their end-customer's reduction in demand for telecoms services. Any reduction in customer expenditure could have an adverse effect on the Group's business, financial condition and results of operations.

Furthermore, call volume reductions in the fixed line and mobile telephony sector have resulted from consumers being able to communicate more readily by means of the internet. The Group has traditionally been dependent on the fixed line, mobile telecommunications, broadband and TV industries and on fixed line/mobile, broadband and TV volumes and revenues, which may fall generally in the future.

Additionally, it is expected that there will be a trend for the Group's customers to move towards managed service agreements. The Group will need to invest in further resources including staff and servers to service this demand. There is no guarantee that the Group will have the resources to respond to this demand at the time necessary.

The Group's inability to adapt to changing customer demands could have an adverse effect on the Group's business, financial condition and results of operations.

The telecommunications industry is characterised by rapid technological change and continually evolving industry standards, which could harm the Group's competitive position, render its products obsolete and cause it to incur substantial costs to replace its products or implement new technologies.

The telecommunications industry is characterised by rapid technological change and frequent new service introductions. Significant technological changes could render the Group's technology and services obsolete. If the Group does not adapt to rapid technological change, it could lose customers or market share. The Group's success depends in part on its ability to adapt to the rapidly changing market by continually improving the features, functionality, reliability and responsiveness of the Group's existing services and by successfully developing, introducing and marketing new features, services and applications to meet changing customer needs. There can be no assurance that any of the Group's technological developments will be successful. The Group may encounter delays and incur additional development and production costs and expenses, over and above those expected by the Directors, in order to develop technologies.

Additionally, the Group may require additional third party licences to supplement new technology in order to remain competitive, and it may not be able to acquire such licences on reasonable terms or at all. The Group cannot assure any investor that it will be able to adapt to these challenges or respond successfully or in a cost-effective way to adequately meet them. The Group's failure to do so could adversely affect its ability to compete, retain customers or maintain its financial performance.

GENERAL RISKS AND RISKS RELATING TO THE ORDINARY SHARES

Higher risk for shares traded on AIM than on the Official List.

Application has been made for the Ordinary Shares to be admitted to trading on AIM, a market designated primarily for emerging or smaller companies. The AIM Rules are less onerous than those of the Official List and an investment in shares that are traded on AIM is likely to carry a higher risk than an investment in shares listed on the Official List. Further, neither the London Stock Exchange nor the FCA has examined or approved the contents of this document. It may be more difficult for investors to realise their investment on AIM than to realise an investment in a company whose shares are quoted on the Official List.

Volatility in the price of Ordinary Shares.

The Placing Price has been agreed between the Board and Shore Capital and may not be indicative of the market price for the Ordinary Shares following Admission. The subsequent market price of the Ordinary Shares may be subject to wide fluctuations in response to a number of events and factors that are unrelated to the Group's operating performance such as variations in operating results, changes in financial estimates, recommendations by securities analysts, the share price performance of other companies that investors may deem comparable to the Group, market perceptions of the Group, news reports relating to trends in the Group's markets, large purchases or sales of Ordinary Shares, liquidity (or absence of liquidity) in the Ordinary Shares, currency fluctuations, legislative or regulatory changes, national and global economic conditions and various other factors and events. These fluctuations may adversely affect the trading price of the Ordinary Shares, regardless of the Group's performance.

The price at which the Ordinary Shares will be traded and the price at which investors may realise these investments will be influenced by a large number of factors, some not specific to the Group and its operations. Furthermore, there is no guarantee that the market price of an Ordinary Share will accurately reflect its underlying value.

Active trading in the Ordinary Shares may not develop or be sustained.

Prior to Admission, there is no public market for the Ordinary Shares. Admission to trading on AIM should not be taken as implying that a liquid market for the Ordinary Shares will either develop or be sustained following Admission. The Group cannot predict the extent to which investor interest in the Ordinary Shares will lead to the development of a trading market. The liquidity of a securities market is often a function of the volume of the underlying Ordinary Shares that are publicly held by unrelated parties. If a liquid trading market for Ordinary Shares does not develop, the price of Ordinary Shares may become more volatile and it may be more difficult to complete a buy or sell order for Ordinary Shares.

Investors should also be aware that the value of the Ordinary Shares (and any income received from them) may go down as well as up and that they may not be able to realise their investment. In particular, shares traded on AIM have experienced lower levels of liquidity than is often experienced in other stock markets.

Future performance of the Group cannot be guaranteed.

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

The Group cannot guarantee that it will always retain a quotation on AIM. If the Group fails to do so, certain investors may decide to sell their Ordinary Shares, which could have an adverse impact on the share price. Additionally, if in the future the Group decides to obtain a listing on another exchange, in addition to AIM or as an alternative, this may affect the liquidity of the Ordinary Shares traded on AIM.

Future substantial sales of Ordinary Shares in the public market may depress the share price.

Sales of a substantial number of Ordinary Shares by holders of such shares in the public market could depress the market price of the Ordinary Shares.

The sale of a significant amount of Ordinary Shares in the public market, or the perception that such sales may occur, could materially adversely affect the market price of the Ordinary Shares.

Future issues of Ordinary Shares may result in immediate dilution of existing shareholders.

The Group may decide to issue additional Ordinary Shares in the future in subsequent public offerings or private placements to fund expansion and development. If Shareholders do not subscribe for additional Ordinary Shares on a *pro rata* basis in accordance with their existing shareholdings, this will dilute their existing interests in the Group. Furthermore, the issue of additional Ordinary Shares may be on more favourable terms than the Placing Shares. The issue of additional Ordinary Shares by the Group, or the possibility of such issue, 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. There is no guarantee that market conditions prevailing at the relevant time will allow for such a fundraising or that new investors will be prepared to subscribe for Ordinary Shares at a price which is equal to or in excess of the Placing Price.

Dividends.

While the Directors intend to adopt a progressive dividend policy that maintains an appropriate level of dividend cover, there can be no assurance that the Company will pay dividends in the future. Any decision to declare and pay dividends in the future will be made at the discretion of the Board and will depend on, amongst other things, applicable law, regulations, restrictions, results of operations, financial condition, cash requirements, contractual restrictions, future projects and plans and other factors that the Board may deem relevant.

Disclosure and Transparency Rules.

Although the Group has included provisions similar in effect to DTR5 in the Articles, the statutory disclosure of significant shareholdings is different than that under DTR5 and will not always ensure compliance with the requirements of AIM Rule 17.

Winding-up of the Group.

On a return of capital on a winding-up, holders of Ordinary Shares will be entitled to be paid out of the assets of the Group available to members only after the claims of all creditors of the Group have been settled.

Taxation.

The attention of potential investors is drawn to paragraph 14 of Part 6 of this document headed "Taxation". The tax rules and their interpretation relating to an investment in the Company may change during its life.

Any change in the Company's tax status or in taxation legislation or its interpretation could affect the value of the investments held in the Company or the Company's ability to provide returns to Shareholders or alter the post-tax returns to Shareholders. Representations in this document concerning the taxation of the Company and its investors are based upon current tax law and practice which is, in principle, subject to change.

Current and potential investors are strongly recommended to consult an independent financial adviser authorised under FSMA who specialises in investments of this nature before making any investment decision in respect of Ordinary Shares.

PART 3

HISTORICAL FINANCIAL INFORMATION ON THE COMPANY

SECTION A: ACCOUNTANT'S REPORT

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The Directors
Cerillion plc
125 Shaftesbury Avenue
London
WC2H 8AD

14 March 2016

Dear Sirs

Cerillion plc (the Company)

We report on the financial information on Cerillion plc for the period from incorporation to 30 September 2015 set out in section B of Part 3. This financial information (the **Historical Financial Information**) has been prepared for inclusion in the AIM admission document dated 14 March 2016 of Cerillion plc (the **Admission Document**) on the basis of the accounting policies set out in note 1 of the Historical Financial Information.

This report is required by Paragraph (a) of Schedule Two of the AIM Rules for Companies and is given for the purpose of complying with that paragraph and for no other purpose.

Responsibilities

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

The Directors of Cerillion plc are responsible for preparing the Historical 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 Historical Financial Information and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with the 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 Historical Financial Information. It also included an assessment of the 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 Historical Financial Information is free from material misstatement, whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of Cerillion plc as at the dates stated and of its loss, comprehensive loss, changes in equity and cash flows for the period ended 30 September 2015 in accordance with International Financial Reporting Standards 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 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

GRANT THORNTON UK LLP

SECTION B: HISTORICAL FINANCIAL INFORMATION ON CERILLION PLC FOR THE PERIOD ENDED 30 SEPTEMBER 2015

Statement of Comprehensive Income for the Period Ended 30 September 2015

	Notes	*Period from 5 March 2015 to 30 September 2015* *£*
Revenue		—
Gross profit		**—**
Administrative expenses	7	(580,500)
Operating loss		**(580,500)**
Finance costs		—
Loss before taxation		**(580,500)**
Taxation		—
Loss for the year		**(580,500)**
Other comprehensive income		**—**
Total comprehensive loss for the period		**(580,500)**
Loss per share		
Basic and diluted loss per share – continuing and total operations	7	(4.9) pence

Statement of Financial Position as at 30 September 2015

	Notes	*As at 30 September 2015* £
ASSETS		
Current assets		
Trade and other receivables	8	44,523
Cash and cash equivalents		14,841
TOTAL ASSETS		**59,364**
EQUITY AND LIABILITIES		
Current liabilities		
Trade and other payables	9	(624,204)
TOTAL LIABILITIES		**(624,204)**
NET LIABILITIES		**(564,840)**
EQUITY ATTRIBUTABLE TO SHAREHOLDERS		
Ordinary share capital	11	15,660
Retained earnings		(580,500)
TOTAL EQUITY		**(564,840)**

Statement of Cash Flows for the Period Ended 30 September 2015

	Notes	*Period from 5 March 2015 to 30 September 2015*
		£
Cash flows from operating activities		
Loss before taxation		(580,500)
Adjustments for:		
Increase in trade and other payables		580,500
NET CASH GENERATED FROM OPERATING ACTIVITIES		**—**
Cash flows from financing activities		
Proceeds from issue of equity shares		14,841
NET CASH GENERATED FROM FINANCING ACTIVITIES		**14,841**
NET INCREASE IN CASH AND CASH EQUIVALENTS		**14,841**
Cash and cash equivalents at beginning of period		—
CASH AND CASH EQUIVALENTS AT END OF PERIOD		**14,841**

Statement of Changes in Equity for the Period Ended 30 September 2015

	Ordinary share capital £	*Retained Earnings* £	*Total* £
Balance at 5 March 2015	—	—	—
Loss for the period	—	(580,500)	(580,500)
Transactions with owners:			
Issue of shares on incorporation	59,364	—	59,364
Balance as at 30 September 2015	**59,364**	**(580,500)**	**(521,136)**

Notes to the Financial Statements as at 30 September 2015

1. ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below.

Basis of preparation

The Company is a public limited company, which was incorporated in England and Wales on 5 March 2015. The address of its registered office is 125 Shaftesbury Avenue, London, WC2H 8AD. The principal activity of the Company is to act as a platform to acquire the entire issued share capital of Cerillion Technologies Limited for the purpose of admission to AIM. These Historical Financial Information Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRIC interpretations endorsed by the European Union (EU). The Historical Financial Information Statements have been prepared under the historical cost convention.

The Company's Directors are responsible for the preparation of this Historical Financial Information. This Historical Financial Information of the Company has been prepared for the sole purpose of publication within this Admission Document.

The Historical Financial Information does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006 and no statutory accounts have been prepared, audited or filed with the Registrar of Companies in England and Wales since incorporation.

The preparation of the Historical Financial Information Statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the Historical Financial Information Statements and the reported amounts of revenues and expenses during the period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. Further details regarding areas requiring significant assumptions and estimates are provided in Note 2 to the Historical Financial Information Statements.

There is no material difference between the fair value of financial assets and liabilities and their carrying amount.

The functional and presentational currency is UK Sterling.

Going concern

The Directors have assessed the current financial position of the Company, along with future cash flow requirements, to determine if the Company has the financial resources to continue as a going concern for the foreseeable future. These forecasts rely on the receipt of the net proceeds from the proposed admission of the Ordinary Shares of the Company to AIM. The Directors believe that it is reasonable to assume that the admission will be accepted and these proceeds received. The conclusion of this assessment is that it is appropriate that the Company be considered a going concern. For this reason the Directors continue to adopt the going concern basis in preparing the Historical Financial Information. The Historical Financial Information does not include any adjustments that would result in the going concern basis of preparation being inappropriate.

New and Revised Standards

IFRS in issue but not applied in the current Historical Financial Information Statements

The following IFRS and IFRIC Interpretations have been issued but have not been applied by the Company in preparing these Historical Financial Information Statements as they are not as yet effective. The Company intends to adopt these Standards and Interpretations when they become effective, rather than adopt them early.

- IFRS 9, 'Financial instruments', effective date 1 January 2018 (not yet adopted by the EU)
- IFRS 15, 'Revenue from Contracts with Customers', effective date 1 January 2018 (not yet adopted by the EU)

Both of these standards are yet to be subject to a detailed review. IFRS 9 will impact both the measurement and disclosure of financial instruments and IFRS 15 may have an impact on revenue recognition and related disclosures. Beyond this, it is not practicable to provide a reasonable estimate of the effect of IFRS 9 and IFRS 15 until a detailed review has been completed.

A number of IFRS and IFRIC interpretations are also currently in issue which are not relevant for the Company's activities and which have not therefore been adopted in preparing these Historical Financial Information Statements.

Segmental reporting

In accordance with IFRS 8, segmental information is presented based on the way in which financial information is reported internally to the chief operating decision maker. The Group's internal financial reporting is currently not deemed to be separable into business segments and as such has not been separated in these financial statements.

Taxation

The income tax expense or income for the period is the tax payable on the current period's taxable income.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applicable when the asset or liability crystallises based on current tax rates and laws that have been enacted or substantively enacted by the reporting date. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability.

A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of temporary differences can be deducted. The carrying amount of deferred tax assets are reviewed at each reporting date.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and other short term highly liquid deposits with original maturities of three months or less.

Financial instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transaction costs. Subsequent measurement of financial assets and financial liabilities is described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement financial assets are classified into the following categories upon initial recognition:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Classification and subsequent measurement of financial liabilities

The Company's financial liabilities include other payables. Financial liabilities are measured subsequently at amortised cost using the effective interest.

Equity

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received net of direct issue costs.

The ordinary share capital account represents the amount subscribed for shares at nominal value.

Retained earnings include all results as disclosed in the statement of comprehensive income.

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Directors consider that in the proper preparation of this Historical Financial Information there were no critical or significant areas which required the use of accounting estimates and exercise of judgement by management while applying the Company's accounting policies.

3. OPERATING LOSS

The Company did not generate revenue during the period. Expenses in the year related to professional fees in relation to the proposed admission of the Company to AIM.

4. EMPLOYEES

There were no employees during the period.

5. DIRECTORS' EMOLUMENTS

None of the Company's directors received or were entitled to receive any remuneration from the Company for their services during the period from incorporation to 30 September 2015. No key personnel other than the directors have been identified.

6. TAXATION

No provision has been made for income tax during the period on account of the Company making a loss in the period. There are currently no deferred tax assets or liabilities recognised within the accounts.

7. LOSS PER SHARE

Basic earnings per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of Ordinary Shares in issue during the year.

	2015
Loss attributable to equity holders of the Company (£)	(580,500)
Weighted average number of Ordinary Shares in issue (number)	11,872,791
Basic and diluted loss per share (pence per share)	**(4.9)**

There were no potentially dilutive equity instruments in issue during the period.

8. TRADE AND OTHER RECEIVABLES

	2015 *£*
Unpaid share capital	44,523

There are no differences between the carrying amount and fair value of any of the trade and other receivables above. As shown in note 12 the unpaid share capital is due from the Directors. The amount shown is expected to be repaid within 12 months.

9. TRADE AND OTHER PAYABLES

	2015 *£*
Accruals	(580,500)
Redeemable A Ordinary shares	(43,704)
	(624,204)

Accruals are for the non-contingent element of professional fees incurred up to the balance sheet date in connection with the admission of the Company's shares to trading on AIM and the acquisition of the issued share capital of Cerillion Technologies Limited.

The Shares have attached to them full voting, dividend and capital distribution rights. The holders of a majority of A Ordinary Shares may redeem all or any of the A Ordinary Shares at any time. Upon redemption the Company shall pay each holder of A Ordinary Shares a price per share equal to the amounts subscribed or deemed to be subscribed.

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial Instruments by Category

	As at *30 September* *2015* *£*
Loans and receivables	
Unpaid share capital	44,523
Cash and cash equivalents	14,841
	59,364
Liabilities held at amortised cost	
Deal fees on abort as at 30 September 2015	580,500
Redeemable A Ordinary Shares	43,704
	624,204

Liquidity Risk

The Company is managing its liquidity risk through cost control in advance of securing funding on Admission.

All trade and other payables totalling £624,204 are due for repayment within twelve months.

Capital Risk Management

The Company manages its capital to ensure it will be able to continue as a going concern while maximising the return to shareholders through optimising the debt and equity balance. In order to maintain or adjust the capital structure, the Company may, in the future, adjust the amount of dividends paid to shareholders (although at present no dividends are being paid or proposed), return capital to shareholders, issue new shares or sell assets. The Company's capital is not restricted.

The Company manages total capital and reserves for capital management purposes.

11. SHARE CAPITAL

	2015
	£
Issued, allotted, called up and one quarter paid:	
3,131,969 Ordinary Shares of 0.5 pence	15,660
8,740,822 A Ordinary Shares of 0.5 pence	43,704

The Ordinary Shares have been classified as Equity. The Ordinary Shares have attached to them full voting and capital distribution rights.

The A Ordinary Shares have been classified as a liability as disclosed in note 9.

12. RELATED PARTY TRANSACTIONS

As at the year end the directors owed the following amounts in respect of unpaid share capital:

O Gilchrist	£2,687
L Hall	£32,778
G J O'Connor	£9,058

The amounts were fully paid up on 3 November 2015 by way of an irrevocable undertaking to pay.

No further related party transactions took place during the period.

The Directors are remunerated by Cerillion Technologies Limited, an associated company.

13. SUBSEQUENT EVENTS

Since the balance sheet date of 30 September 2015 the PLC has issued 5,263,158 shares at a consideration of 76p per share, to the following VCT investors:

Baronsmead Venture Trust PLC	2,368,422 shares
Baronsmead Second Venture Trust PLC	2,368,422 shares
Baronsmead VCT5 PLC	526,314 shares.

PART 4

HISTORICAL FINANCIAL INFORMATION ON CERILLION

SECTION A: ACCOUNTANT'S REPORT

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An instinct for growth™

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The Directors
Cerillion plc
125 Shaftesbury Avenue
London
WC2H 8AD

14 March 2016

Dear Sirs

Cerillion Technologies Limited (Cerillion) and its Subsidiary Undertakings

We report on the financial information on Cerillion Technologies Limited and its subsidiaries for the three years ended 30 September 2015 set out in Section B of Part 4. This financial information (the **Historical Financial Information**) has been prepared for inclusion in the AIM admission document dated 14 March 2016 of Cerillion plc (the **Admission Document**) on the basis of the accounting policies set out in note 1 of the Historical Financial Information.

This report is required by Paragraph (a) of Schedule Two of the AIM Rules for Companies and is given for the purpose of complying with that paragraph and for no other purpose.

Responsibilities

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

The Directors of Cerillion plc are responsible for preparing the Historical 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 Historical Financial Information and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with the 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 Historical Financial Information. It also included an assessment of the 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 Historical Financial Information is free from material misstatement, whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of Cerillion Technologies Limited and its subsidiaries as at the dates stated and of its consolidated profits, consolidated comprehensive income and losses, consolidated changes in equity and consolidated cash flows for the three years ended 30 September 2015 in accordance with International Financial Reporting Standards 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 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

GRANT THORNTON UK LLP

SECTION B – HISTORICAL CONSOLIDATED FINANCIAL INFORMATION ON CERILLION TECHNOLOGIES LIMITED FOR THE YEARS ENDED 30 SEPTEMBER 2015, 2014 AND 2013

Consolidated Statement of Comprehensive Income

	Note	*Year ended 30 September 2013* £	*Year ended 30 September 2014* £	*Year ended 30 September 2015* £
REVENUE	15	**13,316,824**	**13,345,004**	**14,016,095**
Cost of sales		(3,272,433)	(3,081,764)	(3,635,959)
GROSS PROFIT		**10,044,391**	**10,263,240**	**10,380,136**
Administrative expenses		(7,675,863)	(7,637,146)	(8,239,801)
OPERATING PROFIT	2	**2,368,528**	**2,626,094**	**2,140,335**
Presented as:				
Earnings before interest, tax, EBITDA before exceptional items		**2,763,676**	**3,240,812**	**2,878,193**
Depreciation	8	(395,148)	(325,799)	(252,240)
Amortisation of intangibles	7	—	(288,919)	(485,618)
OPERATING PROFIT		**2,368,528**	**2,626,094**	**2,140,335**
Finance income	3	5,026	5,453	5,070
Finance costs	3	(11,237)	(3,276)	(1,495)
PROFIT BEFORE TAX		**2,362,317**	**2,628,271**	**2,143,910**
Taxation	5	(282,932)	(161,935)	(87,900)
		2,079,385	**2,466,336**	**2,056,010**
Earnings per share				
Basic earnings per share on continuing and total operations	6	56.24	66.71	55.61
Diluted earnings per share on continuing and total operations	6	56.24	66.71	55.61

Consolidated Statement of Financial Position

	Note	*As at 1 October 2012* £	*As at 30 September 2013* £	*As at 30 September 2014* £	*As at 30 September 2015* £
NON-CURRENT ASSETS					
Intangible assets	7	755,677	905,677	866,758	1,461,140
Property, plant and equipment	8	574,457	493,885	384,779	403,140
Other debtors		—	—	100,000	100,000
Deferred tax asset	17	467,711	383,397	302,918	262,614
		1,797,845	**1,782,959**	**1,654,455**	**2,226,894**
CURRENT ASSETS					
Trade and other receivables	10	5,396,340	6,504,345	5,936,214	7,202,526
Cash and cash equivalents	14	6,828,892	7,500,586	7,066,597	5,506,993
		12,225,232	**14,004,931**	**13,002,811**	**12,709,519**
TOTAL ASSETS		**14,023,077**	**15,787,890**	**14,657,266**	**14,936,413**
EQUITY AND LIABILITIES					
NON-CURRENT LIABILITIES					
Borrowings	13	(168,978)	(32,940)	—	—
Other Creditors	12	—	—	—	(240,000)
Deferred Tax	17	—	—	—	(80,000)
		(168,978)	**(32,940)**	**—**	**(320,000)**
CURRENT LIABILITIES					
Trade and other payables	11	(4,060,352)	(5,895,971)	(4,346,103)	(3,759,830)
		(4,060,352)	**(5,895,971)**	**(4,346,103)**	**(3,759,830)**
TOTAL LIABILITIES		**(4,229,330)**	**(5,928,911)**	**(4,346,103)**	**(4,079,830)**
NET ASSETS		**9,793,747**	**9,858,979**	**10,311,163**	**10,856,583**
EQUITY ATTRIBUTABLE TO SHAREHOLDERS					
Called up share capital	16	8,604,767	6,590,614	4,576,462	3,065,872
Share Premium		2,797,438	2,797,438	2,797,438	2,797,438
Retained earnings		(1,608,458)	470,927	2,937,263	4,993,273
TOTAL EQUITY		**9,793,747**	**9,858,979**	**10,311,163**	**10,856,583**

Consolidated Statement of Changes in Equity

	Note	*Ordinary share capital* £	*Share Premium* £	*Retained earnings* £	*Total Equity* £
1 October 2012		8,604,767	2,797,438	(1,608,458)	9,793,747
Profit for the year		—	—	2,079,385	2,079,385
Transactions with owners					
Reduction in share capital		(2,014,153)	—	—	(2,014,153)
30 September 2013		6,590,614	2,797,438	470,927	9,858,979
1 October 2013		6,590,614	2,797,438	470,927	9,858,979
Profit for the year		—	—	2,466,336	2,466,336
Transactions with owners					
Reduction in share capital		(2,014,152)	—	—	(2,014,152)
30 September 2014		**4,576,462**	**2,797,438**	**2,937,263**	**10,311,163**
1 October 2014		4,576,462	2,797,438	2,937,263	10,311,163
Profit for the year		—	—	2,056,010	2,056,010
Transactions with owners					
Reduction in share capital		(1,510,615)	—	—	(1,510,615)
Exercise of share options		25	—	—	25
30 September 2015		**3,065,872**	**2,797,438**	**4,993,273**	**10,856,583**

Consolidated Statement of cash flows

	Note	*Year ended 30 September 2013* £	*Year ended 30 September 2014* £	*Year ended 30 September 2015* £
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit for the period before tax		2,362,317	2,628,271	2,143,910
Adjustments for:				
Depreciation of property, plant and equipment	8	395,148	325,799	252,240
Amortisation of intangible assets	7	—	288,919	485,618
Exchange difference on property, plant and equipment		12,556	(895)	(400)
Loss on disposal of property, plant and equipment		10,072	—	—
Finance costs		11,237	3,276	1,495
Finance income		(5,026)	(5,453)	(5,070)
Operating cash flows before movements in working capital		**2,786,304**	**3,239,917**	**2,877,793**
Decrease/(Increase) in receivables		(1,108,005)	568,131	(1,266,312)
(Decrease)/Increase in payables		1,901,910	(1,562,130)	(519,021)
Cash generated from operations		**3,580,209**	**2,245,918**	**1,092,460**
Corporation Tax Paid		(156,598)	(80,425)	(141,909)
NET CASH GENERATED FROM OPERATING ACTIVITIES		**3,423,611**	**2,165,493**	**950,551**
INVESTING ACTIVITIES				
Purchase of property, plant and equipment		(337,204)	(215,798)	(270,200)
Purchase of intangible assets		(150,000)	(250,000)	(700,000)
Interest received		5,026	5,453	5,070
NET CASH USED IN INVESTING ACTIVITIES		**(482,178)**	**(460,345)**	**(965,130)**
FINANCING ACTIVITIES				
Repayment of borrowings		(244,349)	(121,709)	(32,940)
Repurchase of share capital		(2,014,153)	(2,014,152)	(1,510,590)
Interest paid		(11,237)	(3,276)	(1,495)
NET CASH USED IN FINANCING ACTIVITIES		**(2,269,739)**	**(2,139,137)**	**(1,545,025)**
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**671,694**	**(433,989)**	**(1,559,604)**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		**6,828,892**	**7,500,586**	**7,066,597**
CASH AND CASH EQUIVALENTS AT END OF PERIOD		**7,500,586**	**7,066,597**	**5,506,993**

NOTES TO THE FINANCIAL INFORMATION

1 Principal Accounting Policies

Basis of preparation

Cerillion is a limited company, which is incorporated and domiciled in the United Kingdom. The address of its registered office is 1 Princeton Mews, 167-169 London Road, Kingston Upon Thames, Surrey, KT2 6PT. The parent entity of the Group is Cerillion Technologies Limited. The principal activity of the Group is to supply and develop telecommunication software solutions and equipment. These Historical Financial Information Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRIC interpretations endorsed by the European Union (EU). The Historical Financial Information Statements have been prepared under the historical cost convention.

The Historical Financial Information does not constitute statutory accounts within the meaning of section 435 of the Companies Act 2006. The Directors of Cerillion plc are solely responsible for the preparation of this Historical Financial Information.

The preparation of the Historical Financial Information Statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the Historical Financial Information Statements and the reported amounts of revenues and expenses during the period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. Further details regarding areas requiring significant assumptions and estimates are provided in the relevant note to the Historical Financial Information Statements.

There is no material difference between the fair value of financial assets and liabilities and their carrying amount. Amounts in the Historical Financial Information Statements have been rounded to the nearest pound.

Going concern

The Directors have assessed the current financial position of Cerillion Technologies, along with future cash flow requirements to determine if Cerillion has the financial resources to continue as a going concern for the foreseeable future. The conclusion of this assessment is that it is appropriate that Cerillion be considered a going concern. For this reason the Directors continue to adopt the going concern basis in preparing the Historical Financial Information. The Historical Financial Information does not include any adjustments that would result in the going concern basis of preparation being inappropriate.

Basis of consolidation

The consolidated financial statements of Cerillion have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and IFRIC interpretations. These accounts have been prepared under the historical cost convention.

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary or a business is the fair values of the assets transferred, the liabilities incurred to former owners of the acquiree and the equity interests issued to the Group. The consideration transferred includes the fair values of any asset or liability resulting from a contingent consideration arrangement.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values on the acquisition date.

Acquisition-related costs are expensed as incurred.

Inter-company transactions, unrealised gains and losses on intra-group transactions and balances between group companies are eliminated on consolidation.

First time adoption of IFRS

The Historical Financial Information Statements have been prepared in accordance with IFRS as adopted by the European Union for the first time for the year ended 30 September 2015. The impact of adoption of IFRSs for the first time has been assessed and has no material effect on the primary statements. The additional disclosures required under IFRS have been included within the notes to these accounts.

For all periods up to and including the year ended 30 September 2014, Cerillion prepared its accounts in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP). In preparing this historical financial information in respect of the years ended 30 September 2013 and 2014, Cerillion has adopted International Financial Reporting Standards (IFRS), as endorsed by the EU.

The accounting policies set out in note 1 to these financial statements have been applied in preparing historical financial information. The retrospective application of IFRS to the comparative information and the opening IFRS balance sheet was required, with certain limited exceptions, by IFRS 1 'First Time adoption of IFRS'.

No adjustments were required in order to restate the financial statements for the years ending 2012, 2013 and 2014 respectively.

During 2015 Cerillion acquired the "Net Solutions Services" business, see note 18. Under IFRS 3 this acquisition was deemed to be a business combination. Customer contracts previously recognised as goodwill under UK GAAP (valued at £400,000) have been recognised as intangible assets at the date of acquisition. As a result, under IAS 12, a deferred tax liability and corresponding goodwill have been recognised. This was calculated using the effective tax rate and the current fair value of the intangible assets acquired. This treatment is different from UK GAAP and has been outlined in the reconciliation below.

Subsequent movement in relation to the above adjustments, namely the amortisation of the goodwill and the unwinding of the corresponding deferred tax liability can also be seen below.

Reconciliation of Group income statement and comprehensive income for the year ended 30 September 2015

	UK GAAP £	*Acquisition of "Net Solutions Services"* £	*Subsequent movements* £	*IFRS* £
Revenue	14,016,095	—	—	14,016,095
Cost of sales	(3,635,959)	—	—	(3,635,959)
Gross profit	**10,380,136**	**—**	**—**	**10,380,136**
Administrative expenses	(8,239,801)	—	—	(8,239,801)
Finance income	5,070	—	—	5,070
Finance costs	(1,495)	—	—	(1,495)
Profit before taxation	**2,143,910**	**—**	**—**	**2,143,910**
Taxation	(97,240)	—	9,340	(87,900)
Profit for the year	**2,046,670**	**—**	**9,340**	**2,056,010**
Other comprehensive income	—	—	—	—
Total comprehensive income for the year	**2,046,670**	**—**	**9,340**	**2,056,010**

Reconciliation of equity

As at 1 October 2013, the date of transition, no adjustments were made to equity as a result of the conversion to IFRS.

As at 30 September 2014, the end of the latest period in the Group's most recent accounts, no adjustments were made to equity as a result of the conversion to IFRS.

New and Revised Standards

IFRS in issue but not applied in the current Historical Financial Information Statements

The following IFRS and IFRIC Interpretations have been issued but have not been applied by Cerillion in preparing these Historical Financial Information Statements as they are not as yet effective. Cerillion intends to adopt these Standards and Interpretations when they become effective, rather than adopt them early.

- IFRS 9, 'Financial instruments', effective date 1 January 2018 (not yet adopted by the EU)
- IFRS 15, 'Revenue from Contracts with Customers', effective date 1 January 2018 (not yet adopted by the EU)

Both of these standards are yet to be subject to a detailed review. IFRS 9 will impact both the measurement and disclosure of financial instruments and IFRS 15 may have an impact on revenue recognition and related disclosures. Beyond this, it is not practicable to provide a reasonable estimate of the effect of IFRS 9 and IFRS 15 until a detailed review has been completed.

A number of IFRS and IFRIC interpretations are also currently in issue which are not relevant for Cerillion's activities and which have not therefore been adopted in preparing these Historical Financial Information Statements.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board who makes strategic decisions.

Information regarding segmental and geographical information is disclosed in note 15 to the Historical Financial Information Statements.

Foreign currency translation

(i) Functional and presentation currency

Items included in the Historical Financial Information Statements are measured using the currency of the primary economic environment in which group entities operate ('the functional currency"). The Historical Financial Information Statements are presented in sterling, which is Cerillion's functional and presentation currency. There has been no change in the functional currency during the current or preceding period.

(ii) Transactions and balances

Transactions in foreign currencies are translated into sterling using monthly average exchange rates. This is permissible in this case as there are no significant fluctuations between the currencies with which the entity operates. Monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rates ruling at the balance sheet date and any exchange differences arising are taken to profit or loss.

(iii) Foreign operations

In the Group's financial statements, all assets, liabilities and transactions of Group entities with a functional currency other than the GBP are translated into GBP upon consolidation. The functional currency of the entities in the Group has remained unchanged during the reporting period.

On consolidation, assets and liabilities have been translated into GBP at the closing rate at the reporting date. Goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into GBP at the closing rate. Income and expenses have been translated into GBP at the average rate over the reporting period. Exchange differences arising from significant foreign subsidiaries are charged or credited to other comprehensive income and recognised in the currency translation reserve in equity. On disposal of a foreign operation, the related cumulative translation differences recognised in equity are reclassified to profit or loss and are recognised as part of the gain or loss on disposal.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable net of sales related taxes.

The Group follows the principals of IAS 18 "Revenue" in determining appropriate revenue recognition policies. In principle revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow into the Group.

Revenue is derived from sales of standard licensed products (including installation, implementation, maintenance and support fees), additional licences, on-going account development work, third party time and material works. The Group does not build a tailor made asset for sale to customers and therefore does not recognise income in accordance with IAS 11 "Construction Contracts".

The excess of amounts invoiced over revenue recognised are included in deferred income. If the amount of revenue recognised exceeds the amount invoiced the excess is included within accrued income.

In applying the income recognition policies below where there is a requirement for a contract to be signed, income is recognised in accordance with the policy when the contract has been signed or persuasive evidence of an arrangement exists.

(i) Sale of standard licenced products

Revenue from standard licensed products comprises two elements, being:

- Initial licence and implementation fees ("inception fees")
- Ongoing maintenance and support fees

When management consider each element to operate independently of one another, the Group will recognise inception fees and ongoing maintenance and support fees on the following basis.

Revenue for initial licence and implementation fees in relation to products which are not modified to meet the specific requirements of each customer and follow a straightforward implementation profile is recognised from the point at which the customer has the ability and right to use all pre-paid licences on the installed solution. Revenue from maintenance and support fees are recognised on a rateable basis over the duration of the contract.

Where a licenced product requires significant customer modifications and implementation is complex, revenue is recognised on applying the percentage of completion method with estimates based on the total number of hours performed on the project compared to the total number of hours expected to complete the project. Provision is made for any losses on the contract as soon as they are foreseen.

(ii) Sale of additional licences

Revenue from the sale of additional licences is recognised when the additional licences are delivered to the customer.

(iii) Ongoing account development work

Ongoing account development work is generally provided on a fixed price basis and as such revenue is recognised based on the percentage completion or delivery of the relevant project, whichever is most appropriate for the transaction. Where percentage completion is used it is estimated based on the total number of hours performed on the project compared to the total number of hours expected to complete the project. Provision is made for any losses as soon as they are foreseen.

(iv) Third party time, material works and re-billable expenses

Revenue on contracted third party time and material works is recognised on a time basis using pre-agreed day rates.

Revenue on re-billable expenses is recognised as incurred. In the case of third party time, material works and re-billable expenses the Group is considered to be acting as principal as it is the primary obligor in the sales transaction, the Group can select the supplier of the service and the Group holds the credit risk in the transaction.

Cost of sales

Costs considered to be directly related to revenue are accounted for as cost of sales. All direct production costs and overheads, including indirect overheads that can reasonably be allocated, have been classified as cost of sales.

Taxation and deferred taxation

The income tax expense or income for the period is the tax payable on the current period's taxable income. This is based on the national income tax rate enacted or substantively enacted for each jurisdiction with any adjustment relating to tax payable in previous years and changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the Historical Financial Information Statements.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applicable when the asset or liability crystallises based on current tax rates and laws that have been enacted or substantively enacted by the reporting date. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability.

A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of temporary differences can be deducted. The carrying amount of deferred tax assets are reviewed at each reporting date.

Operating leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. These are the only types of lease utilised by the entity. Operating lease payments for assets leased from third parties are charged to profit or loss on a straight line basis over the period of the lease, on an accrued basis.

Impairment

Goodwill and assets that are subject to amortisation are reviewed for impairment annually or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

Cash and cash equivalents

Cash at bank, overnight and longer term deposits which are held for the purpose of meeting short-term cash commitments are disclosed within cash and cash equivalents.

Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. These amounts represent liabilities for goods and services provided to Cerillion prior to the end of the financial period which are unpaid as well as any outstanding tax liabilities.

Financial instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transaction costs, except for those carried at fair value through profit or loss which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities is described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement financial assets are classified into the following categories upon initial recognition:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that Cerillion will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtors, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 90 days overdue) are considered indicators that the trade and other receivables may be impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the profit or loss within 'cost of sales'. When a trade or other receivable is uncollectible, it is written off against the allowance account for trade and other receivables. Subsequent recoveries of amounts previously written off are credited against 'cost of sales' in the profit or loss.

Classification and subsequent measurement of financial liabilities

The Group's financial liabilities include borrowings, trade and other payables. Financial liabilities are measured subsequently at amortised cost using the effective interest.

Provisions

Provisions are recognised when Cerillion has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are the best estimate of the expenditure required to settle the obligation at the current reporting date.

Property, plant and equipment (PPE)

PPE is stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to Cerillion and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation on plant and machinery and fixtures and fittings is calculated using the straight line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

Leasehold Improvements	*Life of lease*
Fixtures and fittings	*3 – 4 years*
Computer Equipment	*3 years*

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the profit or loss.

Intangible assets and amortisation

(i) Software

Expenditure on research is written off in the period in which it is incurred. Development expenditure incurred on specific projects are capitalised where the Board is satisfied that the following criteria have been met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their estimated useful lives, which does not exceed 5 years.

(ii) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the assets and liabilities assumed at the date of acquisition. Goodwill acquired in business combinations is not amortised. Instead, goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment testing is carried out by assessing the recoverable amount of the cash-generating unit to which the goodwill relates.

(iii) Purchased customer contracts

Purchased customer contracts acquired as part of a business combination are recognised at fair value if they are project specific and there is a level of certainty that there will be future recovery. Customer contracts are amortised over the perceived period that they will generate economic benefits. This is calculated using in depth analysis of future revenue from cash flow forecasts.

The customer contracts acquired as part of the "Net Solutions Services" business are to be amortised over a period of 5 years.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Interest

Interest income and expense are recognised using the effective interest method and comprise amounts receivable and payable on bank deposits and bank borrowings respectively.

Post retirement benefits

Defined contribution schemes

The defined contribution schemes provide benefits based on the value of contributions made. The amounts charged as expenditure for the defined contribution scheme represents the contributions payable by Cerillion for the accounting years in respect of the schemes.

Equity

An equity instrument is any contract that evidences a residual interest in the assets of Cerillion after deducting all of its liabilities. Equity instruments issued by Cerillion are recorded at the proceeds received net of direct issue costs.

The share premium account represents premiums received on the initial issuing of the share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

The share capital account represents the amount subscribed for shares at nominal value.

Retained earnings include all results as disclosed in the statement of comprehensive income.

The accounting policies set out above have, unless otherwise stated, been applied consistently by the Group to all periods presented.

Critical accounting judgements and estimates

Judgements

The preparation of Historical Financial Information Statements under IFRS requires the use of certain critical accounting assumptions, and requires management to exercise its judgment and to make estimates in the process of applying Cerillion's accounting policies.

(i) Capitalisation of Development Costs

Development costs are capitalised only after technical and commercial feasibility of the asset for sale or use have been established. This is determined by our intention to complete and/or use the intangible asset. The future economic benefits of the asset are reviewed using detailed cash flow projections.

(ii) Revenue Recognition

Revenue is recognised on the basis of delivery. In respect of long term contracts the revenue is in line with percentage completed in terms of effort to date as a percentage of total forecast effort. Total forecast is prepared by project manager on a monthly basis and reviewed by project office and senior management team on a monthly basis.

Estimates

(i) Taxation

Cerillion is primarily subject to corporation tax in the UK and judgment and estimates of future profitability are required to determine Cerillion's deferred tax position. If the final tax outcome is different to that assumed, resulting changes will be reflected in profit or loss, unless the tax relates to an item charged to equity or OCI in which case the changes in tax estimates will also be reflected in equity or OCI.

2 OPERATING PROFIT

	Note	*2013* *£*	*2014* *£*	*2015* *£*
Operating profit is stated after (crediting)/charging:				
Staff costs	4	7,627,322	7,519,289	8,127,969
Depreciation	8	395,148	325,799	252,240
Amortisation of intangibles	7	—	288,919	485,618
Research & development costs		842,365	938,011	490,011
Foreign exchange losses		102,735	60,005	(34,298)
Operating leases		486,820	469,772	494,686
Fees payable to Cerillion's auditors:				
– Audit of Cerillion's annual accounts		32,600	34,500	50,000
– Audit of subsidiaries		5,000	5,000	5,000
– Non-audit services – tax services		3,900	4,950	5,000

3 FINANCE INCOME AND COSTS

	2013 *£*	*2014* *£*	*2015* *£*
Finance income			
Bank interest receivable	5,026	5,433	5,070
Finance costs			
Interest payable in respect of loans	11,237	3,276	1,495

4 STAFF COSTS

	Note	*2013* *£*	*2014* *£*	*2015* *£*
Wages and salaries		6,698,278	6,568,373	7,090,130
Social security costs		623,694	637,983	678,416
Other pension costs	19	305,350	312,933	359,423
		7,627,322	7,519,289	8,127,969

Excluding directors the monthly average number of employees for the Group (at their full time equivalent) during the period was as follows:

	2013	*2014*	*2015*
Management and administration	23	24	25
Support and development staff	119	120	132
	142	**144**	**157**

Remuneration in respect of directors was as follows:

	2013	*2014*	*2015*
	£	*£*	*£*
Emoluments	758,530	745,946	735,324
Pension contributions to money purchase pension schemes	59,964	60,361	62,172
Amounts paid to third parties in respect of directors' services	140,983	120,832	125,005
	959,477	**927,139**	**922,501**

During the year 3 directors (2014: 3, 2013: 3) participated in money purchase pension schemes.

The amounts set out above include remuneration in respect of the highest paid director as follows:

	2013	*2014*	*2015*
	£	*£*	*£*
Emoluments	310,912	322,372	346,618
Pension contributions to money purchase pension schemes	25,318	25,485	26,250
	336,230	**347,857**	**372,868**

No key management personnel other than the directors have been identified.

5 TAXATION

	2013 £	2014 £	2015 £
Current tax	224,329	83,174	74,187
Deferred tax	58,603	78,761	13,713
	282,932	161,935	87,900

UK corporation tax is calculated at 20% (2014: 22% 2013:23.5%) on the assessable profit for the period. The charge for the period can be reconciled to the profit before tax as follows:

Factors affecting the tax charge for the year

	Note	2013 £	2014 £	2015 £
Profit before tax:		**2,362,317**	**2,628,271**	**2,143,910**
Tax at the UK corporation tax rate of 20% (2014: 22% 2013:23.5%)		555,144	578,220	428,782
Effects of:				
Disallowable expenses		22,519	22,222	21,280
Difference in tax rates		20,201	6,065	25,287
Marginal relief		—	(1,613)	—
Enhanced relief for research and development		(373,535)	(521,720)	(401,162)
Other		58,603	78,761	13,713
Total Tax charge		**282,932**	**161,935**	**87,900**

The adjustments in respect of prior year of £62,271 above relates to the utilisation of temporary differences in 2013 which were not included within the financial statements for the year ended 30 September 2013.

On the enactment of the Finance Act 2012, the corporation tax rate was reduced from 21% to 20% effective from 1 April 2015. Accordingly Cerillion's profits for the current year were taxed at an effective rate of 20.5%.

6 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to equity holders of Cerillion by the weighted average number of Ordinary Shares in issue during the year. There are no dilutive instruments and hence diluted earnings per share is identical to standard earnings per share. The "A" Preferred Shares, "B" Preferred Shares and Management Shares have not been included in the weighted average number of shares as they hold preferences over standard Ordinary Shares.

	2013 £	2014 £	2015 £
Profit attributable to equity holders of Cerillion	2,079,385	2,466,336	2,056,010
Weighted average number of Ordinary Shares in issue	36,973	36,973	36,973
Basic profit per share	56.24	66.71	55.61

7 INTANGIBLE ASSETS

The Group

	Goodwill £	Software £	Purchased Customer Contracts £	Total £
Year ended 30 September 2013				
Opening net book value	—	755,677	—	755,677
Additions	—	150,000	—	150,000
Amortisation	—	—	—	—
Closing net book value	**—**	**905,677**	**—**	**905,677**
At 30 September 2013				
Cost	—	905,677	—	905,677
Accumulated amortisation	—	—	—	—
Net book value	**—**	**905,677**	**—**	**905,677**
Year ended 30 September 2014				
Opening net book value	—	905,677	—	905,677
Additions	—	250,000	—	250,000
Amortisation		(288,919)	—	(288,919)
Closing net book value	**—**	**866,758**	**—**	**866,758**
At 30 September 2014				
Cost	—	1,155,677	—	1,155,677
Accumulated amortisation	—	(288,919)	—	(288,919)
Net book value	**—**	**866,758**	**—**	**866,758**
Year ended 30 September 2015				
Opening net book value	—	866,758	—	866,758
Additions	80,000	600,000	400,000	1,080,000
Amortisation	—	(438,918)	(46,700)	(485,618)
Closing net book value	**80,000**	**1,027,840**	**353,300**	**1,461,140**
At 30 September 2015				
Cost	80,000	1,755,677	400,000	2,235,677
Accumulated amortisation/impairment	—	(727,837)	(46,700)	(774,537)
Net book value	**80,000**	**1,027,840**	**353,300**	**1,461,140**

Amortisation has been included in administrative expenses in the statement of comprehensive income.

At the balance sheet date, impairment testing was undertaken by comparing the carrying values of both goodwill and intangibles against the recoverable amount of the "Net Solutions Services" CGU to which the asset has been allocated. No impairment has been charged. Recoverable amounts are based on value-in-use calculations using pre-tax cashflows covering a 5 year period based on forecasts approved by management. No terminal value has been attributed to the intangible assets. A discount rate of 12% has been used reflecting managements' assessment of the risks specific to CGUs. Sensitivity analysis performed on these projections demonstrates significant valuation headroom above the carrying values of the CGU. For impairment to be required the discount rate would need to increase to 43% or revenues are reduced by 10%.

The remaining useful economic life of the purchased customer contracts is 4 years and 5 months. Included within software are amounts relating to "Cerillion Enterprise" with a carrying amount of £883,486 and a remaining useful economic life of 4 years.

8 PROPERTY PLANT AND EQUIPMENT

	Leasehold improvements	*Computer equipment*	*Furniture and fittings*	*Total*
	£	*£*	*£*	*£*
Year ended 30 September 2013				
Opening net book value	75,008	329,182	170,267	574,457
Additions at cost	8,911	282,012	46,281	337,204
Disposals	—	—	(10,072)	(10,072)
Exchange differences	(11,298)	(957)	(301)	(12,556)
Depreciation	(20,062)	(254,934)	(120,152)	(395,148)
Closing net book value	**52,559**	**355,303**	**86,023**	**493,885**
At 30 September 2013				
Cost	560,514	2,616,701	747,568	3,924,783
Accumulated depreciation	(507,955)	(2,261,398)	(661,545)	(3,430,898)
Net book value	**52,559**	**355,303**	**86,023**	**493,885**
Year ended 30 September 2014				
Opening net book value	52,559	355,303	86,023	493,885
Additions at cost	—	215,798	—	215,798
Disposals	—	—	—	—
Exchange differences	507	(72)	460	895
Depreciation	(20,969)	(241,696)	(63,134)	(325,799)
Reclassification of assets	—	1,489	(1,489)	—
Closing net book value	**32,097**	**330,822**	**21,860**	**384,779**
At 30 September 2014				
Cost	562,259	2,833,162	746,983	4,142,404
Accumulated depreciation	(530,162)	(2,502,340)	(725,123)	(3,757,625)
Net book value	**32,097**	**330,822**	**21,860**	**384,779**
Year ended 30 September 2015				
Opening net book value	32,097	330,822	21,860	384,779
Additions at cost	18,083	244,369	7,749	270,201
Disposals	—	—	—	—
Exchange differences	208	36	156	400
Depreciation	(22,611)	(218,214)	(11,415)	(252,240)
Closing net book value	**27,777**	**357,013**	**18,350**	**403,140**
At 30 September 2015				
Cost	581,500	3,077,936	755,321	4,414,757
Accumulated depreciation	(553,723)	(2,720,923)	(736,971)	(4,011,617)
Net book value	**27,777**	**357,013**	**18,350**	**403,140**

All depreciation charges are included within admin expenses and no impairment has been charged.

As referred to in note 22, all assets are subject to a first floating charge and the leasehold property is subject to a fixed charge.

As referred to in note 13a, computer equipment to the value of £nil (2014: £32,940, 2013:£154,649) is held as security over the loan.

9 OTHER DEBTORS

	As at 1 October 2012 £	As at 30 September 2013 £	As at 30 September 2014 £	As at 30 September 2015 £
Non Current:				
Tax on loans to participators	—	—	100,000	100,000
	—	**—**	**100,000**	**100,000**

Tax on loans to participators represents the 25% benefit in kind tax deposit paid by the Company on behalf of the Directors in relation to the £400,000 loans to directors as at 30 September 2014 as disclosed in note 20.

10 TRADE AND OTHER RECEIVABLES

	As at 1 October 2012 £	As at 30 September 2013 £	As at 30 September 2014 £	As at 30 September 2015 £
Due within one year:				
Trade receivables	2,479,773	3,311,416	2,603,707	2,391,117
Accrued income	2,267,203	2,377,211	2,191,995	3,561,548
Other receivables	362,548	555,576	752,737	998,521
Prepayments	286,816	260,142	387,775	251,340
	5,396,340	**6,504,345**	**5,936,214**	**7,202,526**

Bad debt provision

	£
1 October 2012	438,073
Additional provisions/(recoveries)	—
Utilised in the year	90,221
30 September 2013	**528,294**
1 October 2013	528,294
Additional provisions/(recoveries)	(328,404)
Utilised in the year	85,792
30 September 2014	**285,682**

	£
1 October 2014	285,682
Additional provisions/(recoveries)	(140,985)
Utilised in the period	105,000
30 September 2015	**249,697**

A detailed review of the credit quality of each client is completed before an engagement commences and the concentration of credit risk is limited as exposure is spread over a large number of clients.

The credit risk relating to trade receivables is analysed as follows:

	As at 1 October 2012	*As at 30 September 2013*	*As at 30 September 2014*	*As at 30 September 2015*
	£	*£*	*£*	*£*
Trade receivables	2,917,846	3,839,710	2,889,389	2,640,814
Bad debt provision	(438,073)	(528,294)	(285,682)	(249,697)
	2,479,773	**3,311,416**	**2,603,707**	**2,391,117**

The other classes of assets within trade and other receivables do not contain impaired assets.

The net carrying value is judged to be a reasonable approximation of fair value.

The following is an ageing analysis of those trade receivables that were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default.

	As at 1 October 2012	*As at 30 September 2013*	*As at 30 September 2014*	*As at 30 September 2015*
	£	*£*	*£*	*£*
Not past due	917,857	1,758,293	2,069,894	1,206,390
Up to 3 months	879,094	1,120,659	348,380	461,844
3 to 6 months	502,752	235,337	185,433	605,594
Older than 6 months	180,070	197,127	—	117,289
	2,479,773	**3,311,416**	**2,603,707**	**2,391,117**

The following is an ageing analysis of those trade receivables that were individually considered to be impaired:

	As at 1 October 2012	*As at 30 September 2013*	*As at 30 September 2014*	*As at 30 September 2015*
	£	*£*	*£*	*£*
Up to 3 months	—	—	62,931	56,823
3 to 6 months	66,391	—	109,539	99,504
Older than 6 months	371,682	528,294	113,212	93,370
	438,073	**528,294**	**285,682**	**249,697**

11 TRADE AND OTHER PAYABLES

	As at 1 October 2012	*As at 30 September 2013*	*As at 30 September 2014*	*As at 30 September 2015*
	£	*£*	*£*	*£*
Trade payables	849,806	672,358	683,082	384,208
Taxation and social security	481,098	739,623	505,488	438,774
Pension contributions	35,854	34,599	38,208	42,370
Other payables	326,835	387,299	297,937	460,332
Accruals	881,917	763,725	718,767	675,456
Deferred income	1,254,822	3,176,658	2,069,681	1,758,690
Loans (note 13)	230,020	121,709	32,940	—
	4,060,352	**5,895,971**	**4,346,103**	**3,759,830**

The loan balance as at 30th September 2013 contains £32,940 which was non-current.

The directors consider that the carrying amount of other payables approximates to their fair values.

12 OTHER CREDITORS

	As at 1 October 2012 £	*As at 30 September 2013 £*	*As at 30 September 2014 £*	*As at 30 September 2015 £*
Other creditors	—	—	—	240,000
	—	**—**	**—**	**240,000**

Other creditors includes the amount outstanding on the purchase during the year of the "Net Solutions Services" business. The total balance outstanding at 30 September 2015 is £360,000 (2014: nil, 2013: nil, 2012, nil) and is payable by three equal instalments of £120,000 each on 2 March 2016 (shown in current liabilities), 2017 and 2018. The amount is unsecured and interest free. The directors consider the fair value of deferred consideration to be approximately equal to the carrying amount.

13 BORROWINGS AND FINANCIAL LIABILITIES

	As at 1 October 2012 £	*As at 30 September 2013 £*	*As at 30 September 2014 £*	*As at 30 September 2015 £*
Current liabilities:				
Secured bank loans	230,020	121,709	32,940	—
Non-current liabilities:				
Secured bank loans	168,978	32,940	—	—
	398,998	**154,649**	**32,940**	**—**

13a Terms and repayment schedule

The terms and conditions of outstanding loans are as follows:

			30 September 2013		*30 September 2014*		*30 September 2015*	
	Nominal interest rate	*Year of maturity*	*Face value*	*Carrying amount*	*Face value*	*Carrying amount*	*Face value*	*Carrying amount*
Secured bank loan	3.00%	2014/15	154,649	154,649	32,940	32,940	—	—
Total interest-bearing liabilities			**154,649**	**154,649**	**32,940**	**32,940**	**—**	**—**

The secured bank loans are taken out with banks or credit providers to facilitate specific capital expenditure, and are secured over computer equipment as disclosed in note 8. No further charges are held over computer equipment as of 30 September 2015 as the loan is now fully repaid.

14 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial Instruments by Category

	As at 1 October 2012 £	*As at 30 September 2013 £*	*As at 30 September 2014 £*	*As at 30 September 2015 £*
Loans and receivables				
Trade receivables	2,479,773	3,311,416	2,603,707	2,391,117
Other receivables	362,548	555,576	752,737	998,521
Accrued Income	2,267,203	2,377,211	2,191,995	3,561,548
Cash and cash equivalents	6,828,892	7,500,586	7,066,597	5,506,993
	11,938,416	**13,744,789**	**12,615,036**	**12,458,179**

Prepayments are excluded as this analysis is required only for financial instruments.

Liabilities held at amortised cost				
Borrowings	398,998	154,649	32,940	240,000
Trade and other payables	1,176,641	1,059,587	981,019	844,540
Pension Costs	35,854	34,599	38,208	42,370
Accruals	881,917	763,725	718,767	675,456
	2,493,410	**2,012,560**	**1,770,934**	**1,802,366**

Statutory liabilities are excluded from the trade payables balance, as this analysis is required only for financial instruments.

Credit quality of Financial Assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (S&P) (if available) or to historical information about counterparty default rates:

	As at 1 October 2012 £	*As at 30 September 2013 £*	*As at 30 September 2014 £*	*As at 30 September 2015 £*
Trade receivables				
Group 1	61,622	467,932	398,716	83,516
Group 2	2,392,719	2,834,999	2,204,991	1,855,277
Group 3	25,432	8,485	—	452,324
	2,479,773	**3,311,416**	**2,603,707**	**2,391,117**

Group 1 – new customers (less than 6 months).

Group 2 – existing customers (more than 6 months) with no defaults in the past.

Group 3 – existing customers (more than 6 months) with some defaults in the past.

	As at 1 October 2012 £	*As at 30 September 2013 £*	*As at 30 September 2014 £*	*As at 30 September 2015 £*
Cash at bank and short-term deposits				
A1	6,827,320	7,496,886	7,064,379	5,503,603
Not rated	1,572	3,700	2,218	3,390
	6,828,892	7,500,586	7,066,597	5,506,993

A1 rating means that the risk of default for the investors and the policy holder is deemed to be very low.

Not rated balances relate to petty cash amounts.

Market risk – Foreign exchange risk

At 30 September 2015 if Sterling had strengthened by 10% against the Australian dollar, US dollar, and Euro, with all other variables held constant, post tax profit for the period would have been £246,931 lower (2014: £328,166, 2013: £366,149), mainly as a result of cash and cash equivalents, trade receivables, trade payables.

Market Risk – Cash flow interest rate risk

Cerillion had outstanding borrowing as follows:

	2013 £	*2014 £*	*2015 £*
Borrowing	154,649	32,940	—

These were loans taken out with HSBC to facilitate capital expenditure on an office fit out in 2011 at fixed interest rates. Any increase in interest would have no effect on profit.

Liquidity Risk

Cerillion actively maintains cash that is designed to ensure Cerillion has sufficient available funds for operations and planned expansions. The table below analyses Cerillion's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year	*Between 1 and 2 years*	*Between 2 and 5 years*	*Over 5 years*
At 30 September 2013				
Borrowings	121,709	32,940	—	—
Trade and other payables	1,833,878	—	—	—
At 30 September 2014				
Borrowings	32,940	—	—	—
Trade and other payables	1,524,715	—	—	—
At 30 September 2015	**—**	**—**	**—**	**—**
Trade and other payables	1,325,683	120,000	120,000	—

Capital Risk Management

The Group manages its capital to ensure it will be able to continue as a going concern while maximising the return to shareholders through optimising the debt and equity balance. The capital structure of Cerillion Technologies Limited consists of debt, which includes the borrowings disclosed in note 13, cash and cash equivalents and equity attributable to equity holders of the parent comprising issued capital, retained earnings and the statement of changes in equity. In order to maintain or adjust the capital structure, the Group may, in the future, adjust the amount of dividends paid to shareholders (although at present no dividends are being paid or proposed), return capital to shareholders, or issue. The Group's capital is not restricted.

15 SEGMENT INFORMATION

Segment reporting policy

Operating segments are reporting in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of operating segments, has been identified as the Board of Directors and the Chief Financial OfficerBusiness segments. During the year ended 30 September 2015, the Group was organised into four main business segments for revenue purposes. Assets are used across all segments and therefore are not split between segments.

	2013	*2014*	*2015*
	£	*£*	*£*
Revenue			
Services	8,179,995	8,123,423	8,573,367
Software	4,308,670	4,570,502	4,180,572
Software as a Service	—	—	225,100
3rd Party	828,159	651,079	1,037,056
Total Revenue	**13,316,824**	**13,345,004**	**14,016,095**

Services: relates to revenue from providing services to customers on new implementation projects and enhancements.

Software: relates to support and maintenance revenue derived from people using the software as well as the licences to use the software.

Software as a Service: relates to monthly subscriptions for a managed service or to use products on a pay as you go service.

3rd Party: relates to revenue derived from 3rd party services or licences, re-billable expenses and pass through of selling on hardware.

a) Geographical information

	Europe £	MEA £	Americas £	Asiapac £
Year ended 30 September 2013				
Revenue	8,692,106	588,809	2,633,409	1,402,500
Capital expenditure	291,652	—	—	45,552
Total assets	15,418,039	—	—	369,851
Net assets	9,757,149	—	—	101,830
Year ended 30 September 2014				
Revenue	8,006,539	830,101	3,090,992	1,417,372
Capital expenditure	212,826	—	—	2,972
Total assets	14,295,090	—	—	362,176
Net assets	10,181,497	—	—	129,666
Year ended 30 September 2015				
Revenue	7,136,934	250,221	4,456,338	2,172,602
Capital expenditure	258,196	—	—	12,005
Total assets	14,552,214	—	—	384,199
Net assets	10,700,033	—	—	156,550

Cerillion receives greater than 10% of revenue from individual customers in the following geographical regions:

	Operating segment	2013 £	2014 £	2015 £
Customer				
No. 1	Europe	3,581,471	1,407,906	—
No. 2	Americas	1,830,119	1,986,738	—
No. 3	Europe	1,593,624	—	—
No. 4	Europe	—	1,785,465	—
No. 5	Europe	—	—	1,838,481
No. 6	Americas	—	—	1,652,310
No. 7	Europe	—	—	1,440,813

16 SHARE CAPITAL

	As at 1 October 2012 £	As at 30 September 2013 £	As at 30 September 2014 £	As at 30 September 2015 £
Authorised:				
56,722 ordinary shares of £1 each	56,722	56,722	56,722	56,722
84,586 'A' preferred ordinary shares of £1 each	84,586	84,586	84,586	84,586
2,501,249 'B' preferred ordinary shares of £1 each	2,501,249	2,501,249	2,501,249	2,501,249
53,629 'Management' shares of £0.01 each	536	536	536	536
8,057,443 'Deferred' shares of £1 each	8,057,443	8,057,443	8,057,443	8,057,443
	10,700,536	**10,700,536**	**10,700,536**	**10,700,536**
Allotted, called up and partly paid:				
36,998 ordinary shares of £1 each	36,973	36,973	36,973	36,998
84,586 'A' preferred ordinary shares of £1 each	84,586	84,586	84,586	84,586
2,501,249 'B' preferred ordinary shares of £1 each	2,501,249	2,501,249	2,501,249	2,501,249
53,629 'Management' shares of £0.01 each	536	536	536	536
5,981,423 'Deferred' shares of £0.3265 each	5,981,423	3,967,270	1,953,118	442,503
	8,604,767	**6,590,614**	**4,576,462**	**3,065,872**

Shareholders' Rights

The rights pertaining to each class of share capital, as set out in the Articles of Association, are summarised below:

	Ordinary shares	'A' preferred shares	'B' preferred shares	Management 'shares'	Deferred 'shares'
Dividends	After priority payments to 'A' and 'B' shareholders, distributions shall be applied amongst the holders of the equity shares	If a dividend were to be declared, would be entitled to a non-cumulative dividend of £6.65 per share paid before all other distributions. After fixed payments to 'B' shareholders, distributions shall be applied amongst the holders of the equity shares	If a dividend were to be declared, would be entitled to a non-cumulative dividend of £0.075 per share paid after 'A' preferred shares distributions but before all other distributions. Thereafter, distributions shall be applied amongst the holders of the equity shares	No dividend entitlement	No dividend entitlement
Voting	Entitled to one vote per share held at general meeting	Entitled to one vote per share held at general meetings	Entitlement to one vote per share held at general meeting, capped at 1,249 votes	No entitlement to vote or attend general meetings of Cerillion	No entitlement to vote or attend general meetings of Cerillion

Exit (Sale, listing or disposal)

Upon the event of an exit by way of sale, listing or disposal, the surplus assets of Cerillion remaining after payment of its liabilities, shall be applied as follows:

- first, in paying to the holders of the Management Shares (as a class) an amount equal to the sum of the Exit Preference (as defined in the Articles of Association), less an amount equal to the Ordinary Share Entitlement (as defined in the Articles of Association) if any;
- second, to holders of the 'A' Preferred Ordinary Shares (as a class) the sum of £6,692,177 (plus any unpaid dividends payable);
- third, in paying to the holders of the 'B' Preferred Ordinary Shares (as a class) the sum of £3,080,146 (plus any unpaid dividends payable);
- fourth, in paying to the holders of the 'A' Preferred Ordinary Shares (as a class) the further sum of £617,650;
- fifth, in paying to the holders of the 'B' Preferred Ordinary Shares (as a class) the further sum of £592,106;
- sixth, in paying to the holders of the management shares (as a class) the further sum of £487,200; and
- finally, subject always to the provision at the end of this paragraph, in paying the balance (if any) to the holders of the Equity Shares then in issue, *pari passu* as if they constituted one class of share provided that once the holders of Equity Shares shall have received pursuant to this article of payment of £1,000,000 per share, the holders of the deferred shares will be entitled to receive £0.074 per Deferred Shares. Any remaining balance of such assets shall be distributed between the holders of the Equity Shares *pari passu* as aforesaid. In calculating the entitlement of the holders of Equity Shares under this paragraph the holders of the 'B' Preferred Ordinary Shares (as a class) shall only deemed to hold 1,249 'B' Preferred Ordinary Shares.

The directors have reviewed each of the above exit events and have determined that none of these outcomes are controlled by the equity holders, or if they are that consideration is to be paid directly to holders by the buyers (in the event of a sale). Accordingly, no contingent settlement provision is required to be provided for and there is no liability component that is required to be separated from the equity component of the above mentioned shares.

17 DEFERRED TAX

The following are the major deferred tax assets recognised by Cerillion, and the movements thereon, during the period:

	Excess capital allowances £	*Other* £	*Total* £
1 October 2012	377,229	90,482	467,711
Foreign exchange movement on opening deferred tax asset	(20,737)	(4,974)	(25,711)
(Credited)/charged to profit or loss	(78,142)	19,539	(58,603)
30 September 2013	**278,350**	**105,047**	**383,397**
1 October 2013	278,350	105,047	383,397
Foreign exchange movement on opening deferred tax asset	(1,247)	(471)	(1,718)
(Credited)/charged to profit or loss	(79,765)	1,004	(78,761)
30 September 2014	**197,338**	**105,580**	**302,918**
1 October 2014	197,338	105,580	302,918
Foreign exchange movement on opening deferred tax asset	—	546	546
Deferred tax liability acquired on acquisition of "Net Solutions Services" business		(80,000)	(80,000)
(Credited)/charged to profit or loss	(27,450)	13,737	(13,713)
Reclassification of India service tax	—	(27,137)	(27,137)
30 September 2015	**169,888**	**12,726**	**182,614**

Deferred tax asset

The deferred tax asset arose in respect of capital allowances and other temporary differences.

	As at 1 October 2012 £	*As at 30 September 2013* £	*As at 30 September 2014* £	*As at 30 September 2015* £
Accelerated capital allowances	377,229	278,350	197,338	169,888
Other temporary differences	90,482	105,047	105,580	92,726
	467,711	**383,397**	**302,918**	**262,614**

A deferred tax asset of £262,614 in respect of capital allowances and other temporary differences (2014: £302,918 2013: £383,397) has been recognised as the Directors consider it likely that there will be sufficient taxable profits in the future. A deferred tax liability of £80,000 (2014: £nil 2013: £nil) has been recognised in respect of the Fair Value uplift of Intangible Assets acquired per Note 18.

Deferred tax liability

The deferred tax liability arose in respect of the fair value uplift of intangible assets as part of the "Net Solutions Services" acquisition.

	As at 1 October 2012	*As at 30 September 2013*	*As at 30 September 2014*	*As at 30 September 2015*
	£	*£*	*£*	*£*
Fair value uplift on acquisition of "Net Solutions Services"	—	—	—	80,000

18 ACQUISITIONS

On 2nd March 2015 Cerillion acquired the "Net Solutions Services" business from Ubisense Group PLC. The acquisition was made due to the assessment of the future revenue generative capabilities of the business contracts that were purchased.

	£
Fair value of consideration transferred	
Amount settled in cash	400,000
Total	**400,000**
Recognised amounts of identifiable net assets	
Intangible assets	400,000
Total non-current assets	**400,000**
Deferred tax liability	(80,000)
Total non-current liabilities	**(80,000)**
Identifiable net assets	**320,000**
Goodwill on acquisition	**80,000**

Consideration transferred

The acquisition of the "Net Solutions Services" business was settled in cash amounting to £400,000. £100,000 settled immediately and £300,000 split into equal deferred payments due on 2 March 2016, 2 March 2017 and 2 March 2018 respectively.

Acquisition related costs amounting to £15,000 are not included as part of the consideration transferred and have been recognised as an expense in profit or loss.

Identifiable net assets

Goodwill of £80,000 is primarily related to the acquired customer base and economies of scale expected from combining the operations of the Group and Net Solutions Services business.

"Net Solutions Services" contribution to the Group results

The "Net Solutions Services" business generated revenue of £1,021,677 and profits of £221,000 in the period from 2 March 2015 to 30 September 2015.

If "Net Solutions Services" had been acquired on 1 October 2014, the business would have generated revenue of £1,187,677, and profits of £221,000.

19 RETIREMENT BENEFITS

Defined contribution schemes

The Group operates a group personal contribution pension scheme for the benefit of the employees. The pension cost charge for the year represents contributions payable by the Group to the fund and amounted to £359,423 (2014: £312,933, 2013: £305,350, 2012: £310,233).

20 RELATED PARTY TRANSACTIONS

Cerillion has in issue loans to three of its Directors, GJ O'Connor, OCR Gilchrist and LT Hall of £30,518 (2014: £40,691, 2013: £40,691), £9,051 (2014: £12,068, 2013: £12,068), and £110,431 (2014: £147,241, 2013: £147,241) respectively. The amounts due have been included within debtors at the balance sheet date.

The loans do not attract interest and are due for repayment on the earlier of:

a) 35 years from the commencement of the loan, being 3rd March 2049;

b) A transfer of Management Shares pursuant to Article 11 of the Articles of Association of Cerillion; or

c) Upon an exit (as defined in the Articles of Association of Cerillion).

Cerillion also issued additional loans during the year to three of its Directors, GJ O'Connor, OCR Gilchrist and LT Hall of £3,019.45 (2014: £nil, 2013; £nil), £895.51 (2014: £nil, 2013; £nil), and £10,926.03 (2014: £nil, 2013; £nil) respectively. The amounts due have been included within debtors at the balance sheet date. These loans do not attract interest and are repayable on demand.

The total amount outstanding for Directors' loans at the year end is £564,841 (2014: £400,000, 2013: £200,000), which comprises loans to GJ O'Connor , OCR Gilchrist and LT Hall of £114,919 (2014: £81,382, 2013: £40,691), £34,083 (2014: £24,136, 2013: £12,068), and £415,839 (2014: £294,482, 2013: £147,241) respectively.

All of the loans will be repaid on Admission.

Remuneration of the directors is disclosed in Note 4. There are no key management personnel other than the directors.

21 FUTURE LEASE PAYMENTS

At the period end, Cerillion had contracted with lessors, under non-cancellable leases, for the following future minimum lease payments:

	2012	*2013*	*2014*	*2015*
	£	*£*	*£*	*£*
Amounts due:				
Within one year	37,439	24,714	1,945	29,959
Between two and five years	629,771	541,879	1,105,045	1,076,368
	667,210	**566,593**	**1,106,990**	**1,106,327**

22 CHARGE OVER ASSETS

In providing the Group with banking, credit card and forward currency facilities, the Group's bankers HSBC plc hold:

- A fixed charge over all present freehold and leasehold property;
- A first charger over book and other debts, chattels, goodwill and uncalled capital, both present and future; and
- A first floating charge over all assets, both present and future.

23 ULTIMATE CONTROLLING PARTY

Cerillion does not have a single controlling party, or ultimate controlling party.

24 PRINCIPAL SUBSIDIARIES

Name	*Country of incorporation*	*Nature of the business*	*Proportion of ordinary shares held*
Cerillion Inc	USA	Software services	100%
Cerillion Technologies (India) Private Limited	India	Software services	100%*

* includes holdings held indirectly through Cerillion Inc

PART 5

UNAUDITED PRO FORMA STATEMENT OF NET ASSETS

Set out below is an unaudited pro forma statement of net assets for the Group as at 30 September 2015. It has been prepared on the basis set out in the notes below to illustrate the effect of the Admission, the Fundraising and the Acquisition, as if they had occurred at 30 September 2015.

It has been prepared for illustrative purposes only. Because of its nature, the pro forma statement of net assets addresses a hypothetical situation and, therefore, does not represent the Group's actual financial position or results. It is based on the audited net assets of the Company as at 30 September 2015 as shown in section B of Part 3 of this document, and audited consolidated net assets of Cerillion as at 30 September 2015 as shown in section B of Part 4 of this document.

Shareholders should read the whole of this document and not rely solely on the summarised financial information contained in this Part 5.

	The Company as at 30 September 2015	*Cerillion as at 30 September 2015*	*Capital reduction by Cerillion*	*Fundraising and bank loan proceeds received*	*Acquisition consideration paid*	*Repayment of directors loans*	*Payment of transaction fees*	*Pro Forma Net Assets*
Notes	*1 & 2*	*1 & 3*			*4*	*5*	*6*	*7*
	£'000	*£'000*	*£'000*	*£'000*	*£'000*	*£'000*	*£'000*	*£'000*
Assets								
Non-current assets								
Property, plant and equipment	—	403,140	—	—	—	—	—	403,140
Intangible Assets	—	1,461,140	—	—	6,861,461	—	—	8,322,601
Other Debtors	—	100,000	—	—	—	—	—	100,000
Deferred Taxation Assets	—	262,614	—	—	—	—	—	262,614
Total Non Current Assets	—	2,226,894	—	—	6,861,461	—	—	9,088,355
Current assets								
Trade and other receivables	44,523	7,202,526	—	—	—	(629,344)	—	6,617,705
Cash and cash equivalents	14,841	5,506,993	(3,065,333)	15,000,000	(11,212,577)	629,344	(1,500,000)	5,373,268
Total Current Assets	59,364	12,709,519	(3,065,333)	15,000,000	(11,212,577)	—	(1,500,000)	11,990,973
Total assets	**59,364**	**14,936,413**	**(3,065,333)**	**15,000,000**	**(4,351,116)**	**—**	**(1,500,000)**	**21,079,328**
Current Liabilities								
Trade and other payables	(624,204)	(3,759,830)	—	—	—	—	580,500	(3,803,534)
Borrowings	—	—	—	(629,238)	—	—	—	(629,238)
Total Current Liabilities	(624,204)	(3,759,830)	—	(629,238)	—	—	580,500	(4,432,772)
Non-current liabilities								
Other creditors	—	(240,000)	—	—	—	—	—	(240,000)
Borrowings	—	—	—	(4,370,762)	—	—	—	(4,370,762)
Deferred taxation	—	(80,000)	—	—	—	—	—	(80,000)
Total non-current liabilities	—	(320,000)	—	(4,370,762)	—	—	—	(4,690,762)
Total liabilities	**(624,204)**	**(4,079,830)**	**—**	**(5,000,000)**	**—**	**—**	**580,500**	**(9,123,534)**
Net Assets	**(564,480)**	**10,856,583**	**(3,065,333)**	**10,000,000**	**(4,351,116)**	**—**	**(919,500)**	**11,955,794**

Notes:

1. The unaudited pro forma statement of net assets does not constitute statutory accounts within the meaning of section 434 of the Companies Act, and no adjustment has been made to take account of trading, expenditure or other movements subsequent to 30 September 2015, being the date of the last published balance sheets for the Company and for Cerillion.

2. The statement of net assets of the Company is extracted from the audited balance sheet of the Company as at 30 September 2015 included in Section B of Part 3 of this document.

3. The statement of net assets of Cerillion is extracted from the audited consolidated balance sheet of Cerillion as at 30 September 2015 included in Section B of Part 4 of this document.

4. Intangible assets arising on consolidation of the Acquisition and the Directors' allocation between goodwill and acquisition intangibles will be set out in the interim results for the period ending 31 March 2016.

5. Repayment of loans previously made to the directors of Cerillion using proceeds from the Acquisition.

6. The total gross costs of the Fundraising and the Acquisition amount to approximately £1.5 million (inclusive of VAT) and will be allocated between the Fundraising and Acquisition in presenting the interim results for the period ending 31 March 2016. The costs of the Acquisition will be expensed; the costs of the Fundraising will be deducted from share premium.

7. This column represents the sum of the preceding columns and represents the pro forma net assets of the Group as at 30 September 2015 assuming the Admission, the Fundraising and the Acquisition had occurred on that date.

PART 6

ADDITIONAL INFORMATION

1. Responsibility

1.1 The Company, whose registered office is set out below, and the Directors, whose names and functions are set out on page 6 of this document, accept responsibility both individually and collectively for all the information contained in this document. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

1.2 The business address of each of the Directors is 125 Shaftesbury Avenue, London WC2H 8AD.

1.3 Grant Thornton UK LLP of 30 Finsbury Square, London EC2P 2YU accepts responsibility for the reports appearing at Parts 3 & 4 of this document as is set out in those Parts 3 & 4.

2. The Company

2.1 The Company was incorporated under the Act on 5 March 2015 as a public company limited by shares with the name Cerillion plc and was registered in England and Wales with number 09472870.

2.2 The Company's registered office is at 125 Shaftesbury Avenue, London WC2H 8AD and telephone number is 020 7927 6000.

2.3 The principal legislation under which the Company operates and under which the Placing Shares will be issued is the Act and regulations made thereunder. The Company is a public limited company and accordingly the liability of its members is limited to the amount paid or to be paid up on its shares.

2.4 Oliver Gilchrist, Louis Hall and Guy O'Connor could exercise control over the Company following Admission given their aggregate shareholding. They have entered into the Relationship Agreement, the principal terms of which are set out in paragraph 10.3 of this Part 6.

2.5 There are no arrangements known to the Company which may result in a change of control of the Company.

2.6 The Directors will comply with Rule 21 of the AIM Rules for Companies relating to directors' dealings and to this end the Company has adopted the Share Dealing Code.

2.7 The ISIN of the Ordinary Shares is GB00BYYX6C66.

3. Subsidiaries

The Company, which is the holding company of the Group, will on Admission have the following subsidiaries, each of which will be directly or indirectly wholly-owned:

Name	*Country of incorporation or residence*	*Principal activity*	*Issued share capital*	*Percentage of capital held*
Cerillion Technologies Limited	England & Wales	Main operating entity	8,657,885 shares	100%
Cerillion Technologies India Private Limited	Pune, India	Support services	10,000 shares	99.9% by Cerillion Technologies Limited 0.1% by Cerillion Inc.
Cerillion Inc.	Florida, United States of America	Support services	100 shares	100%

4. Share capital

4.1 The Company does not have an authorised share capital. On 30 September 2015 (being the date of the most recent balance sheet of the Company) the issued share capital of the Company was £59,363.955 divided into 8,740,822 A ordinary shares of £0.005 each with an amount paid up of £0.00125 per share and 3,131,969 ordinary shares of £0.005 each with an amount paid up of £0.00125 per share. On 3 November 2015 the amounts outstanding were fully paid up by way of irrevocable undertakings to pay from the shareholders.

4.2 Pursuant to a resolution of the Directors on 9 November 2015 and a general meeting of the Shareholders on 9 November 2015, the 8,740,822 A ordinary shares of £0.005 each in the capital of the Company were re-designated as 8,740,822 Ordinary Shares.

4.3 Pursuant to a resolution of the Directors and a general meeting of the Company on 9 November 2015, and a subscription agreement on the same date, Livingbridge VC LLP, on behalf of funds managed by it, subscribed for 5,263,158 Ordinary Shares for an aggregate subscription price of £4 million.

4.4 By shareholder resolutions passed at the annual general meeting of the Company held on 11 March 2016:

(a) the directors were generally and unconditionally authorised in accordance with section 551 of the Act to exercise all of the powers of the Company to allot Ordinary Shares up to an aggregate nominal amount of £61,887.69 as follows:

(i) 4,482,800 Ordinary Shares pursuant to the Acquisition; and

(ii) 7,894,737 Ordinary Shares pursuant to the Placing,

provided that such authority will expire on 31 March 2016;

(b) the directors were authorised to allot equity securities (as defined in section 560 of the Act) for cash pursuant to the authority described in paragraph (a)(ii) above as if section 561(1) of the Act did not apply to such allotment;

(c) the directors were generally and unconditionally authorised, following Admission, in accordance with section 551 of the Act to exercise, and to delegate to any duly constituted committee of the directors, all of the powers of the Company to allot shares in and grant rights to subscribe for, shares in the capital of the Company:

(i) up to an aggregate nominal amount of £49,189.15; and

(ii) comprising equity securities (as defined in section 560 of the Act) up to an aggregate nominal amount of £49,189.15 in connection with an offer by way of a rights issue (as defined in the Listing Rules issued by the FCA pursuant to Part VI of the FSMA):

(A) to holders of Ordinary Shares in proportion (as nearly as may be practicable) to their respective holdings of such shares; and

(B) to holders of other securities as required by the rights of those securities or as the directors otherwise consider necessary,

but subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in or under the laws of any territory or the requirements of any regulatory body or any stock exchange,

provided that such authority will expire at the conclusion of the next annual general meeting of the Company or, if earlier, on 11 June 2017, save that the Company may before such expiry make offers or agreements which would or might require shares to be allotted or rights to be granted after such expiry and the directors may allot shares and grant rights in pursuance of any such offers or agreements as if such authority had not expired;

(d) the directors were authorised, following Admission, to allot equity securities (as defined in section 560 of the Act) for cash pursuant to the authority described in paragraph (c) above or by way of a sale of treasury shares as if section 561(1) of the Act did not apply to such allotment, provided that the power shall be limited to:

(i) the allotment of equity securities in connection with an offer of equity securities (but, in the case of the authority granted under paragraph (c)(i) above, by way of a rights issue only (as defined in the Listing Rules issued by the FCA pursuant to Part VI of the FSMA:

(A) to holders of Ordinary Shares in proportion (as nearly as may be practicable) to their respective holdings of such shares; and

(B) to holders of other securities as required by the rights of those securities or as the directors otherwise consider necessary,

but subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in or under the laws of any territory or the requirements of any regulatory body or any stock exchange; and

(ii) the allotment (otherwise than pursuant to paragraph (i) above) of equity securities up to an aggregate nominal amount of £7,378.37,

and will expire at the conclusion of the next annual general meeting of the Company or, if earlier, on 11 June 2017, save that the Company may before such expiry make offers or agreements which would or might require equity securities to be allotted after such expiry and the directors (and any duly constituted committee of the directors) may allot equity securities in pursuance of any such offers or agreements as if such power had not expired; and

(e) the Company was generally and unconditionally authorised pursuant to section 701 of the Act to make market purchases (as defined in section 693(4) of the Act) of Ordinary

Shares, where Ordinary Shares are held as treasury shares, to use them, inter alia, for the purposes of employee share plans operated by the Company, provided that:

(i) the maximum aggregate number of such shares that may be purchased under this authority is 2,951,348 Ordinary Shares;

(ii) the minimum price which may be paid for such a share is £0.005 (exclusive of expenses);

(iii) the maximum price (exclusive of expenses) which may be paid for such a Share is an amount equal to 105 per cent. of the average of the middle market quotations of the Company's ordinary shares as derived from the AIM Appendix to the London Stock Exchange's Daily Official List for the five business days immediately preceding the date on which the share is contracted to be purchased or, in the case of a tender offer, the terms of the tender offer are announced;

(iv) such authority shall expire at the conclusion of the next annual general meeting of the Company or, if earlier, on 11 June 2017; and

(v) the Company may complete or conclude, in whole or in part, a purchase of Shares after the expiry of such authority pursuant to a contract entered into before such expiry.

4.5 Conditional on Admission and pursuant to the Placing Agreement, the Placing will result in the issue of 7,894,737 Placing Shares and pursuant to the Acquisition Agreement, the Acquisition will result in the issue of 4,482,800 Consideration Shares. The following table shows the issued and fully paid share capital of the Company: (i) as at 11 March 2016 (being the latest practicable date prior to the publication of this document); and (ii) as it is expected to be immediately following Admission:

		Issued number	*£*
(i)	Existing share capital	17,135,949	£85,679.745
(ii)	Share capital immediately following Admission	29,513,486	147,567.43

4.6 Save as disclosed in this document:

(a) there are no shares in the Company not representing capital;

(b) there are no shares in the Company held by or on behalf of the Company itself or by any other member of the Group;

(c) the Company has not issued any convertible securities, exchangeable securities or securities with warrants;

(d) there are no acquisition rights and/or obligations over unissued share capital of the Company and the Company has made no undertaking to increase its share capital;

(e) no share or loan capital of the Company is currently under option or agreed conditionally or unconditionally to be put under option; and

(f) there have been no changes in the number of shares in issue of the Company in the 12 months preceding 30 September 2015 (being the date of the latest balance sheet included in Part 3).

4.7 No shares in the issued share capital of the Company have been paid for with assets other than cash within the period covered by the historical financial information set out in Part 3 of this document.

4.8 The provisions of section 561(1) of the Act which, to the extent not disapplied pursuant to sections 570 to 573 of the Act, confer on shareholders rights of pre-emption in respect of the allotment of equity securities which are, or are to be, paid up in cash, apply to the share capital of the Company, except to the extent disapplied by the resolutions referred to in paragraph 4.3 above.

4.9 As at 11 March 2016, being the latest practicable date prior to the publication of this document, and immediately following Admission, other than the persons listed below and the holdings of certain of the Directors, details of which are set out in paragraph 7.1, the Directors are not aware of any person who (directly or indirectly) is or will be interested in three per cent. or more of the issued share capital of the Company:

Name	*Number of Ordinary Shares at the date of this document*	*Percentage of Ordinary Shares*	*No. of Ordinary Shares immediately following Admission*	*Percentage of Ordinary Shares immediately following Admission*
Livingbridge VC LLP*	5,263,158	30.71	5,263,158	17.83
Miton Asset Management Ltd	–	–	5,263,158	17.83

* This holding is allocated among various funds managed by Livingbridge VC LLP.

4.10 The voting rights of the Company's major shareholders do not differ from those of other Shareholders.

4.11 Application has been made to the London Stock Exchange for the Ordinary Shares to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings in the Ordinary Shares will commence on AIM on 18 March 2016.

5. Articles of Association

The objects of the Company are not subject to any restriction.

The Articles of Association (the "**Articles**") adopted by special resolution on 9 November 2015 contain provisions *inter alia* to the following effect:

5.1 *Voting*

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

(a) on a show of hands every member who is present in person or by proxy shall have one vote; and

(b) on a poll every member who is present in person or by proxy has one vote for every share of which he is the holder. A member is not entitled to vote if any calls or other monies due in respect of his shares remain unpaid and a shareholder may be disenfranchised where he, or a person appearing to be interested in shares fails to comply with a notice from the Company requiring him to indicate the capacity in which he holds such shares or any interest in them.

5.2 *Dividends, distributions and return of capital*

Dividends may be declared by ordinary resolution but shall in no event exceed the amount recommended by the directors.

Subject to the rights of persons (if any) entitled to shares with special dividend rights, all dividends will be paid according to the amounts paid up (other than amounts paid up in advance) on the shares in respect of which the dividend is paid.

If any member or any other person appearing to be interested in shares held by that member representing 0.25 per cent. or more of the class of shares concerned shall be in default in supplying to the Company any information required by any notice given pursuant to section 793 of the Act, the directors may by notice to such member direct that any dividend (or any part thereof) or other monies payable on such shares shall be retained by the Company and that any right to receive any additional shares in the Company *in lieu* of any dividends in accordance with the Articles shall be of no effect.

For so long as the Company has only one class of shares, on a liquidation of the Company the holders of shares are entitled *pari passu* amongst themselves in proportion to their shareholdings and to the amounts paid up or credited as paid up on their shares to share in any surplus assets of the Company.

5.3 *Unclaimed dividends*

Any dividends unclaimed may be used for the benefit of the Company until claimed. Any dividend which is still unclaimed 12 years after having become due for payment shall be forfeited and shall revert to the Company.

5.4 *Untraced shareholders*

The Company may sell any shares in the Company of a member who is untraceable if, during a period of 12 years:

(a) no cheque order or warrant addressed to the member or the person entitled to such shares by transmission has been cashed;

(b) no communication has been received from such member or any person entitled to the shares by transmission;

(c) the Company has paid at least three cash dividends (whether interim or final) and no such dividend has been claimed; and

(d) the Company gives notice to the London Stock Exchange and in both a national newspaper and a newspaper circulating in the area where the member's last known address is located of its intention to sell.

5.5 *Variation of rights*

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

5.6 *Alteration of capital*

The Company may by ordinary resolution:

(a) consolidate all or any of its share capital;

(b) cancel any shares where, at the date of passing of the resolution, no person has taken, or agreed to take, such shares and diminish the amount of its capital by the amount of shares so cancelled; and/or

(c) sub-divide its shares or any of them into shares of smaller amounts.

The Company may by special resolution reduce its share capital or any capital redemption reserve or share premium account in any manner and with and subject to any conditions, authorities and consents required by law.

5.7 *Redemption of shares*

Subject to the Act and without prejudice to any rights attached to existing shares, the Company may issue shares which can be redeemed, including shares which may be redeemed at the option of the shareholder and shares which may be redeemed at the option of the Company.

The Ordinary Shares are not redeemable.

5.8 *Transfer of shares*

All transfers of shares shall be effected by instrument in writing, in any usual or common form or in any other form acceptable to the directors and shall be signed by or on behalf of the transferor and, if the share is partly paid, by the transferee. The directors may, in their absolute discretion and without assigning any reason therefor, decline to register any transfer of a share which is not fully paid. The Articles contain no restrictions on the free transferability of fully paid shares (unless to an infant or a person in respect of whom a receiving order or adjudication order in bankruptcy has been made which remains undischarged or a person who is a patient within Part VII of the Mental Health Act 1983) provided that the instrument of transfer is in favour of not more than four transferees, is duly stamped (if so required), the provisions in the Articles relating to the deposit of instruments of transfer have been complied with and the member is not in default of any notice duly served under section 793 of the Act in circumstances described in the Articles.

5.9 *Meetings of shareholders*

(a) The Board shall convene and the Company shall hold general meetings and annual general meetings in accordance with the requirements of the Act.

(b) An annual general meeting shall be convened by no fewer than 21 clear days' notice. Subject to the Act, all other general meetings may be convened by not less than 14 clear days' notice.

(c) The notice shall specify the place, day and time of the meeting and the general nature of the business to be transacted at the meeting. In the case of a meeting convened to pass a special resolution, the notice shall specify the intention to propose the resolution as a special resolution. Subject to the provisions of the Act, the Articles and to any applicable restrictions, the notice shall be sent to every member and every director and to the auditors. The accidental omission to send a notice, document, resolution or any information relating to a meeting or other proceeding to any person entitled to receive the same shall not invalidate the proceedings at that meeting.

(d) The Board may put in place arrangements before and during any meeting which it considers appropriate for the proper and orderly conduct of the meeting and the safety of the people attending it. This includes the authority to refuse entry to or remove from meetings people who fail to comply with the arrangements.

(e) No business shall be transacted at any general meeting unless a quorum is present. Subject to the Articles, two persons (present in person or by proxy) entitled to vote upon the business to be transacted at the meeting shall be a quorum.

(f) The chairman of the meeting may, with the consent of the meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn the meeting to another time and place (or indefinitely). Whenever a meeting is adjourned for more than three months or indefinitely, or if business is to be considered at the adjourned meeting the nature of which was not stated in the notice of the original meeting, notice of the adjourned meeting must be given in the same way as was required for the original meeting.

(g) Each director can attend and speak at any general meeting. The chairman of the meeting can also allow anyone to attend and speak where he considers that this will help the business of the meeting.

(h) A resolution put to the vote at any general meeting will be decided on a show of hands unless a poll is demanded when, or before, the chairman of the meeting declares the result of the show of hands. Subject to the Act, a poll may be demanded by:

(i) the chairman of the meeting;

(ii) at least five persons at the meeting who are entitled to vote;

(iii) a member or members who hold not less than 10 per cent. of the total voting rights of all members having the right to vote at the meeting; or

(iv) a member or members who hold shares allowing them to vote on the resolution which represent not less than 10 per cent. of the total sum paid up on all shares which give the right to vote at the meeting.

5.10 *Directors*

(a) Each of the directors is entitled to receive by way of ordinary remuneration for his services in each year such sum as the board may determine provided that such fees shall not exceed in aggregate £2,000,000 per annum or such other figure as decided by an ordinary resolution at a general meeting. The directors are also entitled to be repaid all travel and hotel expenses incurred by them in or about the performance of their duties as directors. The Board may also grant special remuneration to any director who, being called upon, performs any special duties outside his ordinary duties as a director.

(b) A director shall not be disqualified from his office by contracting with the Company, nor is any contract or arrangement entered into on behalf of the Company in which any director is any way interested liable to be avoided, nor is any director so contracting or being so interested liable to account to the Company for the profit realised thereby, but the nature of his interest must be declared by the director at a meeting of the board.

(c) Save as provided below, a director may not vote in respect of any contract or arrangement or any other proposal in which he has any material interest otherwise than by virtue of his interest in shares or debentures or other securities of or otherwise in or through the Company. A director will not be counted in the quorum for a meeting in relation to any resolution on which he is debarred from voting.

(d) A director shall (in the absence of some other material interest than is indicated below) be entitled to vote (and be counted in a quorum) in respect of any resolution concerning any of the following matters:

(i) the giving of any security or indemnity to him in respect of money lent or obligations incurred by him at the request of or for the benefit of the Company or any of its subsidiaries;

(ii) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;

(iii) any proposal concerning an offer of shares or debentures or other securities in or by the Company or any of its subsidiaries for subscription or purchase in which offer he is or is to be interested as a participant in the underwriting or sub-underwriting thereof;

(iv) any proposal concerning any other company in which he is interested directly or indirectly and whether as an officer or shareholder or otherwise howsoever provided that he is not the holder of a beneficial interest in 1 per cent. or more of any class of share capital of such company or of the voting rights available to the members of the relevant company;

(v) any proposal concerning the adoption, modification or operation of a superannuation fund or retirement, death or disability benefit scheme which is approved by or subject to the approval of HM Revenue and Customs or relating to any arrangement for the benefit of employees generally which does not accord to him as a director any privilege or advantage not generally accorded; or

(vi) any proposal concerning the purchase and/or maintenance of an insurance policy under which a director may benefit.

(e) There is no requirement for directors to hold qualification shares.

(f) The Articles do not specify any age limit for directors.

5.11 *Borrowing powers*

The directors may exercise all the powers of the Company to borrow money, and to mortgage or charge the whole or any part of its undertaking, property and uncalled capital, and to issue debentures and other securities. The directors must ensure that the aggregate amount for the time being all borrowings of the Company and its subsidiaries of all borrowing of the Company and its subsidiaries (other than owing by the Company and any of its subsidiary undertakings in respect of intra Group borrowings) shall not at the date of any such borrowings, without the previous sanction of an ordinary resolution of the Company, exceed an amount equal to £10,000,000.

6. Premises

6.1 The following are the principal premises owned or leased by members of the Group:

Premises	*Tenure*	*Start date*	*Lease expiry*	*Rent per annum*
7th Floor, 125 Shaftesbury Avenue, London WC2H 8AD	Lease	7 July 2014	16 July 2019	£318,222.00
76 Fullers Road, London E18 2QA	Lease	15 November 2015	14 November 2016	£23,340
Wing 'B', Level 2, Building named "Tower V", Cybercity, Magarpatta City, Hadapsar, Pune 411 028	Lease	1 December 2015	30 November 2024	INR 13,931,340
82 St Bartholomews Court, Riverside, Cambridge, CB5 8JD	Lease	20 July 2015	19 July 2016	£15,000

6.2 Since the NetSolutions acquisition in March 2015, the employees who transferred to Cerillion as a result of the acquisition have been operating from Ubisense's premises at St Andrews House, St Andrews Rd, Cambridge CB4 1D. Cerillion is paying rent of £2,500 per month to Ubisense for use of the premises but there is no formal contract in place.

7. Directors' interests

7.1 As at 11 March 2016 (the latest practicable date before publication of this document) and immediately following Admission, the interests of the Directors and (so far as is known to the Directors or could with reasonable diligence be ascertained by them) persons connected with the Directors within the meaning of section 252 of the Act in the share capital of the Company, all of which are beneficial, are as follows:

Director	*Number of Ordinary Shares at the date of this document*	*Percentage of issued capital at the date of this document*	*Number of Ordinary Shares immediately following Admission*	*Percentage of issued capital immediately following Admission*
Louis Hall	8,740,822	51.0%	12,087,709*	40.96%
Guy O'Connor	2,415,559	14.1%	3,241,221	10.98%
Oliver Gilchrist	716,410	4.2%	956,422	3.24%

** Includes 3,346,887 Ordinary Shares held by Affinity Trust Limited (a trust in which Louis Hall is a beneficiary)*

7.2 For each of the current Directors (listed below, including previous names) their age, date of appointment to office and notice period is set out below:

Name	*Age*	*Date of Appointment to Office*	*Notice Period*
Oliver Radnor Gilchrist	51	5 March 2015	12 months
Louis Tancred Hall	51	5 March 2015	12 months
Guy Jason O'Connor	52	5 March 2015	12 months
Alan Miles Howarth	70	19 October 2015	3 months
Michael Dee	60	11 March 2016	3 months

7.3 Save as set out below, or as disclosed elsewhere in this document, no directorships of any company, other than the Company, have been held or occupied over the previous five years by any of the Directors, nor over that period has any of the Directors been a partner in a partnership:

Director	*Current Directorships*	*Former Directorships*
Oliver Gilchrist	Cerillion Technologies Limited, Cerillion Inc., Cerillion Technologies India Private Limited	None
Louis Hall	Cerillion Technologies Limited, Cerillion Inc., Cerillion Technologies India Private Limited, CTL 1 Limited, Cerillion Technologies Jersey Ltd	None
Guy O'Connor	Cerillion Technologies Limited, Cerillion Inc., Cerillion Technologies Jersey Ltd	None

Director	*Current Directorships*	*Former Directorships*
Alan Howarth	Cerillion Technologies Limited, Alan Howarth & Associates Ltd, Mpl Systems Limited, Chamberlin plc, Premier Technical Services Group plc, Griffiths & Nielsen Limited, Tern plc, Essentia Trading Limited	Alja Pharmacy plc, Covalent Software Limited, First Flight Non-Executive Directors Limited, App-DNA Group Limited, Selection Services Investments Limited, The Leadership Foundation for Higher Education, Topco Alpha Limited, WTG Technologies Group Limited, Dr Foster Intelligence Limited, CRF Inc.,
Michael Dee	None	Trafford Midco Limited, Manx Telecom Trading Limited, Trafford Shareholder Debtco Limited, Manx Telecom Holdings Limited, Manx Telecom plc

7.4 None of the Directors has any unspent convictions nor, save as disclosed below, has any been a director of a company (wherever incorporated) or a partner in a partnership at any time which has gone into administration, company or partnership voluntary arrangements, or any composition or arrangement with creditors generally or any class of creditors, receiverships, compulsory liquidations or creditors' voluntary liquidations, where he was a partner or director at the time or in the preceding 12 months, nor has any of them ever been personally bankrupt, in an individual voluntary arrangement with creditors or been publicly criticised by any statutory or regulatory authority or professional body.

7.5 None of the Directors has been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.

8. Service and employment contracts and emoluments

8.1 The following service agreements have been entered into by the Company and the Directors:

(a) an agreement between Louis Hall and the Company, which will have effect from Admission, pursuant to which Louis Hall is employed as Chief Executive Officer. Under the terms of the agreement, Louis Hall's period of continuous employment with the Company commenced in September 1987 and will continue until terminated by either party on not less than 12 months' prior written notice. Louis Hall will receive a basic salary of £272,063.00 per annum (inclusive of any director's fees payable to him by the Company or any Group Company) which shall accrue from day to day and shall be payable in arrears by equal monthly instalments. Such salary will be subject to annual review by the Board;

(b) an agreement between Oliver Gilchrist and the Company, which will have effect from Admission, pursuant to which Oliver Gilchrist is employed as Chief Financial Officer. Under the terms of the agreement, Oliver Gilchrist's period of continuous employment with the Company commenced on 5 December 2001 and will continue until terminated by either party on not less than 12 months' prior written notice. Oliver Gilchrist will receive a basic salary of £161,046.00 per annum (inclusive of any director's fees payable to him by the Company or any Group Company) which shall accrue from day to day and shall be payable in arrears by equal monthly instalments. Such salary will be subject to annual review by the Board; and

(c) an agreement between Guy O'Connor and the Company, which will have effect from Admission, pursuant to which Guy O'Connor is employed as Business Development Director. Under the terms of the agreement, Guy O'Connor's period of continuous employment with the Company commenced on 4 October 1999 and will continue until terminated by either party on not less than 12 months' prior written notice. Guy O'Connor will receive a basic salary of £213,177 per annum (inclusive of any director's fees payable to him by the Company or any Group Company) which shall accrue from day to day and shall be payable in arrears by equal monthly instalments. Such salary will be subject to annual review by the Board.

8.2 The following appointment letters have been entered into by the Company with non-executive Directors:

(a) an appointment letter between the Company and Alan Howarth dated 19 October 2015 pursuant to which Alan Howarth is appointed as chairman of the Company. In accordance with the terms of the letter, Alan Howarth's appointment is terminable on three months' prior written notice and he receives a fee of £30,000 per annum, subject to annual review by the Board; and

(b) an appointment letter between the Company and Michael Dee dated 11 March 2016 pursuant to which Michael Dee is appointed as a non-executive director of the Company. In accordance with the terms of the letter, Michael Dee's appointment is terminable on three months' prior written notice and he will receive a fee of £25,000 per annum, subject to annual review by the Board.

8.3 Save for any payments made to members of the administrative, management or supervisory bodies of any member of the Group on termination in lieu of notice, no benefits are payable upon termination of employment by any member of the Group.

8.4 As at the date of this document, the Group has 160 employees and 4 contractors. 80 staff are based in the UK, 79 staff are based in India, one member of staff is based in the United States, two members of staff are based in Australia and two staff are based in Malta.

9. Share option schemes for employees

As at the date of this document, there are no share option schemes in place for participation by employees of the Group.

10. Material contracts

10.1 The following contracts, not being entered into in the ordinary course of business, have been entered into by the Group in the two years preceding publication of this document and are or may be material:

(a) the Placing Agreement (details of which are set out in paragraph 10.2 below);

(b) a nominated adviser and broker agreement between the Company and Shore Capital dated 14 March 2016 in accordance with which the Company appointed Shore Capital and Corporate to act as nominated adviser and Shore Capital Stockbrokers to act as broker to the Company with effect from Admission. The agreement is for a minimum period of 12 months from the date of Admission and continues thereafter until terminated by either party giving not less than three months' notice. Under the agreement, the Company has agreed to pay Shore Capital an annual fee of £60,000 (plus VAT) for its services. The agreement contains certain undertakings and indemnities given by the Company in respect of, *inter alia*, compliance with the AIM Rules and all applicable laws and regulations;

(c) the Relationship Agreement (details of which are set out in paragraph 10.3 below);

(d) lock in arrangements between the Company, Shore Capital and each of Louis Hall, Oliver Gilchrist and Guy O'Connor dated 14 March 2016 in accordance with which the Directors have undertaken, subject to certain limited exceptions, including a sale in the event of an offer for all the Ordinary Shares in the Company, not to dispose of any of the Ordinary Shares which they hold, or have an interest in, immediately following Admission (or acquired by them following Admission) for a period of 12 months following Admission (the "**Lock In Period**"). In order to maintain an orderly market in the Ordinary Shares, the Directors have also undertaken to Shore Capital that they shall (save in certain specified circumstances), only dispose of Ordinary Shares through Shore Capital Stockbrokers for a period of 12 months following the end of the lock-in period;

(e) the Facility Agreement between the Company and HSBC Bank plc pursuant to which the Bank has agreed to make available a loan of up to £5 million (the "**Loan**") for the purpose of assisting with the payment of the cash element of the Acquisition. The Loan which is secured over the assets of the Group and is guaranteed by Cerillion:

    (a) will bear interest at the rate of 2.5 per cent. per annum over the Bank of England Base Rate as published from time to time;

    (b) is repayable by the Company by quarterly repayments in the amount of £250,000 inclusive of interest, for the first three years of the term, and thereafter in an amount of £300,000 inclusive of interest, in accordance with an agreed repayment schedule;

    (c) is terminable on a change of control of the Company and repayable following an event of default;

    (d) must be drawn down in one amount no later than three months from the Acceptance Date (as defined in the Facility Agreement); and

    (e) will be for a term of five years from the date of first drawdown;

(f) the Acquisition Agreement (details of which are set out in paragraph 10.4 below);

(g) a loan agreement between the Company and Cerillion dated 20 October 2015, in accordance with which Cerillion provided to the Company a term loan facility in the aggregate amount of £79,794.68 for the purchase of shares held in Cerillion from certain shareholders of Cerillion. The Company has utilised £57,441.68 of the facility to purchase shares held in Cerillion by JT (Jersey) Limited (as described in paragraph 10.1(g) below). The Company has not drawn down the remainder of the facility and does not intend to do so. The facility can be prepaid at any time and must be repaid by 31 December 2016;

(h) a sale and purchase agreement between the Company and JT (Jersey) Limited dated 20 October 2015, in accordance with which the Company purchased the shares in Cerillion held by JT (Jersey) Limited for purchase price of £57,441.68;

(i) a subscription agreement relating to the Subscription between the Company, the Managers and Livingbridge VC LLP dated 9 November 2015, in accordance with which the Company has issued 5,263,158 Subscription Shares to funds managed by Livingbridge VC LLP at the Placing Price for an aggregate subscription amount of £4.0 million. The subscription amount will be used for general working capital purposes of the Group. The subscription agreement contains undertakings from each of the Managers and the Company in respect of matters requiring the consent of Livingbridge VC LLP which terminate on Admission; and

(j) engagement letters from Grant Thornton UK LLP to the Company dated 29 July 2015 and 29 February 2016 in accordance with which that firm is engaged, *inter alia*, to report on the historical financial information relating to the Company for the period from 5 March 2015 to 30 September 2015 and the historical financial information relating to Cerillion for the period from 1 October 2012 to 30 September 2015 and provide the reports as set out in Parts 3 & 4 of this document.

10.2 The Placing Agreement contains, *inter alia*, the following terms:

(a) the Company appoints Shore Capital as its agent and Shore Capital agrees to use its reasonable endeavours to procure subscribers for the Placing Shares at the Placing Price;

(b) the obligations of Shore Capital in respect of the Placing are conditional upon, *inter alia*, Admission having occurred not later than 8 a.m. on 18 March 2016 or such later date as the Company and Shore Capital may agree, but in any event not later than 8.00 a.m. on 31 March 2016;

(c) subject to Admission, the Company shall pay Shore Capital:

(i) a corporate finance fee of £200,000; and

(ii) a commission at the rate of 5.0 per cent. of the amount equal to the product of: (i) the aggregate number of the Placing Shares and the Subscription Shares, and (ii) the Placing Price;

(d) subject to certain restrictions, the Company shall pay all the costs and expenses (including any applicable VAT) of and incidental to the Placing including the fees and costs of legal advisers incurred by Shore Capital and printing, filing and distribution charges;

(e) each of the Company and the Directors severally warrants and undertakes to Shore Capital in relation, *inter alia*, to the accuracy of the information contained in this document, financial information relating to the Group and other matters in relation to the Group and its business. The liability of the Directors is limited in terms of the amount of the liability save in certain circumstances;

(f) in addition, the Company has given Shore Capital, its affiliates, associates and connected persons and their respective directors, officers, partners, members, agents and employees an indemnity relating to certain losses and liabilities which may be incurred by such persons in the performance by Shore Capital of its obligations and services rendered pursuant to the Placing and Admission; and

(g) Shore Capital has the right to terminate the Placing Agreement prior to Admission in certain customary circumstances, including:

(i) in the event of certain force majeure events or other events involving certain material adverse changes relating to the Company; and

(ii) in the event of a material breach of the warranties or undertakings in the Placing Agreement.

10.3 The Relationship Agreement contains, *inter alia*, the following terms:

(a) the Director Shareholders give undertakings that:

(i) all transactions, agreements, relationships and arrangements between the Director Shareholders and the Group will only be made on an arm’s length basis and on normal commercial terms;

(ii) each Director Shareholder will exercise their respective voting rights to ensure that each member of the Group shall at all times be capable of carrying on its business and making decisions independently of the Director Shareholders; and

(iii) each Director Shareholder shall abstain from voting at any general meeting in respect of any resolution concerning any contract between the Company or any member of the Group and any other Director Shareholder; and

(b) The Relationship Agreement will automatically terminate in relation to any Director Shareholder upon (i) him and his associates ceasing to hold any interest in Ordinary Shares; (ii) him ceasing to be a director of the Company and he and his associates holding less than 12 per cent. of the voting rights of the Company and (iii) the Ordinary Shares ceasing to be admitted to trading on AIM.

10.4 The Acquisition Agreement was entered into following an unconditional offer by the Company dated 9 November 2015 for all of the issued and to be issued shares in the capital of Cerillion other than those already held by the Company at that date, and the acceptance of such offer by the shareholders in Cerillion (the "**Sellers**"). It is not subject to any conditions precedent and will be completed on Admission. The consideration payable under the Acquisition Agreement is an aggregate of £14,594,120.98 which, at the option of each Seller, may either be satisfied in cash or by the issue of Consideration Shares at the Placing Price (with fractional entitlements to a Consideration Share being disregarded). The Sellers have opted to satisfy £406,927.59 by way of the issue of 4,482,800 Consideration Shares. On completion of the Acquisition Agreement, Cerillion will be a wholly owned subsidiary of the Company.

11. Litigation

No member of the Group is engaged in and has not in the previous 12 months been engaged in, nor has pending or threatened either by it or against it, any governmental, legal or arbitration proceedings which are having or may have a significant effect on the financial position of the Group.

12. Working capital

The Directors believe, having made due and careful enquiry, that having regard to the bank facilities available to the Company and the net proceeds receivable under the Fundraising, the working capital available to the Group from the time of Admission will be sufficient for its present requirements, that is for at least 12 months from the date of Admission.

13. Investments

The Company does not have any principal investments and the Directors of the Company have not committed the Company to enter into any investments.

14. 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 UK regarding the ownership and disposal of ordinary shares. This summary is not a complete and exhaustive analysis of all the potential UK tax consequences for holders of Ordinary Shares. It addresses certain limited aspects of the UK tax position of UK resident and domiciled Shareholders who are beneficial owners of their Ordinary Shares and who hold their Ordinary Shares as an investment. Any person who is any doubt as to their tax position or who is subject to tax in a jurisdiction other than the UK should consult their professional advisers immediately as to the tax consequences of their purchase, ownership and disposition of Ordinary Shares. This summary is based on current UK tax legislation. Shareholders should be aware that future legislative, administrative and judicial changes could affect the tax consequences described below.

14.1 *Dividends*

Under current UK legislation, no tax will be withheld from any dividend paid by the Company.

In the current tax year (2015/16), a Shareholder who is an individual resident for tax purposes in the UK and who receives a dividend is entitled to a tax credit equal to one-ninth of the dividend. The individual will be taxable on the total of the dividend and the related tax credit (the "**gross dividend**"), which will be regarded as the top slice of the individual's income. The tax credit will, however, be treated as discharging the individual's liability to income tax in respect of the gross dividend, unless and except to the extent that the gross dividend falls above the threshold for the higher rate or additional rate of income tax, in which case the individual will, to that extent, pay tax on the gross dividend calculated at 32.5 per cent. (the higher rate) or 37.5 per cent. (the additional rate) of the gross dividend, less the related tax credit.

There will be no repayment of any part of the tax credit to an individual Shareholder whose liability to income tax on all or part of the gross dividend is less than the amount of the tax credit.

The Government has announced its intention to abolish the dividend tax credit from April 2016 and to introduce a new dividend tax allowance of £5,000 a year. New rates of tax on dividend income are proposed: 7.5 per cent. for basic rate taxpayers, 32.5 per cent. for higher rate taxpayers and 38.1 per cent. for additional rate taxpayers.

A UK corporate shareholder is potentially liable to corporation tax on its dividend income but, subject to certain anti-avoidance provisions, the general exemption from corporation tax for dividends should be available to UK corporate investors in respect of dividends from the Company.

14.2 *Taxation of chargeable gains*

For the purpose of UK tax on chargeable gains, the issue of Ordinary Shares pursuant to the Placing will be regarded as an acquisition of a new holding in the share capital of the Company. The Ordinary Shares so allotted will, for the purpose of tax on chargeable gains, be treated as acquired on the date of allotment. The amount paid for the Ordinary Shares will usually constitute the base cost of a Shareholder's holding. If an individual Shareholder disposes of all or some of his Ordinary Shares a liability to tax on chargeable gains may, depending on their circumstances arise. The Shareholder's annual exemption and any capital losses they have may reduce the chargeable gain, UK resident individuals and trustees are generally subject to capital gains tax at a current flat rate of 28 per cent. (reduced to 18 per cent. where a gain falls within an individual's unused basic rate income tax band) (note that the lower rate does not apply to trustees for whom a flat rate of 28 per cent. applies). Disposals realised by corporate Shareholders within the charge to corporation tax may give ride to a chargeable gain, subject to the availability of an exemption (e.g. the substantial shareholding exemption) or relief. Indexation allowance may reduce the chargeable gain for corporate Shareholders (but not to create or increase as allowable loss). 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) may be subject to UK tax on chargeable gains on the disposal of Ordinary Shares. In addition, any holders of Ordinary Shares who are individuals who acquire the Ordinary Shares whilst UK tax resident 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 return to and became resident in the UK.

14.3 *Stamp duty and stamp duty reserve tax*

No UK stamp duty or stamp duty reserve tax will be payable on the issue by the Company of Ordinary Shares. Since 28 April 2014, neither stamp duty nor stamp duty reserve tax will apply to trades in Ordinary Shares made on a recognised growth market such as AIM where the shares are not also listed on a recognised stock market.

15. General

15.1 Grant Thornton UK LLP has given and not withdrawn its written consent to the inclusion of its reports in this document in the form and context in which they appear in this document.

15.2 Shore Capital has given and has not withdrawn its written consent to the issue of this document with the inclusion herein of the references to its name in the form and context in which they appear.

15.3 There has been no significant change in the trading or financial position of Cerillion since 30 September 2015, the latest date to which audited financial information has been prepared for Cerillion.

15.4 There has been no significant change in the trading or financial position of the Company since 30 September 2015, the latest date to which audited financial information has been prepared for the Company.

15.5 Cerillion Technologies Limited holds the following trademarks which are material to the Group:

Trademark	*Type of mark*	*Country*	*Date of registration*	*Status*
Cerillion	Word	UK	18 August 2000	Registered
Cerillion	Word	EU	3 December 2001	Registered
Cerillion	Word	India	20 July 2011	Registered
Cerillion	Word	India	20 July 2011	Registered
Cerillion	Word	India	20 July 2011	Registered
Cerillion	Word	UK	14 October 2011	Registered
Cerillion	Word	UK	14 October 2011	Registered
Cerillion	Word	International. Designating – EU, Australia, Bahrain, Croatia, Kenya, Mongolia	7 November 2011	Registered
Cerillion	Word	USA	3 January 2012	Registered
Cerillion	Word	Africa	30 August 2013	Registered
Cerillion	Word	Africa	30 August 2013	Registered
Cerillion	Word	Australia	7 November 2011	Registered

15.6 The Group has no other registered intellectual property rights.

15.7 The Group is dependent on third party licences of software being renewed from time to time that support the Group's products.

15.8 The expenses of, and incidental to, the Fundraising, including commissions, registration and listing fees, printing, advertising and distribution costs, legal and accounting fees and expenses, are estimated to amount to approximately £1.5 million (inclusive of VAT) and are payable by the Company.

15.9 The gross proceeds of the Fundraising are expected to be £10 million and the net proceeds after deduction of expenses is expected to be approximately £8.5 million.

15.10 The Ordinary Shares are in registered form. The Articles permit the holding and transfer of Ordinary Shares under CREST. CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by certificate and transferred otherwise than by written instrument. The Directors have applied for the Ordinary Shares to be admitted to CREST.

15.11 The Placing Price of 76p represents a premium of 75.5p over the nominal value of an Ordinary Share.

15.12 The admission to AIM is being conducted in conjunction with a Placing. Shore Capital is arranging for the Placing Shares to be placed with institutional and other investors. The arrangements during the period prior to Admission relating to moneys from institutional and other investors are set out in the Placing letters sent to such investors.

15.13 Temporary documents of title will not be issued and pending despatch of share certificates transfers will be certified against the share register. It is expected that share certificates will be despatched at the risk of the persons entitled thereto by 31 March 2016.

15.14 The Ordinary Shares of the Company will be subject to the rules regarding mandatory takeover offers set out in the City Code. Under Rule 9 of the City Code, when (i) a person acquires shares which, when taken together with shares already held by him or persons acting in concert with him, carry 30 per cent. or more of the voting rights of a company subject to the City Code or (ii) any person who, together with persons acting in concert with him, holds not less than 30 per cent. but not more than 50 per cent. of the voting rights of the company subject to the City Code, and such person, or any person acting in concert with him, acquires additional shares which increases his percentage of the voting rights, then in either case that person together with the persons acting in concert with him is normally required to make a general offer in cash, at the highest price paid by him, or any person acting in concert with him, for shares in the company within the preceding 12 months, for all the remaining equity share capital of the company. Your attention is drawn to paragraph 12 of Part 1 of this document.

15.15 The Ordinary Shares of the Company will also be subject to the compulsory acquisition procedures set out in sections 974 to 982 (inclusive) of the Act. Under section 979 of the Act, where an offeror makes a takeover offer (as defined in section 974 of the Act) and receives valid acceptances in respect of, or acquires, more than 90 per cent. of the shares to which the offer relates, that offeror is entitled to acquire compulsorily those shares not assented to the offer.

15.16 The Placing Shares were created under the laws of England & Wales pursuant to the Resolutions passed at the general meeting of the Company held on 11 March 2016 and the currency of the Ordinary Shares will be pounds Sterling.

15.17 The Director Shareholders have entered into related party transactions referred to in note 20 of Part 4 (Directors loans) which will be repaid to Cerillion out of the proceeds receivable by them following completion of the Acquisition described in paragraph 10 of this Part 6 (Material Contracts).

15.18 Following Admission shareholders will have an obligation pursuant to the Disclosure and Transparency Rules to disclose to the Company the percentage of voting rights they hold if the percentage of those voting rights reaches, exceeds or falls below 3, 4, 5, 6, 7, 8, 9, 10 and each one per cent. threshold thereafter up to 100 per cent. (this is in addition to any obligation a shareholder has under the City Code).

16. Documents available

Copies of this document will be available at the registered office of the Company at 125 Shaftesbury Avenue, London WC2H 8AD and at the offices of Orrick, Herrington & Sutcliffe (Europe) LLP, 107 Cheapside, London EC2V 6DN during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) for at least one month after the date of Admission. This document will also be available in electronic form on the Company's website.

Dated 14 March 2016

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