

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or as to what action you should take, you should immediately consult your stockbroker, bank manager, solicitor, accountant or other independent professional adviser duly authorised for the purposes of the Financial Services and Markets Act 2000 (as amended), if you are in the United Kingdom or, if not, another appropriately authorised independent financial adviser.**

If you have sold or transferred all of your Existing Ordinary Shares, please send this document to the purchaser or transferee or to the stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee. If you have sold or transferred part of your holding, please consult the stockbroker, bank or other agent through whom the sale or transfer was effected.

**THE WHOLE TEXT OF THIS DOCUMENT SHOULD BE READ AND POTENTIAL INVESTORS SHOULD BE AWARE THAT AN INVESTMENT IN THE COMPANY IS HIGHLY SPECULATIVE AND INVOLVES A HIGH DEGREE OF RISK. IN PARTICULAR YOUR ATTENTION IS DRAWN TO THE SECTION ENTITLED "RISK FACTORS" SET OUT IN PART 2 OF THIS DOCUMENT.**

Work Group plc (the "**Company**"), the Existing Directors and the Proposed Directors, whose names appear on page 11 of this document, accept responsibility, individually and collectively, for the information contained in this document and for compliance with the AIM Rules. To the best of the knowledge and belief of the Company, the Existing Directors and the Proposed 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.

No person has been authorised to give any information or make any representations other than those contained in this document and, if given or made, such information or representations must not be relied upon as having been so authorised. Neither the delivery of this document nor any investment made pursuant to it will, under any circumstances, create any implication that there has been any change in the affairs of the Company since the date of this document or that the information in it is correct at any time subsequent to its date.

This document comprises an AIM admission document and has been prepared in accordance with the AIM Rules in connection with an application for admission to trading on AIM of the issued and to be issued ordinary shares in the capital of the Company. The Existing Ordinary Shares are admitted to trading on AIM and application will be made in accordance with the AIM Rules for the Enlarged Share Capital to be admitted to trading on AIM upon completion of the Proposals referred to in this document. It is expected that Admission will become effective and that dealings in the Enlarged Share Capital will commence on 4 August 2017. This document does not constitute an offer to the public and does not comprise a prospectus, and accordingly has not been prepared in accordance with the Prospectus Rules nor has it been approved by, or filed with, the Financial Conduct Authority.

**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 to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers. The London Stock Exchange has not itself examined or approved the contents of this document. The AIM Rules are less demanding than the listing rules of the UK Listing Authority. No application is being made for admission of the Enlarged Share Capital to the Official List of the UK Listing Authority nor any other recognised investment exchange.**

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## **Work Group plc**

***(to be renamed Gordon Dadds Group plc)***

*(Incorporated and registered in England and Wales with registered no. 03744673)*

**Offer for Gordon Dadds Group Limited**

**Conditional Placing to raise £20.0 million**

**Application for Admission of the Enlarged Share Capital to trading on AIM**

***Nominated Adviser and Broker***

**Arden Partners plc**

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Arden Partners plc ("**Arden Partners**"), which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting as nominated adviser and broker to the Company in connection with the proposed Placing and the proposed admission of the Enlarged Share Capital to trading on AIM. Its responsibilities as the Company's nominated adviser under the AIM Rules are owed solely to the London Stock Exchange and are not owed to the Company or to any Director or to any other person in respect of his decision to acquire shares in the Company in reliance on any part of this document. Arden Partners is not acting for anyone else and will not be responsible to anyone other than the Company for providing the protections afforded to their clients or for providing advice in relation to the contents of this document or the admission of the Enlarged Share Capital to trading on AIM. No representation or warranty, express or implied, is made by Arden Partners as to the contents of this document, without limiting the statutory rights of any person to whom this document is issued. Arden Partners will not be offering advice, nor will they otherwise be responsible for providing customer protections to recipients of this document or for advising them on the contents of this document or any other matter. The information contained in this document is not intended to inform or be relied upon by any subsequent purchasers of ordinary shares in the capital of the Company (whether on or off exchange) and accordingly no duty of care is accepted in relation to them.

This document does not constitute an offer to sell or an invitation to subscribe for, or the solicitation of an offer to buy or subscribe for, ordinary shares in any jurisdiction where such an offer or solicitation is unlawful or would impose any unfulfilled registration, publication or approval requirements on the Company.

The ordinary shares in the capital of the Company have not been and will not be registered under the US Securities Act of 1933, as amended (Securities Act), or under the securities laws or with any securities regulatory authority of any state or other jurisdiction of the United States or of Australia, Canada, Japan or the Republic of South Africa, or any province or territory thereof. Subject to certain exceptions, the ordinary shares in the capital of the Company may not be taken up, offered, sold, resold, transferred or distributed, directly or indirectly, and this document may not be distributed by any means including electronic transmission within, into, in or from the United States, Australia, Canada, Japan, or the Republic of South Africa or to or for the account of any national, resident or citizen of the United States or any person resident in Australia, Canada, Japan or the Republic of South Africa. The ordinary shares in the capital of the Company may only be offered or sold in offshore transactions as defined in and in accordance with Regulation S promulgated under the Securities Act. Acquirers of ordinary shares in the capital of the Company may not offer to sell, pledge or otherwise transfer such shares in the United States, or to any US Person as defined in Regulation S under the Securities Act, including resident corporations, or other entities organised under the laws of the United States, or non-US branches or agencies of such corporations unless such offer, sale, pledge or transfer is registered under the Securities Act, or an exemption from registration is available. The Company does not currently plan to register the ordinary shares in the capital of the Company under the Securities Act. The distribution of this document in or into 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 any such jurisdiction.

#### Forward looking statements

Certain information contained in this document, including any information about the Enlarged Group's strategy, plans or future financial or operating performance, constitutes "forward looking statements" and is based on current expectations, estimates and projections about the potential returns of the Enlarged Group and the industry and markets in which the Enlarged Group will operate as well as the beliefs and assumptions made by the Directors. Words such as "expects", "anticipates", "should", "intends", "plans", "believes", "seeks", "estimates", "projects", "pipeline" and variations of such words and similar expressions are intended to identify such forward looking statements and expectations. These forward looking statements include all matters that are not historical fact. They appear in a number of places throughout this document and include statements regarding the intentions, beliefs or current expectations of the Directors concerning, amongst other things, the Enlarged Group's business, results of operations, financial condition, prospects, growth, strategies and the industry in which it operates. These statements are not guarantees of future performance or the ability to identify and consummate investments and involve certain risks, uncertainties, outcomes of negotiations and due diligence and assumptions that are difficult to predict, qualify or quantify. Therefore, actual outcomes and results may differ materially from what is expressed in such forward looking statements or expectations. Among the factors that could cause actual results to differ materially are: the general economic climate, competition, interest rate levels, loss of key personnel, the results of legal and commercial due diligence, the availability of financing on acceptable terms and changes in the legal or regulatory environment. The forward looking statements contained in this document speak only as of the date of this document. The Company, the Directors and Arden Partners expressly disclaim any obligation or undertaking to update or revise publicly any forward looking statement, whether as a result of new information, future events or otherwise, unless required to do so by applicable law or the AIM Rules. All subsequent written and oral forward-looking statements attributable to the Enlarged Group or individuals acting on behalf of it are expressly qualified in their entirety by this paragraph. Prospective investors should specifically consider the factors identified in this document which could cause actual results to differ before making an investment decision.

Statements made in this document are based on the laws and practices in force in England and Wales on the date of this document and are subject to change. This document does not constitute an offer to sell, or the solicitation of an offer to acquire, ordinary shares in the capital of the Company in any jurisdiction where such an offer or solicitation is unlawful and is not for distribution in any jurisdiction in which such distribution is unlawful.

This document should be read in its entirety before making any investment in ordinary shares in the capital of the Company.

Copies of this document will be available to the public during normal business hours on any weekday (Saturdays and public holidays excepted) free of charge from the offices of Arden Partners, at 125 Old Broad Street, London EC2N 1AR and at the offices Gordon Dadds LLP at 6 Agar Street, London WC2N 4HN and shall remain available for at least one month after the date of Admission. An electronic version of this document may also be downloaded from the Company's website at [www.workgroupplc.com](http://www.workgroupplc.com) and at [www.gordondaddsgroup.com](http://www.gordondaddsgroup.com).

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## EXPECTED TIMETABLE OF PRINCIPAL EVENTS\*

Announcement of the Proposals	<b>12 July 2017</b>
Posting of this document, the Offer Document, the Circular and its accompanying form of proxy to Shareholders; posting of this document, the Circular, the Offer Document and the accompanying form of acceptance to Gordon Dadds Shareholders	<b>13 July 2017</b>
Latest time and date for receipt of forms of proxy to be valid at the General Meeting	<b>1.00 p.m. on 1 August 2017</b>
Time and date of the General Meeting	<b>1.00 p.m. on 3 August 2017</b>
Last day for dealings in the Existing Ordinary Shares	<b>3 August 2017</b>
Earliest date on which the Offer is expected to become or be declared wholly unconditional in all respects	<b>3 August 2017</b>
Admission expected to become effective and dealings expected to commence in the Enlarged Share Capital on AIM	<b>8.00 a.m. on 4 August 2017</b>
CREST accounts expected to be credited in respect of New Ordinary Shares	<b>8.00 a.m. on 4 August 2017</b>
Date by which certificates in respect of New Ordinary Shares are expected to be despatched to certificated Shareholders	<b>18 August 2017</b>

\* Unless otherwise stated, all references to time in this document and in the above timetable are to the time in London, United Kingdom.

## ADMISSION STATISTICS

Number of Existing Ordinary Shares	28,622,473
Number of New Ordinary Shares arising pursuant to the Capital Reorganisation	894,453
Number of Offer Shares	13,417,143
Number of Placing Shares <sup>1</sup>	14,285,714
Total number of New Ordinary Shares in issue on Admission <sup>2</sup>	28,597,310
Price per Offer Share and Placing Share <sup>3</sup>	140 pence
Market capitalisation of the Company on Admission at the Placing Price <sup>2</sup>	£40.0 million
Percentage of the Enlarged Share Capital represented by the Existing Ordinary Shares <sup>2</sup>	3.1%
Percentage of the Enlarged Share Capital represented by the Offer Shares <sup>2</sup>	46.9%
Percentage of the Enlarged Share Capital represented by the Placing Shares <sup>2</sup>	50.0%
Gross proceeds of the Placing	£20.0 million
Net proceeds of the Placing	£17.9 million
ISIN Code	GB00BZBY3Y09
SEDOL Code	BZBY3Y0
AIM symbol following Admission	GOR

1. 457,142,857 on a pre-Consolidation basis

2. Assuming that 100% acceptances of the Offer are received prior to Admission

3. 4.375 pence on a pre-Consolidation basis

## DEFINITIONS

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

<b>Acquisition</b>	the proposed acquisition of Gordon Dadds by the Company by way of the Offer.
<b>Admission</b>	the admission of the Enlarged Share Capital to trading on AIM becoming effective in accordance with Rule 6 of the AIM Rules.
<b>AIM</b>	the market of that name operated by the London Stock Exchange.
<b>AIM Rules</b>	the AIM Rules for Companies published by the London Stock Exchange for the time being.
<b>Arden Partners</b>	Arden Partners plc, the Company's nominated adviser and broker with effect from the publication of this document.
<b>Articles</b>	the articles of association of the Company, details of which are set out in paragraph 8 of Part 6 of this document.
<b>Board</b>	the board of directors of the Company for the time being, including, where the context permits, the directors of the Company on or after Admission.
<b>Brook Street</b>	Brook Street Holdings LLP, a limited liability partnership incorporated in England and Wales with registered number OC387942, whose registered office is at Llanmaes, Michaelston Road, St Fagans, Cardiff CF5 6DU.
<b>CA 2006</b>	the Companies Act 2006, as amended.
<b>Capital Reduction</b>	the proposed cancellation of the Company's share premium account and the reduction in its issued share capital by the cancellation of the Deferred Shares.
<b>Capital Reorganisation</b>	the proposed reorganisation of the ordinary share capital of the Company into New Ordinary Shares and Deferred Shares details of which are set out in paragraph 5 of Part 6 of this document.
<b>Change of Name</b>	the proposed change of name of the Company to Gordon Dadds Group plc.
<b>Circular</b>	the circular from the Company to the Shareholders containing the Notice, dated the same date as this document.
<b>Company</b>	Work Group plc, a public limited liability company incorporated and registered in England and Wales (with registration number 03744673) whose registered office is at Suite 2.01, 17 Hanover Square, London, W1S 1BN.
<b>Companies Act Authorities</b>	the proposed authorities to be granted to the Board under CA 2006 to allot relevant securities and dis-apply statutory pre-emption rights for the purposes <i>inter alia</i> , of the Offer, the Placing and the Share Scheme effective upon the passing of the Resolutions.
<b>Concert Party</b>	has the meaning given in paragraph 14 of Part 1 of this document.

<b>Core Resolutions</b>	those Resolutions numbered 1 to 6 inclusive in the Notice.
<b>Consolidation</b>	the consolidation referred to in paragraph 5.2 of Part 6 of this document.
<b>Court</b>	the High Court of Justice in England and Wales.
<b>CREST</b>	the computerised settlement system (as defined in the CREST Regulations) operated by Euroclear which facilitates the holding and transfer of title to shares in uncertificated form.
<b>CREST Regulations</b>	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755) as amended.
<b>Deferred Shares</b>	the deferred shares of 63p each in the capital of the Company arising pursuant to the Capital Reorganisation.
<b>Directors</b>	the Existing Directors and the Proposed Directors.
<b>DTR or Disclosure and Transparency Rules</b>	the disclosure and transparency rules made by the FCA as competent authority pursuant to section 73A(4) of FSMA (as amended from time to time).
<b>Existing Directors</b>	the current directors of the Company as at the date of this document whose names are listed on page 11 of this document.
<b>Enlarged Group</b>	the Company and its subsidiary undertakings on Admission, including the Gordon Dadds Group.
<b>Enlarged Share Capital</b>	the issued ordinary share capital of the Company on Admission comprising the New Ordinary Shares arising pursuant to the Capital Reorganisation, the Placing Shares and the Offer Shares (and which expression assumes that 100 per cent. acceptances of the Offer shall have been received prior to Admission).
<b>Euroclear</b>	Euroclear UK & Ireland Limited, a company incorporated in England and Wales and the operator of CREST.
<b>Existing Ordinary Shares</b>	the ordinary shares of 2p each in the capital of the Company and <b>Existing Share Capital</b> shall have a corresponding meaning.
<b>FCA</b>	the Financial Conduct Authority of the United Kingdom.
<b>FSMA</b>	the Financial Services and Markets Act 2000, as amended.
<b>General Meeting</b>	the general meeting of the Company convened pursuant to the Notice and to be held at the offices of Gordon Dadds LLP, 6 Agar Street, London WC2N 4HN at 1.00 p.m. on 3 August 2017.
<b>Gordon Dadds</b>	Gordon Dadds Group Limited, a private limited liability company incorporated in England and Wales with registered number 02611363, whose registered office is at 6 Agar Street, London WC2N 4HN.
<b>Gordon Dadds Group</b>	Gordon Dadds and its subsidiary undertakings.

<b>Gordon Dadds LLP</b>	Gordon Dadds LLP, a limited liability partnership incorporated in England and Wales with registered number OC383616, whose registered office is at 6 Agar Street, London WC2N 4HN.
<b>Gordon Dadds Shares</b>	the ordinary shares of 10p each in the capital of Gordon Dadds.
<b>Gordon Dadds Shareholders</b>	the registered holders of Gordon Dadds Shares.
<b>London Stock Exchange</b>	London Stock Exchange plc.
<b>MAR</b>	the Market Abuse Regulation No. 596/2014.
<b>New Ordinary Shares</b>	the ordinary shares of 1 pence each in the capital of the Company following the Capital Reorganisation.
<b>Notice</b>	the notice of General Meeting which is set out at the end of the Circular.
<b>Offer</b>	the recommended offer by the Company pursuant to the Offer Document for the entire issued and to be issued share capital of Gordon Dadds details of which are set out in paragraph 14 of Part 6 of this document.
<b>Offer Document</b>	the offer document dated the same date as this document to be issued by the Company to the Gordon Dadds Shareholders containing the terms and conditions of the Offer.
<b>Offer Shares</b>	the 13,417,143 New Ordinary Shares to be allotted and issued to the Gordon Dadds Shareholders as consideration for their acceptance of the Offer.
<b>Official List</b>	the official list of the UK Listing Authority.
<b>Ordinary Shares</b>	Existing Ordinary Shares or New Ordinary Shares as the context requires.
<b>Panel</b>	the UK Panel on Takeovers and Mergers.
<b>Placing</b>	the conditional placing of the Placing Shares by Arden Partners, at the Placing Price pursuant to the Placing Agreement.
<b>Placing Agreement</b>	the placing agreement dated 12 July 2017 between Arden Partners, the Company, the Existing Directors and the Proposed Directors.
<b>Placing Price</b>	140p per Placing Share.
<b>Placing Shares</b>	the 14,285,714 New Ordinary Shares to be allotted and issued pursuant to the Placing.
<b>Prolegal</b>	Prolegal Solicitors Limited, a private limited liability company incorporated in England and Wales with registered number 10328104, whose registered office is at 6 Agar Street, London WC2N 4HN.
<b>Proposals</b>	the Acquisition, the Rule 9 Waiver, the Placing, the Capital Reorganisation, the Capital Reduction, the Change of Name, the Companies Act Authorities and the application for Admission.

<b>Proposed Directors</b>	the proposed new directors of the Company with effect from Admission whose names are listed on page 11 of this document.
<b>Prospectus Rules</b>	the Prospectus Rules (in accordance with section 73A(3) of FSMA) of the FCA.
<b>Registrar</b>	the Company's registrar, being Computershare Investor Services plc, The Pavilions, Bridgwater Road, Bristol, BS13 8AE.
<b>Relationship Deed</b>	the relationship agreement dated 12 July 2017 between the Company, Adrian Biles and Arden Partners.
<b>Resolutions</b>	the resolutions set out in the Notice which are to be proposed at the General Meeting for the purpose of giving effect to the Proposals.
<b>Rule 9</b>	Rule 9 of the Takeover Code.
<b>Rule 9 Waiver</b>	the waiver granted by the Panel (subject to the passing of the Waiver Resolution) in respect of the obligation of the Concert Party to make a mandatory offer under Rule 9 in connection with the Acquisition, as more particularly described in paragraph 14 of Part 1 of this document.
<b>Securities Act</b>	the US Securities Act of 1933, as amended.
<b>Shareholders</b>	the registered holders of Ordinary Shares.
<b>Share Scheme</b>	the Company's unapproved share option scheme, details of which are set out in paragraph 7.4 of Part 6 of this document.
<b>subsidiary and subsidiary undertaking</b>	have the meanings given to them by CA 2006.
<b>Takeover Code</b>	the City Code on Takeovers and Mergers.
<b>UK or United Kingdom</b>	the United Kingdom of Great Britain and Northern Ireland.
<b>UK Listing Authority</b>	the FCA, acting in its capacity as the competent authority for the purposes of Part VI of FSMA.
<b>uncertificated or in uncertificated form</b>	recorded on the relevant register of the share or security concerned 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.
<b>US or United States</b>	the United States of America, its territories and possessions, any state of the United States of America and the district of Columbia and all other areas subject to its jurisdiction.
<b>US person</b>	a citizen or permanent resident of the United States, as defined in Regulation S promulgated under the Securities Act.
<b>Waiver Resolution</b>	the resolution to approve the Rule 9 Waiver numbered 2 in the Notice.
<b>Work Group</b>	the Company, together with its subsidiary, Work Group Resources Limited.

Unless otherwise indicated, all references in this document to "GBP", "£", "pounds sterling", "pounds", "sterling", "pence" or "p" are to the lawful currency of the United Kingdom.

## GLOSSARY

<b>ABS</b>	alternative business structures whereby non-lawyers may own or invest in law firms which are permitted by, and since the passing of, the LSA.
<b>HoD</b>	the head of department for a particular practice area of Gordon Dadds LLP (details of whom are set out in paragraph 12.3 of Part 1 of this document).
<b>HOFA</b>	the head of finance and administration whom every practice authorised by the SRA as a Licensed Body must appoint and who within such practice has primary responsibility for ensuring the compliance of such practice with the SRA Accounts Rules.
<b>HOLP</b>	the head of legal practice whom every practice authorised by the SRA as a Licensed Body must appoint and who within such practice has primary responsibility for ensuring the compliance of such practice with the terms of its authorisation by the SRA.
<b>Licensed Body</b>	a body having a licence issued by the SRA pursuant to the LSA enabling it to carry on reserved legal and other activities.
<b>Lock-step</b>	a seniority-based system where partners share in the profits of the firm by reference to length of service and/or the number of points they hold, with points being accumulated annually until a plateau (which can be up to 10 years) is achieved. Factors, such as merit and performance do not typically affect profit share, although they may affect the accumulation of points.
<b>LSA</b>	the Legal Services Act 2007.
<b>middle market</b>	the market occupied by law firms with annual revenues of £10 – 40 million comprising firms ranked between 69 and 185 in the Top 200.
<b>partner</b>	an employee or consultant of Gordon Dadds LLP with partner status.
<b>SRA</b>	the Solicitors Regulation Authority, the regulatory body for solicitors in England and Wales.
<b>SRA Accounts Rules</b>	the SRA Accounts Rules 2011 regulating the accounts of solicitors and others, including the handling of client money.
<b>Top 200</b>	The UK 200 list of independent law firms 2016 published by <i>The Lawyer</i> .

## DIRECTORS, SECRETARY AND ADVISERS

<b>Existing Directors</b>	Simon Howard <i>Executive Chairman</i> Keith Cameron <i>Non-executive Director</i>  of Suite 2.01 17 Hanover Square London W1S 1BN
<b>Proposed Directors</b>	Anthony Edwards <i>Non-executive Chairman</i> Adrian Biles <i>Chief Executive Officer</i> Christopher Yates <i>Finance Director</i> David Furst <i>Non-executive Director</i>  of 6 Agar Street, London WC2N 4HN
<b>Company secretary</b>	Neil McClure (Gordon Dadds Corporate Services Limited with effect from Admission)
<b>Registered office</b>	Suite 2.01 17 Hanover Square London W1S 1BN
<b>Nominated Adviser and Broker</b>	Arden Partners plc 125 Old Broad Street London EC2N 1AR
<b>Financial Adviser to the Company</b>	Allenby Capital Limited 3 St Helen's Place London EC3A 6AB
<b>Solicitors to the Nominated Adviser and Broker</b>	Stephenson Harwood LLP 1 Finsbury Circus London EC2M 7SH
<b>Auditors</b>	BDO LLP 2 City Place Beehive Ring Road Gatwick West Sussex RH6 0PA
<b>Reporting Accountants</b>	Saffery Champness LLP 71 Queen Victoria Street London EC4V 4BE
<b>Registrar</b>	Computershare Investor Services plc The Pavilions Bridgwater Road Bristol BS13 8AE

**Public Relations**

Newgate Communications  
Sky Light City Tower  
50 Basinghall Street  
London  
EC2V 5DE

**Company's website**

[www.workgroupplc.com](http://www.workgroupplc.com) (*prior to Admission*)  
[www.gordondaddsgroup.com](http://www.gordondaddsgroup.com) (*following Admission*)

## PART 1

### INFORMATION ON THE PROPOSALS, THE COMPANY AND GORDON DADDS

#### 1. Introduction

The Company announced on 12 July 2017 that:

- it has conditionally offered to purchase Gordon Dadds via the Offer for an aggregate consideration of £18.8 million, to be satisfied by the allotment and issue of 13,417,143 New Ordinary Shares at a price of 140 pence per share. On Admission, the Gordon Dadds Shareholders will own, in aggregate, approximately 46.9 per cent. of the Enlarged Share Capital;
- if the Offer becomes or is declared unconditional the Acquisition will constitute a reverse takeover under the AIM Rules and will also give rise to an obligation on the part of the Gordon Dadds Shareholders to make a mandatory offer for the share capital of the Company pursuant to Rule 9 of the Takeover Code. Accordingly, the Offer is conditional on, *inter alia*, receiving the approval of Shareholders to a reverse takeover under the AIM Rules and a waiver of the obligations of the Concert Party to make a mandatory offer for the Company pursuant to Rule 9;
- it has conditionally raised £20.0 million via the Placing of 14,285,714 New Ordinary Shares at a price of 140 pence per share. The net proceeds of the Placing are expected to be approximately £17.9 million which will be used to repay borrowings and to fund further acquisitions and the working capital requirements of the Enlarged Group;
- it proposes a reorganisation of its existing ordinary share capital by consolidating and sub-dividing every 32 Existing Ordinary Shares into 1 new ordinary share of 1p each and 1 deferred share of 63p each;
- it proposes a capital reduction by the cancellation of its share premium account and cancellation of the Deferred Shares created by the Capital Reorganisation;
- it proposes a change of name to Gordon Dadds Group plc;
- it is seeking Shareholder approval to grant the Directors authority to issue and allot New Ordinary Shares for the purposes of, *inter alia*, the Acquisition, the Placing and the Share Scheme and to dis-apply statutory pre-emption rights for the purposes of, *inter alia*, the Placing and the Share Scheme;
- the Board has convened a general meeting of the Company to be held at 1.00 p.m. on 3 August 2017 at which resolutions will be put to Shareholders to approve the proposals outlined above; and
- subject to the Offer becoming or being declared unconditional in all respects and to the passing of the Resolutions, the Board proposes to seek the admission of the Enlarged Share Capital to trading on AIM. If the Core Resolutions are duly passed at the General Meeting, the Company's trading facility on AIM in respect of the Existing Ordinary Shares will be cancelled and the Company will apply for the Enlarged Share Capital to be admitted to trading on AIM. It is expected that Admission will take place and that dealings in the Enlarged Share Capital will commence on 4 August 2017.

Irrevocable undertakings to accept the Offer have been received from Gordon Dadds Shareholders in respect of 10,533,351 Gordon Dadds Shares, representing 87.3 per cent. of Gordon Dadds' existing issued share capital.

Irrevocable undertakings to vote in favour of the Resolutions have been received from Shareholders in respect of 21,670,518 Existing Ordinary Shares, representing approximately 75.7 per cent. of the Company's existing issued share capital.

## **2. Gordon Dadds**

Gordon Dadds is the ultimate holding company of Gordon Dadds LLP, an acquisitive law firm, and a group of other complementary businesses including Prolegal, a vehicle for acquiring and managing smaller law firms. Currently, there are more than 140 solicitors at Gordon Dadds LLP, designated as partners, associates, assistants or consultants and it is expected to be a top-100 law firm in the UK by turnover in 2017.

In the financial year ended 31 March 2017, Gordon Dadds had turnover of approximately £25 million and adjusted profit before tax of approximately £2 million.

The Directors believe that there is significant opportunity for consolidation within the UK legal services market in both the high-end advisory space through Gordon Dadds and the smaller, independent firms sector through the Prolegal model.

Gordon Dadds LLP has been exploiting this opportunity since 2013. It has spent £3.2 million building a tailor-made professional service back-office platform. Gordon Dadds' strong management team has already successfully integrated 10 firms onto this cost-efficient platform, all now trading under the Gordon Dadds brand. The Directors believe that there is an opportunity to continue to acquire and integrate other larger, high-end firms in the same way.

Smaller firms will be acquired by Gordon Dadds' subsidiary, Prolegal, and will be taken on to the platform in the same way as larger firms, but will continue to trade under their own names. Prolegal has recently made its first acquisition of a £1.6m revenue firm based in Wandsworth.

The Existing Directors consider that the acquisition of Gordon Dadds would be consistent with the Company's aim of making investments within the support and business services sector and should be value-enhancing for shareholders. They believe that Gordon Dadds has many opportunities for growth, both organically and through acquisition.

## **3. History of the Company and background to and reasons for the Offer**

The Company was originally admitted to trading on AIM in March 2006, raising £7 million at the time of admission to repay debt, strengthen the Company's balance sheet and seek further consolidation opportunities within the recruitment sector. Soon after admission, the Company acquired Recruitment Communications Company Limited and opened an office in New York to facilitate its expansion into the American market and in Hong Kong to service the Asian market.

The 2008 financial crisis significantly impacted on client recruitment activity and the Company was unsuccessful in its attempts to raise the finance necessary to further the Company's acquisition-led strategy. Subsequently major clients adjusted their buying behaviour and either brought activities in-house or concentrated their spending into major international competitors which led to a downturn in the financial performance of the business. Financial performance remained an issue and on 3 December 2012, the Company announced that it was considering all viable strategic opportunities to maximise value for shareholders, including the sale of individual parts of the business or the business as a whole. The review highlighted that the resources of the Company were not sufficient to meet the investment needs of the Company's operating subsidiaries and consequently the Company sold Armstrong Craven for a total consideration of £2.8 million in June 2013.

The Company conducted another strategic review in June 2015 to examine all opportunities for maximising value for shareholders. On 11 December 2015, the Company announced that it had entered into a conditional agreement for the sale of the Company's remaining operating

subsidiaries to Capita Resourcing Limited (a subsidiary of Capita plc) for a cash price of £2 million (subject to working capital adjustments) (the “Disposal”).

The Company has recently announced its results for the year ended 31 December 2016 which show a loss before tax of £0.5 million with marginal reported turnover. The net assets of the Company were £0.3 million and cash and cash equivalents were approximately £0.5 million.

The Disposal represented a fundamental change to the business of the Company and the Company became an investing company under the AIM Rules. As a result, the Company had 12 months to implement its new investing policy or make an acquisition or acquisitions that constituted a reverse takeover pursuant to Rule 14 of the AIM Rules. The Company’s investing policy for the purposes of the AIM Rules is to invest in, and/or make an acquisition in, the support and business services sectors in which the Existing Directors believe there are opportunities for growth which, if achieved, will be earnings enhancing for the Company’s shareholders.

The Existing Directors have evaluated a number of proposals including that of Gordon Dadds. Given the business and progress of Gordon Dadds, the Existing Directors believe that Gordon Dadds’ operations are compatible with the Company’s investing policy and should be value enhancing for Shareholders.

The Directors believe that the Enlarged Group will benefit from a number of key factors which will differentiate it as a legal and professional services consolidator in the UK market:

- The significant market opportunity:
  - The UK legal services market is poised for increasing consolidation, especially in the Enlarged Group’s target market
  - Substantial number of “risky” partnerships are in need of a quality solution
- Target pool of £6.6 billion of annual revenue amongst:
  - nos.69-185 of the Top 200 law firms who between them have annual revenues of approximately £2.2 billion and which may be suitable for the Gordon Dadds LLP model
  - c1000 UK firms with annual revenues of £2-10 million each who between them have annual revenues of approximately £4.4 billion and which are potential candidate firms for the Prolegal model
- Gordon Dadds is well positioned in the market to take advantage of regulatory and financial changes:
  - Early mover advantage with an experienced management team with a strong track record of successfully acquiring and swiftly integrating acquisitions
  - Growing reputation in the legal services market
  - Focus for growth on London and the South East
- Gordon Dadds has demonstrated strong financial performance and cash generation capability:
  - Expected to be a top 100 law firm in 2017
  - Fully corporatised decision making
  - Refined profit share model
  - Partners and staff further incentivised through wide-spread share ownership
  - London based front office

- £25 million turnover and £2 million adjusted profit before tax in 2017
- Gordon Dadds LLP 70.7 per cent. compound annual growth since 2013
- Gordon Dadds has a sophisticated and fully integrated platform which is ready to incorporate future acquisitions
  - Purpose built technology hub
  - “Nearshore” platform established in Cardiff to drive net operating profit improvement
  - Developed over more than three years and received over £3.2 million of investment since 2013
- Gordon Dadds has a strategy to develop new disruptive business methodologies, such as contract based lawyers for specific project-based work and cross-selling of complementary professional services

#### **4. The UK Legal Sector**

The UK has a reputation as a leading global centre for the provision of international legal services and dispute resolution. The UK accounts for approximately 10% of global legal services fee revenue, second only to the United States. According to a report by CityUK in July 2016, fee revenue in 2014/15 amounted to £30.9 billion, an increase of 1.3% from the previous year.

The UK is widely regarded as the most international market for legal services, partly as a result of the widespread use of English law as a framework for international commercial contracts and dispute resolution. In recent years, there has been an increasing trend of external investment into UK law firms. Research from Arden Partners, titled “*Analysis of external and corporate investment in UK law firms: sustainable momentum established*” summarised the key highlights of recent external investment:

- Over £500 million invested in the UK legal sector by external investors
- Over £1 billion in annual revenue controlled by corporate investors
- 14 private equity investments
- Big accountancy firms taking advantage of ABS legal corporate structures are now generating annual revenues of approximately £40 million
- First UK corporate law firm IPO (excluding personal injury specialists) successfully completed in May 2015

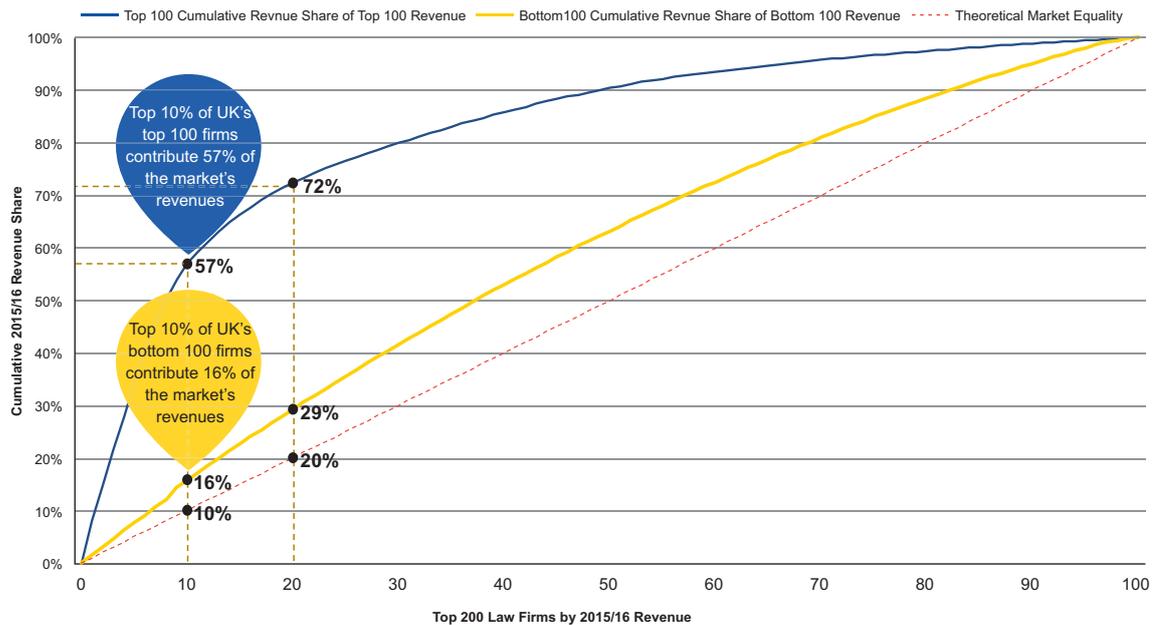
It has been widely reported that the legal services sector is now primed for consolidation and the Directors believe this represents a significant opportunity for the Enlarged Group.

#### **5. Gordon Dadds’ Market opportunity**

##### **5.1 Challenged middle market firms (>£10 million annual revenue)**

The UK legal services market is poised for accelerating consolidation especially in the middle market. Magic circle law firms and the “global elite” firms are beginning to dominate the top fifty law firms. Indeed, the completion of a three way merger (CMS, Nabarro and Olswang) in 2017 is a clear demonstration of the quest for scale. However the legal market has not seen anything like this scale of consolidation. With an average annual turnover of just £18.9 million, all of the middle market firms are sub-scale. Graph 1 below highlights the structural faults within the legal market.

## UK 200 Firms' share of the market



Graph 1: sourced from The Lawyer UK 200, The Independents 2016 report, October 2016

In this challenged middle market many firms are experiencing a variety of pressures that the Directors believe represent a significant consolidation opportunity for the Enlarged Group.

These firms typically face competitive pressure on prices, meaning revenue per lawyer is lower, leading to profit margins that are below those of their larger rivals. Many have significant third party borrowings. Without scale, operating efficiency is hard to achieve as the necessary employee, back office and property costs comprise too great a proportion of total costs. This situation is aggravated by a lack of management capability; increasing IT and regulatory costs across the sector; and the historic unaddressed problem of “overstaffing”. It is this band of firms that has the biggest challenge in differentiating itself in a market that is crowded, fragmented and which has significant external competition. The partner-owners of such firms are increasingly “at risk”.

Many law firms have succession crises as fewer of the newer generation of lawyers are prepared to commit to a partnership in smaller firms. This leaves existing partners on a “legal carousel”, unable to stop and extract their capital without finding either external capital or a buyer. A focus on the lock-step model and preservation of short-term partners’ returns is leading to deterioration in the long-term outlook for many firms as the “consensual” model of a traditional legal partnership struggles to adapt to this new environment. These “risky partnerships” are increasingly seeking mergers and investment to secure their businesses.

### 5.2 Smaller firms (£2 – £10 million annual revenue)

There were 10,459 UK law firms operating in October 2016. This can be broken down into the following turnover segments:

- 22% or 2,321 law firms have an annual turnover of between £0.5 million and £2 million, this could equate to a market of approximately £1.5 to 2.9 billion;
- 7% or 682 law firms have an annual turnover of between £2 million and £5 million, this could equate to a market of approximately £1.5 to 2.5 billion; and
- 3% or 264 law firms have an annual turnover of between £5 million and £10 million, this could equate to a market of approximately £1.5 to 2 billion.

The 946 law firms in the £2m-10m turnover space are the Enlarged Group's primary target market for its Prolegal model.

Firms in this category are generally too small to offer full legal service and concentrate on serving small to medium-sized businesses and on family and private-client work. Their size means that their partner/owners find it difficult to recruit or retain high quality successors, because the larger firms attract the best talent. Their lack of economies of scale also cause significant margin pressure.

### 5.3 ***Prolegal model***

Gordon Dadds has developed an innovative solution to address the issues facing many of the smaller independent law firms through its Prolegal acquisition vehicle. Under the Prolegal model, smaller acquisitions will not be rebranded Gordon Dadds or physically moved to Gordon Dadds' offices. They will continue to practise under their original names and from their original business premises, but will be moved onto the Gordon Dadds management, technology and regulatory platform.

A template structure of a Prolegal acquisition is highlighted below with retention of key personnel and growth of the business the key to the strategy:

- A low upfront percentage of turnover consideration is paid (the target is 10 – 15 per cent.).
- Earn-out based on a factor of turnover, payable in low % increments over 3 to 5 years (the "Earn-Out").
- Revenue-generating partners will move onto a revenue and referral profit sharing structure incentivising them to cross-sell.
- The Directors believe that the Prolegal model frees partners and staff of acquired firms to concentrate on gaining business and servicing clients, to the benefit of the clients and the firm.
- Being part of the Enlarged Group, firms will be able to refer specialised work across the firm, with the referring partners being rewarded in a transparent way for the value of the business done.

### 5.4 ***Attractiveness to prospective partners***

The Gordon Dadds model offers a number of advantages to prospective partners of target firms. Partners are not required to borrow to fund capital contributions, capital is built up over time out of profit share with a relatively modest and achievable minimum contribution of £50,000. In owner-managed law firms, profit sharing structure is not always related to individual performance, nor is it always transparent. The traditional lock-step structure inevitably over-rewards timeservers and under-performers. In the Gordon Dadds model, each client is allocated a client care partner (the CCP) who receives, as allocated profit share, a percentage of annual revenues billed to those clients for whom he or she acts as CCP. In addition, each partner receives, as allocated profit share, a percentage of his or her personal billings, whether or not he or she is the CCP. Based on their extensive knowledge of, and soundings in, the legal marketplace the Directors believe that a Gordon Dadds LLP partner can achieve a significant uplift to what he or she might achieve in a traditional partnership practice.

The Gordon Dadds model, with its clear division between management and back office on the one hand, and client acquisition and servicing on the other, allows partners to devote time to their respective practice areas so enabling them to maximise their opportunities to give good service to their clients and for personal revenue generation and business development.

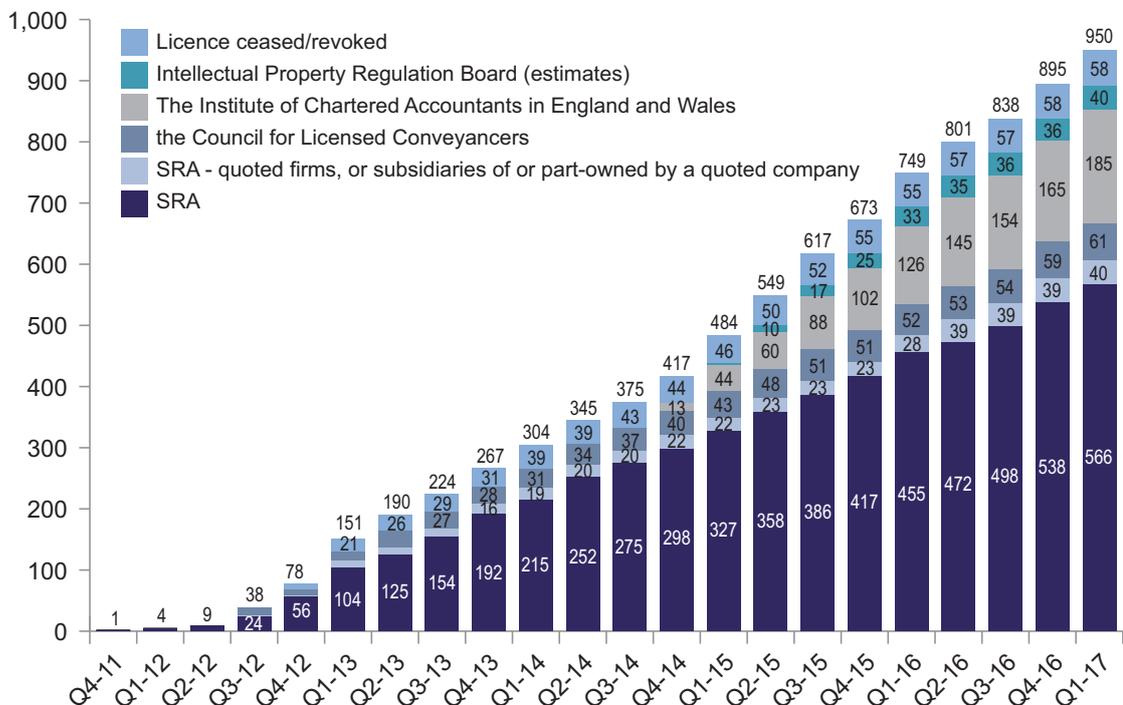
Most of the current Gordon Dadds' partners are already legally and/or beneficially entitled to Gordon Dadds Shares. Part of the rationale for the corporate structure and application for Admission is to enable future partners to be rewarded with share options pursuant to the Share Scheme or direct equity participation thus facilitating buy-in to the Gordon Dadds concept and an enduring investment in the Enlarged Group.

## 6. Regulatory evolution in the legal services market

The Legal Services Act 2007 created the opportunity for external investment in the legal sector through ABSs which enabled third party, non-lawyer investment into law firms for the first time in 2007. These structures offer a genuine funding alternative to the standard partner capital and bank lending that many firms rely on. They are also attractive to financial investors because of the potential for high profit margins through value-enhancing investment and efficiency-driven corporate models. Certain private equity investments have been made in the sector including the Business Growth Fund's investment in McMillan Williams Solicitors Limited and LDC's investment in Keoghs LLP. In June 2015, Gateley Holdings plc became the UK's first law firm to IPO, raising £5 million of new funds in the process. Some of the most recent external investments occurred in December 2016 when BGF invested £3.75 million in Setfords Solicitors to support the firm's expansion plans and LivingBridge invested in Stowe Family Law LLP in February 2017 to help the firm build a national footprint.

While the Top 200 legal firms have been slow to embrace fully the ABS model, others (notably, accounting firms) have been early adopters, intending to diversify their services, reinforce core client relationships and increase market share within their segments.

Three of the "big four" (PwC, EY and KPMG) were granted alternative business structure licenses by the SRA in 2014 and are targeting the UK's legal middle market in a big way. As at 24 April 2017, a total of 892 ABS licences had been issued in the UK. The graph below charts the rise of the ABS since 2011.



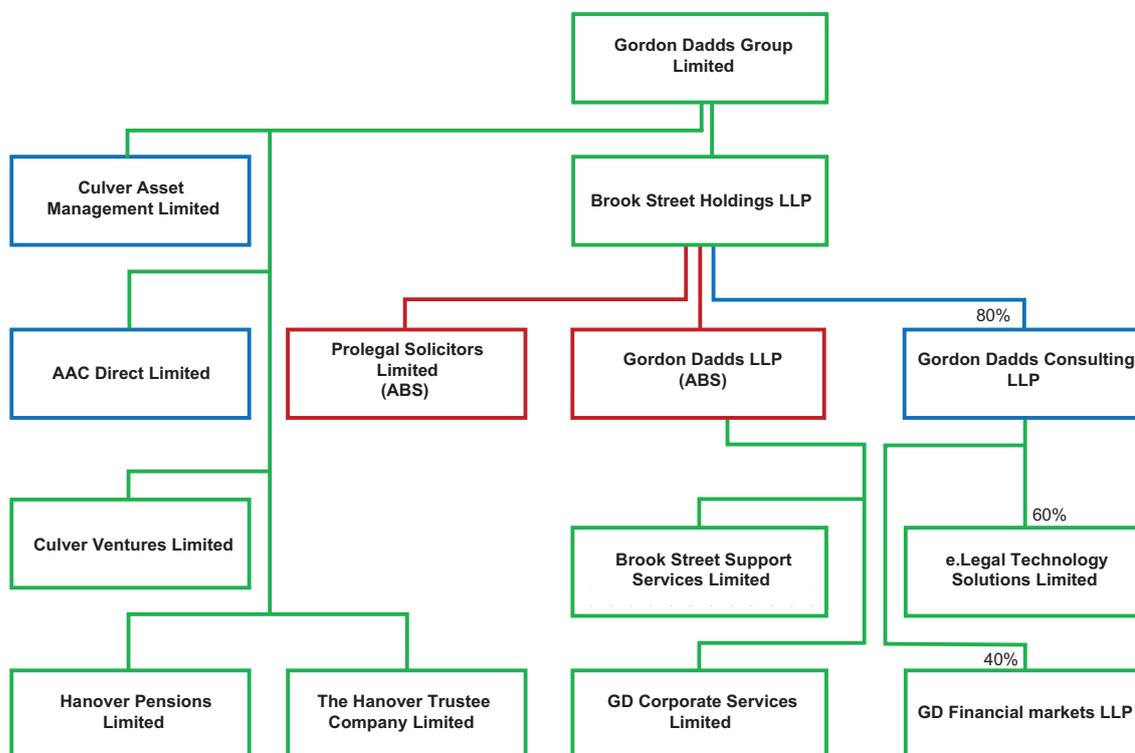
Graph 2: sourced from Legal Services Board data as at 24 April 2017

## 7. Information on Gordon Dadds

### 7.1 Overview of the Gordon Dadds Group

Gordon Dadds is the ultimate holding company of Gordon Dadds LLP, the law firm, and its associated businesses.

A simplified group structure is below:



Gordon Dadds' principal business is Gordon Dadds LLP, a law firm offering the services referred to in the table below.

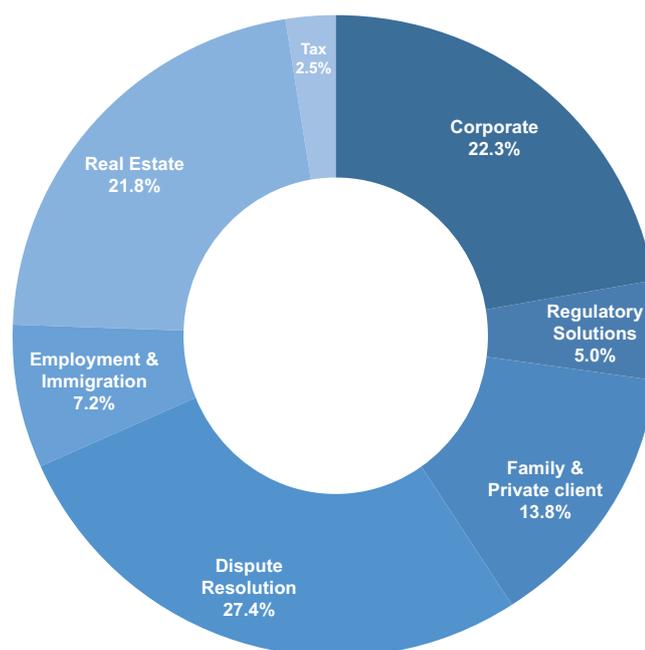
	<i>Dispute Resolution</i>	<i>Corporate</i>	<i>Real Estate</i>	<i>Family &amp; Private Client</i>	<i>Tax</i>	<i>Employment &amp; immigration</i>	<i>Regulatory Solutions</i>
<b>People</b>							
Number of fee earners (as at 31 March 2017)	21	25	32	22	3	13	10
<b>Financial</b>							
% of fees in FY17	27.4%	22.3%	21.8%	13.8%	2.5%	7.2%	5.0%
FY13 – FY17 CAGR	70.1%	88.3%	69.0%	35.6%	68.6%*	9.6%*	63.6%**

\* based on FY15 to FY17

\*\* based on FY16 to FY17

The existing Gordon Dadds LLP business has demonstrated strong growth, especially via acquisitions, over the past 3 years.

The fee split per department for the financial year ended 31 March 2017 is below:



Gordon Dadds also owns Prolegal which is an acquisition vehicle for smaller, independent law firms. The Directors believe that a successful roll-out of the Prolegal model will facilitate cross-selling of premium services into the wider Gordon Dadds Group and Gordon Dadds LLP in particular. Information about Gordon Dadds' other businesses is set out in paragraph 7.3 below.

### 7.2 ***Gordon Dadds' technology hub/near shore platform***

Gordon Dadds has developed an effective professional services back office platform over the last three years. The platform is a cloud-based operating system with a combination of "off the shelf" components and bespoke systems. This platform has received over £3.2 million of investment since 2013 with the support of the Welsh government. Based on the strategy of moving front and back office roles from London to Cardiff, the Directors believe that the Welsh government will remain supportive as the Enlarged Group develops.

Gordon Dadds' Cardiff office became operational in August 2013 and has grown to support a back office team that consists of 38 accounting, compliance, HR and administrative personnel.

The investment in the platform has enabled Gordon Dadds to integrate acquisitions swiftly onto the Gordon Dadds operating system. The Directors believe the technology hub is tailor-made for the roll-out of the Prolegal model thus enabling it to target smaller law firms seeking an alternative solution to the increasingly onerous regulatory and investment requirements of the current legal market.

### 7.3 ***History of Gordon Dadds***

Gordon Dadds management identified an opportunity in the legal services market for a consolidation play and took advantage of the new ABS structure by establishing ACR Solicitors LLP in 2007. This was followed by the acquisition of the long-established solicitors' practice of Gordon Dadds in 2013 and the transformative pre-pack acquisition of Davenport Lyons in 2014. Since 2013, Gordon Dadds LLP has grown from a £2.7 million turnover business to a £22.8 million turnover business by the end of March 2017, a compound annual growth rate of 70.7 per cent. The turnover for the Gordon Dadds Group for the period ended 31 March 2017 was £25 million.

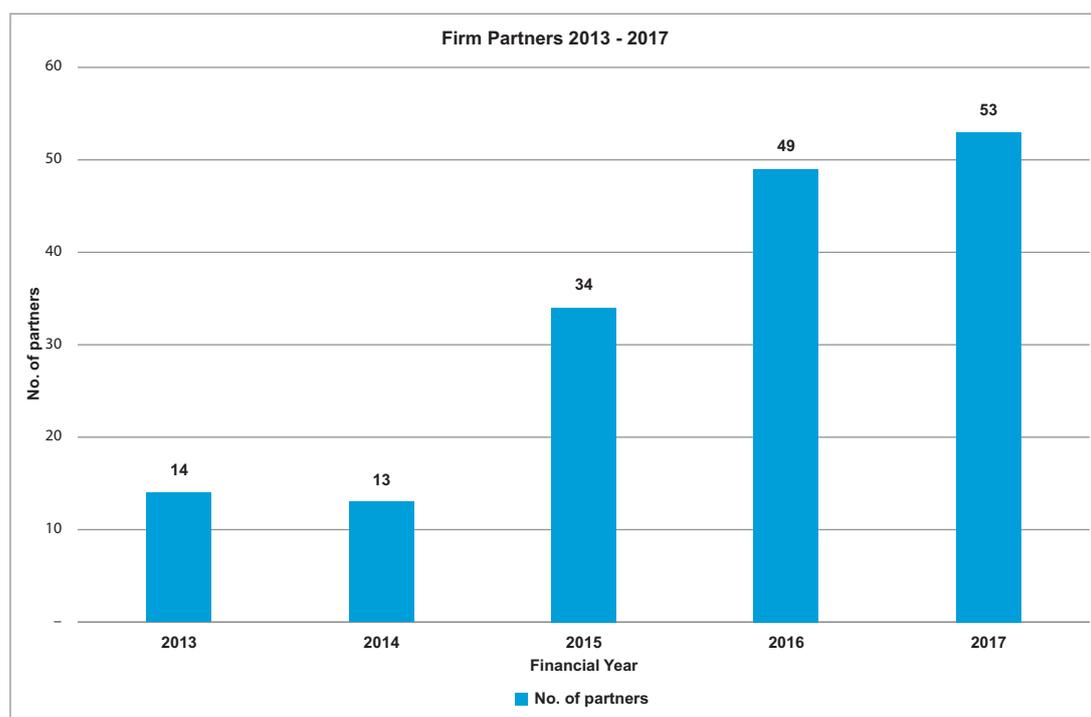
The majority of the growth of Gordon Dadds LLP to date has arisen from acquisitions in London and the South East region of England including those of Harris Cartier, Davenport Lyons, Jeffrey Green Russell Limited and Platt & Associates Limited.

Today Gordon Dadds LLP is a full service law firm whose main areas of business are dispute resolution, corporate, real estate, employment and immigration, tax, family & private client and regulatory solutions.

Since 2013 Gordon Dadds has established complementary businesses providing a range of professional services such as actuarial, risk management, employee benefits and compliance advisory services. It has also acquired minority stakes in James Stocks & Co Ltd, a corporate finance and strategic advisory business; e.Legal Technology Solutions Limited, a company that develops technology solutions for the legal and regulated sectors and GD Financial Markets LLP, which focuses on remediation advice to financial institutions. In 2017, Gordon Dadds acquired The Hanover Trustee Company Limited and Hanover Pensions Limited, businesses which provide consultancy, administration and trusteeship services to small self administered pension schemes and final salary and money purchase schemes.

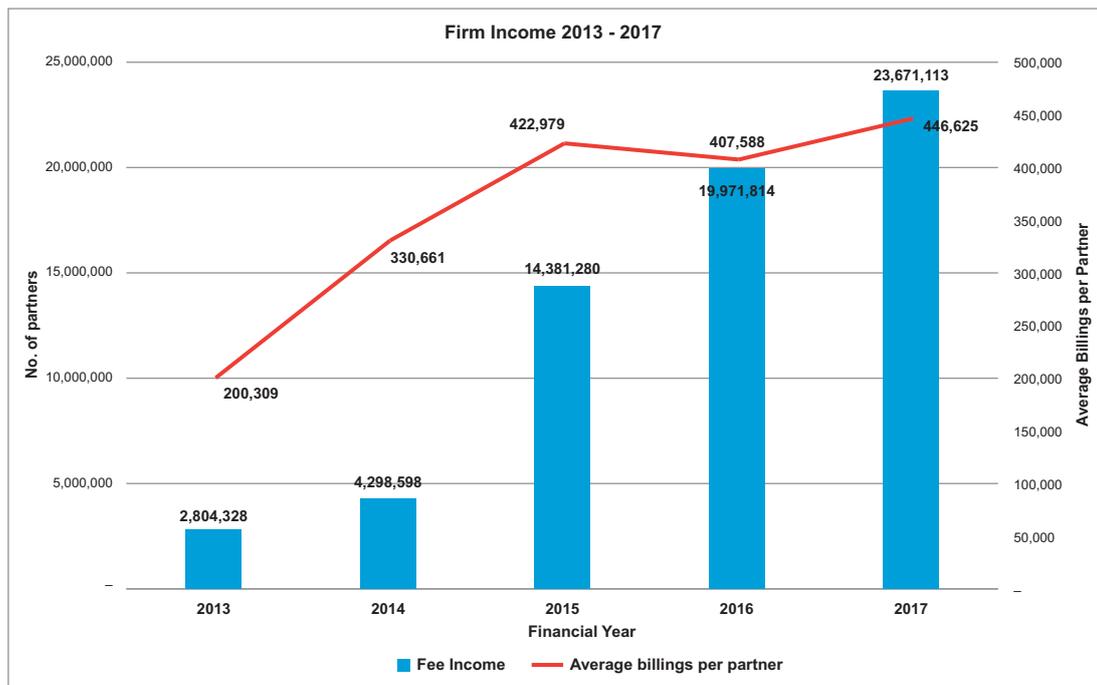
Prolegal has recently acquired the practice of Alen-Buckley LLP, a £1.6 million turnover Wandsworth-based firm and the first acquisition under its model.

Gordon Dadds LLP growth is shown in the charts below:



*Graph 3: Gordon Dadds LLP partners as at March year end*

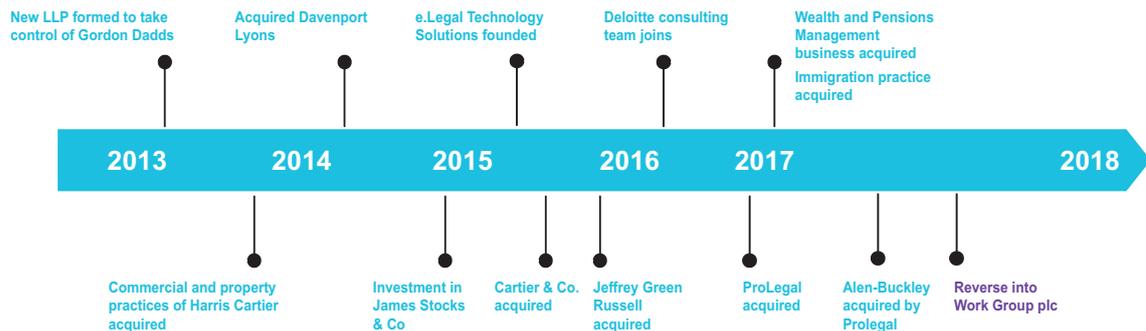
In 2016/17, Gordon Dadds added 4 new partners through internal promotion. Nonetheless significant growth in billings has been achieved in 2017.



Graph 4: Gordon Dadds LLP fee income with average billings per partner as at March year end

#### 7.4 Historic acquisition timeline

The timeline below highlights the Gordon Dadds' historic investments and acquisitions:



### 8. Competition

The UK legal market is extensive and diverse and ranges from the 'magic circle' elite and global international law firms with a UK presence through to the 'one-man band' high street practitioners with the national firms with multi-UK offices, typical London-centric middle market firms and boutique or specialist firms providing a range of legal services in between. Gordon Dadds LLP does not compete directly with the magic circle, global or high street firms. Its main competition is from regional firms capable of offering similar services at below London market rates and from middle market firms who are prepared to offer discounted rates to secure new business. Gordon Dadds' Cardiff office is a hedge to such competition by enabling it to offer quality services in certain practice areas at local rates. The Directors believe that its profit sharing structure is attractive to high quality lawyers and as such it is well placed to withstand competitive pressures by providing a high quality and consistent service across its practice areas.

## 9 Summary financial information on Gordon Dadds

The following summary of the historical financial information relating to the activities of the Gordon Dadds Group has been extracted from the historical financial information of the Company included in Section B of Part 4 of this document. **In order to properly assess the financial performance of the Gordon Dadds Group, prospective investors should read the whole of this document and not rely solely on the summary set out below.**

	<i>Year ended 31 March 2015 £'000</i>	<i>Year ended 31 March 2016 £'000</i>	<i>Year ended 31 March 2017 £'000</i>
Revenue	19,749	20,997	25,117
Personnel costs	(7,783)	(7,424)	(8,359)
Partners' profit shares	(4,627)	(4,208)	(4,948)
Other operating expenses (exc. non underlying items)	(5,667)	(6,918)	(7,951)
Adjusted EBITDA	1,672	2,448	3,859
Adjusted profit before tax	737	664	2,010

A pro-forma statement of the net assets of the Enlarged Group is set out in section B of Part 5 of this document.

With effect from Admission, the Enlarged Group's year end will be 31 March and the interim results date will be 30 September to match the reporting dates of the Gordon Dadds Group.

## 10. The Enlarged Group's strategy and AIM rationale

The Directors believe that there is a significant opportunity to create a substantial legal practice by the application of a different and modern business model, which does not rely on successful partners subsidising under-performing peers or ambitious young partners being held back until a senior partner retires or dies. They believe that this model can be applied in particular to existing businesses which are suffering financially or struggling to cope with key management and partner succession issues.

Since inception in 2013, Gordon Dadds has acquired and successfully integrated 10 professional services businesses. The Directors believe that there is significant scope for expansion of Gordon Dadds as a professional services group founded on its existing management skills and experience and using its tailor-made technology platform.

In addition, the Directors believe that profits can be enhanced by providing a more comprehensive service for clients across a number of professional disciplines with cross-selling of services a key goal.

The Placing and Admission will provide necessary capital for the Enlarged Group's next phase of development. Admission should also serve to enhance the Enlarged Group's public profile with clients and potential acquisition targets and assist with the recruitment, retention and incentivisation of partners and employees. The Directors believe that a strong balance sheet will be important in attracting new lateral hires and potential firms.

The Directors intend to double the Enlarged Group's revenues over the next 3 years. The Directors believe this will be achieved by:

- Applying the Gordon Dadds proven acquisition methodology to incorporate "risky" law firms and other professional service firms with re-incentivised key revenue generators able to earn significant profit share;
- Deploying the Prolegal model to well-established smaller law firms using the technology platform to reduce their office overheads;

- Organic growth and focus on current London and the South East foot print with “nearshore” back office operations in Cardiff;
- Incentivising and retaining key partners and employees via share ownership and the Share Scheme;
- Selective lateral hires from legal and complementary disciplines and possibly team hires; and
- Cross-selling across the Enlarged Group with significant incentivisation for partners.

The Enlarged Group will look to broaden and enhance its capabilities and accelerate its growth profile through acquisitions. The Directors believe that there are opportunities to pursue acquisitions which will enhance the Enlarged Group’s core offering and broaden the Enlarged Group’s professional services proposition by adding complementary businesses which can offer opportunities to cross-sell to clients, extend coverage and provide the opportunity to enhance operating margins and improve cash generation.

In the short term the Enlarged Group will seek to make acquisitions in the following areas:

- **Law firms** – There are 101 law firms in the Top 200 each with annual revenues of less than £22 million and, according to recent market research by Arden Partners, there is a significant band that will be challenged to achieve scale or develop efficiency. Succession planning in such firms is challenging, especially if they have high levels of debt. The partner-owners of such firms are typically exposed to significant strategic and business risks and the Directors believe this presents an opportunity for the Enlarged Group to act as a consolidator of firms ranked between 69 and 185 in the UK Top 200 market, especially amongst “risky” partnerships.
- **Prolegal roll out** – The increasing drive towards technology-led solutions has resulted in many smaller firms falling behind larger competitors in terms of technology investment. The Directors believe there is a significant consolidation opportunity for Prolegal in the £2-£10 million annual revenue space.
- **Related professional service businesses** – There are numerous complementary disciplines in the business services sector such as tax advisory services, financial services, compliance and risk management advisory services and legal recruitment. The Enlarged Group will continue to explore opportunities in such areas.

## 11. Current trading and prospects for the Enlarged Group

### **Work Group**

The Company is currently an investing company and does not trade. Its full year results for the year ended 31 December 2016 were announced on 28 June 2017 and showed net assets of £0.3 million at the year end. Since 31 December 2016, the Company has incurred expenditure in line with the Existing Directors’ expectations.

### **Gordon Dadds**

Gordon Dadds’ full year results for the year ended 31 March 2017 showed revenues of £25 million and adjusted profit before tax of £2 million. Since 31 March 2017, Gordon Dadds has traded in line with the Proposed Directors’ expectations.

### **Prospects for the Enlarged Group**

The Directors believe that the Enlarged Group has considerable growth and consolidation opportunities in the legal services market in particular, both organically and via selected acquisitions.

## 12. Directors and senior management

Keith Cameron has agreed to resign as a non-executive director of the Company with effect from Admission. Subject to the passing of the Resolutions at the General Meeting, each of the Proposed Directors will be appointed to the Board with Adrian Biles becoming Chief Executive for the Enlarged Group, Christopher Yates becoming the Finance Director for the Enlarged Group and Anthony Edwards becoming its non-executive Chairman. Simon Howard will step down as Chairman but will remain on the Board as a non-executive director of the Enlarged Group.

Brief biographical details of the Existing Directors, the Proposed Directors and senior management of Gordon Dadds are set out below.

### 12.1 *Directors*

The current Board is as follows:

#### **Simon Howard** *Executive Chairman (age 61)*

Simon has served as Chairman of the Company since inception and has worked in the UK recruitment industry for over 30 years, 20 of which have been in senior executive roles. In 1988 he was appointed Managing Director, then Chief Executive of Barkers Human Resources. He left the business in 1994 to lead the buy-out of Park Human Resources which was then sold to SHL Group plc in 1997 with Simon becoming an executive director on the main board. He resigned in 1999 and co-founded the Company in 2000. He wrote the weekly 'Jobfile' column on employment issues in The Sunday Times for over 12 years and is a regular contributor to magazines and speaker on recruitment and HR issues.

The Proposed Directors deem Simon to be independent as upon completion of the Acquisition, the Enlarged Group will be a fundamentally different business to the existing and previous businesses of the Company.

#### **Keith Cameron** *Non-executive Director (age 70)*

Keith has extensive experience as an executive and non-executive director of both public and private companies. He has spent the vast majority of his career in human resources at a number of multinational companies including Union Carbide Inc., Rank Xerox Inc., Levi Strauss Inc., Dixons Group plc, Storehouse plc and between 1998 and 2001 was Chief Operating Officer of The Burton Group plc/Arcadia Group plc. In 2004 he was persuaded by Stuart Rose to return from retirement to take up the position of HR Director at Marks & Spencer plc. Keith previously served as the Independent Director of the Barclays Bank Pension Fund, and was previously a non-executive Director of the Britannia Building Society.

### 12.2 *Proposed Directors*

Upon Admission, Keith Cameron will resign as a director and the following will be appointed to the Board:

#### **Anthony Edwards**, *Non-executive Chairman (age 59)*

Anthony is a qualified solicitor and a former Managing Partner of Thomas Eggar LLP, a middle market law firm which merged with Irwin Mitchell in December 2015. Anthony retired from Irwin Mitchell in April 2016 having worked at the firm for 37 years. Anthony also serves as non-executive Chairman of Thesis Asset Management plc, a fast growing investment management service provider for private clients, charities, pension funds and trusts. Funds under management at Thesis have grown from £600 million to £12 billion under Anthony's time as Chairman. On 20 June 2017, Regit BidCo Limited announced a recommended cash offer of £47 million for Thesis Asset Management plc.

**Adrian Biles, Chief Executive Officer/Managing Partner (age 49)**

Adrian qualified as a solicitor at a large City law firm in the early 1990s. He left to go into business in 1994, since when he has been involved in private equity transactions across a number of business sectors, including insurance broking and underwriting, retail motor distribution and property development. Adrian has a record over 25 years of creating significant value for shareholders. He founded ACR Solicitors LLP in 2007 and was responsible for merging the original legal practice of Gordon Dadds into Gordon Dadds LLP in 2013 when he became managing partner and has since overseen the expansion of Gordon Dadds by a combination of acquisitions and organic growth from a £2.7 million turnover business in 2013 to a £25 million turnover business in 2017.

**Christopher Yates, Finance Director (age 63)**

Christopher is a chartered accountant who has been actively involved in corporate finance for over 30 years. Christopher qualified with Touche Ross & Co. (now part of Deloitte) in 1978 and from 1983 spent nearly 20 years with Credit Lyonnais Securities. He has since been involved with Corporate Finance Partners Limited and has previously been a director of two AIM companies, Pires Investments plc and Kennedy Ventures plc. Christopher chaired the QCA Corporate Governance Committee from 2001 to 2005 and joined Gordon Dadds in 2013.

**David Furst, Non-executive Director (age 66)**

David is a Chartered Accountant and acted as Gordon Dadds' external accountant and financial adviser for ten years before joining Gordon Dadds LLP's Advisory Board in 2013. Previously, David was a partner in Crowe Clark Whitehill LLP for 30 years and was managing partner and chairman for part of that time. David was President of the Institute of Chartered Accountants in England and Wales 2008-09 and served on its Council for 9 years.

### 12.3 **Senior management – Gordon Dadds LLP**

Details of key senior management personnel in Gordon Dadds LLP are set out below:

**Brett Aubin, Chief Operating Officer**

Brett has been in professional services for 17 years, starting his career in Risk Management at Citi and later moved into strategic projects. In 2008, Brett moved to the consultancy Sapient, where he ran the Risk Assurance practice for 4 years. From 2012, Brett ran the Regulatory Managed Service proposition at Deloitte Consulting UK and drove alliances with Allen & Overy, Reccomind and other legal industry participants. In 2016, Brett moved to Gordon Dadds to set up GD Financial Markets LLP.

**John Biles, HOFA**

John graduated with an honours degree in Mathematics from the University of Wales and qualified as a Chartered Accountant with a predecessor firm of Touche Ross (now Deloitte) where he subsequently became a partner. John has also been involved as an investor and director in a number of companies in the insurance broking and underwriting sectors in particular in the UK and US.

**Alex Ktorides, partner and HOLP**

Alex qualified as a solicitor 20 years ago. Prior to joining the original Gordon Dadds in 2012 Alex was senior counsel at BDO LLP with responsibility for advising in relation to risk control, contract and project management. Alex advises Gordon Dadds' clients on a wide range of regulatory issues in the gaming, accountancy, legal and property sectors in particular. He is also the firm's HOLP with primary responsibility for advising the firm's lawyers on regularity and compliance matters and ensuring the firm's compliance with the SRA Rules.

**Roger Peters, Senior Partner**

Roger is the firm's senior partner having been senior partner of the original Gordon Dadds prior to its merger with Gordon Dadds LLP in 2013. He is a qualified solicitor of 44 years experience and specialises in private client and charity law. As senior partner his role is to lead by example and he is also the firm's nominated partner for handling complaints made against members of the firm.

**John Burrell, partner and Family & Private client HoD**

John qualified as a solicitor 39 years ago and specialises in all areas of family law. He has been with Gordon Dadds LLP since its acquisition of Davenport Lyons in 2014. John also serves as head of the firm's family and private client department with responsibility for the day to day management of the department's 21 fee earners plus support staff.

**Alon Domb, partner and Corporate HoD**

Alon qualified as a solicitor 28 years ago and specialises in corporate finance. He has been with Gordon Dadds LLP since its acquisition of Davenport Lyons in 2014. Alon also serves as head of the firm's corporate department with responsibility for the day to day management of the department's 24 fee earners plus support staff.

**Nick Goldstone, partner and Dispute Resolution HoD**

Nick qualified as a solicitor 29 years ago and specialises in dispute resolution. He has been with Gordon Dadds LLP since its acquisition of Davenport Lyons in 2014. Nick also serves as head of the firm's dispute resolution department with responsibility for the day to day management of the department's 20 fee earners plus support staff.

**Laura Livingstone, partner and Employment HoD**

Laura qualified as a solicitor 22 years ago and specialises in employment law. She has been with Gordon Dadds LLP since its acquisition of Davenport Lyons in 2014. Laura also serves as head of the firm's employment department with responsibility for the day to day management of the department's 12 fee earners plus support staff.

**Justin Neal, partner and Real Estate HoD**

Justin qualified as a solicitor 21 years ago and specialises in real estate law. He has been with Gordon Dadds LLP since its acquisition of Harris Cartier in 2013. Justin also serves as head of the firm's real estate department with responsibility for the day to day management of the department's 31 fee earners plus support staff.

**Philip Somarakis, partner and Regulatory Solutions HoD**

Philip qualified as a solicitor 20 years ago and specialises in criminal litigation, licensing and regulatory solutions. He has been with Gordon Dadds LLP since its acquisition of Davenport Lyons in 2014. Philip also serves as head of the firm's regulatory solutions department with responsibility for the day to day management of the department's 9 fee earners plus support staff.

**Huw Witty, partner and Tax HoD**

Huw qualified as a solicitor 31 years ago and specialises in tax law. He is also a member of the Chartered Institute of Taxation. Huw has over 20 years experience as a tax partner and was head of tax at Richards Butler and more recently at Fladgate before joining Gordon Dadds LLP as a partner in 2015. Huw is head of the firm's tax department with responsibility for its day to day management.

**Nicholas Yapp, partner and Head of Practice Finance**

Nicholas qualified as a solicitor 36 years ago and specialises in dispute resolution. He has been with Gordon Dadds LLP since its acquisition of Davenport Lyons in 2014. In addition to his role as a partner in the Dispute Resolution practice area Nicholas is also the firm's Head of Practice Finance with primary responsibility for credit control, debt recovery and prudent financial management.

**Doulla Panayi, Group Accountant**

After qualifying as a chartered accountant in a mid-sized London firm over twenty years ago, Doulla has held senior group finance roles in a variety of business sectors in companies which have grown both organically and through acquisition and has been involved in many re-organisations and sales. She has worked in a number of plcs including Ultra Electronics plc, Carillion plc, Legion plc and BT plc. She also spent a number of years with a multinational professional service firm in the quantity surveying sector.

**12.4 Senior management – Prolegal**

Details of key senior management in Prolegal are set out below:

**Simon Edwards, Director**

Simon is a qualified solicitor of 23 years' experience. Upon qualification he worked for Braby and Waller Solicitors, undertaking debt recovery and insolvency work. He also built an insurance practice and founded Cost Auditing Limited which was sold to Capita Plc in 2002 (now called Cost Advocates Limited). He was Managing Director until 2007, reporting to the Executive Board. Simon formed Prolegal in 2004 with the financial backing of Capita Plc and orchestrated the sale of the company to Gordon Dadds in 2017.

**Jeremy Davy, Group Integration Director**

Jeremy qualified as a solicitor in 1997 and has a masters degree in law. He has many years of experience in leadership roles at law firms and in industry. He was a partner at national law firm, Shoosmiths, where he was a member of the senior management team that established and grew the firm's £10 million direct conveyancing operation. Prior to joining Gordon Dadds, Jeremy was Head of Legal at multi-national transport company, Norbert Dentressangle (now known as XPO Logistics). In addition, Jeremy has undertaken advisory roles for HM Government, the Law Society, RICS and the Land Registry.

**13. Principal terms of the Offer**

The Company has conditionally offered to acquire the entire issued and to be issued share capital of Gordon Dadds on the following basis:

**for each Gordon Dadds Share 1.11258 New Ordinary Shares**

The Offer values the whole of Gordon Dadds at £18.8 million.

The Offer is conditional, *inter alia*, on:

- the passing of the Core Resolutions without amendment; and
- valid acceptances being received (and not withdrawn) by 5.00 p.m. on 3 August 2017 (or such later time(s) and/or date(s) as the Company may, with the consent of the Panel or in accordance with the Takeover Code, decide) in respect of Gordon Dadds Shares which constitute not less than 90 per cent (1) in nominal value of the Gordon Dadds Shares to which the Offer relates; and (2) of the voting rights attached to those shares.

Irrevocable undertakings to accept the Offer, have been received in respect of 10,533,351 Gordon Dadds Shares representing 87.3 per cent. of the Gordon Dadds Shares and, accordingly, the Offer is expected to become unconditional as to acceptances today.

Further details of the terms and conditions of the Offer are set out in paragraph 14 of Part 6 of this document.

#### **14. Implications of the Acquisition for the purposes of the Takeover Code**

The Panel has agreed that 12 of the Gordon Dadds Shareholders, whose names are listed in paragraph 10.1 of Part 6 of this document, and who together own approximately 87 per cent. of the issued share capital of Gordon Dadds, are a concert party for the purposes of the Acquisition (“Concert Party”). The Concert Party is not currently interested in any Existing Ordinary Shares, but following the completion of the Acquisition and on Admission, the Concert Party’s interest will be approximately 41 per cent. of the Enlarged Share Capital by virtue of the issue to them of the Offer Shares.

Pursuant to Rule 9 of the Takeover Code any person who together with persons acting in concert with him is interested in shares which in aggregate carry not less than 30% of the voting rights of a company but does not hold shares carrying more than 50% of such voting rights and such person, and/or any such person acting in concert with him, acquires an interest in any other shares which increases the percentage of shares carrying voting rights in which he is interested, such person or persons acting in concert with him will normally be required to make a general offer to all remaining shareholders to acquire their shares.

Should the Concert Party acquire any further interest in New Ordinary Shares or should any individual member of the Concert Party acquire any interest in New Ordinary Shares such that they are interested in 30 per cent. or more of the voting rights of the Company, the Panel may regard this as giving rise to an obligation upon the Concert Party or such individual member of the Concert Party (as the case may be) to make an offer for the entire issued share capital of the Company at a price no less than the highest price paid by the Concert Party or such individual member of the Concert Party in the previous 12 months.

The Company has applied to the Panel for a waiver of Rule 9 in order to permit the Acquisition without triggering an obligation on the part of the Concert Party to make a general offer to Shareholders. The Panel has agreed to waive the obligation of the Concert Party to make a general offer for the entire issued share capital of the Company that would otherwise arise on the issue and allotment of the Offer Shares subject to the passing by independent Shareholders of the Waiver Resolution at the General Meeting.

The Rule 9 Waiver will be invalidated if any purchase of Existing Ordinary Shares is made by any member of the Concert Party or any person acting in concert with any of them in the period between the date of this document and the General Meeting.

#### **15. The Placing**

Arden Partners has conditionally agreed (as agent for the Company) to place 14,285,714 New Ordinary Shares at the Placing Price to raise £20.0 million before expenses and £17.9 million net of expenses.

The Placing Price (being 4.375 pence on a pre-Consolidation basis) represents a premium of approximately 46 per cent. to the closing mid-market price of 3p per Existing Ordinary Share on 16 December 2016, being the last business day prior to the suspension of the Existing Ordinary Shares from trading on AIM, once the effect of the Capital Reorganisation is taken into account.

The Placing is conditional upon:

- the passing of the Core Resolutions at the General Meeting;

- Admission taking place on or before 4 August 2017 (or such later date as Arden Partners and the Company may agree being not later than 31 August 2017); and
- otherwise the Placing Agreement becoming unconditional and not being terminated prior to Admission.

The Placing Shares will be credited as fully paid and will, on Admission rank pari passu in all respects with all other New Ordinary Shares then in issue, including the right to receive all dividends or other distributions declared, paid or made on or after Admission.

A summary of the terms of the Placing Agreement is set out in paragraph 15.1.2 of Part 6 of this document.

## **16. Use of the proceeds of the Placing**

The Enlarged Group expects to receive gross proceeds of approximately £20.0 million from the Placing. The net proceeds of the Placing receivable by the Enlarged Group after the costs and expenses of Admission are expected to be approximately £17.9 million and are intended to be used as follows:

- £4.0 million to repay existing borrowings
- £6.0 million to be used as cash consideration to fund acquisitions
- £7.9 million to be used as working capital to support the roll-out and integration of acquisitions and maintain a strong balance sheet

The split between funds used as consideration for acquisitions and for working capital purposes may shift depending on the nature and shape of specific acquisitions.

## **17. Capital Reorganisation**

Subject to the passing of the Core Resolutions at the General Meeting, the Capital Reorganisation is expected to take effect at 6.00 p.m. on 3 August 2017. The Capital Reorganisation will comprise the consolidation of every 32 Existing Ordinary Shares into one share of 64p in nominal value and the immediate sub-division of such shares into one New Ordinary Share and one Deferred Share.

The rights attaching to the New Ordinary Shares will be the same as the rights attaching to the Existing Ordinary Shares and the New Ordinary Shares will be admitting to trading on AIM in place of the Existing Ordinary Shares.

Immediately following the Capital Reorganisation and before Admission, Shareholders will own the same proportion of ordinary shares in the capital of the Company as they did prior to the Capital Reorganisation (subject to fractional entitlements) but will hold fewer New Ordinary Shares than the number of Existing Ordinary Shares currently held.

The Company will issue new share certificates to those Shareholders holding shares in certificated form to take account of the Change of Name and the Capital Reorganisation. Following the issue of new certificates, share certificates in respect of Existing Ordinary Shares will no longer be valid. Shareholders will still be able to trade in New Ordinary Shares using certificates for the Existing Ordinary Shares during the period between the passing of the Resolutions and the date on which Shareholders receive new certificates.

Further details about the Capital Reorganisation are set out in paragraphs 5.2 to 5.6 of Part 6 of this document.

## **18. Capital Reduction**

The Capital Reduction is intended to eliminate the deficit on the Company's profit and loss account which at 31 December 2016 (the date to which the latest audited financial statements have been prepared) stood at £11,026,000. Since that date the Existing Directors have estimated that additional losses of approximately £250,000 have been incurred. Under UK company law a company may only make distributions to the extent that it has available distributable reserves. Accordingly in order to permit future dividends to be made by the Enlarged Group it is proposed, to:

- cancel the balance standing to the credit of the share premium account of the Company as at 31 December 2016 (being £8,240,000); and
- reduce the issued share capital of the Company by the cancellation of the Deferred Shares created as a result of the Capital Reorganisation.

It is anticipated that the Capital Reduction when combined with the existing special reserve of £2,826,000, will create an aggregate special reserve of £11,388,003.08 which will be available to eliminate the Company's accumulated losses and generate positive distributable reserves (subject to the Court's creditor protection requirements) of up to £112,003.

The Capital Reduction requires the approval of Shareholders by special resolution and, under CA 2006, the subsequent confirmation of the Court and registration at Companies House of the relevant Court order, together with a statement of capital.

The Court will require to be satisfied that there is no real likelihood that the Capital Reduction will result in the Company being unable to discharge any debt or claim as it falls due. It is for the Court to determine whether any protection is required for creditors. The Company will put in place such form of creditor protection as the Court may require in order to permit dividends to be paid following the Capital Reduction taking effect. However the Board reserves the right to abandon or discontinue (in whole or in part) the application to the Court in the event that the Board considers that the terms on which the Capital Reduction would be (or would be likely to be) confirmed by the Court would not be in the best interests of the Company and/or the Shareholders as a whole.

If Resolutions 7 and 8 set out in the Notice are passed at the General Meeting, the Directors propose to commence proceedings to obtain the confirmation of the Court to the Capital Reduction as soon as practicable after Admission.

Further details about the Capital Reduction are set out in paragraphs 5.13 to 5.17 of Part 6 of this document.

## **19. Change of Name**

In view of the change of the business activities of the Enlarged Group it will be proposed at the General Meeting that the name of the Company be changed to Gordon Dadds Group plc.

## **20. Corporate governance**

Companies that are admitted to trading on AIM are not required to comply with the UK Corporate Governance Code. However, the Directors recognise the importance of sound corporate governance and intend to comply with the provisions of the Corporate Governance Code for Small and Mid-size Quoted Companies 2013, published from time to time by the Quoted Companies Alliance, to the extent that they believe it is appropriate in light of the size and stage of development of the Enlarged Group.

The Board will be responsible for the management of the business of the Enlarged Group on behalf of its shareholders. It will set the strategy for and direction of the Enlarged Group and will formulate its policies. It will also be responsible for overseeing the financial performance of the Enlarged Group and monitoring its systems and internal controls.

### **Board Committees**

The Board has established an audit committee (“Audit Committee”), a remuneration committee (“Remuneration Committee”) and a nominations committee (“Nominations Committee”).

With effect from Admission:

- the Audit Committee will comprise David Furst, Anthony Edwards and Simon Howard and will be chaired by David Furst. The Audit Committee will monitor the quality of the Enlarged Group’s internal financial controls, it will review its financial results and financial statements and report on them to the Board; it will also maintain the Enlarged Group’s relationship with its auditors and make recommendations to the Board concerning the auditors and fixing their remuneration. The Audit Committee will meet at least three times a year.
- the Remuneration Committee will comprise Anthony Edwards, Simon Howard and David Furst and will be chaired by Anthony Edwards. The Remuneration Committee will review the performance of the executive directors of the Company and determine their terms and conditions of service, including their remuneration and the grant of options. The Remuneration Committee will meet at least twice a year.
- the Nominations Committee will comprise Simon Howard, Anthony Edwards and Adrian Biles and will be chaired by Simon Howard. The Nominations Committee will identify and nominate, for the approval of the Board, candidates to fill Board vacancies as and when they arise. The Nominations Committee will meet at least twice a year.

A summary of the terms of reference for the Audit Committee, the Remuneration Committee and the Nominations Committee is set out in paragraph 16 of Part 6 of this document.

### **Share dealing policy**

The Company has adopted a share dealing policy for dealings in securities of the Company by directors and certain employees which is appropriate for a company whose shares are traded on AIM. This will constitute the Company’s share dealing policy for the purpose of compliance with MAR and the AIM Rules.

### **21. Relationship Deed**

The holding of New Ordinary Shares of Adrian Biles and persons associated with him is expected to comprise 26.6 per cent. of the Enlarged Share Capital on Admission. Accordingly the Company has entered into an agreement with Adrian Biles (“Relationship Deed”) to regulate his ongoing relationship (and those of his associates) with the Company; to ensure that the Enlarged Group is capable of operating independently of Adrian Biles and his associates; and to ensure that any transactions or arrangements between Adrian Biles and the Enlarged Group are on arms’ length terms and on a normal commercial basis.

The provisions of the Relationship Deed will apply for as long as Adrian Biles and/or his associates hold, in aggregate, an interest in 20 per cent. or more of the issued share capital of the Company.

Further details of the Relationship Deed are contained in paragraph 15.1.4 of Part 6 of this document.

### **22. Lock-in and orderly market arrangements**

The Company has entered into agreements with Simon Howard, the Proposed Directors and certain of the Gordon Dadds Shareholders (“Locked-in Shareholders”) whereby each of the Locked-in Shareholders have agreed not to, and to procure that their associates will not, dispose of any interests in New Ordinary Shares before the first anniversary of Admission; more than 50 per cent. of the Ordinary Shares between the first and the second anniversary of Admission and that until the third anniversary of Admission they will only dispose of their interests in Ordinary Shares on an orderly market basis through the Company’s broker for the time being.

In addition the Company has entered into agreements with consultants and employees of Gordon Dadds (other than the Locked-in Shareholders) who hold Gordon Dadds Shares on the date of this document (“Locked-in Staff”) whereby each of the Locked-in Staff have agreed not to, and to procure that their associates will not, dispose of any interests in the Ordinary Shares before the third anniversary of Admission and that until the third anniversary of Admission they will only dispose of their interests in Ordinary Shares on an orderly market basis through the Company’s broker for the time being.

Further details of such lock-in agreements can be found in paragraphs 15.1.5 and 15.1.6 of Part 6 of this document.

### **23. Dividend policy**

The Enlarged Group will be engaged in a significant expansion plan which will be capital intensive. Subject to the needs of that plan, the Directors’ current intention is to adopt a progressive dividend policy.

The Directors intend to pay a final dividend for the financial year ending 31 March 2018. Thereafter the Directors expect to pay interim and final dividends in the approximate ratio of 1/3 (interim): 2/3 (final).

### **24. Regulatory and Compliance**

Under the Legal Services Act 2007, there are restrictions on the holding of “restricted interests” in Licensed Body law firms. A “restricted interest” for these purposes includes an interest of 10 per cent or more in the issued share capital of the Licensed Body and includes an interest in the ultimate parent company of the Licensed Body.

Gordon Dadds LLP and Prolegal are currently Licensed Bodies and the SRA has consented to the Company becoming a Licensed Body on Admission.

Your attention is drawn to the Risk Factor headed “Restrictions on holding 10 per cent or more” in Part 2 of this document for further details of these restrictions.

### **25. Taxation**

Information regarding taxation is set out in paragraph 17 of Part 6 of this document. This information is intended only as a general guide to the current tax position under UK tax law.

**If an investor is in any doubt as to his or her tax position or is subject to tax in a jurisdiction other than the UK, he or she should consult his or her own independent financial adviser immediately.**

### **26. Settlement and dealings**

Admission is conditional upon the passing of the Core Resolutions at the General Meeting. Subject thereto, the admission of the Company’s Existing Ordinary Shares to trading on AIM will be cancelled and the Enlarged Share Capital will be admitted to trading on AIM.

Admission is expected to take place at 8 a.m. on 4 August 2017.

The New Ordinary Shares are eligible for CREST settlement. CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by a written instrument in accordance with the requirements of CREST. The Articles permit the holding and transfer of New Ordinary Shares to be evidenced in uncertificated form in accordance with the requirements of CREST. Accordingly, following Admission, settlement of transactions in New Ordinary Shares may take place within the CREST system if the relevant Shareholder so wishes. CREST is a voluntary system and Shareholders who wish to receive and retain share certificates will be able to do so.

## **27. Partner and Staff Incentivisation**

The Directors consider that staff share ownership is an important part of the Enlarged Group's strategy to attract and retain high quality partners, solicitors and staff at all levels. Approximately 10 per cent of the Gordon Dadds Shares are currently owned by the consultants and, employees of Gordon Dadds (excluding those members of the Concert Party who are also consultants or employees of Gordon Dadds) and it is the Directors intention to facilitate further share ownership in the Enlarged Group after Admission by the grant of options to acquire New Ordinary Shares pursuant to the Share Scheme or by further subscriptions for New Ordinary Shares.

The grant of options pursuant to the Share Scheme will be limited in aggregate to no more than 10 per cent of the Company's issued ordinary share capital for the time being.

The Board has agreed to adopt the Share Scheme and grant options thereunder subject to the passing of Resolutions 5 and 6 set out in the Notice at the General Meeting.

Further details of the Company's staff incentivisation arrangements are set out in paragraph 7 of Part 6 of this document.

## **28. Further information**

Your attention is drawn to the further information set out in:

- (a) Part 2 of this document relating to risk factors;
- (b) Part 3 of this document which incorporates by reference historic financial information on the Company;
- (c) Part 4 of this document setting out historic financial information and an accountant's report related to it;
- (d) Part 5 of this document containing an unaudited pro-forma balance sheet of the Enlarged Group and an accountant's report related to it;
- (e) Part 6 of this document summarising statutory and general information on the Company and the Enlarged Group; and
- (f) Part 7 of this document setting out the terms and conditions of the Placing.

## PART 2

### RISK FACTORS

Investors are referred to the risks set out below. An investment in the Company is subject to a number of risks and may not be suitable for everyone. An investment in the Enlarged Group is only suitable for investors who are capable of evaluating, or who have been advised of the risks and merits of, such investments and who have sufficient resources to bear any loss which might result from such investment. No assurance can be given that Shareholders will realise a profit or avoid a loss on their investment. The risks described below do not purport to be exhaustive and are not set out in any order of priority. Additional risks and uncertainties which are not presently known to or are currently deemed immaterial by the Directors may also have an adverse effect on the Enlarged Group's business, financial condition or results as a result of which its prospects could suffer and investors could lose all or part of their investment.

Investors should review this document carefully and in its entirety and are recommended to obtain independent financial advice from an adviser authorised under FSMA (or another appropriately authorised independent professional adviser) who specialises in advising upon investments before making any investment in the ordinary shares in the capital of the Company. If any of the following risks occur, the Enlarged Group's business, financial position and/or operating results could be materially and adversely affected.

In addition to the other relevant information set out in this document, the Directors consider that the following specific risk factors, which are not set out in any particular order of priority, should be taken into account when evaluating whether to make an investment in the Company:

#### 1. RELATING TO THE OFFER

##### ***If the Offer does not proceed***

Implementation of the Offer is conditional on, among other things, the Shareholders passing the Resolutions. If the Offer does not proceed for this or any other reason by 31 August 2017 and the Company is unable to identify and acquire any other company or make any other investment that meets its investment criteria, the Existing Directors may have to conduct an orderly liquidation of the Company and return of its residual funds to Shareholders as a result of which investors may lose all or part of their investment in the Company.

##### ***Dilution of ownership in Ordinary Shares***

The Company will issue a substantial number of New Ordinary Shares as consideration for the Offer and pursuant to the Placing. Shareholders will suffer a reduction in their proportionate ownership and voting interest in the ordinary share capital of the Company as represented by their holding of New Ordinary Shares immediately following Admission as a result of the Offer and the Placing and may suffer further dilution in the future if new share capital is issued by the Enlarged Group.

##### ***Limited recourse***

The Acquisition is being made by way of a share for share offer to the Gordon Dadds Shareholders. Under the terms and conditions of the Offer, the Company requires selling Gordon Dadds Shareholders to give title warranties only upon acceptance of the Offer. The Company will not therefore have the benefit of warranties or indemnities in relation to the business or assets of the Gordon Dadds Group. The consideration under the Offer is an allotment and issue of New Ordinary Shares. Therefore the Gordon Dadds Shareholders will not receive cash pursuant to the Offer and may have limited resources from which to meet any claim by the Company in relation to the title warranties or any other matter to do with the Offer. The Company will have no recourse to

the Gordon Dadds Shareholders for any unanticipated obligations or liabilities of the Gordon Dadds Group, which obligations and liabilities may have a detrimental effect on the value and operations of the Gordon Dadds Group and in consequence on the business and prospects of the Enlarged Group and the value of the New Ordinary Shares.

### ***Influence of the Concert Party***

Following the completion of the Proposals, the Concert Party will hold approximately 41% of the Enlarged Share Capital. This concentration of share ownership may adversely affect the market value of the New Ordinary Shares because investors may believe that there are disadvantages in owning a company in which one group of shareholders has an interest at this level. If the Concert Party acts collectively for so long as they hold (together) interests in the Enlarged Group in excess of 25% they would have the ability to determine the outcome of matters requiring Shareholder approval by special resolution (75% majority). In addition, the interests of the Concert Party could be different to the interests of the Enlarged Group or Shareholders as a whole. This could also have the effect of delaying or preventing an acquisition or change of control of the Enlarged Group.

## **2. PARTICULAR RISKS ASSOCIATED WITH THE BUSINESSES OF THE GORDON DADDS GROUP**

### ***Professional liability and uninsured risks***

Key operating subsidiaries of Gordon Dadds are Gordon Dadds LLP and Prolegal, both of whom operate as legal service providers, a business regulated in the UK by the SRA. Such businesses are at risk of claims for negligence and breach of regulatory duties. As well as putting the Enlarged Group at risk of financial damage such claims may also carry a reputational risk which may effect the Enlarged Group as a whole.

Gordon Dadds LLP and Prolegal both carry professional indemnity insurance cover to reduce or mitigate against any financial claims but such professional indemnity cover is subject to conditions and is capped financially. It will not therefore cover all or the whole of any financial risk attached to such claims. It does not compensate the Enlarged Group for any damage suffered to its reputation nor will it cover the Enlarged Group for claims relating to fraud or breach of a regulatory duty, fines from the regulator, legal defence expenses and any time spent by members of the relevant practices in dealing with or defending any such claims (which could be substantial).

Claims against Gordon Dadds LLP or Prolegal or members of their respective staff for negligence or breach of regulatory duty may have a significantly detrimental effect on the businesses and operations of such firms particularly if (in the case of a claim for breach of a regulatory duty) a solicitor for one of those firms is suspended or struck off by the SRA. Any such claims are therefore likely to have a detrimental effect on the value or share price of the New Ordinary Shares.

### ***Personnel***

The principal assets of any law firm are its people and particularly those partners and consultants at a senior level with responsibility for delivering high quality advice, cultivating and maintaining client contacts and driving business into the firm. Such individuals are in high demand in the legal marketplace and failure by the Enlarged Group to motivate and incentivise such individuals may mean that the Enlarged Group loses them to a competitor firm with little or no prospect of replacing them with a suitable alternative candidate. Although the contracts of engagement of such individuals with Gordon Dadds LLP contain restrictive covenants in customary form, restrictive covenants are difficult to enforce in practice. Losing such individuals particularly to a competitor practice may have a detrimental effect on the overall business and revenues of Gordon Dadds LLP and thus of the Enlarged Group which in turn may have a detrimental effect on the value of the New Ordinary Shares.

### ***Competition***

Gordon Dadds LLP operates in a highly competitive marketplace where there are a large number of firms which provide the same or a similar service to Gordon Dadds LLP at the same or similar rates. The differentials in such marketplace and the factors that influence a client or potential client to choose one law firm over another are fine and are often dependent on such nebulous factors as reputation in the marketplace, knowledge of individuals at the firm in question and ability to deliver an 'added-value' service. Although Gordon Dadds LLP and Prolegal regard themselves as innovators in their respective fields the legal marketplace has in recent years seen a number of key innovations and arrival of 'disruptors' the effects of which are not as yet fully quantifiable. Likewise there is no assurance that other innovators will not succeed in developing and offering new and alternative legal services that are more effective, economic or otherwise more desirable than those being offered by Gordon Dadds LLP and/or Prolegal. Such competition could result in revenue reductions, reduced margins, and loss of market share, any one of which could materially adversely affect the Enlarged Group's future business, operating results and financial position.

### ***Reputation***

The success of the Gordon Dadds businesses depends on the maintenance of good client relationships and their reputation for providing high-quality professional services. If any of such businesses fail to meet client expectations or if any member of staff is the subject of a claim by the regulator the reputation of the relevant firm/business could be irreparably damaged as a result. The Enlarged Group's reputation could also be adversely affected by being involved in advising a client in high profile litigation or for acting for a client with a dubious public reputation.

### ***Intellectual property rights and brand name***

The Gordon Dadds LLP and Prolegal businesses have a high emphasis on branding to reflect their respective positions in the legal marketplaces. Both businesses regard their brand name, trademarks, domain names and intellectual property rights as important to their success. Should those brands be damaged in any way or lose market appeal, the Enlarged Group's business could be adversely affected.

### ***Employee misconduct***

The Enlarged Group will be exposed to the risk of employees engaging in misconduct, including by improperly using or disclosing confidential client information. Employee misconduct could result in considerable harm to the Enlarged Group's reputation, as well as regulatory sanctions and financial damage.

### ***Information systems***

The Gordon Dadds businesses are highly dependent on telephonic and electronic information technology systems. A loss of access to such systems even on a temporary or short term basis could have a catastrophic effect.

Similarly the Enlarged Group's plan for growth is dependent on its ability to quickly and effectively deliver access to its systems to new acquisitions and staff. Failure to do so will have a material adverse impact on the benefits deemed attributable to a successful implementation of the Enlarged Group's strategy for growth.

### ***Regulatory considerations***

Gordon Dadds LLP and Prolegal operate highly regulated businesses. The solicitors employed or engaged by those firms have individual duties to the SRA as regulator. They also have duties to the courts and to their clients. Sometimes the interests of the firms as against such individuals may conflict. Similarly the duties of the firms and their solicitors and other regulated persons engaged or employed in such firms may conflict with the interest of the Shareholders and Enlarged Group

as a whole. All of this has the potential to act against the interests of Shareholders and the overall profitability of the Enlarged Group.

### ***Restrictions on holdings of 10 per cent. or more***

Under the LSA, there are restrictions on holding “restricted interests” in Licensed Body law firms. A “restricted interest” includes an interest of 10 per cent or more of the issued share capital of the Licensed Body or its parent company.

As both Gordon Dadds LLP and Prolegal are Licensed Bodies the restrictions will apply to the Company and any holders of 10 per cent or more of the issued share capital of the Company from and after Admission. The SRA has consented to the Company becoming a Licensed Body upon completion of the Acquisition. Adrian Biles will be the only holder of more than 10 per cent. of the Enlarged Share Capital on Admission and has been approved by the SRA as the holder of a restricted interest.

The consent of the SRA will be required should any person who is a non-deemed approved lawyer wish to acquire a holding of 10 per cent or more in the Company following Admission. It is a criminal offence under the LSA for any non-deemed approved lawyer to acquire a restricted interest without first notifying the SRA or to acquire a restricted interest having notified the SRA but before obtaining their consent. Any consent from the SRA may have conditions attached. The SRA also has the power to force the divestment of any shareholding which breaches this rule via the courts and/or to suspend or revoke the Licensed Body status of the Company, Gordon Dadds LLP and/or Prolegal which if it occurred would have a highly detrimental impact upon the Enlarged Group and the value of any investment in the New Ordinary Shares.

### ***Government actions and legal developments***

The Enlarged Group is highly exposed to changes in the laws that regulate its businesses, such as tax law, accounting standards and the LSA and further changes that continue to be discussed by the Government.

As legal service providers the Gordon Dadds LLP and Prolegal businesses are more vulnerable than most businesses to the impact that changes in the law or regulations operating in the UK and internationally may have on their businesses. Whilst the Enlarged Group is generally exposed to the impact that any change in the law or regulatory environment would have on any business operating predominantly in the UK, the requirement for legal services provided by the Enlarged Group to its clients is also exposed to such changes and such exposure is incapable of prediction or quantification.

Similarly the impact of the UK’s imminent withdrawal from the European Union is wholly unknown and unquantifiable at the present time and could have either a considerable upside or a considerable downside (or somewhere in between) for the businesses of the Enlarged Group. Political uncertainties with the outcome of the recent UK general election and imposition of a minority government may also give rise to some volatility in the marketplace and affect the economic confidence of the clients of the Enlarged Group, resulting in a downturn in business for the Enlarged Group and a material adverse effect on the market for the New Ordinary Shares.

In general, the extent to which legal and regulatory changes might affect the business of the Enlarged Group is difficult to predict. Any such changes may detrimentally affect revenue, require increased capital and/or operating expenditures and could prevent or delay certain acquisitions or growth initiatives by the Enlarged Group, any of which could have a material adverse effect on its business and financial condition.

### **3. GENERAL RISKS RELATING TO THE ENLARGED GROUP AND ITS BUSINESS**

#### ***Dependence on key personnel***

The Enlarged Group's future growth and success depends, in part, upon the leadership and performance of its senior management team. Gordon Dadds' senior management team has significant experience in implementing and integrating acquisitions in the professional services sector which is a key part of the Enlarged Group's strategy and so if any of them left the Enlarged Group they would be difficult to replace. Competition for staff with the particular skill sets the Enlarged Group requires is intense. The loss of any of the members of the senior management team or other key members of staff, the inability to recruit sufficiently qualified personnel, or the inability to replace departing staff in a timely manner could have a material adverse effect on the Enlarged Group's ability to run its business and, accordingly, on its financial condition and operating results.

#### ***The Enlarged Group may not meet its acquisition objectives***

There is no guarantee that the acquisition objectives of the Enlarged Group will be met.

The Enlarged Group will face competition from other potential acquirors. Competitors may have greater financial resources than the Enlarged Group and a greater ability to source funds to make acquisitions. The ability of the Enlarged Group to achieve its acquisition objectives depends upon the Enlarged Group identifying and selecting targets and executing acquisitions which offer the potential for satisfactory shareholder returns.

#### ***The Enlarged Group's due diligence may not identify all risks and liabilities in respect of an acquisition***

Prior to entering into an acquisition agreement the Enlarged Group will perform due diligence on the target concerned. In doing so it would typically rely on third parties to conduct a significant portion of this due diligence. Acquisitions of businesses out of administration or liquidation will not have the benefit of any customary warranties or assurances from the seller. The Enlarged Group will be entirely reliant on due diligence to identify any risks or liabilities associated with such businesses. To the extent that the Enlarged Group or such third parties underestimate or fail to identify risks and liabilities associated with the target in question, the Enlarged Group may be affected by such risks or liabilities which may have a material adverse effect on the Enlarged Group's profitability and the price of New Ordinary Shares.

#### ***Operational risk***

While the Enlarged Group will have operational risk management practices, its profitability will continue to be subject to a variety of operational risks including strategic and business decisions (including acquisitions), technology risk (including business systems failure), reputation risk, fraud, compliance with legal and regulatory obligations, counterparty performance under outsourcing arrangements, business continuity planning, legal risk, data integrity risk, client default risk, key person risk and external events. A further operational risk is that a client or clients may terminate the services of the Enlarged Group at any time, for any reason.

#### ***Failures in the Enlarged Group's IT systems and infrastructure supporting its solution could significantly disrupt its operations and cause it to lose clients***

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 Enlarged Group's systems and operations. The Enlarged 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 taken to increase the reliability and redundancy of its systems may be expensive and may not prevent system failures. A failure to protect the privacy

of client and employee confidential data against breaches of network or IT security could damage the Enlarged Group's reputation.

***The Enlarged 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 Enlarged Group's technologies may not be able to withstand any third-party claims or rights against their use.

Regardless of whether claims relating to the intellectual property rights of others have any merit, handling such claims is time-consuming, costly to evaluate and defend and the outcome of any litigation is inherently uncertain. The other party to any claims may have substantially greater resources than the Enlarged Group and/or may be able to benefit from "no-win, no-fee" arrangements whereby their risks in bringing claims that may be more speculative are mitigated, increasing their leverage against the Enlarged Group.

Claims that the Enlarged Group is infringing patents or other intellectual property rights could:

- subject the Enlarged Group to significant liabilities for monetary damages, which may be multiplied in certain instances;
- prohibit the Enlarged Group from developing, commercialising or continuing to provide some or all of its solution unless it obtains licences from, and pays royalties to, the holders of the patents or other intellectual property rights, which may not be available on commercially favourable terms, or at all; and
- cause delays or stoppages in the Enlarged Group providing its services.

***Economic conditions***

Any economic downturn either globally or locally in any area in which the Enlarged Group operates may have an adverse effect on the demand for the Enlarged Group's products. A more prolonged economic downturn may lead to an overall decline in the volume of the Company's sales, restricting the Company's ability to generate a profit.

Conversely an economic upturn, particularly in the UK legal sector, may also have a downside for the Enlarged Group's growth strategy as fewer law firms feel the need or pressure to merge to survive or sustain profitability.

***If the Enlarged Group fails to maintain proper and effective internal controls, its ability to produce accurate and timely financial statements could be impaired and investors' views of the Enlarged Group could be harmed***

The Enlarged Group will have systems and controls in place to allow it to produce accurate and timely financial statements. If any of these systems or controls were to fail, the Enlarged Group may be unable to produce interim and annual financial statements accurately or fail to produce them on a timely basis. As such, investors may have concerns both over the lack of available financial information and the controls that the Enlarged Group has in place, which could adversely affect the Enlarged Group's share price.

***Force Majeure***

The Enlarged Group's operations now or in the future may be adversely affected by risks outside the control of the Enlarged Group including acts of terrorism, labour unrest, civil disorder, war, subversive activities or sabotage, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.

## **Taxation**

The taxation implications of investing in the Company are dealt with in paragraph 17 of Part 6 of this document. The tax rules and their interpretation relating to an investment in the Company may change during the life of the Company. The levels of, and relief from, taxation may change. Any tax reliefs referred to in this document are those currently available and their application depends on the individual circumstances of investors. The information given in this document relates only to UK investors and investors in other jurisdictions must seek their own tax advice. Any change in the Company's tax status, or the tax applicable to holding New Ordinary Shares, or in taxation legislation or its interpretation, could affect the value of the assets held by the Enlarged Group or affect its ability to provide returns to Shareholders and/or alter the post-tax return of Shareholders. Statements in this document concerning taxation are based upon current law and practice which are subject to change.

## **4. RISKS RELATING TO AIM AND THE NEW ORDINARY SHARES**

### ***AIM***

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

### ***Liquidity and possible price volatility***

Following Admission, the market price of the New Ordinary Shares may be subject to significant fluctuations in response to many factors, including variations in the results of the Enlarged Group, divergence in financial results from analysts' expectations, changes in earnings estimates by stock market analysts, general economic conditions, legislative changes in the Enlarged Group's sector and other events and factors outside of the Enlarged Group's control.

In addition, stock market prices may be volatile and may go down as well as up. The price at which investors may dispose of their New Ordinary Shares may be influenced by a number of factors, some of which may pertain to the Enlarged Group and others of which are extraneous. These factors could include the performance of the Enlarged Group's business, changes in the amount of distributions or dividends, changes in the Enlarged Group's operating expenses, variations in and the timing of the recognition of realised and unrealised gains or losses, the degree to which the Enlarged Group encounters competition, large purchases or sales of New Ordinary Shares, liquidity (or absence of liquidity) in the New Ordinary Shares, legislative or regulatory or taxation changes and general economic conditions.

The value of the New Ordinary Shares may therefore fluctuate and may not reflect their underlying asset value. Investors may realise less than the original amount invested.

Admission should not be taken as implying that there will be a liquid market for the New Ordinary Shares. It may be more difficult for an investor to realise an investment in the Company than in a company whose shares are quoted on the Official List.

***There can be no guarantee that any future capital raisings will be successful. If securities or industry analysts do not publish research or publish unfavourable or inaccurate***

***research about the business, the Company's share price and trading volume of the New Ordinary Shares could decline***

The trading market for the New Ordinary Shares will depend, in part, on the research and reports that securities or industry analysts publish about the Company or its business. The Directors may be unable to sustain coverage by well-regarded securities and industry analysts. If either none or only a limited number of securities or industry analysts maintain coverage of the Company, or if these securities or industry analysts are not widely respected within the general investment community, the trading price for the New Ordinary Shares could be negatively impacted. In the event that the Company obtains securities or industry analyst coverage, if one or more of the analysts who cover the Company downgrade the New Ordinary Shares or publish inaccurate or unfavourable research about the Company's business, the share price would be likely to decline. If one or more of these analysts cease coverage of the Company or fail to publish reports regularly, demand for the New Ordinary Shares could decrease, which might cause the share price and trading volume to decline.

***Dilution of shareholders' interests as a result of additional equity fundraising***

The Company may need to raise additional funds in the future to finance, amongst other things, working capital, expansion of the business, new developments relating to existing operations or acquisitions. If additional funds are raised through the issuance of new equity or equity-linked securities of the Company other than on a pre-emptive basis to existing shareholders, the percentage ownership of the existing shareholders will be reduced. Shareholders may also experience subsequent dilution and/or such securities may have preferred rights, options and pre-emption rights senior to the New Ordinary Shares.

***Price risk following sale and expiry of lock-in agreements***

Following Admission, Simon Howard, the Proposed Directors and certain other shareholders will own beneficially, in aggregate, 41 per cent. of the Enlarged Group's issued ordinary share capital. They are subject to restrictions on the sale and/or transfer of their respective holdings in the Enlarged Group's issued share capital as described in paragraph 22 of Part 1 of this document. The issue or sale of a substantial number of New Ordinary Shares by Simon Howard, the Proposed Directors and such other shareholders in the public market after the lock-up restrictions expire, or the perception that these sales may occur, may depress the market price of the New Ordinary Shares and could impair the Enlarged Group's ability to raise capital through the sale of additional equity securities.

***Dividends***

Whilst the Enlarged Group will be committed to a progressive dividend policy, there can be no assurance as to the level of future dividends, if any. The declaration, payment and amount of any future dividends of the Enlarged Group is subject to the discretion of the Board and will depend upon, among other things, the Enlarged Group's earnings, financial position, cash requirements and availability of profits, as well as the provisions of relevant laws and generally accepted accounting principles.

***Currency and foreign exchange***

A portion of the Enlarged Group's business may be carried out in the future in currencies other than Sterling. To the extent that there are fluctuations in exchange rates, this may have an impact on the figures consolidated in the Enlarged Group's accounts, which could have a material impact on the Enlarged Group's financial position or result of operations, as shown in the Company's accounts going forward.

The Enlarged Group may engage in foreign currency hedging transactions to mitigate potential foreign currency exposure. The Directors cannot predict the effect of exchange rate fluctuations upon future operating results and there can be no assurance that exchange rate fluctuations will

not have a material adverse effect on the business, operating results or financial condition of the Enlarged Group.

**The risk factors listed above are not intended to be exhaustive and do not necessarily comprise all of the risks to which the Enlarged Group is exposed or all those risks associated with an investment in the Enlarged Group. In particular, the Enlarged Group's performance is likely to be affected by changes in the market and/or economic conditions and in legal, accounting, regulatory and tax requirements. There may be additional risks that the Directors do not currently consider to be material or of which they are currently unaware.**

**If any of the risks referred to in this Part 2 of this document materialise, the Enlarged Group's business, financial condition, results or future operations could be materially adversely affected. In such case, the price of its shares could decline and investors may lose all or part of their investment.**

## **PART 3**

### **HISTORICAL FINANCIAL INFORMATION ON THE COMPANY**

The Company's audited financial information for the financial year ended 31 December 2016, the financial year ended 31 December 2015 and the financial year ended 31 December 2014 can be viewed on the Company's website at [www.workgroupplc.com](http://www.workgroupplc.com) and is incorporated by reference in this document.

Shareholders or other recipients of this document may request a hard copy of the above information incorporated by reference from the Company by emailing the company secretary at [njmclure@workgroupplc.com](mailto:njmclure@workgroupplc.com) or by telephoning 01203 700 9211. A hard copy of the information incorporated by reference will not be sent to Shareholders or other recipients of this document unless requested.

## PART 4

### SECTION A

# ACCOUNTANT'S REPORT ON THE HISTORICAL FINANCIAL INFORMATION ON GORDON DADDS GROUP

## Saffery Champness

CHARTERED ACCOUNTANTS

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13 July 2017

The Directors  
Work Group plc  
Suite 2.01  
17 Hanover Square  
London  
W1S 1BN

Arden Partners plc  
125 Old Broad Street  
London EC2N 1AR

Dear Sirs

### **Accountant's report on the historical financial information of Gordon Dadds Group ("Gordon Dadds")**

#### **Introduction**

We report on the financial information of Gordon Dadds Group as set out in Part 4 Section B of this document. This financial information has been prepared under the accounting policies set out in note 2 for inclusion in the admission document dated 13 July 2017 of Work Group plc ("Work Group") ("Admission Document") in connection with the placing and admission of its share capital to trading on AIM. 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 Schedule and for no other purpose.

#### **Responsibility**

The directors of Gordon Dadds Group Limited are responsible for preparing the financial information on the basis set out in note 2 to the financial information and in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS").

It is our responsibility to form an opinion as to whether the financial information gives a true and fair view, for the purposes of the Admission Document, and to report our opinion to you.

Save for any responsibility arising under paragraph (a) of Schedule Two of the AIM Rules for Companies to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report

or our statement, required by and given solely for the purposes of complying with Schedule Two of the AIM Rules, for Companies consenting to its inclusion in the Admission Document.

### **Basis of opinion**

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

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

### **Opinion**

In our opinion, the financial information set out in Part 4 Section B gives, for the purposes of the Admission Document, a true and fair view of the state of the affairs of Gordon Dadds Group, as at 31 March 2015, 2016 and 2017 and of its results and cash flows for the years ended 31 March 2015, 2016 and 2017 in accordance with the basis of preparation and the accounting policies set out in note 2 to the financial information.

### **Declaration**

We are responsible for this report as part of the Admission Document and declare that, having 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

**Saffery Champness LLP**

*Chartered Accountants*

**SECTION B**  
**HISTORICAL FINANCIAL INFORMATION ON**  
**GORDON DADDS GROUP**

**Combined statement of comprehensive income**

		<i>Years ended 31 March</i>		
		<i>2015</i>	<i>2016</i>	<i>2017</i>
		<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
<b>Continuing operations</b>	<i>Note</i>			
<b>Revenue</b>		<b>19,749</b>	<b>20,997</b>	<b>25,117</b>
Personnel costs	3	(7,783)	(7,424)	(8,359)
Partners' profit shares	3	(4,627)	(4,208)	(4,948)
Total compensation		(12,410)	(11,632)	(13,307)
Other operating expenses		(5,184)	(7,076)	(8,352)
Depreciation and amortisation		(1,141)	(1,913)	(1,902)
<b>Operating profit</b>	<b>4</b>	<b>1,014</b>	<b>376</b>	<b>1,556</b>
<b>Adjusted EBITDA</b>		<b>1,672</b>	<b>2,448</b>	<b>3,859</b>
Depreciation and amortisation		(1,141)	(1,913)	(1,902)
Non-underlying items	5	483	(159)	(401)
<b>Operating profit</b>		<b>1,014</b>	<b>376</b>	<b>1,556</b>
Finance income	6	339	223	134
Finance expense	6	(133)	(104)	(202)
Net finance income/(cost)		206	119	(68)
Share of profits of associate		–	10	121
		206	129	53
<b>Profit before tax</b>		<b>1,220</b>	<b>505</b>	<b>1,609</b>
<b>Adjusted profit before tax</b>		<b>737</b>	<b>664</b>	<b>2,010</b>
Non-underlying items		483	(159)	(401)
<b>Profit before tax</b>		<b>1,220</b>	<b>505</b>	<b>1,609</b>
Taxation	7	–	–	–
<b>Profit attributable to equity holders</b>		<b>1,220</b>	<b>505</b>	<b>1,609</b>

Earnings per share are not calculated as the financial information is prepared as a combination of financial information from entities with varying capital structures

## Combined statement of financial position

		<i>As at 31 March</i>		
		<i>2015</i>	<i>2016</i>	<i>2017</i>
<i>Notes</i>		<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	8	33	71	38
Intangible assets	9	3,545	7,075	11,639
Investments	10	–	–	200
		<u>3,578</u>	<u>7,146</u>	<u>11,877</u>
<b>Current assets</b>				
Trade and other receivables	12	9,092	11,795	12,922
Cash and cash equivalents	13	151	22	130
		<u>9,243</u>	<u>11,817</u>	<u>13,052</u>
<b>TOTAL ASSETS</b>		<b><u>12,821</u></b>	<b><u>18,963</u></b>	<b><u>24,929</u></b>
<b>EQUITY</b>				
<b>Capital and reserves attributable to the Company's equity holders</b>				
Capital invested	14	(35)	1,868	1,415
Retained earnings		(233)	272	1,914
		<u>(268)</u>	<u>2,140</u>	<u>3,329</u>
Non-controlling interest		2,723	1,962	3,941
<b>TOTAL EQUITY</b>		<b><u>2,455</u></b>	<b><u>4,102</u></b>	<b><u>7,270</u></b>
<b>LIABILITIES</b>				
<b>Non current liabilities</b>				
Trade and other payables	15	253	66	150
Borrowings	16	340	316	224
Deferred acquisition costs		2,566	2,158	3,054
		<u>3,159</u>	<u>2,540</u>	<u>3,428</u>
<b>Current liabilities</b>				
Trade and other payables	15	4,953	5,795	6,386
Borrowings	16	558	1,998	4,034
Deferred acquisition costs		567	4,461	3,388
Provisions	17	1,129	67	423
		<u>7,207</u>	<u>12,321</u>	<u>14,231</u>
<b>TOTAL LIABILITIES</b>		<b><u>10,366</u></b>	<b><u>14,861</u></b>	<b><u>17,659</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b><u>12,821</u></b>	<b><u>18,963</u></b>	<b><u>24,929</u></b>

## Combined statement of cash flows

	<i>Years ended 31 March</i>		
	<i>2015</i>	<i>2016</i>	<i>2017</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
<b>Profit for the period before tax</b>	1,220	505	1,609
<b>Adjustments for:</b>			
Finance income	(339)	(223)	(134)
Finance expense	133	104	202
Fair value adjustment	(153)	(131)	84
Depreciation and amortisation	1,141	1,913	1,902
Adjustments for business combinations	–	–	(253)
Partners' remuneration	4,627	4,208	4,948
<b>Changes in operating assets and liabilities</b>			
<b>(net of acquisitions):</b>			
Increase in trade and other receivables	(7,186)	(2,703)	(3,127)
Decrease in other receivables	738	1,903	–
Increase/(decrease) in trade and other payables	3,926	655	(455)
Deferred consideration movement	–	542	(2,145)
Increase/(decrease) in provisions	304	(1,062)	356
<b>Cash inflow from operating activities</b>	<u>4,411</u>	<u>5,711</u>	<u>2,987</u>
Interest and other financial costs paid	(63)	(34)	(133)
<b>Net cash generated by operating activities</b>	<u>4,348</u>	<u>5,677</u>	<u>2,854</u>
<b>Cash flows from investing activities</b>			
Cash paid on acquisitions (net of cash acquired)	(1,392)	(2,344)	(1,488)
Interest received	339	223	134
Purchase of tangible fixed assets	(53)	(173)	–
Proceeds from sale of tangible fixed assets	–	41	–
Purchase of interest in associate	–	–	(200)
<b>Net cash absorbed by investing activities</b>	<u>(1,106)</u>	<u>(2,253)</u>	<u>(1,554)</u>
<b>Cash flows from financing activities</b>			
Movement in borrowings (including finance leases)	(987)	1,416	1,944
Capital introduced by members	–	–	33
Transactions costs relating to issue of shares	–	–	(200)
Payments to members	(2,620)	(4,969)	(2,969)
<b>Net cash absorbed by financing activities</b>	<u>(3,607)</u>	<u>(3,553)</u>	<u>(1,192)</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	(365)	(129)	108
Cash and cash equivalents at beginning of period	<u>516</u>	<u>151</u>	<u>22</u>
Cash and cash equivalents at end of period	<u>151</u>	<u>22</u>	<u>130</u>

## Combined statement of changes in equity

	<i>Capital invested</i> £'000	<i>Retained earnings</i> £'000	<i>Non- controlling interest</i> £'000	<i>Total equity</i> £'000
At 1 April 2014	(772)	(1,453)	716	(1,509)
Adjustment (see below)	737	–	–	737
Profit and comprehensive profit for the period	–	1,220	4,627	5,847
Transferred to members	–	–	(2,620)	(2,620)
<b>Balance at 31 March 2015</b>	<b>(35)</b>	<b>(233)</b>	<b>2,723</b>	<b>2,455</b>
Adjustment (see below)	1,903	–	–	1,903
Profit and comprehensive profit for the period	–	505	4,208	4,713
Transferred to members	–	–	(4,969)	(4,969)
<b>Balance at 31 March 2016</b>	<b>1,868</b>	<b>272</b>	<b>1,962</b>	<b>4,102</b>
Adjustment (see below)	(253)	–	–	(253)
Profit and comprehensive profit for the period	–	1,609	4,948	6,557
Share issue transactions costs	(200)	–	–	(200)
Transferred to members	–	33	(2,969)	(2,936)
<b>Balance at 31 March 2017</b>	<b>1,415</b>	<b>1,914</b>	<b>3,941</b>	<b>7,270</b>

### Note

Adjustments have been made in each year to reflect the changes in capital invested. These arise where certain items have been reflected in one of the underlying accounts or the combined financial information, but not in the other. In the years ended 31 March 2015 and 2016, the adjustments relate to amounts transferred to members of a limited liability partnership while the entity was a member of the group, but whose results are excluded following the resignation of the group entity as a member. In the year ended 31 March 2017, this adjustment related to the fact that the combined results set out in this financial information include the results of a business for the full year, whereas only post acquisition results are reflected in the statutory accounts of the acquiring entity.

# Notes to the combined financial information

## 1 GENERAL INFORMATION

Gordon Dadds Group Limited (the “Company”) and its subsidiaries (together “Gordon Dadds Group” or “the Group”) provide legal and independent financial advisory services to businesses and high net worth individuals in the UK.

The Company is a limited liability company incorporated and domiciled in the UK. The address of its registered office is 6 Agar Street, London WC2N 4HN.

The Company had its primary listing on the London Stock Exchange until 20 May 2009 when the listing was cancelled. The Company was re-registered as a private limited company on 15 April 2013.

## 2 SIGNIFICANT ACCOUNTING POLICIES

### *Basis of preparing the financial information*

The historical financial information provided for Gordon Dadds Group is for the following entities in respect of the financial years ended 31 March 2015, 2016 and 2017 (or where acquired during the period from a third party, from the date of acquisition):

Gordon Dadds Group Limited	GD Financial Markets LLP
Gordon Dadds LLP	e.Legal Technology Solutions Limited
Gordon Dadds Consulting LLP	Penlee Legal Investments Limited
Prolegal Solicitors Limited	Gordon Dadds Professional Services Limited
Culver Asset Management Limited	Gordon Dadds Corporate Services Limited
AAC Direct Limited	Brook Street Support Services Limited
Hanover Pensions Limited	Gordon Dadds AP LLP
The Hanover Trustee Company Limited	Gordon Dadds CP LLP
Brook Street Holdings LLP	Gordon Dadds ADR LLP
Culver Ventures Limited	

The financial information has been prepared on a going concern basis. In deciding this, the directors of Gordon Dadds Group Limited (the “Directors”) have considered the detailed budgets for the current financial year and the succeeding financial year, including in both cases cash flows. They have also considered the impact of adverse changes resulting from the major risks and uncertainties they consider apply to the Group.

Other than as described below, the historical financial information has been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and interpretations (collectively, “IFRS”) issued by the International Accounting Standards Board (IASB) as adopted by the European Union (“adopted IFRSs”).

In preparing the historical financial information, certain accounting conventions commonly used for the preparation of historical financial information for inclusion in investment circulars as described in the Annexure to SIR 2000 (Investment Reporting Standard applicable to public reporting engagements of historical financial information) issued by the UK Auditing Practices Board have been applied. The application of these conventions results in the following material departures from IFRS as adopted by the EU. In other respects, IFRS as adopted by the EU have been applied.

### **Adoption of new and revised standards**

During the most recent financial year, Gordon Dadds Group has adopted the following new IFRSs (including amendments thereto) and IFRIC interpretations that became effective for the first time.

<i>Standard</i>	<i>Effective date, annual period beginning on or after</i>
Annual Improvements 2012-2014 cycle	1 January 2016
IFRS 11 (amendments) <i>Accounting for acquisitions of interests in joint operations</i>	1 January 2016
Amendments to IFRS 10, IFRS 12 and IAS 28 <i>Investment entities – Applying the Consolidation Exception</i>	1 January 2016
IAS 16 <i>Property, Plant &amp; Equipment</i> and IAS 38 – <i>Intangible assets</i> (amendments)	1 January 2016
IAS 1 <i>Disclosure Initiative</i>	1 January 2016
IAS 27 (amendments) <i>Equity Method in Separate Financial Statements</i>	1 January 2016

Their adoption has not had any material impact on the disclosures or amounts reported in the financial statements.

### **Standards issued but not yet effective:**

At the date of authorisation of the financial information, the following standards and interpretations relevant to Gordon Dadds Group and which have not been applied in the financial information, were in issue but were not yet effective. In some cases these standards and guidance have not been endorsed for use in the European Union.

<i>Standard</i>	<i>Effective date, annual period beginning on or after</i>
Annual Improvements 2014-2016 cycle	1 January 2017/1 January 2018
Amendments to IAS 12 – <i>Recognition of Deferred Tax for Unrealised Losses</i>	1 January 2017
Amendments to IAS 7 – <i>Disclosure Initiative</i>	1 January 2017
IFRS 9 <i>Financial instruments</i>	1 January 2018
IFRS 15 <i>Revenue from contracts with Customers</i> including amendments to IFRS 15: Effective date of IFRS 15.	1 January 2018
Clarifications to IFRS 15 <i>Revenue from contracts with Customers</i>	1 January 2018
IFRS 16 <i>Leases</i>	1 January 2019
IFRS 2 (amendments) <i>Classification and Measurement of Share-based Payment Transactions</i>	1 January 2018

The Directors are evaluating the impact that these standards will have on the financial information of Gordon Dadds Group.

### **Adjusted EBITDA and Adjusted Profit before tax**

“EBITDA”, “Adjusted EBITDA” and “Adjusted profit before tax” are not measures recognised under IFRS. The Directors consider that such measures may be helpful to potential investors and so are shown.

EBITDA is earnings before interest, tax, depreciation and amortisation and comprises net revenue after charging all personnel costs, partners’ profit shares and other operating expenses except depreciation, amortisation.

“Adjusted EBITDA” comprises EBITDA before charging non-underlying items (which are detailed in note 5).

“Adjusted profit before tax” comprises profits before tax before charging non-underlying items (which are detailed in note 5).

### **Aggregation**

The entities comprising the Group do not include a single overall holding company for the three years ended 31 March 2015, 2016 and 2017 and therefore do not form a legal group for accounting purposes. Gordon Dadds Group Limited (“GDG”) became the holding company for the Group on 2 December 2016 when it acquired all the economic interests of the members of Brook Street Holdings LLP. Brook Street Holdings LLP, of which GDG had been a member in the year ended 31 March 2015 but not again until 2 December 2016, had become the majority interest holding member of Gordon Dadds LLP in the year ended 31 March 2016 and had succeeded GDG as the controlling member of Gordon Dadds Consulting LLP in March 2015. The entities which have been controlled by either GDG, Gordon Dadds LLP or Brook Street Holdings LLP throughout the period covered by the financial information (or since formation where that was after the start of the period) have therefore been aggregated in the financial information as throughout the period they had senior decision making management in common and as the key decisions for each group impacted the other. Entities which have been acquired by those entities during the period from third parties have been treated as acquired and have been consolidated in the financial information of the acquirer from the date of acquisition.

However, their results and net assets have been combined and, where applicable, consolidation adjustments have been included to show this combination of the businesses as a group. In particular, all transactions, balances and unrealised gains on transactions between the combined entities have been eliminated.

Certain costs were incurred by the individual entities in the Group, in the years ended 31 March 2015, 2016 and 2017 on behalf of the Group. These have been adjusted for such that the historical financial information includes all costs that relate to the Group.

### **Consolidation**

Subsidiaries are entities controlled by the Company. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial information of subsidiaries are included in the combined financial information from the date that control commences to the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by members of the group from third parties. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Costs directly attributable to the acquisition are expensed in the period. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Group’s share of the identifiable net assets and contingent liabilities acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement. Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

### ***Investments in associates***

Associates are those entities over which the Group has significant influence, but neither control nor joint control over the financial and operating policies. Associates are accounted for using the equity method and are initially recognised at cost. The financial information includes the Group's share of total comprehensive income and equity movements of associates from the date when significant influence commences to the date the significant influence ceases.

### ***Segment reporting***

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. There is only one geographical segment, being the United Kingdom.

The Group's two business segments are legal & professional services and financial advisory services. The legal services businesses, despite operating through a number of different departments and under those brands, management effort is consistently directed to the firm operating as a single unit. No segment reporting disclosures are required for these due to the fact that the smaller segment, financial advisory services, falls beneath the quantitative thresholds set out by IFRS 8, paragraph 13.

### ***Business combinations***

The Group applies the acquisition method of accounting to account for business combinations in accordance with IFRS 3 (R), 'Business Combinations'. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value 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 at the acquisition date. The excess of the consideration transferred over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. All transaction related costs are expensed in the period they are incurred as operating expenses. If the consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in the income statement.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 in the income statement.

### ***Intangible assets***

Intangible assets include the cost of acquiring client portfolios. Client portfolios are carried at cost less accumulated amortisation losses and impairment losses. Amortisation of the cost is being provided for in line with the fees billed and cash collections being generated by the client portfolio acquired.

Intangible assets also include internally generated software and intellectual property, which are valued at cost less subsequent amortisation and impairment. These intangible assets are amortised at rates in order to write off the assets on a straight line basis over their estimated useful lives.

### ***Goodwill***

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is initially measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed.

The Group tests annually whether goodwill has suffered any impairment. The carrying value of the goodwill is dependent on the future income stream from that asset.

Goodwill recognised in a business combination does not generate cash flows independently of other assets or groups of assets. As a result, the recoverable amount, being the value in use, is determined at a cash generating unit (CGU) level.

The determination of a CGU is judgemental. The identification of CGU's involves an assessment of whether the asset or group of assets generate independent cash flows.

For impairment purposes goodwill is tested annually at the CGU level. The carrying value of goodwill and the key assumptions used in performing the annual impairment assessment are disclosed in note 9.

### ***Impairment of assets***

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment and whenever events or changes in circumstance indicate that the carrying amount may not be recoverable.

Assets that are subject to amortisation are tested for impairment whenever events or changes in circumstance 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).

### ***Financial instruments***

The Group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement. Financial instruments are recognised on trade date when the group becomes a party to the contractual provisions of the instrument. Financial instruments are recognised initially at fair value plus, in the case of a financial instrument not at fair value through profit and loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument. Financial instruments are derecognised on the trade date when the Group is no longer a party to the contractual provisions of the instrument.

Financial assets are included on the balance sheet as trade and other receivables and cash and cash equivalents.

#### **(a) Trade receivables**

Trade receivables are stated at their original invoiced value, as the interest that would be recognised from discounting future cash receipts over the short credit period is not considered to be material. Trade receivables are reduced by appropriate allowances for estimated irrecoverable amounts.

#### **(b) Trade payables**

Trade payables are stated at their original invoiced value, as the interest that would be recognised from discounting future cash payments over the short payment period is not considered to be material.

#### **(c) Interest-bearing borrowings**

Interest-bearing borrowings are stated at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of

allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability.

**Foreign currency translation**

(i) Functional and presentation currency

The consolidated financial statements are presented in pounds sterling, which is the Group’s functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

**Property, plant and equipment**

Property, plant and equipment (“PPE”) is shown at cost less subsequent depreciation and impairment. 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 the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation on assets is calculated using the straight-line method to allocate the cost of each asset less its residual value over its estimated useful life, as follows:

Computers, plant and machinery	3-10 years
Equipment	3-5 years

The assets’ residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet 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. Write downs and gains and losses on disposals are included in the statement of comprehensive income.

**Cash and cash equivalents**

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

**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 the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

### ***Deferred income tax***

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated and company financial statements. The deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit/loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, joint ventures and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future employee benefits.

### ***Pension obligations***

The Group operates a pension scheme which is a defined contribution plan. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity.

The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

### ***Profit-sharing and bonus plans***

The Group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to that part of the Group for which the employee is profit responsible. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

### ***Provisions***

Provisions for clawback of indemnity commission, pensions review, unpaid salaries and other claims are recognised when the Group 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.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the balance sheet date

### ***Non-controlling interests***

Non-controlling interests comprise equity interests held by third parties in entities controlled by the Group. Interests held by third parties in LLPs controlled by the Group are valued at the

membership interest attributable to the third party interests at the period end. Minority equity interests in companies controlled by the Group are valued at the proportionate share of the recognised identifiable net assets at acquisition with the proportionate share of profits or losses being allocated to that interest in subsequent periods.

### **Revenue recognition**

Revenue comprises the fair value of the sale of services, net of value-added tax, rebates and discounts and after eliminating sales within the Group.

Revenue from the sale of professional services is recognised as follows:

(i) Legal and consulting services

Revenue relating to the legal services business represents amounts chargeable to clients during the year. Income is recognised when the Group has performed services in accordance with the agreement with the relevant client and has obtained a right to consideration for those services. Where such income has not been billed at the balance sheet date, it is included as accrued income. Revenue in respect of contingent fee assignments, over and above any agreed minimum fee, is recognised when the contingent event occurs. Where such contingent event has not occurred at the balance sheet date, it is included as accrued income.

(ii) Employee benefits and financial advisory

Revenue relating to the employee benefits and financial advisory business represents fees and life and pension commission and is recognised when confirmation has been received from the underwriters that payment is being made to the Group. A provision is made for clawback of commission which is deducted from turnover.

(iii) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

Government grants are recognised when it is reasonable to expect that the grants will be received and that all related conditions will be met, usually on submission of a valid claim for payment. Government grants in respect of capital expenditure are credited to a deferred income account and are released as income by equal annual amounts over the expected useful lives if the relevant assets. Grants of a revenue nature are vetted off the relevant expenditure to which they relate.

### **Leases**

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other borrowings. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the asset's useful life and the lease term.

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases

Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

### ***Financial risk factors***

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and price risk), credit risk, liquidity risk, cash flow risk and fair value interest-rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by the Directors. The directors identify, evaluate and hedge financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest-rate risk, credit risk, use of convertible loan stock and non-convertible loan stock, and investing excess liquidity.

#### **(a) Credit risk**

Because the Group has a wide range of clients in different market sectors, it has no significant concentrations of credit risk. It has policies in place to ensure that if customers do not settle their accounts within the agreed terms then the transaction is cancelled minimising the credit exposure.

#### **(b) Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and the availability of funding through an adequate amount of committed credit facilities. The Group aims to maintain flexibility in funding by keeping committed credit lines available.

#### **(c) Cash flow and fair value interest rate risk**

The Group's income and operating cash flows are substantially independent of changes in market interest rates. The interest rates of finance leases to which the Group is lessee are fixed at inception of the lease. These leases expose the Group to fair value interest rate risk.

The Group's cash flow interest rate risk arises from borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. Group policy is to maintain approximately 33 per cent of its borrowings in fixed rate instruments. At 31 March 2017, 100 per cent of borrowings apart from overdrafts were at fixed rates.

### ***Critical accounting estimates and judgements***

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

#### **(a) Estimated impairment of goodwill**

Determining whether goodwill is impaired requires an estimation of the value in use of the cash generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash generating unit and a suitable discount rate.

#### **(b) Other receivables**

Other receivables represent unbilled amounts for client work and are measured initially at fair value and held at amortised cost less provisions for foreseeable losses based upon current observable data and historical trend.

(c) Impairment of receivables

Receivables are held at cost less provisions for impairment. Provisions for impairment represent an allowance for doubtful debts that is estimated, based upon current observable data and historical trend.

### 3 EMPLOYEE AND MEMBER INFORMATION

The average number of persons employed by the Group (including members but excluding directors) during the periods, analysed by category, were as follows:

	2015	2016	2017
Members	26	32	41
Fee earners	63	66	85
Support staff	76	85	92
	<u>165</u>	<u>183</u>	<u>218</u>

The aggregate employment costs and profit shares of these persons were as follows:

#### STAFF COSTS

	2015 £000	2016 £000	2017 £000
Wages and salaries	5,831	5,820	6,953
Social security costs	582	482	631
Employee benefits costs	38	103	299
Other pension costs	67	98	161
Consultants' fees	1,265	921	315
	<u>7,783</u>	<u>7,424</u>	<u>8,359</u>
Partners' profit shares	4,627	4,208	4,948
	<u>12,410</u>	<u>11,632</u>	<u>13,307</u>

Partners' profit shares represent the amounts invoiced or potentially to be invoiced to the Group in respect of services provided by affiliate LLPs to the Group pursuant to Consultancy Service Agreements.

### 4 OPERATING PROFIT

The operating profit is stated after charging:

	2015 £000	2016 £000	2017 £000
Fees payable to the Group's auditors			
– audit fees	65	71	81
– other services pursuant to legislation	12	–	27
Amortisation/impairment of intangible assets	1,121	1,889	1,869
Depreciation of tangible fixed assets			
– owned	20	24	12
– hire purchase	–	–	21
Rentals payable under operating leases	–		
– PPE	5	4	226
Other operating leases	1,532	1,479	1,327

## 5 NON-UNDERLYING ITEMS

	2015 £000	2016 £000	2017 £000
Group reorganisation costs	–	–	(356)
Life policy proceeds	180	–	–
VAT surcharges	(42)	(266)	–
Fair value discounting	330	(94)	(126)
Result of businesses disposed of	15	201	81
Non-underlying items	<u>483</u>	<u>(159)</u>	<u>(401)</u>

Group reorganisation costs represent professional and other fees incurred in respect of the acquisition of Brook Street Holdings LLP by Gordon Dadds Group Limited on 2 December 2016 and in respect of the proposed acquisition of Gordon Dadds Group Limited by Work Group plc.

Life policy proceeds arose from a receipt by the Group in connection with the death of a partner of Gordon Dadds LLP

VAT surcharges arose from the treatment of certain items of expense for the Group which were disputed between the Group and HMRC.

Fair value discounting items relate to a decision by the Group to formalise the terms of repayment of certain liabilities and the subsequent amortisation of the discount applied over time and finally the elimination of the remaining discount as agreement in principle has been reached for the settlement of the loan note liabilities in the near future.

During the year ended 31 March 2017, the Group disposed of Culver Limited and the results of that business and the disposal are reflected as non-underlying items.

## 6 FINANCE INCOME AND EXPENSE

	2015 £000	2016 £000	2017 £000
<b>Finance income:</b>			
Interest receivable	339	223	134
	<u>339</u>	<u>223</u>	<u>134</u>
<b>Finance expense:</b>			
Bank borrowings	(1)	(2)	(1)
Hire purchase	–	(2)	(9)
Other loans	(67)	(62)	(142)
Other interest	(65)	(38)	(50)
	<u>(133)</u>	<u>(104)</u>	<u>(202)</u>
<b>Net finance income/(expense)</b>	<u>206</u>	<u>119</u>	<u>(68)</u>

## 7 TAXATION

### Analysis of charge in the period

	2015 £'000	2016 £'000	2017 £'000
The charge for taxation comprises:			
Taxation charge for the current period	–	–	–
Adjustment in respect of prior periods	–	–	–
	<u>–</u>	<u>–</u>	<u>–</u>

(i) Factors affecting the tax charge for the period:

The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 20.0 per cent. in 2015, 2016 and 2017. The differences are explained below:

	2015 £'000	2016 £'000	2017 £'000
Profit on ordinary activities before taxation	1,609	506	1,219
Profit on ordinary activities multiplied by the standard rate of corporation tax of 20 per cent. (2016: 20.0 per cent.) (2015: 20.0 per cent.)	322	101	244
Effects of:			
Impact of tax exempt items	15	8	11
Losses (utilised) in year	(337)	(109)	(255)
Current taxation charge	–	–	–
Deferred tax charge	–	–	–
Total taxation charge for the period	–	–	–

## 8 PROPERTY, PLANT AND EQUIPMENT (“PPE”)

	<i>Computers, plant &amp; machinery</i> £000	<i>Furniture, fittings, tools and equipment</i> £000	<i>Total</i> £000
<b>COST</b>			
At 1 April 2014	301	284	585
Additions	53	–	53
Disposals	(292)	(212)	(504)
At 31 March 2015	62	72	134
Additions	29	–	29
Subsidiaries joining/(leaving) the group	33	–	33
At 31 March 2016	124	72	196
Disposals	(60)	–	(60)
<b>At 31 March 2017</b>	<b>64</b>	<b>72</b>	<b>136</b>
<b>DEPRECIATION</b>			
At 1 April 2014	301	284	585
Disposals	(292)	(212)	(504)
Charge for the period	20	–	20
At 31 March 2015	29	72	101
Charge for the period	24	–	24
At 31 March 2016	53	72	125
Charge for the period	33	–	33
Disposals	(60)	–	(60)
<b>At 31 March 2017</b>	<b>26</b>	<b>72</b>	<b>98</b>
<b>NET BOOK VALUE</b>			
At 31 March 2015	33	–	33
At 31 March 2016	71	–	71
<b>At 31 March 2017</b>	<b>38</b>	<b>–</b>	<b>38</b>

Included in the carrying value of PPE were £33,000, £71,000 and £38,000 of assets held by the Group under hire purchase or finance leases at 31 March 2015, 2016 and 2017 respectively. The depreciation charges for the periods ending on those dates for these assets were £20,000, £24,000 and £33,000 respectively.

## 9 INTANGIBLE FIXED ASSETS

	<i>Goodwill</i> £000	<i>Client portfolio</i> £000	<i>Software Development Costs</i> £000	<i>Intellectual Property</i> £000	<i>Totals</i> £000
<b>COST</b>					
At 1 April 2014	–	31	–	–	31
Additions	–	4,666	–	–	4,666
At 31 March 2015	–	4,697	–	–	4,697
Additions	500	4,942	220	–	5,662
At 31 March 2016	500	9,639	220	–	10,359
Acquisition of subsidiaries	6,234	–	103	189	6,526
Disposals	–	(187)	–	–	(187)
<b>At 31 March 2017</b>	<b>6,734</b>	<b>9,452</b>	<b>323</b>	<b>189</b>	<b>16,698</b>
<b>AMORTISATION</b>					
At 1 April 2014	–	31	–	–	31
Charge for the period	–	1,121	–	–	1,121
At 31 March 2015	–	1,152	–	–	1,152
Charge for the period	–	1,889	–	–	1,889
Acquisition of subsidiaries	–	243	–	–	243
At 31 March 2016	–	3,284	–	–	3,284
Acquisition of subsidiaries	–	–	–	–	–
Charge for the period	–	1,831	38	–	1,869
Disposals	–	(94)	–	–	(94)
<b>At 31 March 2017</b>	<b>–</b>	<b>5,021</b>	<b>38</b>	<b>–</b>	<b>5,059</b>
<b>NET BOOK VALUE</b>					
At 31 March 2015	–	3,545	–	–	3,545
At 31 March 2016	500	6,335	220	–	7,075
<b>At 31 March 2017</b>	<b>6,734</b>	<b>4,431</b>	<b>285</b>	<b>189</b>	<b>11,639</b>

Client portfolio represents the acquisition of the business and certain assets from a professional services firm. The client portfolio is carried at cost less accumulated amortisation losses. Amortisation is being provided for in line with the fees billed and cash collections being generated by the client portfolio acquired.

Software development costs includes £323,000 of development costs relating to development of a software application. The Directors have considered this appropriate as the software application is expected to create future economic benefit.

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units (CGUs), or group of units that are expected to benefit from that business combination and is analysed below.

The goodwill of the Group is analysed as follows:

	<i>Gordon Dadds Consulting LLP £'000</i>	<i>Prolegal Solicitors Limited £'000</i>	<i>Hanover Companies £'000</i>	<i>Platt &amp; Associates Limited £'000</i>	<i>Total £'000</i>
<b>Cost</b>					
At 1 April 2014 and 2015	–	–	–	–	–
Acquisitions	500	–	–	–	500
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 1 April 2016	500	–	–	–	500
Acquisitions	–	1,432	610	800	2,842
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2017	500	1,432	610	800	3,342
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Impairment</b>					
At 1 April 2014, 2015, 2016 and 2017	–	–	–	–	–
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Carrying value</b>					
At 31 March 2014, 2015 and 2016	500	–	–	–	500
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2017	500	1,432	610	800	2,842
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

An annual goodwill impairment review was performed. The goodwill is analysed across the following cash generating units (CGU's).

Consulting and Technology  
Gordon Dadds Group Limited  
Prolegal Solicitors Limited  
Hanover Companies  
Platt & Associates Limited

The CGU's represent the smallest identifiable groups of assets that generate cash flows, and to which goodwill is allocated.

The value in use of each CGU is determined using cash flow projections derived from financial plans approved by the Directors covering a two year period. This reflects management's expectations of future revenue growth, operating costs and cost reductions due to synergies, profit margins, operating cash flows based on past performance and future expectations of business performance. The cash flows have then been extended for a minimum of five years (held flat for years three, four, five and to a maximum of ten years). Estimated taxation has been deducted calculated at the estimated applicable corporation tax rate, of 19% for the next three years and 17% for the years thereafter, in line with current HMRC guidance.

The future cash flows have been discounted using a post-tax discount rate of 5%.

The two year financial plans include growth rates for each CGU based on the individual market assessment for each CGU. Other than for the Consulting and Technology CGU for which includes an estimated growth rate of 10%, the other CGU's do not include any estimated any growth rates beyond the two years.

## 10 INVESTMENTS

	<i>Investment in associated company £000</i>
<b>COST</b>	
At 31 March 2015 and 2016	–
Additions	193
Share of profits for the year ended 31 March 2017	7
<b>At 31 March 2017</b>	<b>200</b>
<b>IMPAIRMENT AND PROVISIONS</b>	
At 31 March 2016	–
<b>At 31 March 2015, 2016 and 2017</b>	<b>–</b>
<b>NET BOOK VALUE</b>	
At 31 March 2015 and 2016	–
<b>At 31 March 2017</b>	<b>200</b>

On 31 March 2017, Gordon Dadds Group Limited held a significant interest in the following subsidiary undertakings which are incorporated and operate in England and Wales and are included in the combined financial information.

<i>UK Companies</i>	<i>Principal activity</i>	<i>% of holding</i>	<i>Class of capital</i>
Culver Ventures Limited	Business ventures	100%	Ordinary shares
Culver Asset Management Limited	Independent financial advisor	100%	Ordinary shares
AAC Direct Limited	Independent financial advisor	100%	Ordinary shares
Brook Street Support Services Limited	Management services	100%	Ordinary shares
Hanover Pensions Limited	Professional services	100%	Ordinary shares
The Hanover Trustee Company Limited	Professional services	100%	Ordinary shares
Prolegal Solicitors Limited	Legal services	100%	Ordinary shares
e.Legal Technology Solutions Limited	IT services	60%	Ordinary shares
Gordon Dadds Professional Services Limited	Professional services	100%	Ordinary shares
Gordon Dadds Corporate Services Limited	Corporate services	100%	Ordinary shares
Gordon Dadds Nominees Limited	Nominee company	100%	Ordinary shares
Gordon Dadds Trustees Limited	Trustee company	100%	Ordinary shares

<i>UK Limited Liability Partnerships</i>	<i>Principal activity</i>	<i>Interest held</i>
Brook Street Holdings LLP	Intermediate holding LLP	100% interest as a designated member
Gordon Dadds LLP	Legal services	100% interest as a designated member
Gordon Dadds AP LLP	Professional services	Effective control due to significant influence
Gordon Dadds ADR LLP	Professional services	Effective control due to significant influence
Gordon Dadds CP LLP	Professional services	Effective control due to significant influence
Gordon Dadds Consulting LLP	Professional services	72% interest as a designated member
GD Financial Markets LLP	Professional services	Effective control due to significant influence

The Group held a significant interest in Penlee Legal Investments Limited, a consultancy services firm incorporated in the Commonwealth of the Bahamas. The Group does not hold any of the issued share capital of Penlee Legal Investments Limited but has effective control due to significant influence over the financial and policy decision making. As a result, Penlee Legal Investments Limited is included in the combined financial information.

## **11 BUSINESS COMBINATIONS AND ACQUISITIONS**

The details set out below provide the information required under IFRS 3 'Business Combinations' for the acquisitions that occurred during the years ended 31 March 2015, 2016 and 2017.

### **Year ended 31 March 2017**

#### ***Hanover companies***

On 19 January 2017, the Group acquired both Hanover Pensions Limited and The Hanover Trustee Company Limited, together a firm of consulting actuaries, employee benefit advisers and pension scheme administrators.

The Group acquired 100% of the issued share capital of Hanover Pensions Limited for consideration of £258,000. The fair value of the net assets and liabilities acquired by the Group was £23,000. Goodwill of £235,000 was recognised in accounting for the acquisition.

The Group acquired 100% of the issued share capital of The Hanover Trustee Company Limited for consideration of £639,000. The fair value of the net assets and liabilities acquired by the Group was £264,000. Goodwill of £375,000 was recognised in accounting for the acquisition.

Acquisition-related costs of £53,000 relating to the acquisition of these companies are included in arriving at operating profits.

#### ***Prolegal***

On 30 September 2016, the Group acquired certain client files, assets and liabilities of Prolegal Limited (in administration), a legal services business specialising in personal injury claims which gained its clients from internet direct marketing, for consideration of £563,000. The fair value of the net assets and liabilities acquired by the Group was a net liability of £869,000. Goodwill of £1.432m was recognised in accounting for the acquisition.

Acquisition-related costs of £75,000 relating to this acquisition are included in arriving at operating profit.

### **Platt & Associates Limited**

On 28 October 2016 the Group acquired 100% of the issued share capital of Platt & Associates Limited, a UK-based immigration practice specialising in all aspects of immigration, nationality and work permit matters, for consideration of £800,000. The fair value of the net assets and liabilities acquired by the Group was £Nil. Goodwill of £800,000 was recognised in accounting for the acquisition.

Following the acquisition, Platt & Associates ceased trading and its business (comprising its property, rights and assets) was transferred to Gordon Dadds LLP.

Acquisition-related costs of £54,000 relating to this acquisition are included in arriving at operating profits.

### **GD Financial Markets LLP**

On 18 April 2016, the Group acquired a 40% interest and was appointed as a designated member of GD Financial Markets LLP for consideration of £10,000. Goodwill of £10,000 was recognised. The Group has effective control over GD Financial Markets LLP due to its significant influence over the financial and policy decision making. GD Financial Markets LLP commenced its first year of trading during the year ended 31 March 2017.

### **Identifiable assets acquired and liabilities assumed**

The fair values of the identifiable assets and liabilities at the date of acquisition were as follows:

	<i>Hanover Pensions Limited</i>	<i>The Hanover Trustee Company Limited</i>	<i>Prolegal Limited</i>	<i>Platt &amp; Associates Limited</i>	<i>GD Financial Markets LLP</i>	
	£'000	£'000	£'000	£'000	£'000	£'000
Identifiable intangible assets	–	–	189	–	–	189
Trade and other receivables	98	296	–	–	–	394
Cash and cash equivalents	150	–	–	–	–	150
Trade and other payables	(225)	(32)	(900)	–	–	(1,157)
Contingent liabilities	–	–	(158)	–	–	(158)
<b>Net identifiable assets and liabilities</b>	<b>23</b>	<b>264</b>	<b>(869)</b>	<b>–</b>	<b>–</b>	<b>(582)</b>
Goodwill	235	375	1,432	800	10	2,852
<b>Total consideration</b>	<b>258</b>	<b>639</b>	<b>563</b>	<b>800</b>	<b>10</b>	<b>2,270</b>
Satisfied by:						
Cash	–	–	194	45	10	249
Equity instruments	–	–	–	–	–	–
Contingent consideration	258	639	369	755	–	2,021
<b>Total consideration transferred</b>	<b>258</b>	<b>639</b>	<b>563</b>	<b>800</b>	<b>10</b>	<b>2,270</b>
<b>Net cash outflow arising on acquisition:</b>						
Cash consideration	–	–	194	45	10	249
Less: cash and cash equivalent balances acquired	(150)	–	–	–	–	(150)
<b>Total consideration</b>	<b>(150)</b>	<b>–</b>	<b>194</b>	<b>45</b>	<b>10</b>	<b>99</b>

The total amount of revenue and associated profit derived from acquired entities in the year of the business combination was in the year ended 31 March 2017 £1,430,000 and £215,000. An estimate of the annualised revenue and associated profit (based on entity figures or pro-rated figures as appropriate) had the acquisitions occurred at the start of the year is £3,317,000 and £279,000.

#### Year ended 31 March 2016

In October 2015, the Group acquired certain client files and assets from the administrator of Jeffery Green Russell Limited (in administration), a full service legal services business with specialist areas including dispute resolution, banking, corporate, sports and gambling law and commercial property. The consideration was dependent on the realisation of the debtors and work in progress acquired. The fair value of the assets less the liabilities and costs of the acquisition were recognised as an expense of acquisition in the year ended 31 March 2016 and no goodwill was recognised.

#### Year ended 31 March 2015

In April 2014, the Group acquired certain client files and assets, principally work in progress from the administrator of Davenport Lyons. Davenport Lyons was a full service legal services business whose main areas of business were dispute resolution, corporate, real estate, employment and family. The consideration was dependent on the amounts subsequently realised from the work in progress acquired. In addition, the Group received a commission in respect of debtors realised. The Group took on certain of the staff and partners of Davenport Lyons.

The fair value of the assets acquired was assessed as £1,589,000 and the fair value of the liabilities assumed was assessed at £1,577,000. A gain on bargain purchase of £12,000 was recognised in the financial statements

In August 2014, the Group acquired client files and certain assets of Cartier & Co, a small legal services business specialising in dispute resolution business. The consideration for the acquisition was £4,500,000 of which £500,000 was paid on completion with the balance to be paid over 5 years. The Group assessed the fair value of the assets less liabilities as being £4,500,000 which was recognised as an identifiable intangible asset and is amortised by reference to fees invoiced to clients of that business.

## 12 TRADE AND OTHER RECEIVABLES

	2015 £000	2016 £000	2017 £000
Trade receivables	5,035	6,184	6,746
Accrued income	2,380	2,461	2,343
Other receivables	920	1,700	1,532
Prepayments	757	1,450	2,301
	<u>9,092</u>	<u>11,795</u>	<u>12,922</u>

#### *Analysis of trade receivables:*

	Between 30 days or less £'000	Between 31 and 60 days £'000	Between 61 and 90 days £'000	Between 90 and 180 days £'000	Over 180 days £'000	Total gross £'000	Bad debt provision £'000	Total carrying amount £'000
2017	3,673	1,553	420	1,100	1,287	8,033	(1,287)	6,746
2016	2,889	1,577	274	1,444	1,293	7,477	(1,293)	6,184
2015	2,991	862	357	825	1,244	6,279	(1,244)	5,035

The Group allows an average debtor payment period of 30 days after invoice date. It is the Group's policy to assess receivables for recoverability on an individual basis and to make provision where it is considered necessary. In assessing recoverability, the Group takes into account any indicators

of impairment up until the reporting date. The application of this policy generally results in receivables of up to 180 days not being provided for unless individual circumstances indicate that a debt is impaired. Receivables over 180 days are fully provided for unless particular circumstances provide confidence about collection.

The largest individual debtor at such dates corresponded to 1.9%, 1.8% and 2.3% respectively of the total balance. Historically these receivables have always paid balances when due. The average age of these receivables at the three dates was 99 days, 109 days and 93 days respectively. No receivables balances have been renegotiated in any of the years.

The Group did not individually impair any receivable balances in any of the years. The Group does not hold any collateral over any balances.

### 13 CASH AND CASH EQUIVALENTS

	<i>2015</i>	<i>2016</i>	<i>2017</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>
Cash at bank and in hand	151	22	130
Bank overdrafts	(3)	(468)	(566)
	<u>148</u>	<u>(446)</u>	<u>(436)</u>

### 14 CAPITAL INVESTED AND RESERVES

Capital invested and reserves represent the permanent capital of the Group and the undistributed accumulated revenue of the Group which are attributable to the Group's equity holders.

### 15 TRADE AND OTHER PAYABLES

	<i>2015</i>	<i>2016</i>	<i>2017</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>
Trade payables	1,549	2,813	2,882
Social security and other taxes	957	893	821
Other payables	300	703	1,478
Accruals and deferred income	2,400	1,452	1,355
Total	<u>5,206</u>	<u>5,861</u>	<u>6,536</u>
<b>Non-current</b>	253	66	150
<b>Current</b>	<u>4,953</u>	<u>5,795</u>	<u>6,386</u>
Total	<u><u>5,206</u></u>	<u><u>5,861</u></u>	<u><u>6,536</u></u>

## 16 BORROWINGS AND FINANCIAL INSTRUMENTS

	2015 £000	2016 £000	2017 £000
Bank overdrafts	3	468	566
Bank Loans	–	–	365
Loan stock	303	278	571
Other loans	592	1,507	2,704
Hire purchase contracts	–	61	52
	<u>898</u>	<u>2,314</u>	<u>4,258</u>
Current	340	316	224
Non-current	<u>558</u>	<u>1,998</u>	<u>4,034</u>
Total	<u>898</u>	<u>2,314</u>	<u>4,258</u>

Borrowings and financial instruments comprise cash deposits, bank overdrafts, loans, and unsecured loan stock. Short term receivables and payables (other than borrowings and foreign currency balances) have been excluded from the following disclosures.

The loan stock liability is stated at fair value. This includes Unsecured Loan Stock 2040 issued by Group Limited in February 2015) and Unsecured Loan Stock 2035 issued by the Group in March 2015. The fair value outstanding of the two stocks at 31 March 2017 was £571,000.

Other loans of £592,000 at 31 March 2015, £1,507,000 at 31 March 2016 and £2,704,000 at 31 March 2017 carry interest at between 3.0 per cent and 12.5 per cent per annum.

## 17 PROVISIONS

	<i>Other provisions</i> £000
Balance at 1 April 2014	826
Subsidiaries joining the group	432
Amounts released	<u>(129)</u>
Balance at 31 March 2015	1,129
New provisions made	10
Expenses charged/utilised	(895)
Amounts released	<u>(177)</u>
Balance at 31 March 2016	67
New provisions made	444
Expenses charged/utilised	(58)
Amounts released	<u>(30)</u>
<b>Balance at 31 March 2017</b>	<b><u>423</u></b>

Provisions, all of which are categorised as current liabilities, represent provisions for liabilities which have the possibility of being settled within one year.

Other provisions at 31 March 2015, 2016 and 2017 included uninsured excess on potential claims of £101,000, £30,000 and £54,000 respectively, potential clawback of indemnity and other commissions paid of £57,000, £9,000 and £4,000 respectively and provisions for costs relating to acquisitions of £365,000 at 31 March 2017 with no provision in the previous two years.

In addition, in 2015 there was a provision for an onerous lease of £300,000, staff bonus provision of £357,000, indemnities for affiliated firms of £159,000 and other provisions of £154,000.

## 18 PENSIONS

During the year ended 31 March 2016 the Group started to participate in a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in a fund administered by Carey Pensions UK. Contributions from employers and employees totalling £25,000 were payable to the fund at 31 March 2016 and at 31 March 2017. In both cases the amount is included in payables.

## 19 OTHER FINANCIAL COMMITMENTS

	<i>Land and buildings</i>		
	<i>2015</i>	<i>2016</i>	<i>2017</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>
Expiry date:			
Within 1 year	1,301	1,260	1,310
Between 2 and 5 years	4,350	2,969	1,709
After more than 5 years	–	–	–
	<u>5,651</u>	<u>4,229</u>	<u>3,019</u>
		<i>Other</i>	
	<i>2015</i>	<i>2016</i>	<i>2017</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>
Expiry date:			
Within 1 year	80	84	121
Between 2 and 5 years	316	312	375
After more than 5 years	114	46	–
	<u>510</u>	<u>442</u>	<u>496</u>

## 20 ULTIMATE CONTROLLING PARTY

The ultimate controlling party is A J Biles.

## 21 RELATED PARTY DISCLOSURES

The Group has entered into the following transactions with related parties:

The remuneration of the directors by way of salary and benefits in kind was:

	<i>2015</i>	<i>2016</i>	<i>2017</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>
RMH Read	14	15	17
JCM Biles	9	9	10
CJ Yates	14	35	7
AJ Biles	–	–	1
Total	<u>37</u>	<u>59</u>	<u>35</u>

RMH Read, CJ Yates, JCM Biles and AJ Biles are remunerated by the Group. The directors' salary or fees disclosed above were paid in the period. Benefits in kind include private medical insurance.

A J Biles and J C M Biles are designated members of ACR Professional Services LLP. Professional services of £150,000 in the year ended 31 March 2015, £150,000 in the year ended 31 March 2016 and £220,000 in the year ended 31 March 2017 were charged from ACR Professional Services LLP to the Group during the year. At the balance sheet dates, the Group was owed £1,758,000 by ACR Professional Services LLP at 31 March 2016 and owed £87,000 to ACR Professional Services LLP at 31 March 2017. There were no amounts owed at 31 March 2015.

The Group was charged fees of £21,000, £12,000 and £10,000 in the years ended 31 March 2015, 2016 and 2017 for advisory services by D Furst, respectively.

The Group was charged fees of £36,900, £44,250 and £75,000 in the years ended 31 March 2015, 2016 and 2017 for advisory services by businesses under the control of C J Yates during the year.

The Group occupies office accommodation at Llanmaes, St Fagans, Cardiff under arrangements with Juratone Limited, a company of which A J Biles is a director. Rent and service charges of £116,000, £6,000 and £101,000 were charged during the years ended 31 March 2015, 2016 and 2017 respectively under these arrangements. At the balance sheet dates the amounts due to Juratone Limited were £3,000, £3,000 and £Nil respectively are included in borrowings, amounts due to Juratone Limited of £Nil, £Nil and £30,000 were included in payables at those year ends and amounts due from Juratone Limited of £33,000, £Nil and £18,000 was included in receivables at those year ends.

At the balance sheet date, the following balances were included in borrowings in relation to loan notes held by Directors:

	2015 £000	2016 £000	2017 £000
RMH Read	7	6	64
JCM Biles	15	13	269
CJ Yates	4	4	–
AJ Biles	–	–	–
Total	<u>26</u>	<u>23</u>	<u>333</u>

The Group charged fees to e.Legal Technology Solutions Limited and reimbursed expenses totalling £133,000 in the year ended 31 March 2017. There were no such amounts in the years ended 31 March 2016 and 2015. The Group was charged fees of £253,000 in the year ended 31 March 2017. There were no such charges in the years ended 31 March 2016 and 2015. At the balance sheet date the Group owed e.Legal Technology Solutions Limited £208,000. There were not outstanding balances at 31 March 2015 or 2016.

The Group charged fees to associate company James Stocks & Co Limited of £nil in the year ended 31 March 2015, £41,000 in the year ended 31 March 2016 and £23,000 in the year ended 31 March 2017 and were charged fees of £nil, £1,000 and £1,000 respectively in those years. At the respective balance sheet dates the Group owed James Stocks & Co Limited £nil, £2,000 and £2,000.

## 22 FINANCIAL RISK MANAGEMENT

The Group's operations expose it to a number of financial risks. A risk management programme has been established to protect the Group against the potential adverse effects of these financial risks.

### ***Fair value of financial instruments***

Financial instruments comprise cash and cash equivalents, trade and other receivables, including sums due from subsidiaries and loan stock, bank and other loans, obligations under hire purchase and lease contracts and trade and other payables. In the directors' opinion the carrying value of the financial instruments approximates their fair value.

	Note	2015 £000	2016 £'000	2017 £'000
<b>Loans and receivables:</b>				
Trade receivables	12	5,035	6,184	6,746
Accrued income	12	2,380	2,461	2,343
Cash and cash equivalents	13	151	22	130
Other receivables	12	920	1,700	1,532
		<u>8,486</u>	<u>10,367</u>	<u>10,751</u>
<b>Total Financial assets</b>				
<b>Financial liabilities measured at amortised cost:</b>				
Borrowings	16	898	2,314	4,258
Trade payables	15	1,549	2,813	2,882
Deferred acquisition costs		3,133	6,619	6,442
Other payables	15	300	703	1,478
Total financial liabilities		<u>5,880</u>	<u>12,449</u>	<u>15,060</u>

## 23 CREDIT RISK

Customers are assessed for credit worthiness and credit limits are also imposed on customers and reviewed regularly. The maximum exposure to credit risk is the carrying value of its financial receivables, trade and other receivables and cash and cash equivalents as disclosed in the notes.

The Group holds no collateral or other credit enhancements. The receivables' age analysis is also evaluated on a regular basis for potential doubtful debts. It is the Directors' opinion that no further provision for doubtful debts is required.

Cash and cash equivalents are invested with banks with a credit rating of no less than A-1.

## 24 INTEREST RATE RISK

Interest rate risk is the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from interest bearing financial assets and liabilities that we use. Interest bearing assets including cash and cash equivalents are considered to be short-term liquid assets. Our interest rate liability risk arises primarily from borrowings issued at floating interest rates which exposes the group to cash flow interest rate risk. It is the Group's policy to settle trade payables within the credit terms allowed and the group does therefore not incur interest on overdue balances. Borrowings are sourced from local financial markets, covering short and long-term funding. The Group manages interest rate risk on borrowings by ensuring access to diverse sources of funding and reducing risks of refinancing by establishing and managing borrowings in accordance with target maturity profiles.

### *Interest rate exposure and sensitivity analysis*

Given the short term nature of the Group's financial assets and liabilities no sensitivity analysis has been prepared as the impact on the financial information would not be significant.

## 25 FOREIGN CURRENCY RISK

Foreign currency risk refers to the risk that the value of a financial commitment or recognised asset or liability will fluctuate due to changes in foreign currency rates. In previous years the group was exposed to foreign currency risk as a result of transactions denominated in US Dollars and Euros. The Group maintained bank accounts in US dollars and converted these to Sterling at appropriate times minimising the exposure to exchange fluctuations. At the balance sheet date the net monetary assets of the group denominated in foreign currencies translated into Sterling totalled £Nil at each year end.

No amounts were recognised directly in equity during the year or the prior year.

## 26 LIQUIDITY RISK

The Group seeks to maintain sufficient cash balances.

Management reviews cash flow forecasts on a regular basis to determine whether the Group has sufficient cash reserves to meet future working capital requirements and to take advantage of business opportunities. The average creditor payment period in the year ended 31 March 2015 was 81 days, 56 days in the year ended 31 March 2016 and 132 days in the year ended 31 March 2017.

Trade and other payables and amounts due to subsidiaries are due within 12 months, the maturity of financial liabilities is set out below.

The following table sets out the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

	<i>Less than 3 months £'000</i>	<i>Between 3 and 12 months £'000</i>	<i>Between 1 and 2 years £'000</i>	<i>Between 2 and 5 years £'000</i>	<i>Total contractual cash flows £'000</i>
<b>31 March 2015</b>					
Non-interest bearing	–	–	–	–	–
Fixed interest rate instruments	30	90	80	–	200
Finance leases	–	–	–	–	–
	<u>90</u>	<u>90</u>	<u>80</u>	<u>–</u>	<u>200</u>
<b>31 March 2016</b>					
Non-interest bearing	–	–	–	–	–
Fixed interest rate instruments	997	271	–	–	1,268
Finance leases	4	13	17	27	61
	<u>1,001</u>	<u>284</u>	<u>17</u>	<u>27</u>	<u>1,329</u>
<b>31 March 2017</b>					
Non-interest bearing	–	571	–	–	571
Fixed interest rate instruments	1,276	1,604	–	189	3,069
Finance leases	4	13	17	18	52
	<u>1,280</u>	<u>2,188</u>	<u>17</u>	<u>207</u>	<u>3,692</u>

## 27 CAPITAL MANAGEMENT

The Group's objectives when managing capital are:

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

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk

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

The Group monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt ÷ adjusted capital. Net debt is calculated as total debt (as shown in the balance sheet) less cash and cash equivalents. Adjusted capital comprises all components of equity.

***Debt-to-adjusted capital ratios***

The debt adjusted capital ratios at 31 March 2015, 2016 and 2017 were as follows:

	<i>2015</i>	<i>2016</i>	<i>2017</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>
Total debt	898	2,314	4,258
Less: cash and cash equivalents	(151)	(22)	(130)
Net debt	747	2,292	4,128
Total equity	2,455	4,102	7,270
Debt-to-capital ratio	1:3.3	1:1.8	1:1.8

## PART 5

### SECTION A

# PRO-FORMA STATEMENT OF NET ASSETS OF THE ENLARGED GROUP

Saffery Champness

CHARTERED ACCOUNTANTS

13 July 2017

The Directors  
Work Group plc  
Suite 2.01  
17 Hanover Square  
London  
W1S 1BN

Arden Partners plc  
125 Old Broad Street  
London EC2N 1AR

Dear Sirs

### **Accountant's report on the pro forma statement of net assets of Work Group plc (the "Company")**

#### **Introduction**

We report on the unaudited pro forma financial information as set out in this Part 5 of the admission document dated 13 July 2017 (the "Admission Document"), which has been prepared on the basis described, for illustrative purposes only, to provide information about how the acquisition of Gordon Dadds Group Limited by Work Group plc and Admission might have affected the financial information for the period ended 31 December 2016 presented on the basis of the accounting policies adopted by the Company.

This report is required by paragraph 7 of Annex II to the Prospectus Directive Regulation and is given for the purpose of complying with that requirement and for no other purpose.

#### **Responsibilities**

It is the responsibility solely of the directors and proposed directors of the Company (the "Directors") to prepare the pro forma financial information in accordance with paragraph 20.2 of Annex I of the Prospectus Directive Regulation.

It is our responsibility to form an opinion, in accordance with paragraph 7 of Annex II of the Prospectus Directive Regulation attached to the AIM Rules for Companies, as to the proper compilation of the pro forma financial information and to report that opinion to you.

Save for any responsibility arising under paragraph (a) of Schedule Two of the AIM Rules for Companies to any person as 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 item paragraph (a)

of Schedule Two of the AIM Rules for Companies consenting to its inclusion in the Admission Document.

In providing this opinion, we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the pro forma financial information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom these reports or opinions were addressed by us at the dates of their issue.

### **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. The work that we performed for the purpose of making the report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the pro forma financial information with the Directors of the Company.

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 reasonable assurance that the pro forma financial information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

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

### **Opinion**

In our opinion:

- (a) the pro forma information has been properly compiled on the basis stated; and
- (b) such basis is consistent with the accounting policies of the Company and Gordon Dadds Group Limited.

### **Declaration**

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

Yours faithfully

**Saffery Champness LLP**  
*Chartered Accountants*

## SECTION B

### UNAUDITED PRO FORMA STATEMENT OF NET ASSETS OF THE ENLARGED GROUP

Set out below is an unaudited pro forma statement of net assets of Work Group as enlarged by the acquisition of Gordon Dadds Group (the “pro forma financial information”), which has been prepared based on the audited historical financial statements as at 31 December 2016 for Work Group, as incorporated by reference in Part 3 of this document, and the audited financial information as at 31 March 2017 for Gordon Dadds Group as set out in Section B of Part 4 of this document. The pro forma financial information has been prepared on a basis consistent with the accounting policies adopted by Work Group and Gordon Dadds Group in preparing such information and on the basis set out in the notes below.

The pro forma financial information has been prepared to illustrate the effect on the combined net assets of the Enlarged Group as if the Acquisition and Placing had occurred as at 31 December 2016.

The pro forma financial information has been prepared for illustrative purposes only. Because of its nature, the pro forma financial information addresses a hypothetical situation and, therefore, does not represent the Enlarged Group’s actual financial position. Future results of operations may differ materially from those presented in the pro forma financial information due to various factors.

	<i>Work Group at 31 December 2016 £000 Note (1)</i>	<i>Gordon Dadds Group at 31 March 2017 £000 Note (2)</i>	<i>Adjustments £000 Note (3)</i>	<i>Unaudited pro forma at 31 December 2016 £000</i>
<b>ASSETS</b>				
<b>Non-current assets</b>				
Intangible assets	–	11,639	–	11,639
Property, plant and equipment	–	38	–	38
Investments	–	200	–	200
	<u>–</u>	<u>11,877</u>	<u>–</u>	<u>11,877</u>
<b>Current assets</b>				
Trade and other receivables	68	12,922	–	12,990
Cash in hand	541	130	17,900	18,571
	<u>609</u>	<u>13,052</u>	<u>17,900</u>	<u>31,561</u>
<b>TOTAL ASSETS</b>	<u>609</u>	<u>24,929</u>	<u>17,900</u>	<u>43,438</u>
<b>LIABILITIES</b>				
<b>Non current liabilities</b>				
Borrowings	–	224	–	224
Trade and other payables	–	150	–	150
Deferred acquisition costs	–	3,054	–	3,054
Provisions	–	–	–	–
	<u>–</u>	<u>3,428</u>	<u>–</u>	<u>3,428</u>

	<i>Work Group at 31 December 2016 £000 Note (1)</i>	<i>Gordon Dadds Group at 31 March 2017 £000 Note (2)</i>	<i>Adjustments £000 Note (3)</i>	<i>Unaudited pro forma at 31 December 2016 £000</i>
<b>Current liabilities</b>				
Trade and other payables	309	6,386	–	6,695
Borrowings	–	4,034	–	4,034
Deferred acquisition costs	–	3,388	–	3,388
Provisions	–	423	–	423
	<u>309</u>	<u>14,231</u>	<u>–</u>	<u>14,540</u>
<b>TOTAL LIABILITIES</b>	<u>309</u>	<u>17,659</u>	<u>–</u>	<u>17,968</u>
<b>NET ASSETS</b>	<u>300</u>	<u>7,270</u>	<u>17,900</u>	<u>25,470</u>

Notes:

- (1) The net assets of Work Group at 31 December 2016 have been extracted without material adjustment from the audited financial statements for the year ended 31 December 2016.
- (2) The net assets of Gordon Dadds Group at 31 March 2017 have been extracted without material adjustment from the financial information as set out in section B of Part 4 of this document.
- (3) Gross proceeds from the Placing are £20.0 million less the estimated total expenses of £2.1 million.
- (4) No account has been taken of the financial performance of Work Group or Gordon Dadds Group since 31 December 2016 and 31 March 2017 respectively, nor of any other event save as disclosed above.

## PART 6

### ADDITIONAL INFORMATION

#### 1. RESPONSIBILITY

The Directors, each of whose names appear on page 11 of this document, and the Company accept responsibility, both individually and collectively, for the information contained in this document. To the best of the knowledge and belief of the Directors and the Company (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information. All of the Directors accept individual and collective responsibility for compliance with the AIM Rules.

#### 2. THE DIRECTORS

2.1 The Directors and their existing and/or proposed roles in the Enlarged Group are as set out in this paragraph 2.

2.2 The Existing Directors are:

2.2.1 Simon John Howard (executive chairman of the Company and proposed non-executive director of the Enlarged Group), age 61; and

2.2.2 Keith Gordon Cameron (non-executive director of the Company), age 70.

Keith Cameron has confirmed his intention to resign as a director of the Company subject to, and with effect from, Admission.

2.3 The Proposed Directors are:

2.3.1 Anthony John Edwards (proposed non-executive chairman of the Enlarged Group), age 59;

2.3.2 Adrian John Biles (proposed chief executive of the Enlarged Group), age 49;

2.3.3 Christopher John Yates (proposed finance director of the Enlarged Group), age 63; and

2.3.4 David Anthony Furst (proposed non-executive director of the Enlarged Group), age 66.

Anthony Edwards, Adrian Biles, Christopher Yates and David Furst have confirmed their willingness to be appointed as directors of the Company subject to, and with effect from, Admission.

2.4 The current business address of the Existing Directors is Suite 2.01, 17 Hanover Square, London, England, W1S 1BN.

2.5 The current business address of the Proposed Directors is, and the business address of the directors of the Company subject to and with effect from Admission will be, 6 Agar Street, London, WC2N 4HN.

#### 3. THE COMPANY

3.1 The Company was incorporated and registered in England and Wales on 31 March 1999 under the Companies Act 1985 as a private company limited by shares with the name Mutanderis (326) Limited and with registration number 3744673. The Company's name changed to Electus Limited on 29 June 1999 and to Work Group Communications Limited on 30 November 2000. The Company re-registered as a public company limited by shares

on 17 January 2006 with the name Work Group plc. The Company's legal and commercial name on the date of this document is Work Group plc. If the Resolutions are passed at the General Meeting the Company's name will change to Gordon Dadds Group plc with effect from Admission.

- 3.2 The principal legislation under which the Company currently operates, and under which its securities were created, is CA 2006 and the regulations made thereunder. The Company is domiciled in the UK.
- 3.3 The Company's registered office and principal place of business is at Suite 2.01 17 Hanover Square, London, England, W1S 1BN. The Company's registered office and principal place of business will change to 6 Agar Street, London, England, WC2N 4HN subject to and with effect from Admission.
- 3.4 The telephone number at the Company's principal place of business is +44 (0) 203700 9211. The Company's telephone number will change to +44 (0) 207493 6151 subject to and with effect from Admission.
- 3.5 The liability of the Company's members is limited by shares.
- 3.6 The principal activity of the Company with effect from Admission will be to act as the holding company for the Enlarged Group.

#### 4. THE ENLARGED GROUP

- 4.1 The Company has the following subsidiary undertaking on the date of this document:

<i>Name</i>	<i>Activity</i>	<i>Country of incorporation</i>	<i>Ownership interest (%)</i>
Work Group Resources Limited	Employer marketing	England	100

- 4.2 Upon Admission the Company will have the following additional subsidiary undertakings:

<i>Name</i>	<i>Activity</i>	<i>Country of incorporation</i>	<i>Ownership interest/voting power (%)</i>
Gordon Dadds Group Limited	Holding company	England	100
Culver Asset Management Limited	Wealth manager – Appointed Representative status under FCA	England	100
AAC Direct Limited	Wealth manager – Appointed Representative status under FCA	England	100
Culver Ventures Limited	Non-trading	England	100
Hanover Pensions Limited	Provider of consultancy, administration and trusteeship services to pension schemes	England	100
The Hanover Trustee Company Limited	Provider of consultancy, administration and trusteeship services to pension schemes	England	100
Brook Street Holdings LLP	Holding entity	England	100
Gordon Dadds LLP	Legal services	England	100
Prolegal Solicitors Limited	Legal services	England	100

<i>Name</i>	<i>Activity</i>	<i>Country of incorporation</i>	<i>Ownership interest/voting power (%)</i>
Gordon Dadds AP LLP	Supplier of legal services to Gordon Dadds LLP under a consultancy services agreement	England	100
Gordon Dadds CP LLP	Supplier of legal services to Gordon Dadds LLP under a consultancy services agreement	England	100
Gordon Dadds Consulting LLP	Compliance, training and actuarial, employee benefits and HR resource consultancy	England	72
Brook Street Support Services Limited	Back office accounting and related services	England	100
Gordon Dadds Corporate Services Limited	Company secretarial services	England	100
Gordon Dadds Professional Services Limited	Consultancy services	England	100
Penlee Legal Investments Limited	Intermediate service supplier	Bahamas	100
Platt & Associates Limited	Dormant	England	100
Gordon Dadds Nominees Limited	Dormant	England	100
Gordon Dadds Trustees Limited	Dormant	England	100
Gordon Dadds Process Agent Limited	Dormant	England	100
Alen-Buckley LLP	Legal Services	England	100

4.3 Upon Admission the Company will hold interests in the following entities:

<i>Name</i>	<i>Activity</i>	<i>Country of incorporation</i>	<i>Ownership interest/voting power (%)</i>
e.Legal Technology Solutions Limited	Developer of computerised professional services solutions	England	43.2
James Stocks & Co. Limited	Corporate finance advisory firm	England	21.6
GD Financial Markets LLP	Provision of remediation and risk management services to financial institutions	England	28.8

4.4 The Company has agreed to acquire the entire issued share capital of Culver Limited and its wholly owned subsidiary Culver Asset Management Limited subject only to Admission and to FCA approval of the change of control of Culver Limited.

## 5. SHARE CAPITAL

5.1 As at 31 December 2012 the issued share capital of the Company comprised 28,622,473 ordinary shares of £0.02. The Company intends to allot and issue a further 23 Existing

Ordinary Shares between the date of this document and the date of the General Meeting. Between 1 January 2013 and 12 July 2017 (being the latest practicable date before the publication of this document), there have been no allotments of shares in the capital of the Company nor any share capital reductions. The Company does not have an authorised share capital. The issued share capital of the Company on the date of this document is 28,622,473 ordinary shares of £0.02 in par value all of which are fully paid.

5.2 Between the date of this document and Admission and subject to the passing of the Core Resolutions at the General Meeting, the share capital of the Company will be consolidated and sub-divided so that:

5.2.1 every 32 Existing Ordinary Shares will be consolidated into one consolidated share of 64p each; and

5.2.2 such consolidated share of 64p will be sub-divided into one new ordinary share of 1p and one deferred share of 63p.

5.3 Fractional entitlements to New Ordinary Shares arising upon the consolidation of Existing Ordinary Shares will be rounded down to the nearest whole number. Any fractional entitlements arising pursuant to the consolidation will be aggregated and sold in the market following Admission and the proceeds of sale applied for the benefit of the Company or as it may direct.

5.4 The rights attaching to the New Ordinary Shares will be identical in all respects (except par value) to those attaching to the Existing Ordinary Shares.

5.5 The Deferred Shares will have the following rights and will be subject to the following restrictions:

5.5.1 notwithstanding anything contained within the articles of association of the Company, the Deferred Shares will have no rights, powers or benefits attached to them whatsoever and, without limitation, will not confer on the holders of Deferred Shares any right:

- (a) to receive notice of any general meeting of the Company; or
- (b) to attend, speak or vote at any general meeting of the Company; or
- (c) to share in a dividend declared by the Company; or
- (d) to appoint a director;

save that on a return of capital on a winding-up or otherwise, the surplus assets of the Company remaining after payment of its liabilities shall be applied first in payment to the holders of ordinary shares in the capital of the Company of the amount paid up on such ordinary shares plus £1,000,000 per ordinary share, second in payment to the holders of the Deferred Shares of the amount paid up on such Deferred Shares and the balance of such assets shall be distributed among the holders of such ordinary shares;

5.5.2 the Deferred Shares are not subject to the application for Admission and will not be listed on any stock exchange and no share certificates will be issued for them;

5.5.3 the Company may reduce the share capital paid up or treated as paid up on the Deferred Shares in any way (in accordance with the CA 2006). Any such reduction will be in accordance with the rights attaching to the Deferred Shares and will not involve a variation of those rights. The Company may reduce its capital (in accordance with the CA 2006) at any time without the consent of the holders of the Deferred Shares;

- 5.5.4 the passing by the Company of any special resolution for the cancellation of the Deferred Shares for no consideration by means of a reduction of share capital shall not constitute a modification or abrogation of the rights or privileges attaching to the Deferred Shares and accordingly the Deferred Shares may at any time be cancelled for no consideration by means of a reduction of capital effected in accordance with the CA 2006;
- 5.5.5 the Company shall have irrevocable authority at any time:
- (a) to acquire all or any of the Deferred Shares (in accordance with the provisions of CA 2006) and in connection with any such acquisition to appoint any person on behalf of any holder of Deferred Shares to enter into any agreement to transfer and to execute a transfer of the Deferred Shares in favour of the Company and to execute any other documents which such person may consider necessary or desirable to give effect to such transfer or to give instructions to transfer any Deferred Shares held in uncertificated form to the Company, in each case without obtaining the sanction of holder(s) of them and for the payment of not more than £0.01 for all of the Deferred Shares which are the subject of such acquisition, and to cancel the same, without any payment to the holders thereof; or
  - (b) to cancel all or any of the Deferred Shares for no consideration by means of a reduction in capital effected in accordance with the provisions of CA 2006 or to create or issue further shares in the capital of the Company which rank equally or in priority to the Deferred Shares, without sanction on the part of the holders of the Deferred Shares or otherwise in accordance with CA 2006; and
  - (c) pending any such transfer or cancellation or acquisition to retain the certificate (if any) for any Deferred Shares held in certificated form.
- 5.6 The Deferred Shares will be effectively worthless and it is the Company's intention to cancel the Deferred Shares as soon as practicable after Admission.
- 5.7 Pursuant to Section 549 of CA 2006 the directors must not, save for limited exceptions, exercise any power of the Company to (i) allot shares; or (ii) grant rights to subscribe for, or to convert any security into, shares in the Company, unless they are authorised to do so by the Articles or by an ordinary resolution of the Shareholders.
- 5.8 Pursuant to Section 561 of CA 2006 the Company must not, save for limited exceptions, allot equity securities to any person for cash consideration without first having offered such securities for subscription by each Shareholder on no less favourable terms in proportion to the number of Ordinary Shares held by such Shareholder of the total ordinary share capital of the Company, unless the directors are generally authorised for the purposes of Section 551 CA 2006 and are empowered by the Articles or by a special resolution of the Shareholders to allot equity securities as if Section 561 did not apply to the allotment.
- 5.9 In order to make the Offer and implement the Placing, the directors require the authority of the Shareholders to allot and issue the Offer Shares pursuant to the Offer and the Placing Shares pursuant to the Placing and to be empowered to disapply the statutory rights of pre-emption in relation to the allotment and issue of the Placing Shares for cash.
- 5.10 In order to grant options and allot and issue shares upon exercise of options granted under the Share Scheme, the directors require the authority of the Shareholders to issue and allot ordinary shares in the capital of the Company and to be empowered to disapply statutory rights of pre-emption in relation to the grant and exercise of such options.

- 5.11 It is also proposed to seek Shareholders' approval to some limited general authority to allot and issue New Ordinary Shares for cash without offering Shareholders the right to participate in such allotment on a pre-emptive basis.
- 5.12 The Company is therefore seeking the approval of the Shareholders at the General Meeting to resolutions which, if passed, will:
- 5.12.1 authorise the directors, conditionally upon Admission, for the purposes of Section 551 of CA 2006 to allot equity securities of the Company, such authority being limited to:
- (a) the allotment of the Offer Shares;
  - (b) the allotment of the Placing Shares;
  - (c) the grant and exercise of options pursuant to the Share Scheme in an amount not exceeding 10 per cent. of the issued ordinary share capital of the Company in total; and
  - (d) otherwise than pursuant to sub-paragraphs 5.12.1 (a), (b) and (c), the allotment of up to one third of the issued ordinary share capital of the Company immediately following Admission ("General Authority"),
- such authorisation shall expire in respect of the allotment of the Offer Shares and the Placing Shares on 30 September 2017; in respect of the Share Scheme on the fifth anniversary of the date of passing of the resolution; and in respect of the General Authority at whichever is the earlier of the conclusion of the annual general meeting of the Company to be held in 2018 and the date falling 15 months from the date of the passing of the resolution, unless any such authorities are renewed varied or revoked by the Company prior to or on such dates;
- 5.12.2 subject to the passing of the resolution referred to in paragraph 5.12.1 above, empower the directors to allot and issue equity securities for cash for the purposes of the Placing, the Share Scheme and the General Authority as if Section 561 CA 2006 does not apply to such allotment, such power to be limited in the case of the Placing and the Share Scheme to the equity securities allotted pursuant to sub-paragraphs 5.12.1 (b) and (c) and in the case of the General Authority to 10 per cent. of the issued ordinary share capital of the Company on Admission.
- 5.13 As at 31 December 2016, the date of the Company's last audited accounts, the deficit on the Company's profit and loss account stood at £11,026,000. Since that date the Existing Directors have estimated that additional losses of approximately £250,000 have been incurred. Under UK company law a company may only make distributions to the extent that it has available distributable reserves. The Company is therefore seeking the approval of the Shareholders at the General Meeting to resolutions to:
- 5.13.1 cancel the balance standing to the credit of the share premium account of the Company as at 31 December 2016 (being £8,240,000); and
- 5.13.2 reduce the issued share capital of the Company by the cancellation of the Deferred Shares created as a result of the Capital Reorganisation.
- 5.14 It is anticipated that the Capital Reduction when combined with the existing special reserve of £2,826,000, will create an aggregate special reserve of £11,388,003.08 which will be available to eliminate the Company's accumulated losses and generate positive distributable reserves (subject to the Court's creditor protection requirements) of up to £112,003.
- 5.15 The Capital Reduction requires the approval of Shareholders by special resolution and, under CA 2006, the subsequent confirmation of the Court and registration at Companies House of the relevant Court order, together with a statement of capital.

- 5.16 The Court will require to be satisfied that there is no real likelihood that the Capital Reduction will result in the Company being unable to discharge any debt or claim as it falls due. It is for the Court to determine whether any protection is required for creditors. The Company will put in place such form of creditor protection as the Court may require in order to permit dividends to be paid following the Capital Reduction taking effect. However the Board reserves the right to abandon or discontinue (in whole or in part) the application to the Court in the event that the Board considers that the terms on which the Capital Reduction would be (or would be likely to be) confirmed by the Court would not be in the best interests of the Company and/or the Shareholders as a whole.
- 5.17 If Resolutions 7 and 8 set out in the Notice are passed at the General Meeting, the Directors propose to commence proceedings to obtain the confirmation of the Court to the Capital Reduction as soon as practicable after Admission subject as referred to in paragraph 5.16 above.
- 5.18 The Offer will result in the allotment and issue of 13,417,143 New Ordinary Shares. The Placing will result in the allotment and issue of 14,285,714 New Ordinary Shares, diluting the holders of Existing Ordinary Shares by 94 per cent. (without taking account of the allotment and issue of the Offer Shares).
- 5.19 The issued, fully paid, share capital of the Company as at 12 July 2017 (being the latest practicable date before the publication of this document) was, and immediately following Admission, will be as follows:

<i>Class of Share</i>	<i>As at the date of this document</i>		<i>Class of Share</i>	<i>As at Admission*</i>	
	<i>Number</i>	<i>Par Value (£)</i>		<i>Number</i>	<i>Par Value (£)</i>
Existing Ordinary Shares	28,622,473	572,449.46	New Ordinary Shares	28,597,310	285,973.10
–	–	–	Deferred Shares	894,453	563,505.39

\* Assuming all Offer Shares are in issue

- 5.20 Save as disclosed in this paragraph 5 and paragraph 7 of this Part 6:
- 5.20.1 no share or loan capital of the Company has been issued or is proposed to be issued;
- 5.20.2 there are no ordinary shares which do not represent capital;
- 5.20.3 there are no shares in the Company held by or on behalf of the Company itself or held by subsidiaries of the Company;
- 5.20.4 there are no outstanding convertible securities, exchangeable securities or securities with warrants issued by the Company;
- 5.20.5 there are no acquisition rights and/or obligations over authorised but unissued share capital of the Company and the Company has made no undertaking to increase its share capital; and
- 5.20.6 no share or loan capital of the Enlarged Group is under option and the Company has not agreed conditionally or unconditionally to put any share or loan capital of the Company under option.

## **6. NEW ORDINARY SHARES ON ADMISSION**

- 6.1 The share capital of the Company on Admission will comprise ordinary shares of 1p each (£0.01 sterling) in par value and deferred shares of 63p each (£0.63 sterling) in par value.

- 6.2 The International Security Identification Number (ISIN) of the New Ordinary Shares will be GB00BZBY3Y09 and the Stock Exchange Daily Official List (SEDOL) number will be BZBY3Y0.
- 6.3 The New Ordinary Shares will be held in registered form and will be capable of being issued in certificated or uncertificated form through CREST. The Company's register of members is kept by Euroclear UK & Ireland as operator of the CREST system and by the Company's registrars Computershare Investor Services plc of The Pavilions, Bridgewater Road, Bristol BS13 8AE. The New Ordinary Shares will be freely transferrable. No temporary documents of title will be issued.
- 6.4 Share certificates for the New Ordinary Shares will be issued to the holders of Existing Ordinary Shares in certificated form following the Capital Reorganisation and until such time such Shareholders may trade in the New Ordinary Shares upon the production of certificates for their Existing Ordinary Shares. Share certificates for the Placing Shares and the Offer Shares will be issued to the persons entitled to them in certificated form within 14 days of Admission. Certificates will not be issued in respect of the Deferred Shares. In the case of uncertificated shares, Euroclear will be instructed to credit CREST participants' accounts with New Ordinary Shares with effect from Admission. CREST participants' accounts will not be credited with Deferred Shares.
- 6.5 The rights attaching to the Ordinary Shares are as set out in paragraph 8 of this Part 6.

## **7. STAFF INCENTIVISATION ARRANGEMENTS**

- 7.1 The Directors believe that the commitment of employees and management to the success of the Enlarged Group will be enhanced by share ownership.
- 7.2 The consultants and employees of Gordon Dadds (excluding those members of the Concert Party who are also consultants or employees of Gordon Dadds) (**Gordon Dadds Staff**) are beneficially entitled to 1,205,944 Gordon Dadds Shares comprising 10 per cent. of the issued share capital of Gordon Dadds on the date of this document. It is expected that the Gordon Dadds Staff will be beneficially entitled to 1,341,714 New Ordinary Shares, comprising 4.7% of the Enlarged Share Capital on Admission (assuming 100 per cent. acceptances of the offer are received prior to Admission). The Gordon Dadds Shares are held subject to restrictions on transferability for three years from the date of allotment.
- 7.3 The Company is seeking the approval of the Shareholders at the General Meeting to authorise and empower the directors of the Company to allot and issue shares and grant rights to subscribe for shares pursuant to the Share Scheme provided that any such authority and power shall be limited to the allotment and issue of shares in the Company and the grant of rights to subscribe for or to convert any security into shares in the Company pursuant to the Share Scheme in an amount not exceeding 10% of the issued ordinary share capital of the Company on Admission.

## **7.4 Unapproved Share Scheme**

### *7.4.1 Summary*

The Board has approved the adoption of the Gordon Dadds Group plc unapproved share scheme 2017 (**Share Scheme**) subject to the passing of the Resolutions at the General Meeting to enable the Company to grant options to the consultants and employees of the Enlarged Group.

As at the date of this document, no options over ordinary shares have been granted or are proposed to be granted by the Company under the Share Scheme.

#### 7.4.2 *Grant of options*

Under the Share Scheme, the Company may grant options to any consultant or employee of the Enlarged Group (**Eligible Participants**):

- (a) during the period of 42 days commencing on the day following the date on which the results of the Company are announced for any period; or
- (b) otherwise on a day on which the Board decides exceptional circumstances exist which justify the grant of one or more options.

No options may be granted after the tenth anniversary of the adoption of the Share Scheme. Any options granted under the Share Scheme are not transferable.

#### 7.4.3 *Performance conditions and limits on grant*

- (a) Options can be granted so that their exercise is conditional on satisfying certain conditions.
- (b) The total number of Ordinary Shares which may be allocated under option shall not when aggregated with the number of Ordinary Shares which have been allocated under option in the previous 10 years under the Share Scheme exceed 10 per cent. of the issued ordinary share capital of the Company at such time.

#### 7.4.4 *Exercise*

- (a) Subject to the satisfaction of any exercise conditions, the options are exercisable on the earlier of 3 years from the date of grant and the date on which an option holder ceases to be an Eligible Participant due to death, injury, disability, retirement, redundancy or the business in which the option holder is engaged or employed ceasing to be part of the Enlarged Group. In such circumstances the options are exercisable, as to a minimum proportion calculated by reference to the period between the date of cessation or death and the date of grant, within 90 days of such cessation or within 12 months of the date of death (as the case may be).
- (b) Options can only be exercised in accordance with the Company's share dealing policy for the time being.
- (c) Options may be exercised by giving notice to the Company accompanied by the appropriate payment and the relevant option certificate.

## **8. ARTICLES OF ASSOCIATION AND RIGHTS ATTACHING TO ORDINARY SHARES**

### **8.1 *Objects and purposes***

The principal objects and purposes of the Company are as set out in paragraph 4 of its memorandum of association and include the carrying on of business as a general commercial company and acting as a holding company.

The Articles were adopted pursuant to a written resolution of the Company passed on 14 June 2011 and contain provisions in respect of the Ordinary Shares, general meetings of the Company and the directors for the time being of the Company to the following effect:

### **8.2 *Voting Rights***

8.2.1 Subject to the provisions of CA 2006 and to the Articles, at any general meeting on a show of hands every member who (being an individual) is present in person or by proxy or (being a corporation) is present by a duly authorised representative shall:

- (a) upon a show of hands have one vote; and
- (b) on a poll have one vote for every Ordinary Share of which he is the holder.

A proxy need not be a member of the Company.

8.2.2 No member shall, unless the Board otherwise determines, be entitled to vote at any general meeting, or, at any separate meeting of the holders of any class of shares, unless all calls or other monies due and payable by such member in respect of shares in the Company have been paid.

8.2.3 The voting rights of members may be further restricted as described in paragraph 8.5 of this Part 6 (Disclosure of interests in shares).

### 8.3 ***Change of control***

There is no provision in the Articles that would have the effect of delaying, deferring or preventing a change of control of the Company.

### 8.4 ***Major Shareholders***

Nothing in the Articles confers on major shareholders in the Company any voting rights which are different to those described in paragraph 8.2 of this Part 6.

### 8.5 ***Disclosures of interests in shares and failure to disclose such interests***

8.5.1 Pursuant to Rule 5 of the DTR, holders of three per cent. or more of the voting rights of the Company's share capital are required to notify their interests in writing to the Company.

8.5.2 Pursuant to Section 793 of CA 2006, the Company may by notice in writing require a person whom the Company knows or has reasonable cause to believe to be, or at any time during the three years immediately preceding the date on which the notice is issued believed to have been, interested in shares comprised in the Company's issued share capital, to confirm that fact or (as the case may be) indicate whether or not it is the case, and where that person holds, or has during that time held an interest in shares so comprised, to give such further information as may be required in accordance with Section 793 of CA 2006.

8.5.3 If a member or any person appearing to be interested in any shares held by a member has been issued with a notice pursuant to Section 793 of CA 2006 and has failed to give the Company the information thereby required within the relevant period from the date of notice, the following restrictions shall apply, unless the Board otherwise determines:

- (a) where the member has a holding of less than 0.25 per cent. in nominal value of any class of shares, the member shall not be entitled in respect of the shares held by him to vote (either in person, by representative or by proxy) at a general meeting of the Company or at any separate meeting of the holders of any class of shares in the Company or on a poll, or to exercise any other right conferred by membership in relation to such meeting or such poll;
- (b) where the member has a holding of at least 0.25 per cent. in nominal value of any class of shares, the member shall not be entitled in respect of the shares held by him:
  - (i) to vote (either in person, by representative or by proxy) at a general meeting of the Company or at any separate meeting of the holders of any class of shares in the Company or on a poll, or to exercise any

other right conferred by membership in relation to such meeting or such poll; or

- (ii) to receive any dividend payable in respect of such shares; or
- (iii) to transfer any of such shares.

8.5.4 The above restrictions shall be without prejudice to the right of the member holding the shares concerned to effect or agree to sell those shares pursuant to the acceptance of a takeover offer for the Company or in consequence of a sale made through a recognised investment exchange or other stock exchange outside the UK on which the Company's shares are normally traded or pursuant to a sale of the whole of the beneficial interest in the shares to an unconnected person (**Excepted Transfer**).

8.5.5 The above restrictions shall continue until either the default is remedied, or the shares have been transferred by means of an Excepted Transfer.

## 8.6 ***Alteration of share capital***

The Company may alter its share capital as follows:

8.6.1 it may by resolution in general meeting consolidate all or any of its share capital into shares of larger amount and sub-divide its shares into shares of smaller amount;

8.6.2 subject to the provisions of CA 2006 and to any rights attaching to any existing shares, it may issue shares that are redeemable at the option of the Company or the holder of such redeemable shares;

8.6.3 it may from time to time, by special resolution, reduce its share capital, any capital redemption reserve and any share premium account in any manner authorised, and with and subject to any incident prescribed or allowed by CA 2006 and the rights attached to existing shares;

8.6.4 in accordance with the provisions of CA 2006, it may purchase its own shares (including any redeemable shares).

## 8.7 ***General Meetings***

8.7.1 An annual general meeting shall (in addition to any other meetings in that year) be held within six months from the day following the Company's accounting reference date. Subject to the provisions of CA 2006, the annual general meeting shall be held at such time and place as the directors may determine. In accordance with CA 2006, general meetings are convened at the discretion of the Board. A general meeting may also be convened on the requisition of members as provided by CA 2006.

8.7.2 An annual general meeting shall be called by at least 21 clear days' notice. All other general meetings (not being an annual general meeting) shall be called by at least 14 clear days' notice.

8.7.3 Every notice shall be in writing (which shall include notice in electronic form) and shall specify (amongst other things) the place, day and time of meeting and, in the case of special business, the general nature of such business. In the case of an annual general meeting, the notice shall specify that the meeting is an annual general meeting. Every notice shall specify with reasonable prominence a statement that a member entitled to attend and vote is entitled to appoint one or more proxies to attend and vote instead of him and that a proxy need not also be a member.

8.7.4 Notices shall be given to all the members (other than those who under the provisions of the Articles are not entitled to receive notice), to the directors

(including the alternate directors), to the auditors for the time being and to any other person entitled to receive it.

- 8.7.5 A notice sent to a member by electronic communication shall be deemed to be served on the day it was sent. A notice sent by post to an address in the United Kingdom shall be deemed served one day after the date of posting (or two days after if sent by second class mail).
- 8.7.6 A meeting of the Company shall be deemed to have been duly called if such shorter period of notice is so agreed:
- (a) in the case of an annual general meeting, by all the members entitled to attend and vote at the meeting; and
  - (b) in the case of any other meeting by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than 95 per cent in nominal value of the shares giving that right.
- 8.7.7 Where special notice of a resolution is required by any provision of CA 2006, the resolution shall not be effective unless notice of the intention to move it has been given to the Company not less than 28 days (or such shorter period as CA 2006 permits) before the meeting at which it is moved and the Company shall give to the members notice of any such resolution as required by and in accordance with Section 312 of CA 2006.

## 8.8 **Variation of Rights**

Subject to CA 2006 and every other statute for the time being in force concerning companies and affecting the Company (the **Statutes**), if at any time the capital of the Company is divided into different classes of shares, all or any of the rights and privileges attached to any class of share may be varied or abrogated either:

- 8.8.1 in such a manner (if any) as may be provided by the rights attaching to such class; or
- 8.8.2 in the absence of any such provision, either: (a) with the consent in writing of the holders of at least three-fourths of the nominal amount of the shares of that class; or (b) with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class. At any such separate meeting at least two members present in person or by proxy holding or representing by proxy at least one third of the issued shares of the class in question shall be a quorum.

The creation or issue of shares ranking *pari passu* with or subsequent to the shares of any class shall not (unless otherwise expressly provided in the rights attached to such last-mentioned shares as a class) be deemed to be a variation of the rights of such shares. A reduction of the capital paid up on any shares of any class will not be deemed to constitute a variation or abrogation of the rights attached to those shares.

## 8.9 **Redemption and Conversion**

The Ordinary Shares are not redeemable or convertible.

## 8.10 **Transfer of Shares**

- 8.10.1 Shares in the capital of the Company shall be held in registered form and may be held in certificated or uncertificated form. Shares in uncertificated form may be transferred otherwise than by written instrument in accordance with the Statutes and relevant subordinate legislation and the Company shall register any such transfer in accordance with the Statutes.

- 8.10.2 Transfers of shares in certificated form may be effected by instrument in writing in any usual or common form or in any other form approved by the directors. Any instrument of transfer shall be signed by or on behalf of the transferor and (except in the case of fully paid shares) by or on behalf of the transferee. The transferor shall be deemed to remain the holder of the shares until the name of the transferee is entered in the Company's register of members.
- 8.10.3 The directors may, in their absolute discretion and without giving any reason, refuse to register the transfer of a certificated share which is in respect of a share which is not fully paid, or which is in favour of more than four transferees, or which is in favour of a child, bankrupt or person of unsound mind, or which is in respect of more than one class of shares or which has not been presented for registration duly stamped accompanied by the share certificates for the shares to which the transfer relates and/or such other evidence as the directors may reasonably require to show the right of the transferor to make the transfer.
- 8.10.4 If the directors refuse to register a transfer of any shares, they shall, within two months after the date on which the transfer was lodged with the Company, send to the transferor and the transferee notice of the refusal.
- 8.10.5 There are no rights of pre-emption under the Articles in respect of the transfer of Ordinary Shares.

#### 8.11 ***Dividends and other distributions***

- 8.11.1 Subject to the provisions of CA 2006 and the Articles, the Company may by ordinary resolution declare a dividend to be paid to the members according to their respective rights and interests in the profits of the Company, but no dividend shall exceed the amount recommended by the directors.
- 8.11.2 No dividends or other monies payable by the Company in respect of any share shall bear interest as against the Company unless otherwise provided by the rights attached to the shares.
- 8.11.3 The directors may (subject to CA 2006) pay interim dividends if it appears to them that they are justified by the profits of the Company available for distribution.
- 8.11.4 Subject as otherwise provided by the rights attached to shares, all dividends shall be declared and paid according to the amounts paid-up on the shares in respect of which the dividend is paid, but no amount paid up on a share in advance of calls shall be treated as paid up on the share.
- 8.11.5 The directors may, with the authority of an ordinary resolution, direct that payment of all or part of any dividend declared may be satisfied by the distribution of specific assets and in particular, of paid up shares or debentures of any other company.
- 8.11.6 All unclaimed dividends, interest or other sums payable on or in respect of a share may be invested or otherwise made use of by the directors for the benefit of the Company until claimed. Any dividend which is unclaimed for a period of 12 years from the date on which the dividend became due for payment shall be forfeited and cease to remain owing by the Company.

#### 8.12 ***Borrowing Powers***

- 8.12.1 Subject to the provisions of CA 2006 and as provided in the Articles, the directors may exercise all the powers of the Company to borrow money, to mortgage or charge all or any part of its undertaking, property and assets (both present and future) and uncalled capital and to issue debentures and other securities, on such terms as they may in their absolute discretion think proper.

8.12.2 The directors shall restrict the borrowings of the Company and shall exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiary undertakings so as to procure (but as regards subsidiary undertakings, only in so far as it can procure by such exercise) that the aggregate principal amount for the time being outstanding in respect of all borrowings by the Group (being the Company and all its subsidiary undertakings from time to time) in respect of monies borrowed, shall not at any time without the previous sanction of an ordinary resolution of the Company exceed an amount equal to four times the adjusted total of capital and reserves.

**8.13 *Constitution of the Board***

The minimum number of directors shall not be less than two and unless and until otherwise determined by the Company in general meeting shall not be subject to any maximum. No shareholder qualification is required of any director.

**8.14 *Retirement of directors by rotation***

At each annual general meeting, one third of the directors are required to retire by rotation such number to include any director appointed by the directors since the last annual general meeting and any director who was not appointed or reappointed at one of the previous two annual general meetings.

**8.15 *Remuneration of directors***

8.15.1 The fees to be paid to the directors shall be determined by the Board from time to time. Such fees shall be divided among such directors in such proportion or manner as may be determined by the directors and, in default of determination, equally. A fee payable to a director pursuant to the Articles is distinct from any salary, remuneration or other amount payable to him pursuant to other provisions of these Articles and accrues from day to day.

8.15.2 Each director may also be paid all reasonable travelling, hotel and other expenses properly incurred by him in respect of or about the performance of his duties as director including any expenses incurred in connection with his attendance at meetings of the directors or committees of the directors of the Company or otherwise in the performance of his duties as a director.

8.15.3 Any director who does not hold any executive office or who serves on any committee or who devotes special attention to the business of the Company or who otherwise performs services which, in the opinion of the directors, are outside the scope of the ordinary duties of a director, may be paid such reasonable additional remuneration by way of additional fee, salary, percentage of profits or otherwise as the Board may from time to time determine.

**8.16 *Permitted interests of directors***

Subject to CA 2006 and provided that he has disclosed to the Board the nature and extent of any interest, a director may (a) enter into or otherwise be interested in any contract, arrangement, transaction or proposal with the Company or in which the Company is interested, (b) hold any other office or place of profit under the Company (except that of auditor) in conjunction with the office of director and (c) be a director or other officer of or employed by, or a party to any transaction or arrangement with or otherwise interested in, any company promoted by the Company or in which the Company is otherwise interested or as regards which the Company has any powers of appointment. Such director shall not be liable to account to the Company for any profit, remuneration or other benefit realised by any such office, employment, contract, arrangement, transaction or proposal and no such contract, arrangement, transaction or proposal shall be avoided on the grounds of any such interest or benefit.

## 8.17 **Restrictions on voting by directors**

- 8.17.1 Save as provided below, a director shall not vote on or be counted in the quorum in respect of any contract, arrangement, transaction or any other proposal in which he (together with any person connected with him) has a material interest otherwise than by virtue of his interest in shares or debentures or other securities of or otherwise in or through the Company.
- 8.17.2 A director shall not vote or be counted in the quorum on any resolution concerning his own appointment as the holder of any office or place of profit with the Company or any company in which the Company is interested (including, without limitation, fixing or varying the terms of his appointment or the termination or extension thereof).
- 8.17.3 A director shall (in the absence of some other material interest than is indicated below) be entitled to vote and be counted in the quorum in respect of any resolution concerning any of the following matters:
- (a) the giving of any security, guarantee or indemnity in respect of money lent or obligations incurred by him or any other person at the request of or for the benefit of the Company or any of its subsidiary undertakings;
  - (b) the giving of any security, guarantee or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which he has assumed responsibility in whole or in part either alone or jointly with others, under a guarantee or indemnity or by the giving of security;
  - (c) any proposal, contract, arrangement or transaction concerning a placing of shares or debentures or other securities of or by the Company or any of its subsidiary undertakings for subscription or purchase in which placing he is or is to be interested as a holder of securities or as a participant in the underwriting or sub-underwriting thereof;
  - (d) any contract, arrangement, transaction or other proposal concerning any other company in which he is interested, directly or indirectly and whether as an officer or member or otherwise howsoever provided that he (together with any person connected (within the meaning of Section 252 of CA 2006) with him) is not the holder of or interested in shares representing one per cent. or more of any class of the equity share capital or voting rights;
  - (e) any contract, arrangement, transaction or other proposal concerning an arrangement for the benefit of the employees of the Company or of any subsidiary undertaking which does not award him any privilege or benefit not generally awarded to the employees to whom such arrangement relates; and
  - (f) any proposal concerning the purchase and/or maintenance of insurance against any liability of any directors.

## 8.18 **Liquidation**

The holders of Ordinary Shares will be entitled to share in any surplus assets on a liquidation or winding-up of the Company on a pari passu basis with all other holders of Ordinary Shares at the relevant time.

## 9. **INTERESTS OF THE DIRECTORS AND SIGNIFICANT SHAREHOLDERS**

- 9.1 The interests of the Directors in the issued share capital of the Company including the interests of each such person's **family** (where family has the meaning set out in the AIM Rules) or any other person connected with them (within the meaning of Section 252 of

CA 2006) (all of which are legal and beneficial unless otherwise stated) the existence of which is known or which could, with reasonable diligence, be ascertained by the Directors are, and are expected to be at Admission, as follows:

<i>Name</i>	<i>At the date of this document</i>		<i>Upon Admission*</i>	
	<i>Number of Existing Ordinary Shares</i>	<i>Percentage of Existing Share Capital</i>	<i>Number of New Ordinary Shares</i>	<i>Percentage of Enlarged Share Capital</i>
<i>Existing Directors</i>				
Simon Howard	4,605,841	16.1	143,932	0.5
Keith Cameron	31,055	0.1	970	0.003
<i>Proposed Directors</i>				
Anthony Edwards	–	–	33,377	0.1
Adrian Biles	–	–	7,610,664	26.6
Christopher Yates	–	–	576,098	2.0
David Furst	–	–	22,251	0.1

\* Assuming all Offer Shares are in issue

- 9.2 Save as disclosed in paragraph 9.1 of this Part 6, the Company is not aware of any interest in the Company's ordinary share capital which at the date of this document amounts, or will immediately following Admission amount, to 3 per cent. or more of the Company's issued ordinary share capital other than the following:

<i>Name</i>	<i>At the date of this document</i>		<i>Upon Admission*</i>	
	<i>Number of Existing Ordinary Shares</i>	<i>Percentage of Existing Share Capital</i>	<i>Number of New Ordinary Shares</i>	<i>Percentage of Enlarged Share Capital</i>
Jon Moulton	5,319,883	18.6	166,246	0.6
Louvre Trust EBT	3,594,808	12.6	112,337	0.4
Michael Warren	1,885,200	6.6	58,912	0.2
Octopus Investments	1,408,864	4.9	44,027	0.2
Hansa Capital Partners	1,400,000	4.9	43,750	0.2
Rose Colledge	1,161,521	4.1	36,297	0.1
Steve Halford	1,098,000	3.8	34,312	0.1
Legal & General Investment Management	–	–	2,671,429	9.3
Hargreave Hale	–	–	2,660,714	9.3
Ruffer LLP	–	–	2,142,857	7.5
Janus Henderson	–	–	1,428,571	5.0
JP Morgan	–	–	1,287,143	4.5
John Biles	–	–	982,415	3.4
Robert Biles	–	–	933,239	3.3

\* Assuming all Offer Shares are in issue

- 9.3 The voting rights of the Shareholders referred to in paragraphs 9.1 and 9.2 of this Part 6 do not differ from the voting rights held by other Shareholders.
- 9.4 Save as disclosed in paragraph 9.1 of this Part 6, none of the Directors nor any member of their respective families (where family has the meaning set out in the AIM Rules) or any person connected (within the meaning of Section 252 of CA 2006) with any of them holds or is beneficially interested directly or indirectly, in any shares or options to subscribe for, or to convert securities into, shares of the Company.

- 9.5 None of the Directors, nor any family member of any of them is dealing in any financial product whose value in whole or in part is determined directly or indirectly by reference to the price of the Ordinary Shares, including a contract for differences or a fixed odds bet.
- 9.6 There are no conflicts of interest between the duties that the Directors have or will have to the Enlarged Group and their private interests and/or duties other than to the Enlarged Group.
- 9.7 There are no outstanding loans granted or guarantees provided by any Group Entity to or for the benefit of the Directors. There are no outstanding loans granted or guarantees provided by the Directors to or for the benefit of any Group Entity.
- 9.8 No Director has or has had any interest, whether direct or indirect, in any transaction which is or was unusual in its nature or conditions or which is or was significant to the business of the Company taken as a whole and which was effected by the Company during the current or immediately preceding financial year, or which was effected during an earlier financial year and remains in any respect outstanding or unperformed.

## 10. CONTROL AND TAKEOVERS

### 10.1 Upon Admission:

10.1.1 Gordon Dadds Shareholders will collectively own 46.9 per cent. of the Enlarged Share Capital and will be able to exercise control over the Company;

10.1.2 the members of the Concert Party will collectively own 41.0 per cent. of the Enlarged Share Capital and will be able to exercise control over the Company; and

10.1.3 Adrian Biles will own 26.6 per cent. of the Enlarged Share Capital and will be able to exercise control over the Company,

where **control** means owning 30 per cent. or more of the voting rights attaching to the share capital of the Company.

Adrian Biles has entered into a relationship deed with the Company and Arden Partners (**Relationship Deed**) pursuant to which he has agreed to certain measures being put in place with effect from Admission to enable the management of the Company to operate independently of him and those persons most closely associated with him for so long as he and such associates collectively own or control more than 20% of the issued share capital of the Company. Further details of the Relationship Deed are set out in paragraph 15.1.4 of this Part 6.

The following Gordon Dadds Shareholders have been deemed by the Panel to be concert parties for the purposes of the Offer. The members of the Concert Party have long-standing business interests in common. Further information about the Concert Party is set out in the table below.

	<i>Gordon Dadds Shares on the date of this document</i>	<i>% of Gordon Dadds issued share capital on the date of this document</i>	<i>Offer Shares</i>	<i>Placing Shares</i>	<i>Total No. of New Ordinary Shares on Admission</i>	<i>% of Enlarged Share Capital</i>
Adrian Biles (including beneficial holding) <sup>(1)</sup>	6,840,500	56.7	7,610,664	–	7,610,664	26.6
John Biles <sup>(2)</sup>	883,000	7.3	982,415	–	982,415	3.4
Robert Biles	838,800	7.0	933,239	–	933,239	3.3
Christopher Yates <sup>(3)(4)</sup>	517,800	4.3	576,098	–	576,098	2.0
Roger Peters	513,600	4.3	571,425	–	571,425	2.0
Richard Read <sup>(5)</sup>	454,000	3.8	505,115	–	505,115	1.8
David Ruck	359,500	3.0	399,975	–	399,975	1.4
Penlee Holdings Limited <sup>(1)</sup>	53,900	0.5	59,968	–	59,968	0.2
Margaret Golley	28,800	0.2	32,042	–	32,042	0.1
Victoria Yates <sup>(4)</sup>	27,851	0.2	30,986	–	30,986	0.1
St Anne's Investments Limited <sup>(5)</sup>	13,800	0.1	15,353	–	15,353	0.1
John P Read	0	0	–	–	–	–
<b>Sub total</b>	<b>10,531,551</b>	<b>87.3</b>	<b>11,717,280</b>	<b>–</b>	<b>11,717,280</b>	<b>41.0</b>
Other Gordon Dadds shareholders	1,527,893	12.7	1,699,863	–	1,699,863	5.9
<b>Total Gordon Dadds Shares</b>	<b>12,059,444</b>	<b>100.00</b>	<b>13,417,143</b>	<b>–</b>	<b>13,417,143</b>	<b>46.9</b>

1. Adrian Biles is the protector of a foundation which controls the whole of Penlee Holdings Limited
2. John Biles is the father of Adrian and Robert Biles
3. Christopher Yates holds some of his shares via Cheviot Capital (Nominees) Limited
4. Christopher Yates is the father of Victoria Yates
5. Richard Read is the brother of John Read, the controlling shareholder of St Anne's Investments Limited

- 10.2 Save as disclosed in paragraph 10.1 of this Part 6, to the best of the knowledge of the Company there is no person or persons who either alone or, if connected, jointly following Admission, will (directly or indirectly) exercise or could exercise control over the Company.
- 10.3 No arrangements are in place, the operation of which may at a later date result in a change of control of the Company.
- 10.4 The Takeover Code applies to the Company. Rule 9 of the Takeover Code (**Rule 9**) applies to any person, or group of persons, acting in concert, who acquires, whether by a series of transactions over a period of time or not, an interest in shares which, taken together with shares in which persons acting in concert with him are interested, carry 30 per cent. or more of the voting rights of the Company. It would also apply to any person who, together with persons acting in concert with him is already interested in shares which in aggregate carry not less than 30 per cent. (but not more than 50 per cent.) of the voting rights of the Company if that person or any person acting in concert with him, acquires an interest in any other shares which increases the percentage of shares carrying voting rights in which he is interested. Where Rule 9 applies, the person or concert party group is normally required by the Panel to make a general offer in cash to acquire from the other shareholders the remaining shares in the company at not less than the highest price paid by him or them within the preceding twelve months. Rule 9 is subject to a number of dispensations.
- 10.5 In the event that a bidder for shares in the Company acquires at least nine-tenths in value of the issued share capital of the Company to which the offer relates, the bidder may in

accordance with the procedure set out in Section 979 CA 2006 require the holders of any shares he has not acquired to sell them subject to the terms of the offer. Those shareholders may in turn require the bidder to purchase their shares on the same terms.

- 10.6 No person has made a public takeover bid for the Company's issued share capital in the financial period to 31 December 2016 or in the current financial year.
- 10.7 As the Offer is being effected by a share for share exchange, the effect on the assets and liabilities of the Enlarged Group is as set out in Part 5 of this document. As the Company currently has no trading business, the future earnings of the Enlarged Group will comprise earnings generated by the Gordon Dadds Group.

## **11. DIRECTORS' TERMS OF APPOINTMENT**

11.1 The Company has entered into agreements with the Existing Directors as follows:

11.1.1 a service agreement dated 25 January 2001 between (1) the Company and (2) Simon Howard whereby Simon Howard was appointed as a director of the Company with effect from 1 November 2000. The service agreement may be terminated by either party serving at least 12 months' notice in writing on the other. The basic annual salary payable to Simon Howard is £105,000 per annum, to be reviewed annually. He is also awarded an annual pension allowance of £17,500.

11.1.2 a letter of appointment dated 12 July 2017 between (1) the Company and (2) Simon Howard whereby Simon Howard will be appointed a non-executive director of the Company subject to and with effect from Admission. The letter of appointment supersedes and replaces the service agreement between Simon Howard and the Company referred to in paragraph 11.1.1 subject to and with effect from Admission and may be terminated by either party serving at least 3 months' notice in writing on the other. The basic annual fee payable to Simon Howard is £35,000 per annum, to be reviewed annually.

11.1.3a letter of resignation dated 12 July 2017 from Simon Howard to the Company, whereby Simon Howard will resign as an employee of the Company, without claim for compensation, loss of office or otherwise, subject to and with effect from Admission.

11.1.4 a letter of appointment dated 2 February 2006 between (1) the Company and (2) Keith Cameron whereby Keith Cameron was appointed a non-executive director of the Company. The letter of appointment may be terminated by either party serving at least 3 months' notice in writing on the other. The basic annual fee payable to Keith Cameron is £20,000 per annum, to be reviewed annually.

11.1.5 a letter of resignation dated 12 July 2017 from Keith Cameron to the Company whereby Keith Cameron will resign as a director of the Company, without claim for compensation for loss of office or otherwise, subject to and with effect from Admission.

11.2 The Company has entered into agreements with the Proposed Directors as follows:

11.2.1 a letter of appointment dated 12 July 2017 between (1) the Company and (2) Anthony Edwards whereby Anthony Edwards will be appointed non-executive chairman of the Company subject to and with effect from Admission. The letter of appointment may be terminated by either party serving at least 3 months' notice in writing on the other. The basic annual fee payable to Anthony Edwards is £50,000 per annum, to be reviewed annually.

11.2.2 a service agreement dated 12 July 2017 between (1) the Company and (2) Adrian Biles whereby Adrian Biles will be appointed as the Chief Executive of the Enlarged Group subject to and with effect from Admission. The service agreement may be terminated by either party serving at least 12 months' notice in writing on the other. The basic annual salary payable to Adrian Biles will be £250,000 per annum, to be reviewed annually.

- 11.2.3 a service agreement dated 12 July 2017 between (1) the Company and (2) Christopher Yates whereby Christopher Yates will be appointed as the Finance Director of the Enlarged Group subject to and with effect from Admission. The service agreement may be terminated by either party serving at least 12 months' notice in writing on the other. The basic annual salary payable to Christopher Yates will be £135,000 per annum, to be reviewed annually.
- 11.2.4 a letter of appointment dated 12 July 2017 between (1) the Company and (2) David Furst whereby David Furst will be appointed a non-executive director of the Company subject to and with effect from Admission. The letter of appointment may be terminated by either party serving at least 3 months' notice in writing on the other. The basic annual fee payable to David Furst is £30,000 per annum, to be reviewed annually.
- 11.3 Save as set out in paragraphs 11.1 and 11.2 of this Part 6 there are no service contracts between any Director and any member of the Enlarged Group and no such contract has been entered into or amended or replaced within the six months preceding the date of this document and no such contracts are proposed. Simon Howard has served as a director of the Company since 29 June 1999 and Keith Cameron has served as a director of the Company since 2 February 2006.
- 11.4 The Directors have not received and will not receive any Ordinary Shares or options over Ordinary Shares in lieu of remuneration or as any form of compensation.
- 11.5 Other than as disclosed in this paragraph 11, no member of the Enlarged Group is a party to any service contract with any of the Directors which provides for benefits on the termination of any such contract.
- 11.6 In the year ended 31 December 2016 the total aggregate remuneration paid, and benefits-in-kind granted, to the directors of the Company (including the Existing Directors) was £155,690. The amounts payable to the directors of the Company (including the Existing Directors) by the Company under the arrangements in force at the date of this document in respect of the year ending 31 December 2017 are estimated to be £155,690.

## 12. ADDITIONAL INFORMATION ON THE DIRECTORS

- 12.1 The Directors have held the following directorships or been members of the following partnerships within the five years prior to the date of this document:

<i>Directors</i>	<i>Current</i>	<i>Past</i>
Simon Howard	Work Group plc Work Group Resources Limited Bridge Care Residential Limited	Cobragon Associates Limited Cobragon Limited Electus Limited The Recruitment Communications Company Limited The Resourceful Group Limited Park Human Resources Limited Vine Potterton Limited
Keith Cameron	Work Group plc Sue Ryder Lottery Limited Woburn Property Investment Company Limited Sue Ryder Direct Limited Imperial War Museum Trading Company Limited Sue Ryder Affinity Trust Limited	

<i>Proposed Directors</i>	<i>Current</i>	<i>Past</i>
Adrian Biles	Gordon Dadds Group Limited ACR Professional Services LLP Brook Street Holdings LLP e.Legal Technology Solutions Limited Evaluate Solutions LLP Hanover Pensions Limited Hanover Trustee Company Limited (The) Gordon Dadds Corporate Finance Limited Gordon Dadds Corporate Services Limited Gordon Dadds LLP Gordon Dadds Nominees Limited Gordon Dadds Process Agent Limited Gordon Dadds Professional Services Limited Gordon Dadds Solicitors LLP Juratone Limited Platt & Associates Limited Prolegal Partners LLP Prolegal Solicitors Limited Queensberry Underwriting Limited St Mary Abbots Court Limited	Culver Limited Culver Management Services Limited Culver Ventures Limited Gordon Dadds ADR LLP Gordon Dadds AP LLP Gordon Dadds CP LLP Juratone Financial Services Limited Llanmaes Corporate Services Limited Moorcave Limited Llanmaes Holdings Limited Culver Financial Advisers Limited AAC Direct Limited CEB Trustees Limited Culver Financial Management Limited James Stocks & Co Limited Culver Financial Consultancy Limited
Christopher Yates	Gordon Dadds Group Limited AAC Direct Limited Brook Street Holdings LLP Brook Street Support Services Limited CEB Trustees Limited Culver Asset Management Limited Gordon Dadds Corporate Finance Limited Culver Financial Management Limited Culver Holdings Limited Culver Limited Culver Ventures Limited CMY Services LLP Hanover Pensions Limited Hanover Trustee Company Limited (The) James Stocks & Co Limited Platt & Associates Limited Prolegal Solicitors Limited e.Legal Technology Solutions Limited	Kennedy Ventures PLC Oak Ventures Limited Ringwood Town and Country Experience Limited Rother Valley Steam Railway Limited Time Afloat Limited Yorkshire Entertainment Sensation Ltd Pires Investments PLC Corporate Finance Partners Limited CFP Limited Maitland Administration Services Limited Rother Valley Country Park Limited

<i>Proposed Directors</i>	<i>Current</i>	<i>Past</i>
David Furst	Gordon Dadds Group Limited The Robert Hitchins Group Limited	
Anthony Edwards	Pallant Independent Limited Rhealisation LLP Thesis Asset Management Plc Thesis Nominees Limited Thesis Asset Management Limited Thesis Unit Trust Management Limited Daniels Holt Limited	Movebubble Limited Irwin Mitchell Secretaries Limited Thomas Eggar Trust Corporation Limited F3Group Limited Irwin Mitchell LLP

- 12.2 The directors of Gordon Dadds (including Adrian Biles and Christopher Yates) made a proposal for a voluntary arrangement under Part 1 of the Insolvency Act 1986 to Gordon Dadds (then named Culver Holdings Limited) and its creditors for a composition in satisfaction of Gordon Dadds' debts which was approved by the creditors on 13 December 2012. A notice of completion of the arrangement was issued by the supervisors on 5 November 2013.
- 12.3 The following companies have entered into either a creditors voluntary winding up or a court compulsory winding-up under Chapter IV of the Insolvency Act 1986 whilst Adrian Biles was a director of such companies or within 12 months after he ceased to be a director of such companies: Aerotech Europe Limited, Oldco 123456 Limited, Wanbase Limited, Culver Technologies Limited, Regent Administration Limited, The Regent Organisation Limited, Culver Financial Consultancy Limited and Culver Management Services Limited.
- 12.4 The following companies have entered into either a creditors voluntary winding-up or a court compulsory winding-up under Chapter IV of the Insolvency Act 1986 whilst Christopher Yates was a director of such companies or within 12 months after he ceased to be a director of such companies: Pires Investments plc and Rother Valley Country Park Limited.
- 12.5 Save as disclosed in this paragraph 12, none of the Directors has:
- 12.5.1 any unspent convictions in relation to indictable offences;
  - 12.5.2 been subject to any bankruptcy order or entered into any individual voluntary arrangement;
  - 12.5.3 been a director of a company which has been placed in receivership, compulsory liquidation, creditors' voluntary liquidation, administration, been subject to a company voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors, whilst he was a director of that company or within the 12 months after he had ceased to be a director of that company;
  - 12.5.4 been a partner in any partnership which has been placed in compulsory liquidation, administration or been the subject of a partnership voluntary arrangement whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;
  - 12.5.5 been the owner of any asset which has been placed in receivership or a partner in any partnership which has been placed in receivership whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;

- 12.5.6 been publicly criticised by any statutory or regulatory authority (including recognised professional bodies); or
  - 12.5.7 been disqualified by a court from acting as a director of any company or from acting in the management or conduct of the affairs of a company.
- 12.6 Save as disclosed in this document, no Director has or has had any interest in any transaction which is or was significant in relation to the business of the Enlarged Group and which was effected during the current or immediately preceding financial period or which was effected during an earlier financial period and remains outstanding or unperformed.

### **13. RELATED PARTY TRANSACTIONS**

- 13.1 During the period from 1 January 2013 to 31 December 2016 the Company did not enter into any related party transactions save for those related party transactions referred to as such in the audited financial information on the Company which is incorporated by reference in Part 3 of this document. Between 1 January 2017 and the date of this document the Company did not enter into any related party transactions save for:
- 13.1.1 payment of remuneration and/or fees to its directors in the amounts referred to in paragraphs 11.1.1 and 11.1.4 of this Part 6;
  - 13.1.2 the transactions described in paragraphs 15.1.2, 15.1.4 and 15.1.5 of this Part 6.
- 13.2 During the period from 1 April 2014 to 31 March 2017 Gordon Dadds entered into those related party transactions referred to at paragraph 21 of Section B of Part 4 of this document and those transactions described in paragraph 15.2 of this Part 6. During the period between 1 April 2017 and the date of this document Gordon Dadds entered into the following related party transactions:
- 13.2.1 the payment of fees in the sum of £87,500 to ACR Professional Services LLP in respect of the provision of the services of Adrian Biles and John Biles to the Gordon Dadds Group for the period from 1 April 2017 to 30 June 2017;
  - 13.2.2 the payment of fees in the sum of £18,750 to CMY Services LLP in respect of the provision of the services of Christopher Yates to the Gordon Dadds Group for the period from 1 April 2017 to 30 June 2017;
  - 13.2.3 the payment of directors' fees in the sum of £3,000 to Richard Read and in the sum of £6,380 to David Furst for the period from 1 April 2017 to 30 June 2017;
  - 13.2.4 the payment of rent and services charges in the sum of £27,334.88 to 30 June 2017 in respect of office accommodation at Llanmaes, St Fagans, Cardiff under arrangements with Juratone Limited a company of which Adrian Biles is a director;
  - 13.2.5 the facility agreement between Gordon Dadds and Juratone, the terms of which are summarised at paragraph 15.2.1 of this Part 6.
  - 13.2.6 the agreement for the sale and purchase of Penlee Legal Investments Limited (a company which is ultimately controlled by a foundation of which Adrian Biles is the protector) the terms of which are summarised at paragraph 15.2.4 of this Part 6;
  - 13.2.7 the agreement for the sale and purchase of Culver Limited from CMY Services LLP (a limited liability partnership of which Christopher Yates and his wife are members), the terms of which are summarised at paragraph 15.2.3 of this Part 6; and
  - 13.2.8 the facility agreement between Gordon Dadds and Hamilton Income Limited, of which Adrian Biles is the guarantor of Gordon Dadds' obligations, the terms of which are summarised at paragraph 15.2.5 of this Part 6.

## 14. THE OFFER AND IRREVOCABLE UNDERTAKINGS

14.1 The Company has conditionally offered to acquire the entire issued share capital of Gordon Dadds on the following basis:

**for each Gordon Dadds Share            1.11258 New Ordinary Shares**

14.2 The Offer was made by way of the Offer Document on 13 July 2017 and values the whole of the issued and to be issued ordinary share capital of Gordon Dadds at £18.8 million.

14.3 The Offer is conditional upon the following:

14.3.1 valid acceptances being received (and not, where permitted, withdrawn) by 5.00 p.m. on 3 August 2017 (or such later time(s) and/or date(s) as the Company may, with the consent of the Panel or in accordance with the Takeover Code, decide) in respect of such number of Gordon Dadds Shares which, together with any Gordon Dadds Shares that the Company shall have acquired or agreed to acquire (whether pursuant to the Offer or otherwise), constitute not less than 90 per cent in nominal value of the Gordon Dadds Shares:

14.3.2 no government or governmental, quasi-governmental, supranational, statutory or regulatory body, or any court, institution, investigative body, association, trade agency or professional or environmental body or (without prejudice to the generality of the foregoing) any other person or body in any jurisdiction (**Relevant Authority**) having decided to take, institute, implement or threaten any action, proceeding, suit, investigation or enquiry or enacted, made or proposed any statute, regulation or order or otherwise taken any other step or done anything, and there not being outstanding any statute, legislation or order, that would or might (unless waived by the Company) make the Offer or any matter relating thereto, void, illegal or unenforceable under the laws of any relevant jurisdiction;

14.3.3 save as disclosed to the Company in writing there being:

- (a) no litigation, arbitration, prosecution or other legal proceedings which is or are material in the context of the Offer taken as a whole, having been instituted, announced or threatened or become pending or remaining outstanding (including from any Relevant Authority) by or against any member of the Gordon Dadds Group or to which any member of the Gordon Dadds Group is or is likely to become a party (whether as plaintiff, defendant or otherwise); or
- (b) no steps having been taken which would or are reasonably likely to result in the withdrawal, cancellation, termination or modification of any material licence, accreditation or regulatory approval held by any member of the Gordon Dadds Group which is necessary for the proper carrying on of its business; or
- (c) no enquiry or investigation by any Relevant Authority which is material in the context of the Gordon Dadds Group taken as a whole, having been threatened, announced, implemented or instituted or remaining outstanding;

14.3.4 save as disclosed to the Company in writing, the Company not having discovered that:

- (a) any member of the Gordon Dadds Group or any person that performs or has performed services for or on behalf of any such member is or has engaged in any activity, practice or conduct which would constitute an offence under the Bribery Act 2010 or any other applicable anti-corruption legislation; or

- (b) any asset of any member of the Gordon Dadds Group constitutes criminal property as defined by section 340(3) of the Proceeds of Crime Act 2002 (but disregarding paragraph (b) of that definition);
- 14.3.5 the Core Resolutions being passed at the General Meeting without amendment; and
- 14.3.6 Admission.
- 14.4 The Company has received irrevocable undertakings to accept the Offer from Gordon Dadds Shareholders, in respect of a total of 10,533,351 Gordon Dadds Shares, representing 87.3 per cent. of the Gordon Dadds Shares. Accordingly the offer is expected to become unconditional as to acceptances today.
- 14.5 The Company has received irrevocable undertakings to vote in favour of the Resolutions from Shareholders, in respect of a total of 21,670,518 Existing Ordinary Shares, representing approximately 76 per cent. of the share capital of the Company in issue on the date of this document. Accordingly, the Resolutions will be passed at the General Meeting.
- 14.6 The Company has confirmed its intention to acquire any Gordon Dadds Shares in respect of which acceptances are not received pursuant to the Offer through the compulsory acquisition procedure set out in Section 979 CA 2006.

## 15. MATERIAL CONTRACTS

### 15.1 **Work Group**

The following contracts, which are not contracts entered into in the ordinary course of business, have been entered into by the Company (a) within the two years immediately preceding the date of this document and are or may be material; or (b) are, or may contain, provisions under which any member of the Company has an obligation or entitlement which is material to the Company as at the date of this document:

- 15.1.1 those arrangements and irrevocable undertakings relating to the Offer, details of which are set out in paragraph 14 of this Part 6.
- 15.1.2 a placing agreement dated 12 July 2017 between (1) Arden Partners (2) the Company (3) the Existing Directors and (4) the Proposed Directors (**Placing Agreement**) pursuant to which:
  - (a) Arden Partners has agreed as agent for the Company, to use its reasonable endeavours to procure placees for the Placing Shares at the Placing Price;
  - (b) the Company has agreed to give customary warranties and indemnities to Arden Partners and the Directors have agreed to give customary warranties to Arden Partners as to, inter alia, the accuracy of information contained in this document and other matters in relation to the Enlarged Group; the liability of the Company under the Placing Agreement is not limited as to time or amount; and
  - (c) in consideration for their services and subject to Admission occurring, the Company has agreed to pay to Arden Partners a corporate advisory fee of £200,000 and a commission equal to 4 per cent. of the value of the Placing Shares at the Placing Price.

The Placing Agreement is conditional *inter alia* upon certain documents specified in the Placing Agreement being delivered to Arden Partners and Admission taking place not later than 8.00 a.m. on 31 August 2017 or such later date as is agreed in writing between the Company and Arden Partners, the Offer having become unconditional (save for any condition as to Admission), the Panel having granted the

Rule 9 Waiver, the passing of the Core Resolutions at the General Meeting and the absence of any breach of warranty under the Placing Agreement.

The Placing Agreement is terminable by Arden Partners before Admission in circumstances that are customary for a transaction of this nature, including a breach of warranty, where the matter concerned is (in the opinion of Arden Partners) material in the context of the Placing and Admission.

- 15.1.3 the nomad and broker agreement dated 12 July 2017 made between (1) the Company, and (2) Arden Partners, whereby Arden Partners has agreed to act as nominated adviser and broker to the Company with effect from publication of the Admission Document for an annual fee of £50,000 plus VAT. The agreement is subject to termination on 3 months' notice by either party.
- 15.1.4 the relationship deed dated 12 July 2017 made between (1) the Company (2) Adrian Biles and (3) Arden Partners (**Relationship Deed**), whereby Adrian Biles has acknowledged and agreed conditionally upon Admission that the management of the Company should be capable of operating independently of him and persons who are associated with him being, inter alia, his spouse and minor children, any company in which he controls more than 20% of the voting rights and any company whose directors are accustomed to acting in accordance with his instructions. Pursuant to the terms of the Relationship Deed, all transactions between Adrian Biles, such associates and members of the Enlarged Group shall be at arm's length and on normal commercial terms and any decision in relation to such transactions shall be taken on behalf of the Company by the directors of the Company who are independent of him. Adrian Biles has further agreed that he and his associates shall not knowingly cause the Company to fail to comply or prevent the Company from complying with its AIM and other regulatory obligations and shall abstain from voting on any transaction, contract or agreement with any member of the Enlarged Group in which they are interested. The Relationship Deed shall continue until such time as Adrian Biles and such associates cease between them to hold 20% or more of the issued ordinary share capital of the Company following Admission.
- 15.1.5 lock-in agreements dated 12 July 2017 between the Company, Arden Partners and each of Simon Howard and the Proposed Directors, John Biles, Robert Biles, Richard Read, Roger Peters and David Ruck (**Locked-in Shareholders**) pursuant to which each of the Locked-in Shareholders have undertaken to the Company and Arden Partners that, subject to certain limited exceptions permitted by Rule 7 of the AIM Rules (and which includes acceptance of a takeover offer for the Company which is open to all Shareholders), they will not dispose of any Ordinary Shares before the first anniversary of Admission; they will not dispose of more than 50% of the Ordinary Shares in which they are interested between the first and the second anniversary of Admission; and that until the third anniversary of Admission they will only dispose of their interests in Ordinary Shares on an orderly market basis through the Company's broker for the time being.
- 15.1.6 lock-in agreements dated 12 July 2017 between the Company, Arden Partners and consultants and employees of Gordon Dadds (other than the Locked-in Shareholders) (**Locked-in Staff**) pursuant to which each of the Locked-in Staff have undertaken to the Company and Arden Partners that, subject to certain limited exceptions permitted by Rule 7 of the AIM Rules (and which includes acceptance of a takeover offer for the Company which is open to all Shareholders), they will not dispose of any Ordinary Shares before the third anniversary of Admission and that until the third anniversary of Admission they will only dispose of their interests in Ordinary Shares on an orderly market basis through the Company's broker for the time being.

- 15.1.7 an agreement dated 19 October 2016 between (1) the Company, (2) Gordon Dadds and (3) Arden Partners pursuant to which Arden Partners agreed to act as financial adviser, nominated adviser and sole broker to Gordon Dadds in connection with the reverse takeover of Gordon Dadds by the Company, the re-admission of the Company to AIM and the Placing.
- 15.1.8 an agreement dated 5 October 2016 between (1) the Company and (2) Allenby Capital pursuant to which Allenby Capital agreed to act as financial adviser to Work Group in connection with the Offer, Rule 9 Waiver and associated matters, for a corporate finance fee of £120,000.
- 15.1.9 a heads of agreement dated 22 August 2016 between (1) the Company and (2) Gordon Dadds pursuant to which the parties agreed the terms upon which the Company would acquire Gordon Dadds by way of a share for share offer together with a placing to raise approximately £20 million and the re-admission of the Enlarged Company to AIM. The agreement and any extensions thereto were terminated by the parties on 12 July 2017.
- 15.1.10 an agreement dated 10 December 2015 between (1) the Company (2) Work Group Resources Limited (**WGRL**) (3) Capita Resourcing Limited (**CRL**) and (4) Capita International Limited (**CIL**) for the sale and purchase of certain business and assets of the Company and WGRL and for the sale and purchase of the entire issued share capital of Work Group Inc. (**WGI**) and Work Group Limited (**WGL**), both wholly owned subsidiaries of WGRL. Pursuant to the agreement, each of the Company and WGRL sold their respective businesses and all assets associated with such businesses as going concerns to CRL with full title guarantee and the Company sold the entire issued share capital of both WGI and WGL to CIL with full title guarantee. The consideration paid for the sale of the business, assets and shares was £2,000,000, subject to working capital adjustments. The agreement contains customary commercial and taxation warranties by the sellers to the buyers in respect of, inter alia, (i) their power to enter into the sale and purchase agreement, (ii) title to their respective interests in the shares of WGI and WGL; and (iii) ownership of the business and assets of the Company and WGRL. The agreement also contains a tax indemnity and customary non-competition restrictions on the sellers for a period of three years after completion.

## 15.2 **Gordon Dadds Group**

The following contracts, which are not contracts entered into in the ordinary course of business, have been entered into by the Gordon Dadds Group (a) within the two years immediately preceding the date of this document and are or may be material; or (b) are, or may contain, provisions under which any member of the Gordon Dadds Group has an obligation or entitlement which is material to the Gordon Dadds Group as at the date of this document:

- 15.2.1 a facility agreement dated 22 June 2017 between Gordon Dadds (1) and Juratone Limited (**Juratone**) (2) whereby Juratone has agreed to provide Gordon Dadds with an unsecured short term loan of £220,000. Interest will accrue on the amount outstanding from time to time at 1 per cent. per annum above the rate payable by Juratone pursuant to a third party facility agreement. The principal amount of the loan plus interest is repayable by 21 June 2018.
- 15.2.2 an agreement dated 20 June 2017 between (1) Alen-Buckley LLP as the seller, (2) Prolegal as the buyer and (3) Gordon Dadds as guarantor, pursuant to which Alen-Buckley LLP agreed to sell and Prolegal agreed to buy the business and assets of Alen-Buckley LLP (**Alen-Buckley**). The consideration for the acquisition is £1,350,000 plus a percentage of realised debt receivables and realised work in

progress payable over a 5 year period. The agreement contains usual warranty protection given by Alen-Buckley in favour of Prolegal. Gordon Dadds has agreed to give a guarantee in favour of Alen-Buckley in respect of the obligations of Prolegal under the agreement.

- 15.2.3 an agreement dated 7 July 2017 for the sale and purchase of the entire issued share capital of Culver Limited (**CL**) between (1) Gordon Dadds as buyer and (2) CMY Services LLP, a limited liability partnership of which Christopher Yates is a member, (**CMY**) as seller pursuant to which CMY has agreed to sell and Gordon Dadds has agreed to buy the entire issued share capital of CL for a total consideration of £1. CL has one subsidiary, Culver Financial Management Limited (**CFML**), which is authorised by the FCA. Completion of the sale and purchase is conditional upon (i) Admission and (ii) the consent of the FCA to the change of control of CL. The agreement contains warranties by CMY to Gordon Dadds in respect of, *inter alia*, its title to the shares of CL.
- 15.2.4 an agreement dated 5 July 2017 for the sale and purchase of the entire issued share capital of Penlee Legal Investments Limited (**PLI**) between (1) Gordon Dadds LLP as buyer and (2) Penlee Holdings Limited (**PHL**) as seller pursuant to which PHL agreed to sell and Gordon Dadds LLP agreed to buy the entire issued share capital of PLI for a total consideration of £160,000. The agreement contains warranties by PHL to Gordon Dadds LLP in respect of, *inter alia*, its title to the shares of PLI.
- 15.2.5 A facility agreement dated 27 April 2017 between (1) Hamilton Income Limited (**Hamilton**) (2) Gordon Dadds and (3) Adrian Biles whereby Hamilton has agreed to provide Gordon Dadds with an unsecured short term loan of £340,000 for use in the business of the Gordon Dadds Group and Adrian Biles has agreed to act as guarantor of the repayment obligations of the Gordon Dadds Group pursuant to the agreement. Interest will accrue on the amount outstanding at 3.5% per annum. The principal amount of the loan plus interest is repayable by June 2018.
- 15.2.6 A memorandum of agreement dated 29 March 2017 between Juratone Limited, Richard Read, Adrian Biles, William Eason, Penlee Holdings Limited, Gordon Dadds, Robert Davis, Christopher Yates, John Biles, Bruce Fireman, Robert Biles and Culver Ventures Limited (**Participants**) whereby the Participants have agreed to ratify, approve and confirm the issue of the 2035 Loan Stock and the 2040 Loan Stock referred to at paragraphs 15.2.21 and 15.2.22 below notwithstanding the fact that they were issued as a consequence of advice given to Gordon Dadds that may have been incorrect and to confirm the current amounts outstanding in respect of such loan notes in the amounts referred to at paragraphs 15.2.21 and 15.2.22 below.
- 15.2.7 agreements dated 19 January 2017 for the sale and purchase of the entire issued share capital of The Hanover Trustee Company Limited (**Hanover Trustee Company**) and Hanover Pensions Limited (**Hanover Pensions**) between (1) William John Hudson and others as sellers and (2) Gordon Dadds as buyer pursuant to which the sellers agreed to sell and Gordon Dadds agreed to buy the entire issued share capitals of Hanover Trustee Company and Hanover Pensions. The consideration for the transactions is a payment equal to the net asset value of Hanover Trustee Company and Hanover Pensions payable within 3 years of completion. The agreements contains customary commercial and taxation warranties given by the sellers to the buyer.
- 15.2.8 an agreement dated 2 December 2016 for the sale and purchase of the entire issued share capital of CL between (1) CMY as buyer and (2) Gordon Dadds as seller pursuant to which Gordon Dadds agreed to sell and CMY agreed to buy the entire

issued share capital of CL (including its FCA-authorized subsidiary CFML) for a total consideration of £1. CL. FCA approval to the transaction was a condition to completion which took place on 11 November 2016. The agreement contains warranties by Gordon Dadds to CMY in respect of, *inter alia*, its title to the shares of CL.

- 15.2.9 an agreement dated 28 October 2016 for the sale and purchase of the entire issued share capital of Platt & Associates Limited (**Platt**) between (1) Alan Platt and Jeremy Conlan as sellers and (2) Gordon Dadds LLP as buyer pursuant to which Alan Platt and Jeremy Conlan agreed to sell and Gordon Dadds LLP agreed to buy the entire issued share capital of Platt. The consideration for the sale and purchase is a maximum consideration of £800,000 payable over a 3 year period. The agreement contains customary commercial and taxation warranties given by the sellers to the buyer. The business and assets of Platt were hived up to Gordon Dadds LLP immediately following the completion of the transaction.
- 15.2.10 an agreement dated 19 October 2016 between (1) the Company, (2) Gordon Dadds and (3) Arden Partners pursuant to which Arden Partners agreed to act as financial adviser, nominated adviser and sole broker to Gordon Dadds in connection with the reverse takeover of Gordon Dadds by the Company, the re-admission of the Company to AIM and the Placing.
- 15.2.11 an agreement dated 14 October 2016 for the sale and purchase of 100% of the legal and beneficial ownership and interest in Brook Street Holdings LLP (**Brook Street**) between (1) the members of Brook Street as sellers and (2) Gordon Dadds as buyer (**MIPA**). The consideration for the sale and purchase was £28,500,000 which was satisfied by the issue and allotment to the members of BSH of ordinary shares in the capital of Gordon Dadds. Completion of the sale and purchase was conditional, *inter alia*, upon the approvals of the FCA, the Panel and the SRA. The conditions were satisfied and the transaction completed on 2 December 2016. Customary commercial and taxation warranties were given by the sellers to the buyer in respect of, *inter alia*, the sellers' power to enter into the agreement, title to their respective interests in BSH, the ownership by BSH of its subsidiaries and that each of BSH and its subsidiaries held the licences and authorisations necessary for the conduct of their businesses. The sellers also agreed to customary non-competition restrictions for a period of two years after completion. The MIPA was varied by deed of variation between the parties to it dated 26 June 2017.
- 15.2.12 an agreement dated 30 September 2016 for the sale and purchase of the undertaking and certain assets of Prolegal Solicitors Limited (a law firm) (**Prolegal**) between (1) Prolegal (2) the administrators of Prolegal as seller and (3) Garrynasillagh Limited (a subsidiary of BSH since re-named Prolegal Limited) as buyer pursuant to which the buyer agreed to acquire the business of Prolegal as a going concern including the goodwill, intellectual property, work in progress, debtor receivables (being outstanding client invoices), office equipment, stock and the benefit of certain client contracts and files. The consideration for the sale and purchase was £194,000 plus a percentage of all realised debt receivables and realised work in progress. Simon Edwards and DCD Trustees Limited made a loan of £189,000 to the buyer to assist the funding of the acquisition.
- 15.2.13 a deed of assignment of debt and security dated 30 September 2016 between (1) Simon Edwards as assignor and (2) Brook Street as assignee pursuant to which Simon Edwards assigned to Brook Street his rights, title, interests and benefit in certain debt owed by Prolegal to the assignor together with all related security for a total consideration of £300,000. The consideration is payable by November 2019.
- 15.2.14 a deed of assignment of debt and security dated 6 September 2016 between (1) Capita Business Services Limited as assignor (**Capita**) and (2) Brook Street as

assignee pursuant to which Capita assigned to Brook Street its rights, title, interests and benefit in certain debt owed by Prolegal to Capita together with all related security in consideration for the payment by Brook Street to Capita of £500,000. The balance of the assigned debt was, as at 6 September 2016, approximately £4.2 million. The consideration is payable within 18 months of completion. As part of this transaction Simon Edwards and DCD Trustees Limited made a loan of £150,000 to Brook Street on 6 September 2016 to enable Brook Street to acquire the debt from Capita. The parties entered into a deed of variation in relation to this agreement on 29 June 2017 whereby the consideration is payable by April 2019.

- 15.2.15 a heads of agreement dated 22 August 2016 between (1) the Company and (2) Gordon Dadds pursuant to which the parties agreed the terms upon which the Company would acquire Gordon Dadds by way of a share for share offer together with a placing to raise approximately £20 million and the re-admission of the Enlarged Company to AIM. The agreement and any extensions thereto was terminated by the parties on 12 July 2017.
- 15.2.16 a deed of retirement and adherence dated 21 July 2016 between (1) Gordon Dadds Consulting LLP (**GDC**), (2) the members of GDC, (3) Gordon Dadds and (4) Brook Street, pursuant to which Gordon Dadds agreed to sell and Brook Street agreed to purchase the interests of Gordon Dadds in GDC including the balance of its current and capital accounts and to procure the admission of Brook Street as a new member of GDC for a total consideration of £500,000 such admission of Brook Street as a member of GDC being effective as of 31 March 2015.
- 15.2.17 a deed of retirement and a deed of adherence each dated 21 July 2016 between (1) Brook Street, (2) Gordon Dadds, (3) Adrian Biles and (4) John Biles, pursuant to which Gordon Dadds agreed to the transfer of the interests of Gordon Dadds in Brook Street to Adrian Biles and John Biles including the balance of its current and capital accounts with Brook Street and to procure the admission of John Biles as a new member of Brook Street, such admission of John Biles as a member of Brook Street being effective as of 31 March 2015.
- 15.2.18 an agreement dated 6 July 2016 between (1) Gordon Dadds and (2) Arden Partners pursuant to which Arden Partners agreed to act as financial adviser to Gordon Dadds in connection with the acquisition of 100% of the legal and beneficial ownership and interest in Brook Street by Gordon Dadds referred to at paragraph 15.2.10 above. Pursuant to this agreement, Arden Partners received total fees of £50,000.
- 15.2.19 an agreement dated 18 April 2016 between (1) the members of Gordon Dadds Financial Markets LLP (**GDFM**), including GDC and (2) GDFM pursuant to which the members of GDFM agreed certain provisions relating to the management and operations of GDFM; the rights, obligations and duties of the members of GDFM; the capital contributions to GDFM and the allocation of profits and losses of GDFM as between the members. GDC further agreed to fund the working capital requirements of the business of GDFM and, for a period of 24 months, to provide back office services to the business at cost and fund the drawings and associated tax of the other members of GDFM. Any payments by GDC on behalf of GDFM are to be treated as a loan by GDC to GDFM which loan must be repaid before any distribution of unallocated profits of GDFM.
- 15.2.20 a sale and purchase agreement dated 2 October 2015 between (1) Jeffrey Green Russell Limited (**JGR**) (2) the administrators of JGR as sellers and (3) Gordon Dadds LLP as buyer pursuant to which Gordon Dadds LLP agreed to acquire the business of JGR as a going concern including the goodwill, intellectual property, work in progress, debtor receivables and the benefit of certain client contracts and

files of JGR. The consideration for the sale and purchase was a percentage of realised debt receivables and a percentage of realised work in progress.

15.2.21 an instrument constituting up to £1,425,000 in nominal amount of unsecured loan stock 2035 of Culver Ventures Limited (**CVL**) dated 31 March 2015 (**2035 Instrument**). A total of £227,363.30 of loan stock is currently in issue pursuant to the terms of the 2035 Instrument (**2035 Loan Stock**). No interest is payable on the CVL Loan Stock. The Loan Stock is repayable at par value on 31 March 2035. It is repayable over 20 years or sooner in the event of a breach by CVL of the terms of the instrument or on the insolvency of CVL or by CVL on service of one months' notice on the holders of the stock. With the consent of the holders of not less than three quarters in nominal value of the 2035 Loan Stock, CVL has agreed to vary the 2035 Instrument so that the 2035 Loan Stock shall be repaid in full on or before 31 December 2017.

15.2.22 an instrument constituting up to £1,425,000 in nominal amount of unsecured loan stock 2040 of Gordon Dadds dated 25 February 2015 (**2040 Instrument**). A total of £571,110.32 of loan stock is currently in issue pursuant to the terms of the 2040 Instrument (**2040 Loan Stock**). No interest is payable on the 2040 Loan Stock. The 2040 Loan Stock is repayable at par value on 31 March 2040. It is repayable sooner in the event of a breach by Gordon Dadds of the terms of the instrument or on the insolvency of Gordon Dadds or by Gordon Dadds on service of one months' notice on the holders of the stock. With the consent of the holders of not less than three quarters in nominal value of the 2040 Loan Stock, Gordon Dadds has agreed to vary the 2040 Instrument so that the 2040 Loan Stock shall be repaid in full on or before 31 December 2017.

## **16. CORPORATE GOVERNANCE**

16.1 The Directors fully support the underlying principles of corporate governance contained in the QCA Code, as published by the Quoted Companies Alliance, to the extent they consider appropriate in light of the Enlarged Group's size, stage of development and resources.

16.2 The main features of the Company's corporate governance procedures are as follows:

16.2.1 the Company has an Audit Committee, a Remuneration Committee and a Nomination Committee;

16.2.2 all business activity of the Enlarged Group will be organised within a defined structure with formal lines of responsibility and delegation of authority, including a schedule of "matters referred to the Board"; and

16.2.3 regular monitoring of key performance indicators and financial results together with comparison of these against expectations.

### **16.3 Audit Committee**

16.3.1 The following is a summary of the terms of reference under which the Company's Audit Committee operates.

16.3.2 The Audit Committee shall have at least two members and each such member shall be an independent non-executive director. The initial members of the Audit Committee following Admission will be David Furst as Chairman, Anthony Edwards and Simon Howard. The Board must be satisfied that at least one member of the Audit Committee has recent and relevant financial experience. Appointments to the Audit Committee should be made by the Board. The Audit Committee shall meet at least three times in every year and any other time as required by either the chairman of the Audit Committee, the finance director of the Company or the

external auditors of the Company. In addition, the Audit Committee shall meet with the external auditors of the Company at least once a year without the chief financial officer or any other executive director present.

16.3.3 The Audit Committee shall, *inter alia*:

- (a) monitor the financial reporting and internal financial control principles of the Company;
- (b) maintain appropriate relationships with external auditors including considering the appointment and remuneration of external auditors and review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process;
- (c) review all financial results of the Company and financial statements, including all announcements in respect thereof before submission of the relevant documents to the Board;
- (d) review and discuss (where necessary) any issues and recommendations of the external auditors including reviewing the external auditors' management letter and management's response;
- (e) review the Board's statement on internal reporting systems and keep the effectiveness of such systems under review; and
- (f) consider all other relevant findings and audit programmes of the Company.

16.3.4 The Audit Committee shall report annually on the Board's behalf to the Shareholders. The Audit Committee shall compile a report to Shareholders on its activities to be included in the Company's annual report or, where the Audit Committee has determined that there are good reasons for not so complying, an explanation of those reasons.

16.3.5 The Audit Committee is authorised to:

- (a) investigate any activity within its terms of reference;
- (b) seek any information it requires from any employee of the Company; and
- (c) obtain, at the Company's expense, outside legal or other independent professional advice and to secure the attendance of such persons to meetings as it considers necessary and appropriate.

#### 16.4 **Remuneration Committee**

16.4.1 The following is a summary of the terms of reference under which the Company's Remuneration Committee operates.

16.4.2 The Remuneration Committee shall have at least two members who shall each be independent non-executive directors. The initial members of the Remuneration Committee will be Anthony Edwards as Chairman, Simon Howard and David Furst. The members of the Remuneration Committee shall be appointed by the Board. The Chief Executive of the Company will normally be invited to meetings of the Remuneration Committee to discuss the performance of other executive directors but shall not be involved in any of the decisions. The Remuneration Committee may invite any person it thinks appropriate to join the members of the Remuneration Committee at its meetings. The Remuneration Committee shall meet at least three times in every year and any other time as required by either the chairman of the Remuneration Committee, the finance director of the Company or the external auditors of the Company.

16.4.3 The Remuneration Committee shall, *inter alia*:

- (a) ensure that the executive directors and senior managers are fairly rewarded for their individual contributions to the overall performance of the Company but to ensure that the Company avoids paying more than is necessary for this purpose;
- (b) consider the remuneration packages of the executive directors and any recommendations made by the Chief Executive for changes to their remuneration packages including in respect of bonuses (including associated performance criteria), other benefits, pension arrangements and other terms of their service contracts and any other matters relating to the remuneration of or terms of employment applicable to the executive directors that may be referred to the Remuneration Committee by the Board;
- (c) oversee and review all aspects of the Company's share option scheme including the selection of eligible consultants and employees and the terms of any options granted;
- (d) demonstrate to the Shareholders that the remuneration of the executive directors is set by an independent committee of the Board; and
- (e) consider and make recommendations to the Board about the public disclosure of information about the executive directors' remuneration packages and structures in addition to those required by law or by the London Stock Exchange.

16.4.4 The chairman of the Remuneration Committee shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities. The Remuneration Committee shall produce an annual report. This should accompany the directors' report in the Company's annual report and accounts and consider each year whether such report should be put to the Shareholders for approval at the annual general meeting.

16.4.5 The Remuneration Committee is authorised to:

- (a) investigate any activity within its terms of reference;
- (b) seek any information it requires from any consultant or employee of the Company;
- (c) assess the remuneration paid by other UK listed companies of a similar size in any comparable industry sector and to assess whether changes to the executive directors' remuneration is appropriate for the purpose of making their remuneration competitive or otherwise comparable with the remuneration paid by such companies; and
- (d) obtain, at the Company's expense, outside legal or other independent professional advice, including independent remuneration consultants, when the Remuneration Committee reasonably believes it is necessary to do so and to secure the attendance of such persons to meetings as it considers necessary and appropriate.

## 16.5 **Nomination Committee**

The initial members of the Nomination Committee will comprise of Simon Howard as Chairman, David Furst and Adrian Biles. It will monitor the size and composition of the Board and the other Board committees. It will also be responsible for identifying suitable candidates

for board membership and will monitor the performance and suitability of the current Board on an ongoing basis. The Nomination Committee will meet at least twice a year.

## **17. UNITED KINGDOM TAXATION**

17.1 The following paragraphs, which are based on current legislation, are a general guide for UK resident Shareholders as to their tax position under United Kingdom law and practice at the date of this document. Such law and practice and rates of tax are subject to change at any time. Non-UK resident and non-UK domiciled Shareholders should consult their own tax advisers. Different tax consequences may arise to Shareholders holding at least 10 per cent of the Ordinary Shares, or who acquire the shares as a consequence of their employment.

### **17.2 Taxation of dividends**

17.2.1 No tax will be withheld by the Company when it pays a dividend.

17.2.2 A UK resident individual shareholder is exempt from income tax on a dividend allowance of up to £5,000 in the tax year 2017/2018.

17.2.3 An individual UK resident shareholder whose total dividend income exceeds the annual allowance mentioned in paragraph 17.2.2 and who is subject to income tax at a rate or rates not exceeding the basic rate will be liable to tax on the dividend at the rate of 7.5 per cent.

17.2.4 The higher rate of income tax on dividends exceeding the annual allowance mentioned in paragraph 17.2.2 is currently 32.5 per cent.

17.2.5 The additional rate of income tax on dividends exceeding the annual exemption mentioned in paragraph 17.2.2 is 38.1 per cent.

17.2.6 A UK resident corporate shareholder will not generally be liable to corporation tax on any dividend received from the Company and the dividend received will constitute franked investment income.

17.2.7 Persons who are not resident in the UK should consult their own tax advisers on the possible application of such provisions or what relief or credit may be claimed in the jurisdiction in which they are resident.

### **17.3 Taxation of chargeable gains (CGT)**

17.3.1 For the purpose of UK tax on chargeable gains, the purchase of New Ordinary Shares in the placing will be regarded as an acquisition of a new holding in the share capital of the Company. To the extent that a shareholder acquires New Ordinary Shares, such New Ordinary Shares will, for the purpose of tax on chargeable gains, be treated as acquired on the date of the purchase becoming unconditional. The amount paid for the New Ordinary Shares will constitute the base cost of a Shareholder's holding.

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

### **17.4 Individuals**

17.4.1 Where an individual Shareholder disposes of New Ordinary Shares at a gain, capital gains tax will be levied to the extent that the gain exceeds the annual exemption (£11,300 for 2017/18) and after taking account of any other capital gains or capital losses available to the individual in that tax year.

17.4.2 For individuals, capital gains tax will be charged at 10 per cent. where the individual's taxable income and gains are less than the upper limit of the income tax basic rate band (for 2017/18 £33,500 or £31,500 in Scotland after the personal allowance of £11,500, if available, and any other allowances to which a taxpayer may be entitled, subject to any gift aid payments made). To the extent that any chargeable gains, or part of any chargeable gain, aggregated with income arising in a tax year exceed the upper limit of the income tax basic rate band, capital gains tax will be charged at 20 per cent.

17.4.3 For trustees and personal representatives of deceased persons, capital gains tax on gains in excess of the current annual exempt amount (for 2017/18 up to £11,300 for personal representatives of deceased persons and trustees for disabled persons and up to £5,650 for other trustees) will be charged at a flat rate of 20 per cent. (being the current rate at the date of this document). Where a Shareholder disposes of the New Ordinary Shares at a loss, the loss should be available to offset against other current year gains or carried forward to offset against future gains.

## 17.5 **Companies**

Where a Shareholder is within the charge to corporation tax, a disposal of New Ordinary Shares may give rise to a chargeable gain (or allowable loss) for the purposes of UK corporation tax, depending on the circumstances and subject to any available exemption or relief. Corporation tax is charged on chargeable gains at the rate applicable to that company. Indexation allowance may reduce the amount of chargeable gain that is subject to corporation tax but may not create or increase any allowable loss.

## 17.6 **Non-UK tax resident Shareholders**

A Shareholder who is not resident for tax purposes in the UK will not generally be subject to CGT on the disposal or deemed disposal of New Ordinary Shares unless the Shareholder is carrying on a trade, profession or vocation in the UK through a branch or agency (or, in the case of a corporate Shareholder, a permanent establishment) in connection with which the New Ordinary Shares are used, held or acquired. Non-UK tax resident Shareholders may be subject to non-UK taxation on any gain under local law in the jurisdiction in which they are resident. An individual Shareholder who has ceased to be resident for tax purposes in the UK or is treated as resident outside the UK for the purposes of a double tax treaty ("Treaty non-resident") for a period of five years or less (or, for departures before 6 April 2013, ceases to be resident or ordinarily resident or becomes Treaty non-resident for a period of less than five tax years) and who disposes of all or part of his New Ordinary Shares during that period may be liable to CGT on his return to the UK, subject to any available exemptions or reliefs.

## 17.7 **Stamp Duty and Stamp Duty Reserve Tax (SDRT)**

17.7.1 No stamp duty or SDRT should arise on the issue or allotment of the New Ordinary Shares.

17.7.2 No stamp duty should be payable on instruments effecting the transfer of New Ordinary Shares provided that at the time of execution of the instruments the New Ordinary Shares are admitted to trading on AIM but not listed on any other market.

17.7.3 No liability to SDRT should arise on agreements to transfer New Ordinary Shares provided that, at the date the agreement is made or in the case of conditional agreements, the date on which the conditions are satisfied, the New Ordinary Shares are admitted to trading on AIM but not listed on that or any other market.

17.7.4 The above statements apply to any holders of New Ordinary Shares irrespective of their residence, and are a summary of the current position, intended as a general

guide only. Special rules apply to agreements made by, amongst others, intermediaries.

## 17.8 **Inheritance Tax (IHT)**

17.8.1 Individual and trustee investors domiciled or deemed to be domiciled in any part of the UK may be liable on occasions to inheritance tax (**IHT**) on the value of any New Ordinary Shares held by them.

17.8.2 IHT may also apply to individual shareholders who are not domiciled in the UK although relief under a double tax convention may apply to those in this position. Under current law, the chief occasions on which IHT is charged are on the death of the Shareholder, on any gifts made during the seven years prior to the death of the Shareholder, and on certain lifetime transfers, including transfers to trusts or appointments out of trusts to beneficiaries, save in very limited and exceptional circumstances.

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

## 18. **LITIGATION**

### 18.1 **Work Group**

No member of the Company is or has been involved in any governmental, legal or arbitration proceedings, and the Company is not aware of any such proceedings which are pending or threatened by or against any member of the Company, which may have or have had in the 12 months preceding the date of this document a significant effect on the Company's financial position or profitability.

### 18.2 **Gordon Dadds Group**

No member of the Gordon Dadds Group is or has been involved in any governmental, legal or arbitration proceedings, and the Company is not aware of any such proceedings which are pending or threatened by or against any member of the Gordon Dadds Group, which may have or have had in the 12 months preceding the date of this document a significant effect on the Gordon Dadds Group's financial position or profitability.

## 19. **WORKING CAPITAL**

The Directors are of the opinion, having made due and careful enquiry, that, taking into account the net proceeds of the Placing and the existing facilities available to the Enlarged Group, the Enlarged Group will have sufficient working capital for its present requirements, that is for at least 12 months from the date of Admission.

## 20. **INVESTMENTS**

20.1 The Company has not made any significant investments during the period 1 January 2014 to the date of publication of the document. Save for the Offer, the Company has no investments in progress or in respect of which firm commitments have been made.

20.2 The principal investments of the Gordon Dadds Group between 1 April 2014 and 31 March 2017 are as set out in paragraphs 10 and 11 of Section B of Part 4 of this document. Between 1 April 2017 and the date of this document Gordon Dadds has acquired Alen-Buckley LLP through its subsidiary Prolegal as well as Penlee Legal Investments Limited

and has re-acquired Culver Limited. Details of the agreements for the acquisitions of Alen-Buckley LLP, Culver Limited and Penlee Legal Investments Limited are set out at paragraphs 15.2.2, 15.2.3 and 15.2.4 of this document.

## **21. SIGNIFICANT CHANGE**

- 21.1 There has been no significant change in the financial or trading position of the Company since 31 December 2016, being the end of the last financial period for which audited financial information for the Company has been published.
- 21.2 There has been no significant change in the financial or trading position of Gordon Dadds since 31 March 2017, being the end of the last financial period for which audited financial information for the Gordon Dadds Group were prepared.

## **22. EMPLOYEES**

### **22.1 Work Group**

During each of the accounting reference periods ended on the dates set out below, the Company had the following average number of employees:

	<i>31 December</i> 2016	<i>31 December</i> 2015	<i>31 December</i> 2014
Management	2	2	4
Operations	0	1	78

### **22.2 Gordon Dadds Group**

During each of the accounting reference periods to which the historical financial information relating to the Gordon Dadds Group has been prepared as set out in Section B of Part 4 of this document, the Gordon Dadds Group had the average number of consultants and employees set out in paragraph 3 of Section B of Part 4 of this document.

## **23. GENERAL**

- 23.1 It is estimated that the total expenses payable by the Company in connection with the Placing and Admission will amount to approximately £2.1 million (including VAT).
- 23.2 The Directors are not aware of any environmental issues that may affect the Enlarged Group's utilisation of its tangible fixed assets.
- 23.3 Arden Partners has given and not withdrawn its written consent to the inclusion in this document of its name and the references thereto in the form and context in which they appear. Arden Partners has not held any position, office or other material relationship with the Company or any of its predecessors or affiliates with the three years prior to the publication of this document.
- 23.4 Saffery Champness LLP has given and not withdrawn its written consent to the inclusion in this document of its name and the references thereto in the form and context in which they appear.
- 23.5 Saffery Champness LLP has given and not withdrawn its written consent to the inclusion in Section A of Part 4 of this document of its Accountant's Report on the historic financial information on the Gordon Dadds Group set out in Section B of Part 4 of this document and to the inclusion in Section A of Part 5 of this document of its Accountant's Report on the unaudited pro forma statement of the net assets of the Enlarged Group set out in Section B of Part 5 of this document.
- 23.6 The Company's auditors during the period covered by the historic financial information on the Company which is incorporated by reference in Part 3 of this document were BDO LLP,

2 City Place, Beehive Ring Road, Gatwick, West Sussex, RH6 0PA, who are members of the Institute of Chartered Accountants in England and Wales.

- 23.7 Save as set out in this document, there are no patents or licences, industrial, commercial or financial contracts or new manufacturing processes which are material to the Enlarged Group's business or profitability.
- 23.8 There have been no interruptions in the business of the Company or the Gordon Dadds Group, which may have or have had in the 12 months preceding the publication of this document a significant effect on the financial position of the Company or the Gordon Dadds Group or which are likely to have a material effect on the prospects of the Company or the Gordon Dadds Group for the next 12 months.
- 23.9 Save as set out in this document, the Directors are not aware of any trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Company's prospects in the current financial year ending 31 December 2017.
- 23.10 The Placing Price represents a premium of £1.39 over the nominal value of £0.01 per New Ordinary Share. The premium arising on the Placing amounts to £19.9 million in aggregate.
- 23.11 Where information has been sourced from a third party this information has been accurately reproduced. So far as the Company and the Directors are aware and are able to ascertain from information provided by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.
- 23.12 No person (excluding professional advisers otherwise disclosed in this document and trade suppliers) has received, directly or indirectly from the Enlarged Group within the 12 months preceding the date of the application for Admission, or entered into contractual arrangements (not otherwise disclosed in this document) to receive, directly or indirectly, from the Enlarged Group, on or after Admission, any of the following:
- 23.12.1 fees totaling £10,000 or more;
  - 23.12.2 securities in the Company where these have a value of £10,000 or more calculated by reference to the Placing Price; or
  - 23.12.3 any other benefit with the value of £10,000 or more at the date of Admission.

A copy of this document is available free of charge on the Company's website [www.workgroupplc.com](http://www.workgroupplc.com) and at [www.gordondaddsgroup.com](http://www.gordondaddsgroup.com).

Dated: 13 July 2017

## PART 7

### TERMS AND CONDITIONS OF THE PLACING

MEMBERS OF THE PUBLIC ARE NOT ELIGIBLE TO TAKE PART IN THE PLACING. THESE TERMS AND CONDITIONS ARE FOR INFORMATION PURPOSES ONLY AND ARE DIRECTED ONLY AT: (A) PERSONS IN MEMBER STATES OF THE EUROPEAN ECONOMIC AREA WHO ARE QUALIFIED INVESTORS AS DEFINED IN SECTION 86(7) OF THE FSMA, AS AMENDED, (“QUALIFIED INVESTORS”) BEING PERSONS FALLING WITHIN THE MEANING OF ARTICLE 2(1)(E) OF THE PROSPECTUS DIRECTIVE INCLUDING ANY RELEVANT IMPLEMENTING DIRECTIVE MEASURE IN ANY MEMBER STATE; (B) IN THE UNITED KINGDOM, QUALIFIED INVESTORS WHO ARE PERSONS WHO: (I) FALL WITHIN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005 (THE “ORDER”); (II) FALL WITHIN ARTICLE 49(2)(A) TO (D) (HIGH NET WORTH COMPANIES, UNINCORPORATED ASSOCIATIONS, ETC.) OF THE ORDER; OR (III) ARE PERSONS TO WHOM IT MAY OTHERWISE BE LAWFULLY COMMUNICATED (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS “RELEVANT PERSONS”). THESE TERMS AND CONDITIONS MUST NOT BE ACTED ON OR RELIED ON BY PERSONS WHO ARE NOT RELEVANT PERSONS. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THESE TERMS AND CONDITIONS RELATE IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS.

#### (a) Introduction

These terms and conditions apply to persons making an offer to acquire Placing Shares under the Placing. Each person to whom these conditions apply, as described above, who confirms his agreement to Arden Partners, and the Company (whether orally or in writing) to acquire Placing Shares under the Placing (an “Investor”) hereby agrees with Arden Partners and the Company to be bound by the contract note issued by Arden Partners to such Investor and these terms and conditions, being the terms and conditions upon which Placing Shares will be sold under the Placing. An Investor shall, without limitation, become so bound if Arden Partners confirms to such Investor (i) the Placing Price and (ii) its allocation of Placing Shares under the Placing.

Upon being notified of the Placing Price and its allocation of Placing Shares in the Placing, an Investor shall be contractually committed to acquire the number of Placing Shares allocated to them at the Placing Price and, to the fullest extent permitted by law, will be deemed to have agreed not to exercise any rights to rescind or terminate or otherwise withdraw from such commitment. Dealing may not begin before any notification is made.

#### (b) Agreement to acquire Placing Shares

Conditional on: (i) Admission occurring and becoming effective by 8.00 a.m. (London time) on 4 August 2017 (or such later time and/or date as the Company and Arden Partners may agree) and on the Placing Agreement being otherwise unconditional in all respects and not having been terminated in accordance with its terms on or before Admission; and (ii) the confirmation mentioned under paragraph (a) above, an Investor agrees to become a member of the Company and agrees to acquire Placing Shares at the Placing Price. The number of Placing Shares acquired by such Investor under the Placing shall be in accordance with the arrangements described above.

#### (c) Payment for Placing Shares

Each Investor undertakes to pay the Placing Price for the Placing Shares acquired by such Investor in such manner as shall be directed by Arden Partners. In the event of any failure by an Investor to pay as so directed by Arden Partners, the relevant Investor shall be deemed hereby to have appointed Arden Partners or its nominee to sell (in one or more transactions) any or all of the Placing Shares in respect of which payment has not been made as so directed by Arden Partners

and to have agreed to indemnify on demand Arden Partners in respect of any liability for stamp duty and/or stamp duty reserve tax arising in respect of any such sale or sales.

**(d) Representations and warranties**

By receiving this document, each Investor and, to the extent applicable, any person confirming his agreement to acquire Placing Shares on behalf of an Investor or authorising Arden Partners to notify an Investor's name to the Registrars, is deemed to acknowledge, agree, undertake, represent and warrant to each of Arden Partners, the Registrars and the Company that:

- (i) the Investor has read this document in its entirety and acknowledges that its participation in the Placing shall be made solely on the terms and subject to the conditions set out in these terms and conditions, the Placing Agreement and the Articles. Such Investor agrees that these terms and conditions and the contract note issued by Arden Partners to such Investor represent the whole and only agreement between the Investor, Arden Partners and the Company in relation to the Investor's participation in the Placing and supersedes any previous agreement between any of such parties in relation to such participation. Accordingly, all other terms, conditions, representations, warranties and other statements which would otherwise be implied (by law or otherwise) shall not form part of these terms and conditions. Such Investor agrees that none of the Company, Arden Partners nor any of their respective officers or directors will have any liability for any such other information or representation and irrevocably and unconditionally waives any rights it may have in respect of any such other information or representation;
- (ii) the content of this document is exclusively the responsibility of the Company and the Directors and that neither Arden Partners nor any person affiliated with Arden Partners or acting on its behalf is responsible for or shall have any liability for any information, representation or statement contained in this document or any supplementary admission document (as the case may be) or any information previously published by or on behalf of the Company or any member of Work Group and will not be liable for any decision by an Investor to participate in the Placing based on any information, representation or statement contained in this document or otherwise;
- (iii) the Investor has not relied on Arden Partners or any person affiliated with Arden Partners in connection with any investigation of the accuracy of any information contained in this document or its investment decision;
- (iv) in agreeing to acquire Placing Shares under the Placing, the Investor is relying on this document or any supplementary admission document (as the case may be) and not on any draft thereof or other information or representation concerning the Group, the Placing or the Placing Shares. Such Investor agrees that neither the Company nor Arden Partners nor their respective officers, directors or employees will have any liability for any such other information or representation and irrevocably and unconditionally waives any rights it may have in respect of any such other information or representation;
- (v) Arden Partners is not making any recommendations to Investors or advising any of them regarding the suitability or merits of any transaction they may enter into in connection with the Placing, and each Investor acknowledges that participation in the Placing is on the basis that it is not and will not be a client of Arden Partners and that Arden Partners is acting for the Company and no one else, and Arden Partners will not be responsible to anyone else for the protections afforded to its clients, and that Arden Partners will not be responsible for anyone other than the Company for providing advice in relation to the Placing, the contents of this document or any transaction, arrangements or other matters referred to herein, and Arden Partners will not be responsible for anyone other than the relevant party to the Placing Agreement in respect of any representations, warranties, undertakings or indemnities contained in the Placing Agreement or for the exercise or

performance of Arden Partners' rights and obligations thereunder, including any right to waive or vary any condition or exercise any termination right contained therein;

- (vi) save in the event of fraud on its part (and to the extent permitted by the rules of the Financial Conduct Authority), neither Arden Partners nor any of its directors or employees shall be liable to an Investor for any matter arising out of the role of Arden Partners as the Company's nominated adviser and broker or otherwise, and that where any such liability nevertheless arises as a matter of law each Investor will immediately waive any claim against Arden Partners and any of its respective directors and employees which an Investor may have in respect thereof;
- (vii) the Investor has complied with all applicable laws and such Investor will not infringe any applicable law as a result of such Investor's agreement to acquire Placing Shares under the Placing and/or acceptance thereof or any actions arising from such Investor's rights and obligations under the Investor's agreement to acquire Placing Shares under the Placing and/or acceptance thereof or under the Articles;
- (viii) all actions, conditions and things required to be taken, fulfilled and done (including the obtaining of necessary consents) in order: (i) to enable the Investor lawfully to enter into, and exercise its rights and perform and comply with its obligations to acquire the Placing Shares under the Placing; and (ii) to ensure that those obligations are legally binding and enforceable, have been taken, fulfilled and done. The Investor's entry into, exercise of its rights and/or performance under, or compliance with its obligations under the Placing, does not and will not violate: (a) its constitutional documents; or (b) any agreement to which the Investor is a party or which is binding on the Investor or its assets;
- (ix) it understands that no action has been or will be taken in any jurisdiction by the Company, Arden Partners or any other person that would permit a public offering of the Placing Shares, or possession or distribution of this document, in any country or jurisdiction where action for that purpose is required; and that, if the Investor is in a relevant EEA member state, it is: (i) a legal entity which is authorised or regulated to operate in the financial markets or, if not so authorised or regulated, its corporate purpose is solely to invest in securities; (ii) a legal entity which has two or more of: (a) an average of at least 250 employees during the last financial year; (b) a total balance sheet of more than €43,000,000; and (c) an annual net turnover of more than €50,000,000, in each case as shown in its last annual or consolidated accounts; (iii) otherwise permitted by law to be offered and sold Placing Shares in circumstances which do not require the publication by the Company of a prospectus pursuant to Article 3 of the Prospectus Directive or other applicable laws; or (iv) in the case of any Placing Shares acquired by an Investor as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, either:
  1. the Placing Shares acquired by it in the Placing have not been acquired on behalf of, nor have they been acquired with a view to their placing or resale to, persons in any relevant member state other than qualified investors, as that term is defined in the Prospectus Rules, or in circumstances in which the prior consent of Arden Partners has been given to the placing or resale; or
  2. where Placing Shares have been acquired by it on behalf of persons in any relevant member state other than qualified investors, the placing of those Placing Shares to it is not treated under the Prospectus Rules as having been made to such persons;
- (x) to the fullest extent permitted by law, the Investor acknowledges and agrees to the disclaimers contained in this document and acknowledges and agrees to comply with the selling restrictions set out in this document;

- (xi) the Placing Shares have not been and will not be registered under the Securities Act or under the securities legislation of, or with any securities regulatory authority of, any state or other jurisdiction of the United States or under the applicable securities laws of Australia, Canada, Japan or the Republic of South Africa or where to do so may contravene local securities laws or regulations;
- (xii) the Investor is, and at the time the Placing Shares are acquired, will be located outside the United States and eligible to participate in an “offshore transaction” as defined in and in accordance with Regulation S;
- (xiii) the Investor is not acquiring the Placing Shares as a result of any “directed selling efforts” as defined in Regulation S or as a result of any form of general solicitation or general advertising (within the meaning of Rule 502(c) of Regulation D under the Securities Act);
- (xiv) if it is acquiring the Placing Shares for the account of one or more other persons, it has full power and authority to make the representations, warranties, agreements and acknowledgements herein on behalf of each such account;
- (xv) the Investor is acquiring the Placing Shares for investment purposes only and not with a view to any resale, distribution or other disposition of the Placing Shares in violation of the Securities Act or any other United States federal or applicable state securities laws;
- (xvi) the Company is not obliged to file any registration statement in respect of resales of the Placing Shares in the United States with the US Securities and Exchange Commission or with any state securities administrator;
- (xvii) the Company, and any registrar or transfer agent or other agent of the Company, will not be required to accept the registration of transfer of any Placing Shares acquired by the Investor, except upon presentation of evidence satisfactory to the Company that the foregoing restrictions on transfer have been complied with;
- (xviii) the Investor invests in or purchases securities similar to the Placing Shares in the normal course of its business and it has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of an investment in the Placing Shares;
- (xix) the Investor has conducted its own investigation with respect to the Company and the Placing Shares and has had access to such financial and other information concerning the Company and the Placing Shares as the Investor deemed necessary to evaluate the merits and risks of an investment in the Placing Shares, and the Investor has concluded that an investment in the Placing Shares is suitable for it or, where the Investor is not acting as principal, for any beneficial owner of the Placing Shares, based upon each such person’s investment objectives and financial requirements;
- (xx) the Investor or, where the Investor is not acting as principal, any beneficial owner of the Placing Shares, is able to bear the economic risk of an investment in the Placing Shares for an indefinite period and the loss of its entire investment in the Placing Shares;
- (xxi) there may be adverse consequences to the Investor under tax laws in other jurisdictions resulting from an investment in the Placing Shares and the Investor has made such investigation and has consulted such tax and other advisors with respect thereto as it deems necessary or appropriate;
- (xxii) the Investor is not a resident of the United States, Australia, Canada, Japan or the Republic of South Africa and acknowledges that the Placing Shares have not been and will not be registered nor will a prospectus be prepared in respect of the Placing Shares under the securities legislation of the United States, Australia, Canada, Japan, the Republic of Ireland or the Republic of South Africa and, subject to certain exceptions, the

Placing Shares may not be offered or sold, directly or indirectly, in or into those jurisdictions;

- (xxiii) the Investor is liable for any capital duty, stamp duty and all other stamp, issue, securities, transfer, registration, documentary or other duties or taxes (including any interest, fines or penalties relating thereto) payable outside the UK by it or any other person on the acquisition by it of any Placing Shares or the agreement by it to acquire any Placing Shares;
- (xxiv) in the case of a person who confirms to Arden Partners on behalf of an Investor an agreement to acquire Placing Shares under the Placing and/or who authorises Arden Partners to notify such Investor's name to the Registrars, that person represents that he has authority to do so on behalf of the Investor;
- (xxv) the Investor has complied with its obligations in connection with money laundering and terrorist financing under the Proceeds of Crime Act 2002, the Terrorism Act 2000 and the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 ("**Money Laundering Regulations 2017**") and any other applicable law concerning the prevention of money laundering and, if it is making payment on behalf of a third party, that: (i) satisfactory evidence has been obtained and recorded by it to verify the identity of the third party; and (ii) arrangements have been entered into with the third party to obtain from the third party copies of any identification and verification data immediately on request as required by the Money Laundering Regulations 2017 and, in each case, agrees that pending satisfaction of such obligations, definitive certificates (or allocation under the CREST system) in respect of the Placing Shares comprising the Investor's allocation may be retained at Arden Partners' discretion;
- (xxvi) the Investor agrees that, due to anti-money laundering and the countering of terrorist financing requirements, Arden Partners and/or the Company may require proof of identity of the Investor and related parties and verification of the source of the payment before the application can be processed and that, in the event of delay or failure by the Investor to produce any information required for verification purposes, Arden Partners and/or the Company may refuse to accept the application and the moneys relating thereto. The Investor holds harmless and will indemnify Arden Partners and/or the Company against any liability, loss or cost ensuing due to the failure to process this application, if such information as has been required has not been provided by it or has not been provided on a timely basis;
- (xxvii) the Investor is not, and is not applying as nominee or agent for, a person which is, or may be, mentioned in any of sections 67, 70, 93 and 96 of the Finance Act 1986 (depository receipts and clearance services);
- (xxviii) the Investor has complied with and will comply with all applicable provisions of FSMA with respect to anything done by the Investor in relation to the Placing in, from or otherwise involving the UK;
- (xxix) if the Investor is in the UK, the Investor is a person: (i) who has professional experience in matters relating to investments falling within article 19(5) of the Order; or (ii) a high net worth entity falling within article 49(2)(a) to (d) of the Order; or (iii) is a person to whom this document may otherwise be lawfully communicated, and in all cases is capable of being categorised as a Professional Client or Eligible Counterparty for the purposes of the Financial Conduct Authority Conduct of Business Rules;
- (xxx) if the Investor is in the EEA, the person is a "Professional Client/Eligible Counterparty" within the meaning of Annex II/Article 24 (2) of MiFID and is not participating in the Placing on behalf of persons in the EEA other than professional clients or persons in the UK and

other Member States (where equivalent legislation exists) for whom the Investor has authority to make decisions on a wholly discretionary basis;

- (xxxi) each Investor in a relevant member state of the EEA who acquires any Placing Shares under the Placing contemplated hereby will be deemed to have represented, warranted and agreed with each of Arden Partners and the Company that: (i) it is a qualified investor within the meaning of the law in that relevant member state implementing Article 2(1) of the Prospectus Directive; and (ii) in the case of any Placing Shares acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive: (A) the Placing Shares acquired by it in the Placing have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any relevant member state other than qualified investors, as that term is defined in the Prospectus Directive, or in other circumstances falling within Article 3(2) of the Prospectus Directive and the prior consent of Arden Partners has been given to the offer or resale; or (B) where Placing Shares have been acquired by it on behalf of persons in any relevant member state other than qualified investors, the offer of those Placing Shares to it is not treated under the Prospectus Directive as having been made to such persons;
- (xxxii) represents and warrants that its participation in the Placing would not give rise to an offer being required to be made by it or any person with whom it is acting in concert pursuant to Rule 9 of the City Code on Takeovers and Mergers;
- (xxxiii) in the case of a person who confirms to Arden Partners on behalf of an Investor an agreement to acquire Placing Shares under the Placing and who is acting on behalf of a third party, that the terms on which the Investor (or any person acting on its behalf) are engaged enable it to make investment decisions in relation to securities on that third party's behalf without reference to that third party;
- (xxxiv) the exercise by Arden Partners of any rights or discretions under the Placing Agreement shall be within its absolute discretion and Arden Partners need not have any reference to any Investor and shall have no liability to any Investor whatsoever in connection with any decision to exercise or not to exercise or to waive any such right and each Investor agrees that it shall have no rights against Arden Partners or any of its directors or employees under the Placing Agreement;
- (xxxv) it irrevocably appoints any director of Arden Partners as its agent for the purposes of executing and delivering to the Company and/or its registrars any documents on its behalf necessary to enable it to be registered as the holder of any of the Placing Shares agreed to be taken up by it under the Placing and otherwise to do all acts, matters and things as may be necessary for, or incidental to, its acquisition of any Placing Shares in the event of its failure so to do;
- (xxxvi) it will indemnify and hold the Company, Arden Partners and its respective affiliates harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the representations, warranties, acknowledgements, agreements and undertakings in this paragraph (d) and further agrees that the provisions of this paragraph (d) will survive after completion of the Placing;
- (xxxvii) Arden Partners may, in accordance with applicable legal and regulatory provisions, engage in transactions in relation to the Placing Shares and/or related instruments for its own account and, except as required by applicable law or regulation, Arden Partners will not make any public disclosure in relation to such transactions; and
- (xxxviii) Arden Partners and each of its respective affiliates, each acting as an investor for its or their own account(s), may bid or subscribe for and/or purchase Placing Shares and, in that capacity, may retain, purchase, offer to sell or otherwise deal for its or their own

account(s) in the Placing Shares, any other securities of the Company or other related investments in connection with the Placing or otherwise. Accordingly, references in this document to the Placing Shares being offered, subscribed, acquired or otherwise dealt with should be read as including any offer to, or subscription, acquisition or dealing by Arden Partners and/or any of its respective affiliates, acting as an investor for its or their own account(s). Neither Arden Partners nor the Company intend to disclose the extent of any such investment or transaction otherwise than in accordance with any legal or regulatory obligation to do so.

The Company and Arden Partners will rely upon the truth and accuracy of each of the foregoing representations, warranties and undertakings.

**(e) Supply and disclosure of information**

If any of Arden Partners, the Registrars or the Company or any of their respective agents request any information about an Investor's agreement to acquire Placing Shares, such Investor must promptly disclose it to them and ensure that such information is complete and accurate in all respects.

**(f) Miscellaneous**

The rights and remedies of Arden Partners, the Registrars and the Company under these terms and conditions are in addition to any rights and remedies which would otherwise be available to each of them, and the exercise or partial exercise of one will not prevent the exercise of others.

- (i) On application, each Investor may be asked to disclose, in writing or orally to Arden Partners :
  - 1. if he is an individual, his nationality; or
  - 2. if he is a discretionary fund manager, the jurisdiction in which the funds are managed or owned.
- (ii) All documents will be sent at the Investor's risk. They may be sent by post to such Investor at an address notified to Arden Partners.
- (iii) Each Investor agrees to be bound by the Articles (as amended from time to time) once the Placing Shares which such Investor has agreed to acquire have been acquired by such Investor.
- (iv) The provisions of this Part 7 may be waived, varied or modified as regards specific Investors or on a general basis by Arden Partners.
- (v) The contract to acquire Placing Shares and the appointments and authorities mentioned herein will be governed by, and construed in accordance with, the laws of England and Wales. For the exclusive benefit of Arden Partners, the Company and the Registrars, each Investor irrevocably submits to the exclusive jurisdiction of the English courts in respect of these matters. This does not prevent an action being taken against an Investor in any other jurisdiction.
- (vi) In the case of a joint agreement to acquire Placing Shares, references to an "Investor" in these terms and conditions are to each of such Investors and such joint Investors' liability is joint and several.
- (vii) Arden Partners and the Company each expressly reserve the right to modify the Placing (including, without limitation, its timetable and settlement) at any time before allocations of Placing Shares under the Placing are determined.

- (viii) The Placing is subject to the satisfaction of the conditions contained in the Placing Agreement and the Placing Agreement not having been terminated. Further details of the terms of the Placing Agreement are contained in paragraph 15.1.2 of Part 6 (Additional Information) of this document.



