

This document, which comprises a prospectus relating to FDM Group (Holdings) plc prepared in accordance with the Prospectus Rules made under section 73A of FSMA, has been approved by the FCA and has been made available to the public in accordance with paragraph 3.2 of the Prospectus Rules.

Applications have been made: (i) to the UK Listing Authority for all of the Shares to be admitted to the premium listing segment of the Official List and (ii) to the London Stock Exchange for such Shares to be admitted to trading on the London Stock Exchange's main market for listed securities. Admission to trading on the London Stock Exchange's main market for listed securities constitutes admission to trading on a regulated market. No application has been, or is currently intended to be, made for the Shares to be admitted to listing or trading on any other stock exchange. Under the Offer, 81,774,399 Existing Shares, in aggregate, are being offered by the Selling Shareholders for sale and 2,787,457 New Shares, in aggregate, are being offered by the Company for subscription. It is expected that Admission will become effective, and that dealings will commence in the Shares on the London Stock Exchange, at 8.00 a.m. on 20 June 2014 (International Security Identification Number: GB00BLWDVP51).

The Company and its Directors (whose names appear on page 26 of this Prospectus) accept responsibility for the information contained in this Prospectus. To the best of the knowledge and belief of the Company and the Directors (each of whom has taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and contains no omission likely to affect the import of such information.

Prospective investors are advised to examine all the risks that might be relevant in connection with an investment in the Shares. Prospective investors should read the entirety of this Prospectus and, in particular, the section entitled Part 1: (Risk Factors), for a discussion of certain risks and other factors that should be considered in connection with any investment in the Shares. Prospective investors should be aware that an investment in the Company involves a degree of risk and that, if one or more of the risks described in this Prospectus were to occur, investors may find that their investment is materially and adversely affected. Accordingly, an investment in the Shares is only suitable for investors who are knowledgeable in investment matters and who are able to bear the loss of part or, potentially the whole of their investment.

FDM Group (Holdings) plc

(incorporated under the Companies Act 2006 and registered in England and Wales with registered number 07078823)

Prospectus

**Offer of 81,774,399 Existing Shares and 2,787,457 New Shares, in each case
at an Offer Price of 287 pence per Share**

**Admission of all Shares to the premium listing segment of the Official List
and to trading on the London Stock Exchange**

Sponsor, financial adviser, sole bookrunner and broker

Investec Bank plc

The Selling Shareholders are offering 81,774,399 Existing Shares, in aggregate, for sale under the Offer and the Company is offering up to 2,787,457 New Shares for subscription under the Offer. The New Shares will rank *pari passu* in all respects with the Existing Shares and will carry the right to receive all dividends and distributions declared, made or paid on or in respect of the Existing Shares after Admission.

Ordinary share capital immediately following Admission

Number of Shares
107,517,506

Aggregate nominal value of the Shares
£0.01

Investec has been appointed as sponsor, financial adviser, sole bookrunner and broker to the Company. Investec is authorised by the PRA and regulated in the United Kingdom by the PRA and the FCA and is acting exclusively for the Company and no one else in connection with the Offer and will not regard any other person (whether or not a recipient of this Prospectus) as a client in relation to the Offer and will not be responsible to anyone other than the Company for providing the protections afforded to its clients nor for giving advice in relation to the Offer or any transaction or arrangement referred to in this Prospectus. Investec and its affiliates may have engaged in transactions with, and provided various investment banking, financial advisory and other services to, the Company for which they would have received customary fees.

Unless required to do so by law or regulation, the Company does not envisage publishing any supplementary prospectus or an update statement, as the case may be.

Recipients of this Prospectus are authorised solely to use this Prospectus for the purpose of considering an acquisition of, or subscription for, the Shares, and may not reproduce or distribute this Prospectus, in whole or in part, and may not disclose any of the contents of this Prospectus or use any information in it for any purpose other than considering an investment in the Shares. Recipients of this Prospectus agree to the foregoing by accepting delivery of this Prospectus.

This Prospectus does not constitute, or form part of, any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, any securities other than the securities to which it relates or any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, such securities by any person in any circumstances in which such offer or solicitation is unlawful and, in particular, is not for distribution in Australia, Canada, Japan, the Republic of South Africa, New Zealand or the United States. The Shares have not been, and will not be, registered under the Securities Act, or with any securities regulatory authority of any state or jurisdiction of the United States or under applicable securities laws in Australia, Canada, the Republic of South Africa, New Zealand or Japan. The Shares offered by this Prospectus may not be offered or sold, directly or indirectly, in or into the United States or to, or for the account or benefit of, any persons within the United States except under an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Shares are being offered and sold outside the United States in “offshore” transactions exempt from the registration requirements of the Securities Act in reliance on Regulation S.

The Shares offered by this Prospectus have not been approved or disapproved by the SEC, any state securities commission in the United States or any other United States regulatory authority, nor have any such authorities passed upon, or endorsed the merits of, the Offer or the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the United States.

Apart from the responsibilities and liabilities, if any, that may be imposed on Investec by FSMA or the regulatory regime established under it, or under the regulatory regime of any jurisdiction where the exclusion of liability under the relevant regulatory regime would be illegal, void or unenforceable, Investec accepts no responsibility whatsoever for, and makes no representation or warranty, express or implied, as to the contents of, this Prospectus or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company, the Shares or the Offer and nothing in this Prospectus will be relied upon as a promise or representation in this respect, whether or not to the past or future. Investec accordingly disclaims all and any responsibility or liability, whether arising in tort, contract or otherwise (save as referred to above), which it might otherwise have in respect of this Prospectus or any such statement.

Prior to making any decision as to whether to invest in the Shares, prospective investors should read this Prospectus in its entirety. In making an investment decision, each investor must rely on their own examination, analysis and enquiry of the Company, the Shares and the terms of the Offer, including the merits and risks involved. Prospective investors also acknowledge that: (i) they have not relied on Investec or any person affiliated with Investec in connection with any investigation of the accuracy of any information contained in this Prospectus or their investment decision; and (ii) they have relied only on the information contained in this Prospectus.

No person has been authorised to give any information or make any representations other than those contained in this Prospectus and, if given or made, such information or representations must not be relied on as having been so authorised. Neither the delivery of this Prospectus nor any subscription, sale or purchase made under it shall, under any circumstances, create any implication that there has been no change in the business affairs of the Company or the Group since the date of this Prospectus or that the information in this Prospectus is correct as of any time subsequent to its date.

None of the Company, Investec or any of their respective representatives is making any representation to any prospective investor in the Shares regarding the legality of an investment in the Shares by such prospective investor under the laws applicable to such prospective investor. The contents of this Prospectus should not be construed as legal, financial or tax advice. Each prospective investor should consult his, her or its own legal, financial or tax adviser for legal, financial or tax advice.

In connection with the Offer, Investec and any of its affiliates acting as an investor for its own account may subscribe for or purchase Shares and, in that capacity, may retain, purchase, sell, offer to sell or otherwise deal for its or their own account(s) in the Shares, any other securities of the Company or other related investments in connection with the Offer or otherwise. Accordingly, references in this Prospectus to the Shares being issued, offered, subscribed, sold, purchased or otherwise dealt with should be read as including any issue, offer or sale to, or subscription, purchase or dealing by, Investec or any of its affiliates acting as an investor for its or their own account(s). Investec does not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

NOTICE TO CERTAIN INVESTORS

The Shares are subject to selling and transfer restrictions in certain jurisdictions. Prospective investors should read the restrictions described under paragraph 12 of Part 12: (Details of the Offer). Each investor in the Shares will be deemed to have made the relevant representations described in that paragraph.

The distribution of this Prospectus and the offer of the Shares in certain jurisdictions may be restricted by law. Other than in the United Kingdom, no action has been or will be taken by the Company, the Selling Shareholders or Investec to permit a public offering of the Shares or to permit the possession or distribution of this Prospectus (or any other offering or publicity materials in connection therewith). In particular, no actions have been taken to allow for a public offering of the Shares under the applicable securities laws of Australia, Canada, Japan, the Republic of South Africa, New Zealand or the United States. Accordingly, neither this Prospectus nor any advertisement or any other offering material may be distributed or published in any jurisdiction except under circumstances that will result in compliance with all applicable laws and regulations. Persons into whose possession this Prospectus 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.

INTERPRETATION

Certain terms used in this Prospectus are defined in Part 15: “Definitions” and certain technical and other items are defined and explained in Part 16: “Glossary”.

All references to time in this Prospectus are to London time, unless otherwise stated.

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SUMMARY INFORMATION

Prospectus summaries are made up of disclosure requirements known as “Elements”. These Elements are numbered in Sections A to E (A.1 to E.7).

This summary contains all the Elements required to be included in a summary for this type of securities and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding that Element. In this case, a short description of the Element is included in the summary with the mention of “not applicable” under the heading “Disclosure requirement”.

Section A – Introduction and warnings		
A.1	Warnings	This summary should be read as an introduction to this document. Any decision to invest in the securities should be based on consideration of the prospectus as a whole by the investor, including in particular the risk factors. Where a claim relating to the information contained in this document is brought before a court, the plaintiff investor might, under the national legislation of the member states of the European Union, have to bear the costs of translating this document before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this document or it does not provide, when read together with the other parts of this document, key information in order to aid investors when considering whether to invest in such securities.
A.2	Resale by Financial Intermediaries	Not applicable. The Company is not engaging any financial intermediaries and has not given consent to the use of this document for subsequent resale or final placement of Shares by financial intermediaries.

Section B – Issuer		
B.1	Legal and Commercial Name	The Company's legal and commercial name is FDM Group (Holdings) plc.
B.2	Domicile; Legal form; Legislation; Country of Incorporation	The Company was incorporated as a private company limited by shares in England and Wales under the Companies Act with registered number 07078823. It is domiciled in the United Kingdom. The Company was re-registered as a public company on 13 June 2014.
B.3	Issuer's Current Operations & Principal Activities	The Group is a UK-based international professional services provider focusing principally on IT, specialising in the recruitment, training and deployment of its own permanent IT consultants across six core service areas: Development; Testing; Project Management Office (“PMO”); Data Analysis; Application Support; and Infrastructure.

		FDM employs high calibre graduates, typically with STEM degrees, as well as ex-military personnel, providing them with high quality training to qualify them to become FDM Consultants (also referred to as Mounties). In addition to its Mountie model, FDM also supplies both contract and permanent resources to its clients to supplement additional skill sets or greater experience, referred to internally as Freelancers. As at 31 December 2013, the Group had 1,153 Mounties and 285 Freelancers deployed across its client base, with an average utilisation rate for Mounties in 2013 of 97 per cent. FDM provides clients with low-risk, value-based, business-critical IT solutions which are flexible and can be tailored to suit the varying requirements of the client's business.
B.4a	Significant Trends	Global technology systems and solutions continue to grow in everyday importance in all aspects of life. The need for organisations to remain at the vanguard of technology and to have robust, well maintained business-critical technological systems and infrastructure is greater now than ever before. As a consequence, spend on IT by many major international businesses is increasing and is being deployed across a broader range of technology projects; from maintaining embedded legacy solutions to implementing cloud-based and mobile solutions. The demographic of an ageing westernised population, growing IT skills demands and a reduction in the appetite of many international organisations to increase their dependence on offshore providers has created significant market opportunity for FDM. The demand for relevant and readily available talent is strong. FDM has, over a number of years, positioned itself to be able to address this growing demand, including many of the niche and new requirements that this market evolution is generating. Banking, financial services and other major companies are continuing to look to reduce overheads, increase cost flexibility and improve risk management, particularly in an economic environment of lower returns and with a growing burden of regulation. Commercial challenges faced by FDM's clients commonly include the need to maintain and strengthen customer service levels, whilst developing tailored and targeted solutions in the face of more exacting customer demands, increased competition and a trend away from physical infrastructure networks and stores to online provision of services. Over the past 10 years, outsourcing has become a major cost-effective alternative for banks, financial services providers and other major corporates, initially attracted by the lower salaries in countries such as India. However, there has been a recent trend towards bringing some of these outsourced services back onshore as a consequence of concerns over high inflation rates in offshore markets, foreign currency volatility, a lack of control over business-critical processes, knowledge and know-how and the quality of service provision. Large, international organisations such as those in banking, financial services, energy and transportation typically have a need for a continuous supply of high calibre, suitably trained and skilled individuals to maintain business-as-usual functions, meet project-based requirements and inject new skills and knowledge into their organisation, where market trends require a rapid and dynamic approach to emerging technology trends. These organisations are commonly seeking to access a more diversified pool of talent to inject new skills, knowledge and fresh perspectives into IT departments and, in particular, to increase the proportion of women. Although women make up 46 per cent. of the UK workforce, only 17 per cent. of IT professionals are women.

B.5	Group Structure	As at the date of this Prospectus, the Group comprises the Company and its subsidiaries and subsidiary undertakings which companies will form part of the Group following Admission. The Company holds (through certain wholly-owned intermediate holding companies) the Group's operating companies.																																																
B.6	Notifiable Interests	As at the date of this Prospectus, the Company is controlled by Inflexion which owns 61.5 per cent. of the issued share capital of the Company. In addition, Rod Flavell (18.36 per cent.), Sheila Flavell (7.49 per cent.), Andy Brown (6.55 per cent.) and Ivan Martin (3.25 per cent.) each also hold, directly or indirectly, 3 per cent. or more of the issued share capital of the Company as at the date of this Prospectus. Immediately following Admission, insofar as is known to the Company, the following parties will, directly or indirectly, hold 3 per cent. or more of the issued share capital of the Company: <table> <tr> <th><i>Shareholder</i></th><th><i>No. of Shares</i></th><th><i>% of total issued Shares</i></th></tr> <tr> <td>Threadneedle</td><td>10,709,946</td><td>9.96</td></tr> <tr> <td>Roderick Flavell</td><td>8,201,255</td><td>7.63</td></tr> <tr> <td>Sheila Flavell</td><td>8,201,254</td><td>7.63</td></tr> <tr> <td>BlackRock</td><td>4,738,676</td><td>4.41</td></tr> <tr> <td>Andrew Brown</td><td>4,540,801</td><td>4.22</td></tr> <tr> <td>Artemis</td><td>4,459,930</td><td>4.15</td></tr> <tr> <td>Majedie</td><td>4,459,930</td><td>4.15</td></tr> <tr> <td>National Farmers Union</td><td>4,320,557</td><td>4.02</td></tr> <tr> <td>JO Hambro</td><td>4,293,031</td><td>4.00</td></tr> <tr> <td>Cazenove Capital</td><td>3,902,439</td><td>3.63</td></tr> <tr> <td>USB Global</td><td>3,831,315</td><td>3.56</td></tr> <tr> <td>AXA Framlington</td><td>3,759,721</td><td>3.50</td></tr> <tr> <td>Invesco Perpetual</td><td>3,715,679</td><td>3.46</td></tr> <tr> <td>SFM</td><td>3,344,948</td><td>3.11</td></tr> <tr> <td>River & Mercantile</td><td>3,240,418</td><td>3.01</td></tr> </table> Following Admission, no Shareholder will have any special voting rights over any Shares and all Shares will rank <i>pari passu</i> in all respects with all other Shares.	<i>Shareholder</i>	<i>No. of Shares</i>	<i>% of total issued Shares</i>	Threadneedle	10,709,946	9.96	Roderick Flavell	8,201,255	7.63	Sheila Flavell	8,201,254	7.63	BlackRock	4,738,676	4.41	Andrew Brown	4,540,801	4.22	Artemis	4,459,930	4.15	Majedie	4,459,930	4.15	National Farmers Union	4,320,557	4.02	JO Hambro	4,293,031	4.00	Cazenove Capital	3,902,439	3.63	USB Global	3,831,315	3.56	AXA Framlington	3,759,721	3.50	Invesco Perpetual	3,715,679	3.46	SFM	3,344,948	3.11	River & Mercantile	3,240,418	3.01
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B.7

Financial Information

The tables below, which have been extracted without material adjustment from Part 13: “Historical Financial Information”, set out summary financial information of the Group for the years ended 31 December 2011, 2012 and 2013:

Consolidated Income Statement

		<i>For the year ended 31 December</i>		
	<i>Note</i>	<i>2011</i>	<i>2012</i>	<i>2013</i>
		<i>£000</i>	<i>£000</i>	<i>£000</i>
Revenue	3	97,266	103,443	105,620
Cost of sales		(64,166)	(65,617)	(64,027)
Gross profit		33,100	37,826	41,593
Administrative expenses		(16,967)	(18,200)	(18,975)
Exceptional administrative expenses	10	(702)	(1,788)	(1,763)
Total administrative expenses		(17,669)	(19,988)	(20,738)
Operating profit	7	15,431	17,838	20,855
Finance income	11	1	10	1
Finance costs	11	(3,651)	(1,926)	(964)
Net finance cost		(3,650)	(1,916)	(963)
Profit before income tax		11,781	15,922	19,892
Taxation	12	(3,233)	(4,195)	(5,162)
Profit for the year		8,548	11,727	14,730

Consolidated Statement of Financial Position				
<i>As at 31 December</i>				
	<i>Note</i>	<i>2011 £000</i>	<i>2012 £000</i>	<i>2013 £000</i>
Non-current assets				
Property, plant and equipment	14	945	991	2,504
Intangible assets	15	19,376	19,361	19,399
Deferred income tax assets	13	81	120	–
		<u>20,402</u>	<u>20,472</u>	<u>21,903</u>
Current assets				
Trade and other receivables	18	19,394	21,002	21,028
Cash and cash equivalents	19	5,910	2,219	6,010
		<u>25,304</u>	<u>23,221</u>	<u>27,038</u>
Total assets		<u>45,706</u>	<u>43,693</u>	<u>48,941</u>
Current liabilities				
Borrowings	21	2,761	4,808	–
Trade and other payables	20	10,006	10,973	11,136
Current income tax liabilities		1,414	2,247	2,174
		<u>14,181</u>	<u>18,028</u>	<u>13,310</u>
Non-current liabilities				
Borrowings	21	17,920	–	15,000
Deferred income tax liability	13	–	–	25
		<u>17,920</u>	<u>–</u>	<u>15,025</u>
Total liabilities		<u>32,101</u>	<u>18,028</u>	<u>28,335</u>
Net assets		<u>13,605</u>	<u>25,665</u>	<u>20,606</u>
Equity attributable to owners of the parent				
Share capital	23	1,018	1,018	1,018
Share premium	23	543	543	543
Treasury shares	23	(97)	(75)	(22)
Other capital reserves	23	159	318	–
Foreign currency translation reserve		154	29	46
Retained earnings		<u>11,828</u>	<u>23,832</u>	<u>19,021</u>
Total equity		<u>13,605</u>	<u>25,665</u>	<u>20,606</u>

		Consolidated Cash Flow Statement		
		<i>For the year ended 31 December</i>		
	<i>Note</i>	<i>2011 £000</i>	<i>2012 £000</i>	<i>2013 £000</i>
Cash flows from operating activities				
Group profit before tax for the year		11,781	15,922	19,892
<i>Adjustments for:</i>				
Depreciation and amortisation	7	383	435	497
Finance income	11	(1)	(10)	(1)
Finance costs	11	3,651	1,926	964
Share based payment cost	26	159	558	114
Loss on disposal of non-current assets		–	–	17
(Increase)/decrease in trade and other receivables		(2,091)	(1,611)	26
Increase/(decrease) in trade and other payables		1,653	1,413	(30)
Cash flows generated from operations		15,535	18,633	21,479
Interest received	11	1	10	1
Income tax paid		(2,788)	(3,402)	(5,090)
Net cash flow from operating activities		12,748	15,241	16,390
Cash flows from investing activities				
Acquisition of property, plant and equipment	14	(475)	(475)	(2,003)
Acquisition of other intangible assets	15	(29)	(13)	(68)
Net cash used in investing activities		(504)	(488)	(2,071)
Cash flows from financing activities				
Proceeds from issuance of ordinary shares	23	18	–	–
Increase in share premium	23	490	–	–
Increase in treasury shares	23	(97)	(100)	–
Drawdown of borrowings	22	–	4,808	20,000
Repayment of borrowings	22	(8,231)	(21,009)	(9,808)
Finance costs paid		(3,470)	(2,063)	(798)
Dividends paid	24	–	–	(19,920)
Net cash used in financing activities		(11,290)	(18,364)	(10,526)
Net increase/(decrease) in cash and cash equivalents		954	(3,611)	3,793
Effect of exchange rate fluctuations on cash held		(14)	(80)	(2)
Cash and cash equivalents at 1 January		4,970	5,910	2,219
Cash and cash equivalents at 31 December	19	5,910	2,219	6,010

		Certain significant changes to the Group's financial condition and results of operations occurred during 2011, 2012 and 2013. These changes are set out below: ● Revenue increased from £97.3 million for the year ended 31 December 2011 to £105.6 million for the year ended 31 December 2013; ● Gross profit increased from £33.1 million for the year ended 31 December 2011 to £41.6 million for the year ended 31 December 2013; and ● Operating profit after exceptional items increased from £15.4 million for the year ended 31 December 2011 to £20.9 million for the year ended 31 December 2013. Since 31 December 2013 (being the end of the period covered by the selected historical key financial information set out in the tables above), there has been no significant change in the financial condition or operating results of the Group.
B.8	Unaudited Pro Forma Information	The unaudited pro forma net assets statement set out below has been prepared to illustrate the effects of the Offer on the net assets of the Group, had the Offer taken place as at 31 December 2013. The pro forma net assets statement has been prepared for illustrative purposes only in accordance with Annex II of the Prospectus Rules and should be read in conjunction with the notes set out below. Because of its nature, such statement addresses a hypothetical situation and therefore does not represent the Group's financial position or results as at 31 December 2013. No account has been taken of any results or other activity since 31 December 2013.

		<table><tr><th colspan="4">Unaudited Pro Forma net assets statement</th></tr><tr><th></th><th>Group at 31 December 2013 £'000 (Note 1)</th><th>Adjustment for Offer proceeds £'000 (Note 2)</th><th>Pro forma Total £'000 (Note 3)</th></tr><tr><td colspan="4">Non-current assets</td></tr><tr><td>Property, plant and equipment</td><td>2,504</td><td>–</td><td>2,504</td></tr><tr><td>Intangible assets</td><td>19,399</td><td>–</td><td>19,399</td></tr><tr><td>Deferred income tax assets</td><td>–</td><td>–</td><td>–</td></tr><tr><td></td><td><u>21,903</u></td><td><u>–</u></td><td><u>21,903</u></td></tr><tr><td colspan="4">Current assets</td></tr><tr><td>Trade and other receivables</td><td>21,028</td><td>–</td><td>21,028</td></tr><tr><td>Cash and cash equivalents</td><td>6,010</td><td>–</td><td>6,010</td></tr><tr><td></td><td><u>27,038</u></td><td><u>–</u></td><td><u>27,038</u></td></tr><tr><td>Total assets</td><td><u>48,941</u></td><td><u>–</u></td><td><u>48,941</u></td></tr><tr><td colspan="4">Current liabilities</td></tr><tr><td>Trade and other payables</td><td>11,136</td><td>–</td><td>11,136</td></tr><tr><td>Current income tax liabilities</td><td>2,174</td><td>–</td><td>2,174</td></tr><tr><td></td><td><u>13,310</u></td><td><u>–</u></td><td><u>13,310</u></td></tr><tr><td colspan="4">Non-current liabilities</td></tr><tr><td>Borrowings</td><td>15,000</td><td>(3,000)</td><td>12,000</td></tr><tr><td>Deferred income tax liability</td><td>25</td><td>–</td><td>25</td></tr><tr><td></td><td><u>15,025</u></td><td><u>(3,000)</u></td><td><u>12,025</u></td></tr><tr><td>Total liabilities</td><td><u>28,335</u></td><td><u>(3,000)</u></td><td><u>25,335</u></td></tr><tr><td>Net assets</td><td><u>20,606</u></td><td><u>3,000</u></td><td><u>23,606</u></td></tr><tr><td colspan="4"><i>Notes</i></td></tr><tr><td colspan="4">1. The financial information has been extracted, without material adjustment, from the historical financial information of the Group for the year ended 31 December 2013 set out in Section B of Part 10.</td></tr><tr><td colspan="4">2. The net proceeds receivable by the Company from the Offer of £3.0 million are calculated on the basis that the Company issues 2,787,457 New Shares at an Offer Price of 287 pence per New Share, net of estimated expenses in connection with the Offer of approximately £5.0 million.</td></tr><tr><td colspan="4">3. The unaudited pro forma statement of net assets does not reflect any trading or other transactions undertaken by the Group since 31 December 2013.</td></tr></table>	Unaudited Pro Forma net assets statement					Group at 31 December 2013 £'000 (Note 1)	Adjustment for Offer proceeds £'000 (Note 2)	Pro forma Total £'000 (Note 3)	Non-current assets				Property, plant and equipment	2,504	–	2,504	Intangible assets	19,399	–	19,399	Deferred income tax assets	–	–	–		<u>21,903</u>	<u>–</u>	<u>21,903</u>	Current assets				Trade and other receivables	21,028	–	21,028	Cash and cash equivalents	6,010	–	6,010		<u>27,038</u>	<u>–</u>	<u>27,038</u>	Total assets	<u>48,941</u>	<u>–</u>	<u>48,941</u>	Current liabilities				Trade and other payables	11,136	–	11,136	Current income tax liabilities	2,174	–	2,174		<u>13,310</u>	<u>–</u>	<u>13,310</u>	Non-current liabilities				Borrowings	15,000	(3,000)	12,000	Deferred income tax liability	25	–	25		<u>15,025</u>	<u>(3,000)</u>	<u>12,025</u>	Total liabilities	<u>28,335</u>	<u>(3,000)</u>	<u>25,335</u>	Net assets	<u>20,606</u>	<u>3,000</u>	<u>23,606</u>	<i>Notes</i>				1. The financial information has been extracted, without material adjustment, from the historical financial information of the Group for the year ended 31 December 2013 set out in Section B of Part 10.				2. The net proceeds receivable by the Company from the Offer of £3.0 million are calculated on the basis that the Company issues 2,787,457 New Shares at an Offer Price of 287 pence per New Share, net of estimated expenses in connection with the Offer of approximately £5.0 million.				3. The unaudited pro forma statement of net assets does not reflect any trading or other transactions undertaken by the Group since 31 December 2013.			
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B.9	Profit Estimate	Not applicable. This document does not include any profit forecasts or estimates.																																																																																																								
B.10	Audit Report Qualifications	Not applicable. There are no qualifications to the Accountant's reports.																																																																																																								
B.11	Insufficiency of Working Capital	Not applicable. The Company is of the opinion that, taking into account the bank and other facilities available to the Group, the working capital available to the Group is sufficient for its present requirements, that is for at least the 12 months from the date of this document.																																																																																																								

Section C – Securities		
C.1	Securities Offered	The Offer comprises an offering to certain institutional and other investors of 84,561,856 Offer Shares, in aggregate. The nominal value of the total issued Share Capital of the Company immediately following Admission will be £1,075,175.06 divided into 107,517,506 Shares of £0.01 each, which will be issued fully paid. When admitted to trading, the Shares will have an ISIN of GB00BLWDVP51, SEDOL number BLWDVP5 and will trade under the symbol FDM.
C.2	Currency	The Shares will be denominated in pounds sterling.
C.3	Issued Shares	As at the date of this Prospectus, the issued share capital of the Company is £1,018,396.01 comprising 61,500,000 A ordinary shares of £0.01 each, 36,454,805 B ordinary shares of £0.01 each, 2,045,195 C ordinary shares of £0.01 each, 1,839,520 D ordinary shares of £0.01 each and 8,090,921 exit shares of £0.0000001 each. On Admission, there will be 107,517,506 Shares of £0.01 each and 3,360,872 Deferred Shares of £0.01 each in issue. All Shares and Deferred Shares in issue on Admission will be fully paid.
C.4	Rights	The Shares will rank <i>pari passu</i> in all respects with each other, including for voting and dividend rights and rights on a return of capital. Subject to the provisions of the Companies Act, any equity securities issued by the Company for cash must first be offered to Shareholders in proportion to their holdings of Shares. The Companies Act and the Listing Rules allow for the disapplication of pre-emption rights which may be waived by a special resolution of the Shareholders, either generally or specifically, for a maximum period not exceeding five years. Except in relation to dividends which have been declared and rights on a liquidation of the Company, the Shareholders have no rights to share in the profits of the Company. The Shares are not redeemable. However, the Company may purchase or contract to purchase any of the Shares on or off-market, subject to the Companies Act and the requirements of the Listing Rules.
C.5	Restrictions on Transferability	Not applicable. The Shares are freely transferable and there are no restrictions on transfer.
C.6	Application for Admission	Application has been made to the FCA for the Shares to be admitted to the premium listing segment of the Official List of the FCA and to the London Stock Exchange for the Shares to be admitted to trading on the London Stock Exchange's main market for listed securities. No application has been made or is currently intended to be made for the Shares to be admitted to listing or trading on any other exchange.
C.7	Dividend Policy	The Board intends to adopt a progressive dividend policy for the Company from Admission which will seek to maximise Shareholder value and reflect its strong earnings potential and cash flow characteristics, while allowing it to retain sufficient capital to fund on-going operating requirements and to invest in the Company's long term growth. The Board may revise the dividend policy from time to time.

		Section D – Risks
D.1	Key Information on the Key Risks (Company & Industry)	The Company believes that the following are the key risks affecting the Group and/or the market in which the Group is operating: – A large proportion of the Group's business is derived from supplying consultants to customers on an on-going basis. There can be no guarantee that existing customer relationships will continue to grow, or that key customers will not scale back their use of the Group, or cease to source consultants from the Group. In particular, and in line with the Group's commercial strategy to retain the flexibility of its offering for customers, a majority of the Group's customers are able to terminate their contracts with the Group for convenience on 30 days' written notice and therefore do not represent long term enforceable commitments. The failure by the Group to maintain existing customer relationships could have a material and adverse effect on the Group's business, results of operations or financial condition. – The Group depends on its ability to provide training to graduates that is current and relevant to the IT programmes that are currently undertaken by major global businesses. IT is a fast moving industry with new products and solutions constantly being developed. The failure by the Group to develop its training offerings, and therefore the skills of the graduates that it employs, in line with new developments would lead to its services being less valuable to customers and could have a material adverse effect on the Group's business, results of operations or financial condition. – The Group's sales depend on its customers' expenditure on their IT functions and the amount that customers choose to spend on this area of their business is influenced by factors beyond the Group's control. Prolonged or severe declines in economic conditions for businesses globally could have a material adverse effect on the Group's business, results of operations or financial condition. – The Group's targeted training means that its offering is attractive to multiple clients within the same sector. The development of offerings in a concentrated number of sectors could expose the Group to the risk that an unforeseen event, such as a financial crisis, could materially reduce the opportunities to place consultants with businesses in that sector. This could have a material adverse effect on the Group's business, results of operations or financial condition. – The Group depends on its ability to attract and retain high quality candidates wishing to train with, and work for, the Group. There can be no guarantee that the Group's recruitment strategy and remuneration packages will remain effective in securing applications and offers of a place on the Group's programme and a decline in the calibre of candidates available to the Group could have a material adverse effect on the Group's business, results of operations or financial condition. – A key part of the Group's growth strategy is to expand in areas in which it already has a presence and to open additional training academies to facilitate this. The failure to identify key trends or requirements in such jurisdictions and to execute this growth strategy effectively could have a material adverse effect on the Group's business, results of operations or financial condition.

		– One of the Group's differentiating factors is that consultants remain employees of the Group. The success of the Group depends on its ability to predict customer demand and preferences accurately and to manage recruitment levels in order to ensure that employees remain highly utilised. A change in demand due to the sudden loss of one or more major customers could result in a number of staff being under-utilised and could have a material adverse effect on the Group's business, results of operation or financial condition.
D.3	Key Information on the Key Risks (Shares)	Trading market for the Shares The share prices of newly-listed companies can be highly volatile and shareholdings illiquid. The market price of the Shares may be subject to wide fluctuations in response to many factors, some specific to the Group and its operations and others to the broader equity markets in general. In addition, stock markets have from time to time experienced extreme price and volume fluctuations which could adversely affect the market price of the Shares. Future sales of Shares could cause the Share price to fall Sales of Shares by significant investors could depress the market price of the Shares. A substantial amount of Shares being sold, or the perception that sales of this type could occur, could also depress the market price of the Shares. Both scenarios may make it more difficult for Shareholders to sell the Shares at a time and price that they deem appropriate. The Company may in the future issue new Shares, which may dilute Shareholders' equity The Company has no current plans to issue more equity. It may, however, decide to do so in the future. If pre-emption rights in the Articles are disapplied, any additional equity financing may be dilutive to those Shareholders who cannot, or choose not to, participate in such fundraisings.

Section E – Offer		
E.1	Net Proceeds & Expenses	Through the sale of the Existing Shares pursuant to the Offer, it is expected that the Selling Shareholders will receive gross proceeds of approximately £234.7 million. Additionally, the issue of 2,787,457 New Shares by the Company is expected to raise approximately £3.0 million of net proceeds for the Company (after deducting underwriting commissions and other estimated Offer-related fees and expenses of approximately £5.0 million).
E.2a	Reasons for Offer & Use of Proceeds	The Directors believe that the Offer and Admission will position the Group for its next stage of development, including further raising the profile of the Group, assisting in retaining and incentivising employees and providing it with a platform for future growth. Admission will also enable the Selling Shareholders to partially realise their investment in the Company. No proceeds of the offer of Existing Shares will be received by the Company. The Company intends to use approximately £2 million of the net proceeds from the Offer to partially repay debt under its existing facilities and to use any surplus (in addition to its then existing cash in hand) for general working capital and corporate purposes.

E.3	Terms & Conditions	The Offer comprises 81,774,399 Existing Shares and 2,787,457 New Shares to be issued at an Offer Price of 287 pence each. Under the Offer, the Offer Shares are being offered for sale or subscription (as appropriate) to certain institutional and other investors in the United Kingdom and elsewhere outside the United States in reliance on Regulation S under the Securities Act. Admission is expected to become effective, and dealings in the Shares are expected to commence on the London Stock Exchange, at 8.00 a.m. on 20 June 2014. The Offer is subject to the satisfaction of conditions contained in the Underwriting Agreement. These conditions include conditions which are customary for transactions of this type (including Admission becoming effective by no later than 8.00 a.m. on 20 June 2014 (or such later time and/or date as the Company and Investec may agree, not being later than 8.00 a.m. on 30 June 2014) and the Underwriting Agreement not having been terminated prior to Admission). The Offer will be fully underwritten by Investec in accordance with the terms of the Underwriting Agreement. In the event that Investec receives applications in excess of the number of Shares available pursuant to the Offer, applications will be scaled back and allocations finally determined by the Board in accordance with an allocation policy to be determined by the Company and Investec. None of the Shares may be offered for subscription, sale or purchase or be delivered, or be subscribed, sold or delivered, and this Prospectus and any other offering material in relation to the Offer and the Shares may not be circulated, in any jurisdiction where to do so would breach any securities laws or regulations of any such jurisdiction or give rise to an obligation to obtain any consent, approval or permission, or to make any application, filing or registration.
E.4	Material Interests	The Directors consider that the following interests are material to the Offer: Inflexion and certain of the Directors will receive, conditional on Admission, an exit payment from the Company which will be paid to them in cash amounting to, in aggregate, £6,344,165.47, including employer's national insurance contributions in respect of the exit payment. Save as set out above, there are no interests known to the Company that are material to the Offer or Admission or which are conflicting interests.

E.5	Selling Shareholders/ Lock-up arrangements	81,774,399 Existing Shares will be sold by the Selling Shareholders pursuant to the Offer. The Offer will provide the Selling Shareholders with a partial realisation of their investment in the Company save for Ivan Martin, who intends to sell down all of his shareholding in the Company under the Offer. <i>Lock-up arrangements</i> Pursuant to the terms of the individual lock-up agreements, the Directors and certain of the Selling Shareholders have agreed to certain lock-up restrictions in respect of the Shares that will be held by them following Admission. The Directors who hold Shares and the Selling Shareholders who will hold Shares following Admission are subject to a 12 month lock-up period following Admission, during which time they may not dispose of any interest in their Shares. Pursuant to their respective lock-up agreements, the Directors have agreed that, for a further 12 month period following the expiry of their lock-up periods referred to above, they will not dispose of any Shares or interests in Shares other than through Investec with a view to maintaining an orderly market in the Company's securities. Heidi Taylor, being a senior manager of the Company who will hold Shares following Admission, has entered into a lock-up agreement pursuant to which she has agreed not to dispose of her Shares for a period of 12 months following Admission. All lock-up arrangements and orderly market arrangements are subject to certain customary exceptions.
E.6	Dilution	The New Shares will represent approximately 2.59 per cent., and the Existing Shares will represent approximately 97.41 per cent., of the expected enlarged issued share capital of the Company immediately following Admission.
E.7	Expenses charged to investors	Not applicable. Other than in respect of expenses of, or incidental to, Admission and the Offer which will be paid by the Company, there are no commissions, fees or expenses to be charged to investors by the Company or the Selling Shareholders under the Offer.

PART 1

RISK FACTORS

Investing in and holding Shares involves financial risk. Investors in the Shares should carefully review all of the information contained in this Prospectus and should pay particular attention to the following risks associated with an investment in the Shares, the Group's business and the industries in which it participates which should be considered together with all other information contained in this Prospectus.

Prospective investors should note that the risks relating to the Group, its industries and the Shares referred to below and summarised in the section of this Prospectus headed "Summary Information" are the risks that the Directors believe to be the most essential to an assessment by a prospective investor of whether to consider an investment in the Shares. However, as the risks which the Group faces relate to events and depend on circumstances that may or may not occur in the future, prospective investors should consider not only the information on key risks summarised in the section of this Prospectus headed "Summary Information" but also, among other things, the risks and uncertainties described below.

The risks and uncertainties described below are not an exhaustive list and do not necessarily comprise all, or explain all, of the risks associated with the Group and the industries within which it operates or an investment in the Shares (but do comprise the material risks and uncertainties in this regard that are known to the Directors) and should be used as guidance only. Additional risks and uncertainties relating to the Group and/or the Shares that are not currently known to the Directors, or which the Directors currently deem immaterial, may arise or become (individually or collectively) material in the future and may have a material adverse effect on the Group's business, results of operations or financial condition and, if any such risk or risks should occur, the price of the Shares may decline and investors could lose part or all of their investment.

Investors should consider carefully whether an investment in the Shares is suitable for them in the light of the information in this Prospectus and their personal circumstances. Investors should consult a legal adviser, an independent financial adviser or a tax adviser for legal, financial or tax advice if they do not understand this Prospectus (or any part of it).

RISKS RELATING TO THE GROUP

Importance of ability to maintain and develop existing customer relationships

A large proportion of the Group's business is derived from supplying consultants to customers on an on-going basis. Whilst the Group attempts to increase client spend as a relationship matures by identifying additional services that may be needed, whether in new departments or new geographies, there can be no guarantee that existing customer relationships will continue to grow or that key customers will not scale back their use of the Group or cease to source consultants from the Group altogether. In particular, and in line with the Group's commercial strategy to retain the flexibility of its offering for customers, a majority of the Group's customers are able to terminate their contracts with the Group for convenience on 30 days' written notice and, in the United States, in certain cases on shorter notice and, therefore, do not represent long term enforceable commitments.

As at 31 March 2014 (being the latest practicable date prior to the date of this prospectus) no single customer accounted for more than 12 per cent. of consultants on billing, which the Directors believe mitigates the risk of a material change in demand, however the loss of two or more of the Group's larger customers could have a material and adverse effect on the Group's business, results of operations or financial condition.

Importance of ability to develop new service offerings in line with developments of new IT solutions and customer requirements

The Group is dependent on its ability to provide training to candidates that is current and relevant to the IT programmes of major global businesses. The business environment in which the Group operates is fast moving with new products and solutions constantly being developed. Any failure by the Group to continue

to evolve and develop its training offerings in line with these latest developments and changing customer needs may lead to its services being less valuable to customers and could have a material adverse effect on the Group's business, results of operations or financial condition.

A decline in customer spending on IT or a change to the way in which major customers source their IT consultants could reduce the Group's profitability and harm the Group's business

The Group's profitability is dependent on businesses choosing to source, at least in part, their IT consultants from the Group rather than through more traditional means such as employing consultants directly or on a freelance basis. The amount that businesses are able to spend on IT is influenced by factors beyond the Group's control, including general economic conditions for businesses globally, the investment that businesses are able to make into their IT support and the overall strategy adopted in hiring IT consultants. The Group may experience a decline in margins during economic downturns in the event that customers scale back their IT teams or adopt a different strategy for sourcing IT consultants in order to reduce costs. The success of the Group's business depends in part on its ability to identify and respond effectively to fluctuating demand from existing and potential customers, and to develop new service streams to meet ever changing client needs. Failure to identify or respond effectively to any of these areas could adversely affect the Group's business. If any decline in the use of the Group's consultants occurred and were prolonged or severe it could have a material adverse effect on the Group's business, results of operations or financial condition.

Sector concentration

Although the Group's clients operate across a number of different sectors and the Group aims to maintain this diversity, its targeted training means that its offering is, by its nature, attractive to multiple clients within the same sector. For example, in the period ended 31 March 2014, 64 per cent. of revenue was generated from banking and financial services clients. The development of offerings in a concentrated number of sectors could expose the Group to the risk that an unforeseen event, such as a financial crisis, could materially reduce the opportunities to place consultants with businesses in that sector. This could have a material adverse effect on the Group's business, results of operations or financial condition.

The Group depends on its ability to attract and retain high quality candidates wishing to train with, and work for, the Group

The Group is dependent on high quality graduates, ex-military personnel and other candidates applying for, and accepting offers to join its programme, and completing the training so that the Group is able to offer a high level of service to the ultimate customer following the training period. The Directors believe the Group has strong relationships with a number of universities and other avenues of recruitment (for example, ex-military out-placement services) and it uses targeted advertising in order to generate candidate interest and applications. However, there can be no guarantee that the Group's business model, strategy and remuneration package(s) will remain effective in securing applications (and subsequently acceptances of the offer of a place on the programme) from a high calibre of candidates.

Failure to open new training academies and execute the Group's strategy of expanding in existing territories could adversely affect growth and profitability and have a material adverse effect on the Group's business, results of operations or financial condition

General

A key part of the Group's growth strategy is to expand its client base in territories in which it currently operates, including those territories where there are relatively few consultants currently deployed, and to open new or, to expand existing, training academies in those territories. There can be no guarantee that the Group will be able to expand its client base in the various territories in which it currently operates successfully or that the requisite demand will be achieved to make new training academies, or the expansion of existing academies, a viable proposition in those territories where they are proposed.

Ability to open new, or expand existing, training academies

The Group's ability to open new, or expand existing, training academies is dependent on various factors, including increasing the number of consultants billing in each area to such a level that the opening of a new training academy, or the expansion of an existing one, is financially and operationally justified, securing new customers in order to help achieve this aim, identifying suitable academy sites, successfully negotiating

appropriate terms with landlords, having adequate financial resources, as well as its ability to attract high quality candidates to the Group's programme.

Ability to adapt the training model for the various territories in which the Group operates

The success of new training academies that have been recently opened or that the Group is planning to open in the future will depend on the Group's ability to provide flexible training plans in order to ensure that it can populate the academies in each relevant jurisdiction. Failure to adapt the training offered by various international academies successfully in recognition of cultural differences and differing IT preferences in each jurisdiction may result in the Group failing to grow new training academies and expand the Group's offerings into those territories successfully.

Protection of the Group's business model in jurisdictions into which the Group expands

The Group has historically targeted jurisdictions where it believes that its business model will be protected. Any adverse change in the legal environment in those jurisdictions may adversely affect the Group's operating results or ability to achieve growth in those jurisdictions.

The Group may not be able to achieve its expansion strategy and new business opportunities in full or in accordance with anticipated timeframes

There are several elements to the Group's expansion strategy, including expansion within existing territories, opening new training academies and developing new services to meet ever changing client needs. A number of factors, including the other risk factors detailed in this Prospectus, could prevent one or more of the Group's expansion strategies from being achieved in full or in accordance with anticipated timeframes and could prevent or restrict the Group from pursuing new business opportunities or meeting the demand for its services from its existing customers. As a result of these factors, the Group may be unable to pursue and fulfil its strategy in full or during the intended period for its achievement and any such material failures or delays could have a material adverse effect on the Group's business, results of operations or financial condition.

The Group may not be able to predict accurately or fulfil customer demand for its services or manage successfully its recruitment levels from time to time

The Group is exposed to recruitment and staffing risks that may adversely affect its operating results as a consequence of any sudden loss or win of a major customer. Demand for the provision of consultants from the Group can change during the period from when an applicant is first placed with a customer by the Group to the time at which their training agreement expires two (or, in the case of MSc students, three) years later.

The Group's success depends, in part, on its ability to predict and respond to changing customer demands and preferences and to translate these demands and preferences into employing an appropriate number of consultants. A significant change in demand may result in a drop in Mountie utilisation rates and may adversely affect the Group's business, results of operations or financial condition.

Dependency on key personnel and the ability to attract good, skilled senior personnel

The success of the Group depends upon the performance and expertise of its current and future senior management, including the Directors, each of whom has significant relevant experience. There can be no assurance as to their continued service beyond the terms of their existing service agreements and the departure of key personnel from the Group without adequate replacement may have a material and adverse effect on the Group's performance.

The dependency of the Group on its ability to attract and retain suitably skilled senior personnel is particularly important in overseas jurisdictions which are relatively new to the Group's offering or in jurisdictions in which the Group may expand in the future. Failure to attract suitably skilled senior personnel in such territories may have a material adverse effect on the Group's ability to successfully expand in such territories and, as a consequence, on the Group's business, results of operations or financial condition.

Winning of Business

Competition

The Group may face significant competition from domestic and overseas competitors who may have:

- greater capital and other resources;
- more aggressive pricing policies; or
- superior brand recognition.

There is no assurance that the Group will be able to compete successfully in such a marketplace. The Directors believe that the Group has a highly differentiated business model from its competitors, including strong university relationships, a strong reputation amongst graduates and military out-placement services and bespoke training courses which have been developed in house. Despite this, there is a risk that competitors may develop attractive competing offerings which could challenge the Group's status.

Ability to win new contracts

Whilst the Directors believe that the Group is developing as a strong business proposition in its chosen territories, there are no assurances that the strength of the Group's competitors will not improve or that the Group will win new contracts or be able to maintain or renew its existing contracts.

The Group's current and potential competitors may establish financial and strategic relationships amongst themselves or with existing or potential customers or other third parties to enable them to penetrate the market the Group currently occupies and to acquire market share at the Group's expense. Existing and/or increased competition could, therefore, adversely affect the Group's market share and/or force the Group to reduce the price that it is able to charge to provide consultants, which could have a material and adverse effect on the Group's business, results of operations or financial condition.

A disruption or malfunction, or increased costs or failure to make improvements in the operation, expansion or refurbishment of the Group's training academies could have a material adverse effect on the Group's business, results of operations or financial condition

Any information technology systems failure or disruption, accidents such as a serious fire or flood or other interruption or malfunction at the Group's training academies or at the Group's offices might significantly impact the Group's ability to manage its operations, train its newly recruited consultants and maintain an adequate supply of consultants to meet demand from customers.

The Group currently has two academies in the UK which are responsible for training the majority of new consultants annually and, accordingly, any serious disruption or malfunction at these training academies could render the Group unable to meet demand for the provision of consultants to key clients when existing consultants' contracts come to an end. Such disruption could therefore have an adverse effect on the Group's business, results of operations or financial condition. Whilst the Group has established disaster recovery procedures, these may not be sufficient to mitigate the harm that may result from such a disaster or disruption.

The Group's business and competitive position could be harmed by its inability to protect the intellectual property rights in its training materials

The Group's training courses are bespoke to the Group and are core to its business model. A number of the training courses have been developed in-house based upon open source materials. The open source element of such training courses, and any modifications to them, are not capable of protection. Accordingly, the Group does not own all intellectual property in its bespoke training courses and the Group's business is, therefore, subject to the risk of third parties exploiting the intellectual property contained in its bespoke training courses. The Group's inability or failure to protect and enforce its intellectual property rights could have a material adverse effect on the Group's business, results of operations or financial condition.

It is possible that the Group may infringe, or be alleged to have infringed, intellectual property rights owned by third parties who may challenge the Group's right to continue to provide certain services and/or may seek damages from the Group. Any infringement or other intellectual property claim made against the Group, whether or not it has merit, could be time consuming, result in costly litigation, cause product or service

delays or require the Group to enter into royalty or licensing agreements. If successful, such complaints could have a material adverse effect on the Group's business, results of operations or financial condition.

Relationships with key third party software providers

The Group has close relationships with a number of third party software providers which enables it to provide consultants who are specifically trained in complex niche software products that are important to the business of certain clients. This is a differentiating factor between the Group and its main competitors and the Group is able to charge higher rates for consultants trained in such applications. There can be no guarantee that the Group will be able to maintain such relationships with such third party software providers, or foster relationships with future providers of software that become key to the businesses of the Group's customers. Any failure to maintain or foster such relationships as software develops could have a material adverse effect on the Group's business, results of operations or financial condition.

Litigation risk

Whilst the Group has taken, and intends to continue to take, such precautions as it regards appropriate to avoid or minimise the likelihood of any legal proceedings or claims, or any resulting financial loss to the Group, the Directors cannot preclude the possibility of litigation being brought against the Group.

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

Currency fluctuations could materially adversely affect the Group's results

As the Group operates across a number of different territories, exchange rate fluctuations could have a material adverse effect on the Group's profitability or the price competitiveness of its services. There can be no guarantee that the Group would be able to compensate for, or hedge against, such adverse effects and therefore adverse exchange rate movements could have a material adverse effect on the Group's business, results of operations or financial condition.

Legal risk

Legal risks include any successful challenges to the enforceability of the bonding and training cost clawback provisions in the Group's training agreements with applicants, the inability to enforce security arrangements, an inability to enforce foreign judgments relating to contracts entered into by the Group that are governed by law outside England and Wales, absence of a choice of law and an inability to refer disputes to arbitration or to have a choice with regard to arbitration rules, venue and language. Mitigation measures for these risks are limited and if such risks materialise they could have a material adverse effect on the Group's business, results of operations or financial condition.

Reputation

The Group's reputation is key to its future success in terms of the services and consultants it provides, the way in which it conducts its business and the financial results which it achieves. Failure to meet the expectations of its clients, employees, shareholders and candidates may have a material adverse effect on the Group's reputation, business, results of operations and financial condition.

The Company will incur additional costs as a newly public company and its management will be required to devote substantial time to new compliance matters

As a newly public company, the Company will incur significant legal, accounting and other expenses, including the costs of recruiting and retaining non-executive directors, costs resulting from public company reporting obligations and the rules and regulations regarding corporate governance practices, including the admission and listing requirements of the London Stock Exchange and the FCA. The Company's management and other employees will need to devote a substantial amount of time to ensure that the Company complies with all of these requirements. The reporting requirements, rules and regulations will increase the Company's legal and financial compliance costs and make some activities more time-consuming and costly. These rules and regulations will make it more difficult and more expensive for the

Company to obtain director and officer liability insurance and the Company may be required to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. These factors could also make it more difficult for the Company to attract and retain qualified persons to serve on the Board, particularly to serve on the audit and remuneration committees, or as executive officers.

RISKS RELATING TO THE OFFER AND THE SHARES

No existing market for the Shares

There is presently no public trading market for the Shares and Admission should not be taken as implying that there will be a liquid market for the Shares. The Company does not know the extent to which investor interest in the Shares will lead to the development of a trading market following Admission, how liquid that market might be or, if a trading market does develop, whether it will be sustainable. If an active and liquid trading market does not develop or is not sustained, the liquidity and trading price of the Shares could be materially adversely affected and investors may have difficulty selling their Shares. Even if an active trading market develops, the market price for the Shares may fall below the Offer Price, perhaps substantially and for a substantial period. As a result of fluctuations in the market price of the Shares, investors may not be able to sell their Shares at or above the Offer Price, or at all.

The market price of the Shares may fluctuate significantly in response to a number of factors, many of which will be out of the Group's control

The Offer Price may not be indicative of the market price for the Shares following Admission. Publicly traded securities from time to time experience significant price and volume fluctuations that may be unrelated to the operating performance of the company that issued them. The market price of the Shares may prove to be highly volatile and may fluctuate significantly in response to a number of factors, many of which are beyond the Group's control, including: variations in operating results in the Group's reporting periods; cyclical fluctuations in the performance of the Group's business; changes in financial estimates by securities analysts; changes in market valuations of similar companies; announcements by the Group of significant contracts, acquisitions, joint ventures or capital commitments; speculation, whether or not well-founded, regarding the intentions of the Group's major shareholders or significant sales of shares by any such shareholders or short selling of the Shares; speculation, whether or not well-founded, regarding possible changes in the Group's management team; loss of one or more major customers; additions or departures of key employees; any shortfall in revenue or net profit or any increase in losses from levels expected by securities analysts; and future issues or sales of Shares. Any or all of these events could result in a material decline in the price of the Shares. Investors may not be able to sell their Shares at or above the Offer Price, or at all.

Exchange rate fluctuation may impact on the price of the Shares

The Shares will be quoted and any dividends to be paid in respect of them will be in pounds sterling. An investment in Shares by an investor in a jurisdiction whose principal currency is not pounds sterling exposes the investor to foreign currency exchange rate risk. Any depreciation of the pound sterling in relation to such foreign currency will reduce the value of the investment in the Shares or any dividends in foreign currency terms.

Shareholders may earn a negative or no return on their investment in the Company

The Group's results of operations and financial condition are entirely dependent on the trading performance of the members of the Group. The Group currently conducts substantially all of its operations through the Company's subsidiaries, and such entities generate substantially all of the Group's operating income and cash flow, with the Company having no direct operations or significant assets other than the investment in its subsidiaries. As a holding company with no independent operations, the Company is dependent on its ability to receive funds, directly or indirectly, from its operating subsidiaries in a manner which creates distributable reserves for the Company. The Company's ability to pay dividends to Shareholders will therefore depend on its existing distributable reserves, future Group profitability, the ability to distribute or dividend profits from its operating subsidiaries up the Group structure to the Company, general economic conditions and other factors the Directors deem significant from time to time. In addition, because the subsidiaries are separate and distinct legal entities, they will have no obligation to pay any dividends or to lend or advance funds to the Company and may be restricted from doing so by contract, including other financing arrangements, provisions in their constitutional documents or the applicable laws and regulations of the various countries in which they operate. These factors could limit or prohibit the payment of dividends to

the Company by its subsidiaries, which could, in turn, restrict the Company's ability to pay dividends to Shareholders. As a result, Shareholders may not receive any return on an investment in the Shares unless they are able to sell the Shares for a price greater than that which they paid for them.

The issue of additional Shares in the Company in connection with future acquisitions, any share incentive or share option plan or otherwise may dilute all other shareholdings

The Group may seek to raise financing to fund future acquisitions and other growth opportunities. Although the Group is not currently considering any specific acquisition or growth opportunities that would require the Company to issue new Shares, the Company may, for these and other purposes, such as in connection with share incentive and share option plans, issue additional equity or convertible equity securities. As a result, the Company's existing Shareholders may suffer dilution in their percentage ownership or the price of the Shares may be adversely affected. No acquisitions requiring the raising of additional finance are planned within 12 months from the date of this Prospectus.

Substantial future sales of Shares (including sales by certain Existing Shareholders including Inflexion or the Directors following the expiry of the terms of their lock-up arrangements) could affect the market price of the Shares

Following Admission, it is expected that the Directors will, in aggregate, hold voting rights in respect of approximately 20.0 per cent. of the Company's issued share capital. The Company cannot predict what effect, if any, future sales of Shares, or the availability of Shares for future sale, will have on the market price of Shares. Sales of substantial numbers of Shares in the public market following the Offer, or the perception or any announcement that such sales could occur, following the expiry of any lock-up arrangements, could adversely affect the market price of the Shares and may make it more difficult for investors to sell their Shares at a time and price which they deem appropriate. Such sales may also make it more difficult for the Company to issue equity securities in the future at a time and at a price that it deems appropriate. During the periods immediately prior to and following the end of the periods of sales restriction provided for by these lock-up arrangements, the market price of the Shares may fall in anticipation of a sale of Shares. Following the expiry of these arrangements, there will be no contractual restriction on the sale of the Shares owned by the Shareholders who were previously subject to them. The Group cannot predict whether a substantial number of Shares in addition to those which will be available in the Offer will be sold in the open market following the expiration or waiver of these restrictions. In particular, there can be no assurance that after the restrictions expire, or prior to the time when any such restrictions may be waived, such Shareholders will not reduce their holdings of the Shares.

PART 2

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

General

Investors should only rely on the information in this Prospectus. No person has been authorised to give any information or to make any representations other than those contained in this Prospectus in connection with the Offer and, if given or made, such information or representations must not be relied upon as having been authorised by or on behalf of the Company, the Directors or Investec. No representation or warranty, express or implied, is made by Investec as to the accuracy or completeness of such information and nothing contained in this Prospectus is, or shall be relied upon as, a promise or representation by Investec as to the past, present or future. Without prejudice to any obligation of the Company to publish a supplementary prospectus pursuant to FSMA and paragraph 3.4.1 of the Prospectus Rules, neither the delivery of this Prospectus nor any subscription, sale or purchase of Shares pursuant to the Offer shall, under any circumstances, create any implication that there has been no change in the business or affairs of the Company or the Group since the date of this Prospectus or that the information contained in this Prospectus is correct as of any time subsequent to its date.

The Company does not accept any responsibility for the accuracy or completeness of any information reported by the press or other media, nor the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media or any other person regarding the Offer, the Company or the Group. The Company makes no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication.

As required by the Prospectus Rules, the Company will update the information provided in this Prospectus by means of a supplement to it if a significant new factor that may affect the evaluation by prospective investors of the Group and/or the Offer occurs prior to Admission or if this Prospectus contains any material mistake or inaccuracy. Any supplement to this Prospectus will be subject to approval by the FCA and will be made public in accordance with the Prospectus Rules. If a supplement to this Prospectus is published prior to Admission then, to the extent provided in section 87Q of FSMA, investors shall have the right to withdraw their subscriptions or purchases made prior to the publication of the supplement. Such withdrawal must be done within the time limits set out in the supplement (if any) (which shall not be shorter than two working days after publication of the supplement).

The contents of this Prospectus are not to be construed as legal, business or tax advice. Each prospective investor should consult its, his or her own lawyer, financial adviser or tax adviser for legal, financial or tax advice in relation to any subscription, purchase or proposed subscription or purchase of Shares. In making an investment decision, each prospective investor must rely on its, his or her own examination, analysis and enquiry of the Company and the terms of the Offer, including the merits and risks involved.

This Prospectus is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Company, the Directors, Investec or any of their representatives that any recipient of this Prospectus should subscribe for or purchase any of the Shares. Prior to making any decision as to whether to subscribe for or purchase any of the Shares, prospective investors should read the entirety of this Prospectus. Investors should ensure that they read the whole of this Prospectus and not just rely on key information or information summarised within it.

Investors who subscribe for or purchase Shares in the Offer will be deemed to have acknowledged that: (i) they have not relied on Investec or any person affiliated with Investec in connection with any investigation of the accuracy of any information contained in this Prospectus for their investment decision; and (ii) they have relied only on the information contained in this Prospectus, and no person has been authorised to give any information or to make any representation concerning the Company or the Shares (other than as contained in this Prospectus) and, if given or made, any such other information or representation should not be relied upon as having been authorised by or on behalf of the Company, the Directors or Investec.

None of the Company, the Directors, Investec or any of their representatives is making any representation to any offeree, subscriber or purchaser of the Shares regarding the legality of an investment by such offeree, subscriber or purchaser.

In connection with the Offer, Investec and any of its affiliates, acting as investors for their own accounts, may acquire Shares, and in that capacity may retain, purchase, sell, offer to sell or otherwise deal for their own accounts in such Shares and other securities of the Company or related investments in connection with the Offer or otherwise. Accordingly, references in this Prospectus to the Shares being offered, subscribed, acquired, placed or otherwise dealt with should be read as including any offer to, or subscription, acquisition, dealing or placing by, Investec and any of its affiliates acting as investors for their own accounts. Investec does not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligations to do so.

Presentation of financial information and non-financial operating data

Historical financial information

The historical financial information in Part 10: “Historical Financial Information” has been prepared in accordance with the requirements of the Prospectus Directive Regulation and the Listing Rules and in accordance with IFRS. The basis of preparation is further explained in Part 10: “Historical Financial Information”.

The financial information included in this Prospectus includes some measures which are not accounting measures within the scope of IFRS and which the Group uses to assess the financial performance of its business. These measures include Net Fee Income.

The Board believes that Net Fee Income is frequently used by analysts, investors and other interested parties in evaluating companies in the Group’s industry. These are not measures of performance derived in accordance with IFRS, and should not be considered a substitute for Revenue.

Market, industry and economic data

Unless the source is otherwise identified, the market, economic and industry data and statistics in this Prospectus constitute Directors’ estimates, using underlying data from third parties. The Company obtained market and economic data and certain industry statistics from internal reports as well as from third party sources as described in the footnotes to such information. The Company confirms that all third party information set out in this Prospectus has been accurately reproduced and that, so far as the Company is aware and has been able to ascertain from information published by the third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. Where third-party information has been used in this Prospectus, the source of such information has been identified. Such third party information has not been audited or independently verified.

Information regarding forward-looking statements

This Prospectus includes forward-looking statements. These forward-looking statements involve known and unknown risks and uncertainties, many of which are beyond the Company’s control and all of which are based on the Directors’ current beliefs and expectations about future events. Forward-looking statements are sometimes identified by the use of forward-looking terminology such as “believes”, “expects”, “may”, “will”, “could”, “should”, “shall”, “risk”, “intends”, “estimates”, “aims”, “plans”, “predicts”, “continues”, “assumes”, “positioned” or “anticipates” or the negative of those terms, other variations on those terms or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Prospectus and include statements regarding the intentions, beliefs and current expectations of the Directors or the Company concerning, among other things, the results of operations, financial condition, prospects, growth, strategies and dividend policy of the Company and the industries in which it operates.

In particular, the statements under the following headings “Summary Information”, Part 1: “Risk Factors”, Part 5: “Information on the Company and the Group” and Part 8: “Operating and Financial Review” regarding the Company’s strategy and other future events or prospects are forward-looking statements. These forward-looking statements and other statements contained in this Prospectus regarding matters that are not historical facts involve predictions. No assurance can be given that such future results will be achieved: actual events or results may differ materially as a result of risks and uncertainties facing the Company. Such risks and uncertainties could cause actual results to vary materially from the future results indicated, expressed or implied in such forward-looking statements. Please refer to Part 1: “Risk Factors” for further confirmation in this regard.

The forward-looking statements contained in this Prospectus speak only as of the date of this Prospectus. The Company, the Directors, the Selling Shareholders and Investec expressly disclaim any obligation or undertaking to update these forward-looking statements contained in this Prospectus to reflect any change in their expectations or any change in events, conditions, or circumstances on which such statements are based unless required to do so by applicable law, the Prospectus Rules, the Listing Rules or the Disclosure and Transparency Rules. Investors should note that the contents of these paragraphs relating to forward-looking statements are not intended to qualify the statements made as to sufficiency of working capital in this Prospectus.

Information not contained in this Prospectus

No person has been authorised to give any information or make any representation other than those contained in this Prospectus and, if given or made, such information or representation must not be relied upon as having been so authorised. Neither the delivery of this Prospectus nor any subscription, sale, or purchase made under it shall, under any circumstances, create any implication that there has been no change in the affairs of the Company or the Group since the date of this Prospectus or that the information in this Prospectus is correct as of any time subsequent to the date of this Prospectus.

No incorporation of website information

The contents of the Company's website, any website mentioned in this Prospectus or any website directly or indirectly linked to these websites have not been verified and do not form part of this Prospectus, and investors should not rely on such information.

Rounding

Percentages and certain amounts contained in the Prospectus, including financial information, have been subject to rounding adjustments. Accordingly, in certain instances, the sum of numbers in a column or a row in tables contained in the document may not conform to the total figure given for that column or row.

PART 3

DIRECTORS, SECRETARY, REGISTERED AND HEAD OFFICE AND ADVISERS

Directors	Ivan Martin (<i>Non-Executive Chairman</i>) Roderick (Rod) Flavell (<i>Chief Executive Officer</i>) Sheila Flavell (<i>Chief Operating Officer</i>) Michael (Mike) McLaren (<i>Chief Financial Officer</i>) Andrew (Andy) Brown (<i>Group Commercial Director</i>) Peter Whiting (<i>Proposed Non-Executive Director</i>) Jonathan Brooks (<i>Proposed Non-Executive Director</i>) Robin Taylor (<i>Proposed Non-Executive Director</i>)
Company secretary	Michael McLaren
Registered office	3rd Floor, Cottons Centre Cottons Lane London SE1 2QG
Sponsor, financial adviser, sole bookrunner and broker	Investec Bank plc 2 Gresham Street London EC2V 7QP
English legal advisers to the Company	Taylor Wessing LLP 5 New Street Square London EC4A 3TW
English legal advisers to the Sponsor	Eversheds LLP 1 Wood Street London EC2V 7WS
Reporting Accountant and Auditors	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH
Registrars	Capita Asset Services The Registry 34 Beckenham Road Kent BR3 4TU
Financial public relations advisers to the Company	Citigate Dewe Rogerson 3 London Wall Buildings London Wall London EC2M 5SY

PART 4

EXPECTED TIMETABLE OF PRINCIPAL EVENTS, OFFER STATISTICS AND EXCHANGE RATE

Expected timetable of principal events

<i>Event</i>	<i>Time and date (2014)</i>
Admission and commencement of dealings in the Shares on the London Stock Exchange	8.00 a.m. on 20 June 2014
CREST accounts credited in respect of uncertificated Shares	20 June 2014
Share certificates in respect of certificated Shares despatched	27 June 2014

All times are London, UK times. Each of the times and dates in the above timetable is indicative only and is subject to change without further notice.

Exchange Rate

Prevailing exchange rate as at the date of this document	US\$1.697=£1.00
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Offer Statistics

Offer Price (per Share)	287 pence
Number of Shares subject to the Offer	84,558,856
– to be sold by the Selling Shareholders (the Existing Shares)	81,774,399
– to be issued by the Company (the New Shares)	2,787,457
Percentage of the existing issued share capital subject to the Offer	78.08 per cent.
Number of Shares in issue immediately following Admission	107,517,506
Expected market capitalisation of the Company at the Offer Price ¹	approximately £308.5 million
Estimated net proceeds of the Offer receivable by the Company ²	approximately £3.0 million
Estimated gross proceeds of the Offer receivable by the Selling Shareholders	approximately £234.7 million

¹ The market capitalisation of the Company at any given time will depend on the market price of the Shares at that time. There can be no assurance that the market price of a Share will equal or exceed the Offer Price.

² After deduction of the estimated commissions and other fees and expenses of the Offer payable by the Company, expected to be approximately £5.0 million.

PART 5

INFORMATION ON THE COMPANY AND THE GROUP

Investors should read this Part 5 in conjunction with the more detailed information contained in this Prospectus, including the financial and other information appearing in Part 8: “Operating and Financial Review”. Where stated, financial information in this Part 5 has been extracted without material adjustment from Part 10: “Historical Financial Information”.

1. OVERVIEW

The Group is a UK-based international professional services provider focusing principally on IT, specialising in the recruitment, training and deployment of its own permanent IT consultants across six core service areas: Development; Testing; PMO; Data Analysis; Application Support; and Infrastructure.

Market overview

Global technology systems and solutions continue to grow in everyday importance in all aspects of life. The need for organisations to remain at the vanguard of technology and to have robust, well maintained business-critical technological systems and infrastructure is greater now than ever before. As a consequence, spend on IT by many major international businesses is increasing and is being deployed across a broader range of technology projects; from maintaining embedded legacy solutions to implementing innovative cloud-based and mobile solutions. The demographic of an ageing westernised population, growing IT skills demands and a reduction in the appetite of many international organisations to increase their dependence on offshore providers has created significant market opportunity for FDM. FDM has, over a number of years, positioned itself to be able to address this growing demand, including many of the niche and new requirements that this market evolution is generating.

Banking, financial services and other major corporates are continuing to look to reduce overheads, increase cost flexibility and improve risk management, particularly in an economic environment of lower returns and with a growing burden of regulation. Commercial challenges faced by FDM's clients commonly include the need to maintain and strengthen customer service levels, whilst developing tailored and targeted solutions in the face of more exacting customer demands, increased competition and a trend away from physical infrastructure networks and stores to online provision of services.

Over the past 10 years, outsourcing has become a major cost-effective alternative for banks, financial services providers and other major corporates, initially attracted by the lower salaries in regions such as India. However, there has been a recent trend towards bringing some of these outsourced services back onshore as a consequence of concerns over high inflation rates in offshore markets, foreign currency volatility, a lack of control over business-critical processes, knowledge and know-how and the quality of service provision.

Large, international organisations such as those in banking, financial services, energy and transportation typically have a need for a continuous supply of high calibre, suitably trained and skilled individuals to maintain business-as-usual functions, meet project-based requirements and inject new skills and knowledge into their organisation, where market trends require a rapid and dynamic approach to emerging technology trends. These organisations are commonly seeking to access a more diversified pool of talent to inject new skills, knowledge and fresh perspectives into IT departments and to increase the proportion of women. Although women make up 46 per cent. of the UK workforce, only 17 per cent. of IT professionals are women.

FDM is well-positioned, as a local provider in each of the countries in which it operates, to meet the significant and growing skills gap that exists both to support embedded and legacy solutions and to meet the burgeoning demand for skills from new technology trends, such as mobile solutions platforms and the proliferation of “big data”. FDM seeks to meet the requirements of the market in which it operates with an agile, responsive and low-risk approach from a diverse pool of talent.

Meeting market requirements

FDM meets its supply obligations through the provision of suitably qualified consultants, known internally as 'Mounties', who join FDM usually either as graduates or ex-military personnel and are trained in one of FDM's six core service areas. On completion of their training, Mounties are deployed on client sites, as full-time payrolled employees of FDM. In return for the training that has been provided by FDM at no charge to the Mountie, the Mountie is required to work for FDM for a minimum of 24 months. Thereafter they are free to remain with FDM, to transition to the client as a full-time employee or to leave FDM and pursue a career independently. The client is charged on a time sheet basis for the services of each Mountie and has a commitment to FDM for the Mountie, which is usually limited to a maximum 30 day notice period in order to retain the flexibility of FDM's offering to its customers, whilst many of FDM's clients look to internalise the Mountie as a full-time employee at the end of the 24 month bonded period. After 24 months on site the Mountie has typically acquired client-specific business knowledge and know-how and will progress to be internalised, usually taking on a more senior role. Their initial role within the organisation after internalisation is often filled by a newly deployed Mountie.

Where does FDM find good people?

FDM's business model has evolved into the current Mountie model over a number of years through a process of refinement and enhancement such that today FDM looks principally to recruit both:

- graduates local to each of the territories in which it operates, typically but not exclusively training them in-territory and then deploying them on client sites within the same territory; and
- ex-military personnel local to each of the territories in which it operates, training them in that territory and deploying them on client sites in the same territory.

FDM is dedicated to increasing the recruitment of women into IT and supporting its female employees to help them progress in a male-dominated industry through the 'Women In IT' initiative.

It is generally a requirement that prospective FDM Mounties agree to be geographically flexible within the territory in which they are recruited and in territories in which they have the right to work.

The Mountie model calls upon:

- graduates, because they have typically demonstrated an ability to learn, achieve and support themselves away from a home environment and are often unsure of their initial steps into a career post-graduation. FDM is able to give them training such that they can add value on a client site from day one of deployment; work for a typically blue-chip FDM client; and begin to appreciate how best to position themselves to build a strong foundation for their careers; and
- ex-military personnel, because they typically possess all of the same attributes as graduates and also bring a maturity gained from real world experience. They are often just as in need of assistance and guidance in relation to their first steps toward a new career outside of the Armed Forces as graduates.

For the academic year 2012/13¹ in the UK (FDM's largest market), the total student population at universities exceeded 2.3 million students. FDM is not aligned to any one set or multiple set of skills in the graduates which it recruits but typically has a propensity to recruit STEM students. Graduates of many different university degree subjects are, or have been, Mounties as FDM seeks to find in its prospective Mounties both a passion to achieve and an ability to deliver.

In addition to its Mountie model, FDM also supplies both contract and permanent resources to its clients to supplement additional skill sets or deliver greater experience, referred to internally as 'Freelancers'.

Industry trends, regulation and market dynamics

The Directors estimate that the size of the market in which FDM operates is in excess of £10 billion, based on the aggregate spend on IT roles of 0 to 3 years' experience working for companies with greater than 500 employees in countries in which the Group already operates. This market is growing annually and the Directors believe that, as more disciplines are added to FDM's current core of six competences, more of this market will become addressable.

¹ Source hesa.ac.uk

Increasingly, there is a trend towards bringing outsourced IT services provision back onshore as corporate clients have concerns over:

- high inflation rates and adverse currency fluctuations in offshore markets;
- data integrity and control with the requirements, regulatory or otherwise, to keep data onshore;
- a lack of control over processes;
- quality of service provision; and
- loss of key core skill sets and domain expertise within an organisation to third party providers.

For those organisations that have chosen not to offshore or outsource some or all of their IT operations, or who have chosen to bring outsourced services back onshore, the demographics of the workforce can dictate a need to bring in more junior but workplace-ready talent who can become embedded within the IT departments of their organisations and become the experienced workforce of the future. A number of companies have seen the turnover of workforce headcount reduce over the past few years as the economy slowed. This has resulted in an increase in the average age of employees and a consequent shortening in the average time to their expected retirement or leaving of the business, potentially exposing them to a relatively sudden shortfall of support for legacy and embedded IT solutions.

Future potential growth drivers include:

- increased use of cloud computing;
- increased mobile applications and speed to market with such applications;
- increased use of niche third party applications and software systems;
- the modernisation of ageing business-critical IT systems and the retiring of legacy IT systems;
- an increased number of legacy IT systems requiring maintenance;
- more IT outsourcing coming back onshore;
- the increasing risk of clients losing IT know-how and domain expertise from a rising average employee age, which is expected to drive demand for more junior employees;
- the desire to promote diversity within the work place and, in particular, within IT departments;
- additional data protection requirements and offshoring obstacles;
- increased data reporting and archiving;
- a desire to obtain IT skill-sets not available in-house;
- increasing regulatory and compliance requirements in banking, financial services and other vertical markets;
- increasing client focus on value for money service offerings; and
- permanent headcount freezes in large corporates and a preference to reduce overheads.

Competitive landscape and barriers to entry

FDM operates in a highly fragmented market where no single company has a dominant market position. FDM's model occupies a niche in the market between larger IT consultancies, recruitment agencies and offshore IT services providers. FDM's highly differentiated proposition is an onshore delivery model which delivers low-risk, value-based business-critical IT solutions to clients, including providing core expertise.

In the UK market, there are few competitors to FDM in terms of IT services delivery through a significant graduate recruitment and ex-military recruitment programme. The Directors believe that FDM is differentiated by its geographic coverage; critical mass; breadth of service offering; strength of reputation; relationship with its client base; ability to tailor the learning pathway of each graduate to both client requirements and applicants' previous experience, strengths and weaknesses; and the range of specialist graduate programmes offered. The Group typically competes with agency IT contractors and IT service providers for a share of client IT spend.

The directors believe that FDM's clients choose Mounties because:

- they consistently receive high calibre trained IT consultants and FDM can assist clients in the lifecycle management of their IT departments;
- the bonded period provides clients with a stability of known resource;
- Mounties are a value-attractive resource relative to the alternatives;
- the Group has scale, with a strong track record for delivering a high calibre, low-risk service with very good speed to market;
- FDM is agile and can tailor the training provided to Mounties to match the detailed requirements of the client by either adding or supplementing specific skills and knowledge that the client requires for their own specific business model;
- FDM is a supporter of 'Women in IT', an initiative to recruit a greater proportion of females into IT, and can consequently assist clients in promoting diversity within their IT departments;
- FDM's ex-military service personnel offering brings a range of skills, experience and knowledge to many organisations that can add depth and breadth to IT departments and more general business functions;
- clients can easily flex their IT requirements at any time;
- FDM provides access to a broad range of technology expertise and specialist knowledge, including of complex, niche software products;
- clients have the opportunity to recruit Mounties on a permanent basis after an initial two year period, de-risking their own recruitment processes; and
- FDM offers flexibility of hires across geographies, whilst at the same time being able to provide culturally familiar resource.

FDM has spent over 20 years refining its business model and there are significant barriers to entry for firms looking to compete. The Group combines recruitment, training and consultancy in a business model which is difficult to replicate:

- the level of sophistication involved throughout the recruitment and training process which FDM has taken a number of years to refine;
- critical mass such that the recruitment and training of Mounties can be undertaken efficiently and cost effectively and Mountie utilisation at very high levels is achievable notwithstanding individual clients having fluctuating consultant demands;
- the Group has made a significant time investment in designing, creating and enhancing its bespoke training courses. FDM also owns the majority of its training course intellectual property having developed the content in-house;
- valuable university relationships and a strong reputation amongst ex-FDM graduates for having successfully launched their careers;
- wide relationships in the Armed Forces in both operational and outplacement services in the UK and USA;
- deep, embedded customer relationships across a large number of multinational blue-chip customers in a wide variety of geographies and business lines, with cross-referenceability a key driver to broadening these relationships within organisations; and
- a strong client service delivery track record.

2. KEY STRENGTHS

The Directors believe that the key strengths of the Group are:

- a differentiated offering with a track record in excess of 20 years, including a strong understanding of client requirements and how to train candidates to meet those requirements;
- a rigorous talent assessment process, high quality of training and strength of Mountie contracts;
- critical mass which enables cost effective recruitment and training (51.6 per cent. Mountie gross profit margin in 2013) and very high utilisation of Mounties (97 per cent. utilisation rate in 2013);

- high barriers to entry;
- margins protected through a flexible salary model (base salary plus an hourly bonus which is only payable when on assignment) and one week notice period for first year consultants which provides downside protection;
- a growing presence on social media and a broad range of prestigious awards as a good employer to work for;
- ability to tailor the learning pathway of each candidate to the needs of current clients and to their previous experience, strengths and weaknesses;
- FDM is not exposed to any particular technology trend but the Directors believe that its business model means that the Group is capable of responding to, and profiting from, all technology trends. Its agile and responsive model means that by monitoring client software trends and preferences, as well as maintaining strong relationships with financial software providers, the Group is able to identify potential new applications and new revenue opportunities;
- increasing 'demand-pull' from growing alumni and those with experience of working with FDM and from vacancies created through the internalisation of Mounties; and
- a low cost base enhanced by an investment-light, low working capital business model and a quickly scalable growth model in new locations.

3. HISTORY AND DEVELOPMENT

The Group's business was founded in 1991 as Flavell Divett International Plc ("FDI") to provide freelance IT contractors and, since that time, has grown both organically and by acquisition to become one of the UK's largest IT graduate employers. The Group has a strong IT services heritage and today employs a highly skilled and knowledgeable workforce of over 1,300 full-time staff operating in 11 countries.

An overview of the development of the Group and its key milestones is set out below:

- 1991: FDI was co-founded by Rod Flavell;
- 1995: FDI merges with Mountfield Software Limited, a software development and IT training company, which trained its own IT consultants (known as "Mounties") for placement through third parties;
- 1998: The merged entity becomes FDM Group. Opens first satellite office in Raleigh, Durham (USA), providing a training centre and sales operation;
- 1998: Acquires Rosemount Consulting Limited, gaining German market exposure through an IT service supplier arrangement with a German telecoms company;
- 2000: Acquires CSi sprl, a Luxembourg-based IT services company with a business licence to operate in Luxembourg. The Group subsequently moves its Belgian office to Luxembourg;
- 2000: Recognising changes in the IT staffing requirements of its clients, the Group takes a strategic decision to transition into Java development having previously offered IT services in a range of programming languages;
- 2001: Rod Flavell appointed Chief Executive Officer and instigates a significant cost-cutting exercise, reducing annual costs from £7.4 million to £4.0 million by 2003;
- 2003: Launch of the first academy in Brighton, launching the flagship Academy programme;
- 2004: Launches .NET development IT service provision;
- 2005: FDM admitted to trading on AIM, raising capital to fund further expansion;
- 2005: Launches Application Support service provision;
- 2007: Launches Testing service provision;
- 2007: Opens new Academies in London and Manchester to enable delivery of Mounties in scale across the UK;
- 2008: Operations established in Switzerland;
- 2009: Launches Infrastructure service provision;

- 2010: FDM take-private by Inflexion;
- 2010: Establishes operations in Hong Kong;
- 2010: Launches PMO service provision;
- 2011: Opens new Academies in New York and Frankfurt;
- 2012: Launches Data Services service provision;
- 2012: Operations established in Singapore and Canada;
- 2013: Mountie numbers surpass 1,000;
- 2013: Expands into The Cottons Centre, FDM's flagship London headquarters;
- 2014: Operations established in Shanghai and an academy opened in Toronto; and
- 2014: Terms agreed for a new office/academy in Glasgow.

4. PRINCIPAL ACTIVITIES

Overview

The Group is a UK-based international professional services provider focusing principally around IT, specialising in the recruitment, training and deployment of its own permanent IT consultants across six core service areas: Development; Testing; PMO; Data Analysis; Application Support; and Infrastructure.

FDM employs high calibre graduates, typically with STEM degrees, as well as ex-military personnel, providing them with high quality training to qualify them to become FDM Consultants (also referred to as Mounties). In addition to its Mountie model FDM supplies both contract and permanent resources to its clients to supplement additional skill sets or deliver greater experience, referred to internally as 'Freelancers'. As at 31 December 2013, the Group had 1,153 Mounties and 285 Freelancers deployed across its client base.

FDM provides clients with low-risk, value-based business-critical IT solutions which are flexible and can be tailored to suit the varying requirements of its clients' businesses.

The Group's Academy Programme, its in-house training programme, bridges the gap between academia or military life and employment, equipping successful candidates with a combination of relevant technical and business skills and commercial experience to succeed in the IT industry.

FDM is an employer of choice. The pool of suitable graduates for FDM to choose from is significant with over 2.3 million students at university in the UK alone.

FDM's Academies are significantly oversubscribed as evidenced by the c.30,000 applications received to join the Academy Programme in 2013, with only 787 trainees being accepted and starting training in 2013. FDM rigorously applies stringent quality checks to ensure that potential Mounties possess the skills, desire, drive and determination to complete their training and represent FDM on client sites.

FDM is dedicated to increasing the recruitment of women into IT and helping its female employees to progress in a male-dominated industry through the 'Women In IT' initiative. As at 31 December 2013, 25 per cent. of FDM's total workforce was female. The Group is also proud to be an Armed Forces-friendly employer and has established a dedicated programme to recruit ex-military personnel into its businesses in the UK and USA.

FDM has established Academies in London, Manchester, Frankfurt, New York and Toronto and has agreed terms for a property in Glasgow to become its next Academy giving it a combined minimum training capacity in excess of 500 training seats and the capacity to train over 1,500 Mounties per year, sufficient capacity for the foreseeable future. FDM is also considering moving to a two shift training pattern to more fully utilise its training capacity.

Mounties are full-time salaried employees of the Group and therefore FDM retains accountability for them, creating a low-risk staffing solution for clients. The Group's services are both geographically flexible and cost-effective, allowing clients to benefit from cost efficiency without compromising on quality.

FDM typically charges its clients a *per diem* rate for Mounties deployed on client sites (average c. £290 per day currently). Mounties work under the direction and control of the clients' employees and therefore FDM carries limited project risk.

As a leading IT services provider, the Group constantly monitors client software and skill trends and preferences, as well as maintaining strong relationships with financial software providers to identify potential new applications and new revenue opportunities.

The Group is proven at identifying new in-demand service lines to meet ever-changing client needs and now offers a range of services across the IT lifecycle. The Group's focus is on providing a suite of services that are responsive to current client technological requirements, to meet clients' needs for an agile and flexible technological capability with high productivity. Operating as a single client-centric organisation, the goal is to service more clients with more IT and business services over a greater proportion of the globe.

FDM has expanded the scope of its services and the geographies in which it operates in response to client demand, with client-led initiatives generating either demand for new skills or for skills in new geographies. FDM typically seeks to satisfy demand in a new geography from an existing facility and once the new demand has generated sufficient Mounties being billed to clients and an analysis of the demand from other potential clients in the geography merits it, FDM will then invest in a training academy in that geography, just as it has recently done in relation to the Group's new facility in Toronto, Canada. This helps to create a low investment, quickly scalable business model in each country.

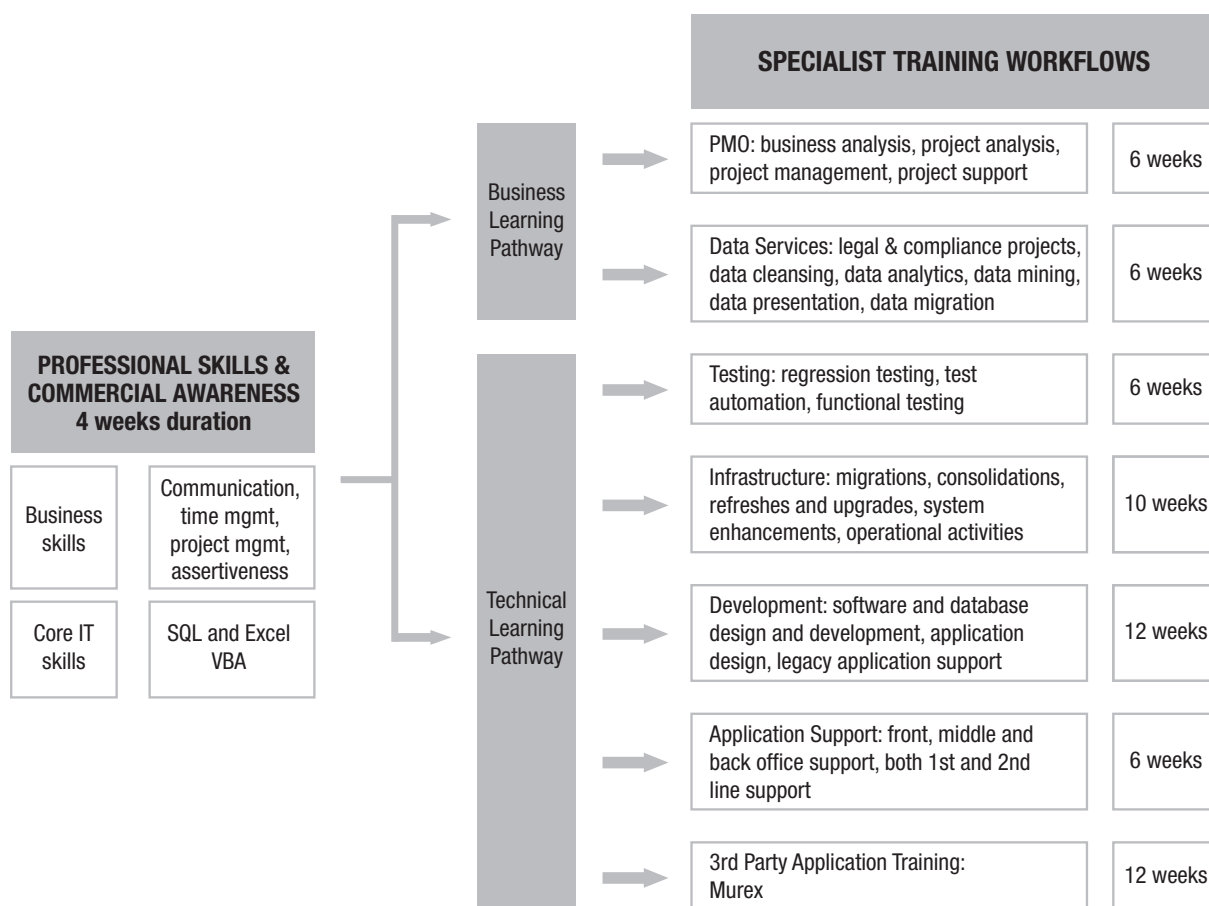
FDM's business model is centred on the belief that by maintaining the highest quality standards it will retain clients and it utilises resource management techniques, employing what it calls the 'source, train, assign' model:

Source

- High quality graduate candidates from relevant universities in the local territory, typically with a STEM degree, apply to join FDM's award-winning Academy Programme through an online application process.
- Ex-service personnel, often but not exclusively from more technical military backgrounds, apply to join FDM as a result of FDM's targeted recruitment initiatives, by colleague referral or via military outplacement operations.
- Applications are initially filtered through an online software tool where, if successful, FDM conducts a telephone interview before the applicant is invited to a one-day assessment centre.
- Assessments are held at least once each week around the world to evaluate candidates' technical and interpersonal skills, as well as their ability to integrate into client environments.
- Successful candidates are invited to train at FDM's in-house Academies in London, Manchester, Frankfurt, New York or Toronto.

Train

- Applicants sign a training agreement which bonds them to work as an employee of FDM for a minimum of two years from commencement of their first client placement or to reimburse the full cost of the training if they leave at any point during the two year period (save for Germany, as described in more detail below).
- Applicants receive their four week foundation training in technical and professional skills and commercial awareness with the FDM recruitment team taking 'ownership' of each Mountie during the first two weeks to help them settle in and maintain candidate retention rates.
- Applicants undertake regular aptitude and skill-set tests to monitor performance and to determine which specialised training stream will not suit them after their foundation training, ranging from a further 6 weeks for PMO, Testing, Application Support and Data Services, to 12 weeks for Development.



- Once applicants have passed their final tests, they are signed off as Mounties and become employees of the Group on an initial placement at one of FDM's client sites.

Assign

- Mounties are placed at one of the Group's clients on assignment, typically on a four week notice period from the client but which may run for a period that can be up to two years. The average Mountie tenure on a single client site is currently 19 months (financial year ended 31 December 2013: 16 months, financial year ended 31 December 2012: 18 months). For some clients, FDM also uses experienced Freelancers as project managers/team leaders to supplement the Mounties at client sites.
- At the end of the initial placement (if less than two years), clients either renew the Mountie contract or FDM looks to place the Mountie at another client.
- Mounties' strength and depth of training enables them to be deployed across different service lines, maximising the potential for the Mountie to be deployed and therefore maximising utilisation rates.
- Two years after the Mountie's first placement, the training bond expires and Mounties can either stay on as a third year Mountie, join the client, become an external consultant or leave FDM. The average Mountie tenure at FDM is currently 2 years and 3 months.
- Former Mounties form a valuable alumni network and many become clients of FDM.

In Germany, the model has been slightly refined to reflect the local market whereby many potential FDM Mounties will have both an undergraduate and a post-graduate degree and will, therefore, be older than in other FDM geographies. Consequently, trainees in Germany are salaried from acceptance onto the Mountie training programme with FDM focusing on the recruitment, training and retaining of Mounties for the longer term, with a view to retaining senior talent and growing its brand as a standalone consultant. The Company has a number of clients in Germany who place value on the guaranteed skills capabilities and the contract flexibility that the Mountie model offers as reducing headcount in Germany is particularly costly. This also makes the two-year Mountie 'bond' less appropriate for the German market as clients may not always look

to take the Mountie on permanently after the bonded period. Therefore, the long term Mountie model suits the local market better than the usual FDM model. Results for the refined German model have been strong to date, with 16 Mounties being hired since the beginning of 2014.

Services

FDM provides services to support client needs across the IT lifecycle. Service lines include:

Development

FDM's Development service helps manage and minimise risk on IT development projects by providing services to support all phases of the software programme development lifecycle.

Testing

FDM's on and offsite testing capability helps clients improve both the quality and performance of their IT systems. Tools used include QC, QTP, Loadrunner, Facilita Forecast, Test Complete, Original Test Drive and Original Test Drive Assist.

PMO

PMO underpins FDM's software development lifecycle portfolio. The Group's project management, business analysis and project support services deliver the processes, controls and assurance required for IT and other business-focused projects to be successful.

Data Analysis

Mounties fulfil a range of roles, typically applicable to large financial organisations, largely focusing on assessment, reporting and data analysis for regulatory compliance.

Application Support

FDM helps clients to manage their support functions through supplemented support, greenfield support and outsourced solutions.

Infrastructure

FDM has the capability to manage infrastructure-related projects ranging from: BAU operational activities to server migrations, virtualisation, consolidations, infrastructure refreshes and technical projects.

Adjacent to its core services above, the Group also has a track record of providing specialist Mounties trained in third party applications. The most recent application for Mounties to be trained in is Murex's MX.3 application, which was launched in March 2012.

The Company has created packaged solutions to address areas of growing client demand, which act as effective routes into winning new mandates from existing clients and increasing the Company's share of IT service spend from each client. Examples of these packaged solutions include:

- Big Data: FDM's recently introduced Data Analysis workstream trains candidates in Hadoop and MongoDB for the provision of a broad range of data analytics services;
- Mobile Platform UX Testing: an example of the Company 'productising' its capabilities, c. 100 Mounties are working on user experience testing for mobile applications across various mobile platforms, as well as offering analytics and development. Although mobile banking applications have been the main focus to date, FDM's Mobile Platform UX Testing solution has also been deployed in other verticals such as eCommerce;
- Tools sets: FDM has areas of expertise in supporting certain technology solutions such as Wincor ATM, where technology vendors have deployed new hardware, operating systems or delivery methods and clients' in-house experiences may be lacking to offer a sufficient level of support.

FDM seeks to enhance its products and services both through internal research and development and the identification of adjacent IT services offerings.

Sales model and structure

FDM has an effective sales model which is highlighted by the strong utilisation rates of Mounties, with sales people working to re-deploy Mounties who come off client contracts quickly.

Most sales staff are hired at entry level or a relatively junior level through either direct recruitment at universities or via a personal recommendation or application. Hiring senior technology sales staff has not historically proven to be the most effective way of building the FDM sales team, with better results achieved by growing sales talent internally, which the Group believes is due to the unusual nature of the FDM offering within the technology space.

During initial sales training, junior sales people are required to undertake the Mountie PMO training programme as part of their sales education, improving their industry knowledge whilst also allowing them to experience, first hand, the skills that this training imparts.

After approximately one year of sales training, junior sales people are moved on to client facing calls.

The sales team is managed across a number of verticals such as Public Sector, Oil & Gas and Utilities, Banking, Digital and Transportation. There is also a Big Data sales team, although it is intended that this sales function will be spread across industry verticals over time as it becomes a mainstream client requirement.

FDM's sales team is also enhanced by working with Business Relationship Managers who have deep technical expertise in particular skills sets, as well as being experienced within FDM, either originally as a Mountie or as a trainer of Mounties. Approximately half of FDM's 10 Business Relationship Managers have been with the Group for over 10 years.

FDM's operations provide services over a number of geographical regions as summarised in the table below, which provides a breakdown of the Group's revenue:

	Year ended 31 December		
	2011 (audited)	2012 (audited)	2013 (audited)
£000s			
UK revenue	72,772	77,223	77,323
% of total revenue	75%	75%	73%
North America revenue	9,700	11,043	14,822
% of total revenue	10%	11%	14%
Rest of EMEA revenue	13,025	13,604	12,171
% of total revenue	13%	13%	12%
APAC revenue	1,769	1,573	1,304
% of total revenue	2%	2%	1%
Total revenue	<u>97,266</u>	<u>103,443</u>	<u>105,620</u>

Mounties

FDM enters into a contract with each Mountie whereby the individual agrees to repay the costs of their training if they leave within two years of becoming an FDM employee. Following two years' employment with FDM, Mounties are free to seek employment elsewhere, though many continue working for FDM. At 31 December 2013, FDM had 1,153 Mounties on assignment within its client base (as at 31 December 2012, this number was 942 Mounties on assignment with its client base).

The Group has FDM Academy training centres in London, Manchester, Frankfurt, New York and Toronto, with a further training centre being established in Glasgow and is reviewing a number of potential further locations.

Mounties are attracted to work for FDM for the following reasons:

- excellent training (pre-placement);
- careers with prestigious blue-chip clients;

- high job security through FDM's consistently high utilisation rates of c.97 per cent.;
- enhanced employability and salary prospects post-placement; and
- the opportunity after 2 years to become a senior consultant, a contractor, to work for FDM or to join the client.

As a result, FDM is increasingly seen as the destination of choice for graduates pursuing an IT career and has been highly ranked across multiple awards, including:

- 2nd in TheJobCrowd's Top IT and Telecoms Companies to Work For (2013/2014);
- 7th in TheJobCrowd's Top 100 Companies for Graduates to Work For (2013/2014); and
- finalist in Civilianjobs.com's Most Valuable Employers (MVE) for Military (2013/14).

FDM generates Mountie revenue by typically charging a *per diem* fee for the Mountie (average c. £290 per day currently) when deployed on the client site which may vary across skill sets, geographies and by client volumes. FDM is able to charge higher *per diem* rates for Mounties trained in niche third party applications given the higher value the Mounties are able to add to their clients.

Freelancers

FDM has developed a pool of freelance IT contractors, referred to as 'Freelancers', that the Group uses to supplement the skills offered by Mounties on its projects. The Freelancers also enable the Group to meet new clients' IT requirements promptly, whilst providing a customer relationship through which the Group can cross-sell its other services. At 31 December 2013, FDM had 285 Freelancers on assignment within its client base.

Although not a main focus of FDM's growth strategy, FDM continues to place Freelancers at client sites because:

- Freelancer placings play an important role in establishing new client relationships, particularly in the UK;
- Freelancers are able to identify potential areas where FDM could provide further assistance to clients which often leads to an opportunity to place Mounties;
- in some cases, clients request the services of specific Freelancers who are known to them; and
- for a limited number of clients, experienced Freelancers are used to manage the junior Mountie resource.

FDM earns fees based on a percentage of the Freelancer's charge-out rates and generates ongoing revenue whilst they are on assignment.

Key customers

FDM has a client list of 135 multinational blue-chip clients, many of whom have been customers of the business for a number of years. Clients are from different sectors including banking & finance, telecoms, media & entertainment, automotive, IT & software, retail & consumer, airlines & aerospace, gaming, energy and not-for-profit.

Mountie headcount by client industry sector as at 31 March 2014 was as follows:

<i>Client industry vertical</i>	<i>No. of Mounties</i>	<i>Percentage of total</i>
Banking & Financial	780	64%
IT Systems & Services	131	11%
Travel	87	7%
Media & Entertainment	71	6%
Insurance	35	3%
Government	31	3%
Energy & Resources	17	1%
IT Consultancy & Outsourcing	14	1%
Telecommunications	12	1%
Other	39	3%
Total	<u>1,217</u>	<u>100%</u>

Examples of FDM's banking and financial services customers include:

- Barclays;
- BNP Paribas;
- Citi Group;
- UBS;
- Credit Suisse;
- RBS;
- HSBC;
- KPMG;
- Bank of America Merrill Lynch;
- Virgin Money;
- PricewaterhouseCoopers; and
- Lloyds Banking Group.

Examples of FDM's non-banking and financial services customers include:

- Asda;
- BP;
- British Airways;
- Financial Times;
- Daimler;
- Murex;
- National Grid;
- Sky;
- Virgin Media;
- Wincor Nixdorf;
- The Home Office; and
- The Department of Justice.

Mountie headcount by client as at 31 March 2014 was as follows:

<i>Client</i>	<i>No. of Mounties</i>	<i>Percentage of total</i>
Barclays	151	12%
UBS	94	8%
British Airways	82	7%
Credit Suisse	81	7%
BNP Paribas	53	4%
HSBC	51	4%
Bank Of America Merrill Lynch	43	4%
Wincor Nixdorf	45	4%
Morgan Stanley	39	3%
Lloyds Banking Group	39	3%
Others	539	44%
Total	<u>1,217</u>	<u>100%</u>

In the financial year ended 31 December 2013, 72 per cent. of revenue was generated from banking and financial services clients (74 per cent. for the financial year ended 31 December 2012).

Whilst FDM generates the majority of its revenues from financial services clients, who collectively are the largest investors in IT solutions on a global scale, it has over the past few years sought to broaden its reach into other sectors including energy, central government and transportation. This breadth of clients has allowed the Group to leverage its utilisation rates for Mounties such that a softening of demand for particular skills or within a particular sector is unlikely to be replicated across the entirety of FDM's client base. Utilisation rates in 2013 for FDM Mounties averaged 97 per cent.

FDM's public sector client growth is viewed by the Directors to be a key success for the Group to date. Prior to 2012, FDM had little presence in the UK public sector. Through participation in the Women in IT initiative, FDM formed strong links with the UK Home Office and has signed a contract with the UK Home Office for the provision of Mounties. In addition, FDM has been selected as a G-Cloud provider with this initiative publically stating its intention to favour mid-sized providers over larger scale international services providers where possible. Since its contract win with the Home Office, FDM has won contracts with other UK Government departments such as the Ministry of Justice, Department of Education and the National Audit Office. FDM now has over 30 Mounties working within the UK public sector.

Research & development

FDM owns the copyright over the majority of its training materials, which have been built up over a number of years and which are refreshed and maintained on a continuous basis. FDM looks to utilise Mounties who have been on client site and gained market leading skills to assist in the development of its training materials so that the 'good' can be replicated and built into the training of future Mounties.

Accreditations

FDM operates a quality system based on the best working practices that the Group can continuously and effectively operate and which meet the standards demanded by its customers and the BS EN ISO 9001:2008 Quality Management System.

5. STRATEGY

The Directors believe they have a well-developed strategy to drive continued growth in profitability and cash generation which involves leveraging the Group's six core service areas through increased Mountie headcount fuelled by the establishment of new Academies, increased penetration into its current client base and expansion of its client base including through geographic expansion, most notably in North America but also in Europe and APAC. FDM also plans to continue to develop its partnerships with third parties such as Murex and to broaden its knowledge, skills and domain expertise through remaining agile and responsive to shifting technology trends and client demands. It also plans to broaden its source of Mounties, via further penetration into existing channels (including ex-military and women) and exploration of new channels.

FDM's approach is client-led, with clients expressing interest in the Group's services in a new territory (consultants are initially 'exported' from existing Academies) before a critical mass of consultants is reached to warrant investment in a new Academy.

The Group's client-led approach is anticipated to continue to drive a responsive roll out of IT service provision so that the Group can profit from technology trends and is not over-exposed to any one technology trend or type.

An additional element of the Group's strategy is to achieve sustained revenue, profit and cash flow growth from its chosen market of IT professional services. The Directors believe that the Group will be able to use its expertise and technology in the IT services market to grow within its chosen geographic markets.

6. SUPPLIERS

The Group operates with suppliers of commercial off-the-shelf products and solutions such that the Directors believe there is no material reliance on any one or more supplier for the delivery of its services.

7. ENVIRONMENTAL

The Group recognises the importance of environmental protection and is committed to operating the Group's business responsibly and in compliance with environmental law, regulation and approved codes of practice applicable to its business activities. The Group's environmental policy, which is reviewed and (if appropriate) amended each year, outlines the Group's key environmental impacts, targets and commitments.

The Group proactively seeks to reduce the Group's environmental impact, with its ultimate goal being to reduce its overall carbon footprint by embedding environmental controls and practices into the daily management of the Group's operations and encouraging positive behaviour from its employees. The Directors believe that these environmental controls and practices can also benefit the Group's business, such as promoting the efficient use of energy and resources thereby helping to reduce costs.

8. HEALTH AND SAFETY

Employee health and safety is of high importance to the Group and specific employees are responsible for implementing the Group's health and safety policies across each of the Group's sites. Such policies are regularly reviewed and updated to take account of new legislative requirements and best practice as well as to reflect new or increased health and safety risks.

9. INFORMATION TECHNOLOGY SYSTEMS

The Group has a clear vision for IT in the business. This centres around an agile and scalable IT model that can support business growth and international expansion. A key step as part of this has been to replace older in-house applications and infrastructure that, while stable, were unwieldy and unable to support significant growth in the business. Since mid-2011, FDM management have undertaken a transformation programme aimed at introducing greater agility and scalability to the Group's IT environment, predominantly by using more cloud-based applications. This programme has included:

- implementing Salesforce-based solutions for the website, recruitment, CRM, resourcing, sales and prospecting;
- replacing servers and rationalising through virtualisations;
- implementing an MPLS network upgrade; and
- an ongoing project of replacing legacy systems with new HR, payroll and billing systems.

10. PROPERTY

The Group operates from the following locations:

<i>Country</i>	<i>Location</i>
UK	London
UK	Brighton
UK	Manchester
US	New York
Germany	Frankfurt
Canada	Toronto
France	Paris
Belgium	Brussels
Switzerland	Zurich
China	Hong Kong
Singapore	Singapore
China	Shanghai
South Africa	Johannesburg
Luxembourg	Luxembourg

Later this year it will also operate from Glasgow, UK.

11. EMPLOYEES

As at 31 December 2013 the Group had 1,486 employees. The table below sets out the average number of employees of the Group for the financial years ended 31 December 2011, 2012 and 2013.

	<i>Year ended 31 December</i>		
	<i>2011</i>	<i>2012</i>	<i>2013</i>
Average number of employees during the period	1,008	1,205	1,350

Employees of FDM, including employed Mounties, are full-time salaried employees and as such receive the usual protections and benefits from full-time status.

The Directors recognise that the success of the business as a whole is dependent on all of FDM's staff at every level. FDM continues to invest in its staff through training initiatives and targeted, discerning recruitment. The Group's focus and ethos is built on training and developing individuals that make a positive difference and reach their full potential in FDM stakeholders' organisations. Accordingly, the Group seeks to employ and retain the highest possible calibre of staff with good technical skills.

The Group seeks to maintain and establish relationships with many universities in the UK, the USA and Germany as these valuable relationships deliver applications for Mountie positions from high calibre graduates and include all 24 Russell Group and 7 out of 8 Ivy League universities. The Directors believe that the Group's employees provide FDM with a competitive advantage – in attracting good quality Mountie candidates who will become high calibre FDM representatives to FDM's clients.

Furthermore, FDM is looking to attract graduates from UK and other international universities with which it has established relationships who are from overseas and who do not have work permits to continue to reside and work in their country of study. The Group seeks to train these candidates in the UK or other countries in which the Company has Academies with a view to working at a client site abroad. Examples of this include graduates at UK universities from Asia Pacific countries, who are helping to drive the Group's growth at client sites in the Asia Pacific region.

The Group is proud to be championing Women in IT and as at 31 December 2013, 25 per cent. of the total Group workforce was female (2012: 23 per cent.). The Group has also established a 'Female Champions' initiative, which provides every female employee the opportunity to have a mentor throughout their training and deployment as an FDM employee.

In the UK, FDM has sealed its commitment to the ex-Forces by signing the Ministry of Defence Armed Forces Corporate Covenant. This demonstrates FDM's support for the Armed Forces community and establishes the Group as an Armed Forces-friendly employer.

In the USA, FDM has established relationships with various arms of the US military and has signed the Armed Forces Corporate Covenant to pledge its commitment to the veteran community. FDM is affiliated with a number of veteran-focused organisations, including: Veterans on Wall Street (VOWS), Wall Street Rocks for our Heroes, Army Week, the Bob Woodruff Foundation, Hope for the Warriors and the United War Veterans Council.

The Group's US subsidiary was recently selected as a Military Times Best for Vets Employer, recognising the Group's ongoing commitment to providing opportunities to America's veterans. FDM has also been announced as a finalist in the CivilianJobs.com Most Valuable Employers (MVE) for Military.

The UK business launched its dedicated ex-military programme, which has demonstrated the Group's support of the Armed Forces through the offering of IT careers to the ex-Forces community. The UK has been recognised in this area through its work with the British Forces Resettlement Services and the Careers Transitions Partnership.

As at 31 December 2013, FDM had c. 40 veterans across the UK and US working as billable Mounties or being trained.

The Directors believe that the ability to offer participation in FDM Share Schemes aligns the interests of key employees with those of shareholders through an interest in the Company's shares and by incentivising the achievement of long-term performance goals.

12. INSURANCE

The Directors believe the Group maintains insurance policies customary (including the terms of, and the coverage provided by, such insurance) for the industry in which it operates to cover certain risks. The Directors consider the Group's insurance coverage to be adequate both as to risks and amounts for the business the Group conducts.

PART 6

DIRECTORS, SENIOR MANAGEMENT AND CORPORATE GOVERNANCE

1. Directors

The following table lists the names, dates of birth, positions and dates of appointment for each Director:

<i>Name</i>	<i>Date of birth</i>	<i>Position</i>	<i>Date appointed as a Director</i>	<i>Date joined Group</i>
Ivan Martin	26 April 1955	Non-Executive Chairman	6 January 2010	10 July 2006
Roderick Flavell	9 April 1958	Chief Executive Officer	6 January 2010	1 January 1991
Sheila Flavell	29 May 1956	Chief Operating Officer	6 January 2010	4 May 1998
Michael McLaren	6 March 1961	Chief Financial Officer	11 April 2011	11 April 2011
Andrew Brown	10 July 1972	Group Commercial Director	6 January 2010	1 September 1994
Peter Whiting	24 January 1966	Proposed Non-Executive Director	Conditional on Admission	Conditional on Admission
Jonathan Brooks	30 January 1956	Proposed Non-Executive Director	Conditional on Admission	Conditional on Admission
Robin Taylor	7 April 1951	Proposed Non-Executive Director	Conditional on Admission	Conditional on Admission

The business address of all of the Directors is 3rd Floor, Cottons Centre, Cottons Lane, London SE1 2QG.

The management expertise and experience of each of the Directors is set out below:

Ivan Martin (Non-Executive Chairman)

Ivan joined the board of directors of FDM Group plc in July 2006. He was a member of the plc board and headed Misys's banking software division until 2005. Previously, Ivan worked at ACT Group plc, until it was acquired by Misys in 1995 and spent his earlier career at US multinational computer business, Unisys. Between 2007 and 2013, he was Executive Chairman of Sesame Bankhall Group, the UK's largest IFA Network and adviser support services provider. Ivan also served as NED on the board of Avelo, a financial services technology business from 2009 to 2012 and as Deputy Chairman of The Association of Professional Advisers from 2008 to 2013. He is also currently Chairman of Red Commerce, a Dunedin backed specialist SAP IT Services business.

Ivan became Chairman of FDM Group plc on 1 October 2006 after a planned three month handover period from the incumbent Chairman. He will continue as Non-Executive Chairman of the Group post flotation, although the intention is to recruit an independent Non-Executive Chairman within the 12 months following Admission, at which point Ivan will step down from his position.

Roderick (Rod) Flavell (Chief Executive Officer)

Rod is the founder and Chief Executive Officer of the Group. He is responsible for the overall strategic development and expansion of the Group across Europe, North America and Asia and, over the past 23 years, has been instrumental in developing the Group into one of the UK's leading IT graduate employers.

Sheila Flavell (Chief Operating Officer)

Sheila was appointed Chief Operating Officer of the Group in 2008. She has over 25 years' experience in both the public and private IT sectors. Sheila played an integral role in the Group's flotation on AIM in 2005 and was a key instigator of the management buy-out of the Group in 2010. Sheila's experience and knowledge of the Group has been key in driving the Group's global expansion programme.

Michael (Mike) McLaren (Chief Financial Officer)

Mike was appointed Chief Financial Officer of the Group in 2011. Prior to joining the Group, Mike served as Chief Operating Officer and Group Finance Director of Alphameric plc and has served on a number of other Boards both private and quoted.

Mike is a Fellow of the Institute of Chartered Accountants in England and Wales.

Andrew (Andy) Brown (Group Commercial Director)

Andy has spent 20 years with the Group and progressed through the sales team to become Global Sales Director in 2007. Andy now fulfils the role of Group Commercial Director and oversees the expansion of the Group with a key focus on the sales, HR, recruitment and business support functions. Andy's strategic focus is around developing new service offerings in line with client demands, as well as increasing the number of applicants for the Group's graduate programme, which are both key areas to the success and growth of the Group.

Peter Whiting (Proposed Non-Executive Director)

Peter has over twenty years of experience as an investment analyst, specialising in the software and IT services sector. Peter joined UBS in 2000 and led the UK small and mid-cap research team. Between 2007 and 2011 he was Chief Operating Officer of UBS European Equity Research. One of his responsibilities during this period was the oversight of the graduate recruitment, training and development programmes both for the Research business and the Equities operation as a whole. Peter is also a director of Microgen plc and MBA Polymers Inc.

Jonathan Brooks (Proposed Non-Executive Director)

Jonathan is a non-executive director and chair of the audit committee of Aveva Group plc, a leading provider of engineering design software, and IP Group PLC, which commercialises intellectual property from leading universities. Jonathan was chairman of Xyratex Ltd, a Nasdaq listed provider of enterprise class data storage subsystems and network technology until its sale to Seagate Inc. in March 2014. Between 1995 and 2002 Jonathan was chief financial officer of ARM Holdings plc where he was a key member of the team that developed ARM to be a leader in its sector.

Robin Taylor (Proposed Non-Executive Director)

Robin joined Phoenix IT Group PLC as a non-executive Director and Chair of the Audit Committee on 1 November 2013, having many years' experience as a director of public companies. Robin is currently a non-executive Director of EMIS Group plc and Fusionex International plc and was formerly Chief Financial Officer of main market publicly listed companies Intec Telecom Systems plc ("Intec"), ITNET plc and JBA Holdings plc. Prior to that, Robin held a variety of financial and general management roles in both Europe and North America. Robin is a member of the Institute of Chartered Accountants of Scotland.

2. Senior Management

The Company's current Senior Management, in addition to the Executive Directors listed above, is as follows:

<i>Name</i>	<i>Date of birth</i>	<i>Position</i>	<i>Date appointed as an Employee of the Group</i>
Andy King	27/11/1966	UK Managing Director	17/03/2008
Claus Damwerth	07/06/1966	GMBH Managing Director	01/01/2014
Heidi Taylor	12/01/1979	Global Project Manager	06/01/1997

The management expertise and experience of each of the Senior Management team is set out below:

Andy King

Andy joined FDM in 2008, having formerly worked at Barclays Wealth. With over 25 years of experience, predominantly within the Finance and IT sectors, Andy originally built and grew the Group's Testing Services Division to over 300 Mounties in-the-field. In 2013, Andy took responsibility for the Group's Services Division and is now the UK Managing Director, responsible for overall delivery of operations.

Claus Damwerth

Claus has professional experience in various managerial roles as Chief Operating Officer, Managing Director and Partner across multiple industries including media, consultancy, banking and the mineral oil industry. His accountabilities and responsibilities were mostly connected to the software business ranging from development, implementation and professional services through to sales.

Heidi Taylor

Heidi joined FDM in 1997 and had an integral role in its flotation on AIM in 2005 and the management buyout in 2010 in her capacity as Finance Controller. Heidi has recently taken the role of Global Project Manager concentrating on strategic projects across the Group. Heidi is a member of the Association of Accounting Technicians and is Prince2-qualified.

3. Corporate governance

The Board is committed to the highest standards of corporate governance and to maintaining a sound framework for the control and management of the Group.

3.1 The Board

The Board is responsible for leading and controlling the Group and has overall authority for the management and conduct of the Group's business, strategy and development. The Board is also responsible for ensuring the maintenance of a sound system of internal control and risk management (including financial, operational and compliance controls) and for reviewing the overall effectiveness of systems in place as well as for the approval of any changes to the capital, corporate and/or management structure of the Group.

3.2 Compliance with corporate governance requirements

Board and committee independence

The UK Corporate Governance Code recommends that at least half the board of directors of a UK listed company, excluding the chairman, should comprise non-executive directors determined by the Board to be independent in character and judgment and free from relationships or circumstances which may affect, or could appear to affect, this judgment. As of the date of this Prospectus, the Board consists of 3 Non-Executive Directors and 4 Executive Directors. The Company regards all of the Proposed Non-Executive Directors, who have been recruited in connection with the Company's initial public offering and who have had no prior association with the Group, as "independent non-executive directors" within the meaning of the UK Corporate Governance Code and free from any business or other relationship that could materially interfere with the exercise of their independent judgment. It is intended that a new independent non-executive chairman will be appointed within the period of 12 months from the date of Admission, at which point Ivan Martin will stand down from the position of chairman.

Senior Independent Director

The UK Corporate Governance Code recommends that the board of directors of a company with a premium listing on the Official List should appoint one of the non-executive directors to be the senior independent director to provide a sounding board for the chairman and to serve as an intermediary for the other directors when necessary. The Senior Independent Director should be available to shareholders if they have concerns which contact through the normal channels of the chairman, CEO or other executive directors has failed to resolve or for which such contact is inappropriate. Peter Whiting has been appointed as the Company's senior independent director.

3.3 Board committees

As envisaged by the UK Corporate Governance Code, the Board has established the following committees: an Audit Committee and a Remuneration Committee. The Board believes that a Nomination Committee is not currently required by the Company, for the reasons set out below.

Audit Committee

The Audit Committee assists the Board in discharging its responsibilities with regard to financial reporting, external and internal controls, including reviewing and monitoring the integrity of the Group's annual and interim financial statements, reviewing and monitoring the extent of the non-audit work undertaken by the Group's external auditors, advising on the appointment of such external auditors, overseeing the Group's relationship with its external auditors, reviewing the effectiveness of the external audit process, and reviewing the effectiveness of the Group's internal control and review function. The ultimate responsibility for reviewing and approving the annual report and accounts and the half-yearly reports remains with the Board. The Audit Committee will give due consideration to laws and regulations, the provisions of the UK Corporate Governance Code and the requirements of the Listing Rules.

The UK Corporate Governance Code recommends that an audit committee should comprise at least three members who are independent non-executive directors (other than the Chairman) and that at least one member should have recent and relevant financial experience. The Audit Committee will be chaired by Jonathan Brooks, and its other members will be Peter Whiting and Robin Taylor. The Directors consider that Jonathan Brooks has recent and relevant financial experience. The Audit Committee will meet not less than four times a year.

The Audit Committee has taken appropriate steps to ensure that the Auditors are independent of the Company and has obtained written confirmation from the Auditors that they comply with the guidelines on independence issued by the relevant accountancy and auditing bodies.

Appointments to the Audit Committee will be made by the Board. Appointments to the Audit Committee will be for a period of up to three years and may be extended for further periods of up to three years, provided the Director whose appointment is being considered still meets the criteria for membership.

When appropriate, the Audit Committee will meet with the Group's senior managers in attendance. The Audit Committee will also meet separately at least once a year with the Group's external and internal auditors without management present. From Admission, the chairman of the Audit Committee will be available at annual general meetings of the Company to respond to questions from Shareholders on the Audit Committee's activities.

Remuneration Committee

The Remuneration Committee will assist the Board in determining its responsibilities in relation to remuneration, including making recommendations to the Board on the Company's policy on executive remuneration (including setting the over-arching principles, parameters and governance framework of the Group's remuneration policy) and determining the individual remuneration and benefits packages of each of the Executive Directors and the Company Secretary. The Remuneration Committee will also ensure compliance with the UK Corporate Governance Code in relation to remuneration wherever possible.

The UK Corporate Governance Code, as it will apply to the Company on Admission, provides that a remuneration committee should comprise at least two members who are independent non-executive directors (other than the chairman). The Remuneration Committee will be chaired by Peter Whiting, and its other members will be Jonathan Brooks and Robin Taylor. The Remuneration Committee will meet not less than twice a year.

Appointments to the Remuneration Committee will be made by the Board, on recommendation by the Nomination Committee. Appointments to the Remuneration Committee will be made for a period of up to three years, which may be extended for further periods of up to three years, provided the Director whose appointment is being considered still meets the criteria for membership.

Nomination Committee

The Company will not have a Nomination Committee at Admission. Three independent non-executive directors have been appointed conditional upon Admission, and the Company believes that it has a settled board. It is not anticipated that there will not be a requirement after Admission to make a sufficient number of appointments shortly following Admission so as to require a Nomination Committee, but this will be kept under regular review should circumstances change.

4. Share dealing code

The Company has adopted, with effect from Admission, a code of securities dealings in relation to the Shares which is based on, and is at least as rigorous as, the Model Code as contained in the Listing Rules. The code adopted will apply to the Directors and other persons discharging managerial responsibilities within the Group. The Directors will take all reasonable steps to secure compliance.

PART 7

REASONS FOR THE OFFER, USE OF PROCEEDS, DIVIDENDS AND DIVIDEND POLICY

1. Reasons for the Offer

The Directors believe that Admission will position the Group for its next stage of development, including further raising the profile of the Group, assisting in retaining and incentivising employees and providing it with a structure for future growth.

Admission will also enable the Selling Shareholders to partially realise their investment in the Company.

2. Use of proceeds

The Company will receive approximately £3.0 million net proceeds from the Offer (after deducting underwriting commissions, other estimated offering-related fees and other related expenses incurred by the Group of approximately £5.0 million).

The Company intends to use approximately £2.0 million of the net proceeds from the Offer to repay debt under its existing facilities, and to use any surplus and its then existing cash in hand for general working capital and corporate purposes.

3. Dividends and dividend policy

The following table sets out certain information regarding dividends declared and paid by the Company in respect of the financial years ended 31 December 2011, 2012 and 2013:

	<i>Financial year ended 31 December</i>		
	<i>2011</i>	<i>2012</i>	<i>2013</i>
Dividends declared and paid (£'000)	–	–	19,920
Dividend per share (pence)	–	–	20p

The Board intends to adopt a progressive dividend policy for the Company from Admission which will seek to maximise Shareholder value and reflect its strong earnings potential and cash flow characteristics, while allowing it to retain sufficient capital to fund on-going operating requirements and to invest in the Company's long term growth. The Board may revise the dividend policy from time to time.

The ability of the Company to pay dividends is dependent on a number of factors and there is no assurance that the Company will pay dividends or, if a dividend is paid, what the amount of such dividend will be. See Part 1: "Risk Factors". Consequently, investors may not receive any return on their investment unless they sell their Shares for a price greater than that which they paid for them.

PART 8

OPERATING AND FINANCIAL REVIEW

The following is a discussion of the Group's results of operations and financial condition. Prospective investors should read the following discussion, together with the whole of this Prospectus, including Part 1: "Risk Factors" and Part 10: "Historical Financial Information" and should not just rely on the key or summarised information contained in this Part 8.

Unless otherwise stated, the financial information in this Part 8 has been extracted without material adjustment from Part 10: "Historical Financial Information".

This Part 8 contains "forward-looking statements". Those statements are subject to risks, uncertainties and other factors that could cause the Group's future results of operations or cash flows to differ materially from the results of operations or cash flows expressed or implied in such forward-looking statements. See Part 2: "Presentation of Financial and Other Information".

Background

The Group is a UK-based international professional services provider focusing principally on IT, specialising in the recruitment, training and assignment of its own permanent IT consultants across six core service areas: Development; Testing; PMO; Data Analysis; Application Support and Infrastructure.

The Group meets its supply requirements through the provision of suitably qualified consultants, known internally as 'Mounties', who join either as graduates or ex-military personnel and train in one of the Group's six core service areas. Once trained, the Mounties are deployed on client sites as full-time employees of FDM. In return for the training which has been supplied by the Group at no charge to the Mountie, the Mountie is required to work for the Group for a minimum of 24 months.

The Group's Academy Programme bridges the gap between academia or the military and employment, equipping successful applicants with a combination of relevant skills and commercial understanding.

As Mounties are employees of the Group, the Group retains accountability for them throughout the period of their employment which allows for a low risk and flexible staffing solution for clients. The client is charged on a time sheet basis for the services of each Mountie and has a commitment to the Group for the Mountie, which is usually limited to a maximum 30 day notice period in order to retain the flexibility of the Group's offering, whilst many of FDM's clients look to internalise the Mountie as a full-time employee at the end of the 24 month bonded period. Mounties are generally geographically flexible within the operating location in which they are trained and are eligible to transition to the client at the end of their 24 month employment period.

The Group's long term aim is to achieve further growth through expanding the number of Mounties that it has deployed, the geographies in which it operates and the skill sets in which it trains those Mounties. The Group does not currently anticipate that this will be achieved through acquisition but rather through a continuation of the Group's current organic growth plan. Over the past three years the Group has successfully grown the number of Mounties it has deployed in client sites, the geographies in which it operates, the breadth of skills in which it trains and the spread of sectors in which its clients operate.

Currently, the significant majority of the Group's revenues are derived from the financial services sector and, whilst the Group has been successful in growing revenues outside of financial services, there is no guarantee that this success will continue in the future. Risks to the Group's operating model include the availability of a sufficiency of suitable candidates from its current supply lines (being principally university graduates and ex-military personnel) and its ability to adapt its training programmes on a continuous basis to meet the shifting requirements of its present and future client base.

History and characteristics of the model

FDM was founded in 1991 and has gone through a number of transformational events in its history; in 2005 it listed on the AIM market operated by the London Stock Exchange where it remained until 2009. During

its time on AIM, the Group grew EBITDA from just over £1 million to £5 million, taking Mountie numbers from 93 (31 December 2005) to 324 (31 December 2009). In 2009, prompted in part by requests from certain institutional shareholders seeking a liquidity event, the Group was taken private by its management team and Inflexion.

As a privately owned company, the Group looked to grow its Mountie numbers on deployment rapidly both in its main UK market and in new overseas territories. This strategy has led to a significant increase in Mountie numbers since 2009 which in turn has delivered a stronger financial performance for the Group.

The Board believes that Admission will raise the profile of the Group both domestically and internationally whilst also enabling a wider shareholder base including new institutional and employee shareholders; historically key employee shareholders have remained and still remain with the Group and are focused on maximizing shareholder returns.

FDM employs high calibre graduates, typically with STEM degrees, as well as ex-military personnel, providing them with high quality training to qualify them to become Mounties. In addition to its Mountie model, FDM supplies both contract and permanent resources to its clients to supplement additional skill sets or greater experience, referred to internally as Freelancers. FDM is a business of considerable scale; as at 31 December 2013, the Group had 1,153 Mounties and 285 Freelancers deployed across its client base, with an average utilisation rate for Mounties in 2013 of 97.6 per cent.

FDM provides clients with low-risk, value-based, business-critical IT solutions which are flexible and can be tailored to suit the varying requirements of the client's business.

Global technology systems and solutions continue to grow in everyday importance in all aspects of life. The need for organisations to remain at the vanguard of technology and to have robust, well maintained business-critical technological systems and infrastructure is greater now than ever before. As a consequence, spend on IT by many major international businesses is increasing and is being deployed across a broader range of technology projects; from maintaining embedded legacy solutions to implementing cloud-based and mobile solutions. The demographic of an ageing westernised population, growing IT skills demands and a reduction in the appetite of many international organisations to increase their dependence on offshore providers has created significant market opportunity for the Group. The need for relevant and readily available talent is greater now than ever before. The Group has over a number of years positioned itself to satisfy this growing demand, including many of the niche and new requirements that this continual market evolution is generating.

Banking, financial services and other major corporate companies continue to look to reduce overheads, increase cost flexibility and improve risk management, particularly in an economic environment of lower returns and with a growing burden of regulation. Commercial challenges faced by the Group's clients commonly include the need to maintain and strengthen customer service levels, whilst developing tailored and targeted solutions in the face of more exacting customer demands, increased competition and a trend away from physical infrastructure networks and stores to online provision of services.

Over the past 10 years outsourcing has become a major cost effective alternative for banks, financial services providers and other major corporates, initially attracted by the lower salaries in countries such as India. However, there is a growing trend towards bringing some of these outsourced services back onshore as corporates have concerns over high inflation rates in offshore markets, foreign currency volatility, a lack of control over business-critical processes, knowledge and know-how, and increasing concerns over service levels and the quality of service provision.

Large, international organisations such as those in banking, financial services, energy and transportation typically have a need for a continuous supply of high calibre, suitably trained and skilled individuals to maintain business-as-usual functions, meet project-based requirements and inject new skills and knowledge into their organisations, where market trends require a rapid and dynamic approach to emerging technology trends. These organisations are commonly seeking to access a more diversified pool of talent to inject new skills, knowledge and fresh perspectives into the IT departments and in particular, to increase the proportion of women in their IT departments. Although women make up 46 per cent. of the UK workforce, only 17 per cent. of IT professionals are women.

The Group depends on its ability to attract and retain high quality candidates wishing to train with, and work for, the Group. There can be no guarantee that the Group's recruitment strategy and remuneration package will remain effective in securing applications and offers of a place on the Group's programme, and a decline in the calibre of candidates available to the Group could have a material adverse effect on the Group's business, results of operations or financial condition.

A large proportion of the Group's business is derived from supplying consultants to customers on an on-going basis. There can be no guarantee that existing customer relationships will continue to grow, or that key customers will not scale back their use of the Group, or cease to source consultants from the Group. In particular, and in line with the Group's commercial strategy to retain the flexibility of its offering for customers, a majority of the Group's customers are able to terminate their contracts with the Group for convenience on 30 days' written notice, and therefore do not represent long term enforceable commitments. The failure by the Group to maintain existing customer relationships could have a material and adverse effect on the Group's performance, financial condition or business prospects.

The Group depends on its ability to provide training to candidates that is current and relevant to the IT programmes that are currently undertaken by major global businesses. IT is a fast moving space with new products and solutions constantly being developed. The failure by the Group to develop its training offerings, and therefore the skills of the candidates that it employs, in line with new developments would lead to its services being less valuable to customers and may have a material adverse effect on the Group's business, results of operations or financial condition.

Key Performance Indicators (KPIs)

The Group uses a number of KPIs, both financial and non-financial to measure the performance of the Group on a monthly basis which are principally:

	2011	2012	2013
Mountie Revenue	£53.5m	£64.5m	£73.8m
Freelancer Revenue	£43.8m	£38.9m	£31.8m
Revenue	£97.3m	£103.4m	£105.6m
Net Fee income	£58.1m	£68.7m	£77.0m
Mountie Gross Profit	£28.5m	£34.0m	£38.5m
Freelancer Gross Profit	£4.5m	£3.8m	£3.1m
Gross profit	£33.1m	£37.8m	£41.6m
Operating profit before exceptional items	£16.1m	£19.6m	£22.6m
Operating profit after exceptional items ⁽¹⁾	£15.4m	£17.8m	£20.9m
Conversion ratio	46.5%	47.1%	50.2%
Operating profit margin	15.8%	17.2%	19.8%
Utilisation rate ⁽²⁾	98.3%	96.9%	97.6%
Net debt	£14.8m	£2.6m	£9.0m
Debtor days	60 days	61 days	59 days
Mounties assigned to client sites at year end	805	942	1,153

⁽¹⁾ In 2013 exceptional items related principally to the relocation of the Group's head office in London and to costs incurred in respect of establishing a £20 million revolving credit facility. In 2012 the exceptional items related principally to an aborted corporate transaction and in 2011 to senior level staff changes.

⁽²⁾ Calculation for utilisation: cost of beach/total payroll cost (being Mountie cost of sale and beach).

Revenue, gross profit, operating profit before exceptional items and operating profit after exceptional items

Revenue, gross profit and operating profit before exceptional items and operating profit after exceptional items are reviewed to assess the performance of each operating segment on a monthly basis and also to determine performance against budget.

Net Fee income

Net fee income is the total revenue earned from the deployed Mountie base plus gross profit from its freelancing business.

Conversion ratio

The conversion ratio is calculated as operating profit after exceptional items divided by gross profit. This KPI is used to track the effectiveness of the spend on administrative expenses and tracks the profitability and efficiency of the Group.

Utilisation rates

The utilisation rate measures the level of productive time of the chargeable FDM Mounties. The ratio is reviewed on a monthly basis to ensure maximum profitability is achieved.

Net debt

Net debt is defined as borrowings less net cash and cash equivalents and is monitored on a monthly basis to determine current and future cash requirements.

Debtor days

Debtor days are reviewed on a monthly basis to ensure optimisation of cash balances.

Financial overview

Revenue and Net Fee Income

The increases in revenue over each of the past three years combine an increasing element of Mountie revenues and a decreasing element of freelancer revenues as the Group has sought to increase the quantum of its higher gross margin Mountie revenues. This increase in Mountie revenues has, in each year, been driven by a combination of:

- (i) growth in the deployment of Mounties into existing clients, in existing skill sets;
- (ii) growth in new clients engaging Mounties; and
- (iii) the launch of new skill sets offered to clients by the Group.

In particular, the Directors highlight:

- (i) between 2011 and 2012, there was generally growth in the number of Mounties deployed amongst all of FDM's top ten clients (by number of Mounties deployed). From 2011 to 2012, top ten Mountie client numbers grew 28.5 per cent. from 442 to 568. During 2012 to 2013, the top ten clients increased their Mountie numbers by 7.2 per cent. to 609 Mounties deployed, with the majority of the growth coming from the Group's financial services clients;
- (ii) between 2012 and 2013, FDM engaged with a major European airline that had identified a potential structural deficiency with its IT operations. FDM delivered its first Mounties onsite in the first quarter 2013 and by the end of 2013 Mountie headcount was 54 Mounties deployed with indications of continued demand; and
- (iii) in late 2012, the Data Analytics stream was launched to meet market demand that was evident from financial services clients, growing from zero Mounties deployed at launch to 25 Mounties deployed by the end of 2013.

The Group recognises that it derives a high concentration of its revenues from financial services albeit that this has fallen from 74 per cent. in 2012 to 72 per cent. in 2013 and that financial services as a market is the largest market for IT spending globally. In 2012, the Group embarked on a programme to grow its revenues outside of financial services, with a particular focus on: government, which is the second largest sector in terms of IT spend globally; transport; and energy. This focus has seen growth in revenues from each of these sectors.

The Group's geographical expansion is predicated on growing the deployed Mountie base. Where appropriate, Freelancers are initially deployed in new markets to penetrate new clients rapidly, with the aim to cross-sell Mounties into the client base at a later time. This growth in geographical sales with a greater proportion of higher margin Mountie sales, versus Freelancer sales, has and is expected to continue to see overall gross margins and operating margins maintain their momentum.

The Group is well positioned to take advantage of the opportunities in the global marketplace with its existing client base, targeted new business areas and innovative technological environments. The Directors believe that the growth that occurred in 2013 within the IT sector will continue throughout 2014 and will provide a healthy pipeline of opportunities in core operating segments.

Net fee income increased by 12.1 per cent. to £77.0 million in 2013 (2012: £68.7 million; 2011: £58.1 million), driven by growing Mountie deployments over the historic period under review.

Gross profit and operating profit

Gross profit increased by 10.1 per cent. to £41.6 million in 2013 (2012: £37.8 million; 2011: £33.1 million).

Operating profit increased by 16.9 per cent. to £20.9 million in 2013 (2012: £17.8 million; 2011: £15.4 million).

The increases in gross profit and operating profit in each of the periods has resulted from an increasing proportion of higher margin Mountie revenues against a reducing proportion of lower margin freelancer revenues. Overheads grew in line with the Group's expansion.

In 2011, the Group incurred £0.7 million of exceptional cost in relation to senior level staff changes. In 2012, the Group incurred a £1.8 million exceptional cost principally in relation to an aborted corporate transaction and in 2013, the Group relocated its head office from Brighton to a much larger London office, incurring £1.8 million of exceptional costs.

Before exceptional costs, operating profit increased by 15.3 per cent. to £22.6 million in 2013 (2012: £19.6 million; 2011: £16.1 million).

The Group has concentrated on growing its Mountie numbers in each of the past three years as this provides an acceptable level of margin, a high quality solution for clients and greater predictability of financial performance. As a result, the Group's profit growth has outstripped its revenue growth in this period. In addition, it has allowed the Group to grow its client base and establish its presence in new sectors at the same time as strengthening its relationships with longstanding clients. The Group continues to develop its global opportunities through its multinational client base which leads to growth across its geographical operating segments.

The Group's Mountie model has been developed over a significant number of years such that the Group's know how around its proposition combines with an efficient organisational structure to deliver slightly better than 50 per cent. gross margins, near 20 per cent. operating margins and consistently high cash conversion. These metrics are regarded as key by the Directors and are reviewed on a monthly basis to ensure that the Group's business model is not compromised.

Conversion ratio

The conversion ratio increased to 50.2 per cent. (2012: 47.1 per cent.; 2011: 46.5 per cent.) as management continued to maintain a focus on controlling the level of administrative expenses incurred within the Group and improving operational gearing.

Utilisation rate

The utilisation rate remained relatively consistent between 2011 (2011: 98.3 per cent.), 2012 (2012: 96.9 per cent.) and 2013 (2013: 97.6 per cent.) as the Group continued to refine the streams offered and where demand was weakening, improved the relevance of the streams offered to address the changing market demand. The changes made by the Group have proven effective relatively quickly, which has assisted in maintaining the consistently high utilisation rates.

Debtor days

Debtor days have remained consistent between 2011 (60 days), 2012 (61 days) and 2013 (59 days) as the Group has continued to aim to optimise cash balances.

Geographical locations & operating segments

The Group reports according to its four operating segments divided by geographical location: UK, North America, Rest of EMEA (excluding UK) and APAC.

Key historical financial information can be found in Part 10 of this prospectus.

The following sections provide information on the performance of the Group in each of its geographic segments.

United Kingdom

The London office and training academy moved into new premises which increased the capacity of both the training academy and front office infrastructure. The move allows FDM to meet the demand of increased applications for the Academy Programme together with the opportunities and requirements from clients.

The following table shows the results for the UK for the past three years:

	<i>Years ended 31 December</i>		
	<i>2011</i>	<i>2012</i>	<i>2013</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>
Revenue	72,772	77,223	77,323
Gross profit	25,985	29,276	31,224
Operating profit before exceptional items	11,998	15,236	17,390

Revenue increased by 6.1 per cent. to £77.2 million in 2012 (2011: £72.8 million) and 2013 revenue remained broadly in line with 2012 (2013: £77.3 million) as the proportion of higher margin Mountie revenue increased versus lower margin Freelancer revenue.

Operating profit before exceptional items increased by 14.1 per cent. in 2013 (2012: 27.0 per cent.; 2011: 55.9 per cent.).

The strong financial performance resulted from the increasing proportion of higher margin Mountie revenues against a reducing proportion of lower margin Freelancer revenues. Overheads grew in line with the Group's expansion in the region.

North America

The US operation has delivered an increase in Mounties which has gathered significant momentum in the US (in both new and existing clients) and this has also provided an opportunity to place Mounties into Canada.

The management team has been expanded to support the current growth and the future growth which the Board anticipates in both the US and Canada. To further enhance FDM's business offering in North America a training centre and front office in Toronto, Canada, was established in 2014.

The following table shows the results for North America for the past three years:

	<i>Years ended 31 December</i>		
	<i>2011</i>	<i>2012</i>	<i>2013</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>
Revenue	9,700	11,043	14,822
Gross profit	2,499	4,097	6,555
Operating profit before exceptional items	867	1,692	3,459

Operating profit before exceptional items has increased by 104.4 per cent. (2012: 95.2 per cent.; 2011: –13.7 per cent.) attributable to the number of Mounties deployed on client sites throughout 2013 compared to the previous year.

Rest of EMEA

The variation in revenue and operating profit in EMEA reflects the small number of clients in the territory, the lack of scale and diversity of the business in the territory and a previous lack of investment in management.

The European management team was strengthened in 2013 which the Directors believe will develop the business model in Rest of EMEA further by increasing the graduates trained and developing a diverse client base.

The following table shows the results for Rest of EMEA for the past three years:

	<i>Years ended 31 December</i>		
	<i>2011</i>	<i>2012</i>	<i>2013</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>
Revenue	13,025	13,604	12,171
Gross profit	3,892	3,838	3,278
Operating profit before exceptional items	<u>2,706</u>	<u>2,603</u>	<u>1,687</u>

Revenue remained broadly flat at £13.6 million in 2012 over 2011 (2011: £13.0 million) and contracted by 10.5 per cent. to £12.2 million in 2013. Operations in Switzerland, a key region in the Rest of EMEA segment, is focused on 2 major investments banks both of which underwent a business retrenchment during the period under review. As a consequence, neither client significantly changed their Mountie headcount over the period. Operations in Germany also underwent a period of stabilisation between 2012 and 2013 as new management was installed in the region.

The EMEA business segment experienced a reduction in operating profit in the 2013 year of –35.2 per cent. (2012: –3.8 per cent. increase; 2011: 20.7 per cent.) as a result of the above key factors.

APAC

The Group's APAC business comprises a small number of clients in the Far East. Until relatively recently this line of business was run from the UK. Local management is now in place in the territory and, while not an immediate focus, in time gradual growth in revenue in this region is anticipated.

In 2013, FDM had Mounties deployed in Hong Kong and Singapore servicing the international client base.

The following table shows the results for APAC for the past three years:

	<i>Years ended 31 December</i>		
	<i>2011</i>	<i>2012</i>	<i>2013</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>
Revenue	1,769	1,573	1,304
Gross profit	724	614	536
Operating profit before exceptional items	<u>562</u>	<u>95</u>	<u>82</u>

APAC experienced a reduction in revenue in 2012 over 2011 of 11.1 per cent. and a further reduction of 17.1 per cent. in 2013.

Operating profit before exceptional items has reduced by –13.7 per cent. (2012: 83.1 per cent.; 2011: 100 per cent.).

Net debt and covenants

The Group's EBITDA to cash conversion ratio has facilitated the funding of the geographic expansion of the Group's operating footprint such that it now operates on most continents. It is the Board's intention to continue with the measured, internally funded geographic expansion of the Group's business model in order to deliver improving stakeholder returns.

The Group's principal sources of liquidity to finance its operations are cash generated by operating activities, a £10 million working capital facility which expires in 2015 and a £20 million revolving credit facility which expires in 2018. As at 31 December 2013, the Group had net debt of £9.0 million (2012: £2.6 million) and undrawn borrowings of £15.0 million (2012: £5.2 million).

Upon the expiry of the Group's existing £10 million working capital facility in 2015 it is not the Directors' current intention to renew or replace this facility in whole or in part as, in the opinion of the Directors, it is excess to the Group's current and reasonably foreseeable future needs. Over the past three years, the Group's conversion of EBITDA (earnings before interest, depreciation and amortisation) into operating cash flow has been near to 100 per cent.; consequently the Group has been able to fund its ordinary activities from its internal cash generation. The Directors anticipate that this methodology of using internally generated funds to facilitate further growth should continue for the foreseeable future.

The revolving credit facility is a flexible facility and gives the Group the ability to finance future growth as necessary. The Group met all of its financing and operating obligations in the year and passed all bank covenants tested in the year.

PART 9

CAPITALISATION AND INDEBTEDNESS STATEMENT

Indebtedness

The tables below set out the capitalisation and indebtedness of the Group and prepared under IFRS using policies which are consistent with those used in preparing the Group's historical financial information set out in Section B of Part 10 (*Group Historical Financial Information*).

	<i>As at 30 April 2014 (unaudited) (£ in thousands)</i>
Gross financial indebtedness	
Total current debt	
Guaranteed	–
Secured ⁽¹⁾	–
Unguaranteed/Unsecured	–
	–
Total non-current debt	
Guaranteed	–
Secured ⁽¹⁾	11,000
Unguaranteed/Unsecured	–
	–
Total indebtedness	11,000

Note:

- ⁽¹⁾ Secured non-current debt is a Revolving Credit Facility secured by way of a debenture on the assets of Astra Topco Ltd, Astra 5.0 Ltd, FDM Group Limited and FDM Group Inc.

	<i>As at 31 December 2013 (£ in thousands)</i>
Shareholders' Equity⁽¹⁾	
Share capital	1,018
Share premium	543
Other reserves	24
Total⁽²⁾	1,585

Note:

- ⁽¹⁾ The capitalisation figures have been extracted without material adjustment from the Group's financial information for 2013 as set out in Section B of Part 10 (*Group Historical Financial Information*) of this document. Shareholders' equity does not include the profit and loss account reserve.

- ⁽²⁾ There has been no material change in the capitalisation of the Group since 31 December 2013.

The following table sets out the net financial indebtedness of the Group prepared under IFRS using policies consistent with those used in preparing the Group's historical financial information set out in section B of Part 10.

Net financial indebtedness

	<i>As at 30 April 2014 (unaudited) (£ in thousands)</i>
Cash	4,390
Liquidity	<u>4,390</u>
Current financial receivable	
Current bank debt	–
Other current financial debt ⁽¹⁾	–
Current financial indebtedness	<u>–</u>
Net current financial indebtedness	<u>4,390</u>
Non-current bank loan	–
Other non-current financial debt ⁽¹⁾	(11,000)
Non-current financial indebtedness	<u>(11,000)</u>
Net financial indebtedness	<u><u>(6,610)</u></u>

Note:

⁽¹⁾ The Group has no indirect or contingent indebtedness, other than as disclosed in the Prospectus.

PART 10

HISTORICAL FINANCIAL INFORMATION

SECTION A: ACCOUNTANTS REPORT



The Directors
FDM Group (Holdings) plc (formerly Astra Topco Limited)
3rd Floor, Cottons Centre
Cottons Lane
London
SE1 2QG

Investec Bank Plc (the “Sponsor”)
2 Gresham Street
London
EC2V 7PQ

17 June 2014

Dear Sirs

FDM Group (Holdings) plc

We report on the financial information set out in Section B of Part 10 (the “**Group Financial Information Table**”) of FDM Group (Holdings) plc (the “**Company**” and together with its subsidiaries the “**Group**”). The Group Financial Information Table has been prepared for inclusion in the prospectus dated 17 June 2014 (the “**Prospectus**”) on the basis of the accounting policies set out in note 3. This report is required by item 20.1 of Annex I to the PD Regulation and is given for the purpose of complying with that item and for no other purpose.

Responsibilities

The Directors of the Company are responsible for preparing the Group Financial Information Table in accordance with International Financial Reporting Standards as adopted by the European Union.

It is our responsibility to form an opinion as to whether the Group Financial Information Table gives a true and fair view, for the purposes of the Prospectus and to report our opinion to you.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and for any responsibility arising under item 5.5.3R(2)(f) of the Prospectus Rules 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 item 23.1 of Annex I to the PD Regulation, consenting to its inclusion in the Prospectus.

PricewaterhouseCoopers LLP, 1 Embankment Place, London WC2N 6RH
www.pwc.co.uk

PricewaterhouseCoopers LLP is a limited liability partnership registered in England with registered number OC303525. The registered office of PricewaterhouseCoopers LLP is 1 Embankment Place, London WC2N 6RH. PricewaterhouseCoopers LLP is authorised and regulated by the Financial Conduct Authority for designated investment business.

Basis of opinion

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

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

Opinion

In our opinion, the Group Financial Information Table gives, for the purposes of the Prospectus dated 17 June 2014, a true and fair view of the state of affairs of the Company as at the dates stated and of its profits, cash flows and changes in equity for the periods then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Declaration

For the purposes of Prospectus Rule 5.5.3R(2)(f) we are responsible for this report as part of the Prospectus 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 Prospectus in compliance with item 1.2 of Annex I to the PD Regulation.

Yours faithfully

PricewaterhouseCoopers LLP
Chartered Accountants

SECTION B: HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Consolidated Income Statement

		<i>For the year ended 31 December</i>		
	<i>Note</i>	<i>2011</i>	<i>2012</i>	<i>2013</i>
		<i>£000</i>	<i>£000</i>	<i>£000</i>
Revenue	3	97,266	103,443	105,620
Cost of sales		(64,166)	(65,617)	(64,027)
Gross profit		<u>33,100</u>	<u>37,826</u>	<u>41,593</u>
Administrative expenses		(16,967)	(18,200)	(18,975)
Exceptional administrative expenses	10	(702)	(1,788)	(1,763)
Total administrative expenses		<u>(17,669)</u>	<u>(19,988)</u>	<u>(20,738)</u>
Operating profit	7	<u>15,431</u>	<u>17,838</u>	<u>20,855</u>
Finance income	11	1	10	1
Finance costs	11	(3,651)	(1,926)	(964)
Net finance cost		<u>(3,650)</u>	<u>(1,916)</u>	<u>(963)</u>
Profit before income tax		<u>11,781</u>	<u>15,922</u>	<u>19,892</u>
Taxation	12	(3,233)	(4,195)	(5,162)
Profit for the year		<u><u>8,548</u></u>	<u><u>11,727</u></u>	<u><u>14,730</u></u>
Earnings per share (expressed in pence per share)				
		2011	2012	2013
Basic and diluted earnings per share (A shares)	29	9	12	15
Basic and diluted earnings per share (B and C shares)	29	9	12	15
Basic and diluted earnings per share (D shares)	29	–	–	–

Consolidated Statement of Comprehensive Income

	<i>For the year ended 31 December</i>		
	<i>2011</i>	<i>2012</i>	<i>2013</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>
Profit for the financial year	8,548	11,727	14,730
Items that may be subsequently reclassified to profit or loss			
Exchange differences on retranslation of foreign operations (excluding tax)	20	(156)	21
Tax on items that may be subsequently reclassified to profit or loss	(4)	31	(4)
Total comprehensive income recognised for the year	<u>8,564</u>	<u>11,602</u>	<u>14,747</u>

Consolidated Statement of Financial Position

	Note	As at 31 December		
		2011 £000	2012 £000	2013 £000
Non-current assets				
Property, plant and equipment	14	945	991	2,504
Intangible assets	15	19,376	19,361	19,399
Deferred income tax assets	13	81	120	–
		<u>20,402</u>	<u>20,472</u>	<u>21,903</u>
Current assets				
Trade and other receivables	18	19,394	21,002	21,028
Cash and cash equivalents	19	5,910	2,219	6,010
		<u>25,304</u>	<u>23,221</u>	<u>27,038</u>
Total assets		<u>45,706</u>	<u>43,693</u>	<u>48,941</u>
Current liabilities				
Borrowings	21	2,761	4,808	–
Trade and other payables	20	10,006	10,973	11,136
Current income tax liabilities		1,414	2,247	2,174
		<u>14,181</u>	<u>18,028</u>	<u>13,310</u>
Non-current liabilities				
Borrowings	21	17,920	–	15,000
Deferred income tax liability	13	–	–	25
		<u>17,920</u>	<u>–</u>	<u>15,025</u>
Total liabilities		<u>32,101</u>	<u>18,028</u>	<u>28,335</u>
Net assets		<u>13,605</u>	<u>25,665</u>	<u>20,606</u>
Equity attributable to owners of the parent				
Share capital	23	1,018	1,018	1,018
Share premium	23	543	543	543
Treasury shares	23	(97)	(75)	(22)
Other capital reserves	23	159	318	–
Foreign currency translation reserve		154	29	46
Retained earnings		11,828	23,832	19,021
Total equity		<u>13,605</u>	<u>25,665</u>	<u>20,606</u>

Consolidated Cash Flow Statement

	Note	For the year ended 31 December		
		2011 £000	2012 £000	2013 £000
Cash flows from operating activities				
Group profit before tax for the year		11,781	15,922	19,892
Adjustments for:				
Depreciation and amortisation	7	383	435	497
Finance income	11	(1)	(10)	(1)
Finance costs	11	3,651	1,926	964
Share based payment cost	26	159	558	114
Loss on disposal of non-current assets		–	–	17
(Increase)/decrease in trade and other receivables		(2,091)	(1,611)	26
Increase/(decrease) in trade and other payables		1,653	1,413	(30)
Cash flows generated from operations		15,535	18,633	21,479
Interest received	11	1	10	1
Income tax paid		(2,788)	(3,402)	(5,090)
Net cash flow from operating activities		12,748	15,241	16,390
Cash flows from investing activities				
Acquisition of property, plant and equipment	14	(475)	(475)	(2,003)
Acquisition of other intangible assets	15	(29)	(13)	(68)
Net cash used in investing activities		(504)	(488)	(2,071)
Cash flows from financing activities				
Proceeds from issuance of ordinary shares	23	18	–	–
Increase in share premium	23	490	–	–
Increase in treasury shares	23	(97)	(100)	–
Drawdown of borrowings	22	–	4,808	20,000
Repayment of borrowings	22	(8,231)	(21,009)	(9,808)
Finance costs paid		(3,470)	(2,063)	(798)
Dividends paid	24	–	–	(19,920)
Net cash used in financing activities		(11,290)	(18,364)	(10,526)
Net increase/(decrease) in cash and cash equivalents		954	(3,611)	3,793
Effect of exchange rate fluctuations on cash held		(14)	(80)	(2)
Cash and cash equivalents at 1 January		4,970	5,910	2,219
Cash and cash equivalents at 31 December	19	5,910	2,219	6,010

Consolidated Statement of Changes in Equity

	Share capital £000	Share premium £000	Treasury shares £000	Other capital reserves £000	Translation Reserve £000	Retained earnings £000	Total Equity £000
Balance at 1 January 2011	1,000	53	–	–	138	3,280	4,471
Profit for the year	–	–	–	–	–	8,548	8,548
Other comprehensive income for the year	–	–	–	–	16	–	16
Total comprehensive income for the year	–	–	–	–	16	8,548	8,564
Issue of D shares (note 23)	18	–	–	–	–	–	18
Share based payment (note 26)	–	–	–	159	–	–	159
Purchase of treasury shares (note 23)	–	–	(127)	–	–	–	(127)
Issue of treasury shares (note 23)	–	490	30	–	–	–	520
Balance at 31 December 2011	1,018	543	(97)	159	154	11,828	13,605

	Share capital £000	Share premium £000	Treasury shares £000	Other capital reserves £000	Translation Reserve £000	Retained earnings £000	Total Equity £000
Balance at 1 January 2012	1,018	543	(97)	159	154	11,828	13,605
Profit for the year	–	–	–	–	–	11,727	11,727
Other comprehensive income for the year	–	–	–	–	(125)	–	(125)
Total comprehensive income for the year	–	–	–	–	(125)	11,727	11,602
Share based payment (note 26)	–	–	–	558	–	–	558
Transfer to retained earnings	–	–	–	(399)	–	399	–
Issue of treasury shares (note 23)	–	–	22	–	–	(122)	(100)
Balance at 31 December 2012	1,018	543	(75)	318	29	23,832	25,665

	Share capital £000	Share premium £000	Treasury shares £000	Other capital reserves £000	Translation Reserve £000	Retained earnings £000	Total Equity £000
Balance at 1 January 2013	1,018	543	(75)	318	29	23,832	25,665
Profit for the year	–	–	–	–	–	14,730	14,730
Other comprehensive income for the year	–	–	–	–	17	–	17
Total comprehensive income for the year	–	–	–	–	17	14,730	14,747
Share based payment (note 26)	–	–	–	114	–	–	114
Transfer to retained earnings	–	–	–	(432)	–	432	–
Purchase of treasury shares (note 23)	–	–	(428)	–	–	–	(428)
Issue of treasury shares (note 23)	–	–	481	–	–	(53)	428
Dividends paid (note 24)	–	–	–	–	–	(19,920)	(19,920)
Balance at 31 December 2013	1,018	543	(22)	–	46	19,021	20,606

Notes to the Consolidated Historical Financial Information

1. General information

The Company and its subsidiaries collectively form the "Group". The Group's principal activity is that of an international IT services provider.

2. Going concern

This historical financial information relating to the Group has been prepared on the going concern basis.

After making appropriate enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and for at least one year from the date of this Historical Financial Information. Based upon these enquiries, the Directors adopt the going concern basis in preparing the Group's Historical Financial Information.

3. Accounting policies

3.1 Basis of preparation

This Historical Financial Information presents the financial track record of the Group for the three years ended 31 December 2013. This special purpose financial information has been prepared for the inclusion in the prospectus of FDM Group (Holdings) plc for the purpose of admission to Premium listing on the main market operated by the London Stock Exchange. The special purpose financial information has been prepared in accordance with the requirements of item 20.1 of Annex I to the Prospectus Directive regulation, the Listing Rules, International Financial Reporting Standards as adopted by the European Union ("IFRS"), IFRIC interpretations, and with those parts of the Companies Act 2006 as applicable to companies reporting under IFRS. All accounting policies have been applied consistently, unless otherwise stated.

The Historical Financial Information has been prepared on a historical cost basis.

The Historical Financial Information is presented in Pounds Sterling and all values are rounded to the nearest thousand (£000), except where otherwise indicated.

3.2 Basis of consolidation

The consolidated Historical Financial Information comprises the Historical Financial Information of the Group and its subsidiaries as at 31 December 2013.

Subsidiaries

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

Details of the subsidiaries shareholding by the Group are presented in note 17. There are no non-controlling interests in the subsidiaries of the Company.

3.3 Summary of significant accounting policies

(a) Business combinations and goodwill

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree 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 Group recognises any non-

controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating unit that is expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to that unit.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain and loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

(b) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and excluding sales taxes and duty.

Rendering of services

Revenue from the provision of IT consultants to third party customers is recognised in the period in which the IT consultants performed the work at the contracted rates for each IT consultant. Revenue is based on timesheets completed by IT consultants which are authorised by the Group's customers detailing the hours and services provided.

(c) Foreign currency translation

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the company operates (its functional currency). For the purpose of the consolidated Historical Financial Information, the results and financial position of each entity are expressed in Pounds Sterling (£), which is the functional currency of the parent company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rate prevailing at the time of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period.

For the purpose of presenting the consolidated Historical Financial Information, the assets and liabilities of the Group's foreign operations are expressed in the Group's presentation currency using exchange rates prevailing at the end of the reporting period. Income and expense related items are translated at the average exchange rates for the period. Exchange differences arising are classified as other comprehensive income and transferred to the Group's translation reserve.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

(d) Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted, at the reporting date in the countries where the Group operates and generates income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or in profit or loss.

(e) Property, plant and equipment

Property, plant and equipment are stated at cost net of accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

Motor Vehicles	4 years
Plant and Equipment	4 years
Fixtures and Fittings	4 years
Leasehold Improvements	Length of lease

The assets' residual values, useful lives and methods of depreciation are reviewed each financial year end and adjusted if appropriate.

(f) Leases

Operating leases

Operating lease payments are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

(g) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The costs of intangible assets acquired in a business combination are their fair values as at the date of acquisition and includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Software and software licences

The Group holds acquired software and software licences as intangible assets. Acquired software and software licences are capitalised on the basis of cost and amortised over the estimated useful lives of the software which is estimated to be four years or the licence term if shorter. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period.

Goodwill

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purposes of impairment testing, goodwill is allocated to the Group's cash-generating units.

Goodwill is reviewed annually or more frequently if there is an indication of impairment. Impairment of goodwill is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying value of the cash-generating unit to which the goodwill has been allocated, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

(h) Trade receivables

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

(i) Cash and cash equivalents

Cash and short term deposits in the statement of financial position and cash flow statement comprise cash at banks and on hand and short-term deposits with a maturity of three months or less.

(j) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised initially at fair value and subsequently held at amortised cost. The Group's financial liabilities include trade and other payables, bank working capital facilities, loans, borrowings and derivative financial instruments.

Trade and other payables

Trade and other payables are measured at amortised cost.

Loans and financial liabilities

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are integral part of the EIR. The EIR amortisation is included in the finance costs in the income statement.

Borrowing costs paid on the establishment of credit facilities are recognised as an expense in the income statement over the expected usage period of the facility.

Derivative financial instruments

The Group uses derivative financial instruments, an interest rate cap, to hedge its interest rate risks. Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at each reporting date at fair value. The resulting gain or loss is recognised in profit or loss immediately. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Further details of derivatives are disclosed in note 28.

Fair value hedges

The change in the fair value of the hedging derivative is recognised in the income statement in finance costs. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in the income statement in finance costs.

The Group had an interest rate cap that is used as a hedge for the exposure of changes in the fair value of the bank loan. Note 28 provides further details.

(k) Pensions and other post-employment benefits

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The amount charged to the income statement represents the contributions payable to the scheme in respect of the accounting period.

(l) Exceptional items

Exceptional items are disclosed and described separately in the Historical Financial Information where it is necessary to do so to provide a better understanding of the financial performance of the Group. They are material items of expense or income that have been shown separately due to the significance of their nature or amount and include items such as dual head office lease costs, material redundancy and restructuring costs, periodic share based payment transactions with members of the senior management team and exceptional investment costs.

(m) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Own equity instruments that are reacquired (treasury shares) are recognised at cost, including any directly attributable incremental costs (net of income taxes), and deducted from equity attributable to the company's equity holders until the shares are cancelled or reissued. No gain or loss is recognised on the income statement on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and consideration (net of any directly attributable incremental transaction costs and the related income tax effects), if reissued, is recognised in Share Premium. Treasury shares relate to those shares held by the Employee Benefit Trust and are consolidated into the sponsoring entity, the Company.

(n) Share based payments

Employees (including senior executives) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments (equity settled transactions). Employees working in the business development group are granted share appreciation rights, which can only be settled in cash (cash-settled transactions).

Equity-settled transactions

The cost of equity-settled transactions is recognised, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense. The equity settled transactions are fair valued at the grant date and the expense recognised over the duration of the vesting period.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions for which vesting is conditional upon a market or non-vesting condition. These are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled transaction award are modified, the minimum expense recognised is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

When an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The share transactions of the Employee Benefit Trust are consolidated into the sponsoring entity, being the Company.

(o) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting to the Board of Directors which has been identified as the chief operating decision maker. The Board of Directors consists of the Executive Directors and the Non-Executive Directors.

(p) Dividends

Dividends are recognised as a liability in the year in which they are fully authorised, or in the case of interim dividends when paid.

4. Significant accounting estimates and assumptions

The preparation of the Group's Historical Financial Information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset and liability affected in future periods.

Impairment of goodwill

For impairment testing of goodwill an appropriate discount rate is calculated to reflect a required rate of return. The rate is used to discount the estimated future cash flows of the Group which are compared to the carrying value of the goodwill and other net assets of the respective cash generating unit at the reporting date. If the discounted future cash flows are greater than the carrying value of goodwill and other net assets at the reporting date there is no indication of impairment.

Deferred tax

Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

5. New standards and interpretations

IFRSs expected to be applicable, in so far as this is currently known, to the first annual financial statements of the Group post listing, which will be for the year ended 31 December 2014, have been applied. The accounting policies adopted in the presentation of the consolidated Historical Financial Information reflects the adoption of the following new standards as of 1 January 2011:

Standards not affecting the reported results nor the financial position

IFRS 13, 'Fair value measurement' (endorsed for annual periods beginning on or after 1 January 2013). This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs. The application of the amendment has had no impact on the disclosures or on the amounts recognised in the consolidated historical financial information.

IFRIC 21 Levies (endorsed for annual periods beginning on or after 1 January 2014). The interpretation clarifies the accounting for government imposed levies in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets. The application of the amendment has had no impact on the disclosures or on the amounts recognised in the consolidated historical financial information.

IAS 27 (revised 2011), 'Separate financial statements' (endorsed for annual periods beginning on or after 1 January 2014). This clarifies that the consequential amendments from IAS 27 to IAS 21 'The effect of changes in foreign exchanges rates', IAS 28 'Investments in associates', and IAS 31 'Interests in joint ventures', apply prospectively for annual periods beginning on or after 1 July 2009. The application of the amendment has had no impact on the disclosures or on the amounts recognised in the consolidated historical financial information.

IAS 28 (revised 2011), 'Investments in associates and joint ventures' (endorsed for annual periods beginning on or after 1 January 2014). This standard includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11. The application of the amendment has had no impact on the disclosures or on the amounts recognised in the consolidated historical financial information.

IAS 32 (amendment), 'Financial instruments – Presentation' on asset and liability offsetting (endorsed for annual periods beginning on or after 1 January 2014). This amendment clarifies some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. The application

of the amendment has had no impact on the disclosures or on the amounts recognised in the consolidated historical financial information.

IFRS 10 'Consolidated financial statements' (endorsed for annual periods beginning on or after 1 January 2014). This standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the Consolidated financial statements. The standard provides additional guidance to assist in determining control where this is difficult to assess. The application of the amendment has had no impact on the disclosures or on the amounts recognised in the consolidated historical financial information.

IFRS 11 'Joint arrangements' (endorsed for annual periods beginning on or after 1 January 2014). This standard provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form. There are two types of joint arrangements: joint operations and joint ventures. Proportional consolidation of joint ventures is no longer allowed. The application of the amendment has had no impact on the disclosures or on the amounts recognised in the consolidated historical financial information.

IFRS 12 'Disclosure of interests in other entities' (endorsed for annual periods beginning on or after 1 January 2014). This standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The application of the amendment has had no impact on the disclosures or on the amounts recognised in the consolidated historical financial information.

Amendments to IFRS 10, IFRS 11 and IFRS 12 (endorsed for annual periods beginning on or after 1 January 2014). These amendments provide additional transition relief to IFRSs 10, 11 and 12, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. The application of the amendment has had no impact on the disclosures or on the amounts recognised in the consolidated historical financial information.

IASB issues narrow-scope amendments to IAS 36, 'Impairment of assets' (effective for annual periods beginning on or after 1 January 2014). These amendments address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. This amendment is not expected to have a material impact on the consolidated financial information.

The IASB and IFRS Interpretations Committee have issued the following standards and interpretations with an effective date of implementation for accounting periods beginning after the date on which the Group's consolidated historical financial information for the current year commenced. The Directors do not anticipate that the adoption of these standards and interpretations will have a material impact on the Group's financial statements in the period of initial application:

Effective after 31 December 2014

Endorsed by the EU

New standard

IFRS 9, 'Financial instruments' (effective 1 January 2015)

No

6. Segmental reporting

Management has determined the operating segments based on the operating reports reviewed by the Board of Directors that are used to assess both performance and strategic decisions. Management has identified that the Board of Directors is the chief operating decision maker in accordance with the requirements of IFRS 8 'Operating segments'.

At 31 December 2013, the Board of Directors consider that the Group is organised on a worldwide basis into four core geographical operating segments:

- (1) UK;
- (2) Rest of Europe, Middle East and Africa ("EMEA");
- (3) North America; and
- (4) Asia Pacific ("APAC").

Each geographical segment is engaged in providing services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments.

Sales between segments are carried out at arm's length. All segment revenue, profit before taxation, assets and liabilities are attributable to the principal activity of the Group being an international IT services provider.

For the year ended 31 December 2013

	<i>UK</i> £000	<i>Rest of</i> <i>EMEA</i> £000	<i>North</i> <i>America</i> £000	<i>APAC</i> £000	<i>Total</i> £000
Revenue	77,323	12,171	14,822	1,304	105,620
Operating profit before exceptional items, depreciation and amortisation	17,725	1,711	3,595	84	23,115
Exceptional administrative expenses	(1,720)	–	(43)	–	(1,763)
Depreciation and amortisation	(335)	(24)	(136)	(2)	(497)
Segment operating profit	15,670	1,687	3,416	82	20,855
Finance income	1	–	–	–	1
Finance costs	(964)	–	–	–	(964)
Profit before tax	14,707	1,687	3,416	82	19,892
Total assets	40,042	3,926	4,380	593	48,941
Total liabilities	24,409	1,373	2,350	203	28,335

For the year ended 31 December 2012

	<i>UK</i> £000	<i>Rest of</i> <i>EMEA</i> £000	<i>North</i> <i>America</i> £000	<i>APAC</i> £000	<i>Total</i> £000
Revenue	77,223	13,604	11,043	1,573	103,443
Operating profit before exceptional items, depreciation and amortisation	15,557	2,615	1,792	97	20,061
Exceptional administrative expenses	(1,788)	–	–	–	(1,788)
Depreciation and amortisation	(321)	(12)	(100)	(2)	(435)
Segment operating profit	13,448	2,603	1,692	95	17,838
Finance income	10	–	–	–	10
Finance expense	(1,926)	–	–	–	(1,926)
Profit before tax	11,532	2,603	1,692	95	15,922
Total assets	34,416	5,585	3,168	524	43,693
Total liabilities	13,724	2,042	2,106	156	18,028

For the year ended 31 December 2011

	<i>UK</i> <i>£000</i>	<i>Rest of</i> <i>EMEA</i> <i>£000</i>	<i>North</i> <i>America</i> <i>£000</i>	<i>APAC</i> <i>£000</i>	<i>Total</i> <i>£000</i>
Revenue	<u>72,772</u>	<u>13,025</u>	<u>9,700</u>	<u>1,769</u>	<u>97,266</u>
Operating profit before exceptional items, depreciation and amortisation	12,329	2,717	908	562	16,516
Exceptional administrative expenses	(702)	–	–	–	(702)
Depreciation and amortisation	<u>(331)</u>	<u>(11)</u>	<u>(41)</u>	<u>–</u>	<u>(383)</u>
Segment operating profit	11,296	2,706	867	562	15,431
Finance income	1	–	–	–	1
Finance expense	<u>(3,651)</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(3,651)</u>
Profit before tax	<u>7,646</u>	<u>2,706</u>	<u>867</u>	<u>562</u>	<u>11,781</u>
Total assets	<u>38,483</u>	<u>4,178</u>	<u>2,432</u>	<u>613</u>	<u>45,706</u>
Total liabilities	<u>28,453</u>	<u>1,814</u>	<u>1,564</u>	<u>270</u>	<u>32,101</u>

Information about major customers

Revenue from each customer that represents 10 per cent. or more of the Groups revenues is attributable to all four operating segments and is presented as follows:

	<i>2011</i> <i>£000</i>	<i>2012</i> <i>£000</i>	<i>2013</i> <i>£000</i>
Customer A	30,653	32,175	24,871
Customer B	8,597	11,338	10,568
Customer C	<u>10,216</u>	<u>6,609</u>	<u>4,274</u>

7. Operating profit

Operating profit for the year has been arrived at after charging:

	<i>2011</i> <i>£000</i>	<i>2012</i> <i>£000</i>	<i>2013</i> <i>£000</i>
Hire of property – operating leases	1,315	1,500	1,957
Net foreign exchange differences	66	84	96
Depreciation and amortisation	383	435	497
Loss on disposal of non-current assets	<u>–</u>	<u>–</u>	<u>17</u>

Auditors' remuneration

The Group paid the following amounts to its auditors in respect of the audit of the financial statements and for other services provided to the Group:

	<i>2011</i> <i>£000</i>	<i>2012</i> <i>£000</i>	<i>2013</i> <i>£000</i>
Fees payable for audit	<u>75</u>	<u>75</u>	<u>72</u>

8. Staff numbers and costs

The average monthly number of persons employed by the Group (including Directors) during the year, analysed by category, was as follows:

	<i>Number of employees</i>		
	<i>2011</i>	<i>2012</i>	<i>2013</i>
IT Consultants	838	1,004	1,122
Sales	50	50	63
Administration	120	151	166
	<u>1,008</u>	<u>1,205</u>	<u>1,351</u>

The aggregate payroll costs of these persons were as follows:

	<i>2011</i>	<i>2012</i>	<i>2013</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>
Wages and salaries	32,089	37,273	43,242
Social security costs	3,320	3,663	4,738
Other pension costs	136	205	185
Share based payments	159	558	114
	<u>35,704</u>	<u>41,699</u>	<u>48,279</u>

Retirement benefits

The Group operates a number of defined contribution pension plans. The pension charge for the year represents contributions payable by the Group to the scheme. There were no outstanding or prepaid contributions at the end of the financial years 2011, 2012 and 2013.

9. Directors' remuneration

	<i>2011</i>	<i>2012</i>	<i>2013</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>
Short-term employee benefits	2,049	1,908	1,693
Post-employment benefits	12	16	17
Share-based payments	159	558	114
Termination benefits	–	30	–
	<u>2,220</u>	<u>2,512</u>	<u>1,824</u>

The aggregate of emoluments of the highest paid Director was £548,000 (2012: £686,000, 2011: £639,000). No shares were received or receivable in relation to the highest paid Director.

Inflexion Private Equity Partners LLP, the ultimate parent undertaking of the Company, have billed fees to the value of £90,000 (2012: £258,000, 2011: £255,000) for Director's fees and expenses.

	<i>Number of Directors</i>		
	<i>2011</i>	<i>2012</i>	<i>2013</i>
Retirement benefits are accruing to the following number of Directors under:			
Money purchase schemes	<u>2</u>	<u>3</u>	<u>3</u>

10. Exceptional administrative expenses

During 2011 the Group incurred costs of £702,000 in relation to the setup, operation, issue of shares, distributions and share based payments of the FDM Employee Benefit Trust.

During 2012 the Group incurred £1,000,000 of professional fees in relation to the restructuring of the Group. The Group also incurred £558,000 of costs in relation to share based payments of the FDM Employee Benefit Trust which has been recognised as an exceptional cost. The Group also incurred costs of £230,000 in relation to the departure of key personnel.

During 2013 the Group incurred £1,763,000 of exceptional costs. The Group incurred exceptional property costs by relocating the London office and dilapidations for operating leases expiring in 2014 which amounted to £1,295,000. The Group also incurred exceptional share based payment costs of £114,000, £248,000 in relation to the departure of personnel and £106,000 of exceptional investment costs.

11. Finance income and costs

	2011 £000	2012 £000	2013 £000
Bank interest	1	10	1
Finance income	<u>1</u>	<u>10</u>	<u>1</u>
	2011 £000	2012 £000	2013 £000
Interest payable on working capital facility	(43)	(65)	(63)
Interest payable on revolving credit facility	–	–	(227)
Interest payable on bank loan	(350)	(163)	–
Interest payable on related party loan	(1,842)	(1,370)	–
Finance fees and charges	(1,416)	(328)	(674)
Finance costs	<u>(3,651)</u>	<u>(1,926)</u>	<u>(964)</u>

12. Taxation

The major components of income tax expense for the years ended 31 December 2011, 2012 and 2013 are:

	2011 £000	2012 £000	2013 £000
Current income tax:			
Current income tax charge	3,335	4,356	5,017
Adjustments in respect of prior periods	(50)	(121)	–
Deferred tax:			
Relating to origination and reversal of temporary differences	(52)	(40)	70
Adjustments in respect of prior periods	–	–	75
Total tax expense reported in the income statement	<u>3,233</u>	<u>4,195</u>	<u>5,162</u>

The standard rate of Corporation Tax in the UK changed from 28 per cent. to 26 per cent. with effect from 1 April 2011, 26 per cent. to 24 per cent. with effect from 1 April 2012, and from 24 per cent. to 23 per cent. with effect from 1 April 2013. Accordingly, the company's profits for the respective accounting periods are taxed at the following effective rates; 2011: 26.5 per cent., 2012: 24.5 per cent., and 2013 23.25 per cent.

Reconciliation of effective tax

	2011 £000	2012 £000	2013 £000
Profit before income tax	<u>11,781</u>	<u>15,922</u>	<u>19,892</u>
Profit multiplied by UK standard rate of corporation tax of 23.25% (2012: 24.5%, 2011: 26.5%)	3,122	3,901	4,625
Effect of different tax rates on overseas earnings	51	129	333
Adjustments in respect of prior periods	(50)	(121)	75
Expenses not deductible for tax purposes	<u>110</u>	<u>286</u>	<u>129</u>
Total tax charge	<u>3,233</u>	<u>4,195</u>	<u>5,162</u>

Factors affecting future tax charges

Deferred tax assets and liabilities are measured at the rate that is expected to apply to the period when the asset is realised or the liability is settled, based on the rates that have been enacted or substantively enacted at the reporting date. Therefore, at each year end, deferred tax assets and liabilities have been calculated based on the rates that have been substantively enacted by the reporting date.

At the reporting date, the Finance Act 2013 had been substantively enacted confirming that the main UK corporation tax rate will reduce to 21 per cent. with effect from 1 April 2014 and 20 per cent. from 1 April 2015. Therefore, at 31 December 2013, deferred tax assets and liabilities have been calculated based on a rate of 20 per cent. where the temporary difference is expected to reverse after 1 April 2015. These reductions may also reduce the Group's future current tax charges accordingly.

13. Deferred tax assets/(liabilities)

Group deferred tax assets/(liabilities) are attributable to the following:

	2011 £000	2012 £000	2013 £000
Current:			
Share based payment	–	75	–
Non-current:			
Share based payment	38	–	–
Non-current asset temporary differences	<u>43</u>	<u>45</u>	<u>(25)</u>
Deferred tax asset/(liability)	<u>81</u>	<u>120</u>	<u>(25)</u>

	1 January 2013 £000	Recognised in income statement £000	Recognised in equity £000	31 December 2013 £000
Movement in deferred tax during 2013:				
Property, plant and equipment	45	(70)	–	(25)
Share based payments	<u>75</u>	<u>(75)</u>	<u>–</u>	<u>–</u>
	<u>120</u>	<u>(145)</u>	<u>–</u>	<u>(25)</u>

	1 January 2012 £000	Recognised in income statement £000	Recognised in equity £000	31 December 2012 £000
Movement in deferred tax during 2012:				
Property, plant and equipment	43	2	–	45
Share based payments	38	37	–	75
	<u>81</u>	<u>39</u>	<u>–</u>	<u>120</u>

	1 January 2011 £000	Recognised in income statement £000	Recognised in equity £000	31 December 2011 £000
Movement in deferred tax during 2011:				
Property, plant and equipment	29	14	–	43
Share based payments	–	38	–	38
	<u>29</u>	<u>52</u>	<u>–</u>	<u>81</u>

14. Property, plant and equipment

	Leasehold Improvement £000	Motor Vehicles £000	Fixtures & Fittings £000	Plant & Equipment £000	Total £000
2013					
Cost					
At 1 January 2013	952	23	483	975	2,433
Additions	1,519	–	164	320	2,003
Disposals	(296)	–	(163)	(6)	(465)
Effect of movements in foreign exchange	(4)	–	(5)	(5)	(14)
At 31 December 2013	<u>2,171</u>	<u>23</u>	<u>479</u>	<u>1,284</u>	<u>3,957</u>
Accumulated depreciation					
At 1 January 2013	556	17	287	582	1,442
Depreciation charge for the year	169	4	86	207	466
Disposals	(296)	–	(146)	(6)	(448)
Effect of movements in foreign exchange	(2)	–	(3)	(2)	(7)
At 31 December 2013	<u>427</u>	<u>21</u>	<u>224</u>	<u>781</u>	<u>1,453</u>
Net book value at 31 December 2013	<u>1,744</u>	<u>2</u>	<u>255</u>	<u>503</u>	<u>2,504</u>

2012	<i>Leasehold Improvement £000</i>	<i>Motor Vehicles £000</i>	<i>Fixtures & Fittings £000</i>	<i>Plant & Equipment £000</i>	<i>Total £000</i>
Cost					
At 1 January 2012	774	23	531	1,343	2,671
Additions	187	–	151	137	475
Disposals	–	–	(185)	(498)	(683)
Effect of movements in foreign exchange	(9)	–	(14)	(7)	(30)
At 31 December 2012	<u>952</u>	<u>23</u>	<u>483</u>	<u>975</u>	<u>2,433</u>
Accumulated depreciation					
At 1 January 2012	451	14	374	887	1,726
Depreciation charge for the year	106	3	103	195	407
Disposals	–	–	(185)	(498)	(683)
Effect of movements in foreign exchange	(1)	–	(5)	(2)	(8)
At 31 December 2012	<u>556</u>	<u>17</u>	<u>287</u>	<u>582</u>	<u>1,442</u>
Net book value at 31 December 2012	<u>396</u>	<u>6</u>	<u>196</u>	<u>393</u>	<u>991</u>
2011	<i>Leasehold Improvement £000</i>	<i>Motor Vehicles £000</i>	<i>Fixtures & Fittings £000</i>	<i>Plant & Equipment £000</i>	<i>Total £000</i>
Cost					
At 1 January 2011	628	23	417	1,125	2,193
Additions	146	–	111	218	475
Disposals	–	–	(1)	–	(1)
Effect of movements in foreign exchange	–	–	4	–	4
At 31 December 2011	<u>774</u>	<u>23</u>	<u>531</u>	<u>1,343</u>	<u>2,671</u>
Accumulated depreciation					
At 1 January 2011	373	11	296	713	1,393
Depreciation charge for the year	78	3	80	174	335
Disposals	–	–	(1)	–	(1)
Effect of movements in foreign exchange	–	–	(1)	–	(1)
At 31 December 2011	<u>451</u>	<u>14</u>	<u>374</u>	<u>887</u>	<u>1,726</u>
Net book value at 31 December 2011	<u>323</u>	<u>9</u>	<u>157</u>	<u>456</u>	<u>945</u>

15. Intangible assets

	<i>Software & Software Licences £000</i>	<i>Goodwill £000</i>	<i>Total £000</i>
2013			
Cost			
At 1 January 2013	405	19,322	19,727
Additions	68	–	68
Disposals	(127)	–	(127)
Effect of movements in foreign exchange	1	–	1
At 31 December 2013	<u>347</u>	<u>19,322</u>	<u>19,669</u>
Accumulated amortisation			
At 1 January 2013	366	–	366
Amortisation for the year	31	–	31
Disposals	(127)	–	(127)
At 31 December 2013	<u>270</u>	<u>–</u>	<u>270</u>
Net book value at 31 December 2013	<u>77</u>	<u>19,322</u>	<u>19,399</u>
	<i>Software & Software Licences £000</i>	<i>Goodwill £000</i>	<i>Total £000</i>
2012			
Cost			
At 1 January 2012	392	19,322	19,714
Additions	13	–	13
At 31 December 2012	<u>405</u>	<u>19,322</u>	<u>19,727</u>
Accumulated amortisation			
At 1 January 2012	338	–	338
Amortisation for the year	28	–	28
At 31 December 2012	<u>366</u>	<u>–</u>	<u>366</u>
Net book value at 31 December 2012	<u>39</u>	<u>19,322</u>	<u>19,361</u>
	<i>Software & Software Licences £000</i>	<i>Goodwill £000</i>	<i>Total £000</i>
2011			
Cost			
At 1 January 2011	363	19,322	19,685
Additions	29	–	29
At 31 December 2011	<u>392</u>	<u>19,322</u>	<u>19,714</u>
Accumulated amortisation			
At 1 January 2011	290	–	290
Amortisation for the year	48	–	48
At 31 December 2011	<u>338</u>	<u>–</u>	<u>338</u>
Net book value at 31 December 2011	<u>54</u>	<u>19,322</u>	<u>19,376</u>

The amortisation charge is recognised in administrative expenses in the income statement. The amortisation period of the software and software licences is 4 years. Goodwill is not amortised but is subject to an annual impairment test.

The goodwill has been allocated to cash generating units (CGUs) summarised as follows:

	<i>UK</i> £000	<i>Rest of</i> <i>EMEA</i> £000	<i>North</i> <i>America</i> £000	<i>APAC</i> £000	<i>Total</i> £000
Cost and net book value					
At 31 December 2011, 2012 and 2013	14,843	1,397	3,082	–	19,322

16. Impairment testing of goodwill

An overview of impairment reviews performed by CGU is set out below. The recoverable amount of each CGU has been determined on value in use calculations using cash flow projections from financial budgets approved by the Board covering a two year period from the date of the relevant impairment review. The key assumptions in the projections were, for all CGUs, as follows:

- Revenue and gross margin were based on expected levels of activity under existing major contractual arrangements together with growth based upon medium term historical growth rates and having regard for expected economic and market conditions for other customers.
- Administrative expenses were forecast to move in line with expected levels of activity in the CGU.
- The growth rate used to extrapolate the cash flows beyond the two year forecast period was 2.0 per cent. up to a period of fifteen years in total.

The pre-tax discount rates used in the calculations were as follows:

	<i>2011</i> %	<i>2012</i> %	<i>2013</i> %
UK	14.18	12.94	12.92
Rest of Europe	13.71	14.00	12.25
North America	16.47	15.62	16.76

As a result of the review the Directors did not identify any impairment for the goodwill in each CGU. In considering sensitivities, no reasonable change in any of the above key assumptions would cause the recoverable amount to fall below the carrying value of the CGUs.

17. Subsidiaries

The Group holds the following investments:

	<i>Country of</i> <i>Incorporation</i>	<i>Class of</i> <i>share held</i>	<i>Ownership</i>
Direct:			
Astra 5.0 Limited	Great Britain	Ordinary	100%
Beneficial:			
FDM Group Limited	Great Britain	Ordinary	100%
FDM Group Inc.	USA	Ordinary	100%
FDM Group NV	Belgium	Ordinary	100%
FDM Group GmbH	Germany	Ordinary	100%
FDM Switzerland GmbH	Switzerland	Ordinary	100%
FDM Group SA	Luxembourg	Ordinary	100%
FDM Group HK Limited	Hong Kong	Ordinary	100%
FDM Group Canada Inc	Canada	Ordinary	100%
FDM Singapore Consulting PTE Limited	Singapore	Ordinary	100%
FDM South Africa (PTY) Limited	South Africa	Ordinary	100%

FDM South Africa (PTY) Limited was incorporated in 2013.

The Group's principal activity is that of an international IT services provider. The Group specialises in recruiting and training its own permanent IT consultants. All subsidiaries have an accounting year end as at 31 December. The subsidiaries all carry out similar activities, except for the Company, which is a holding company.

18. Trade and other receivables

	2011 £000	2012 £000	2013 £000
Trade receivables	17,547	19,192	17,087
Other receivables	96	93	235
Prepayments and accrued income	1,751	1,717	3,706
	<u>19,394</u>	<u>21,002</u>	<u>21,028</u>

The trade receivables as at 31 December are aged as follows:

	2011 £000	2012 £000	2013 £000
Not overdue	10,180	10,090	8,695
Not more than three months past due	6,397	8,195	8,086
More than three months but not more than six months past due	970	907	235
More than six months but not more than one year past due	103	133	137
Provision for impairment	(103)	(133)	(66)
	<u>17,547</u>	<u>19,192</u>	<u>17,087</u>

The provision for impairment covers debt which is all more than six months but not more than one year past due. All other trade receivables are fully performing.

The movement in the provision for impairment is as below:

	2011 £000	2012 £000	2013 £000
At 1 January	18	103	133
Charge for the year	103	30	–
Unused amounts reversed	–	–	(67)
Utilised in the year	(18)	–	–
At 31 December 2013	<u>103</u>	<u>133</u>	<u>66</u>

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	2011 £000	2012 £000	2013 £000
Pounds sterling	14,130	14,358	12,668
Euros	940	1,199	793
Swiss Francs	788	1,543	915
US Dollars	1,435	1,915	2,301
Canadian Dollars	–	–	189
Hong Kong Dollars	254	124	130
Singapore Dollars	–	53	91
	<u>17,547</u>	<u>19,192</u>	<u>17,087</u>

19. Cash and cash equivalents

	2011 £000	2012 £000	2013 £000
Cash at bank and in hand	<u>5,910</u>	<u>2,219</u>	<u>6,010</u>

Cash and cash equivalents denominated in currencies other than Pounds Sterling comprise £2,997,000 (2012: £1,984,000; 2011: £2,343,000), denominated in Euros, Swiss Francs, Hong Kong Dollars, Singapore Dollars, US Dollars, Canadian Dollars and South African Rand.

The Group currently holds facilities in the form of an Import Line facility of \$322,600 and a Class Guarantee facility of €33,000. The Group also holds guarantees in favour of Rptre Sarl for €31,548, Commerzbank for CHF150,000 and CRP/Capstone 14W Property Owner LLC totalling \$242,398.67. On 6 January 2014 a guarantee was put in place for \$25,973.01 in favour of Roza 14W LLC, for a leasehold property in the USA.

The credit quality of financial assets can be assessed by reference to external credit ratings issued by credit ratings agencies registered in the European Union. Cash at bank is held with banks with the following ratings:

Cash at bank by credit rating	2011 £000	2012 £000	2013 £000
AA	5,386	1,970	5,467
A	<u>524</u>	<u>249</u>	<u>543</u>
	<u>5,910</u>	<u>2,219</u>	<u>6,010</u>

20. Trade and other payables

	2011 £000	2012 £000	2013 £000
Trade payables	1,968	2,123	1,850
Other payables	696	934	864
Other taxes and social security	3,135	3,207	3,640
Accruals and deferred income	<u>4,207</u>	<u>4,709</u>	<u>4,782</u>
	<u>10,006</u>	<u>10,973</u>	<u>11,136</u>

Trade and other payables denominated in currencies other than Pounds Sterling comprise £873,000 (2012: £619,000, 2011: 475,000), denominated in Euros, Swiss Francs, Hong Kong Dollars, Singapore Dollars, US Dollars, Canadian Dollars and South African Rand.

21. Borrowings

	<i>Current</i>	<i>Non-current</i>	<i>Current</i>	<i>Non-current</i>	<i>Current</i>	<i>Non-current</i>
	<i>2011</i>	<i>2011</i>	<i>2012</i>	<i>2012</i>	<i>2013</i>	<i>2013</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Secured – at amortised cost						
Revolving credit facility (i)	–	–	–	–	–	15,000
Working capital facility (ii)	–	–	4,808	–	–	–
Bank loan (iii)	2,900	3,939	–	–	–	–
Costs of arranging bank loan (iv)	(139)	(189)	–	–	–	–
Unsecured – at amortised cost						
Loans from related parties (v)	–	14,170	–	–	–	–
	<u>2,761</u>	<u>17,920</u>	<u>4,808</u>	<u>–</u>	<u>–</u>	<u>15,000</u>

(i) *Revolving credit facility*

During 2013 the Group entered into a £20 million Revolving Credit Facility (RCF) with HSBC Bank plc. The facility is available for a five year term expiring on 14 August 2018. The facility is available to be repaid and redrawn at the discretion of the Group. The RCF is presented as non-current as the Group has the facility available throughout the remaining term.

The RCF is secured by way of a debenture on the assets of the Company, Astra 5.0 Limited, FDM Group Limited and FDM Group Inc. The interest rate on the RCF is fixed at 2.75 per cent. over LIBOR per annum. There is a charge of 1.0 per cent. per annum on non-utilised funds.

(ii) *Working capital facility*

At the year ended 31 December 2011 the Group had a working capital facility of £5 million provided by HSBC. During 2012 the Group increased the working capital facility provided by HSBC to £10 million in order to fund the increased growth of the Group and the advanced payments of related party borrowings (detailed in part (v) below). The working capital facility is disclosed as Borrowings on the statement of financial position under current liabilities and expires in 2015. The working capital facility is secured on the assets of FDM Group Limited.

(iii) *Bank loan*

The variable rate loan was contracted with HSBC Bank plc and secured on the Group's assets. The initial loan was for £13.0 million with a maturity date of 31 December 2014. The loan principal was repayable in quarterly instalments. The Group repaid an additional £1,961,000 over the standard contractual payments in 2011 through a surplus cash mechanism in the facility.

The interest rate applied on the bank loan was 3.0 per cent. over LIBOR. The Group hedged approximately 90 per cent. of interest payments via an interest rate cap. This is discussed in more detail in note 28.

(iv) *Costs of arranging bank loan*

The costs of arranging the bank loan relate to the bank loan (detailed in point iii of this note). The original term of the loan was five years and the costs of arranging the bank loan were initially amortised over this period. The Group had repaid the full loan balance by 31 December 2012 and the costs of arranging the bank loan were therefore fully amortised in 2012.

The amortisation of the costs of arranging the bank loan is recognised in finance costs in the Consolidated Income Statement.

(v) *Loans from related parties*

These loans represented fixed rate loans from related parties and are non-convertible; the related parties and loan amounts are disclosed in note 27. The original term was six years for the individual loans and repayable in 2016. The Group repaid the full loan of £14,170,000 during 2012.

Interest was charged at 13 per cent. and the interest was paid quarterly. All interest was paid when due and as such the interest accrued and not yet paid at 31 December 2012 was £nil (2011: £464,000).

22. Analysis of net debt

	2011 £000	2012 £000	2013 £000
Analysis of net debt			
Revolving credit facility	–	–	15,000
Working capital facility	–	4,808	–
Bank loan	6,839	–	–
Related party loan	14,170	–	–
Total debt	21,009	4,808	15,000
Less cash and cash equivalents	(5,910)	(2,219)	(6,010)
Net debt	15,099	2,589	8,990

Net debt is defined as borrowings less net cash and cash equivalents.

The Group had undrawn borrowings at 31 December 2013 of £15,000,000 (2012: £5,200,000, 2011: £5,000,000).

	2011 £000	2012 £000	2013 £000
Movement of net debt			
Net debt at beginning of year	(24,270)	(15,099)	(2,589)
Net increase/ (decrease) in cash and cash equivalents	940	(3,691)	3,791
Drawdown of borrowings	–	(4,808)	(20,000)
Repayment of borrowings	8,231	21,009	9,808
Total net debt	(15,099)	(2,589)	(8,990)

23. Capital and reserves

Share Capital

	2011 £000	2012 £000	2013 £000
<i>Authorised, allotted, called up and fully paid</i>			
61,500,000 A ordinary shares of £0.01 each	615	615	615
36,454,805 B ordinary shares of £0.01 each	365	365	365
2,045,195 C ordinary shares of £0.01 each	20	20	20
1,839,520 D shares of £0.01 each	18	18	18
8,090,921 Exit shares of £0.0000001 each	–	–	–
	1,018	1,018	1,018

Ordinary shares

During 2011 the authorised share capital increased by £18,395 by the issue of 1,839,520 D shares of £0.01 each.

Voting rights

A, B and C ordinary shares are entitled to one vote each in any circumstance. Each D share is entitled to a fraction of a vote equal to the number of D shares divided by the number of A ordinary shares and D shares in issue. Exit shares do not carry voting rights.

Dividends

All shares except the Exit shares are entitled to dividends with the following restrictions.

D shares are entitled to distributions payable at 1/1000th of the per share dividend distribution. The distribution to B and C ordinary shares is diluted by the total distribution to the D shares.

Realisation event

A realisation event is defined as (a) obtaining a listing on a recognised exchange; (b) completion of an unconditional agreement for a sale; or (c) a winding up.

When a realisation event occurs, the Exit shares receive the level of capitalisation value above a target amount as if the A, B and C ordinary shares and Exit shares constitute one class of share. Up to the target amount the Exit shares do not receive a distribution and the capitalisation amount is distributed pro rata between the A, B and C ordinary shares.

On a realisation event the A share distribution shall be less the distribution payable to the D shares. The amounts attributable to the D shares is the higher of (a) the nominal value of the shares; or (b) 1/1000th of the relevant amount payable for a B ordinary share on a realisation event.

	2011 £000	2012 £000	2013 £000
Share premium			
At 1 January	53	543	543
Increase due to issuance of shares in the Company held by FDM Employee Benefit Trust in excess of the cost of treasury shares	490	–	–
At 31 December	543	543	543
	2011 £000	2012 £000	2013 £000
Treasury Shares			
At 1 January	–	(97)	(75)
Increase of the Company shares held by the FDM Employee Benefit Trust	(127)	(100)	(428)
Issue of shares held by FDM Employee Benefit Trust to Directors and management	30	122	481
At 31 December	(97)	(75)	(22)

305,500 B ordinary shares were purchased during the year ended 31 December 2013 (2012: 100,000, 2011: 2,271,862) and held in treasury. The consideration paid was £428,000 (2012: £100,000, 2011: £127,000).

553,619 Exit shares were purchased during the year ended 31 December 2011 for £nil, held in treasury and subsequently reissued in the same year.

	2011 £000	2012 £000	2013 £000
Other capital reserves			
At 1 January	–	159	318
Share based payment charge during the year (note 26)	159	558	114
Transfer to retained earnings	–	(399)	(432)
At 31 December	159	318	–

The other capital reserve is used to recognise the value of equity settled share based payment transactions provided to employees, including key management personnel, as part of their remuneration. Refer to note 26 for further details of the share based payment transactions in the year.

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

24. Dividends

	2011 £000	2012 £000	2013 £000
Dividends paid			
Paid to shareholders	–	–	19,920
	–	–	19,920

No further dividends have been proposed for the year ended 31 December 2013 (2012: £nil, 2011: £nil).

	2011 £000	2012 £000	2013 £000
Dividends paid per share			
A ordinary shares; £0.20 per share	–	–	12,300
B ordinary shares; £0.20 per share	–	–	7,211
C ordinary shares; £0.20 per share	–	–	409
D shares; £0.00 per share	–	–	–
Exit shares; £0.00 per share	–	–	–
	–	–	19,920

25. Operating leases

The Group has entered into commercial leases on certain properties. Future rentals under non-cancellable operating lease at are as follows:

	2011 £000	2012 £000	2013 £000
Future minimum payments:			
Less than one year	1,339	1,648	927
Between one and five years	2,130	1,889	5,788
More than five years	–	–	6,393
	3,469	3,537	13,108

26. Share based payments

	2011 £000	2012 £000	2013 £000
Expenses arising from equity settled share based payment transaction (i)	159	159	114
Expenses arising from equity settled share based payment transaction (ii)	–	399	–
	159	558	114

(i) *2013 and 2011 share based payments*

On 28 June 2011 (the issue date), the Group entered into a Joint Share Option Plan ("JSOP") via the FDM Employee Benefit Trust. Under the terms of the arrangement three directors of the Company subscribed for an equal interest in 952,862 B ordinary shares and 553,619 Exit shares in the Company with Kleinwort Benson (Jersey) Trustees Limited. Kleinwort Benson (Jersey) Trustees Limited was acting in its capacity as a trustee of FDM Employee Benefit Trust. The B ordinary shares had a fair value at the issue date of £0.32 per share and the Exit shares had a fair value at the date of issue of £0.02 per share. The 2011 share based payment arises as a result of the exercise price being issued at a lower price than the fair value share price at the grant date, being the date when the share options were valued.

On 12 August 2013 the FDM Employee Benefit Trust transferred ownership of the 952,862 B ordinary Shares to three directors of the Company. The share based payment arises as a result of the exercise price being at a lower price than the fair value share price at the transfer date, being the date when the shares were valued. The incremental fair value, being the difference between the modified equity instrument and the original equity instrument, has been recognised at the transfer date.

The fair value was assessed using the Black Scholes model. The following table lists the inputs to the model used to fair value the shares issued for employee services received during the year:

	<i>Exit Shares</i> <i>2011</i>	<i>B Ordinary</i> <i>Shares</i> <i>2011</i>	<i>B Ordinary</i> <i>Shares</i> <i>2013</i>
Volatility	35%	35%	35%
Expected life (years)	1 year	1 year	0 years
Share price	£0.43	£0.43	£0.98
Exercise price	£0.57	£0.12	£0.86
Risk free rate	2.2%	2.2%	2.9%
Dividend yield	0%	0%	0%

The expected life of the B ordinary shares and the Exit shares for the 2011 share based payment was 30 June 2012 and as such the share based payment was recognised in 2011 and 2012. The expected volatility reflects the assumption that the historical volatility is indicative of future trends. The shares have been accounted for as equity settled share based payment transactions. Volatility is based on management's judgement with regard to comparable companies.

The expected life of the B ordinary shares for the 2013 share based payment is based upon the transfer date being 12 August 2013. The expected volatility reflects the assumption that the historical volatility is indicative of future trends. The shares have been accounted for as equity settled share based payment transactions.

(ii) *2012 Share based payment*

On 28 May 2012 the FDM Employee Benefit Trust acquired 500,000 of the Company's shares which were held in a JSOP by Kleinwort Benson (Jersey) Trustees Limited and P Jobbins. On 28 August 2012 the FDM Employee Benefit Trust transferred ownership of the 500,000 B ordinary shares to three directors of the Company.

On transfer the B ordinary shares had a fair value of £0.80 per share. The share based payment arises as a result of the exercise price being at a lower price than the fair value share price at the transfer date, being the date when the shares were valued. The shares have been accounted for as equity settled share based payment transactions.

The fair value was assessed using the Black Scholes model. The following table lists the inputs to the model used to fair value the shares issued for employee services received during the year:

	<i>B Ordinary Shares 2012</i>
Volatility	35%
Expected life (years)	1 year
Share price	£0.80
Exercise price	£0.00
Risk free rate	2.2%
Dividend yield	0%

Volatility is based on management's judgement with regard to comparable companies.

27. Related parties

The key management personnel comprise the Directors of the Group. The compensation of key management is set out below:

	<i>2011 £000</i>	<i>2012 £000</i>	<i>2013 £000</i>
Short term employee benefits	2,049	1,908	1,693
Post-employment benefits	12	16	17
Share based payments	159	558	114
Termination benefits	–	30	–
	<u>2,220</u>	<u>2,512</u>	<u>1,824</u>

Included within key management remuneration is an amount of £303,000 which is due to be paid in April 2014 (2012: £586,000, 2011: £599,000).

Inflexion 2006 General Partner Limited and Inflexion Co-Investment Limited in aggregate own 61.5 per cent. of the voting shares of the Company. Inflexion Private Equity Partners LLP have billed fees to the value of £90,000 (2012: £258,000, 2011: £255,000) for Director's fees and expenses.

In 2010 shareholders of the Company entered into agreements for loan note instruments as detailed in note 21. The loans were repaid in 2012 and the loan interest charge for 2012 was £1,370,000 (2011: £1,842,000). The interest accrued on the related party loans at 31 December 2012 was £nil (2011: £464,000).

Details of loan note holders were as follows:

<i>Loan Note Holder</i>	<i>Subscription Date</i>	<i>Coupon Rate</i>	<i>Subscription Value £'s</i>
Inflexion 2006 General Partner Limited	06/01/2010	13.0%	2,557,314
Inflexion Co-Investment Limited	06/01/2010	13.0%	1,704,875
Roderick Flavell	06/01/2010	13.0%	1,477,828
Andrew Brown	06/01/2010	13.0%	369,910
Sheila Flavell	06/01/2010	13.0%	315,987
Ivan Martin	06/01/2010	13.0%	274,177
Jon Taplin	06/01/2010	13.0%	39,767
Heidi Taylor	06/01/2010	13.0%	39,767
Steve Buxton	06/01/2010	13.0%	34,690
Nik Thorneley	06/01/2010	13.0%	29,613
Henry Duddy	06/01/2010	13.0%	16,922
Lee Ballancore	06/01/2010	13.0%	8,461
Catherine Cheek	06/01/2010	13.0%	8,461
Alistair Rutherford	06/01/2010	13.0%	4,230
Ben Pattison	04/02/2010	13.0%	21,152
Inflexion 2006 General Partner Limited	18/02/2010	13.0%	4,123,313
Inflexion Co-Investment Limited	18/02/2010	13.0%	2,748,876
Sheila Flavell	18/02/2010	13.0%	263,084
Andrew Brown	18/02/2010	13.0%	131,544
			<u>14,169,971</u>

28. Financial risk management

The Group manages its capital to ensure entities will be able to continue as going concerns whilst maximising the return to stakeholders through the optimisation of the debt and equity balance.

The use of financial instruments is managed under policies and procedures approved by the Directors. These are designed to reduce the financial risks faced by the Group and Company, which primarily relate to credit, interest, liquidity and currency risks, which arise in the normal course of the Company's and Group's business.

There are no adjustments between the amounts presented in the statement of financial position and the fair values of the assets and liabilities.

Credit risk

Credit risk is managed on a Group basis and arises from cash and cash equivalents and trade receivables. The Group provides credit to customers in the normal course of business and the amount that appears in the statement of financial position is net of an allowance of £66,000 (2012: £133,000, 2011: £103,000) for specific doubtful receivables.

All material trade receivable balances relate to sales transactions with the Group's blue-chip client base. At the reporting date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset.

Credit risk is managed through agreed procedures which detail managing and analysing the credit risk for new customers and managing existing customers.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long term debt obligations with floating UK interest rates. The Group has limited exposure to interest rates.

The Group managed its interest rate risk by introducing an interest rate cap to limit the exposure to interest rate increases. During 2010 the Group entered into fair value hedge in relation to the bank borrowings (note 21). The loan interest was based on LIBOR and the Group entered into an interest rate cap on commencement of the loan to protect the Group from increases in UK interest rates. A maturity analysis of non-derivative financial instruments is shown in note 21.

At the year end 2011 the bank borrowings were 90 per cent. hedged by the interest rate cap which caps the interest rate at 3 per cent. per annum. The termination date of the cap was 31 March 2013. The senior debt was repaid in 2012.

The fair value of the hedge in place at 31 December 2011 and recognised in the Statement of Financial Position was £321. The amount charged through the income statement in 2011 was £58,000. Both items are not material for separate disclosure on the face of the consolidated historical financial information.

The Group uses derivative financial instruments for economic hedging purposes. The losses/gains in the income statement relate to these derivatives that act as an economic hedge but were not treated as an accounting hedge under IAS 39.

The Group manages its interest rate risk through regular reviews of its exposure to changes in interest rates. The Group is forecast to generate cash to repay the revolving credit facility in 2014 and should the facility be subsequently redrawn the Group will consider its exposure to increases in UK interest rates.

Liquidity risk

The Group monitors its risk to a shortage of funds using a liquidity planning tool.

The Group holds a working capital facility with its bankers and the facility is drawn to meet working capital requirements. Interest is paid on any monies owed at an agreed rate of interest in relation to the bank's base rate.

Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns to shareholders, benefits to stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a different currency from the Group's functional currency) and the Group's net investments in foreign subsidiaries.

The currencies giving rise to this risk are primarily US Dollars, Swiss Francs, Hong Kong Dollars and Euros. The Group has both cash inflows and outflows in these currencies that create a natural hedge. The Group has not entered into hedging contracts for cash positions denominated in foreign currencies.

Fair values

There is no significant difference between the carrying amounts shown in the statement of financial position and the fair values of the Group and Company's financial instruments. For current trade and other receivables/payables with a remaining life of less than one year, the amortised cost is deemed to reflect the fair value.

29. Net earnings per ordinary share

Basic earnings per share is calculated by dividing the profit attributable to ordinary equity holders of the parent company by the weighted average number of ordinary shares in issue during the year.

		2011	2012	2013
Profit for the year	£000	8,548	11,727	14,730
Average number of A Ordinary shares in issue	Number	61,500,000	61,500,000	61,500,000
Average number of B and C Ordinary shares in issue	Number	38,500,000	38,500,000	38,500,000
Average number of D shares in issue	Number	1,133,951	1,839,520	1,839,520
Earnings per share (A Ordinary shares)	pence	9	12	15
Earnings per share (B and C Ordinary shares)	pence	9	12	15
Earnings per share (D shares)	pence	–	–	–

30. Subsequent events

On 13 June 2014 the Company changed its name to FDM Group (Holdings) plc by way of a special resolution.

31. Ultimate controlling party

The Company is the parent undertaking of the largest and smallest group of undertakings to consolidate this historical financial information.

The ultimate parent undertaking and controlling party is Inflexion Private Equity Partners LLP, a limited liability partnership in the UK.

PART 11

UNAUDITED PRO FORMA FINANCIAL INFORMATION

SECTION A

The unaudited pro forma statement of net assets for the Group set out below from the IFRS consolidated balance sheet of the Company as at 31 December 2013, as set out in Part 10 (Historical Financial Information) has been prepared on the basis set out in the notes below and in accordance with Annex II to the PD Regulation to illustrate the impact of the Offer on the net assets of the Group, had the Offer taken place as at 31 December 2013.

The unaudited pro forma information has been prepared for illustrative purposes only and, by its nature, addresses a hypothetical situation and does not, therefore, represent the Group's actual financial position or results. It may not, therefore, give a true picture of the Group's financial position or results nor is it indicative of the results that may or may not be expected to be achieved in the future.

The unaudited pro forma information does not constitute financial statements within the meaning of Section 434 of the Companies Act 2006. Shareholders should read the whole of this document and not rely solely on the summarised financial information contained in this Part 11 (Unaudited Pro Forma Financial Statement of Net Assets). PricewaterhouseCoopers LLP's report on the unaudited pro forma statement of net assets is set out on Section B of this Part 11 (Unaudited Pro Forma Financial Statement of Net Assets).

The unaudited pro forma statement of financial position has been prepared on a basis consistent with the accounting policies of the Group which are under IFRS and on the basis set out in the notes below, and in accordance with Annex I and Annex II to the Prospectus Directive Regulation. It should be read in conjunction with the notes below.

In addition, the unaudited pro forma financial information does not purport to represent what the Group's financial position and results of operations actually would have been if the Offer had been completed on the date indicated nor does it purport to represent the results of operations of the Company for any future period or the financial condition of the Company at any future date.

Unaudited Pro Forma net assets statement

	<i>Group at 31 December 2013 £'000 (Note 1)</i>	<i>Adjustment for Offer proceeds £'000 (Note 2)</i>	<i>Pro forma total £'000 (Note 3)</i>
Non-current assets			
Property, plant and equipment	2,504	–	2,504
Intangible assets	19,399	–	19,399
Deferred income tax assets	–	–	–
	<u>21,903</u>	<u>–</u>	<u>21,903</u>
Current assets			
Trade and other receivables	21,028	–	21,028
Cash and cash equivalents	6,010	–	6,010
	<u>27,038</u>	<u>–</u>	<u>27,038</u>
Total assets	<u>48,941</u>	<u>–</u>	<u>48,941</u>
Current liabilities			
Trade and other payables	11,136	–	11,136
Current income tax liabilities	2,174	–	2,174
	<u>13,310</u>	<u>–</u>	<u>13,310</u>
Non-current liabilities			
Borrowings	15,000	(3,000)	12,000
Deferred income tax liability	25	–	25
	<u>15,025</u>	<u>(3,000)</u>	<u>12,025</u>
Total liabilities	<u>28,335</u>	<u>(3,000)</u>	<u>25,335</u>
Net assets	<u>20,606</u>	<u>3,000</u>	<u>23,606</u>

Notes

1. The financial information has been extracted, without material adjustment, from the historical financial information of the Group for the year ended 31 December 2013 set out in Section B of Part 10.
2. The net proceeds to the Company of the Offer of £3 million are calculated on the basis that the Company issues 2,787,457 New Ordinary Shares at a price of 287 pence per share, net of estimated expenses in connection with the Offer of approximately £5 million.
3. The unaudited pro forma statement of net assets does not reflect any trading or other transactions undertaken by the Group since 31 December 2013.

SECTION B: ACCOUNTANTS REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION



The Directors
FDM Group (Holdings) plc
3rd Floor, Cottons Centre
Cottons Lane
London
SE1 2QG

Investec Bank plc
2 Gresham Street
London
EC2V 7QP

17 June 2014

Dear Sirs

FDM Group (Holdings) plc (the “Company”)

We report on the pro forma statement of net assets (the “**Pro forma financial information**”) set out in Part 11 of the Company’s prospectus dated 17 June 2014 (the “**Prospectus**” which has been prepared on the basis described in the notes to the Pro forma financial information, for illustrative purposes only, to provide information about how the proposed Offer might have affected the financial information presented on the basis of the accounting policies adopted by the Company in preparing the historical financial information for the period ended 31 December 2013. This report is required by item 7 of Annex II to the PD Regulation and is given for the purpose of complying with that PD Regulation and for no other purpose.

Responsibilities

It is the responsibility of the directors of the Company to prepare the Pro forma financial information in accordance with items 1-6 of Annex II to the PD Regulation.

It is our responsibility to form an opinion, as required by item 7 of Annex II to the PD Regulation as to the proper compilation of the Pro forma financial information and to report our opinion to you.

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 those reports or opinions were addressed by us at the dates of their issue.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and for any responsibility arising under item 5.5.3R(2)(f) of the Prospectus Rules 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 item 23.1 of Annex I to the PD Regulation, consenting to its inclusion in the Prospectus.

*PricewaterhouseCoopers LLP, 1 Embankment Place, London WC2N 6RH
T: +44 (0) 20 7583 5000, F: +44 (0) 20 7822 4652, www.pwc.co.uk*

PricewaterhouseCoopers LLP is a limited liability partnership registered in England with registered number OC303525. The registered office of PricewaterhouseCoopers LLP is 1 Embankment Place, London WC2N 6RH. PricewaterhouseCoopers LLP is authorised and regulated by the Financial Conduct Authority for designated investment business.

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 this 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 the information and explanations 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.

Opinion

In our opinion:

- (a) the Pro forma financial information has been properly compiled on the basis stated; and
- (b) such basis is consistent with the accounting policies of the Company.

Declaration

For the purposes of Prospectus Rule 5.5.3 R(2)(f), we are responsible for this report as part of the Prospectus and we 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 Prospectus in compliance with Item 1.2 of Annex I to the PD Regulation.

Yours faithfully

PricewaterhouseCoopers LLP
Chartered Accountants

PART 12

DETAILS OF THE OFFER

1. Summary of the Offer

This Part 12 should be read in conjunction with Part 4: “Expected Timetable of Principal Events and Offer Statistics”.

The Offer Price per Share is 287 pence and the Offer comprises an offer of, in aggregate, up to 84,561,856 Shares. Of these, 81,774,399 are Existing Shares being offered by the Selling Shareholders and 2,787,457 are New Shares being offered by the Company, in each case, to certain institutional and other investors in the United Kingdom and elsewhere outside the United States in accordance with Regulation S.

The sale of the 81,774,399 Existing Shares will raise gross proceeds for the Selling Shareholders of approximately £234.7 million.

The issue of the 2,787,457 New Shares under the Offer will raise net proceeds for the Company of approximately £3.0 million (after the deduction of underwriting commissions and amounts in respect of estimated fees and expenses for which the Company is liable of approximately £5.0 million).

All Shares sold or issued pursuant to the Offer will be sold or issued, payable in full, at the Offer Price. The Offer Price has been determined by Investec in consultation with the Company.

The Offer is fully underwritten by Investec. The Offer is subject to satisfaction of the conditions set out in the Underwriting Agreement, including Admission occurring and becoming effective by no later than 8.00 a.m. on the Closing Date or such later time and/or date as the Company and Investec may agree, being not later than 8.00 a.m. on 30 June 2014, and to the Underwriting Agreement not having been terminated in accordance with its terms.

If admitted to trading, the Shares will be registered with ISIN GB00BLWDVP51 and SEDOL number BLWDUP5, and will trade under the symbol “FDM”. Admission is expected to take place and dealings in the Shares are expected to commence on the London Stock Exchange on 20 June 2014.

Immediately following Admission, in excess of 25 per cent. of the Company’s issued ordinary share capital will be held in ‘public hands’ (within the meaning of paragraph 6.1.19 of the Listing Rules) irrespective of whether or not the Over-allotment Option is exercised.

The Offer Shares being offered for sale by Selling Shareholders and the New Shares being offered for subscription by the Company will, on Admission, rank *pari passu* in all respects and will rank in full for all dividends and other distributions after that date declared, made or paid on the ordinary share capital of the Company. The Shares will be freely transferable.

The Shares have not been, and will not be, registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States. The Shares offered pursuant to this Prospectus may not be offered or sold, directly or indirectly, in, into or within the United States or to or for the account or benefit of any persons within the United States except under an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

Certain restrictions that apply to the distribution of this Prospectus and the Shares being issued and sold under the Offer in jurisdictions outside the United Kingdom are described in paragraph 9 below headed “Selling and transfer restrictions”.

The following table sets out the number of Shares the Selling Shareholders are selling in the Offer and the interests of the Selling Shareholders following Admission:

<i>Selling Shareholder</i>	<i>Number of Shares to be sold under the Offer</i>		<i>Shares owned following Admission</i>	
	<i>No.</i>	<i>%</i>	<i>No.</i>	<i>%</i>
Principal Selling Shareholders				
Inflexion	59,777,409	73.10	–	–
Roderick Flavell	3,183,161	3.89	8,201,255	7.63
Sheila Flavell	5,640,612	6.90	8,201,254	7.63
Andrew Brown	1,878,718	2.30	4,540,801	4.22
Mike McLaren	–	–	499,295	0.46
Ivan Martin	3,168,463	3.87	–	–
Aggregate of Small Selling Shareholders				
Small Selling Shareholders	8,126,036	9.94	1,513,045	1.41
Total	<u>81,774,399</u>	<u>100.00</u>	<u>22,955,650</u>	<u>21.35</u>

2. Bookbuilding and allocation under the Offer

The rights attaching to the Shares will be uniform in all respects and they will form a single class for all purposes. The purchase of the Offer Shares to be offered under the Offer has been underwritten, subject to certain conditions, by Investec as described in paragraph 6 headed “Underwriting arrangements” below and in paragraph 12 of Part 14: “Additional Information”.

Allocations under the Offer will be finally determined by the Board in accordance with an allocation policy to be determined by the Company, Inflexion and Investec.

Upon accepting any allocation, prospective investors will be contractually committed to acquire the number of Shares allocated to them at the Offer 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. A number of factors have been considered in determining the Offer Price and the basis of allocation, including the prevailing market conditions, the level and nature of demand for the Offer Shares, the prices bid to acquire the Offer Shares and the objective of establishing an orderly and liquid after-market in the Ordinary Shares. The Offer Price and the number of Offer Shares have been established at a level determined in accordance with these arrangements, taking into account indications of interest received from prospective investors.

3. Dealings and Admission

The Offer is subject to the satisfaction of certain conditions contained in the Underwriting Agreement, which are typical for an agreement of this nature. Certain conditions are related to events which are outside the control of the Company, the Directors and Investec. Further details of the Underwriting Agreement are described in paragraph 6 below and in paragraph 12 of Part 14: “Additional Information”.

Application has been made to the FCA for the Shares to be admitted to the premium listing segment of the Official List and to the London Stock Exchange for the Shares to be admitted to trading on the London Stock Exchange’s main market for listed securities.

It is expected that Admission will take place and dealings in the Shares will commence on the London Stock Exchange at 8.00 a.m. (London time) on 20 June 2014. Settlement of dealings from that date will be on a three-day rolling basis.

Each investor in the Offer will be required to undertake to pay the Offer Price for the Offer Shares issued or sold to such investor in such manner as shall be directed by Investec. It is expected that Shares allocated to investors in the Offer will be delivered in uncertificated form and settlement will take place through CREST on Admission. No temporary documents of title will be issued. Dealings in advance of crediting of the relevant CREST stock account shall be at the sole risk of the persons concerned.

5. CREST

With effect from Admission, the Articles will permit the holding of Shares in the CREST system. CREST is a paperless settlement system allowing securities to be transferred from one person's CREST account to another's without the need to use share certificates or written instruments of transfer. Settlement of transactions in the Shares following Admission may take place within the CREST system if any Shareholder so wishes.

CREST is a voluntary system and holders of Shares who wish to receive and retain share certificates will be able to do so. Investors applying for Shares in the Offer may elect to receive Shares in uncertificated form, if that investor is a system member (as defined in the CREST Regulations) with regard to CREST.

6. Underwriting arrangements

Investec has entered into commitments under the Underwriting Agreement pursuant to which it has agreed, subject to certain conditions, to procure subscribers and purchasers for the Offer Shares or, failing which, to subscribe or purchase such Offer Shares itself at the Offer Price.

The Underwriting Agreement contains provisions entitling Investec to terminate the Offer (and the arrangements associated with it) at any time prior to Admission in certain circumstances. If this right is exercised, the Offer (and the arrangements associated with it) will lapse and any monies received in respect of the Shares will be returned without interest. This right of termination cannot be exercised after Admission.

The Offer has been fully underwritten by Investec.

Further details of the terms of the Underwriting Agreement are set out in paragraph 12 of Part 18: "Additional Information".

7. Lock-up arrangements

Pursuant to the Underwriting Agreement, the Company has given certain undertakings to Investec including an undertaking that it will not, subject to certain exceptions, without the prior written consent of Investec, issue, offer, sell or contract to sell, or otherwise dispose of, directly or indirectly, or announce an offer of any Shares (or any interest therein or in respect thereof) or enter into any transaction with the same economic effect as any of the foregoing during the period prior to the first anniversary of the date of Admission.

Pursuant to the Underwriting Agreement, each of the Directors holding Shares following Admission has agreed that, during the 12 month period following Admission, subject to certain customary exceptions, he or she will not directly or indirectly, offer, issue, lend, mortgage, assign, charge, pledge, sell or contract to sell, issue options in respect of, or otherwise dispose of, directly or indirectly, or announce an offering of any Shares (or any interest therein or in respect thereof) or any other securities exchangeable for, or convertible into, or substantially similar to, Shares or enter into any transaction with the same economic effect as the foregoing.

In addition to their respective lock-up agreements each of the Directors holding Shares following Admission has agreed that, for a further 12 month period following the expiry of their lock-up periods referred to above, subject to certain customary exceptions, they will not dispose of any Shares or interests in Shares other than through Investec with a view to maintaining an orderly market in the Company's securities.

8. Withdrawal rights

In the event that the Company is required to publish any supplementary prospectus, investors who have applied for Shares in the Offer shall (to the extent provided in section 87Q of FSMA) have at least two clear working days following the publication of the relevant supplementary prospectus within which to withdraw their application to acquire Shares in the Offer in its entirety. Any right to withdraw an application to acquire Shares in the Offer in these circumstances will be available to all investors in the Offer. If the application is not withdrawn within the stipulated period, any offer to apply for Shares in the Offer will remain valid and binding.

Investors wishing to exercise statutory withdrawal rights after the publication of any supplementary prospectus must do so by lodging a written notice of withdrawal by hand (during normal business hours

only) at the registered office of the Company or by fax (during normal business hours only) so as to be received no later than two working days after the date on which the supplementary prospectus is published. Notice of withdrawal given by any other means or which is deposited with or received by the Company after expiry of such period will not constitute a valid withdrawal.

9. Selling and transfer restrictions

The distribution of this Prospectus and the Offer in certain jurisdictions may be restricted by law and therefore persons into whose possession this Prospectus comes should inform themselves about and observe any restrictions, including those set out in the paragraphs that follow. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

No action has been, or will be, taken in any jurisdiction that would permit a public offering of the Shares, or possession or distribution of this Prospectus or any other offering material in any country or jurisdiction where action for that purpose is required. Accordingly, the Shares may not be offered or sold, directly or indirectly, and neither this document nor any other offering material or advertisement in connection with the Shares may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any and all applicable rules and regulations of any such country or jurisdiction.

This Prospectus does not constitute an offer to subscribe for or purchase any of the Shares offered hereby to any person in any jurisdiction to whom it is unlawful to make such offer or solicitation in such jurisdiction.

9.1 *European Economic Area*

Other than in the United Kingdom, no Shares have been offered or sold, or will be offered or sold, in any Relevant Member State, except that the Shares may be offered to the public in that Relevant Member State at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

- (a) to any legal entity which is a “qualified investor” (as defined in the Prospectus Directive);
- (b) to any legal entity which has two or more of (i) an average of at least 250 employees during the last financial year; (ii) a total balance sheet of more than €43 million; and (iii) an annual turnover of more than €50 million as shown in its last annual or consolidated accounts;
- (c) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of Investec for any such offer; or
- (d) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Shares shall result in a requirement for the publication by the Company or Investec of a prospectus pursuant to Article 3 of the Prospectus Directive and each person who initially acquires Shares or to whom any offer is made will be deemed to have represented, warranted and agreed to and with Investec and the Company that it is a “qualified investor” within the meaning of the law in that Relevant Member State implementing Article 2(1)(e) of the Prospectus Directive.

For the purposes of this provision, the expression “an offer to the public of any Shares” in relation to any Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Shares, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Relevant Member State.

In the case of Shares being offered to a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive, such financial intermediary will also be deemed to have represented, acknowledged and agreed that the Shares acquired by it in the Offer have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to persons in circumstances which may give rise to an offer of any Shares to the public other than their offer or resale in a Relevant Member State to qualified investors as so defined or in circumstances in which the prior consent of Investec has been obtained to each such proposed offer or resale.

The Company, Investec and their affiliates, and others will rely upon the truth and accuracy of the representation, warranty and agreement referred to above. Notwithstanding the above, a person who is not a qualified investor and who has notified Investec of such fact in writing may, with the consent of Investec and the Company, be permitted to purchase Shares in the Offer.

9.2 **United States**

The Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be, directly or indirectly, offered or sold within the United States or to or for the account or benefit of any person within the United States, except under an exemption from or in a transaction not subject to the registration requirements of the Securities Act. The Shares are being offered and sold outside the United States in “**offshore**” transactions exempt from, the registration requirements of the Securities Act in reliance on Regulation S.

Each purchaser of, or subscriber for, Shares outside the United States in accordance with Regulation S will be deemed to have represented, agreed and acknowledged that it has received a copy of this Prospectus and such other information as it deems necessary to make an investment decision and that:

- (a) it is authorised to consummate the purchase or subscription of the Shares in compliance with all applicable laws and regulations;
- (b) it acknowledges (or if it is a broker-dealer acting on behalf of a customer, its customer has confirmed to it that such customer acknowledges) that the Shares have not been, and will not be, registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States;
- (c) it and the person, if any, for whose account or benefit the purchaser or subscriber is acquiring the Shares is purchasing or subscribing for the Shares in an offshore transaction, as such term is defined in Rule 902 of the Securities Act meeting the requirements of Regulation S; and
- (d) the Company, Investec and others will rely upon the truth and accuracy of the acknowledgements, representations and agreements set out above and agrees that, if any of such acknowledgements, representations or agreements deemed to have been made by virtue of its purchase or subscription of Shares are no longer accurate, it will promptly notify the Company, and if it is acquiring any Shares as a fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the acknowledgements, representations and agreements set out above on behalf of each such account.

9.3 **United Kingdom**

This Prospectus, any supplementary prospectus and any other material relating to the Shares is only directed at persons who are in the UK (a) that are Eligible Employees; or (b) who fall within the definition of ‘qualified investor’ within the meaning of Article 2(1)(e) of the Prospectus Directive (“qualified investors”) that are also (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended) (the “Order”); or (ii) high net worth entities or other persons falling within Articles 49(2)(a) to (d) of the Order (all such persons together being referred to as “relevant persons”) or otherwise in circumstances which do not require the publication by the Company of a prospectus pursuant to section 85(1) of the FSMA.

This Prospectus and its contents are confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed by recipients to any other person in the United Kingdom.

9.4 **Australia**

This Prospectus does not constitute a disclosure document under Part 6D.2 of the Corporations Act 2001 of the Commonwealth of Australia, as amended (the “Corporations Act”), and will not be lodged with the Australian Securities and Investments Commission. The Shares will not be offered to persons who receive offers in Australia other than with the prior approval of Investec and on a basis that such offers of Shares for issue or sale do not need disclosure to investors under Part 6D.2 of the Corporations Act. Any offer of Shares received in Australia is void to the extent that it needs disclosure to investors under the Corporations Act. In particular, offers for the issue or sale of Shares will only be made in Australia in reliance on various exemptions from such disclosure to investors provided by Section 708 of the Corporations Act. Any person to whom Shares are issued or sold pursuant to an

exemption provided by Section 708 of the Corporations Act must not (within 12 months after the issue or sale) offer those Shares in Australia unless that offer is itself made in reliance on an exemption from disclosure provided by that section.

9.5 **Japan**

The Shares have not been, and will not be, registered under the Financial Instruments and Exchange Law, as amended (the “FIEL”). This Prospectus is not an offer of securities for sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or entity organised under the laws of Japan) or to others for reoffer or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan. No such offer of securities for sale will be made except with the prior approval of Investec and unless made pursuant to an exemption from the registration requirements under the FIEL and otherwise in compliance with the FIEL and other relevant laws and otherwise in compliance with such law and any other applicable laws, regulations or ministerial guidelines of Japan.

9.6 **Other jurisdictions**

The Shares have not been and will not be registered under the applicable securities laws of the Republic of South Africa or New Zealand. Subject to certain exceptions, the Shares may not be offered or sold in the Republic of South Africa or New Zealand or to or for the account or benefit of any resident of the Republic of South Africa or New Zealand.

10. **Terms and conditions of the Offer**

These terms and conditions apply to investors agreeing to purchase Shares under the Offer. Each investor agrees with each of the Company, the Selling Shareholders and Investec to be bound by these terms and conditions as being the terms and conditions upon which Shares will be sold and/or issued under the Offer.

10.1 **Agreement to acquire Shares**

Conditional on: (i) Admission occurring and becoming effective by no later than 8.00 a.m. on the Closing Date or such later time and/or date as the Company and Investec may agree, being not later than 30 June 2014; and (ii) the investor being allocated Shares, each investor agrees to become a member of the Company and agrees to acquire Shares at the Offer Price. The number of Shares allocated to such investor under the Offer will be in accordance with the arrangements described in paragraph 2 of this Part 12 (*Details of the Offer*). To the fullest extent permitted by law, each investor acknowledges and agrees that it will not be entitled to exercise any rights to rescind or terminate or, subject to any statutory rights, to withdraw an application for Shares under the Offer, or otherwise to withdraw from, such commitment.

10.2 **Payment for Shares**

Each investor undertakes to pay the Offer Price for the Shares acquired by such investor in such manner as shall be directed by Investec. In the event of any failure by any investor to pay as so directed by Investec, the relevant investor will be deemed thereby to have appointed Investec or any nominee of Investec to sell (in one or more transactions) any or all of the Ordinary Shares in respect of which payment will not have been made as directed by Investec and indemnifies on demand Investec and/or any relevant nominee of Investec in respect of any liability for stamp duty and/or SDRT arising in respect of any such sale or sales. Liability for UK stamp duty and SDRT is described in paragraph 1.4 of Part 14 (*Taxation*) of this Prospectus.

10.3 **Representations, warranties and undertakings**

Each investor and, in the case of sub-paragraphs 10.3.10 and 10.3.12 below, any person confirming an agreement to purchase Shares on behalf of an investor or authorising Investec to notify the investor's name to the Registrars, represents, warrants and acknowledges to each of the Company, the Selling Shareholders and Investec that:

- 10.3.1 it has read this Prospectus and that its acquisition of Shares pursuant to the Offer is subject to the terms and conditions of the Offer as set out in this Part 12 (*Details of the Offer*);

- 10.3.2 the content of this Prospectus is exclusively the responsibility of the Company and the Directors and that neither the Selling Shareholders, Investec nor any person acting on their behalf is responsible for or will have any liability for any information, representation or statement contained in this Prospectus or any information previously published by or on behalf of the Company or any member of the Group and will not be liable for any decision by an investor to participate in the Offer based on any information, representation or statement contained in this Prospectus or otherwise;
- 10.3.3 (i) the investor has made its own assessment of the Shares and has relied on its own investigation of the business, financial or other position of the Company in acquiring Shares in the Offer; (ii) neither Investec nor any of its affiliates or any person acting on behalf of any of them has provided, or will provide the investor, with any material regarding the Shares in addition to this Prospectus; and (iii) the investor has not requested Investec, the Company, the Selling Shareholders nor any of their respective affiliates or any person acting on behalf of any of them to provide it with any such information;
- 10.3.4 in agreeing to acquire Shares under the Offer, the investor is relying solely on this Prospectus and any supplementary prospectus that may be issued by the Company, and the investor has not relied on any other information given or representations, warranties or statements concerning the Group, the Selling Shareholders, the Shares or the Offer made by Investec, the Company or the Selling Shareholders or any of their affiliates or any person acting on behalf of any of them. Such investor agrees that none of the Company, the Selling Shareholders, Investec nor any of their respective affiliates or any person acting on behalf of any of them will have any liability for any such other information, representations, warranties or statements or for the investor's decision to acquire Shares in the Offer based on any information, representations, warranties or statements other than those contained in this Prospectus and the investor irrevocably and unconditionally waives any rights it may have in respect of any such other information, representations, warranties or statements. This paragraph 10.3 of this Part 12 (*Details of the Offer*) will not exclude any liability for fraudulent misrepresentation;
- 10.3.5 Investec 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 Offer, and each investor acknowledges that participation in the Offer is on the basis that it is not and will not be a client of any of Investec and that Investec is acting exclusively for the Company and no one else in connection with the Offer, and will not regard any other person as a client in relation to the Offer and will not be responsible to anyone other than the Company for providing the protections afforded to its clients nor for giving advice in relation to the Offer or any transaction or arrangement referred to in this Prospectus, and Investec will not be responsible to anyone other than the relevant party to the Underwriting Agreement in respect of any representations, warranties, undertakings or indemnities contained in the Underwriting Agreement or for the exercise or performance of Investec's rights and obligations thereunder, including any right to waive or vary any condition or exercise any termination right contained therein;
- 10.3.6 the investor: (i) is entitled to acquire the Shares under the laws of all relevant jurisdictions; (ii) represents, warrants and undertakes that none of the Company, the Selling Shareholders or Investec will infringe any laws outside the United Kingdom as a result of such investor's agreement to acquire Shares or any actions arising from such investor's rights and obligations under the investor's agreement to acquire Shares and under the Articles (and, in making this representation and warranty, the investor confirms that it is aware of the selling and transfer restrictions set out in paragraph 9 of this Part 12 (*Details of the Offer*)); (iii) has fully observed such laws; (iv) has the requisite capacity and authority and is entitled to enter into and to perform its obligations as an acquirer of Shares and will honour such obligations; and (v) has obtained all necessary consents and authorities (including, without limitation, in the case of any person on whose behalf it is acting, all necessary consents and authorities to agree to the terms set out or referred to in this paragraph 10 of this Part 12 (*Details of the Offer*)) to enable it to enter into the transactions contemplated hereby and to perform its obligations in relation thereto and, in particular, if the investor is a pension fund or investment company, it is aware of and acknowledges that it is required to comply with all applicable laws and regulations with respect to its acquisition of Shares under the Offer;

- 10.3.7 the investor understands that no action has been or will be taken in any jurisdiction other than the United Kingdom by the Company or any other person that would permit a public offering of the Shares, or possession or distribution of this Prospectus, in any country or jurisdiction where action for that purpose is required;
- 10.3.8 if the investor is in any EEA State which has implemented the Prospectus Directive it is: (a) a legal entity which is a qualified investor as defined under the Prospectus Directive; or (b) otherwise permitted by law to be offered and sold 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;
- 10.3.9 the investor is not a national, resident or citizen of Australia, Canada, the Republic of South Africa, New Zealand or Japan or a corporation, partnership or other entity organised under the laws of Australia, Canada, the Republic of South Africa, New Zealand or Japan, that the investor will not offer, sell, renounce, transfer or deliver, directly or indirectly, any of the Shares in or into Australia, Canada, the Republic of South Africa, New Zealand or Japan or to any national, resident or citizen of Australia, Canada, the Republic of South Africa, New Zealand or Japan and the investor acknowledges that the Shares have not been, and will not be, registered under the applicable securities laws of Australia, Canada, the Republic of South Africa, New Zealand or Japan and that the same are not being offered for subscription or sale, and may not, directly or indirectly, be offered, sold, transferred or delivered, in or into Australia, Canada, the Republic of South Africa, New Zealand or Japan;
- 10.3.10 the investor is participating in the Offer in compliance with the selling and transfer restrictions set out in paragraph 9 of this Part 12 (Details of the Offer), including the representations and acknowledgements contained therein. The investor represents, warrants and undertakes that it is outside the United States and the Shares have not been and are not being offered or sold to it except outside the United States in an “offshore transaction” (within the meaning of Regulation S) and the investor will not offer, sell or deliver, directly or indirectly, any Shares in or into the United States other than pursuant to an effective registration under the US Securities Act or in a transaction exempt from, or not subject to, the registration requirements thereunder and in compliance with any applicable securities laws of any state or other jurisdiction of the United States. The investor acknowledges and agrees that the Shares have not been, and will not be, registered for sale or re-sale under the Securities Act and that there can be no representation as to the availability of any exemption under the Securities Act;
- 10.3.11 the investor is not acting on a non-discretionary basis for the account or benefit of a person located within the United States at the time the undertaking to acquire Shares is given and it is not acquiring the Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any Shares in or into the United States;
- 10.3.12 the investor, or the person specified by the investor for registration as a holder of the Shares, will be liable for any stamp duty and all other stamp, issue, securities, transfer, registration, documentary or other duties or taxes (including any interest, fines or penalties relating thereto), if any, payable on acquisition of any Shares or the agreement to acquire or subscribe for Shares and acknowledges and agrees that: (i) neither of Investec nor the Company nor the Selling Shareholders nor any of their respective affiliates nor any person acting on behalf of them will be responsible for any liability to stamp duty or stamp duty reserve tax resulting from a failure to observe this requirement;
- 10.3.13 the investor has only communicated, or caused to be communicated, and will only communicate, or cause to be communicated, any invitation or inducement to engage in investment activity (within the meaning of section 21 of FSMA) relating to the Shares in circumstances in which section 21(1) of FSMA does not require approval of the communication by an authorised person and the investor acknowledges and agrees that this Prospectus is not being issued by Investec in its capacity as an authorised person under section 21 of FSMA and it may not therefore be subject to the controls which would apply if it was made or approved as a financial promotion by an authorised person;
- 10.3.14 the investor is aware of and acknowledges that it is required to comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Shares in, from or otherwise involving, the United Kingdom;

- 10.3.15 the investor will not make any offer to the public of the Shares and has not offered or sold and will not offer or sell any Shares to persons in the United Kingdom or elsewhere in the European Economic Area prior to Admission except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their business or otherwise in circumstances which have not resulted in and which will not result in an offer to the public in the United Kingdom within the meaning of section 85(1) of FSMA or an offer to the public in any other member state of the European Economic Area within the meaning of the Prospectus Directive (which includes any relevant implementing measure in any Member State of the European Economic Area);
- 10.3.16 in the case of a person who confirms to Investec, on behalf of an investor, an agreement to acquire Shares and/or who authorises Investec to notify the investor's name to the Registrars, that person represents and warrants that he, she or it has authority to do so on behalf of the investor;
- 10.3.17 the investor has not been engaged to acquire the Shares on behalf of any other person who is not a Qualified Investor unless the terms on which the investor is engaged enable it to make decisions concerning the acceptance of offers of transferable securities on the client's behalf without reference to the client as described in section 86(2) of FSMA;
- 10.3.18 the investor is aware of and acknowledges that it is required to comply with its obligations in connection with money laundering under the Proceeds of Crime Act 2002, the Terrorism Act 2000, the Terrorism Act 2006 and the Money Laundering Regulations 2007 (the "*Regulations*") and, if making payment on behalf of a third party, that satisfactory evidence has been obtained and recorded by the investor to verify the identity of the third party as required by the Regulations;
- 10.3.19 the investor is aware of the obligations regarding insider dealing in the Criminal Justice Act 1993, section 118 of the Financial Services and Markets Act 2000 and the Proceeds of Crime Act 2002 and confirms that it has and will continue to comply with those obligations;
- 10.3.20 the allocation, allotment, issue and delivery to the investor, or the person specified by the investor for registration as a holder of Shares, will not give rise to a stamp duty or stamp duty reserve tax liability under any of sections 67, 70, 93 or 96 of the Finance Act 1986 (depository receipts and clearance services) and that no instrument under which the investor subscribes for Shares (whether as principal, agent or nominee) would be subject to stamp duty or the increased rates referred to in those sections and that the investor, or the person specified by it for registration as a holder of Shares, is not participating in the Offer as nominee or agent for any person or persons to whom the allocation, allotment, issue or delivery of Shares would give rise to such a liability;
- 10.3.21 the investor is a person of a kind described in (i) Article 19(5) (**Investment Professionals**) and/or 49(2) (high net worth companies etc.) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended, and/or an authorised person as defined in section 31 of FSMA; and (ii) section 86(7) of FSMA ("**Qualified Investor**"), being a person falling within Articles 2.1(e)(i), (ii) or (iii) of Directive 2003/71/EC (the "**Prospectus Directive**"). For such purposes, the investor undertakes that it will acquire, hold, manage and (if applicable) dispose of any Shares that are allocated to it for the purposes of its business only;
- 10.3.22 if the investor is acquiring Shares as a fiduciary or agent for one or more investor accounts, it represents and warrants that it has sole investment discretion with respect to each such account and it has full power and authority to make the foregoing acknowledgements, representations and agreements on behalf of each such account;
- 10.3.23 each investor in a relevant member state of the European Economic Area who acquires any Shares under the Offer contemplated hereby will be deemed to have represented, warranted and agreed with each of Investec 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)(e) of the Prospectus Directive; and (ii) in the case of any Shares acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive: (x) the Shares acquired by it in the Offer 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 Investec has been

given to the offer or resale; or (y) where Shares have been acquired by it on behalf of persons in any relevant member state other than qualified investors, the offer of those Shares to it is not treated under the Prospectus Directive as having been made to such persons. For the purposes of this provision, the expression an “offer” in relation to any of the Shares in any relevant member states means the communication in any form and by any means of sufficient information on the terms of the offer and any Shares to be offered so as to enable an investor to decide to purchase or acquire the Shares, as the same may be varied in that relevant member state by any measure implementing the Prospectus Directive in that relevant member state; and

- 10.3.24 in the case of a person who confirms to Investec, on behalf of an investor which is an entity other than a natural person, an agreement to acquire Shares and/or who authorises the notification of such investor’s name to the Registrars, that person warrants that he, she or it has authority to do so on behalf of the investor.

The Company, the Selling Shareholders and Investec and their respective affiliates and others will rely upon the truth and accuracy of the foregoing agreements, acknowledgements, representations, warranties and undertakings which are given to Investec, on its own behalf, and on behalf of the Company and the Selling Shareholders, and which are irrevocable.

10.4 Supply and disclosure of information

If the Company, the Selling Shareholders or Investec or any of their agents request any information about an investor’s agreement to acquire Shares, such investor must promptly disclose it to them and ensure that such information is complete and accurate in all respects.

10.5 Miscellaneous

- 10.5.1 The rights and remedies of the Company, the Selling Shareholders and Investec under these terms and conditions are in addition to any rights and remedies which would otherwise be available to them, and the exercise or partial exercise of one will not prevent the exercise of others.
- 10.5.2 On application, each investor may be asked to disclose, in writing or orally, to Investec:
- (a) if he or she is an individual, his or her nationality; or
 - (b) if he, she or it is a discretionary fund manager, the jurisdiction in which the funds are managed or owned.
- 10.5.3 In order to ensure compliance with the Regulations, Investec (for itself and as agent on behalf of the Company and the Selling Shareholders) or the Registrars may, in its absolute discretion, require verification of an investor’s identity. Pending the provision to Investec or the Registrars, as applicable, of evidence of identity, definitive certificates in respect of the Shares may be retained at Investec’s absolute discretion or, where appropriate, delivery of the Shares to the investor in uncertificated form, may be retained at Investec’s or the Registrars’, as the case may be, absolute discretion. If within a reasonable time after a request for verification of identity Investec (for itself and as agent on behalf of the Company) or the Registrars have not received evidence satisfactory to them, Investec and/or the Company may, at its absolute discretion, terminate the investor’s commitment in respect of the Offer, in which event the monies payable by such investor in respect of the Shares for which they have made an application to acquire in the Offer will, if already paid, be returned without interest to the account of the drawee’s bank from which they were originally debited.
- 10.5.4 All documents will be sent at the investor’s risk. They may be sent by post to such investor at an address notified to Investec.
- 10.5.5 The investor irrevocably appoints any duly authorised officer of Investec as its agent for the purpose of executing and delivering to the Company and/or the Registrars any documents on the investor’s behalf necessary to enable it to be registered as the holder of any of the Shares for which the investor agrees to subscribe or purchase upon the terms of its commitment in respect of the Offer.

- 10.5.6 Each investor agrees to be bound by the Articles (as amended from time to time) once the Shares which such investor has agreed to acquire have been issued or transferred to such investor.
- 10.5.7 Each investor agrees to indemnify and hold the Company, the Selling Shareholders and Investec and their respective affiliates harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of any breach of the representations, warranties, undertakings, agreements and acknowledgements set out in this paragraph 10 of this Part 12 (*Details of the Offer*).
- 10.5.8 Investec may, and its affiliates acting as an investor for its or their own account(s) may, subscribe for and/or purchase Shares and, in that capacity may retain, purchase, offer to sell or otherwise deal for its or their own account(s) in the Shares, any other securities of the Company or other related investments in connection with the Offer or otherwise. Accordingly, references in the terms and conditions set out in this paragraph 10 of this Part 12 (*Details of the Offer*) to the Shares being offered, subscribed, acquired or otherwise dealt with should be read as including any offer to, or subscription, acquisition or dealing by, Investec and/or any of its affiliates acting as an investor for its or their own account(s). Neither Investec nor the Company nor the Selling Shareholders intend to disclose the extent of any such investment or transaction otherwise than in accordance with any legal or regulatory obligation to do so.
- 10.5.9 The Company, the Selling Shareholders and Investec expressly reserve the right, at their absolute discretion, to modify the Offer (including without limitation, its timetable and settlement) at any time before the Offer Price and allocation are determined. None of the Company, the Selling Shareholders nor Investec shall have any liability to any investor in relation to the exercise of their discretion.
- 10.5.10 The contract to purchase Ordinary Shares and the appointments and authorities mentioned herein will be governed by, and construed in accordance with, the law of England and Wales. For the exclusive benefit of the Company, the Selling Shareholders and Investec, 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.
- 10.5.11 In the case of a joint agreement to acquire Shares, references to an investor in these terms and conditions are to each of such investors and any investor's liability is joint and several.

PART 13

TAXATION

1. UK Taxation

The following is a summary of certain United Kingdom tax considerations relating to an investment in the Shares. It assumes that the Company is and remains resident for applicable tax purposes solely in the United Kingdom.

The comments set out below are based on current United Kingdom law and published HMRC practice (which is not generally binding on HMRC), as at the date of this Prospectus, and which may be subject to change, possibly with retrospective effect. The following comments assume that the Finance Bill 2014 as ordered to be published on 27 March 2014 will be enacted without amendments. They are intended as a general guide and apply only to Shareholders resident and, in the case of an individual, domiciled for tax purposes in the United Kingdom (except insofar as express reference is made to the treatment of non-United Kingdom residents), who hold the Shares as an investment (and the shares are not held through an Individual Savings Account, Self-Invested Personal Pension or any other investment vehicle) and who are the absolute beneficial owners of them. The discussion does not address all possible tax consequences relating to an investment in the Shares. Certain categories of Shareholders, including those carrying on certain financial activities, those subject to specific tax regimes or benefitting from certain reliefs or exemptions, those connected with the Company and those for whom the Shares are employment-related securities, may be subject to special rules and this summary does not apply to such Shareholders.

Shareholders or prospective Shareholders who are in any doubt about their tax position, or who are resident or otherwise subject to taxation in a jurisdiction outside the United Kingdom, should consult their own professional advisers immediately.

1.1 *Taxation of dividends*

- (a) The Company will not be required to withhold amounts on account of United Kingdom tax at source when paying a dividend.
- (b) The tax rate applied to dividends for higher rate tax payers is 32.5 per cent. (2014/15) and the tax rate applied to dividends for those above the higher rate band is 37.5 per cent. (2014/15). A United Kingdom resident individual Shareholder who receives a dividend from the Company in respect of their shares will be entitled to a tax credit which may be set off against the Shareholder's total income tax liability. The tax credit will be equal to 10 per cent. of the aggregate of the dividend and the tax credit (the "gross dividend"). Such an individual Shareholder who is liable to income tax at the basic rate will be subject to tax on the dividend at the rate of 10 per cent. (2014/15) of the gross dividend, so that the tax credit will satisfy in full such Shareholder's liability to income tax on the dividend. In the case of such an individual Shareholder who is liable to income tax at the higher rate, the tax credit will be set against but not fully match the Shareholder's tax liability on the gross dividend and such Shareholder will have to account for additional income tax equal to 22.5 per cent. of the gross dividend (which is also equal to 25 per cent. of the dividend received) to the extent that the gross dividend when treated as the top slice of the Shareholder's income falls above the threshold for higher rate income tax. In the case of such an individual Shareholder who is subject to income tax at the additional rate, the tax credit will also be set against but not fully match the Shareholder's liability on the gross dividend and such Shareholder will have to account for additional income tax equal to 27.5 per cent. of the gross dividend (which is also equal to approximately 30.6 per cent. of the dividend received) to the extent that the gross dividend when treated as the top slice of the Shareholder's income falls above the threshold for additional rate income tax.
- (c) A United Kingdom resident individual Shareholder who is not liable to income tax in respect of the gross dividend and other United Kingdom resident taxpayers who are not liable to United Kingdom tax on dividends, including pension funds and charities, will not be entitled to claim repayment of the tax credit attaching to dividends paid by the Company.

- (d) Corporate Shareholders that are within the charge to corporation tax will be subject to corporation tax on dividends paid by the Company, unless (subject to special rules for such Shareholders that are small companies) the dividends fall within an exempt class and certain other conditions are met. Each Shareholder's position will depend on its own individual circumstances, although it would normally be expected that the dividends paid by the Company would fall within an exempt class.
- (e) Corporate Shareholders are not entitled to tax credits attaching to dividends.
- (f) Non-United Kingdom resident Shareholders will not generally be able to claim repayment from HMRC of any part of the tax credit attaching to dividends paid by the Company. A shareholder resident outside the United Kingdom may also be subject to foreign taxation on dividend income under local law. Shareholders who are not resident for tax purposes in the United Kingdom should obtain their own tax advice concerning tax liabilities on dividends received from the Company.

1.2 **Taxation of Capital Gains**

(a) *UK resident individual Shareholders*

For a UK resident individual Shareholder within the charge to UK capital gains tax, capital gains tax is charged on gains on the disposal (including a deemed disposal) of Ordinary Shares. The rate is 18 per cent. (2014/15) for individuals who are subject to income tax at the basic rate; and 28 per cent. (2014/15) for all trustees and personal representatives, and individuals who are subject to income tax at the higher or additional rates. There is no allowance reflecting any inflation during the period of ownership. However, an individual Shareholder is entitled to realise £11,000(2014/15) of gains (the annual exempt amount) in each tax year without being liable to tax.

An individual Shareholder may qualify for entrepreneurs' relief on a qualifying disposal of shares if certain conditions regarding the Shareholder and the company invested in are met. This will reduce the rate of capital gains tax to 10 per cent. for gains up to a lifetime limit of £10,000,000 (2014/15).

UK resident corporate Shareholders

For a corporate Shareholder, within the charge to UK corporation tax, a disposal (or deemed disposal) of Ordinary Shares may give rise to a chargeable gain or allowable loss for the purposes of UK corporation tax.

Indexation allowance on the cost apportioned to the Ordinary Shares may be available to reduce the amount of chargeable gain realised on a subsequent disposal to the extent that such gains arise due to inflation. Indexation allowance may not create or increase any allowable loss.

Corporation tax is charged on chargeable gains at the rate applicable to that company.

A gain accruing to a corporate Shareholder on a disposal of shares in the Company may qualify for the substantial shareholding exemption if certain conditions regarding the amount of shareholding and length of ownership, the investing company and the company invested in are fulfilled. If the substantial shareholding exemption applies, gains are exempt from tax and losses do not accrue.

- (b) An individual Shareholder who is only temporarily resident outside the United Kingdom may, under anti-avoidance legislation, still be liable to United Kingdom tax on any capital gain realised (subject to available allowances, exemptions or reliefs).
- (c) Shareholders who are not resident in the United Kingdom and, in the case of an individual Shareholder, not temporarily non-resident, will not be liable for United Kingdom tax on capital gains realised on a sale or other disposal of their Shares unless such Shares are used, held or acquired for the purposes of a trade, profession or vocation carried on in the United Kingdom through a branch or agency or, in the case of a corporate Shareholder, through a permanent establishment.

- (d) Shareholders who are not resident in the United Kingdom may be subject to foreign taxation on any gain under local law.

1.3 **UK inheritance tax**

Shares will be assets situated in the United Kingdom for the purposes of United Kingdom inheritance tax. A gift of such assets by, or the death of, an individual holder of such assets may (subject to certain exemptions and reliefs) give rise to a liability to United Kingdom inheritance tax, even if the holder is neither domiciled in the United Kingdom nor deemed to be domiciled there under certain rules relating to long residence or previous domicile. Generally, United Kingdom inheritance tax is not chargeable on gifts to individuals if the transfer is made more than seven complete years prior to death of the donor. For inheritance tax purposes, a transfer of assets at less than full market value may be treated as a gift and particular rules apply to gifts where the donor reserves or retains some benefit. Special rules also apply to close companies and to trustees of settlements who hold Shares bringing them within the charge to inheritance tax. Holders of Shares should consult an appropriate professional adviser if they make a gift of any kind or intend to hold any Shares through a trust or similar indirect arrangements. They should also seek professional advice in a situation where there is potential for a double charge to United Kingdom inheritance tax and an equivalent tax in another country or if they are in any doubt about their United Kingdom inheritance tax position.

1.4 **Stamp duty and stamp duty reserve tax ("SDRT")**

The statements in this section are intended as a general guide to the current United Kingdom stamp duty and SDRT position. Investors should note that certain categories of person are not liable to stamp duty or SDRT and others may be liable at a higher rate or may, although not primarily liable for tax, be required to notify and account for SDRT under the Stamp Duty Reserve Tax Regulations 1986.

1.5 **General**

- (a) Except in relation to depositary receipt systems and clearance services (to which the special rules outlined below apply), no stamp duty or SDRT will arise on the issue of Shares in registered form by the Company.
- (b) An agreement to transfer Shares will normally give rise to a charge to SDRT at the rate of 0.5 per cent. of the amount or value of the consideration payable for the transfer. SDRT is, in general, payable by the purchaser.
- (c) Instruments transferring Shares will generally be subject to stamp duty at the rate of 0.5 per cent. of the consideration given for the transfer (rounded up to the next £5). The purchaser normally pays the stamp duty. An exemption from stamp duty is available on an instrument transferring the Shares where the amount or value of the consideration is £1,000 or less, and it is certified on the instrument that the transaction effected does not form part of a larger transaction or series of transactions in respect of which the aggregate amount or value of the consideration exceeds £1,000.
- (d) If a duly stamped transfer completing an agreement to transfer is produced within six years of the date on which the agreement is made (or, if the agreement is conditional, the date on which the agreement becomes unconditional), any SDRT paid is generally repayable, normally with interest, and otherwise the SDRT charge is cancelled.

1.6 **CREST**

Paperless transfers of Shares within the CREST system are generally liable to SDRT, rather than stamp duty, at the rate of 0.5 per cent. of the amount or value of the consideration payable. CREST is obliged to collect SDRT on relevant transactions settled within the CREST system. Deposits of Shares into CREST will not generally be subject to SDRT or stamp duty, unless the transfer into CREST is itself for consideration.

1.7 **Depositary receipt systems and clearance services**

Following litigation HMRC has confirmed that 1.5 per cent. SDRT is no longer payable when new shares are issued to a clearance service or depositary receipt system. HMRC's view is that the 1.5 per cent. stamp duty or SDRT charge will continue to apply to transfers of shares into a clearance service

or depositary receipt arrangement unless they are an integral part of an issue of share capital. This view is being challenged in further litigation.

Where Shares are transferred (a) to, or to a nominee or an agent for, a person whose business is or includes the provision of clearance services or (b) to, or to a nominee or an agent for, a person whose business is or includes issuing depositary receipts, stamp duty or SDRT will generally be payable at the higher rate of 1.5 per cent. of the amount or value of the consideration given or, in certain circumstances, the value of the Shares. Any liability for stamp duty or SDRT in respect of a transfer into a clearance service or depositary receipt system, or in respect of a transfer within such a service, which does arise, will strictly be accountable by the clearance service or depositary receipt system operator or their nominee, as the case may be, but will, in practice, be payable by the participants in the clearance service or depositary receipt system.

There is an exception from the 1.5 per cent. charge on the transfer to, or to a nominee or agent for, a clearance service where the clearance service has made and maintained an election under section 97A(1) of the Finance Act 1986, which has been approved by HMRC. In these circumstances, SDRT at the rate of 0.5 per cent. of the amount or value of the consideration payable for the transfer will arise on any transfer on sale of Shares into such an account and on subsequent agreements to transfer such Shares within such account.

The sale of Shares by the Existing Shareholders under the Offer will give rise to a charge to stamp duty and/or SDRT as described above. The Selling Shareholders will meet the liability to stamp duty and/or SDRT of initial purchasers of Shares pursuant to the Offer at the normal rate that will arise on such sale under the Offer.

Any person who is in any doubt as to his or her taxation position or who is liable to taxation in any jurisdiction other than the UK should consult his or her professional advisers.

PART 14

ADDITIONAL INFORMATION

1. Responsibility statement

The Company and the Directors accept responsibility for the information contained in this Prospectus. To the best of the knowledge of the Company and the Directors (each of whom has taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and contains no omission likely to affect the import of such information.

2. History and development

- 2.1 The Company was incorporated and registered in England and Wales on 17 November 2009 as a private company limited by shares under the Companies Act 2006 with the name “Astra Topco Limited” and with the registered number 07078823.
- 2.2 The Company's registered office is at 3rd Floor, Cottons Centre, Cottons Lane, London SE1 2QG. The Company's telephone number is +44 (0) 203 056 8240.
- 2.3 The principal laws and legislation under which the Company operates and the Shares have been created are the Companies Act and regulations made under that Act.
- 2.4 The business of the Company, and its principal activity, is to act as the holding company of the companies listed in paragraph 17 below.
- 2.5 The Company was re-registered as a public company limited by shares and the Company's name was changed to FDM Group (Holdings) plc on 13 June 2014.

3. Share capital

- 3.1 On incorporation, one ordinary share of £1 was allotted and issued, fully paid, as a subscriber share to Inflexion 2006 Buyout Fund (the “**Subscriber Share**”);
- 3.2 On 25 November 2009 one ordinary share of £1 was allotted and issued, fully paid, to Inflexion Co-Investment Fund (together with the Subscriber Share, the “**Initial Shares**”);
- 3.3 By ordinary and special resolutions passed at a general meeting on 6 January 2010 it was resolved that:
 - (a) each Initial Share be subdivided into 100 A ordinary shares of £0.01 each (“A Shares”);
 - (b) the maximum amount of share capital of the Company be £1,000,000.8090921 divided into:
 - (i) 61,500,000 A Shares;
 - (ii) 36,454,805 B ordinary shares of £0.01 each (“B Shares”);
 - (iii) 2,045,195 C ordinary shares of £0.01 each (“C Shares”); and
 - (iv) 8,090,921 exit shares of £0.0000001 each (“Exit Shares”);
 - (c) new articles of association be adopted by the Company;
 - (d) pursuant to the articles of association adopted pursuant to paragraph 3.3(c) above the Directors be authorised to allot equity securities pursuant to the general authority given in section 551 of the Companies Act as if section 561(1) of the Companies Act did not apply to such allotment; and
 - (e) the Directors be generally and unconditionally authorised, until 31 January 2010, in accordance with section 551 of the Companies Act to allot shares or grant rights to subscribe for or to convert any security into shares of the Company up to an aggregate nominal amount of £999,998.8090921, divided into such class of share as set out in paragraph 3.3(b) above.

- 3.4 On 6 January 2010:
- (a) 61,499,800 A Shares in aggregate were issued fully paid;
 - (b) 36,454,805 B Shares in aggregate were issued fully paid;
 - (c) 2,045,195 C Shares in aggregate were issued fully paid; and
 - (d) 8,090,921 Exit Shares in aggregate were issued fully paid.
- 3.5 By ordinary and special resolutions passed at a general meeting on 20 May 2011 it was resolved that:
- (a) the maximum amount of share capital of the Company be £1,018,396.0090921 divided into:
 - (i) 61,500,000 A Shares;
 - (ii) 36,454,805 B Shares;
 - (iii) 2,045,195 C Shares;
 - (iv) 1,839,520 D shares of £0.01 each ("D Shares"); and
 - (v) 8,090,921 Exit Shares;
 - (b) new articles of association of the Company be adopted;
 - (c) the Directors be generally and unconditionally authorised, until 30 June 2011, in accordance with section 551 of the Companies Act to allot shares or grant rights to subscribe for or to convert any security into shares of the Company up to an aggregate nominal amount of £1,018,396.0090921, divided into such class of shares as set out at paragraph 3.7(a)(i) above; and
 - (d) the issue of 1,839,520 D Shares be approved.
- 3.6 On 20 May 2011 1,839,520 D Shares were issued fully paid.
- 3.7 As at the date of this prospectus, the issued share capital of the Company, all of which was fully paid up, is as follows:
- | <i>Number</i> | <i>Class</i> | <i>Nominal amount (£)</i> |
|---------------|--------------|---------------------------|
| 61,500,000 | A Shares | 615,000 |
| 36,454,805 | B Shares | 364,548.05 |
| 2,045,195 | C Shares | 20,451.95 |
| 1,839,520 | D Shares | 18,395.10 |
| 8,090,921 | Exit Shares | 0.81 |
- 3.8 The Company has entered into an agreement with existing shareholders pursuant to which it was agreed that a Pre-IPO Reorganisation (as defined in paragraph 4.1 below) will take place immediately prior to Admission, as set out in paragraph 4.1 below.
- 3.9 By resolutions passed on 16 June 2014 in connection with the Pre-IPO Reorganisation, it was resolved that:
- (a) immediately prior to Admission:
 - (i) the cap on the amount of authorised share capital of the Company is removed;
 - (ii) certain of the A Shares, the B Shares, the C Shares, the D Shares and the Exit Shares will be re-classified as Deferred Shares;
 - (iii) a bonus issue of Exit Shares be undertaken on a 99,999 : 1 basis to the holders of the Exit Shares on a pro-rata basis;
 - (iv) the 8,090,921 Exit Shares will be consolidated into Shares of £0.01 each (the 'New Exit Shares');
 - (v) the following shares will be re-classified as Shares:
 - (A) the remaining A Shares;

- (B) the remaining B Shares;
- (C) the remaining C Shares;
- (D) the remaining D Shares; and
- (E) the Exit Shares,

and shall be allocated to the holders of such shares pro rata to their relevant holding of shares immediately prior to such consolidation and re-classification and the Directors shall be entitled to make such arrangements as they see fit to deal with any fractional entitlements to Shares and/or Deferred Shares as a result of such consolidation;

- (b) subject to and conditional upon Admission, the Articles, containing the rights and restrictions attaching to the Shares, be adopted in substitution for, and to the exclusion of, the articles of association of the Company in place at such time;
- (c) the Directors be generally and unconditionally authorised pursuant to and in accordance with section 551 of the Companies Act to exercise all or any powers of the Company to allot Shares or grant rights to subscribe for or to convert any security into a Share (i) up to an aggregate nominal amount equal to £27,874.57 in connection with the Offer; (ii) following Admission, up to an aggregate nominal amount equal to £358,391.68 (being equivalent to one-third of the nominal value of the issued share capital of the Company on Admission; and (iii) following Admission and in connection with a rights issue, up to an aggregate nominal amount equal to £716,783.37 (being equivalent to a further one-third of the nominal value of the issued share capital of the Company on Admission, such authorities to expire (unless previously revoked, varied or renewed) on the earlier of the date of the annual general meeting of the Company in 2015 and the date 15 months after the date of the resolution, save for the authority referred to at (c)(i), which shall expire on 31 July 2014 (save that the Company may before the expiry of such period make an offer or agreement which would or might require Shares to be allotted or rights to be granted to subscribe for or convert any security into a Share, after expiry of these authorities, and the Directors may allot the Shares or grant rights to subscribe for or convert any security into a Share in pursuance of such offer or agreement as if the authorisations conferred by this resolution had not expired);
- (d) the adoption of the FDM 2014 Performance Share Plan and the FDM 2014 Company Share Option Plan (each as described in paragraph 11 of this Part 14) by the Company be approved;
- (e) the Directors be empowered to allot equity securities (within the meaning of section 560(1) of the Companies Act) for cash, in substitution for all prior powers conferred upon the Board, but without prejudice to any allotments made pursuant to the terms of such powers, as if section 561(1) of the Companies Act did not apply to any such allotment:
 - (i) pursuant to the authority granted as described in paragraph 3.9(c)(i) above;
 - (ii) pursuant to the authority granted as described in paragraph 3.9(c)(ii) above in connection with a pre-emptive offer;
 - (iii) pursuant to the authority granted as described in paragraph 3.9(c)(iii) above; and
 - (iv) up to an aggregate nominal amount equal to £53,758.75 (being equivalent to 5 per cent. of the nominal value of the issued share capital of the Company on Admission,

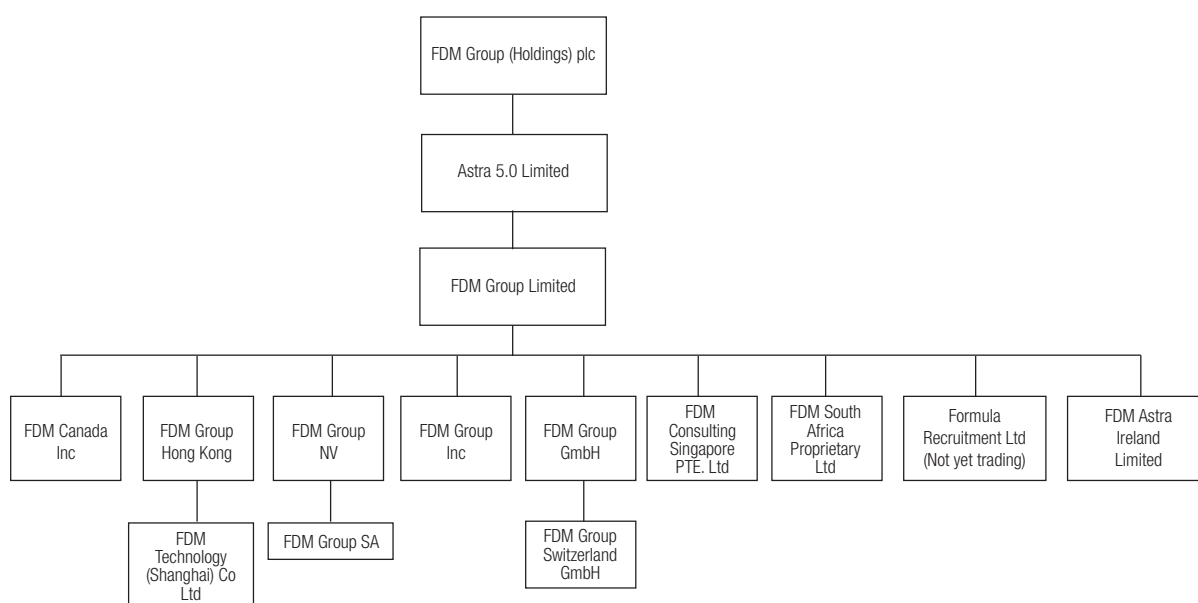
provided always that such powers shall expire (unless previously revoked, varied or renewed) on the earlier of the date of the annual general meeting of the Company in 2015 and on the date 15 months after the passing of such resolution (save that the Company may before the expiry of such period make an offer or agreement which would or might require Shares to be allotted or rights to be granted after expiry of these powers and the Directors may allot the Shares or grant rights to subscribe for or convert any security into a Share in pursuance of such offer or agreement as if the powers conferred by this resolution had not expired). For the purposes of this paragraph 3.9, a "pre-emptive offer" means an offer of equity securities open for acceptances for a period fixed by the Directors to holders (other than the Company) on the register on a record date fixed by the Directors of Shares in proportion to their respective holdings but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates or legal, regulatory or practical problems in, or under the laws of, any territory;

- (f) conditional upon Admission, the Directors be authorised to make market purchases of Shares pursuant to section 701 of the Companies Act, subject to the following conditions:
 - (i) the maximum number of Shares authorised to be purchased may not be more than the number equal to 16,127,625 (being equivalent to 14.99 per cent. of the number of shares comprised in the issued share capital of the Company on Admission);
 - (ii) the minimum price which may be paid for a Share is £0.01, being the nominal value of a Share;
 - (iii) the maximum price which may be paid for a Share shall be the higher of: (1) an amount equal to 105 per cent. of the average of the middle market quotations of a Share as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which a Share is contracted to be purchased; and (2) an amount equal to the higher of the price of the last independent trade of a Share and the highest current independent bid for a Share as derived from the London Stock Exchange Trading System ("SETS") as stipulated by Article 5(1) of Commission Regulation (EC) 22 December 2003 implementing the Market Abuse Directive as regards exemptions for buy-back programmes and stabilisation of financial instruments (No 2273/2003);
 - (iv) the authority shall expire on the earlier of the date of the next annual general meeting of the Company and 15 months after the date of passing of such resolution; and
 - (v) a contract to purchase Shares under this authority may be made prior to the expiry of this authority, and concluded in whole or in part after expiry of this authority;
 - (vi) conditional upon and effective from Admission, the Company adopt the Articles of Association in substitution for, and to the exclusion of, the existing articles of association of the Company; and
 - (vii) subject to the adoption of the Articles of Association as referred to in paragraph 3.3(f) above and pursuant to the Companies (Shareholders' Rights) Regulations 2009 SI 2009/1632, a general meeting of the Company other than an annual general meeting may be called on not less than 14 clear days' notice.
- 3.10 Immediately following the Pre-IPO Reorganisation, the issued share capital of the Company, all of which will be fully paid up, will be as set out in paragraph 3.16 below.
- 3.11 Save as disclosed at Section B of Part 10 above or at paragraph 3.11 of this Part 14:
- (a) no share or loan capital of the Company has, within three years of the date of this Prospectus, been issued or agreed to be issued, or is now proposed to be issued, fully or partly paid, either for cash or for a consideration other than cash, to any person;
 - (b) there has been no change in the amount of the issued share or loan capital of the Company and no material change in the amount of the issued share or loan capital of any other member of the Group (other than intra-group issues by wholly owned subsidiaries) within three years of the date of this Prospectus;
 - (c) no commissions, discounts, brokerages or other special terms have been granted by the Company in connection with the issue or sale of any share or loan capital of any such company; and
 - (d) no share or loan capital of the Company is under option or agreed conditionally or unconditionally to be put under option.
- 3.12 The Company will be subject to the continuing obligations of the UK Listing Authority with regard to the issue of Shares for cash. The provisions of section 561(1) of the Companies Act (which confer on Shareholders rights of pre-emption in respect of the allotment of equity securities which are, or are to be, paid up in cash other than by way of allotment to employees under an employees' share scheme as defined in section 1166 of the Companies Act) apply to the unissued share capital of the Company (in respect of which the Directors have authority to make allotments pursuant to section 551 of the Companies Act as referred to in paragraph 3.9(c) above), except to the extent such provisions have been disapplied as referred to in paragraph 3.9(d) above.

- 3.13 The Directors fully intend to comply with the guidelines on “Directors’ Powers to Allot Share Capital and Disapply Shareholders’ Pre-Emption Rights” as published by the Association of British Insurers.
- 3.14 As at 16 June 2014, being the latest practicable date prior to the publication of this Prospectus, the Company did not hold any Shares in treasury.
- 3.15 There are no present plans to undertake a rights issue or to allot new Shares, other than in respect of the Pre-IPO Reorganisation, in connection with the Offer or under the Plans, as set out at paragraph 11 below.
- 3.16 The issued share capital of the Company, all of which will be fully paid up, as it will be immediately following Admission, is as follows:
- | <i>Number</i> | <i>Class</i> | <i>Nominal amount (£)</i> |
|---------------|-------------------------------|---------------------------|
| 107,517,506 | ordinary shares of £0.01 each | 0.01 |
| 3,360,372 | deferred shares of £0.01 each | 0.01 |
- 3.17 The Company has no convertible securities, exchangeable securities or securities with warrants in issue.

4. Group Structure and IPO Reorganisation

The diagram below sets out the Group structure as at the date of this Prospectus.



- 4.1 On 17 June 2014, the Company entered into a reorganisation agreement with existing shareholders of the Company (the “**Reorganisation Agreement**”) in which it was agreed that the following reorganisation steps be carried out in the order set out below, each step being effective on and conditional upon Admission occurring:
- the cap on the amount of authorised share capital of the Company is removed;
 - certain of the A Shares, the B Shares, the C Shares and the D Shares be re-classified as Deferred Shares;
 - certain of the distributable profits of the Company and an amount standing to the credit of the share premium account be capitalised in order to pay up such number of Exit Shares as to facilitate a bonus issue of Exit Shares be made on a 99,999 : 1 basis to the holders of the Exit Shares; and
 - the Exit Shares be consolidated into shares of £0.01 each;

- (e) all shares in issue immediately prior to Admission (save for the Deferred Shares) be re-classified as ordinary shares of £0.01 each and allocated to the holders of such shares pro rata to their relevant holding of shares immediately prior to such consolidation and re-classification;
- (f) the Articles be adopted by the Company,

each of the foregoing steps comprising and being the “**Pre-IPO Reorganisation**”.

- 4.2 Immediately following the Pre-IPO Reorganisation the issued share capital of the Company will be as set out in paragraph 3.16 above.
- 4.3 It is intended that following Admission and subject to approval of an applicable buyback agreement by the shareholders of the Company, the Company will repurchase the Deferred Shares for the sum of £1 in aggregate payable to each seller of Deferred Shares and such Deferred Shares will be cancelled upon such transfer.

5. Articles of Association

- 5.1 The Articles, which will be adopted conditional upon Admission by virtue of a special resolution of the Company on 16 June 2014, contain certain provisions, the material provisions of which are set out below. This is a description of significant rights and does not purport to be complete or exhaustive.

5.2 Objects

Pursuant to section 31 of the Companies Act, the objects for which the Company is established are unrestricted and the Company has full power and authority to carry out any object not prohibited by law.

5.3 Votes of members

Subject to the provisions of the Companies Act and the requirements of the UK Listing Authority and to any special rights or restrictions as to voting attached to any shares or call of shares or otherwise provided by the Articles:

- (a) on a show of hands of every member who is present in person shall have one vote;
- (b) every proxy present who has been duly appointed by more than one member entitled to vote on the resolution and is instructed by one or more of those members to vote for the resolution and by one or more others to vote against it, or is instructed by one or more of those members to vote in a way and is given discretion as to how to vote by one or more others (and wishes to use that discretion to vote in the other way) shall have one vote for and one vote against the resolutions;
- (c) every corporate representative present who has been duly authorised by a corporation shall have the same voting rights as the corporation would be entitled to; and
- (d) on a poll every member who is present in person or by duly appointed proxy or corporate representative shall have one vote for every share of which he is the holder or in respect of which his appointment of proxy or corporate representative has been made.

The Deferred Shares do not carry a right to receive a dividend.

The Deferred Shares do not have any voting rights.

5.4 Restriction on rights of members where calls outstanding

Unless the Board otherwise determines, no member shall be entitled to receive any dividend or to be present and vote at a general meeting or at any separate general meeting of the holders of any class of shares either personally or by proxy, or to be reckoned in a quorum, or to exercise any other right or privilege conferred by membership in respect of a share held by him in relation to meetings of the Company unless and until he shall have paid all calls or other sums presently due and payable by him, whether alone or jointly with any other person, to the Company.

5.5 **Transfer of shares**

Subject to the provisions in the Articles regarding uncertificated shares, all transfers of certificated shares may be effected by transfer in writing in any usual or common form or in any other form acceptable to the Board and may be under hand only. The 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. In relation to both certificated and uncertificated shares, the transferor shall remain the holder of the shares concerned until the name of the transferee is entered in the register in respect of such shares. All instruments of transfer which are registered may be retained by the Company. Transfers of uncertificated shares may be effected by means of a relevant system (i.e. CREST).

5.6 **Dividends**

Subject to the provisions of the Companies Act and of the Articles, the Company may by ordinary resolution declare dividends to be paid to members according to their respective rights and interests but no such dividends shall exceed the sum recommended by the Board. All unclaimed dividends may be made use of by the Board for the Company's benefit until claimed. Any dividend unclaimed for 12 years shall revert to the Company.

5.7 **Capitalisation of profits and reserves**

- (a) The Board may, with the sanction of an ordinary resolution of the Company, capitalise any sum standing to the credit of any of the Company's reserve accounts (including any share premium account, capital redemption reserve, or other undistributable reserve) or any sum standing to the credit of the profit and loss account.
- (b) Such capitalisation shall be effected by appropriating such sum to the holders of ordinary shares on the register of members of the Company at the close of business on the date of the resolution (or such other date as may be specified in such resolution or determined as provided in such resolution) in proportion to their holdings of ordinary shares and applying such sum on their behalf in paying up in full unissued ordinary shares (or, subject to any special rights previously conferred on any shares or class of shares for the time being issued, unissued shares of any other class not being redeemable shares) for allotment and distribution credited as fully paid up to and amongst them in proportion to their holdings.
- (c) The Board may do all acts and things considered necessary or expedient to give effect to any such capitalisation, with full power to the Board to make such provision as it thinks fit for any fractional entitlements which would arise on the basis aforesaid (including provisions whereby fractional entitlements are disregarded or the benefit of such fractional entitlements accrues to the Company rather than to the members concerned). The Board may authorise any person to enter on behalf of all the members interested into an agreement with the Company providing for any such capitalisation and matters incidental to such capitalisation and any agreement made under such authority shall be effective and binding on all concerned.

5.8 **Share capital**

(a) *Variation of Rights*

Whenever the share capital of the Company is divided into different classes of shares, the special rights for the time being attached to any share or class of share in the Company may, subject to the provisions of the Companies Act, be varied or abrogated either with the consent in writing of the holders of not less than three-quarters in nominal value of the issued shares of the class or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of the shares of the class (but not otherwise) and may be so varied or abrogated whilst the Company is a going concern or during or in contemplation of a winding-up. To every such separate general meeting all the provisions of these articles relating to general meetings of the Company and to the proceedings at such general meetings shall with necessary modifications apply, except that:

- (i) the necessary quorum shall be two persons holding or representing by proxy at least one-third in nominal value paid up of the issued shares of the class (but so that if at any adjourned meeting a quorum as defined above is not present, any one holder of any shares of the class present in person or by proxy shall be a quorum); and

- (ii) any holder of shares of the class present in person or by proxy may demand a poll and every such holder shall on a poll have one vote for every share of the class held by him.

The article only applies to the variation or abrogation of the special rights attached to some only of the shares of any class as if each group of shares of the class differently treated formed a separate class the special rights of which are to be varied.

(b) *Special rights*

The special rights attached to any class of shares having preferential rights shall not, unless otherwise expressly provided by the terms of issue of that class of shares, be deemed to be varied:

- (i) by the allotment or issue of further shares ranking as regards participation in the profits or assets of the Company in some or all respects equally with such shares but in no respect in priority to such shares;
- (ii) by the purchase by the Company of any of its own shares (and the holding of any such shares as treasury shares); or
- (iii) the Board resolving that a class of shares shall become, or the operator of the relevant system permitting such class of shares to be, a participating security (the phrases “operator”, “relevant system” and “participating security” having the meanings set out in the CREST Regulations).

(c) *Sub-division of Shares*

Whenever the Company sub-divides its shares, or any of them, into shares of smaller nominal value, the Company may, by ordinary resolution determine that, as between the shares resulting from the sub-division, any of them may have any preference or advantage or be subject to any restriction as compared to the others.

(d) *Purchase of own shares*

Where there are in issue convertible securities convertible into or carrying a right to subscribe for equity shares of a class proposed to be purchased, a separate meeting of the holders of the convertible securities must be held and their approval by extraordinary resolution obtained before the Company enters into any contract to purchase equity shares of the relevant class. Subject to this and notwithstanding anything to the contrary contained in the articles, the rights and privileges attached to any class of shares shall be deemed not to be altered or abrogated by anything done by the Company in pursuance of any resolution passed under the powers conferred by the Companies Act.

5.9 **Directors**

(a) *Number of Directors*

The directors of the Company shall not be less than two or more than 10 in number. The Company may by ordinary resolution from time to time vary the minimum number and/or maximum number of directors.

(b) *Directors' fees*

The Company shall pay to the directors (but not alternate directors) such amount of aggregate fees as the Board decides except that such fees shall not exceed £1 million per annum in aggregate or such higher sum as may from time to time be determined by ordinary resolution of the Company and shall (unless such resolution otherwise provides) be divisible among the directors as the Board may agree, or, failing agreement, equally, except that any director who shall hold office for part only of the period in respect of which such fees are payable shall be entitled only to rank in such division for a proportion of fees related to the period during which he has held office. A fee payable to a director pursuant to this article is distinct from any salary, remuneration or other amount payable to him pursuant to other provisions of the articles or otherwise and accrues from day to day.

(c) *Directors' expenses*

The Board may repay to any director all such reasonable expenses as he may properly incur in attending and returning from meetings of the Board or of any committee of the Board or

shareholders' meetings or otherwise in connection with the performance of his duties as a director of the Company.

(d) *Directors' pensions and other benefits*

The Board shall have power to pay and agree to pay gratuities, pensions or other retirement, superannuation, death or disability benefits to (or to any person in respect of) any director or ex-director and for the purpose of providing any such gratuities, pensions or other benefits to contribute to any scheme or fund or to pay premiums.

(e) *Directors' permitted interests*

Provided that he has declared to the directors the nature and extent of any interest, a director may (save as to the extent not permitted by law), have an interest of the following kind, namely:

- (i) where a director (or a person connected with him) is party to, or directly or indirectly interested in, or has any duty in respect of, any existing or proposed contract, arrangement or transaction with the Company or any other undertaking in which the Company is interested;
- (ii) where a director (or a person connected with him) is a director, employee or other officer of, or a party to any arrangement or transaction with, or interested in, any body corporate promoted by the Company or in which the Company is interested;
- (iii) where a director (or a person connected with him) is directly or indirectly interested in shares or share options of the Company or is directly or indirectly interested in shares or share options of, or an employee, director or other officer of a parent undertaking of, or a subsidiary undertaking of a parent undertaking of, the Company;
- (iv) where a director (or a person connected with him) holds and is remunerated in respect of any office or place of profit (other than the office of auditor) under the Company or body corporate in which the Company is interested;
- (v) where a director is given, or is to be given, a guarantee in respect of an obligation incurred by or on behalf of the Company or any body corporate in which the Company is interested;
- (vi) where a director (or a person connected with him or of which he is a member or employee) acts (or any body corporate promoted by the Company or in which the Company is interested of which he is a director, employee or other officer acts) in a professional capacity for the Company or any body corporate promoted by the Company or in which the Company is interested (other than as auditor) whether or not he or it is remunerated for this;
- (vii) an interest which cannot reasonably be regarded as likely to give rise to a conflict of interest; or
- (viii) any other interest authorised by ordinary resolution.

No authorisation pursuant to the articles shall be necessary in respect of the above interests.

(f) *Authorisation of directors' interests*

- (i) The directors shall have the power, subject to the articles, to authorise any matter which would or might otherwise constitute or give rise to a breach of the duty of a director to avoid a situation in which he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company. Any authorisation will only be effective if any quorum requirement at any meeting in which the matter was considered is met without counting the Director in question or any other interested director and the matter was agreed to without their voting or would have been agreed to if their votes had not been counted. The Board may impose limits or conditions on any such authorisation or may vary or terminate it at any time.
- (ii) Subject to the Companies Act, the Company may by ordinary resolution ratify any contract, transaction or arrangement, or other proposal, not properly authorised by reason of a contravention of any provisions of the articles.
- (iii) Subject to the article as summarised in paragraph 5.9(f)(iv) below, if a director, otherwise than by virtue of his position as director, receives information in respect of which he owes a duty of confidentiality to a person other than the Company, he shall not be required:

- (A) to disclose such information to the Company or to the directors, or any other officer or employee of the Company; or
- (B) otherwise to use such information for the purpose of or in connection with the performance of his duties as a director.
- (iv) Where such duty of confidentiality arises out of a situation in which he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company the article as summarised in paragraph 5.9(f)(iii) shall apply only if the conflict arises out of a matter which is permitted or has been authorised by the articles (subject to any imposed restrictions).
- (g) *Provisions applicable to declarations of interest*
 Subject to the Companies Act and the articles summarised in paragraphs (e) a director shall declare to the other directors the nature and extent of his interest:
 - (i) if such interest is permitted under the articles and is an interest which may reasonably be regarded as likely to give rise to a conflict of interest;
 - (ii) if he is in any way, directly or indirectly, interested in a proposed transaction or arrangement with the Company; or
 - (iii) if he is in any way, directly or indirectly, interested in a transaction or arrangement that has been entered into by the Company, unless the interest has been so declared.

A director need not declare an interest:

- (i) if it cannot reasonably be regarded as likely to give rise to a conflict of interest;
- (ii) if, or to the extent that, the other directors are already aware of it (or ought reasonably to be aware); or
- (iii) if it concerns terms of his service contract that have been or are to be considered by a meeting, or a committee, of the directors appointed for the purpose.
- (h) *Appointment of executive directors*
 The Board may from time to time appoint one or more of their body to be the holder of any executive office (including, where considered appropriate, the office of chairman or deputy chairman) on such terms and for such period as they may (subject to the provisions of the Companies Act) determine and, without prejudice to the terms of any contract entered into in any particular case, may at any time revoke or vary the terms of any such appointment.
- (i) *Powers of executive directors*
 The Board may entrust to and confer upon any director holding any executive office any of the powers exercisable by them as directors upon such terms and conditions and with such restrictions as they think fit, and either collaterally with or to the exclusion of their own powers, and may from time to time revoke, withdraw, alter or vary all or any of such powers.

5.10 **Appointment and retirement of directors**

- (a) *Power of Company to appoint directors*
 Subject to the requirements of the UK Listing Authority, the Company may by ordinary resolution appoint any person who is willing to act to be a director, either to fill a vacancy or as an addition to the existing Board.
- (b) *Power of the Board to appoint directors*
 Without prejudice to the power of the Company in general meeting pursuant to any of the provisions of these articles to appoint any person to be a director, the Board may appoint any person who is willing to act to be a director, either to fill a vacancy or as an addition to the existing Board. Any director so appointed must retire from office at, or at the end of, the next following annual general meeting and will then be eligible to stand for election but shall not be taken into account in determining the directors or the number of directors who are to retire by rotation at that meeting.

(c) *Retirement by rotation*

At each annual general meeting one-third of the directors for the time being shall retire from office by rotation (or, if their number is not a multiple of three, the number nearest to but not exceeding one-third) and shall so retire provided always that all directors must be subject to re-election at intervals of no more than three years.

(d) *Selection of directors to retire by rotation*

The directors to retire by rotation shall include (so far as necessary to obtain the number required) any director who is due to retire at the meeting by reason of age or who wishes to retire and not to offer himself for re-election. Any further directors so to retire shall be those of the other directors subject to retirement by rotation who have been longest in office since their last re-election and so that as between persons who became or were last re-elected directors on the same day those to retire shall, unless they otherwise agree among themselves, be determined by lot together with those who in the absence of any such retirement would continue in office for a period in excess of three years. A retiring director shall be eligible for re-election.

(e) *Vacation of office*

The office of a director shall be vacated if:

- (i) he ceases to be a director by virtue of any provision of the Companies Act or he becomes prohibited by law from being a director;
- (ii) he becomes bankrupt, has an interim receiving order made against him, makes any arrangement or compounds with his creditors generally or applies to the court for an interim order under section 253 of the Insolvency Act 1986 in connection with a voluntary arrangement under that Companies Act;
- (iii) he is, or may be suffering from mental disorder and either:
 - (A) he is admitted to hospital in pursuance of an application for admission for treatment under the Mental Health Act 1983 or, in Scotland, an application for admission under the Mental Health (Scotland) Act 1960; or
 - (B) an order is made by a court having jurisdiction (whether in the United Kingdom or elsewhere) in matters concerning mental disorder for his detention or for the appointment of a receiver, curator bonis or other person to exercise powers with respect to his property or affairs;
- (iv) he resigns by writing under his hand left at the Company's registered office or he offers in writing to resign and the Board resolves to accept such offer;
- (v) he shall for more than six consecutive months have been absent without permission of the Board from meetings of the Board held during that period and the Board resolves that his office be vacated; or
- (vi) notice stating he is removed from office as a director is served upon him signed by all his co-directors who must account to the members at the next general meeting of the Company. If a director holds an appointment to an executive office which automatically determines on his removal from office under this or the preceding sub-paragraph such removal shall be deemed an act of the Company and shall have effect without prejudice to any claim for damages for breach of any contract of service between him and the Company.

(f) *Removal of director*

The Company may in accordance with and subject to the provisions of the Companies Act by ordinary resolution of which special notice has been given remove any director from office (notwithstanding any provision of these articles or of any agreement between the Company and such director, but without prejudice to any claim he may have for damages for breach of any such agreement) and elect another person in place of a director so removed from office.

5.11 **Shareholder meetings**

The Company must in each year hold a general meeting as its annual general meeting (or "AGM"). Not more than 15 months can elapse between AGMs. An AGM must be convened, unless all shareholders entitled to attend and vote agree to short notice, on giving 21 days' notice in writing to the members of the Company.

Other meetings can be convened by the Company from time to time referred to as extraordinary general meetings (or “GMs”). The length of written notice to convene such a meeting is 14 clear days.

GMs can be convened on shorter notice with the agreement of shareholders being a majority in number and holding not less than 95 per cent. in nominal value of the shares giving a right to attend and vote at the meeting.

Shareholders need not attend a meeting of the Company in person but can do so by way of a validly appointed proxy. Proxies are appointed in accordance with the Company's articles of association. In essence, to be validly appointed, details of the proxy must be lodged at the Company's registered office no later than 48 hours before the commencement of the relevant meeting. Failure to lodge details of the appointed proxy in accordance with the Articles could result in the vote of the proxy being excluded on any resolution and possibly to the exclusion of the proxy from the meeting unless they were also a shareholder.

If a shareholder is a corporation, whether or not a company, it can pass a resolution of its directors or other governing body to authorise such person as it thinks fit to act as its representative at any meeting of the Company or class meeting of shareholders of the Company.

5.12 **Notification of major holdings of Ordinary Shares**

Whilst disclosure of shareholdings is not a requirement of the Company's Articles, chapter 5 of the Disclosure and Transparency Rules makes provision regarding notification of certain shareholdings and holdings of financial instruments.

Where a person holds voting rights in the Company as shareholder or through direct or indirect holdings of financial instruments then the person has an obligation to make a notification to the FSA and the Company of the percentage of voting rights held where that percentage reaches, exceeds or falls below three per cent. or any whole percentage figure above three per cent.

The requirement to notify also applies where a person is an indirect shareholder and can acquire, dispose of or exercise voting rights in certain cases.

6. Directors', Senior Management's and other interests

- 6.1 The Directors and members of Senior Management, their functions within the Group and brief biographies are set out in Part 6: “Directors, Senior Management and Corporate Governance”.
- 6.2 Each of the Directors can be contacted at the Company's head office address at 3rd Floor, Cottons Centre, Cottons Lane, London SE1 2QG.
- 6.3 As at 16 June 2014 (being the latest practicable date prior to the date of this Prospectus), no Director or member of Senior Management (or persons connected with them) had any interest (beneficial or otherwise) in the share capital of the Company, save as set out in paragraph 6.4 below.

- 6.4 The table below sets out certain interests of the Directors and Senior Management (and of persons connected with them) in the share capital of the Company (all of which, unless otherwise stated, are beneficial) as they are expected to be immediately following Admission:

<i>Name</i>	<i>At the date of this document</i>			<i>Immediately following Admission</i>		
	<i>No. of Shares</i>	<i>% of issued ordinary share capital</i>	<i>% of voting rights</i>	<i>No. of Shares</i>	<i>% of issued ordinary share capital</i>	<i>% of voting rights</i>
<i>Director</i>						
Roderick Flavell	18,357,886	18.36	18.03	8,201,254	7.63	7.63
Sheila Flavell	7,491,927	7.49	7.36	8,201,254	7.63	7.63
Michael McLaren*	503,480	0.5	0.49	499,295	0.46	0.46
Andrew Brown	6,553,523	6.55	6.44	6,370,697	5.93	5.93
Ivan Martin	3,252,469	3.25	5.0	–	–	–
Peter Whiting	–	–	–	10,453	0.01	0.01
Jonathan Brooks	–	–	–	13,937	0.01	0.01
Robin Taylor	–	–	–	5,226	0.01	0.01
<i>Member of Senior Management</i>						
Andy King	–	–	–	–	–	–
Heidi Taylor	444,370	0.44	0.44	431,972	0.40	0.40
Claus Damwerth	–	–	–	–	–	–

* Assuming sole ownership of 353,480 Shares are transferred to Mr McLaren as a result of the existing JSOP arrangements with the EBT in accordance with paragraph 10.2 of this Part 14.

Save as set out in this paragraph 6.4, none of the Directors has, or will have on Admission, any interests in the share or loan capital of the Company or any of its subsidiaries.

- 6.5 No Director has or has had any interest in any transaction which is or was unusual in its nature or conditions or is or was significant to the business of the Group and which was effected by the Company in the current or immediately preceding financial year or which was effected during an earlier financial year and remains in any respect outstanding or unperformed.
- 6.6 As at 16 June 2014 (being the latest practicable date prior to the date of this Prospectus), there were no outstanding loans granted by any member of the Group to any Director or member of Senior Management, nor by any Director or member of Senior Management to any member of the Group, nor was any guarantee which had been provided by any member of the Group for the benefit of any Director or member of Senior Management, or by any Director or member of Senior Management for the benefit of any member of the Group, outstanding.
- 6.7 The companies and partnerships of which the Directors and members of Senior Management are, or have been, within the past five years, members of the administrative, management or supervisory bodies or partners (excluding the Company and its Subsidiaries) are as follows:

<i>Name</i>	<i>Current or former directorships/partnerships</i>	<i>Position still held (Y/N)</i>
<i>Director</i>		
Roderick Flavell	Glen Dudley Investments Limited	Y
	Flavell Divett International (UK) Limited	N
	Mountfield Software Limited	N
	Visual Metrics Limited	N
Sheila Flavell	Glen Dudley Investments Limited	Y
Michael McLaren	Alphameric Duty Management Limited	N
	Alphameric Keyboards Limited	N
	Alphameric Logistics Limited	N
	Alphameric Services (Holdings) Limited	N

<i>Name Director</i>	<i>Current or former directorships/partnerships</i>	<i>Position still held (Y/N)</i>
Michael McLaren (continued)	Alphameric Technologies Limited	N
	Alphameric Timeweave Limited	N
	Alphameric (Holdings) Limited	N
	Amalgamated Racing Limited	N
	Cavendish Data Systems Limited	N
	Crown Software Limited	N
	Datawest Computer Services Limited	N
	Jefferson Lloyd Limited	N
	Metabet Limited	N
	Microskill (Services) Limited	N
	Microskill Limited	N
	Online Enterprise Solutions Limited	N
	Online Group Holdings Limited	N
	Online Internet Services Limited	N
	Openbet Retail Limited	N
	Optical Mark Systems Limited	N
	Red Onion Limited	N
	Symtec UK Limited	N
	Telectronics Systems Limited	N
	Timeweave Bookmaking And Finance (Holdings) Limited	N
	Timeweave Gaming Limited	N
	Timeweave Holdings Limited	N
	Timeweave Limited	N
	Timeweave Retail Limited	N
	Timeweave Washosp Limited	N
Andrew Brown	None	N/A
Ivan Martin	Dunedin Claret Limited	Y
	Wulstan Capital UK Opportunities (No 2) LLP	Y
	Wulstan Capital (Leamington) LLP	Y
	Wulstan Capital (Wolverhampton) LLP	Y
	1st Software Holdings Limited	N
	APFA Services Limited	N
	Association Of Professional Financial Advisers	N
	Bankhall Financial Management Limited	N
	Bankhall Investment Associates Limited	N
	Bankhall Investment Management Limited	N
	Bankhall Mortgages Limited	N
	Bankhall Network Limited	N
	Bankhall Partnership Limited	N
	Bankhall Pms Limited	N
	Countrywide Independent Advisers Limited	N
	Crystal Clear Financial Advice Limited	N
	DBS National Financial Services Limited	N
	Financial Options Scotland Limited	N
	Financial Options Services Limited	N
	Friends Life Distribution Limited	N
	Holly Bank Properties Limited	N
	IFA Exchange Limited	N
	IFA Network (Services) Limited	N
	IFA Network Limited	N
	IFA Portfolio Services Limited	N
	IFA engine Limited	N
	IRESS (UK) Limited	N
	Kingfisher Reversions Limited	N
	Opal (UK) Holdings Limited	N
	Optimum Investment Management Limited	N

<i>Name Director</i>	<i>Current or former directorships/partnerships</i>	<i>Position still held (Y/N)</i>
Ivan Martin (continued)	Optimum Investment Solutions Limited	N
	Point One Limited	N
	Portavista Limited	N
	Portfolio Member Services (Holdings) Limited	N
	Portfolio Member Services Limited	N
	Premier Mortgage Service Limited	N
	Premier Mortgage Services (UK) Limited	N
	SB Financial Distribution Limited	N
	SB Mortgage Network Limited	N
	SEP Marketing Limited	N
	Sesame (UK) Limited	N
	Sesame Desktop Services Limited	N
	Sesame Direct Limited	N
	Sesame General Insurance Services Limited	N
	Sesame General Insurance Services Limited	N
	Sesame IFA Desktop Solutions Limited	N
	Sesame Investment Services Limited	N
	Sesame Limited	N
	Sesame Mortgage Services Limited	N
	Sesame Mortgages Limited	N
	Sesame Network Limited	N
	Sesame Protection Services Limited	N
	Sesame Regulatory Services Limited	N
	Sesame Select Services Limited	N
	Support Squared Limited	N
	The Financial Adviser School Limited	N
	The I.F.A. Training School Limited	N
	Trust pms Limited	N
	Xegesis Limited	N
Jonathan Brooks	Aveva Group plc	Y
	Aveva Solutions Limited	Y
	IP Group plc	Y
	IP2IPO Nominees Limited	Y
	E2V Technologies plc	N
	Skrill Holdings Limited	N
	Sophos Limited	N
	Clearly So Limited	N
	Glotel Limited	N
	Xyratex Limited	N
Peter Frederick Whiting	Microgen plc	Y
	Whitingpod Limited	Y
	Kenilworth Lawn Tennis & Squash Club Limited	Y
Robin Francis Taylor	Phoenix IT Group plc	Y
	Covalent Software Limited	N
	Independent Technology Systems Limited	N
	Intec Telecom Systems Limited	N
	CMS Supatrak Limited	N
	Itnet Limited	N
	Serco Solutions Limited	N
	The French Thornton Partnership Ltd.	N
	Technosys Limited	N
	YFD Limited	N
	Dataphone (Holdings) Limited	N
	Intec Telecom Systems (Revenue Assurance Division) Limited	N
	Digiquant UK Limited	N

- | <i>Name</i> | <i>Current or former directorships/partnerships</i> | <i>Position still held (Y/N)</i> |
|------------------------------------|---|----------------------------------|
| <i>Director</i> | | |
| <i>Member of Senior Management</i> | | |
| Andy King | None | N/A |
| Heidi Taylor | None | N/A |
| Claus Damwerth | Wolters Kluwer Deutschland GmbH | N |
- 6.8 Save as set out in paragraph 6.7 above, none of the Directors or members of Senior Management has any business interests, or performs any activities, outside the Group which are significant with respect to the Group.
- 6.9 The Company and the Directors are not aware of any arrangements the operation of which may at a subsequent date result in a change in control of the Company.
- 6.10 At the date of this Prospectus, none of the Directors or members of Senior Management has at any time within the last five years:
- had any convictions in relation to fraudulent offences;
 - been associated with any bankruptcies, receiverships or liquidations acting in the capacity of any of the positions set out against the name of the Director or member of Senior Management in paragraph 6.7 above;
 - been subject to any official public incrimination and/or sanctions by any statutory or regulatory authorities (including designated professional bodies); or
 - been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer.
- 6.11 Save in the case of each of the Executive Directors and Inflexion, being proposed recipients, conditional on Admission, of an exit bonus from the Company of approximately £6 million, as at the date of this Prospectus there are:
- no potential conflicts of interest between any duties to the Company of the Directors and members of Senior Management and their private interests and/or other duties; and
 - no arrangements or understandings with major shareholders, customers, suppliers or others pursuant to which any Director or member of Senior Management was selected as a Director or member of the Senior Management (respectively).
- 6.12 Save for the Company's code on dealings in securities, and the lock-up agreements described in paragraph 7 of Part 12 there are no restrictions agreed by any Director or member of the Senior Management on the disposal within a certain time of their holdings in the Company's securities.

7. Interests of significant Shareholders

- 7.1 Immediately following Admission, the following persons will be interested (directly or indirectly) in 3 per cent. or more of the Company's issued ordinary share capital:

<i>Shareholder</i>	<i>No. of Shares</i>	<i>% of total issued shares</i>
Threadneedle	10,709,946	9.96
Roderick Flavell	8,201,255	7.63
Sheila Flavell	8,201,254	7.63
BlackRock	4,738,676	4.41
Andrew Brown	4,540,801	4.22
Artemis	4,459,930	4.15
Majedie	4,459,930	4.15
National Farmers Union	4,320,557	4.02

<i>Shareholder</i>	<i>No. of Shares</i>	<i>% of total issued shares</i>
JO Hambro	4,293,031	4.00
Cazenove Capital	3,902,439	3.63
USB Global	3,831,315	3.56
AXA Framlington	3,759,721	3.50
Invesco Perpetual	3,715,679	3.46
SFM	3,344,948	3.11
River & Mercantile	3,240,418	3.01

7.2 Save as set out above, the Company is not aware of any person who has, or will immediately following Admission have, a notifiable interest of 3 per cent. or more of the issued share capital of the Company.

7.3 No Shareholder set out above has (nor will it have) different voting rights attached to the Shares it holds to those held by the other Shareholders.

8. Directors' service agreements, letters of appointment, remuneration and other matters

8.1 The Directors and their functions are set out in Part 6: "Directors, Senior Management and Corporate Governance".

8.2 Set out below are summary details of the Company's terms of appointment with the executive directors:

- (a) Roderick Flavell (Chief Executive Officer) entered into a service agreement with the Company on 17 June 2014. Mr Flavell is entitled to receive an annual salary of £350,000. Mr Flavell's appointment is terminable at any time on twelve months' notice given by either party. The Company is entitled to terminate Mr Flavell's employment by payment of a cash sum in lieu of notice, equal to (i) his basic salary that would have been payable, and (ii) the cost that would have been incurred providing Mr Flavell with benefits (excluding bonus) for any unexpired portion of the notice period. Mr Flavell's appointment may be terminated summarily by the Company if he is, amongst other things, guilty of gross misconduct. The service agreement does not provide for any extra payment to be given to Mr Flavell upon termination of his employment;
- (b) Sheila Flavell (Chief Operating Officer) entered into a service agreement with the Company on 17 June 2014. Mrs Flavell is entitled to receive an annual salary of £260,000. Mrs Flavell's appointment is terminable at any time on twelve months' notice given by either party. The Company is entitled to terminate Mrs Flavell's employment by payment of a cash sum in lieu of notice, equal to (i) her basic salary that would have been payable, and (ii) the cost that would have been incurred providing Mrs Flavell with benefits (excluding bonus) for any unexpired portion of the notice period. Mrs Flavell's appointment may be terminated summarily by the Company if she is, amongst other things, guilty of gross misconduct. The service agreement does not provide for any extra payment to be given to Mrs Flavell upon termination of her employment;
- (c) Mike McLaren (Chief Financial Officer) entered into a service agreement with the Company on 17 June 2014. Mr McLaren is entitled to receive an annual salary of £220,000. Mr McLaren's appointment is terminable at any time on twelve months' notice given by either party. The Company is entitled to terminate Mr McLaren's employment by payment of a cash sum in lieu of notice, equal to (i) his basic salary that would have been payable, and (ii) the cost that would have been incurred providing Mr McLaren with benefits (excluding bonus) for any unexpired portion of the notice period. Mr McLaren's appointment may be terminated summarily by the Company if he is, amongst other things, guilty of gross misconduct. The service agreement does not provide for any extra payment to be given to Mr McLaren upon termination of his employment;
- (d) Andrew Brown (Group Commercial Director) entered into a service agreement with the Company on 17 June 2014. Mr Brown is entitled to receive an annual salary of £260,000. Mr Brown's appointment is terminable at any time on twelve months' notice given by either party. The Company is entitled to terminate Mr Brown's employment by payment of a cash sum in lieu of

notice, equal to (i) his basic salary that would have been payable, and (ii) the cost that would have been incurred providing Mr Brown with benefits (excluding bonus) for any unexpired portion of the notice period. Mr Brown's appointment may be terminated summarily by the Company if he is, amongst other things, guilty of gross misconduct. The service agreement does not provide for any extra payment to be given to Mr Brown upon termination of his employment.

8.3 Set out below are summary details of the Company's terms of appointment with the non-executive Directors and the Proposed Directors:

- (a) Ivan Martin (Non-executive Chairman) has entered into the terms of an appointment letter as non-executive chairman dated 17 June 2014. Mr Martin's appointment is for an initial period of twelve months. The annual fee payable to Mr Martin will be £120,000. The notice period for either party to terminate the agreement is three months;
- (b) Peter Whiting (Proposed Director) has been appointed to the Board conditional on Admission pursuant to the terms of an appointment letter as non-executive director dated 17 June 2014. Mr Whiting's appointment is for an initial period of three years. The annual fee payable will be £40,000 and an additional fee of £5,000 per annum will be payable in respect of any board committee chairmanship. The notice period for either party to terminate the agreement is three months;
- (c) Jonathan Brooks (Proposed Director) has been appointed to the Board conditional on Admission pursuant to the terms of an appointment letter as a non-executive director dated 17 June 2014. Mr Brook's appointment is for an initial period of three years. The annual fee payable will be £40,000, and an additional fee of £5,000 per annum will be payable in respect of any board committee chairmanship. The notice period for either party to terminate the agreement is three months;
- (d) Robin Taylor (Proposed Non-executive Director) has been appointed to the Board conditional on Admission pursuant to the terms of an appointment letter as non-executive director dated 17 June 2014. Mr Taylor's appointment is for an initial period of three years. The annual fee payable will be £40,000 and the notice period for either party to terminate the agreement is three months.

8.4 Save as set out in paragraphs 8.2 and 8.3 above, there are no existing or proposed service agreements or letters of appointment between the Directors and any member of the Group.

8.5 No amount has been set aside or accrued by the Group to provide pension, retirement or other benefits to the Directors or the Proposed Directors.

9. Directors' and Senior Management's remuneration in the year ended 31 December 2013

9.1 Under the terms of their service agreements, letters of appointment and applicable incentive plans, in the year ended 31 December 2013, the aggregate remuneration and benefits to the directors of the Company and the senior management of the Group who served during 2013, consisting of 10 individuals, was £2,186,162.

9.2 There is no arrangement under which any Director has waived or agreed to waive future emoluments nor has there been any waiver of emoluments during the financial year immediately preceding the date of this Prospectus.

9.3 For the year ended 31 December 2013, the Group made pension contributions (and other retirement related benefits (if any)) on behalf of the Directors and members of Senior Management who served during 2013, consisting of 10 individuals in an aggregate amount of £19,300.

10. Employee share plans and share grants and awards

10.1 As at 16 June 2014 (being the latest practicable date prior to this Prospectus), the Directors and Senior Management hold no options or awards over the share capital of the Company save as set out in paragraph 10.2 below.

- 10.2 As at the date of this prospectus Michael McLaren holds a joint interest in 500,000 Shares (the “JSOP Shares”) together with Kleinwort Benson (Jersey) Trustees Limited under the FDM Joint Share Ownership Plan 2011. Kleinwort Benson (Jersey) Trustees Limited hold their joint interest in their capacity as the trustee of the FDM Employee Benefit Trust. The joint interest will be crystallised immediately before Admission with the JSOP Shares being divided between Kleinwort Benson (Jersey) Trustees Limited and Michael McLaren following Admission by reference to the Offer Price. As such, the JSOP Shares will be divided immediately before Admission such that 353,480 of the JSOP Shares will be held outright by Michael McLaren and 146,520 of the JSOP Shares will be held outright by Kleinwort Benson (Jersey) Trustees Limited.

11. Share Schemes

11.1 **Proposed share incentive arrangements following Admission**

The Company adopted the following employee share plans on 16 June 2014, which it intends to operate following Admission:

- (a) the FDM 2014 Performance Share Plan (the “**PSP**”); and
- (b) the FDM 2014 Company Share Option Plan (the “**CSOP**”).

In this Part 14, the PSP and CSOP are together referred to as the “**Plans**” (and each a “**Plan**”). The principal features of the Plans are summarised below.

11.2 **The PSP**

Individual limit on participation in the PSP – Executive Directors

- (a) Ordinarily, PSP Awards will not be granted to an Executive Director in respect of any financial year of the Company over Shares with a market value (as determined by the Remuneration Committee) in excess of 100 per cent. of salary. In exceptional circumstances, PSP Awards may be granted to an Executive Director in respect of a financial year of the Company over Shares with a market value of up to 200 per cent. of salary.

Individual limit on participation in the PSP – participants other than Executive Directors

- (b) Ordinarily, PSP Awards will not be granted to a participant in respect of a financial year of the Company over Shares with a market value (as determined by the Remuneration Committee) in excess of 100 per cent. of salary or, taking into account commissions and individual circumstances, up to £150,000 if higher. In exceptional circumstances, PSP Awards may be granted to a participant in respect of a financial year of the Company over Shares with a market value of up to 200 per cent. of salary, or up to £300,000 if higher.

Grant of PSP awards in conjunction with Qualifying Options

- (c) The Remuneration Committee may grant an Award under the PSP in conjunction with a Qualifying Option under the CSOP as referred to in paragraph 11.3(b) below on terms that the extent to which the PSP Award may be exercised shall be scaled back to take account of any gain made on the exercise of the Qualifying Option. A PSP Award and a Qualifying Option would be granted on this basis to enable the participant and the Group to benefit from the advantageous tax treatment available to Qualifying Options. Because the PSP Award would be scaled back, Shares subject to the CSOP Qualifying Options will not count towards the limits referred to in paragraphs 11.2(a) and (b). The Remuneration Committee will not grant Options under the CSOP to Executive Directors other than in conjunction with an Award under the PSP on this basis.

Performance conditions

- (d) PSP Awards will be subject to the satisfaction of one or more performance conditions over a performance period (normally at least three years) which will determine the proportion (if any) of the Award that vests.
- (e) The first Awards under the PSP will be subject to a performance condition based on growth in the Company’s earnings per share over a three year period. The first PSP Awards will vest at 25 per cent. for threshold performance and 100% for stretching performance with vesting between

on a straight-line basis. In addition the first PSP Awards will be subject to a financial underpin such that PSP Awards will only vest if the Remuneration Committee is satisfied with the overall financial performance of the Group. The actual performance conditions for the first PSP Awards will be determined by the Remuneration Committee at grant and will be fully disclosed in the Directors' Remuneration Report.

- (f) Any performance condition may be amended or substituted if one or more events occur which cause the Remuneration Committee to consider that an amended or substituted performance condition would be more appropriate. Any amended or substituted performance condition would not be materially less difficult to satisfy than the performance condition when originally set.

Vesting of PSP awards

- (g) PSP Awards will normally vest as soon as practicable after the end of the applicable performance period (or on such later date as the Remuneration Committee shall determine) and then only to the extent that any performance condition has been satisfied. PSP Awards granted in the form of Nil-Cost Options or Nominal Cost Options will then be exercisable until the tenth anniversary of the grant date.

Cessation of employment

- (h) If a participant ceases to be employed by the Group for any reason, any PSP Award held by him will lapse unless the Remuneration Committee determines otherwise. If the Remuneration Committee determines that a PSP Award will not lapse, it shall determine, in its discretion:
 - (i) in the case of a PSP Award which has not already vested,
 - (A) the date on which it shall vest (which may be the date of cessation or the originally anticipated vesting date or such other date as the Remuneration Committee determines);
 - (B) the extent to which it shall vest (which will be determined taking into account the extent to which the performance condition is satisfied at the end of the performance period or, as appropriate, the date of cessation of employment and, unless the Remuneration Committee determines otherwise, the period of time that has elapsed between the date of grant and the date of cessation); and
 - (ii) in the case of a PSP Award which has already vested or which vests as referred to in paragraph 11.2(h)(i) above the period in which that PSP Award may be exercised, which will normally be the period of 6 months following the date of cessation (or if later, the date of vesting).

11.3 CSOP

The grant of CSOP options

- (a) The CSOP is a market value option plan under which Options over Shares may be granted with a per Share exercise price not less than the market value of a Share at the date of grant. Options granted under the CSOP may be tax advantaged if various conditions in the relevant tax legislation are met at the date of grant and up to the point of exercise.
- (b) The Remuneration Committee may grant to a participant an Option under the CSOP in conjunction with an Award under the PSP as referred to in paragraph 11.2(c). The Remuneration Committee will not grant Options under the CSOP to Executive Directors other than in conjunction with an Award under the PSP on this basis.
- (c) Options will not be granted to a participant in the same financial year as the participant is granted a PSP Award, other than in conjunction with that PSP Award as referred to in paragraph 11.2(c).

Individual limit on participation in the CSOP

- (d) Options cannot be granted to a participant over Shares with a market value (at the relevant date of grant) of more than £30,000 (or such other limit in the relevant tax legislation from time to time).

- (e) Subject to the limit above, any Options granted to a participant in respect of any financial year will be subject to the same limits set out in paragraphs 11.2(a) and (b).

Performance conditions

- (f) Options may be granted on the basis that their exercise is subject to the satisfaction of one or more performance conditions over a performance period (normally at least three years) which will determine the proportion (if any) of the Option to vest. Where an Option is granted to a participant under the CSOP in conjunction with a PSP Award as referred to in paragraph 11.2(c), the Option will be subject to the same performance condition as applies to the PSP Award.
- (g) Any performance condition may be amended or substituted if one or more events occur which cause the Remuneration Committee to consider that an amended or substituted performance condition would be more appropriate. Any amended or substituted performance condition would not be materially less difficult to satisfy than the performance condition when originally set.

Vesting of CSOP options

- (h) Options will normally vest on the third anniversary of the grant date (or on such other date as the Remuneration Committee shall determine), and then only to the extent that any performance condition has been satisfied, and will then be exercisable until the tenth anniversary of the grant date.

Cessation of employment

- (i) If a participant dies:
 - (i) any unvested Option he holds will vest as soon as reasonably practicable after the participant's death to the extent determined by the Remuneration Committee taking into account the extent to which any performance condition has been satisfied and, if the Remuneration Committee so determines, the period of time that has elapsed from the date of grant to the date of death; and
 - (ii) any Option which has already vested and any Option which vests as referred to in paragraph (i)(i) may be exercised in the period of 12 months following the participant's death.
- (j) If a participant ceases to be employed by the Group by reason of ill-health, injury, disability, redundancy, the sale out of the Group of the entity that employs him, retirement, or any other reason at the discretion of the Remuneration Committee:
 - (i) any Option he holds which has not already vested will continue to the normal vesting date unless the Remuneration Committee decided at the date of grant that it should vest at the date of cessation, and:
 - (A) the extent to which it vests shall be determined by the Remuneration Committee taking into account the extent to which any performance condition has been satisfied at the end of the performance period or, as appropriate, the date of cessation of employment and, if the Remuneration Committee so determines, the period of time that has elapsed from the date of grant to the date of cessation; and
 - (B) any such Option may be exercised in the period of six months following cessation; and
 - (ii) any Option he holds which has already vested may be exercised in the period of six months following cessation.
- (k) If a participant ceases to be employed by the Group other than for a reason referred to in paragraphs 11.3(i) and 11.3(j) any Option held by him will lapse.

11.4 **Common terms of the Plans**

Eligibility

- (a) Any employee (including an Executive Director) of the Company or any employee of its subsidiaries will be eligible to participate in the Plans at the discretion of the Remuneration Committee.

Form of awards

- (b) Awards under the Plans may be made in the form of:
 - (i) in the case of the PSP:
 - (A) a conditional right to acquire Shares at no cost to the participant ("**Conditional Award**");
 - (B) an option to acquire Shares at no cost to the participant ("**Nil-Cost Option**");
 - (C) (an option to acquire Shares with an exercise price per Share equal to the nominal value of a Share ("**Nominal-Cost Option**");
 - (D) a right to acquire a cash amount which relates to the value of a certain number of notional Shares ("**Cash Award**");
 - (ii) in the case of the CSOP an Option with a per share exercise price equal to the market value of a Share at the date of grant.

Conditional Awards, Nil-Cost Options, Nominal Cost Options, Cash Awards and Options are together referred to as "**Awards**" and each an "**Award**", as appropriate in this Part 14.

Granting of awards and terms of awards

- (c) Awards may only be granted within the six week period following Admission, the announcement of the Company's results for any period, or on any day on which the Remuneration Committee determines that exceptional circumstances exist, unless the grant of Awards is restricted, in which case Awards may be granted within six weeks of the day on which a restriction on the grant of Awards is lifted.
- (d) Awards are not transferable (other than on death). No payment will be required for the grant of an Award. Awards will not form part of pensionable earnings.
- (e) The Remuneration Committee may determine that the number of Shares to which a participant's Award under the PSP relates will increase to take account of dividends paid on vested Shares from the grant date until the date of vesting, on such terms as it determines. The Remuneration Committee may determine that the participant will receive the cash equivalent of the additional Shares.
- (f) Awards may be granted over newly issued Shares, Shares held in treasury or Shares purchased in the market.
- (g) At any time before the point at which an Award (other than an Option granted under the CSOP) has vested, or a Nil-Cost Option or Nominal Cost Option has been exercised, the Remuneration Committee may decide to pay a participant a cash amount equal to the value of the Shares he would otherwise have received.

Malus

- (h) The Remuneration Committee may, in its absolute discretion, determine at any time prior to the vesting of an Award (other than an Option granted under the CSOP) to:
 - (i) reduce the number of Shares to which the Award relates;
 - (ii) cancel the Award; or
 - (iii) impose further conditions on the Award

in circumstances in which the Remuneration Committee considers such action is appropriate. Such circumstances include, but are not limited to:

- (i) a material misstatement of the Company's audited financial results;
- (ii) a material failure of risk management by the Company, any member of the Group or a relevant business unit; or
- (iii) a material miscalculation of any performance measure.

Overall plan limits

- (i) The Plans are subject to the following overall limits:
 - (i) in any ten year period, the number of Shares which may be issued under the Plans and under any other discretionary share plan adopted by the Company may not exceed 5 per cent. of the issued ordinary share capital of the Company from time to time; and
 - (ii) in any ten year period, the number of Shares which may be issued under the Plans and under any other employees' share plan adopted by the Company may not exceed 10 per cent. of the issued ordinary share capital of the Company from time to time.
- (j) Shares held in treasury will be treated as newly issued for the purpose of these limits until such time as guidelines published by institutional investor representative bodies determine otherwise.
- (k) Shares issued or committed to be issued to satisfy any awards granted prior to Admission will not count towards these limits.

Change of control and other relevant events

- (l) In the event of a change of control of the Company, Awards will vest as soon as practicable after such event.
- (m) The number of Shares in respect of which a PSP Award or a CSOP Option will vest will be determined by the Remuneration Committee in its discretion, taking into account the extent to which any performance condition has been satisfied and, unless the Remuneration Committee determines otherwise, the period of time from the grant date to the date of the relevant event. Nil-Cost Options, Nominal Cost Options and Options under the CSOP will then be exercisable for a period of one month.
- (n) Alternatively, the Remuneration Committee may permit or, in the case of an internal reorganisation or if the Remuneration Committee so determines, require Awards to be exchanged for equivalent awards which relate to shares in a different company.
- (o) If other corporate events occur such as a demerger, delisting, special dividend or other event which, in the opinion of the Remuneration Committee, may affect the current or future value of Shares, the Remuneration Committee may determine that Awards will vest. PSP Awards and CSOP Options will vest subject to the satisfaction of any performance condition and, unless the Remuneration Committee determines otherwise, pro-rating to reflect the period of time from the grant date to the date of the relevant event. Nil-Cost Options, Nominal Cost Options and Options under the CSOP will then be exercisable for a period of one month.

Adjustment of awards and variation and termination of the plans

- (p) In the event of a variation of the Company's share capital or (other than in the case of an Option granted under the CSOP) a demerger, delisting, special dividend, rights issue or other event, which may, in the Remuneration Committee's opinion, affect the current or future value of Shares, the number of Shares subject to an Award, and/or the exercise price attaching to any Option under the CSOP or any Nominal Cost Option, and/or any performance condition attached to a PSP Award or an Option under the CSOP) may be adjusted.
- (q) The Remuneration Committee may amend the Plans at any time, provided that prior approval of the Company's shareholders in a general meeting will be required for amendments to the advantage of participants relating to eligibility, limits, the basis for determining a participant's

entitlement to, and the terms of, the Shares or cash comprised in an Award and any adjustment made in respect of a variation of capital.

- (r) However, any minor amendment to benefit administration, to take into account legislative changes, or to obtain or maintain favourable tax treatment, exchange control or regulatory treatment may be made by the Remuneration Committee without shareholder approval. No amendment may be made to the material disadvantage of participants in the Plans unless consent is sought from the affected participants and given by a majority of them, except in respect of any performance condition.
- (s) The Company may establish further plans based on the Plans but modified to take account of local tax, exchange control or securities laws in overseas territories, provided that any Shares made available under such further plans are treated as counting against the limits on individual or overall participation in the Plan.
- (t) The Plans will usually terminate on the tenth anniversary of their adoption but the rights of existing participants will not be affected by any termination.

12. Underwriting Agreement

On 17 June 2014, the Company, the Directors, the Selling Shareholders and Investec entered into the Underwriting Agreement. Pursuant to the Underwriting Agreement:

- (a) the Company confirmed the appointment of Investec as sponsor, sole bookrunner and underwriter in connection with the application for Admission and the Offer;
- (b) the Company has agreed, subject to certain conditions, to allot and issue, at the Offer Price, the New Shares to be issued in connection with the Offer;
- (c) the Selling Shareholders have agreed, subject to certain conditions, to sell, at the Offer Price, the Existing Shares to be sold in connection with the Offer;
- (d) Investec has agreed, subject to certain conditions, to procure subscribers for the New Shares and purchasers for the Existing Shares or, failing which, itself to subscribe for New Shares and/or to purchase Existing Shares at the Offer Price;
- (e) the Company has agreed that Investec may deduct from the proceeds of the Offer payable to the Company a commission of two per cent. of the amount equal to the Offer Price multiplied by the aggregate number of New Shares to be issued by the Company pursuant to the Offer which Investec has agreed to procure subscribers for, or failing which, that Investec has agreed, subject to certain conditions, to subscribe for pursuant to the terms of the Underwriting Agreement plus a discretionary commission of up to one per cent. of the amount equal to the Offer Price multiplied by the aggregate number of New Shares to be issued by the Company pursuant to the Offer which Investec has agreed to procure subscribers for, or failing which, that Investec has agreed, subject to certain conditions, to subscribe for pursuant to the terms of the Underwriting Agreement;
- (f) each of the Selling Shareholders has agreed that Investec may deduct from the proceeds of the Offer payable to such Selling Shareholder a commission of two per cent. of the amount equal to the Offer Price multiplied by the aggregate number of Existing Shares to be sold by the relevant Selling Shareholder pursuant to the Offer which Investec has agreed to procure purchasers for, or failing which, that Investec has agreed, subject to certain conditions, to purchase pursuant to the terms of the Underwriting Agreement plus a discretionary commission of up to one per cent. of the amount equal to the Offer Price multiplied by the aggregate number of Existing Shares to be sold by the relevant Selling Shareholder pursuant to the Offer which Investec has agreed to procure purchasers for, or failing which, that Investec has agreed, subject to certain conditions, to purchase pursuant to the terms of the Underwriting Agreement;
- (g) the obligations of Investec to procure subscribers and/or purchasers for or, failing which, itself to subscribe for or purchase New Shares and Existing Shares (as the case may be) are subject to certain conditions. These conditions include the absence of any breach of warranty or undertaking given by the Company, the Directors or the Selling Shareholders under the Underwriting Agreement and Admission occurring by no later than 8.00 a.m. (London time) on 20 June 2014 (or such later time and/or date as Investec and the Company may agree but, in any event, no later than 8.00 a.m. on 30

June 2014). In addition, Investec has the right to terminate the Underwriting Agreement, exercisable in certain circumstances, prior to Admission. The circumstances include, among others, the occurrence of certain material adverse changes in the condition (financial, operational, legal or otherwise) or in the earnings, business, affairs, solvency or credit rating of the Company or the Group, taken as a whole, and certain changes in financial, political or economic conditions. If this right is exercised, the Offer will lapse, the Company will not seek Admission and any moneys received from investors in respect of the Offer will be returned without interest;

- (h) to the extent permitted by law, the Company has agreed to pay certain of the costs, charges, fees and expenses relating to the Offer (together with any related value added tax) and the Selling Shareholders have agreed to pay any stamp duty payable on the transfer of the Existing Shares;
- (i) each of the Company, the Directors and the Selling Shareholders has given certain warranties and undertakings to Investec. The liability of each of the Directors and the Selling Shareholders in respect of any breach of warranties and undertakings is limited as to time and amount. The liability of the Company in respect of any breach of warranties and undertakings is not limited as to time or amount;
- (j) the Company has given an indemnity covering certain customary matters to Investec. The liability of the Company under the indemnity is not limited as to time or amount; and
- (k) the parties to the Underwriting Agreement have given certain covenants to each other regarding compliance with laws and regulations affecting the making of the Offer in relevant jurisdictions;
- (l) each of the Directors (and any person connected with them) who hold Shares as at Admission has agreed that, during the 12 month period following Admission, subject to certain customary exceptions, he or she will not, directly or indirectly, offer, issue, lend, mortgage, assign, charge, pledge, sell or contract to sell, issue options in respect of, or otherwise dispose of, directly or indirectly, or announce an offering of any Shares (or any interest therein or in respect thereof) or any other securities exchangeable for, or convertible into, or substantially similar to, Shares or enter into any transaction with the same economic effect as the foregoing; and
- (m) in addition to the lock-up arrangements described at paragraph (l) above, each of the Directors (and any person connected with them) who hold Shares as at Admission have agreed that, for a further 12 month period following the expiry of their lock-up periods referred to above, subject to certain customary exceptions, they will not dispose of any Shares or interests in Shares other than through Investec with a view to maintaining an orderly market in the Company's securities.

13. Material contracts

- 13.1 Set out below is a summary of (a) each material contract (other than a contract in the ordinary course of business) to which the Company or another member of the Group is a party which has been entered into within the two years immediately preceding the date of this Prospectus; and (b) any other contract (other than a contract in the ordinary course of business) entered into by the Company or another member of the Group which contains a provision under which any member of the Group has any obligation or entitlement which is material to the Group as at the date of this Prospectus.

(a) *Reorganisation Agreement*

On 17 June 2014 the Company entered into a reorganisation agreement in connection with the proposed initial public offering of the Company with existing shareholders of the Company (the "Reorganisation Agreement"). Details of the reorganisation steps governed by the Reorganisation Agreement are set out in section 4 of this Part 14. The Reorganisation Agreement also contains provisions governing the determination of the number of shares to be transferred, issued, redeemed or repaid as part of the various reorganisation steps.

(b) *Underwriting Agreement*

Details of the Underwriting Agreement are set out at paragraph 12 above.

(c) *Revolving Credit Facility*

The Company and Astra 5.0 Limited (together, the "Obligors") entered into a £20,000,000 multicurrency revolving credit facility agreement dated 15 August 2013 with HSBC Bank plc (the "RCF").

As of 31 December 2013, £15 million had been drawn down from the RCF.

The RCF is available for a five year term expiring on 14 August 2018. The facility is available to be repaid and redrawn at the discretion of the Obligors, however all amounts outstanding under the RCF will become immediately prepayable, together with accrued interest and all other amounts accrued (and any undrawn portion of the RCF will be automatically cancelled) upon the date of Admission. A waiver of that automatic cancellation and prepayment obligation has been obtained from HSBC Bank plc, in order that the RCF will continue to be made available following Admission.

(d) *Invoice Discounting Facility*

FDM Group Limited entered into a £10,000,000 invoice discounting facility agreement dated 22 February 2010 with HSBC Invoice Finance (UK) Ltd (as amended by letters of amendment dated 2 June 2011 and 11 January 2012) (the "ID Facility").

As of 31 December 2013, £nil had been drawn down from the ID Facility and, as at the date of this Prospectus, £nil has been drawn down from the ID Facility.

The ID facility is for a term of sixty months and, after such time shall continue until terminated by either party giving three months' written notice to the other. The ID Facility may be immediately terminated by HSBC Invoice Finance (UK) Ltd in the event of a termination event occurring, which will be triggered by Admission. A waiver of the right of HSBC Invoice Finance (UK) Ltd's to terminate the ID Facility upon Admission has been obtained in order that the ID Facility will continue to be made available following Admission.

14. Related party transactions

- 14.1 Save as set out below, there are no related party transactions that were entered into by members of the Group during the period covered by the financial information contained in Part 10: "Historical Financial Information" and during the period from 1 January 2014 to 17 June 2014 (being the date of this Prospectus).
- 14.2 The Group rents an apartment in London from Sheila Flavell for business use. The rent paid for the apartment has been determined based on an independent rental valuation.

15. Litigation

There are no governmental, legal or arbitration proceedings (including such proceedings which are pending or threatened of which the Company is aware) during the 12 months preceding the date of this Prospectus, which may have, or have had in the recent past a significant effect on the Company's and/or the Group's financial position or profitability.

16. Principal subsidiaries

The Company is the holding company of the Group. The following table shows details of the Company's principal subsidiaries, all of which are wholly owned (directly or indirectly) by the Company. The issued share capital of each of these companies is fully paid and each will be included in the consolidated accounts of the Group.

<i>Name of subsidiary</i>	<i>Incorporated and registered in</i>	<i>Proportion of share capital owned by the Group (%)</i>
Astra 5.0 Limited	England and Wales	100
FDM Group Limited	England and Wales	100
FDM Canada Inc.	Canada	100
FDM Group Hong Kong Limited	Hong Kong	100
FDM Group NV	Belgium	100
FDM Group SA	Luxembourg	100
FDM Group Inc.	Delaware	100
FDM Group GbmH	Germany	100
FDM Switzerland GbmH	Switzerland	100

<i>Name of subsidiary</i>	<i>Incorporated and registered in</i>	<i>Proportion of share capital owned by the Group (%)</i>
FDM Consulting Singapore PTE LTD	Singapore	100
FDM South Africa Proprietary Limited	South Africa	100
Formula Recruitment Limited	England and Wales	100
FDM Technology (Shanghai) Co., Ltd	China	100
FDM Astra Ireland Limited	Ireland	100

17. Investments and principal establishments

17.1 The Company currently has no principal investments (in progress or planned for the future on which the Directors have made firm commitments or otherwise) other than the subsidiary undertakings listed at paragraph 17 of this Part 14.

17.2 As at the date of this prospectus, the following are the principal establishments of the Group:

<i>Establishment</i>	<i>Tenure</i>
Lanchester House, Trafalgar Place, Brighton BN1 4FU	Leasehold
Part Eighth Floor, Westminster House, Portland Street, Manchester	Leasehold
Part Third Floor, The Cotton Centre, Cottons Lane, SE1 2QG	Leasehold
Flat 33, Chimney Court, 23 Brewhouse Lane, London E1W 2NU	Leasehold
14 Wall Street, New York, New York 10005, United States of America	Leasehold
Mainzer Landstraße 41, Frankfurt am Main, Germany	Leasehold

18. Working capital

The Company is of the opinion that, taking into account the bank and other facilities available to the Group, the working capital available to the Group is sufficient for the Group's present requirements, that is, for at least the next 12 months following the publication of this document.

19. Significant change

There has been no significant change in the trading or financial position of the Group since 31 December 2013, being the date to which the historical financial information for the Group set out in Section B of Part 10: "Historical Financial Information" was prepared.

20. Consents

20.1 PricewaterhouseCoopers LLP has given and has not withdrawn its written consent to the inclusion in this Prospectus of its report on the historical financial information set out in Section A of Part 10 and its report on the pro forma financial information set out in Section B of Part 11" in the form and context in which they appear and has authorised the contents of those reports solely for the purposes of Rule 5.5.3R(2)(f) of the Prospectus Rules.

20.2 Investec has given and has not withdrawn its written consent to the inclusion in this Prospectus of references to its name in the form and context in which they appear.

21. Statutory Auditors

The Group's auditors are PricewaterhouseCoopers LLP of 1 Embankment Place, London EC2N 6RH, who is a member firm of the Institute of Chartered Accountants in England and Wales.

22. Miscellaneous

22.1 Whilst there are no provisions in the memorandum of association of the Company or the Articles that require disclosure of shareholding ownership, the Disclosure and Transparency Rules require a member to notify the Company if the voting rights held by such member (including by way of certain

financial instruments) reach, exceed or fall below 3 per cent. and each 1 per cent. threshold thereafter up to 100 per cent. Under the Disclosure and Transparency Rules, certain voting rights in the Company may be disregarded.

- 22.2 The financial information contained in this Prospectus does not constitute full statutory accounts as referred to in section 434(3) of the Companies Act.
- 22.3 The total expenses of the Offer and Admission, whether incidental or otherwise, payable by the Company including the London Stock Exchange fee, the FCA's listing fee, professional fees and the costs of preparation, printing and distribution of documents, are estimated to amount to approximately £5.0 million (inclusive of recoverable VAT).
- 22.4 Each Share will be offered at a premium of approximately £2.86 to its nominal value of £0.01 each.
- 22.5 No Shares have been marketed to, nor are available for purchase in whole or in part by, the public in the United Kingdom or elsewhere in conjunction with the Offer and this Prospectus does not constitute an offer or the solicitation of an offer to the public in the United Kingdom to subscribe for or buy any securities in the Company or any other entity.

23. Takeover bids

The City Code is issued and administered by Takeover Panel. The Company is subject to the City Code and therefore its Shareholders are entitled to the protections afforded by the City Code.

24. Mandatory bids

Rule 9 of the City Code provides that, except with the consent of the Takeover Panel, when: (a) any person acquires, whether by a series of transactions over a period of time or not, an interest in shares which (taken together with shares in which persons acting in concert with it are interested) carry 30 per cent. or more of the voting rights of a company; or (b) any person, together with persons acting in concert with it, is interested in shares which in the aggregate carry not less than 30 per cent. of the voting rights of a company but does not hold shares carrying more than 50 per cent. of such voting rights and such person, or any person acting in concert with it, acquires an interest in any other shares which increases the percentage of shares carrying voting rights in which it is interested, then, in either case, that person, together with the persons acting in concert with it, is normally required to extend offers in cash, at the highest price paid by it (or any persons acting in concert with it) for shares in the company within the preceding 12 months, to the holders of any class of equity share capital whether voting or non-voting and also to the holders of any other class of transferable securities carrying voting rights.

25. Squeeze-out

Under the Companies Act, if a "takeover offer" (as defined in section 974 of the Companies Act) is made for the Shares and the offeror were to acquire, or unconditionally contract to acquire, not less than 90 per cent. in value of the Shares to which the takeover offer relates (the "Takeover Offer Shares") and not less than 90 per cent. of the voting rights attached to the Takeover Offer Shares within three months of the last day on which its offer can be accepted, it could acquire compulsorily the remaining 10 per cent. It would do so by sending a notice to outstanding Shareholders telling them that it will acquire compulsorily their Takeover Offer Shares and then, six weeks later, it would execute a transfer of the outstanding Takeover Offer Shares in its favour and pay the consideration to the Company, which would hold the consideration on trust for outstanding shareholders. The consideration offered to the Shareholders whose Takeover Offer Shares are acquired compulsorily under the Companies Act must, in general, be the same as the consideration that was available under the takeover offer.

26. Sell-out

The Companies Act also gives minority Shareholders a right to be bought out in certain circumstances by an offeror who has made a takeover offer. If a takeover offer related to all the Shares and at any time before the end of the period within which the offer could be accepted the offeror held or had agreed to acquire not less than 90 per cent. of the Shares to which the offer relates, any holder of Shares to which the offer related who had not accepted the offer could by a written communication to the offeror require it to acquire those

Shares. The offeror is required to give any Shareholder notice of his right to be bought out within one month of that right arising. The offeror may impose a time limit on the rights of the minority Shareholders to be bought out, but that period cannot end less than three months after the end of the acceptance period. If a shareholder exercises his or her rights, the offeror is bound to acquire those Shares on the terms of the offer or on such other terms as may be agreed.

27. Documents available for inspection

Copies of the following documents are available for inspection during usual business hours on any weekday (Saturdays, Sundays and English public holidays excepted) for a period of 12 months from Admission at the offices of Taylor Wessing LLP, 5 New Street Square, London EC4A 3TW:

- (a) the Articles;
- (b) the historical financial information in respect of the three financial years ended 31 December 2011, 2012 and 2013 together with the related report from PricewaterhouseCoopers LLP, which are set out in Part 10: "Historical Financial Information";
- (c) the report prepared by PricewaterhouseCoopers LLP on the pro forma financial information set out in Section B of Part 11 of this prospectus;
- (d) the letters of consent referred to in paragraph 20 above; and
- (e) this Prospectus.

Dated: 17 June 2014

PART 15

DEFINITIONS

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

2010 PD Amending Directive	2010 EU directive (2010/73/EU) which amended the Prospectus Directive;
Admission	the admission of the Offer Shares to the Official List and to trading on the London Stock Exchange's main market for listed securities becoming effective in accordance with, respectively, the Listing Rules and the Admission and Disclosure Standards;
Admission and Disclosure Standards	the current edition of the Admission and Disclosure Standards published by the London Stock Exchange;
Articles of Association or Articles	the articles of association of the Company which were adopted, conditional only on Admission, by a special resolution passed on 16 June 2014 (and as amended from time to time after that date);
Audit Committee	the audit committee of the Board;
Board	the board of Directors;
certificated or in certificated form	a share or other security (as appropriate) not in uncertificated form (that is, not in CREST);
Chairman	the chairman of the Board;
CHAPS	clearing house automated payment system;
City Code	the UK City Code on Takeovers and Mergers, as amended, supplemented or replaced;
Closing Date	20 June 2014, being the expected date of Admission;
Companies Act	the Companies Act 2006, as amended;
Company or FDM	FDM Group (Holdings) plc;
CREST	the relevant system (as defined in the CREST Regulations) for paperless settlement of sales and purchases of securities and the holding of shares in uncertificated form in respect of which Euroclear is the operator (as defined in the CREST Regulations);
CREST Regulations	the Uncertificated Securities Regulations 2001 (SI 2001/3755), as amended;
Deferred Shares	the deferred shares of £0.01 each in the capital of the Company having the rights contained in the Articles;
Directors	the Executive Directors, the Non-Executive Directors and the Proposed Directors;
Disclosure and Transparency Rules	the disclosure rules and transparency rules of the FCA made for the purposes of Part VI of FSMA in relation to the disclosure of information by an issuer whose financial instruments are admitted to trading on a regulated market in the UK;

EU	European Union first established by the treaty made at Maastricht on 7 February 1992;
Euroclear	Euroclear UK & Ireland Limited, the operator (as defined in the CREST Regulations) of CREST;
European Economic Area or EEA	together, the EU, Iceland, Norway and Liechtenstein;
Executive Directors	the executive directors of the Company;
Existing Shareholder	a holder of shares in the capital of the Company as at the date of this document;
Existing Shares	the 81,774,399 Shares in issue following the Reorganisation and immediately prior to Admission which are to be offered for sale by the Selling Shareholders under the Offer;
FCA	the UK Financial Conduct Authority;
FSMA	the Financial Services and Markets Act 2000, as amended;
Group or FDM	the Company and its Subsidiaries from time to time;
Group Company	a company within the Group;
HMRC	HM Revenue and Customs;
IFRS	International Financial Reporting Standards as adopted by the European Union;
Independent Non-Executive Directors	“independent non-executive directors” of the Company, within the meaning of the UK Corporate Governance Code;
Inflexion	the Inflexion 2006 Buyout Fund Limited Partnership (acting by its general partner Inflexion 2006 General Partner Limited) and Inflexion Co-Investment Limited Partnership (acting by its general partner Inflexion Co-Investment Limited);
Institutional Offer or Offer	the offer of Offer Shares to certain institutional and other investors in the United Kingdom and elsewhere as described in Part 12: “Details of the Offer”;
Investec	Investec Bank plc of 2 Gresham Street, London EC2V 7QP;
Listing Rules	the rules of the FCA relating to admission to the Official List made in accordance with section 73A(2) of FSMA;
London Stock Exchange	London Stock Exchange plc;
Member States	member states of the EEA;
Money Laundering Regulations	the Money Laundering Regulations 2007 (SI 2007/2157), as amended;
New Shares	the new Shares to be offered by the Company under the Offer, being up to 2,787,457 such new Shares;
Non-Executive Directors	the non-executive directors of the Company (including the Chairman);

Offer Price	the price at which each Share is to be sold or issued (as the case may be) under the Offer, being 287 pence;
Official List	the Official List of the UK Listing Authority;
Offer Shares	the Existing Shares and the New Shares to be sold at the Offer Price pursuant to the Offer;
Pre-IPO Reorganisation	has the meaning set out in paragraph 4.1 of Part 14;
Principal Selling Shareholders	Inflexion, Roderick Flavell, Sheila Flavell, Andrew Brown and Ivan Martin who are each selling Existing Shares pursuant to the Offer;
Proposed Directors	Peter Whiting, Jonathan Brooks and Robin Taylor;
Prospectus	this document;
Prospectus Directive	EU Prospectus Directive (2003/71/EC) (and any amendments to it including the 2010 PD Amending Directive, to the extent implemented by the Relevant Member State) and any relevant implementing measure in each Relevant Member State;
Prospectus Directive Regulation	EU Prospective Directive Regulation (2004/89/EC);
Prospectus Rules	the rules of the FCA made for the purposes of Part VI of FSMA in relation to offers of securities to the public and the admission of securities to trading on a regulated market;
Register of Members	the register of members of the Company;
Registrars	Capita Asset;
Regulation S	Rules 901 to 905 (including Preliminary Notes) of Regulation S promulgated under the Securities Act;
Relevant Member State	a Member State which has implemented the Prospectus Directive;
Remuneration Committee	the remuneration committee of the Board;
Reorganisation	the share capital reorganisation of the Company effected immediately prior to Admission (as more particularly described in paragraph 3.9 of Part 14);
Reporting Accountant	PricewaterhouseCoopers LLP of 1 Embankment Place, London WC2N 6RH;
RPI	the UK retail prices index;
SEC	the United States Securities and Exchange Commission;
Securities Act	U.S. Securities Act of 1933, as amended;
Selling Shareholders	the Principal Selling Shareholders and the Small Selling Shareholders
Senior Independent Director	the “senior independent director”, as referred to in the UK Corporate Governance Code;
Senior Managers	certain members of the Company’s management team (other than the Directors), details of whom are set out in Part 8: “Directors, Senior Management and Corporate Governance”;

Shareholders	the holders of Shares from time to time;
Shares	ordinary shares of £0.01 each in the capital of the Company having the rights set out in the Articles;
Small Selling Shareholders	certain Senior Managers and employees of the Group who will be selling down as part of the Global Offer;
STEM degree	science, technology, engineering or mathematics degree;
Subsidiary	has the meaning given to it in section 1159 of the Companies Act and includes group companies included in the consolidated financial statements of the Group from time to time;
Takeover Panel	the UK Panel on Takeovers and Mergers;
UK Corporate Governance Code	the UK Corporate Governance Code published by the Financial Reporting Council in September 2012, as amended;
UK Listing Authority	the FCA in its capacity as the competent authority for the purposes of Part VI of FSMA;
uncertificated or in uncertificated form	in relation to a share or other security, a share or other security title to which is 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 through CREST;
Underwriting Agreement	the underwriting agreement dated 17 June 2014 entered into between (1) the Company, (2) the Directors, (3) the Selling Shareholders and (4) Investec as described in paragraph 12 of Part 14: "Additional Information";
United Kingdom or UK	the United Kingdom of Great Britain and Northern Ireland;
United States or US	the United States of America, its territories and possessions, any State of the United States of America, and the District of Columbia;
VAT	UK value added tax

PART 16

GLOSSARY OF TERMS

The following technical terms or other abbreviations (or variations of them) are used in this Prospectus:

Academy	post-graduate fast track training centres operated by the Group;
Academy programmes	the training programmes operated by the Group;
Beach	any period when a Mountie is not deployed to a client;
BAU operational activities	Business as usual operational activities;
Mountie	the IT consultants supplied by the Group;
PMO	Project Management Office;
STEM	Science, Technology, Engineering and Mathematics.

