LUCECO

Prospectus

Global Co-ordinator,
Sponsor and
Bookrunner

Numis

This document, which comprises a prospectus relating to Luceco plc prepared in accordance with the Prospectus Rules made under section 73A of the FSMA, has been approved by the FCA in accordance with section 87A of the FSMA, 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 FCA for all of the issued and to be issued 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 exchange. In the Offer, 51,629,400 Sale Shares are being offered by the Selling Shareholders for sale and 20,000,000 New Shares are being offered by the Company for subscription. Conditional dealings in the Shares are expected to commence on the London Stock Exchange at 8.00 a.m. on 17 October 2016. It is expected that Admission will become effective, and that unconditional dealings in the Shares will commence on the London Stock Exchange, at 8.00 a.m. on 20 October (International Security Identification Number: GB00BZC0LP49). **Dealings on the London Stock Exchange before Admission will only be settled if Admission takes place. All dealings before the commencement of unconditional dealings will be on a "when issued" basis, and will be of no effect if Admission does not take place, and such dealings will be at the sole risk of the parties concerned.**

The Company and the Directors (whose names appear on page 29 of this document) accept responsibility for the information contained in this document. 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 document 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 document, and in particular the section entitled "Risk Factors" in Part 1 of this document 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 document 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 up to the whole or part of their investment.

LUCECO PLC

(incorporated under the Companies Act 2006 and registered in England and Wales with registered number 05254883)

Prospectus

Offer of 51,629,400 Sale Shares and 20,000,000 New Shares of £0.0005 each at an Offer Price of 130 pence per Share

Admission of all issued shares to the premium listing segment of the Official List and to trading on the London Stock Exchange's main market for listed securities

Global Co-ordinator, Sponsor and Bookrunner

Numis Securities Limited

Expected issued share capital immediately following Admission

Number of Shares	**Aggregate nominal value of the Shares**
160,800,000	**£80,400**

The Selling Shareholders are offering 51,629,400 Sale Shares in aggregate for sale under the Offer and the Company is offering up to 20,000,000 New Shares for subscription under the Offer. The New Shares will rank pari passu in all respects with the Sale Shares and will carry the right to receive all dividends and distributions declared, made or paid on or in respect of the Sale Shares after Admission.

Numis Securities Limited has been appointed as Global Co-ordinator, Sponsor and Bookrunner in connection with Admission and the Offer and is authorised and regulated by the FCA in the United Kingdom and is acting exclusively for the Company and no one else in connection with the Offer and Admission, and will not regard any other person (whether or not a recipient of this document) as a client in relation to the Offer and Admission and will not be responsible to anyone other than the Company for providing the protections afforded to its clients or for giving advice in relation to the Offer, Admission or any transaction, matter or arrangement referred to in this document.

Apart from the responsibilities and liabilities, if any, that may be imposed on Numis by the 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, Numis and its affiliates do not accept any responsibility whatsoever for, or makes any representation or warranty, express or implied, as to the contents of this document 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 document will be relied upon as a promise or representation in this respect, whether or not to the past or future. Numis and its affiliates accordingly disclaim 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 document or any such statement.

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.

Prior to making any decision as to whether to invest in the Shares, prospective investors should read this document in its entirety. In making an investment decision, each investor must rely on its own examination, analysis and enquiry of the Company and the terms of the Offer, including the merits and risks involved. Investors who subscribe for or purchase Offer Shares will be deemed to have acknowledged that: (i) they have not relied on Numis or any person affiliated with Numis in connection with any investigation of the accuracy of any information contained in this document or their investment decision; and (ii) they have relied only on the information contained in this document.

No person has been authorised to give any information or make any representations other than those contained in this document and, if given or made, such information or representations must not be relied on as having been authorised by or on behalf of the Company, the Directors or Numis. Neither the delivery of this document 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 document, or that the information in this document is correct as of any time subsequent to its date. Recipients of this document are authorised solely to use this document for the purpose of considering an acquisition or subscription of the Shares, and may not reproduce or distribute this document, in whole or in part, and may not disclose any of the contents of this document or use any information in it for any purpose other than considering an investment in the Shares. Such recipients of this document agree to the foregoing by accepting delivery of this document.

None of the Company, Numis 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 document 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.

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 7 of Part 12 of this document. Each investor in the Shares will be deemed to have made the relevant representations described in that paragraph.

The distribution of this document and the Offer 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 Numis to permit a public offering of the Shares or to permit the possession or distribution of this document (or any other offering or publicity materials or application forms relating to the Shares). 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, South Africa, New Zealand, Switzerland or the United States. Accordingly, neither this document 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 document comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

This document 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 in any jurisdiction to whom or in which such offer, invitation or solicitation is unlawful, and in particular is not for distribution in or into Australia, Canada, Japan, South Africa, New Zealand, Switzerland or the United States. The Shares have not been and will not be registered under the applicable securities laws of Australia, Canada, Japan or South Africa and, subject to certain exceptions, may not be offered or sold, directly or indirectly, in or into Australia, Canada, Japan or South Africa or to any resident thereof.

NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED STATES

The Company is not and will not be registered under the Investment Company Act. The Shares have not been and will not be registered under the Securities Act, or with any securities commission or regulatory authority or under the laws of any state or jurisdiction of the United States. Accordingly, the Shares will constitute "restricted securities" within the meaning of Rule 144(a)(3) of the Securities Act, and may not be offered, sold, resold, delivered, distributed or otherwise transferred, directly or indirectly, in, into or from the United States except pursuant to a registration statement that has been declared effective under the Securities Act or in transactions exempt from, or not subject to, the registration requirements of the Securities Act or any applicable state or local securities laws of the United States. The Shares are being offered and sold outside the United States in reliance on Regulation S under the Securities Act, and within the United States pursuant to Section 4(a)(2) of the Securities Act only to a limited number of persons the seller and any person acting on behalf of the seller reasonably believes to be "qualified institutional buyers" as defined in Rule 144A under the Securities Act ("QIBs"). Prospective investors are hereby notified that sales of Shares may be made in reliance on an exemption from the provisions of Section 5 of the Securities Act. There will be no public offering of the Shares in the United States. Invitations to subscribe for the Shares in the United States may be made on behalf of the Company by Numis Securities Limited's U.S. affiliate Numis Securities Inc. (the "Agent"), which is a registered broker or dealer in the United States.

The Shares have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission in the United States or any other US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Shares or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the United States.

Neither the Company nor any of its subsidiaries is required to file periodic reports under Section 13 or Section 15(d) of the US Securities Exchange Act of 1934, as amended (the "**Exchange Act**"). For so long as any Shares are "restricted securities" within the meaning of Rule 144(a)(3) of the Securities Act, the Company will, during any period in which it is neither subject to Section 13 or 15(d) of the Exchange Act nor exempt from reporting pursuant to Rule 12g3-2(b) of the Exchange Act, provide, upon written request, to holders of Shares, any owner of any beneficial interest in Shares or any prospective purchaser designated by such holder or owner, the information specified in, and meeting the requirements of, Rule 144A(d)(4) under the Securities Act.

The enforcement by investors of civil liabilities under the US federal securities laws may be adversely affected by the fact that the Company is incorporated outside the United States, and that some of its Directors, and the experts named herein, are residents of a foreign country. As a result, it may be difficult or impossible for investors to effect service of process within the United States upon the Company, its Directors or the experts named herein, or to realise against them upon judgments of courts of the United States predicated upon civil liabilities under the federal securities laws of the United States or "blue sky" laws of any state within the United States. In addition, investors should not assume that the courts of the United Kingdom: (a) would enforce judgments of US courts obtained in actions against such persons predicated upon civil liabilities under the federal securities laws of the United States or "blue sky" laws of any state within the United States; or (b) would enforce, in original actions, liabilities against such persons predicated upon civil liabilities under the federal securities laws of the United States or "blue sky" laws of any state within the United States.

NOTICE TO QUALIFYING U.S. INVESTORS

The Shares are being sold by the Company in the United States to a limited number of investors that are QIBs in reliance on exemptions from the registration requirements of the Securities Act in transactions not involving a public offering in the United States. None of the Shares has been or will be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and, accordingly, none of such securities may be offered, sold, pledged, or otherwise transferred or delivered except pursuant to an exemption from, or in a transaction not subject to, the registration requirements under the Securities Act.

Other than to a limited number of investors that are QIBs, investors located in the United States will not be permitted to subscribe for the Shares.

CERTAIN US TAX CONSIDERATIONS

All prospective purchasers of Shares are urged to consult with their own tax advisors concerning the US federal income tax considerations associated with acquiring, owning and disposing of Shares in light of their particular circumstances, as well as any considerations arising under the laws of any non-US state, local or other taxing jurisdiction.

INTERPRETATION

Certain terms used in this document are defined in Part 15 of this document.

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

TABLE OF CONTENTS

SUMMARY INFORMATION

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".

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 SHARES SHOULD BE BASED ON CONSIDERATION OF THIS DOCUMENT AS A WHOLE BY THE INVESTOR.** 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 state of the European Economic Area, 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 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 Luceco plc.
B.2	**Domicile; Legal form; Legislation; Country of Incorporation**	The Company is a public limited company incorporated in England and Wales under the Companies Act 2006 with registered number 05254883. It is domiciled in the United Kingdom.
B.3	**Issuer's Current Operations & Principal Activities**	Luceco is a rapidly growing manufacturer and distributor of high quality and innovative LED lighting products and accessories. The Group's products are split across four brands: Luceco (LED lighting), BG (wiring accessories), Masterplug (portable power), and Ross (television wall mounts and other audio visual accessories). The Group's sales are broadly split into three main routes to market: Trade Distribution, including hybrid distributors, wholesalers and members of trade buying groups; Retail, including

		DIY, grocery, consumer electrical, high street and online retailers; and Projects, who undertake demand creation activities directly with end users and contractors.
B.4a	**Significant Trends**	The Directors believe that the demand for electrical accessories (including wiring accessories and portable power products) and LED lighting is influenced by certain market factors and trends. In the wiring accessories market, the Group has witnessed an increased need for product innovation (for example USB wall sockets) and demand primarily due to growth in the construction, housing and retail markets. In addition, demand for circuit protection products has been witnessed due to changes in the UK regulatory environment for circuit protection. In the wiring accessories market where the Group's BG brand operates, it is estimated that the Group holds 19 per cent. market share and as such is one of the market leaders in the UK. The overall market for wiring accessories has shown strong growth to an estimated size of £248 million in 2016 in the UK, rising from £220 million in 2011[1] and the Group has outperformed this market growth due to market share gains. Demand for portable power products has been steady with some growth attributable to product innovation as a result of increased smart phone adoption (for example USB charging points on extension cables) and the Group's strong Masterplug brand resulting in increased demand from retail customers. The Group's Masterplug brand is deemed the market leader in Portable Power products with 40 per cent. market in the UK. The overall size of the portable power market in the UK in 2016 is estimated at £68 million in 2016, rising from £51 million in 2011[1]. Within the Group's LED Lighting product category, a number of significant trends have occurred. Adoption of LED lighting has increased significantly in recent years as the technology has improved with increased efficiency, lower manufacturing costs and supportive public policy (for example the banning of incandescent bulbs in the European Union since 2012). This has resulted in LED lighting replacing traditional lighting products (for example incandescent and halogen lights) and there is significant demand for using LED in light retrofit and refurbishment projects within the commercial projects sector. In the UK specifically, the LED lighting market is expected to grow at a CAGR of 15.4 per cent. between 2015 and 2020 to a total size of approximately £1.3 billion from £651 million in 2015[2]. The primary drivers of this growth trend identified by Management are increased product efficiency, increased product lifetime, reduced cost, reducing payback periods on LED retrofits and supportive public policy and financial incentives. Management estimate that the Group currently has a relatively low market share compared to its other product categories at approximately 4 per cent. but see an opportunity to rapidly increase market share in this area. Globally the LED market is very large and is forecast to grow at a CAGR of 16.8 per cent. between 2014 and 2019 to a total size of approximately US$70 billion in 2019[3].

1 Source: AMA Research.
2 Source: AMA Research; LED Lighting Market Report – UK 2016-2020 Analysis (May 2016)
3 Source: Frost & Sullivan; World LED Lighting Market (2015 Update)

<table>
<tr><td>B.5</td><td>Group Structure</td><td>The Company is the parent company of the Group. It has one wholly owned subsidiary Nexus Intermediate Holdings Limited which is the holding company in turn for Luceco Lighting Limited, Masterplug Holdings Limited, B.G. Electrical Holdings Limited, BG Electrical Limited, Masterplug Limited and Nexus Industries Limited. International companies included in the Group include; Luceco Mexico, Luceco Inc., Nexus Electrical Jiaxing, Masterplug International Trading Co, Nexus Industries Design Ltd Jiaxing, Luceco SAS, Nexus Inds GMBH, BG Electrical SDN Malaysia, Nexus Industries PTE Ltd Singapore, Nexus Industries (Hong Kong) Limited and Luceco Southern Europe, S.L..</td></tr>
<tr><td>B.6</td><td>Notifiable Interests</td><td>As at the date of this document, each of the following persons is interested (directly or indirectly) in 3 per cent. or more of the Company's issued ordinary share capital.
<table>
<tr><th>Name of Shareholder</th><th>No. of Shares</th><th>% of issued share capital</th></tr>
<tr><td>EPIC Investments LLP</td><td>68,447,400</td><td>48.6</td></tr>
<tr><td>John Hornby</td><td>32,296,000</td><td>22.9</td></tr>
<tr><td>Giles Brand</td><td>12,692,000</td><td>9.0</td></tr>
<tr><td>Pippa Hornby[1]</td><td>10,000,000</td><td>7.1</td></tr>
<tr><td>Wayne Hill</td><td>9,400,000</td><td>6.7</td></tr>
</table>
Immediately following Admission, to the extent known by the Company, it is expected that the following persons will be interested (directly or indirectly) in 3 per cent. or more of the Company's issued ordinary share capital:
<table>
<tr><th>Name of Shareholder</th><th>No. of Shares</th><th>% of issued Share Capital</th></tr>
<tr><td>EPIC Investments LLP</td><td>39,081,000</td><td>24.3</td></tr>
<tr><td>John Hornby[2]</td><td>33,396,000</td><td>20.8</td></tr>
<tr><td>Giles Brand</td><td>8,844,000</td><td>5.5</td></tr>
<tr><td>BlackRock Advisors (UK) Limited</td><td>6,650,000</td><td>4.1</td></tr>
<tr><td>Schroder Investment Management</td><td>5,000,000</td><td>3.1</td></tr>
<tr><td>Old Mutual Global Investors (UK) Limited</td><td>4,900,000</td><td>3.0</td></tr>
<tr><td>Threadneedle Asset Management Limited</td><td>4,850,000</td><td>3.0</td></tr>
</table>
The Company, EPIC Investments LLP and Giles Brand are parties to a relationship agreement that will become effective upon Admission.

Following Admission, no Shareholder will have any special voting rights over any Shares, and all Shares will rank pari passu in all respects with all other Shares.</td></tr>
</table>

1 Pippa Hornby is the wife of John Hornby. As at the date of this document, John Hornby's total interest in Shares is therefore 42,296,000 Shares (equal to 30.0 per cent. of the issued share capital in the Company).

2 Including Shares held by Pippa Hornby

B.7	**Selected Historical Financial Information**	The selected financial information set out below has been extracted without material adjustment from the Historical Financial Information relating to the Group included in Part 10 of this document.

Selected Consolidated Income Statement Data

	FY 2013 £000	FY 2014 £000	FY 2015 £000	H1 2015 (unaudited) £000	H1 2016 £000
Revenue	65,630	82,260	103,055	47,987	59,995
Cost of sales	(47,325)	(57,204)	(69,221)	(32,909)	(38,815)
Gross profit	18,305	25,056	33,834	15,078	21,180
Distribution expenses	(5,186)	(7,215)	(9,233)	(5,560)	(6,230)
Administrative expense	(7,187)	(9,398)	(13,150)	(5,318)	(7,796)
EBITDA	7,346	10,356	14,024	5,709	8,661
Depreciation	(1,351)	(1,770)	(2,035)	(951)	(1,206)
Amortisation	(63)	(143)	(538)	(558)	(301)
Operating profit	5,932	8,443	11,451	4,200	7,154
Financial income	167	631	260	–	–
Financial expense	(3,912)	(3,558)	(3,444)	(1,794)	(1,816)
Net financing expense	(3,745)	(2,927)	(3,184)	(1,794)	(1,816)
Profit before tax	2,187	5,516	8,267	2,406	5,338
Taxation	(868)	(983)	(2,450)	(712)	(1,344)
Profit for the year	1,319	4,533	5,817	1,694	3,994

Selected Consolidated Statement of Comprehensive Income Data

	FY 2013 £000	FY 2014 £000	FY 2015 £000	H1 2015 (unaudited) £000	H1 2016 £000
Profit for the year	1,319	4,533	5,817	1,694	3,994
Other comprehensive income – amounts that may be reclassified to profit or loss in the future:					
Foreign exchange translation differences – foreign operations	(75)	505	(810)	(405)	670
Total comprehensive income for the year	1,244	5,038	5,007	1,289	4,664

Selected Consolidated Balance Sheet Data

	31 December 2013 £000	31 December 2014 £000	31 December 2015 £000	30 June 2016 £000
Non-current assets				
Property, plant and equipment	11,969	13,683	15,479	19,308
Intangible assets	10,349	10,951	11,973	12,357
Deferred tax asset	397	13	–	–
	22,715	24,647	27,452	31,665
Current assets				
Inventories	14,027	23,834	26,195	34,257
Trade and other receivables	11,262	18,282	21,825	29,690
Cash and cash equivalents	324	2,125	4,787	3,589
	25,613	44,241	52,807	67,536
Total assets	**48,328**	**68,888**	**80,259**	**99,201**
Current liabilities				
Interest-bearing loans and borrowings	22,968	39,477	25,962	29,081
Trade and other payables	16,056	24,490	25,548	36,440
Other financial liabilities	1,575	2,325	731	1,026
	40,599	66,292	52,241	66,547
Non-current liabilities				
Interest-bearing loans and borrowings	13,729	4,930	24,636	24,603
Other financial liabilities	1,493	121	126	74
Deferred tax liability	–	–	704	761
	15,222	5,051	25,466	25,438
Total liabilities	**55,821**	**71,343**	**77,707**	**91,985**
Net assets/(liabilities)	**(7,493)**	**(2,455)**	**2,552**	**7,216**

Selected Consolidated Cash Flow Statement Data

	FY2013	FY2014	FY2015	H1 2015 (Unaudited)	H1 2016
	£000	£000	£000	£000	£000
Cash flows from operating activities					
Profit for the year	1,319	4,533	5,817	1,694	3,994
Adjustments for:					
Depreciation and amortisation	1,414	1,913	2,573	1,509	1,507
Financial income	(167)	(631)	(260)	–	–
Financial expense	3,912	3,558	3,444	1,794	1,816
Gain on sale of property, plant and equipment	–	(15)	–	–	–
Taxation	868	983	2,450	712	1,344
Operating cash flow before movement in working capital	7,346	10,341	14,024	5,709	8,661
(Increase)/decrease in trade and other receivables	(612)	(7,014)	(3,543)	(5,678)	(7,801)
(Increase)/decrease in inventories	(1,867)	(9,357)	(2,361)	99	(8,062)
Increase in trade and other payables	2,835	7,507	200	34	12,595
	7,702	1,477	8,320	164	5,393
Tax paid	(594)	–	(1,003)	(642)	(211)
Net cash from operating activities	**7,108**	**1,477**	**7,317**	**(478)**	**5,182**
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment	–	92	–	–	–
Acquisition of property, plant and equipment	(1,876)	(2,979)	(3,744)	(1,200)	(5,622)
Acquisition of other intangible assets	(707)	(745)	(1,560)	(1,283)	(685)
Net cash used in investing activities	**(2,583)**	**(3,632)**	**(5,304)**	**(2,483)**	**(6,307)**
Cash flows from financing activities					
Proceeds from new loans	3,298	7,658	13,114	557	250
Interest paid	(2,863)	(3,479)	(3,475)	(1,417)	(1,524)
Repayment of borrowings	(3,104)	(36)	(7,411)	(1,908)	–
Repayment of preference shares	–	–	(1,357)	–	–
Payment of finance lease liabilities	(164)	(103)	(62)	(31)	(32)
Net cash (used in)/from financing activities	**(2,833)**	**4,040**	**809**	**(2,799)**	**(1,306)**
Net increase/(decrease) in cash and cash equivalents	1,692	1,885	2,822	(5,760)	(2,431)
Cash and cash equivalents at 1 January	(1,329)	324	2,125	2,125	4,787
Effect of exchange rate fluctuations on cash held	(39)	(84)	(160)	(76)	1,233
Cash and cash equivalents	**324**	**2,125**	**4,787**	**(3,711)**	**3,589**

		Certain significant changes to the Group's financial condition and results of operations occurred during FY 2013, FY 2014, FY 2015 and H1 2016. These changes are set out below. The Group's revenue increased by £16.7 million, or 25.5 per cent., from £65.6 million in FY 2013 to £82.3 million in FY 2014. The Group's revenue increased by £20.8 million or 25.3 per cent. from £82.3 million in FY 2014 to £103.1 million in FY 2015 while the Group's revenue increased £12.0 million or 25.0 per cent., from £48.0 million in H1 2015 to £60.0 million in H1 2016 principally as a result of increased retail customer penetration, product range expansion within BG (decorative switch finishes, USB wall sockets and consumer protection units) and the introduction and rollout of the Luceco LED range across all channels. Group EBITDA increased at a CAGR of 38.5 per cent. from £7.3 million in FY 2013 to £14.0 million in FY 2015, while H1 2016 EBITDA increased by £3.0 million or 52.6 per cent. from £5.7 million in H1 2015 to £8.7 million in H1 2016. This increase, more than the increase in revenue, was a result of increased volume being produced in the Group's Chinese manufacturing facility, improvements in the Group's production efficiencies and improving product mix in part offset by continued overhead investment to support ongoing product development, geographical expansion and customer penetration. The Group's net debt increased by £9.4 million between FY 2013 and FY 2015 from £36.4 million to £45.8 million. As at 30 June 2016, the Group's net debt was £50.1 million. The Group has traded strongly since 30 June 2016 with revenue increasing 32.2 per cent., gross profit increasing 45.2 per cent., and EBITDA increasing 71.6 per cent. for the months of July and August versus the prior year. Overall revenue growth for Q3 2016 was approximately 34 per cent. compared to the corresponding period in the prior year. Net assets have increased from £7.2 million to £8.9 million principally due to profit growth and investment made in working capital as the business has expanded over the period. These movements are in line with the Board's expectations. Save as described above, there has been no significant change in the Group's financial condition or results of operations during FY 2013, FY 2014, FY 2015, H1 2016 or since 30 June 2016, being the date to which the audited consolidated financial information of the Group was prepared.
B.8	**Pro Forma Information**	The following unaudited pro forma statement of net assets as at 30 June 2016 is based on the audited consolidated balance sheet of the Group as at 30 June 2016, as set out in Part 10 of this document. The unaudited pro forma statement of net assets set out below has been prepared to illustrate the effect of the Offer on the Group's net assets, as if the Offer had taken place on 30 June 2016. This unaudited pro forma statement of net assets has been prepared for illustrative purposes only and, because of its nature, addresses a hypothetical situation and, therefore, does not represent the Group's actual financial position or results. The unaudited pro forma statement of net assets is compiled on a basis consistent with the accounting policies of the Group and on

the basis set out below from the IFRS as adopted by the EU balance sheet of the Group as at 30 June 2016, as set out in Part 10 of this document. 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 financial information has been prepared on the basis set out in the notes below and in accordance with Annex II to the Prospectus Directive.

	Net assets at 30 June 2016 Note 1 £000	**Net proceeds of the Offer Note 2 £000**	**Repayment of debt Note 3 £000**	**Unaudited pro forma net assets Note 4 £000**
Non-current assets				
Property, plant and equipment	19,308	–	–	19,308
Intangible assets	12,357	–	–	12,357
	31,665	–	–	31,665
Current assets				
Inventories	34,257	–	–	34,257
Trade and other receivables	29,690	–	–	29,690
Cash and cash equivalents	3,589	22,000	(19,332)	6,257
	67,536	22,000	(19,332)	70,204
Total assets	99,201	22,000	(19,332)	101,869
Current liabilities				
Interest-bearing loans and liabilities	(29,081)	–	6,729	(22,352)
Trade and other payables	(36,440)	–	–	(36,440)
Other financial liabilities	(1,026)	–	–	(1,026)
	(66,547)	–	6,729	(59,818)
Non-current liabilities				
Interest-bearing loans and liabilities	(24,603)	–	12,603	(12,000)
Other financial liabilities	(74)	–	–	(74)
Deferred tax liability	(761)	–	–	(761)
	(25,438)	–	12,603	(12,835)
Total liabilities	(91,985)	–	19,332	(72,653)
Net assets	7,216	22,000	–	29,216

(1) The financial information has been extracted without material adjustment, from the consolidated historical financial information of the Group set out in Part 10 of this document.

(2) The net proceeds of the Offer receivable by the Company of £22.0 million are calculated on the basis that the Company issues 20,000,000 New Shares at a price of 130 pence per Share, net of estimated expenses in connection with the Offer of approximately £4.0 million.

(3) As set out in Paragraph 2 of Part 7 of this document, the Group intends to use the net proceeds of the Offer to repay the Chinese Facilities (equivalent to £6.7 million at 30 June 2016) and Shareholder Loans (equivalent to £12.6 million at 30 June 2016). The balance if any, will be used to fund working capital.

(4) No adjustment has been made to reflect the trading results of the Group since 30 June 2016.

B.9	**Profit Forecast or Estimate**	Not applicable
B.10 **B.11**	**Audit Report Qualifications** **Insufficiency of Working Capital**	Not applicable Not applicable
	Section C – Securities	
C.1	**Securities Offered**	The Offer comprises an offering to certain institutional and other investors of 20,000,000 New Shares and 51,629,400 Sale Shares. When admitted to trading, the Shares will have an ISIN Number of GB00BZC0LP49, SEDOL number BZC0LP4 and will trade under the symbol "LUCE".
C.2	**Currency**	The Shares will be denominated in pounds sterling.
C.3	**Issued Shares**	As at the date of this document, the issued share capital of the Company is £70,400 divided into 140,800,000 ordinary shares of £0.0005 each. The nominal value of the total issued share capital of the Company immediately following Admission will be £80,400 divided into 160,800,000 Shares of £0.0005 each. All Shares in issue on Admission will be fully paid.
C.4	**Rights**	The Shares will rank *pari passu* 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 Directors intend to adopt a progressive dividend policy whilst maintaining an appropriate level of dividend cover. The Board's current intention is to target an initial payout ratio of 20 per cent. to 30 per cent. of Group adjusted net income. Assuming there are sufficient distributable reserves available at the time, the Directors intend that the Company will pay an interim dividend and a final dividend in respect of each financial year in the approximate proportions of one-third and two-thirds, respectively, of the total annual dividend.
	Section D – Risks	
D.1	**Key Information on the Key Risks (Company & Industry)**	***The Group is dependent on a number of key customers with whom it does not have long-term contracts*** The Group's contracts with its three largest customers (representing 38.5 per cent. of revenue for the Group for FY 2015) and its other major customers are typically on a rolling annual basis and the customers are not contractually committed to purchase the Group's products on a long term basis. As a result, the Group's customers could choose to cease purchasing the Group's products, reduce their purchase levels or request reduced pricing structures on relatively short notice. A loss of one or more significant customers could have material adverse effects on the Group's business. ***The Group is dependent on economic conditions in the UK where it generates a significant proportion of its revenue.*** In FY 2015, 84.1 per cent. of the Group's revenue was generated from customers located in the UK. Its profitability is therefore directly influenced by the UK economic climate, including by negative developments in factors such as unemployment, exchange rates and inflation or deflation. ***The Group relies on third-party suppliers for its products and components*** The relationships between the Group and its suppliers generally are not based on long-term supply contracts and typically permit termination without cause upon notice of a few weeks or months. Any supplier failure could harm the Group's ability to meet its contractual obligations to its customers. In addition other factors such as potential economic and political instability in countries where its suppliers are located; increases in shipping or other transportation costs; supplier compliance with applicable laws, including labour and environmental laws; adverse fluctuations in currency exchange rates; and changes in UK and foreign laws affecting the importation and taxation of goods could affect the Group's supply of products. ***The price of copper forms a key component of the Group's supplier cost base and prices are subject to volatility and as a result price forecasting can be difficult and imprecise*** The Group makes forward price commitments for copper in order to fix prices on an annual basis, however, the Group has no control over fluctuations in longer term prices. The Group's suppliers may increase the price of its products or components as a result of copper or other commodity price fluctuations. This would have the

		effect of increasing the Group's cost base and therefore would have an adverse effect on profit margins and financial performance. ***An increase in the Group's cost of operations which cannot be passed on to customers may reduce margins*** Factors which may increase operating and other expenses of the Group include: increases in the price of commodities which are used in making the Group's products; increases in property costs, including rent and business rates; increases in payroll expenses; increases in the cost of energy; increases in insurance premiums and changes in law, regulations or government policies (including those relating to health, safety and environmental compliance). While the Group is able to pass some costs onto its customers, an increase in the Group's operating and other expenses without a corresponding increase in revenue could have an adverse impact on the Group's operating margins and therefore its business and financial condition. ***The Group is reliant on its Chinese operations and is exposed to political risks in China*** The Group's operations in China are a significant proportion of the Group's costs, with 61 per cent. of the Group's reported cost of sales and 19 per cent. of the Group's reported overheads in H1 2016. As a result, the Group's operations, prospects and financial condition could be adversely affected if there is any deterioration in or disruption to legal, political, economic or social conditions in China. Although Management believe that political conditions in China are generally stable, changes may occur in its political, fiscal and legal systems which might affect the ownership or operation of the Group's interests. The degree to which the Chinese government regulates industry is a key risk to business in China in the future. The rate of economic liberalisation could change and laws and policies affecting the environmental protection sector, foreign investment, exchange rates and other matters affecting investment in China could change as well. A material change in China's economic liberalisation could disrupt the country's economy generally and the Group's business in particular. ***The Group operates in a highly competitive market*** Any reduction in the Group's revenue or market share due to increased competition could have a material adverse effect on the Group's result of the operations, financial condition or future prospects. ***Risk of site interruption at the Group's key operations*** If the Group's manufacturing and development site in China or warehousing and distribution facility in Telford were to go offline for any reason and for any period of time, this would have a material adverse effect upon the Group's ability to manufacture and bring its products to market, which in turn would have a material adverse effect upon its business, financial condition and future prospects.

		The Group may not be able to deliver products to its customers. The Group is reliant on transport by road and ocean-going vessels for the transportation of raw materials, components and other supplies to its premises and the delivery of finished products to customers. Any delays could cause significant disruptions to the Group's production or supply of goods to its customers. ***The Group is reliant upon its ability to retain skilled management and employees*** The Group's Executive Directors and Senior Managers have extensive industry experience and the Group's success depends to a significant degree upon the continued contribution of that team. If the Group were to lose the services of any one or more of its Executive Directors or Senior Managers, its ability to implement successfully the Group's business strategy could be significantly impaired. ***Fluctuation in exchange rates*** A significant proportion of the Group's revenues are generated in pounds sterling (approximately 42.9 per cent. in H1 2016) and USD (approximately 49.3 per cent. in H1 2016) with the remainder principally in Euros (approximately 1.5 per cent. in H1 2016), whilst the majority of its costs are incurred in US dollars and RMB (approximately 80 per cent. in H1 2016). A weakening of sterling relative to the US dollar and RMB, could therefore have the effect of reducing profit margins as the Group's costs increase more than revenue. ***The Group's intellectual property may be infringed by third parties*** The Group may be subject to intellectual property rights claims which could be costly to defend and may also be compelled to bring intellectual property rights claims which could be costly to instigate and pursue. ***The Group may acquire, or invest in, other businesses or companies which could cause it to incur substantial expenses and which could divert the management's attention from other business concerns*** The pursuit of potential acquisitions may cause the Group to incur various expenses whether or not such acquisitions are completed. If the Group does acquire additional businesses or companies, it may not be able to integrate an acquired business or company successfully or manage the combined business following the acquisition or achieve the anticipated benefits from the acquisition. ***Litigation and other adversarial actions in the ordinary course of business could adversely affect the Group*** Significant claims or a substantial number of small claims may be expensive to defend, may divert the time and focus of management away from the Group's operations and may result in the Group having to pay substantial monetary amounts. In addition, adverse publicity or a substantial judgment enforced against the Group could negatively impact the Group's reputation and adversely impact the Group's business, prospects, results of operation and financial condition.

		Changes in tax legislation or the interpretation of tax legislation could result in a material adverse effect on the Group's business, financial condition, results of operations and prospects The Group operates in various jurisdictions with varied tax regimes (including China), and is subject to tax rates that are computed according to local legislation and practice. The imposition of additional taxes (including withholding tax) or increases in the rate of corporate and other taxes or the removal of any tax incentives from which the Group currently benefits in any of the jurisdictions in which it operates, may increase the Group's effective tax rate and have an adverse effect on the Group's profitability. Changes in tax legislation or its interpretation in any of these jurisdictions or changes to accounting rules in the jurisdictions in which the Group operates could also have an effect on its financial or operational results in the future.
D.3	**Key Information on the Key Risks (Shares)**	***Trading market for the Shares*** The share price 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, other than pursuant to its employee share schemes. 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 financing. ***Changes in tax legislation or the interpretation of tax legislation could affect the Company's ability to provide returns to Shareholders*** An investment in the Company may involve complex tax considerations which may differ for each investor and each investor is advised to consult its own tax advisers. Any tax legislation and its interpretation and the legal and regulatory regimes which apply in relation to an investment in the Company may change at any time.

Section E – Offer		
E.1	**Net Proceeds and Expenses**	Through the sale of the Sale Shares pursuant to the Offer, it is expected that the Selling Shareholders will receive net proceeds of approximately £64.4 million. Additionally, the issue of 20,000,000 New Shares by the Company is expected to receive approximately £22.0 million of net proceeds (after deducting estimated expenses in connection with the Offer of approximately £4.0 million). 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.
E.2a	**Reasons for Offer & Use of Proceeds**	Management believe that the IPO will: enhance the Group's profile; provide a stronger and more efficient capital structure which will give the Group better financial and operational flexibility as it pursues its growth strategy; assist in the incentivisation and retention of key management and employees; provide potential access to the capital markets to aid future development; and provide the Selling Shareholders with a partial realisation of their investment in the Company. The net proceeds from the Offer receivable by the Company are expected to be used by the Group to repay outstanding borrowings (including accrued and unpaid interest) under the Shareholder Loans and Chinese Facilities, with the balance, if any, to be used to fund working capital. This reduction in borrowings will strengthen the Group's balance sheet and provide it with the necessary financial flexibility and working capital to pursue its growth strategy.
E.3	**Terms & Conditions**	The Offer comprises an offer of 51,629,400 Sale Shares to be sold and 20,000,000 New Shares to be issued at a price of £1.30 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, and in the United States only to QIBs in reliance on an exemption from the registration requirements 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 October 2016. The Offer is subject to the satisfaction of conditions contained in the Placing Agreement. These conditions include those which are customary for transactions of this type, including Admission becoming effective by no later than 8.00 a.m. on 20 October 2016 (or such later time and/or date as the Company and Numis may agree, not being later than 8.00 a.m. on 31 October 2016) and the Placing Agreement not having been terminated prior to Admission. None of the Offer Shares may be offered for subscription, sale or purchase or be delivered, or be subscribed, sold or delivered, and this document and any other offering material in relation to the Offer 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**	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**	**Selling Shareholders** 51,629,400 Sale Shares will be sold by the Selling Shareholders pursuant to the Offer (representing approximately 32.1 per cent. of the issued share capital of the Company following Admission). The Offer will provide the Selling Shareholders with a partial realisation of their investment in the Company. **Lock-up arrangements** Pursuant to the terms of the Placing Agreement and the Deeds of Election, the Selling Shareholders have agreed to certain lock-up restrictions in respect of the Shares that will be held by them following Admission.
E.6	**Dilution**	The New Shares will represent approximately 12.4 per cent. and the Sale Shares will represent approximately 32.1 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. Prospective investors in the Shares should carefully review all of the information contained in this document and should pay particular attention to the following risks associated with an investment in the Shares, the Group's business and the industry in which it participates.

Prospective investors should note that the risks relating to the Group's business, its industry and the Shares summarised in the section of this document headed "Summary Information" are the risks that the Company believes 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 document 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 industry in which it participates or an investment in the Shares. They comprise the material risks and uncertainties in this regard that are known to the Company 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 Company, or which the Company currently deems 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, financial condition and prospects. 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. Prospective investors should consider carefully whether an investment in the Shares is suitable for them in the light of the information in this document and their personal circumstances.

RISKS RELATED TO THE GROUP'S BUSINESS

The Group is dependent on a number of key customers with whom it does not have long-term contracts

The Group's business is dependent on certain key customers. The Group's three largest customers together accounted for 38.5 per cent. of the revenue generated by the Group for FY 2015. The Group's contracts with these and its other major customers are typically on a rolling annual basis and the customers are not contractually committed to purchase the Group's products on a long term basis. As a result, the Group's customers could choose to cease purchasing the Group's products, reduce their purchase levels or request reduced pricing structures on relatively short notice. The Group's manufacturing, pricing and marketing strategies must therefore respond to the demands of these major customers, who may seek lower prices or other concessions in return for their continued or increased business. A loss of one or more significant customers (and in particular the Group's two largest customers, both of whom are owned by the same parent company) or a meaningful reduction in their purchases could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group generates a significant proportion of its revenue in the UK and therefore its results of operations are affected by overall economic conditions and the level of customer confidence and spending in the UK

In FY 2015, 84.1 per cent. of the Group's revenue was generated from customers located in the UK. Its profitability is therefore directly influenced by the UK economic climate, including by negative developments in factors such as unemployment, exchange rates and inflation or deflation. An economic recession in the UK could impact on the level of sales, particularly as any down turn in the UK economy is likely to have an impact on consumer spending and the retail, construction and housebuilding industry, which are key areas for the Group. Further, an economic downturn could cause customers to reduce the level or price of their purchases from the Group or to cease purchasing products from the Group entirely, because of insolvency, reduced trading levels or otherwise. Weaker trading conditions may also cause customers to extend their payment terms such that it takes longer for the Group's invoices to be settled which would have an adverse effect on the Group's working capital position.

Following the UK's vote in favour of the UK exiting the EU, as customer confidence varies, any deterioration in the economic conditions in the UK could also result in diminished customer confidence, leading to reduced spending and demand for the Group's products, with limitations on its ability to increase or maintain its pricing. Any of the foregoing could have a material adverse effect on the Group's prospects, results of operations and financial condition. A decline in the level of business activity of the Group's customers, a recessionary environment or, in particular, a slow-down in the growth of the economy in the UK could also make it more difficult for the Group to forecast operating results and to make decisions about future strategy.

The Group relies on third-party suppliers for its products and components

The Group's business depends on its ability to source a range of products from third party suppliers on commercially reasonable terms. Whilst the Group's relationships with its third party suppliers are good, and in respect of the Group's largest supplier (which supplies Masterplug) the supply relationship has been in place for over 15 years, the relationships between the Group and its suppliers generally are not based on long-term supply contracts and typically permit termination without cause upon notice of a few weeks or months. The Group's suppliers may cease selling products or components to the Group on terms acceptable to it, fail to deliver sufficient quantities of products in a timely manner, encounter financial difficulties, terminate their relationship with the Group and enter into agreements with the Group's competitors or experience raw material or labour shortages or increases in raw material or labour costs. The Group's suppliers may also choose to take actions to reduce their credit exposure to the Group, including by seeking to change their credit terms or refusing to contract with the Group.

Whilst the Group has sought to mitigate the risk attaching to its reliance on third party suppliers by having good working relationships with its suppliers and expanding its supplier base, a supplier's failure to supply materials or components in a timely manner, or to supply materials and components that meet the Group's quality, quantity or cost requirements, or the Group's inability to obtain substitute sources for these materials and components in a timely manner or on terms acceptable to it, could harm its ability to meet its contractual obligations to its customers. To the extent that the processes that the Group's suppliers use to manufacture the materials and components are proprietary, the Group may be unable to obtain comparable materials or components from alternative suppliers, which could adversely affect its ability to produce goods in large volumes at low cost.

The Group's supply of products or components can also be materially adversely affected by a number of other factors, including, amongst other things:

- potential economic and political instability in countries where its suppliers are located;
- increases in shipping or other transportation costs;
- supplier compliance with applicable laws, including labour and environmental laws;
- adverse fluctuations in currency exchange rates; and
- changes in UK and foreign laws affecting the importation and taxation of goods, including duties, tariffs and quotas, or changes in the enforcement of those laws.

Any disruption to the availability or supply of products or components to the Group or any deterioration to the terms on which products are supplied to the Group could materially adversely affect its business, financial condition and results of operations.

The price of copper forms a key component of the Group's supplier cost base and prices are subject to volatility and as a result price forecasting can be difficult and imprecise

The Group's financial performance is closely linked to the price of copper and other commodities which form a necessary component in the Group's products. The price of these commodities, and copper in particular, is influenced by numerous factors beyond the Group's control, including international economic conditions, world copper production levels, currency exchange fluctuations, speculative activity and consumer trends. The aggregate effect of these factors means that copper prices cannot be accurately predicted and forecasting is imprecise. The Group makes forward price commitments for copper in order to fix prices on an annual basis, however, the Group has no control over fluctuations in longer term prices. The Group's suppliers may increase the price of its products or components as result of copper or other commodity price fluctuations. This would have the effect of increasing the Group's cost base and therefore would have an adverse effect on profit margins and financial performance.

An increase in the Group's cost of operations which cannot be passed on to customers may reduce margins

Factors which may increase operating and other expenses of the Group include: increases in the price of commodities which are inputs in the Group's products; increases in property costs, including rent and business rates; increases in payroll expenses; increases in the cost of energy; increases in insurance premiums and changes in law, regulations or government policies (including those relating to health, safety and environmental compliance). While the Group is able to pass some costs onto its customers, an increase in the Group's operating and other expenses without a corresponding increase in revenue could have an adverse impact on the Group's operating margins and therefore its business and financial condition.

Fluctuation in exchange rates

A significant proportion of the Group's revenues are generated in pounds sterling (approximately 49.2 per cent. in H1 2016) and USD (approximately 49.3 per cent. in H1 2016) with the remainder principally in Euros (approximately 1.5 per cent. in H1 2016), whilst the majority of its costs are incurred in US dollars and RMB (approximately 80 per cent. in H1 2016). While the Group undertakes certain limited hedging activities in order to mitigate the risk of volatility in movements of the pound against US dollars and RMB, there can be no guarantee that these will provide complete protection against currency movements. A weakening of sterling relative to the US dollar and RMB, could therefore have the effect of reducing profit margins as the Group's costs increase more than revenue. In addition, the weakening of sterling relative to these currencies would have the effect of increasing the value in sterling (as reported in the Company's accounts) of inventory which would have an adverse effect on the Group's financial position.

The Group operates in a highly competitive market

The Group operates in a highly competitive market across each of its business lines. Where an existing competitor or new entrant is successful in providing products of a similar capability and quality to the Group, particularly in product lines (such as Masterplug or BG) where the Group has a strong market position, this could cause a decline in the Group's activity levels, resulting in a negative impact on the Group's revenue and profitability. There can be no assurance that in the future the Group will be able to compete successfully against its current or future competitors or that the competitive pressures it faces will not result in reduced revenue, profitability or market share. Any reduction in the Group's revenue or market share due to increased competition could have a material adverse effect on the Group's result of the operations, financial condition or future prospects.

Risk of site interruption at the Group's key operations

The Group operates a wholly owned manufacturing and development site in China and a warehousing and distribution facility located in Telford, UK, both of which are key components of the Group's business model and are critical to the financial and operational performance of the business. The facility in China manufactured approximately 60 per cent. of the Group's products (by value) in FY 2015. Given the importance of these facilities, if either of them were to go offline for any reason and for any period of time, this would have a material adverse effect upon the Group's ability to manufacture and bring its products to market, which in turn would have a material adverse effect upon its business, financial condition and future prospects.

The insurance coverage available to the Group may not cover all potential losses, liabilities and damages related to its business

The Group maintains insurance against risks that are typical in the operation of its businesses and in amounts which the Directors consider to be reasonable. However, the insurance that the Group has in place contains exclusions and limitations on coverage. There can be no assurance that such insurance will continue to be available or will be adequate to cover any resulting liability.

A substantial claim for loss of assets or loss of production which was not covered by the Group's insurance could have a material adverse effect on the Group's financial results.

The Group is reliant on its Chinese operations and is exposed to political risks in China

The Group's operations in China are a significant proportion of the Group's costs, with 61 per cent. of the Group's reported cost of sales and 19 per cent. of the Group's overheads in H1 2016. As a result, the Group's operations, prospects and financial condition could be adversely affected if there is any deterioration in or disruption to legal, political, economic or social conditions in China.

Although Management believe that political conditions in China are generally stable, changes may occur in its political, fiscal and legal systems which might affect the ownership or operation of the Group's interests, including, inter alia, changes in exchange control regulations, changes in government and in legislative and regulatory regimes. The Chinese government since 1978 has pursued a policy of economic liberalisation, including the relaxation of private sector involvement in certain business sectors, although in late 2003 it began to limit new infrastructure projects, in an effort to manage the economy. The degree to which the Chinese government regulates industry is a key risk to business in China in the future. The rate of economic liberalisation could change and laws and policies affecting the environmental protection sector, foreign investment, exchange rates and other matters affecting investment in China could change as well. A material change in China's economic liberalisation could disrupt the country's economy generally and the Group's business in particular.

In addition, the Group's Chinese subsidiaries are subject to Chinese rules and regulations on currency conversion. There can be no assurance that the Chinese regulatory authorities will not impose further restrictions on the convertibility of the RMB. Any future restriction on currency exchanges may limit the ability of the Group to repatriate revenues, which may have a material adverse effect on the Group's business, financial conditions and results of operations.

The Group may not be able to deliver products to its customers

The Group is reliant on transport by road and ocean-going vessels for the transportation of raw materials, components and other supplies to its premises and the delivery of finished products to customers. The Group is subject to the risks associated with its ability to provide delivery services, particularly potential disruptions in the distribution chain, such as quality issues, supply shortages, and disputes with suppliers, as well as international customs regulations which may be enforced inconsistently or which may change at short notice. In particular, the business is reliant on deliveries by sea and road from suppliers to China, from the Group's Chinese facility to the Group's main warehouse in Telford in the UK and from there on to customers. If a vehicle or ship carrying the Group's raw materials, other supplies or finished products experiences substantial delays, or the Group is unable to obtain the requisite import or export documentation and clearances in a timely manner the Group could face significant disruptions to its production or supply of goods to its customers. The Group is exposed to geographical and political risks associated with shipping from China to the UK, particularly any political instability, unrest and conflict currently occurring in several countries around the Arabian Peninsula and the Suez Canal. While the Group's exposure to potential risk is mitigated by the fact that approximately half its products are sold on a FOB basis (where the Group's products are handed directly to customers in China before overseas transportation, therefore reducing transport risk), any significant continuing transportation disruption could nevertheless result in the Group incurring cost or damage may is not covered by insurance and which may therefore have a material adverse effect on the Group's business.

The Group is also subject to risks associated with manufacturing and transportation delays and interruptions, whether as a result of natural disasters, industrial action or other factors. Whilst the Group actively manages its transportation costs, it cannot rule out the possibility that in the future there may be significant increases in transportation costs, for example as a result of rising fuel prices or other reasons. Any of these developments could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group is reliant upon its ability to retain skilled management and employees

The Group relies on a number of highly skilled employees, both in its management and its operations, with extensive experience in their respective fields. Management believe that the growth and success of the Group's business depends on its ability to attract and retain highly skilled employees commensurate with the calibre of its existing personnel. The Group's Executive Directors and Senior Managers have extensive industry experience and the Group's success depends to a significant degree upon the continued contribution of that team. If the Group were to lose the services of any one or more of its Executive Directors or Senior Managers, its ability to implement successfully the Group's business strategy could be significantly impaired.

The Group may not be successful at keeping up with rapid technological changes or may fail or be unable to adequately address changes in customer or market trends

The Group operates in markets where technology, industry standards, product offerings and customer demand are rapidly evolving, and the Group may not be able to keep up with these rapid changes. As a result, the Group may be left with obsolete stock that it is unable to sell, or only able to sell heavily discounted prices, which may have a material adverse effect on the Group's business, financial condition and results of operations.

The Group's intellectual property may be infringed by third parties

The Group may be subject to intellectual property rights claims which could be costly to defend and may also be compelled to bring intellectual property rights claims which could be costly to instigate and pursue. Persons may enter into litigation based on allegations of infringement or other violations of intellectual property rights in order to enforce their patents, copyrights, databases or trade marks. As the Group faces increasing competition, the possibility of being subject to intellectual property rights claims grows.

If the Group were found to be in violation of a third party's intellectual property rights, it may be required to pay compensation, including damages, or be subject to injunctions that prevent it from using certain technologies. The Group may have to seek a licence for such allegedly infringing technology, which may not be available, or may not be available on reasonable terms and may significantly increase its operating expenses. As a result, the Group may also be required to develop alternative non-infringing technology, which could require significant effort and expense. If the Group cannot licence or develop technology for the aspects of its technologies that are found to infringe third parties' intellectual property rights, it may be forced to limit its product and service offerings and may be unable to compete effectively.

Third parties may also file trade mark infringement and related claims against the Group alleging the unauthorised use of their intellectual property. Further, the Group could be subject to potential claims as to the ownership or co-ownership of certain intellectual property used by the Group. The Group also may be compelled to bring claims to protect its intellectual property rights which could be costly to instigate and pursue.

Any of these events could materially adversely affect the Group's business, financial condition and results of operations.

The Group may acquire, or invest in, other businesses or companies which could cause it to incur substantial expenses and which could divert the management's attention from other business concerns

The Group may in the future seek to acquire companies, businesses or interests in companies or businesses which Management believe may further the Group's strategy. The pursuit of potential acquisitions may cause the Group to incur various expenses whether or not such acquisitions are completed. If the Group does acquire additional businesses or companies, it may not be able to integrate an acquired business or company successfully or manage the combined business following the acquisition or achieve the anticipated benefits from the acquisition. In addition, if the Group were to undertake a significant acquisition or the acquisition of a direct competitor, such acquisition could attract regulatory scrutiny from competition authorities and could as a result bear substantial additional costs or fail to gain regulatory approval or require the Group to comply with undertakings set by a regulator.

The costs associated with the pursuit of potential acquisitions, whether successful or not, and the costs of business integration, if successful, may cause a decrease in the Group's profitability or an increase in the Group's indebtedness. Additionally, the time required to pursue such acquisitions and/or integrate new businesses into the Group could divert the Management's attention from other business concerns. Any of the above factors could have a material adverse effect on the Group's business, financial condition and results of operations. If the consideration paid by the Group for any such acquisitions, or investments, is in the form of Shares, the shareholdings of investors in the Company would be diluted.

Litigation and other adversarial actions in the ordinary course of business could adversely affect the Group

The Group is not currently subject to any material litigation, although it may be subject to such litigation in the future. In addition, the Group may be subject to other disputes, claims and complaints by customers, employees, suppliers, insurers and others in the ordinary course of business. Significant claims or a substantial number of small claims may be expensive to defend, may divert the time and focus of Management away from the Group's operations and may result in the Group having to pay substantial monetary amounts, any of which could have a material adverse effect on the Group's results of operations and financial condition. Adverse publicity or a substantial judgment enforced against the Group could negatively impact the Group's reputation and adversely impact the Group's business, prospects, results of operation and financial condition.

Changes in tax legislation or the interpretation of tax legislation could adversely affect the Company's financial or operational results

The Group operates in various jurisdictions with varied tax regimes (including China), and is subject to tax rates that are computed according to local legislation and practice. The imposition of additional taxes (including withholding tax) or increases in the rate of corporate and other taxes or the removal of any tax incentives from which the Group currently benefits in any of the jurisdictions in which it operates, may increase the Group's effective tax rate and have an adverse effect on the Group's profitability. Changes in tax legislation or its interpretation in any of these jurisdictions or changes to accounting rules in the jurisdictions in which the Group operates could also have an effect on its financial or operational results in the future.

RISKS RELATING TO THE OFFER AND THE SHARES

EPIC Investments LLP will retain a significant interest in the Company following Admission and its interests may differ from those of the other Shareholders

Immediately following Admission, EPIC Investments LLP and Giles Brand (the "Connected Shareholders") will own approximately 29.8 per cent. of the issued share capital of the Company. Giles Brand is the managing partner of EPIC Private Equity LLP, investment advisor to EPE Special Opportunities plc, the company which has the majority economic benefit of EPIC Investment LLP's holding in the Company. The Connected Shareholders will therefore be able to exercise significant influence to pass or veto matters requiring Shareholder approval, including the future issues of any Shares, the election of Directors and fundamental changes of business. This concentration of ownership may have the effect of delaying, deferring, deterring or preventing a change in control, depriving Shareholders of the opportunity to receive a premium for their Shares as part of a sale of the Company, impeding a merger, consolidation, takeover or other business combination or discouraging a potential acquirer from making a tender offer or otherwise attempting to obtain control. The interests of the Connected Shareholders may not necessarily be aligned with those of the other Shareholders. Accordingly, the Connected Shareholders could influence the Company's business (for instance by voting against particular resolutions) in a manner that may not be in the interests of other Shareholders. The concentration of ownership could affect the market price and liquidity of the Shares.

The Company is a party to the Relationship Agreement with the Connected Shareholders. The Relationship Agreement is intended to allow the Company to operate its business independently from the Connected Shareholders and ensure that commercial transactions and relationships with the Connected Shareholders are conducted on an arm's length basis. However, the Relationship Agreement may not contemplate all instances in which the interests of the Connected Shareholders differ from those of minority Shareholders and/or may be difficult to enforce. If the Connected Shareholders seeks to influence the Company's business in a manner that may not be in the interests of other Shareholders, the Company's business, results of operations, financial condition and prospects, and the trading price of the Shares could be adversely affected.

A liquid market may not develop in the Shares

The Group cannot assure prospective investors that a liquid market for the Shares will develop following Admission. 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. 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 has issued them. The market price of the Shares may prove to be highly volatile in response to a number of factors, many of which are beyond the Group's control. These include 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 valuation 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 suppliers, additions or departures of key personnel, any shortfall in revenue 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.

Shareholders may not be able to exercise their pre-emption rights

In the case of certain increases in the Company's share capital, the existing holders of the Shares generally would be entitled to pre-emption rights pursuant to the Companies Act unless such rights have been waived by a special resolution of the Shareholders at a general meeting or, in certain circumstances, pursuant to the Articles. Holders of Shares outside the United Kingdom may not be able to exercise their pre-emption rights in respect of Shares unless exemptions from any overseas securities law requirements are available and the Company decides to comply with local law and regulations. In particular, US holders of the Shares may not be able to exercise pre-emption rights unless the Shares or other securities issued by the Company are registered under the Securities Act, or an exemption from the registration requirements is available. The Company cannot assure prospective investors that any exemption from such overseas securities law requirements would be available to enable US and other non-UK holders to exercise such pre-emption rights or, even if available, that the Company will seek to rely on any such exemption.

Exchange rate fluctuations may affect the value of 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 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, and the Company's ability to pay dividends may be restricted

As a holding company, the Company's ability to pay dividends in the future is affected by a number of factors, principally the Company's ability to receive sufficient dividends from its subsidiaries. The payment of dividends by subsidiaries depends largely on their financial condition and ability to generate profits. 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 the Company funds. They 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 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. The Group 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.

Substantial sales of Shares, or the perception that such sales might occur, could depress the market price of the Shares. In particular, the Group is unable to predict whether, following the termination of the lock-up arrangements put in place in connection with the Offer, substantial amounts of Shares will be sold in the open market by those subject to such restrictions

The Company cannot predict what effect, if any, a further sale 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 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.

There can be no assurance that certain Shareholders will not elect to sell their Shares following the expiry of the lock-in arrangements contained within the Placing Agreement or otherwise.

Changes in tax legislation or the interpretation of tax legislation could affect the Company's ability to provide returns to Shareholders

An investment in the Company may involve complex tax considerations which may differ for each investor and each investor is advised to consult its own tax advisers. Any tax legislation and its interpretation and the legal and regulatory regimes which apply in relation to an investment in the Company may change at any time.

PART 2

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

General

Investors should only rely on the information in this document (and any supplementary prospectus produced to supplement the information contained in this document). No person has been authorised to give any information or to make any representations other than those contained in this document 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 Numis. No representation or warranty, express or implied, is made by Numis in relation to the contents of this document, including its accuracy or completeness, and nothing in this document shall be relied upon as a promise or representation in this respect as to the past or future. Without prejudice to any obligation of the Company to publish a supplementary prospectus pursuant to section 87(G)(1) of the FSMA and paragraph 3.4.1 of the Prospectus Rules, neither the delivery of this document 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 document or that the information in this document is correct as of any time subsequent to its date.

As required by the Prospectus Rules, the Company will update the information provided in this document by means of a supplement to it if a significant new factor that may affect the evaluation by prospective investors of the Offer occurs prior to Admission or if this document contains any material mistake or inaccuracy. Any supplement to this document will be subject to approval by the FCA and will be made public in accordance with the Prospectus Rules. If a supplement to this document is published prior to Admission then, to the extent provided in section 87Q of the 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 document 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 document 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, Numis or any of their respective representatives that any recipient of this document should subscribe for or purchase any of the Offer Shares. Prior to making any decision as to whether to subscribe for or purchase any of the Offer Shares, prospective investors should read the entirety of this document. Investors should ensure that they read the whole of this document and not just rely on key information or information summarised within it.

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

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

In connection with the Offer, Numis and any of its affiliates, acting as investors for their own accounts, may subscribe for or purchase Offer Shares and, in that capacity, may retain, purchase, sell, offer to sell or otherwise deal for their own accounts in such Offer Shares, its or their other securities of the Company or other related investments in connection with the Offer or otherwise. Accordingly, references in this document to the Offer Shares being offered, subscribed, acquired, placed or otherwise dealt in should be read as including any issue, offer or sale to, or subscription, purchase, dealing or placing by, Numis or any of its affiliates acting as an investor for its or their own account(s). Numis 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.

Presentation of financial information

The Historical Financial Information in Part 10 of this document has been prepared in accordance with the requirements of the Prospectus Directive Regulations and the Listing Rules and in accordance with the basis of preparation stated in it. The basis of preparation and significant IFRS accounting policies are further explained in the notes to the Historical Financial Information.

Financial Information

The Historical Financial Information has been prepared for FY 2013, FY 2014 and FY 2015, and for H1 2015 and H1 2016. The Historical Financial Information comprises the financial information of the Company and its subsidiaries as of and for the relevant period.

Except as otherwise stated, the financial information in this document has been prepared and presented in accordance with International Financial Reporting Standards and International Reporting Standards Interpretations Committee interpretations adopted by the European Union. IFRS as adopted by the European Union differs in certain respects from international financial reporting standards as adopted by the International Accounting Standards Board.

Unaudited pro forma financial information

In this document, any reference to "pro forma" financial information is to information which has been extracted without material adjustment from the unaudited pro forma financial information contained in Section A of Part 11 of this document, which is based on the consolidated interim financial information of the Group as at H1 2016 as set out in Part 10 of this document. The unaudited pro forma financial information has been prepared to illustrate the effect of the Offer as if it had taken place on 30 June 2016.

Due to its nature, the unaudited pro forma financial information addresses a hypothetical situation and, therefore, does not represent the Group's actual financial position or results. It may not, therefore, give a true picture of the Group's financial position. The pro forma financial information has been prepared for illustrative purposes only in accordance with Annex II of the Prospectus Directive Regulation.

Operating information and non-IFRS financial information

This document contains certain financial measures that are not defined or recognised under IFRS, including Gross Margin, EBITDA, EBITDA Margin and Operating Profit Margin. Information regarding these measures is sometimes used by investors to evaluate the efficiency of a company's operations and its ability to employ its earnings toward repayment of debt, capital expenditures and working capital requirements. There are no generally accepted principles governing the calculation of these measures and the criteria upon which these measures are based can vary from company to company.

These measures, by themselves, do not provide a sufficient basis to compare the Company's performance with that of other companies, and should not be considered in isolation or as a substitute for operating profit or any other measure as an indicator of operating performance, or as an alternative to cash generated from operating activities as a measure of liquidity.

EBITDA represents operating profit before depreciation, amortisation and exceptional costs. The Board uses Revenue, Gross Profit, Gross Margin, EBITDA, EBITDA Margin, Operating Profit and Operating Profit Margin (amongst other things) as key performance indicators of the Group's business and to evaluate the performance of its operations, to develop budgets and to measure its performance against those budgets.

The Board believes EBITDA to be a useful supplemental tool to assist in evaluating operating performance because it eliminates depreciation and amortisation. The Board believes that such measures provide useful supplemental information without regard to such items. EBITDA and EBITDA-related measures are not a measurement of performance under IFRS and should not be considered by prospective investors in isolation or as a substitute for measures of profit, or as an indicator of the Group's operating performance or cash flows from operating activities as determined in accordance with IFRS.

The Board has presented these supplemental measures because it uses them to manage the Group's business. In addition, the Board believes that EBITDA and EBITDA-related measures are commonly reported by comparable businesses and used by investors and analysts in comparing the performance of businesses without regard to depreciation and amortisation, which can vary significantly depending upon accounting methods. EBITDA and EBITDA-related measures may not be comparable to similarly-titled measures disclosed by other companies, and prospective investors should not use these non-IFRS measures as a substitute for the figures provided in the Group's historical financial information included in Part 10 of this document.

Currency presentation

Unless otherwise indicated, all references in this document to:

- "sterling", "pounds sterling", "GBP", "£" or "pence" are to the lawful currency of the United Kingdom;
- "dollars", "US dollars" or "$" are to the lawful currency of the United States of America;
- "RMB" or "CNY" is to the lawful currency of the People's Republic of China; and
- "euros" or "€" are to the lawful currency of the European Monetary Union.

The Company prepares its financial statements in pounds sterling.

Roundings

Certain data in this document, including financial, statistical, and operating information, have been rounded. As a result of the rounding, the totals of data presented in this document may vary slightly from the actual arithmetic totals of such data. Percentages in tables have been rounded and accordingly may not add up to 100 per cent.

Market, industry and economic data

Unless the source is otherwise identified, the market, economic and industry data and statistics in this document constitute Managements' 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 document has been accurately reproduced and that, so far as the Company is aware and has been able to ascertain from information published by the relevant 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 document, the source of such information has been identified. Such third-party information has not been audited or independently verified.

This document includes market share, industry and forecasts that the Company has obtained from industry publications, surveys and internal company sources. As noted in this document, the Company has obtained market and industry data relating to the Group's business from providers of industry data, including publications and data compiled by AMA Research, Frost Sullivan, the Construction Products Association, the Office for National Statistics and U.S. Energy Information Administration. The Company has obtained market data from the following reports:

Frost & Sullivan; World LED Lighting Market (2015 Update).

AMA Research; LED Lighting Market Report – UK 2016-2020 Analysis (May 2016).

AMA Research; Lighting Market Report – UK – 2016-2020 Analysis (May 2016).

AMA Research; Electrical Wholesale Market Report UK 2015-2019 Analysis (Fourteenth Edition) (March 2015).

Market and industry data are inherently predictive and speculative, and are not necessarily reflective of actual market conditions. Statistics in such data are based on market research, which itself is based on sampling and subjective judgments by both the researchers and the respondents, including judgments about what types of products and transactions should be included in the relevant market. The value of comparisons of statistics for different markets is limited by many factors, including that: (i) the markets are defined differently; (ii) the underlying information was gathered by different methods; and (iii) different assumptions were applied in compiling the data. Consequently, the industry publications and other reports referred to above generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed and, in some instances, these reports and publications state expressly that they do not assume liability for such information. Specifically, none of AMA Research, Frost Sullivan, the Office for National Statistics or U.S. Energy Information Administration have authorised the contents of, or any part of, this document and accordingly no liability whatsoever is accepted by AMA Research, Frost Sullivan or U.S. Energy Information Administration for the accuracy or completeness of any market data attributed to them which is included in this document.

Information regarding forward-looking statements

This document 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, expectations and assumptions 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 document, 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, liquidity, prospects, growth, strategies, and dividend policy of the Company and the industry in which it operates.

In particular, the statements under the section of this document headed "Summary Information", and under Part 1, Part 5 and Part 8 of this document 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 document 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 of this document for further information in this regard.

The forward-looking statements contained in this document speak only as of the date of this document. The Company, the Directors and Numis expressly disclaim any obligation or undertaking to update these forward-looking statements contained in this document 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. Prospective 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 document.

No incorporation of website information

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

PART 3

DIRECTORS, SECRETARY, REGISTERED AND HEAD OFFICE AND ADVISERS

Directors	Giles Brand *(Non-Executive Chairman)* John Hornby *(Chief Executive Officer)* David Main *(Chief Financial Officer)* John Barton *(Senior Independent Non-Executive Director)* Caroline Brown *(Independent Non-Executive Director)* Tim Surridge *(Independent Non-Executive Director)*
Company secretary	Ian Pritchard
Registered office	Building E Stafford Park 1 Stafford Park Telford Shropshire TF3 3BD
Company website	www.luceco.com
Global Co-ordinator, Sponsor and Bookrunner	Numis Securities Limited The London Stock Exchange Building 10 Paternoster Square London EC4M 7LT
Legal advisers to the Company as to UK law and US law	Squire Patton Boggs (UK) LLP 7 Devonshire Square London EC2M 4YH
Legal advisers to the Global Co-ordinator, Sponsor and Bookrunner as to UK law and US law	Greenberg Traurig, LLP The Shard, Level 8 32 London Bridge Street London SE1 9SG
Auditors and Reporting Accountants	KPMG LLP 15 Canada Square London E14 5GL
Registrars	Capita Asset Services The Registry 34 Beckenham Road Beckenham Kent BR3 4TU
Financial and public relations advisers to the Company	MHP Communications 6 Agar Street London WC2N 4HN

PART 4

EXPECTED TIMETABLE OF PRINCIPAL EVENTS AND OFFER STATISTICS

Event	**Time and date**
Expected timetable of principal events	
Announcement of Offer Price	7.00 a.m. on 17 October 2016
Announcement of the results of the Offer through a regulatory information system	7.00 a.m. on 17 October 2016
Commencement of conditional dealings in the Shares on the London Stock Exchange	8.00 a.m. on 17 October 2016
Date of publication of this document	17 October 2016
Admission and commencement of unconditional dealings in the Shares on the London Stock Exchange	8.00 a.m. on 20 October 2016
CREST accounts credited in respect of uncertificated Shares	20 October 2016
Share certificates in respect of certificated Shares despatched	from 27 October 2016

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.

Offer statistics

Offer Price (per Share)	130 pence
Number of Shares in issue immediately prior to Admission	140,800,000
Number of Shares in the Offer	71,629,400
– to be sold by the Selling Shareholders (the Sale Shares)	51,629,400
– to be issued by the Company (the New Shares)	20,000,000
Percentage of the existing issued share capital to be issued pursuant to the Offer	14.2 per cent.
Number of Shares in issue immediately following Admission	160,800,000
Expected market capitalisation of the Company at the Offer Price[1]	approximately £209.0 million
Expected net proceeds of the Offer received by the Company[2]	approximately £22.0 million
Estimated net proceeds of the Offer receivable by the Selling Shareholders[3]	approximately £64.4 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 estimated commissions, fees and expenses payable by the Company of approximately £4.0 million.
3 After deduction of estimated commissions, fees and expenses payable by the Selling Shareholders of approximately £2.7 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 document, including the risk factors appearing in Part 1 and the financial and other information appearing in Part 8 of this document. Where stated, financial information in this Part 5 has been extracted without material adjustment from the Historical Financial Information in Part 10 of this document.

1 INTRODUCTION

Luceco is a rapidly growing manufacturer and distributor of high quality and innovative LED lighting products and wiring accessories for a global customer base. The Group supplies trade distributors, retailers, wholesalers and project developers with a wide range of products which broadly fall into the following market recognised brands:

- Luceco LED: energy efficient LED lighting products and associated accessories ("LED Lighting");
- British General ("BG"): wiring accessories (including switches, sockets), circuit protection and cable management products ("Wiring Accessories");
- Masterplug: cable reels, extension leads, surge protection, timers and adaptor products ("Portable Power"); and
- Ross: television wall mounts, audio visual accessories and other items ("Other Products").

Management believe that one of the Group's key differentiators is its fully integrated operating model which includes a wholly-owned 52,500 m^2 manufacturing and product development facility in Jiaxing, China. The facility enables the Group to maintain strong control over its cost base and the quality of its products, and allows the Group to take advantage of a dynamic market by bringing products to market quickly and at low cost.

The Group's sales are broadly split into three main routes to market: Trade Distribution, Retail, and Projects. Across these channels the Group has long standing relationships with its blue chip customer base, including Kingfisher Group plc (including Screwfix and B&Q), Homebase, J Sainsbury plc (including Argos), Tesco plc, Rexel, Travis Perkins plc, Saint-Gobain, Grafton Group plc and Wolseley plc.

The Group has a consistent track record of delivering significant growth in revenue and profits organically. For the three years ended 31 December 2015 revenue increased at a CAGR of 25.3 per cent. to £103.1 million and EBITDA at a CAGR of 38.5 per cent. to £14.0 million and this strong rate of growth continued in H1 2016 with revenue growth of 25.0 per cent. and EBITDA growth of 52.6 per cent. compared to H1 2015. Over this period the Group's EBITDA margin increased from 11.2 per cent. in FY 2013 to 13.6 per cent. in FY 2015 and 14.4 per cent. in H1 2016.

The Group is well positioned for future growth with recent investment made in the expansion of its Chinese manufacturing facility and sales network, both in the UK and internationally, to support the Group's existing and new product ranges. As at 30 June 2016 the Group employed a total of 2,063 staff (225 in the UK, approximately 2,000 in China and 55 Rest of World). The Group's operations include a growing international sales network comprising nine locations (United Kingdom, North America, Mexico, France, Germany, Hong Kong, Dubai, China and South Africa).

The Directors and Senior Managers have significant industry knowledge and experience and, along with certain other employees of the Group, will continue to own a significant interest in the Company post Admission (approximately 28.6 per cent. of the enlarged issued share capital of the Company immediately post Admission).

2 HISTORY AND DEVELOPMENT

The Group has a long history and can trace its heritage back over 75 years, providing a strong and well regarded brand identity (for example, the BG brand was founded in 1941 and Masterplug in 1988). The Group has held its current configuration since 2000 when management (which included John Hornby) completed the buyout of BG from Arlen plc (which at the time was listed on the London Stock Exchange) and merged with Masterplug.

Key milestones in the Group's recent history include:

2005 John Hornby leads a management buyout of Luceco (then called Nexus Industries Limited comprising the brands BG, Masterplug and Ross) as CEO, backed by funds advised by EPIC Private Equity LLP.

2008 The Group opens its 12,500m^2, wholly owned manufacturing and product development facility in Jiaxing, China, to gain greater control of the Group's supply chain and improve the quality and the cost of manufactured product.

2011 The Group's Chinese manufacturing and product development facility is expanded to 38,000 m^2.

2013 The Luceco LED product range is launched after Management identified the opportunity to enter the LED lighting market at a point of disruptive transition. The U.S. product development office opened in Houston, Texas.

2014 The Luceco LED project sales team is established in the UK to drive sales of the Luceco LED range through direct marketing to end users.

2015 The Group achieved record revenue of £103.1 million for FY 2015, an increase of 25.3 per cent. from FY 2014. International sales offices are opened in France, Germany and Mexico.

2016 The Group's Chinese manufacturing and product development facility is expanded to 52,500m^2. Additional international sales offices are opened in Hong Kong and International Projects sales teams are added across the Group's international offices.

3 KEY STRENGTHS OF THE GROUP

The Group's key strengths are as follows:

Strong track record of organic growth and financial performance

Luceco has achieved an impressive track record of growth with revenue and EBITDA increasing at a CAGR of 25.3 per cent. and 38.5 per cent. respectively from FY 2013 to FY 2015. This strong track record has continued in the first six months of 2016 with revenue having increased by 25.0 per cent. and EBITDA having increased by 52.6 per cent. over the same period in 2015.

This growth in revenues and profits has been achieved through organic means across all the Group's brands and routes to market. LED Lighting has increased revenue from £1.5 million in FY 2013 to £23.3 million in FY 2015, a CAGR of 290.4 per cent. over the period. This growth has been driven by wider LED lighting market growth, increased product offering and taking market share due to the Group's competitive positioning. Wiring Accessories (predominantly products within BG) have also grown strongly with revenue increasing from £35.7 million in FY 2013 to £47.9 million in FY 2015, a CAGR of 15.9 per cent., driven by greater product offering and enhanced customer penetration.

The Group's EBITDA margins have continued to improve between 2013 and 2016, increasing from 11.2 per cent. in FY 2013 to 13.6 per cent. in FY 2015; and further increasing to 14.4 per cent. for the six months to 30 June 2016. This improvement has been possible due to the expanded capacity of the Group's Chinese facility and supply-chain efficiencies, changes in product mix and increased sales volumes. Management expect these drivers to continue to support profit margins going forward.

Growth across all brands, creating a strong platform for future market penetration

Between 1 January 2013 and 30 June 2016, all three of the Group's core brands showed strong growth and form a platform for continued market share gains.

The Group's Wiring Accessories brand, BG, which has been in existence for 75 years, is the Group's largest product category by revenue (£47.9 million in FY 2015). Management estimate, based on research conducted by AMA, that the Group holds approximately 19 per cent. market share in the UK's well established wiring accessories market. Wiring Accessories has seen strong financial performance with a revenue CAGR of 15.9 per cent. between FY 2013 and FY 2015, and revenue for H1 2016, being 37.6 per cent. higher than the same period in 2015. This performance is due to the successful launch of new products (for example integrated USB charging sockets and low voltage circuit protection devices) and continued increase in customer penetration across the Retail and Trade Distribution channels. Over this period Wiring

Accessories has outperformed key market indicators, in-particular: Housing RM&I[1] (5.7 per cent. CAGR between 2013 and 2015), Commercial Construction[2] (3.7 per cent. CAGR between 2013 and 2015) and Housebuilding[3] (15.1 per cent. CAGR between 2013 and 2015).

The Group's Portable Power brand, Masterplug, which has been in existence for almost 30 years, is the market leader in the UK. Management estimate, based on research conducted by AMA, that the Group holds approximately 40 per cent. market share of the UK portable power market. As with Wiring Accessories, Portable Power has outperformed key market indicators which include UK Electrical Household Appliances Sales[4] (3.5 per cent. CAGR between 2013 and 2015) with a revenue CAGR of 7.3 per cent. from FY 2013 to FY 2015.

The Group's LED Lighting brand, Luceco LED, was established in 2013 and has seen strong growth since launch. Luceco LED has been highly successful in leveraging the Group's established routes to market and distribution channels to drive sales growth and the existing Chinese manufacturing and product development facility to bring LED products to market rapidly. Due to improvements in manufacturing processes the cost of LED lighting products are now comparable to traditional lighting sources. Management has also identified the opportunity to undertake demand creation activities to drive LED adoption through the Project sales teams. The success of Luceco LED since launching is demonstrated by the increase in revenue of LED Lighting with a CAGR of 290.4 per cent. between FY 2013 and FY 2015 and revenue in H1 2016 being 30.1 per cent. higher than the same period in FY 2015. Management expect the significant growth of this division to continue due to the opportunity to increase market share in a highly fragmented market (currently estimated by Management to be 4 per cent. in the UK in 2016) in an expanding LED lighting market in the UK and internationally.

Fully integrated operating model centred around product innovation, low-cost manufacturing and customer delivery

One of the Group's differentiators is its fully integrated operating model combining innovative product design and low-cost manufacturing to deliver high quality products at competitive prices across all its brands.

New product development has been driven by market opportunities identified by Management, such as LED lighting (2013) or USB sockets (2014); the introduction of new regulations, such as the launch of the redesigned circuit protection range (2015); and market feedback, such as the current development of recessed circuit protection devices (2016).

Since the opening of the Group's Chinese manufacturing and product development facility in 2008, the Group has developed a significant low-cost manufacturing capacity which applies international quality standards. Currently around 60 per cent. of the Group's products are manufactured in its Chinese facility, which is expected to increase with the opening of the new expansion of the facility in 2016.

Management believe this model provides a strong platform for future growth, including expansion into Europe, the Americas, Asia and Africa.

Track record of new product developments and range enhancements

The Group has maintained a focus on new product innovation and in the first six months of 2016, over 50 per cent. of Group sales were from new products developed in the preceding five years. There has been significant investment in the Group's product development team, increasing from approximately 20 people in 2011 to over 80 people in 2016, the majority of whom are based in China. This team is supported by an experienced R&D team of 11 employees based outside of China, the majority of which are in the U.K.

Under the BG brand (within Wiring Accessories), an example of a highly successful product launch includes the introduction of wall sockets with integrated USB charging in 2014. Other examples of product development with the BG brand include the redesign of circuit protection products following the adoption of new wiring and safety standards in the United Kingdom.

1 Source: Office of National Statistics and CPA data. Represents growth in output for UK Repair, Maintenance and Investment market
2 Source: Office of National Statistics and CPA data. Represents growth in private commercial work (excluding Infrastructure) for the UK
3 Source: Office of National Statistics and CPA data. Represents growth in total UK new build volumes
4 Source: Office for National Statistics, Retail Sales Index

Since the launch of Luceco LED in 2013, the Group has successfully introduced a wide variety of LED Lighting products at different price points including flood lights, residential lamps and commercial luminaries; increasing revenue from £1.5 million in FY 2013 to £23.3 million in FY 2015 (£13.9 million in H1 2016). Management believe that the current Luceco LED range is approximately one third of the total target size of the range, providing the Group with scope for future range expansion.

Management believe that the Group has a strong pipeline of new products to bring to market in the near future, including further expansion of commercial LED luminaires, including LED roadway lighting, and an enlarged range of BG and Masterplug products for the international market.

Well invested and wholly-owned Chinese manufacturing facility providing low-cost manufacturing capability and new product development

In 2008 the Group completed the first phase of its wholly-owned Chinese manufacturing facility in Jiaxing, close to Shanghai. Two subsequent expansions of the facility took the footprint to 52,500m^2. The latest expansion, completed in 2016, positions the Group well for future growth with the ability to increase production capacity significantly as the business grows. The site is well invested, with approximately £11.6 million of investment between the start of 2013 and the end of June 2016. The facility provides significant competitive advantages for the Group, including:

- low-cost manufacturing capabilities;
- high level of quality control due to ownership of the facility;
- low-cost product development teams to bring products to market quickly;
- supply chain efficiency and flexibility due to proximity and ease of access to key suppliers, ability to manage production and FOB arrangements; and
- sales support with customers frequently visiting the facility to witness the quality of product being manufactured.

Management believe that Luceco is the only United Kingdom supplier which owns its Chinese supply chain for wiring accessories. As the Group's Chinese facility has certainty of demand and visibility on required product mix, Management are able to invest in the facility, specifically in automation, process engineering and other cost reduction activities, and achieve greater efficiencies than other Chinese manufacturers who are contracted for fixed periods and do not have long term certainty of demand.

Strong relationships with a well-diversified, blue-chip customer base

Luceco has a highly diversified customer base, which includes significant UK blue-chip customers, including eight major customers with whom the Group has had a trading relationship of over ten years. Major blue-chip customers include Kingfisher plc (including Screwfix and B&Q), Homebase, J Sainsbury plc (including Argos), Tesco plc, Rexel, Travis Perkins plc, Saint-Gobain, Grafton Group plc and Wolseley plc. As at 31 December 2015, the Group had over 900 customers, with the largest ten by revenue representing 57 per cent. of FY 2015 Group revenue. The Group's largest customer is Screwfix Direct Limited, which is part of Kingfisher Group plc. Sales to this customer have increased at a CAGR of 65.2 per cent. over the period FY 2013 to FY 2015 as Luceco has increased its penetration in the UK with this customer with an increasing product range and supplying stores in Germany.

The Group has maintained excellent customer retention in recent years. Importantly, the strength of the Group's customer base and significant market share of BG and Masterplug provides a major opportunity for growth of the Luceco LED brand as it can utilise the same customer base, alongside demand creation activities undertaken via the LED lighting project sales teams.

Management believe that the strength of the Group's relationship with its customers is due to the Group's strong alignment with customers on pricing, supply chain flexibility and product quality. The Group's track record of product innovation has also supported customer retention. The size of the Group's product range has enabled the Group to offer a "one-stop" solution in a market where customers are increasingly rationalising suppliers.

Established and growing routes to market through three main channels

The Group has experienced significant growth across all of its routes to market over the period FY 2015 to H1 2016 through three main channels: Trade Distribution, Retail and Projects, due to the Group's expanded product range, customer acquisition activities and expansion into new territories.

The Group has, through its product development function, expanded its product offering both into adjacent product ranges, for example into circuit protection within the wiring accessories sector (2015), and into new, distinct product areas to take advantage of market opportunities, for example into LED lighting (2013). This range expansion helps to build a "one-stop" supplier solution for customers in a fragmented market.

The Group has been successful in acquiring new customers and entering new territories due to its competitive positioning, especially on pricing, extensive product offering and supply chain flexibility derived from the Group's wholly-owned Chinese facility which is able to offer product direct to customers on an FOB basis.

Exposure to attractive, structurally growing LED lighting market opportunity

Management have established and positioned the Group's Luceco LED brand to take advantage of the rapidly growing LED lighting market. The transition from legacy lighting technologies to LED offers the Group a disruptive entry point.

Management expect significant growth in the LED lighting market both in the United Kingdom and internationally across all applications. The global LED lighting market is forecast to grow at a CAGR of 16.8 per cent. between 2014 and 2019 to a total size of approximately US$70 billion in 2019[1]. In the UK specifically, the LED lighting market is expected to grow at a CAGR of 15.4 per cent. between 2015 and 2020 to a total size of approximately £1.3 billion[2].

The LED lighting market is being driven by the significant advantages the technology has over legacy lighting technologies and by a supportive regulatory environment. LED lighting is marketed on its high efficiency and long lifetimes. The falling cost of chip manufacture and packaging (which is undertaken by third party suppliers for the Group) is reducing the cost to consumers and therefore shortening payback periods and driving adoption of the technology.

Management believe that the global adoption of LED lighting will continue for a significant period, due to varying penetration rates across different applications and geographies. For example, regions with higher electricity costs, such as the UK or continental Europe, or applications with a greater number of burn hours are likely to result in shorter payback periods. Similarly, applications where long lifetimes are beneficial, such as high bay or roadway lighting, are expected to adopt LED lighting products quicker due to maintenance cost savings. For example, it is estimated that in 2015 only 15 per cent. of United Kingdom office installed light fixtures were LED, providing significant scope for retrofit expansion in the future[2].

LED lighting has near global product standards which allows easy entry into new territories. The Group compliments this with local sales offices to provide market insight for future product development.

Well positioned to take advantage of LED market opportunity

Management believe that Luceco is well positioned to take advantage of the LED opportunity and to materially increase its market share (Management estimate a current market share of only 4 per cent. of the UK LED lighting market) due to the advantages provided by the Group's Chinese manufacturing and product development facility, as well as the Group's existing routes to market.

Utilising the Group's Chinese manufacturing and product development facility in China, the Group has built up a range of LED Lighting products and brought them to market quickly. The majority of the Group's LED lighting range is manufactured in-house. Where appropriate, the Group outsources production of some products to Chinese suppliers, providing the Group with flexible production capacity. Management believe that the current Luceco LED range is approximately one third of the total target size, providing the Group with scope for future range expansion.

1 Source: Frost and Sullivan; World LED Lighting Market (2015 Update)
2 Source: AMA Research; LED Lighting Market Report – UK 2016-2020 Analysis (May 2016)

Leveraging the Group's existing routes to market, the Group has increased sales rapidly as nearly all existing customers are able to distribute LED lighting products. The Group's strong customer relationships allow the Group to build a range best suited for the market, incorporating customer feedback efficiently. LED is a global standard and as such the Group's products are well suited to be sold in different geographies.

Management has also taken proactive steps to build market share in the sector through the establishment of Project sales teams in the United Kingdom and, more recently, internationally (Dubai, Hamburg, Houston, Monteray and Paris). These teams market the benefits of adopting LED technology directly to the end user and provide complete lighting solutions, therefore driving additional LED Lighting sales. These sales are then fulfilled through existing routes to market (i.e. trade distributors).

Unlike some competitors, the Group has no legacy lighting business which could be made obsolete by the LED lighting rollout or provide conflicts of interest in new product introductions.

Experienced and high quality management team

The Group has an experienced management team led by John Hornby, CEO, who has been with the business since 1997. The management team has overseen the Group's development and growth, including the creation of Chinese operations and developing long-standing customer relationships. Senior management will have a significant equity stake post IPO and will have incentive arrangements in-place based on ambitious growth targets.

4 OBJECTIVES AND STRATEGY FOR THE GROUP

Expansion of product range through product launches, particularly in Luceco LED and BG

The Group has completed a series of successful product launches in recent years across all brands. Management will continue to leverage its low-cost product development team based at the Group's Chinese facility and its sales and marketing teams in the UK and internationally to obtain direct customer feedback to facilitate further product launches. Management believe that the presence of such sales and marketing in local markets helps to ensure the launch and management of appealing new products.

Management believe that the current Luceco LED Lighting range is approximately one third of the total target size of the range of products which could be offered, providing the Group with scope for future range expansion. As such, increasing the breadth of LED products and sales is a priority in making Luceco LED a greater contributor to the Group's financial performance. This contribution is enhanced by the fact that almost all of the Group's current customers have the ability to distribute LED lighting products. Consequently, the Group plans to drive growth of Luceco LED Lighting through leveraging both the well established routes to market (Trade Distribution and Retail) as well as new routes to market (Projects).

Similarly, Management will continue to drive product innovation within BG. Management anticipate wifi connectivity within wall sockets including "USB Type C" or multi-voltage capabilities being available in 2017.

Increase market share by penetrating and leveraging the Group's existing customer base

As well as growth of Luceco LED product sales, the Group sees the opportunity for further growth within the Wiring Accessories and Portable Power product segments. The Group plans to increase market share through a combination of new product introductions, extending agreements with existing customers, entering new customer markets (for example, United Kingdom housebuilders) and expanding into new overseas territories.

Develop LED Project sales business

Management sees the opportunity to significantly grow the LED Projects business. A new team was established in 2014 to provide LED lighting solutions and market retrofits directly to end-users, with material growth and progress seen since launch (revenue which has grown from £11,000 in FY 2013 to £4.9 million for H1 2016). The LED retrofit market has been identified as sizeable both in the UK (Management estimate £450 million) and internationally (Management estimate £320 million in the Middle East and Africa, £2.4 billion in North and South America and £1.7 billion in Europe). The Group currently has a small presence in this market but is building a strong position and reputation and Management aim to continue this momentum. As such, the Group plans to further expand the Luceco LED Project team in the UK and overseas to meet the expected additional customer demand which Management anticipate being more prevalent as LED technology becomes more accessible as prices continue to be more competitive compared to traditional lighting sources. The Luceco LED Projects team aim to deliver a return on investment of less than three years for its projects and for some recently undertaken projects, this has improved to two years. Management estimate that the key driver for growth of LED projects will be sourcing projects sales leads by leveraging its extensive roster of blue-chip customers. The Luceco LED Project sales channel has a significant pipeline of projects worth over £40 million.

Develop international sales

The Group has already established an international distribution network with sales offices in the UK, China, Hong Kong, Dubai, Germany, Mexico, South Africa and USA. Such international expansion will allow further product sales growth beyond the United Kingdom and can be achieved through targeted expansion of the sales team to drive global sales. Management believe that the staggered roll-out of LED products in new geographies is likely to occur due to regional variations in energy costs and speed of adoption. The near global LED product standards allow for easy access to new markets with minimal customisation for individual territories. Management anticipate continuing to focus on developing products within the Group's other brands that are well suited to overseas use, for example premium added value cable reels within Masterplug and USB wall sockets within BG.

Targeted acquisitions

The Directors believe there is an opportunity for company and/or business acquisitions in the United Kingdom and internationally to supplement its organic growth strategy. Management have identified three sources for potential acquisitions. Firstly, Management believe the UK electrical manufacturing and distribution sector will see greater consolidation and would pursue multiple opportunities. These acquisitions would provide access to additional product to sell through the Group's existing distribution channels, and cost synergies through accessing the Group's Chinese manufacturing operations and combining operations in the United Kingdom. Secondly, the opportunity exists to use acquisitions to access new international distribution channels. The Directors believe targeted acquisitions overseas would allow existing Group products to be marketed to new customers in new territories. Consequently, entry into new geographies can be materially de-risked and provide access to an already established customer base. Finally, the Directors see the ability to achieve economies of scale, cost synergies and control/de-risk the supply chain through acquiring local Chinese manufacturing facilities, complimented through increased access to overseas markets.

5 THE GROUP'S CURRENT BUSINESS AND OPERATIONS

5.1 Overview

The Group's products are broadly split across four market recognised brands: Luceco LED for LED Lighting; BG for Wiring Accessories (including circuit protection); Masterplug for Portable Power; and Ross for television wall mounts and other audio visual accessories. Whilst presented to customers as separate brands, the Group is not structured as separate brand divisions, with sales teams instead split by channel, customer type and/or geography.

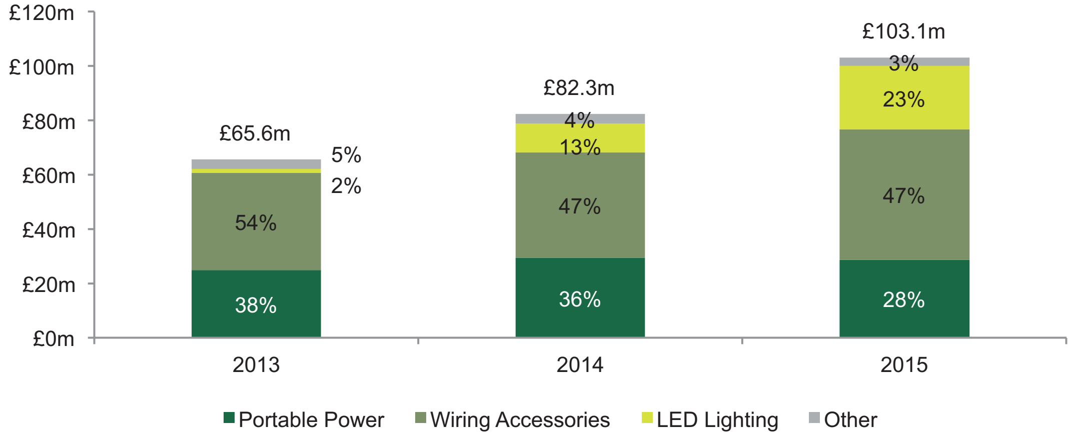
The Group's customers are served by three routes to market: Trade Distribution, including hybrid distributors, wholesalers and members of trade buying groups; Retailers, including DIY, grocery, consumer electrical, high street and online retailers; and Project sales teams, who undertake demand creation activities directly with end users and contractors. The mix of revenue in FY 2015 by channel was: Trade Distribution: 63.7 per cent., Retail: 30.6 per cent., Projects: 5.7 per cent.

Geographically, the Group has two UK facilities, a head office function in London and a distribution/warehouse facility with the Group's support functions in Telford; one Chinese facility, a manufacturing and product development factory in Jiaxing; and several other international sales offices, including Dubai, Houston, France, Germany, Mexico, South Africa and Hong Kong.

5.2 Product type

Figure 1 shows the mix of Group revenue across each of its product categories since 2013. In FY 2015 the mix of revenue by product type was: Wiring Accessories: 46.5 per cent., Portable Power: 27.9 per cent., LED Lighting: 22.6 per cent., Other Products: 3.0 per cent.

Figure 1: Group revenue segmented by product type for the period 2013 to 2015



5.3 Luceco LED - LED Lighting

LED Lighting, under the Luceco LED brand, was established in 2013 after Management identified the opportunity to enter the lighting market during the disruptive transition to LED technology. The product range has grown organically with currently the majority of LED products by sales manufactured in-house at the Group's Chinese facility. The range is sold through pre-existing routes to market; supported by the demand creation activities of the Projects sales teams.

LED Lighting revenue has increased from £1.5 million in FY 2013 to £23.3 million in FY 2015, representing a CAGR of 290.4 per cent. Revenue in H1 2016 was £13.9 million, an increase of 30.1 per cent. on the same period in 2015. In H1 2016, LED Lighting revenue made up 23.1 per cent. of Group revenue, compared to 2.3 per cent. in FY 2013.

The Luceco LED Lighting range consists of:

- Interior lighting: including panels, down lights, battens and high bay;
- Exterior lighting: including floodlights, bulkheads, road lights and bollards; and
- Retrofit lamps and tubes: including replacement bulbs and tubes for existing light fixtures.

Luceco LED is focused on commercial users as Management believe this sector currently offers the best opportunity for sustainable sales growth.

The Group distributes LED Lighting products through the same routes to market as the Group's other product ranges: through retailers, trade wholesalers and distributers, as well as through the Project sales team as a new route to market. The team markets Luceco LED directly to end users on the basis of the cost savings and returns on investments achievable. Resulting orders are satisfied by the Trade Distribution route to market, building on existing relationships within these channels.

Management believe growth in sales within the Luceco LED product range have been driven by both the rapid growth in the LED lighting market and the Group taking market share. The growth in the LED lighting market is being powered by the push for greater energy efficiency and the corresponding cost savings that can be achieved by switching to LED lighting versus competing technologies. The Group is well positioned to build market share in the LED lighting product range due to its Chinese manufacturing facility and pre-existing distribution channels (nearly all of which Management believe could be utilized to distribute LED lighting). The Group has no legacy lighting product offering so there is no intra-Group sales cannibalism or conflict of interest from the roll out of LED lighting. The Group has been successful in selling LED lighting products internationally due to international harmonisation of lighting standards.

Management estimate the Group's market share within the UK LED lighting market is at 4 per cent. This market share has been built over the last three years and Management believe the Group will continue to build market share going forward.

5.4 **British General – Wiring Accessories**

Established in 1941, the BG brand is well respected and a market leader in the UK Wiring Accessories market with a market share of approximately 19 per cent[1]. Wiring Accessories revenue has increased from £35.7 million in FY 2013 to £47.9 million in FY 2015, representing a CAGR of 15.9 per cent. Revenue in H1 2016 was £30.7 million, an increase of 37.6 per cent. on the same period in 2015. In H1 2016, Wiring Accessories made up 51.2 per cent. of Group revenue.

The BG product range consists of:

- Wiring accessories: comprising a range of switches and sockets in both plastic and decorative metal finishes. The range also includes USB charging sockets and exterior or weatherproof accessories;
- Circuit protection: comprising of consumer units (fuse boxes) and industrial switches; and
- Cable management and other accessories, including cable trunking.

The Group distributes its BG range through retailers and trade wholesalers and distributers. The Group's sales of BG products are focused in the UK and in other countries with common wiring and British electrical standards, including certain Gulf States, African countries and Asian countries.

The BG product range is almost entirely manufactured in the Group's facility in China.

Management believe growth in sales within the BG product range have been driven by expansion of the product range into adjacent categories and the Group taking market share in pre-existing categories. The Group has a strong track record of bringing new products to market, such as USB sockets (2014) and circuit protection (consumer units) (2015), which have increased the Group's addressable market. The Company has built market share in pre-existing categories due to competitive pricing (itself enabled via the low cost of the China factory production), strong customer management and leveraging the expanded product range. Going forward, Management believe there is further scope to take market share in the wiring accessories market through targeting new adjacent customers, such as housebuilders (currently the Group only has one national housebuilding customer) and new adjacent product lines (such as door chimes and lighting controls).

5.5 **Masterplug – Portable Power**

Masterplug is the Group's portable power brand. Masterplug was established in 1988 and has been part of the Group since 2000. Management believe Masterplug is the market leader in the product ranges it offers with approximately 40 per cent. of the UK cables and extension leads market[1].

Portable Power revenue has increased steadily from £25.0 million in FY 2013 to £28.8 million in FY 2015, representing a CAGR of 7.3 per cent. Revenue in H1 2016 was £13.3 million. In H1 2016, Portable Power made up 22.1 per cent. of Group revenue.

The Masterplug product range consists of cable reels, extension leads, surge protection devices, timers and international socket adaptors for indoor and exterior applications which can be sold in overseas markets. The range includes the "Pro-XT" branded sub-range, which differentiates itself via higher quality reels for exterior applications. The Group also sells a limited number of unbranded products to long standing customers.

The Group distributes its Masterplug range through retailers, selected trade wholesalers and online retailers. The Group's Masterplug product sales have historically been focused in the UK, but are expanding internationally, with a global cable reel product range launched in H1 2016.

The Masterplug product range is primarily manufactured by a third party supplier in China, with which the Company has had a 15 year relationship.

Management believe growth in sales within the Masterplug product range has been driven by the maintenance of the Group's dominant UK market position and growth in international markets.

1 Source: AMA Research.

5.6 **Ross and others**

The Group sells a number of other products which predominantly relate to Ross, the Group's television wall mount and audio visual accessories brand. Ross has been trading for many years and was acquired by the Group in 2009.

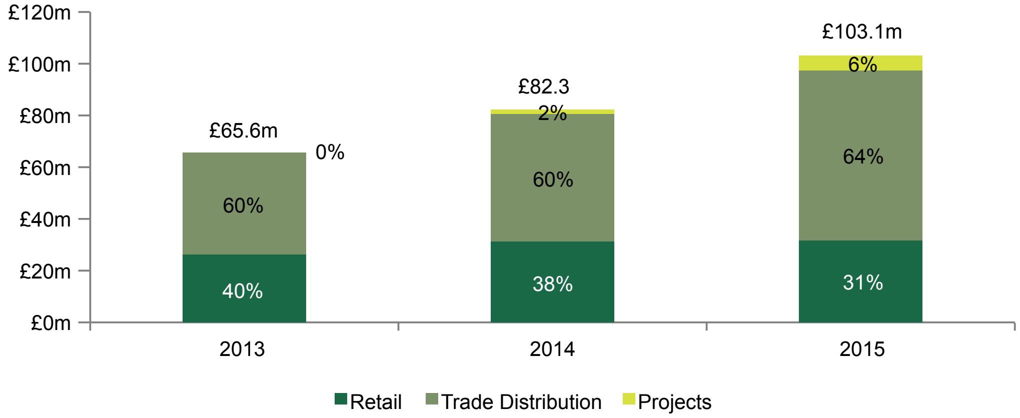
Revenue for Ross and Other Products have remained broadly flat at £3.5 million in FY 2013 and £3.1 million in FY 2015. Revenue in H1 2016 was £2.1 million, an increase of 42.6 per cent. on the same period in 2015. In H1 2016, Ross and Other Product revenue made up 3.6 per cent. of Group revenue.

The Ross product range consists of television mounts and stands, home entertainment accessories, cabling and reception equipment. Ross products are focused on the Retail channel and can be sold internationally due to harmonised audio visual equipment standards.

Ross branded cables are primarily manufactured by third parties in China, whilst brackets are manufactured in the Group's China facility.

5.7 **Routes to Market**

Figure 2: Group revenue segmented by channel for the period 2013 to 2015.



5.7.1 **Trade Distribution**

The Group's Trade Distribution channel sells predominantly BG and Luceco LED products to UK and international trade wholesalers and distributors including members of wholesaler buying groups (for example ANEW, the largest independent Buying Group in the UK comprising a mixture of independent wholesalers and larger multi-site wholesalers) and hybrid trade distributors (for example Screwfix and Wickes) which also have a retail offering. Customers include Screwfix, Wickes, CEF, Edmundson, Rexel and wholesalers within ANEW and other buying groups. The Group currently services more than 700 customers in total who collectively are estimated to have over 4,800 outlets.

Revenue through the Trade Distribution channel has increased from £39.4 million in FY 2013 to £65.7 million in FY 2015, representing a CAGR of 29.1 per cent. Revenue in H1 2016 was £39.1 million, an increase of 27.2 per cent. on the same period in 2015. In H1 2016, Trade Distribution revenue made up 65.2 per cent. of Group revenue.

Management believe that much of the growth in the Trade Distribution channel has come from the expanding product range offered to customers, including the successful introduction of the Luceco LED lighting product range, and expansion of the circuit protection and USB socket ranges (both within the heritage BG brand) that can be marketed to a wide range of wholesalers (including hybrid wholesalers who service both trade and retail elements, for example Screwfix and Wickes).

The Group has developed long standing relationships with many of its Trade Distribution customers who have shown strong brand loyalty and have readily adopted new product ranges when introduced. Management believe this is in part due to the Group's reputation for quality, value and good customer service. The Group maintains a strong dialogue with customers in this channel to guide product development and match product introductions to market demands.

The Trade Distribution channel is served by 21 sales employees and is managed by Wayne Hill. The team is based in the Group's Telford Office, with additional sales employees based at the Group's London Office and overseas.

5.7.2 **Retail**

The Retail channel sells the Group's products to a diversified range of retailers including blue chip DIY, grocery, consumer electrical, high street and online retailers.

Revenue through the Retail channel increased from £26.2 million in FY 2013 to £31.6 million in FY 2015, representing a CAGR of 9.6 per cent., and revenue in H1 2016 was £16.0 million, an increase of 7.0 per cent. on the same period in 2015. In H1 2016, Retail revenue made up 26.7 per cent. of Group revenue.

The Retail channel is characterised by large volume orders, with the Group seeking to offer a "one-stop solution" via the widest possible product range and including stock management and store merchandising services (where the Group is able to monitor the level of its stock with the customer and is able to assist the customer is creating in-store or online retail spaces from which its products are sold). The Group leverages the Chinese facility through FOB arrangements with many of its retail clients, allowing the Group to service large, international customer store networks without the logistical or stock keeping requirements.

UK Retail

The Group has long standing relationships with many of its UK retail customers, including Kingfisher plc (including B&Q), Homebase, J Sainsbury plc (including Argos) and Tesco plc.

Historically, the Group predominantly sold the Masterplug range into UK retailers. Recently, the Group has moved to offering its full brand range (BG and Luceco LED) to retailers and the Group has been successful at increasing the penetration within its major blue-chip customers.

Management believe the growth in this channel has come from growth in existing customer sales, as well as acquisition of new customers and increasing penetration with existing customers via the expanded product portfolio offering (particularly new BG products and since 2014, Luceco LED products). Management believe this growth has been enhanced by a trend of supplier rationalisation within the Retail customer base because the Group offers a large product range and maintains strong customer relationships.

The UK Retail channel is served by 27 sales employees. The team is based in the Group's Telford office, with additional sales employees based at the Group's London Office and overseas. There exist separate sales teams to target nationwide retailers and smaller independent retailers.

International Retail

The Group is also seeking to expand its penetration into international retailers by winning new customers in new territories and by increasing sales to existing customers cross border. For example, Castorama in France is part of the Kingfisher Group with whom the Group have a long standing relationship in the UK.

The Group has recently opened international sales offices in Germany and France to facilitate this expansion. Once the rollout and establishment of these offices is complete, Management believe the Group can take market share in these regions. The Group has also established an office in Hong Kong to deal with the Far East buying offices of global retailers.

This international expansion is supported by the Group's FOB capabilities, allowing the Group to deliver stock directly and conveniently to the customer's Chinese port of shipping from the Group's Chinese facility. This avoids the requirement for local stock build up when the Group enters new territories and to fulfil orders in China regardless of the product's end destination.

5.7.3 **Projects**

The Project sales team was established in the UK in 2014 to drive end customer demand for the Luceco LED range. Management identified the opportunity to sell the LED proposition directly to end users by informing customers of the economic benefits of changing to LED and to transition them to this technology during this period of market disruption. The main economic benefits of LED lighting include: increased energy efficiency, longer life, and lower maintenance. The orders generated by the Projects sales team are fulfilled by the Group's Trade Distribution customers, helping to build relationships in those routes to market.

Projects channel revenue has increased significantly from £11,000 in FY 2013 to £5.8 million in FY 2015. Revenue in H1 2016 was £4.9 million, an increase of 113.6 per cent. on the same period in 2015. In H1 2016, the Projects channel revenue made up 8.1 per cent. of Group revenue.

The Project sales team target customers with large and/or long burning hour lighting requirements. Whilst nascent, the Projects sales team has already had notable successes, with Luceco LED products provided for retrofits in offices, schools, universities and certain primary healthcare trusts. An example of a project completed to date includes the nationwide refit of Screwfix stores.The team is also targeting new build opportunities.

The Project sales team offers a lighting solution function whereby the Group provides lighting planning and return on investment consultancy solutions to motivate the customer to adopt the new technology. Management believe this approach of "lighting as a solution" is integral to the current and future success of this channel. The Projects sales team is able to leverage the low-cost Chinese manufacturing and production facility with ongoing product enhancements and expansion of the range to meet customer demand.

The UK Projects channel is served by 11 sales employees and the team is based in the Group's Telford Office. The UK identified pipeline of projects currently stands at approximately £13 million.

To replicate the Projects team success internationally, the Group set up Project sales teams across the Group's network of global sales offices in 2016. The international Projects channel is served by 30 sales employees based in offices across Germany, France, the United States, Mexico and the Middle East with a combined identified pipeline of approximately £27 million.

5.8 **Operations**

Figure 3: Map of the Group's international operations

5.8.1 *UK Operations*

The Group's executive, head office, accounting, domestic sales and support functions are based in the UK and as at 30 June 2016, the Group employed a total of 225 staff located in the UK. The Group has two UK sites, London and Telford in Staffordshire.

The Group's London facility serves as the Group's head office with the executive function and certain sales and support functions based at the offices. The Group's Telford facility serves as the Group's UK distribution centre with 10,000m^2 of warehouse space. The site also contains offices for the remainder of the Group's UK sales, accounting and support functions, as well as a portion of the Group's Research & Development function who work closely with the Research & Development teams in China.

5.8.2 *Chinese Operations*

The Group's manufacturing and product development functions are based in Jiaxing, China, at the Group's wholly owned manufacturing facility. The facility was first opened in 2008 and has been subsequently expanded in 2011 and 2016, taking the facility from 12,500m^2 in 2008 to 52,500m^2 in 2016. As a result of expansion, since opening the facility in 2008, approximately £10.2 million has been invested between the start of 2013 and June 2016. As at 30 June 2016 the China facility had approximately 2,000 employees.

The main production processes undertaken at the Group's Chinese facility include plastic moulding, metal stamping, electronic design, product design, assembly and product testing. The Group does not manufacture LED chips, which are supplied locally by third party manufacturers.

The Group has FOB arrangements in place with several of its customers. This arrangement transfers ownership of the product to the customer when the freight is placed on-board cargo vessels in China for onward transportation to the customer. The customer is then responsible for transporting the goods and is able to utilise their existing logistic network which often enables them to operate more efficiently. This arrangement has significant working capital benefits for the Group as it reduces the quantity of stock the Group needs to hold. Sales fulfilled through FOB arrangements are invoiced in USD. This arrangement also assists international expansion by allowing the Group to avoid the requirement for local stock build up when it enters new territories and to fulfil orders in China regardless of the product's end destination. Management believe that the Group's FOB capability is a significant competitive advantage compared to most local UK suppliers who do not offer such a service.

The Group currently manufactures approximately 60 per cent. of its product range in its Chinese facility, with the remainder outsourced to other Chinese manufacturers. Management expect this percentage to increase as the recent expansion of the Group's facility comes on-stream but believe outsourcing of some production offers the Group flexibility in its manufacturing capacity. The Group has long standing relationships with its Chinese suppliers which includes the sole manufacturer of Masterplug products (the Group has been trading with this supplier for over 15 years).

Management believe that the Group is the only UK supplier which owns its Chinese supply chain for Wiring Accessories. As the Group's facility has certainty of demand and visibility on required product mix, Management are able to invest in the facility specifically in automation, process engineering and other cost reduction activities, and achieve greater efficiencies than other Chinese manufacturers who are contracted for fixed periods and do not have long term certainty of demand.

5.8.3 *Other International Sales Operations*

The Group has opened a network of international sales offices to build market share in new territories and leverage the Group's manufacturing and product development facilities in China.

The Group has an established sales office in Dubai (opened in 2003). This office previously focused on sales of wiring accessories under the BG brand, given certain Gulf States and African countries have common wiring standards with the UK. More recently, the sales office has expanded to offering Luceco LED products.

The Group has opened sales offices in Europe to acquire new customers locally and to leverage existing relationships with international retailers with European presence. The Group has offices in France (opened in 2014) and Germany (opened in 2015).

The Group opened sales offices in the United States in 2014 and Mexico in 2015 to build market share as these countries transition to LED lighting.

The Group opened a sales office in Hong Kong in 2016 to target the international retailers based in the Far East.

The Group's international sales offices are still at an early stage of their development and in FY 2015 losses totalled approximately £1.7 million, primarily through hiring of new local sales teams.

5.9 **New Product Development**

The Group has a strong track record of product innovation. Examples include the introduction of circuit protection (consumer units) (2011) LED lighting (2013) and USB sockets (2014), as well as the re-design of certain products for local standards when entering new territories.

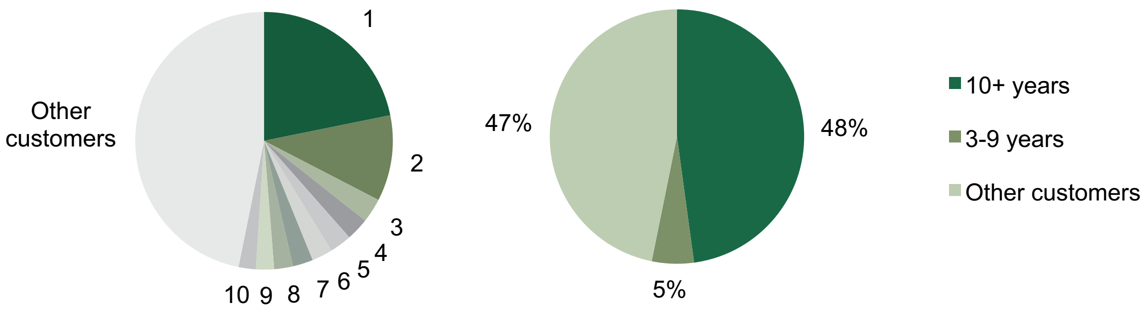
The new product development function is split across the UK, which collates customer feedback and directs development, and China, which looks after the engineering and production process development.

The Group has a large portfolio of products across its different brands and product categories. Management expect the product range will expand over time and Management believe the Company has a strong pipeline of future products to bring to market.

5.10 Customers

The Group currently has a diversified and stable blue-chip customer base, underpinned by long relationships. In 2015, the Group's top three customers represented approximately 38.5 per cent. of total revenue and the top ten clients represented approximately 56 per cent. of revenue. Loyalty and long-term relationships with key customers is apparent with eight of the top ten customers (representing approximately 51 per cent. of revenue in 2015) having a 10+ year trading relationship with the Group. This is illustrated by figure 4 below. Examples of the Group's customers include Kingfisher plc (including Screwfix and B&Q), Homebase, J Sainsbury plc (including Argos), Tesco plc, Rexel, Travis Perkins plc, Saint-Gobain, Grafton Group plc and Wolseley plc.

Figure 4: Customer base based on 2015 revenue contribution and relationship tenure.

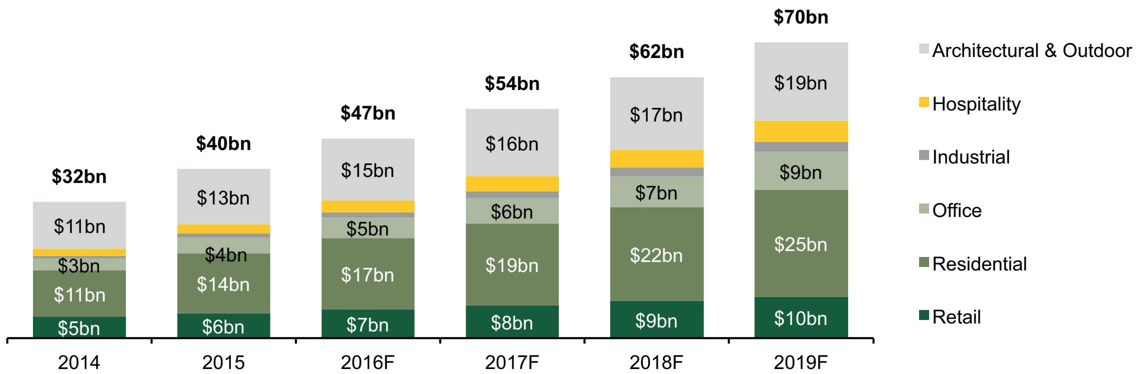


6 MARKET OVERVIEW

6.1 LED Lighting Opportunity

The global LED lighting market is undergoing a period of rapid expansion and is forecast to grow at a CAGR of approximately 16.8 per cent. between 2014 and 2019 to a total size of approximately US$70 billion in 2019[1]. In the UK specifically, the LED lighting market is expected to grow at a CAGR of 15.4 per cent. between 2015 and 2020 to a total size of approximately £1.3 billion from £651 million in 2015[2].

Figure 5: Total LED Lighting Market, Revenue Forecast by Application, Global, 2014-2019[1]



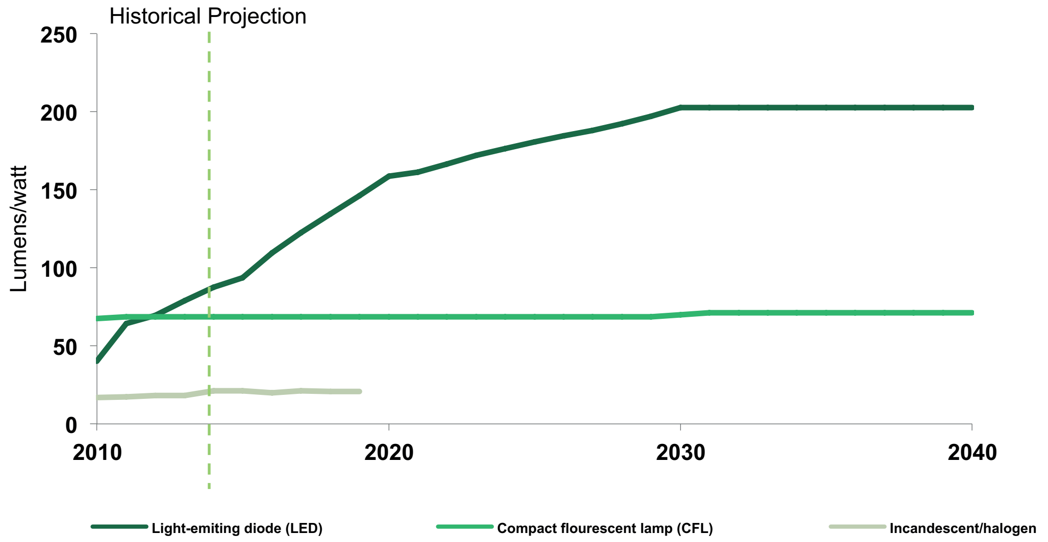
Management have established and positioned the Group's Luceco LED brand to take advantage of the rapidly growing LED lighting market. The transition from legacy lighting technologies to LED offers the Group a disruptive entry point.

1 Source: Frost & Sullivan; World LED Lighting Market (2015 Update)
2 Source: AMA Research; LED Lighting Market Report – UK 2016-2020 Analysis (May 2016)

The key features of LED lighting which are driving this growth are:

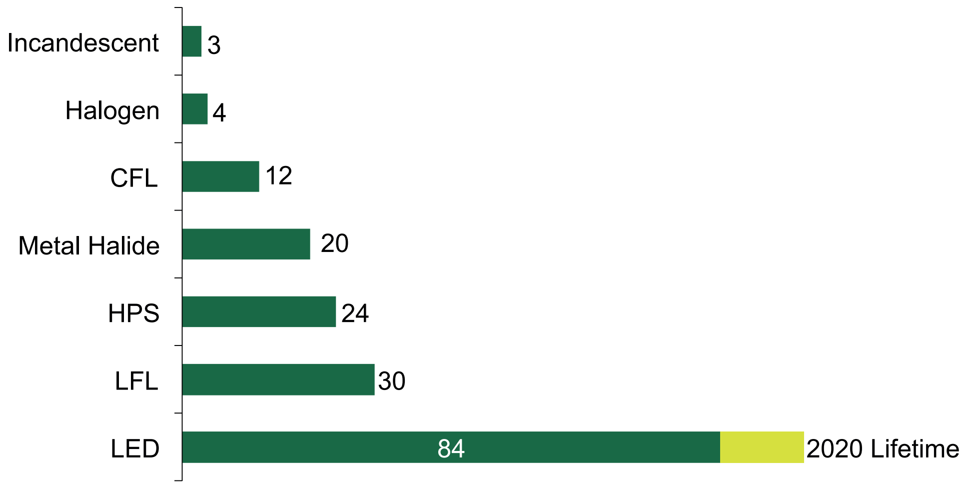
– **Efficiency**: LED lighting products can have efficiencies of 150 lumens per watt, compared to 10 lumens per watt for traditional (incandescent) light sources. The chart below shows the efficiency of different lighting technologies (measured in lumens per watt) over the periods presented;

Figure 6: Efficiency by Lighting Technology, Lumens/Watt[1]



– **Lifetime**: LED lighting products can have a lifetime of up to 100k hours compared to 3k traditional (incandescent) light sources, which significantly reduces the replacement frequency and associated maintenance costs. The chart below shows the lifetime of different lighting technologies (measured in hours); and

Figure 7: Lifetime of different lighting technologies (measured in '000s hours)[2]



– **Cost**: the cost to manufacture LED products is falling as components become cheaper. These cost savings are being passed onto consumers and the cost of LED lighting is increasingly comparable with other lighting technologies.

1 Source: U.S. Energy Information Administration

2 Source: U.S. Department of Energy; Energy Savings Forecast of Solid-State Lighting in General Illumination Applications (August 2014)

As a result of the advantages above (amongst others), LED lighting is taking market share from other lighting technologies such as incandescent or fluorescent lighting. This technology transition is providing a disruptive market entry opportunity for new market participants.

From a lighting market point of view, the adoption of LED lighting has been supported by the wider push for greater energy efficiency in electrical appliances, both for absolute cost savings and as part of the "green agenda". The adoption of LED lighting has been further supported by public policy (for example, the banning of incandescent bulbs in the European Union from 2012), which is set out below.

From a consumer point of view, the adoption of LED lighting has been driven by shortening payback periods and reductions in the upfront capital costs to buy LED lighting products. The cost of LED lighting products has reduced in part due to the falling cost of components. This, along with the increasing efficiency of LED chips and the increased lifetime, has contributed to an increase in returns on investment when buying LED lighting products. LED lighting is also more controllable than some of its competitors as it can be dimmed and switched on and off rapidly, improving energy efficiency and suitability for certain uses.

Retrofit opportunity

Adoption of LED lighting products has not been limited to new lighting installations, for example in new builds or property refurbishments. Due to the cost savings achievable, Management believe lighting-only retrofits to be an increasing feature of the market. Retrofits can occur when the installation and unit costs compared to the running costs saving justify the initial cash outlay and disruption caused. The falling cost of LED products should support this market trend.

Future LED lighting improvements

LED lighting technology is expected to continue to improve in the near term with increasing lighting efficiency, decreasing component costs and the development of new applications. These improvements are expected to increase LED lighting penetration rates further. The operating efficiency of LED lighting can be improved through the use of control systems, for example motion sensors or smart controls, which are also an area of product development for the Group in the near term.

LED lighting market penetration

Management believe that the global adoption of LED lighting will last a significant period due to varying penetration rates across different applications and geographies. For example, regions with higher electricity costs or application with a higher number of burn hours are likely to receive shorter payback periods than other regions. Similarly, applications where long lifetimes are beneficial, such as high height lighting, are expected to adopt LED lighting products quicker. For example, it is estimated that in 2015 only 15 per cent. of the UK's installed lighting fixtures were LED[1].

Supportive public policy

The global adoption of LED lighting has been supported by regional public policy. This public policy has taken two main themes: bans or restrictions on lower efficiency lighting technologies and the adoption of targets for the reduction of energy consumption. Bans or restriction on incandescent light bulbs, for example, have been adopted in, among others, the European Union (2012), the United States (2014) and China (2016). A ban on Halogen lamps within the European Union is expected to come into force in 2018. More generally, the Paris Agreement, signed by 178 counties in April 2016, has established a framework for reductions in energy consumption or greenhouse emissions which will come into force in 2020. Before that date, the European Union already had binding targets for the reduction of the energy consumption of member states in place. These targets aim to reduce energy consumption across the European Union by 20 per cent. compared to 1990 levels.

1 Source: AMA LED Lighting Market Report 2016-2020 Analysis (May 2016)

Financial incentives and support schemes

In addition, financial incentives or support schemes have been put in place to support the adoption of LED lighting products. In the UK, for example, businesses can receive tax breaks from the adoption of LED lighting through the ECAs allowance scheme. This scheme allows businesses to set 100 per cent. of the cost of purchasing an energy efficient asset against the taxable profits of the company in a single year. Public bodies in the UK can also receive interest free loans for energy efficient technologies from Salix Finance, a fund established by the British government.

In the United States, utility companies often provide customers with rebates to set against the cost of adopting LED lighting, both for the capital cost of the fixtures and, in many cases, for the cost of the installation. These rebates can be up to 80 per cent. of the cost of adoption and are a feature of local utility companies. To qualify for the rebates, LED products must conform to certain criteria which the Group's product range has been designed to do. Adoption of LED lighting is also being supported by energy service companies, which operate as both lighting consultants and product installers. They assist in securing the rebates for customers prior to purchase and market the benefits of LED lighting direct to end users.

LED market participants

The participants in the LED lighting market are broadly characterised as either legacy lighting groups or new market entrants. Legacy lighting groups manufactured other lighting technologies prior to the growth of LED lighting technology and are going through a period of repositioning (for example, Osram, Phillips and Sylvania). These legacy companies are generally larger than new market entrants and have suffered from the loss of legacy revenue streams. They are also at risk of intra-group sales cannibalism and internal conflicts of interest as they switch from legacy to LED lighting products.

6.2 **Wiring Accessories, Circuit Protection and Portable Power Market dynamics**

The market for the Group's non-LED products within the electrical accessories market, is also exhibiting favourable growth. The UK Electrical Accessories market grew 1.4 per cent. CAGR between 2011 and 2016, from £636 million to £682 million[1]. The market has been supported by product innovation, favourable growth in construction and housing markets and changes to public policy in the UK.

Product innovation within the UK electrical accessories market has included the introduction of USB charging sockets and extension leads and the ongoing developments in the consumer electronic market. These new products often have higher pricing points and increase volumes over an adoption phase.

The commercial construction sector in the UK has grown 3.7 per cent. CAGR between 2013 and 2015[2] and has driven end user demand in the UK electrical accessories market in new builds and refurbishments. Over the same period, the UK housebuilding sector increased 15.1 per cent. CAGR[3], helping to support the end user demand for electrical accessories for post-property acquisition refurbishments.

6.3 **Consumer Market Structure**

Trade Distribution

The Trade Distribution market segment supplies large volume wholesalers or commercial clients. As such, the products offered are typically lower in value or more technical, catering for a more technical installation or qualified end user.

This segment can be broadly divided into large, often national, distributors or wholesalers, with sales typically in excess of £3 million, and smaller, often local, wholesalers with sales typically below £3 million.

1 Source: AMA Research.

2 Source: Office of National Statistics and CPA data. Represents growth in private commercial work (excluding infrastructure) for the UK)

3 Source: Office of National Statistics and CPA data. Represents growth in total UK new build volumes.

Suppliers, such as the Group, would tend to negotiate contracts directly with the large distributors or wholesalers, whereas smaller wholesalers increasingly belong to Buyer Groups. Within Buyer Groups, pricing structures and contract structures are negotiated at the Buyer Group level, with individual members choosing the brand they wish to stock and the quantity they wish to purchase. There is not normally exclusivity for product classes. Buyer Group's benefit suppliers by standardising terms across multiple, small customers and benefit member wholesalers by removing the need to negotiate terms with multiple suppliers. They may also improve the terms suppliers might otherwise receive. The Group is well represented in UK's major Buying Groups with capacity for greater range and individual customer penetration. An example of a Buying Group is ANEW which is the largest in the UK with 27 members with over 200 outlets. The Group is well represented with ANEW members and revenue generated from these members has increased significantly in recent years from £3.1 million in FY 2013 to £7.1 million in FY 2015.

Retail

The retail market segment supplies electrical accessories to individual consumers at small quantities, often single units. As such, the products are often higher in value and more customer orientated, for example more decorative or easy to install.

The retail segment has recently seen a trend of supplier rationalisation, especially within the DIY retailer segment. This has been in part due to the large number of product lines stocked and the number of suppliers. Retailers have moved to suppliers with larger product offerings and those who can offer additional services such as merchandising or stock management. Direct Chinese factories or customer private label remain a threat to market incumbents.

Retailers often have national, if not international, store networks which suppliers can leverage to increase penetration into new regions. Retailers are often keen to harmonise suppliers across their store networks and online offering.

In the UK, retailers supplying the Group's product categories broadly operate a centralised stocking model whereby the retailer holds stock centrally and resupplies stores accordingly. This model is well suited to suppliers who receive larger orders from retailers with minimal delivery points or can source product with a FOB arrangement. In the rest of Europe, retailers supplying the Group's product categories tend to be less centralised and have recently started to move towards the centralised UK model. This makes it easier for suppliers to service these companies but allows suppliers with less presence in the UK to enter the market, such as Far East private factories.

6.4 **Competition**

Each of the Group's main product categories (Wiring Accessories, Portable Power and LED Lighting) trade in a different competitive environments, reflective of the underlying market trends and the market incumbents. The Group does not compete with a significant number of market participants across all of its product categories which is reflective of the Group's broad product offer. Due to this, the competitive environment is best analysed through reviewing competition in each product category.

Wiring Accessories

For Wiring Accessories, the Group's market is characterised by multinationals manufacturers and limited direct sourcing from local Chinese factories. The Group's largest competitors consist of MK Honeywell (previously Novar plc), Schneider and Siemens. Such competitors have a global reach but the Group is one of the market leaders in the UK. The UK Wiring Accessories market was worth £240 million in 2015[1] and in 2015 the Group was estimated to hold 15 per cent. market share with competitor Novar MK as the market leader with 16 per cent. Management anticipate the Group's market share to rise to c.19 per cent. in 2016. Despite the Group's leading position within the wider product category, the Group has scope for further penetration into new product sub-categories; for example within the Circuit Protection product sub-category where the Group holds relatively low market share, estimated to be c.2 per cent. in 2015 rising to 4 per cent. in 2016[1]. AMA estimates the size of the UK circuit protection market to be £356 million in 2015.

1 Source: AMA Research.

Portable Power

For Portable Power products, the Group dominates its market through its Masterplug brand which holds 40 per cent. market share in the UK in 2015[1]. Other key competitors in this product segment include SMJ Electrical with an estimated 12 per cent. market share in the UK Portable Power market, estimated to be £65m in size in 2015.[1]

LED Lighting

For LED Lighting products, the Group's market is broadly made up of two types of participants: large incumbent lighting manufacturers and smaller lighting specialists/market entrants. Large incumbents have a strong market position with the top five participants holding over 75 per cent. market share. Smaller lighting specialists/market entrants identified include Aurora, JCC Advanced Lighting, Kosnic and Dextra. This group of market participants are broadly UK based with similar distribution channels to the Group and some customer overlap. Management estimate that the Group has a 4 per cent. market share in the UK in 2016. Management anticipate the Group's market share to be c.4 per cent. of the UK LED market in 2016. The UK LED market is estimated to be worth £847 million in 2016[2].

7 RECENT DEVELOPMENTS, CURRENT TRADING AND PROSPECTS

The Group has traded very strongly since 30 June 2016, with record trading in July and August. The Group experienced revenue growth of 19 per cent. in July and 43 per cent. in August compared to the corresponding months in FY 2015. In Q3 2016 overall revenue growth was approximately 34 per cent. compared to the corresponding period in 2015. Growth has been strong across all the Group's brands with a particularly strong contribution from USB sockets and circuit protection units within BG and the expansion of the Luceco LED range. Increased revenue also resulted in increased profitability with gross margin of 36.4 per cent. in July and 37.1 per cent. in August, ahead of gross margin in H1 2016 of 35.3 per cent. EBITDA in this period has also increased significantly at 21 per cent. and 111 per cent. in July and August respectively. This improvement in EBITDA is principally due to strong revenue growth and favourable product mix as well as increased output from the Group's facility in China.

There is a strong pipeline of new product launches for Q4 2016 and the LED Projects business is gaining momentum in the UK and internationally with a growing pipeline of projects. Management estimate that new business wins to date in 2016 are worth in excess of £12 million in 2017 and in addition there are over £19 million new business opportunities currently under discussion. FOB business remains significant for the Group's revenues and this provides good visibility in the run-up to the Autumn and Christmas selling season and 2016 year-end out turn. The Directors believe that the outlook for the business remains very strong and is on-track to deliver the Director's expectations for the full-year.

8 REGULATION

The Group is subject to a variety of laws, rules and regulations regarding the protection of the environment, employee health and safety and the handling of hazardous materials. The Group treats the management of environmental and health and safety matters as high priorities. The Company believes that the Group is in compliance in all material respects with all environmental and health and safety laws, rules and regulations applicable to the business and has all material environmental permits and licences required for its operations.

Specific employees are responsible for implementing the Group's health and safety policies at the Group's workplace (including those relating to fire safety and first aid). 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 EMPLOYEES

As at 30 June 2016 (being the latest practicable date prior to the publication of this document) and as at 31 December 2015, the Group had 2,063 and 1,632 employees, respectively. The table below sets out the number of employees of the Group as at 31 December 2013, 2014 and 2015 and 30 June 2016.

1 Source: AMA Research.

2 Source: AMA Research; LED Lighting Market Report – UK 2016-2020 Analysis (May 2016).

Schedule of employees by division as at the periods listed above:

	As at 31 December			As at
	2013	**2014**	**2015**	**30 June 2016**
Administration and Support	166	287	396	487
Production	1,088	1,250	1,236	1,575
Total	**1,254**	**1,537**	**1,632**	**2,063**

10 INSURANCE

The Board believes 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 Board considers 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 as a director for each Director:

Name	Age	Position	Date appointed as a Director
Giles Brand	42	Chairman	1 May 2010
John Hornby	47	Chief Executive Officer	23 October 2007
David Main	52	Chief Financial Officer	27 September 2016
John Barton	72	Senior Non-Executive Director	27 September 2016
Caroline Brown	54	Non-Executive Director	27 September 2016
Tim Surridge	47	Non-Executive Director	27 September 2016

The business address of all of the Directors is Building E Stafford Park 1, Stafford Park, Telford, Shropshire, TF3 3BD.

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

Giles Brand (42) ***(Non-Executive Chairman)***

Giles is the managing partner of EPIC Private Equity LLP, an independent investment manager, advisory and placement advisor and administrator. EPIC Private Equity LLP is the investment advisor to EPE Special Opportunities plc, whose affiliates were, prior to Admission, the Company's largest shareholder. Giles is the largest shareholder in EPE Special Opportunities plc which has been a top 5 performing investment trust over the last five years. In 2005, Giles led the buyout of the Company on behalf of funds advised by EPIC Private Equity LLP and joined the Group as a Non-Executive Director.

Since 2001, Giles has led over 30 buyout, turnaround, distressed and growth capital transactions. Many of these transactions have made multiple bolt-on acquisitions in the UK and overseas. Exit routes have included initial public offerings, trade sales and secondary private equity sales. Giles is an experienced non-executive chairman and director, having served on the boards of multiple private companies including Pinnacle Regeneration Group, a social housing operator; Palatinate Schools, a private schools operator; and Ryness Electrical, retailer of wiring accessories and related goods. He is currently a non-executive Chairman of Whittard of Chelsea and a non-executive director of the Reader Organisation, a not-for-profit educational charity. He has extensive public markets experience as a corporate finance advisor at Baring Brothers International Limited and at EPIC Private Equity LLP. He also has extensive public market experience of investment trusts as investment advisor or investment manager to a number of listed investment vehicles, including the Equity Partnership Investment Company plc (2001-2011), EPIC Brand Investments plc (2003-2005) and EPE Special Opportunities plc (2003-present).

Giles is also the chairman of the Nomination Committee.

John Hornby (47) ***(Chief Executive Officer)***

John was appointed Chief Executive Officer of the Group in 2005. John joined Luceco in 1997 and led the original management buyout of Luceco from Arlen plc in 2000 and the secondary buyout with EPIC Investments LLP in 2005. John led the development of the Group's Chinese operations. John began his career with Knox D'Arcy Management Consultants following his graduation from Oxford University with a degree in Economics.

David Main (52) ***(Chief Financial Officer)***

David joined the Group as Chief Financial Officer in February 2016. David held a number of senior roles and variety of board level roles with McBride plc before becoming interim Chief Financial Officer. Prior to joining McBride plc, David held a number of senior operational and commercial finance roles within the fast-moving consumer goods sector.

John Barton (72) ***(Senior Independent Non-Executive Director)***

John joined the Group as Senior Independent Non-Executive Director on 27 September 2016. John is currently serving as Chairman to both Next plc and easyJet plc and is the Senior Independent Non-Executive director of SSP Group Plc and non-executive director of Matheson & Co Ltd. Prior to his current appointments, John served as Chairman of Cable and Wireless Worldwide plc, Brit Holdings plc and Wellington Underwriting plc and has served as Senior Independent Director of WHSmith plc and Hammerson plc. He was also the Chief Executive of insurance broker JIB Group plc from 1984 to 1997 and after JIB's merger with Lloyd Thomson in 1997, he became Chairman of the combined group, Jardine Lloyd Thompson Group plc, until 2001. He is a qualified chartered accountant and received an MBA from Strathclyde University.

John is also a member of the Remuneration, Nomination and Audit Committees.

Caroline Brown (54) ***(Non-Executive Director)***

Caroline joined the Group as a Non-Executive Director on 27 September 2016. Dr Brown manages early stage companies and divisions of FTSE100 groups in the energy and technology sectors and has worked as a corporate finance adviser to governments and energy companies with banks including Merrill Lynch, UBS and HSBC. Dr Brown has chaired the audit committees of WSP Group plc, Intelligent Energy Holdings plc and Bridge Energy ASA. Dr Brown holds a First Class degree and PhD in Natural Sciences from the University of Cambridge and a Masters of Business Administration from the Cass Business School, University of London. Dr Brown is a Fellow of the Chartered Institute of Management Accountants and is a Chartered Director.

Dr Brown is also chairman of the Audit Committee and is a member of the Remuneration and Nomination Committees.

Tim Surridge (46) ***(Non-Executive Director)***

Tim joined the Group as a Non-Executive Director on 27 September 2016. Previously, Tim has served as Group Chief Financial Officer at Olive Group Capital Limited, a Dubai based security solution provider, and as Chief Financial Officer and an Executive Director at Dangote Cement plc, Nigeria's largest cement producer. Tim joined KPMG UK in 1991 and became a partner in the firm's Transaction Services business in 2006. He has considerable accounting and advisory experience including in stock market listings, reverse takeovers, management buy-outs and acquisitions. He is a qualified chartered accountant and an Associate of the Institute of Chartered Accountants in England and Wales.

Tim is also chairman of the Remuneration Committee and is a member of the Audit Committee.

2 SENIOR MANAGERS

The Company's Senior Managers, in addition to the Executive Directors listed above, are as follows:

Dave Cleaver (40) ***(Product Manager)***

Dave joined the Group in 1998 following his graduation from Brunel University with a degree in Mechanical Engineering and progressed through several positions before becoming Head of Product (Electrical). Dave plays a key role in the transfer of products to the Far East, leads the UK electrical product management and quality teams and manages the new product introduction process of electrical products with the Group's Chinese teams through to UK sales & marketing. Dave is based in the Group's London office where he is supported by the UK's product management and marketing team of 20 and the Chinese new product introduction team of 20 engineers. Dave also holds a Masters in Business Administration and spent one year with MK Electric in 2006/2007.

Wayne Hill (41) ***(Head of Sales & Marketing)***

Wayne joined the Group in 2006. His responsibility was extended to the Group's trade and retail divisions in 2013, before being appointed as Sales and Marketing Director in 2008. Wayne has over 20 years' experience within the UK retail market and has important relationships with key clients such as Kingfisher and the DIY Channel. Wayne re-set the retail division in 2008 at which point a proportion of the Group's business was moved to the FOB model. Wayne initiated the Group's expansion into France, Germany, Spain and Hong Kong.

Lorentz Jiang Jiulong (56) ***(General Manager - China)***

Lorentz joined the Group in October 2004 as Chinese General Manager, initially running the Group's Shanghai office and subsequently he was instrumental in the set up the Group's Jiaxing factory. Lorentz has been responsible for the recruitment of the Chinese team and overseeing the rapid growth in the factory's production output / turnover. Lorentz graduated from Fudan University and worked for 3M China for 10 years in various roles including Quality Manager.

Mike Laycock (53) ***(Sales Director - Distribution Channel)***

Mike joined the Group in 2010 as Sales Director. Mike has over 30 years' experience in the electricals industry, having previously held senior positions at Panduit, Moeller Electric and Schneider Electric.

Ian Pritchard (46) ***(Group Financial Controller)***

Ian initially joined the Group in 2005 as a management accountant for the retail division and has since progressed to Group Financial Controller. He has led the finance function through a period of sustained growth including the set up and reporting of the Chinese factory. He is a qualified chartered accountant, having qualified at Coopers and Lybrand, followed by seven years at HSBC in both financial reporting and treasury roles.

John Williams (47) ***(Specifications Director)***

John joined the Group in January 2014 as Head of Projects. John has over 29 years' experience in the lighting industry and was previously managing director at Sylvania UK from 2010 to 2013. John has also held senior positions at Thorn Lighting and Fitzgerald Lighting.

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) and for the approval of any changes to the capital, corporate and/or management structure of the Group.

3.2 Overview of compliance with corporate governance and requirements

Board and committee independence

The UK Corporate Governance Code recommends that, other than in the case of a UK listed company that is a "smaller company" (as defined in the UK Corporate Governance Code as being a company that is below the FTSE 350, as the Company is expected to be), 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 judgement and free from relationships or circumstances which may affect, or could appear to affect, the director's judgement. The UK Corporate Governance Code recommends that a "smaller company" should have at least two independent non-executive directors. As of the date of this document, the Board consists of three Non-Executive Directors (excluding the Chairman) and two Executive Directors. The Company regards the three Non-Executive Directors (excluding the Chairman) "independent non-executive directors" within the meaning of the UK Corporate Governance Code and free from any relationship that could materially interfere with the exercise of their independent judgement. The Board is satisfied that this is the case.

On or following Admission, the Board will comply fully with the UK Corporate Governance Code, except as described in this paragraph. Giles Brand will continue in his role as the Company's Chairman and is deemed to be non-independent under the UK Corporate Governance Code given (1) the size of his shareholding (5.5 per cent. of the share capital in the Company following Admission) and (2) his connection with EPIC Investments LLP (Giles Brand is managing partner of EPIC

Private Equity LLP, investment advisor to EPE Special Opportunities plc, the company which has the majority economic benefit of EPIC Investment LLP's holding in the Company). Whilst the Board recognises that this is not in full compliance with provision A.3.1 of the UK Corporate Governance Code which states that a listed company's chairman should meet the independence criteria set out provision B.1.1, the Board believes that Giles Brand's experience and knowledge of the Group following Admission justifies his appointment as Chairman. Furthermore, the Board is satisfied that from Admission the Chairman will be able to lead the Board and ensure its effectiveness in respect of all aspects of its role.

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. John Barton has been appointed Senior Independent Director.

3.3 **Board committees**

As envisaged by the UK Corporate Governance Code, the Board has established three committees: an Audit Committee, a Nomination Committee and a Remuneration Committee.

Audit Committee

The Audit Committee assists the Board in discharging its responsibilities with regard to financial reporting, external and internal audits and 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 external auditors, advising on the appointment of 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 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 Caroline Brown, and its other members will be John Barton and Tim Surridge. The Directors consider that Caroline Brown and Tim Surridge have recent and relevant financial experience. The Audit Committee will meet not less than three times a year.

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

Appointments to the Audit Committee will be made by the Board, on recommendation by the Nomination Committee. 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.

Nomination Committee

The Nomination Committee will assist the Board in discharging its responsibilities relating to the composition and make-up of the Board and any committees of the Board. It will also be responsible for periodically reviewing the Board's structure and identifying potential candidates to be appointed as Directors or committee members as the need may arise. The Nomination Committee will be responsible for evaluating the balance of skills, knowledge and experience and the size, structure and composition of the Board and committees of the Board, retirements and appointments of additional and replacement Directors and committee members and will make appropriate recommendations to the Board on such matters.

The UK Corporate Governance Code recommends that a majority of the members of a nomination committee should be Independent Non-Executive Directors. The Nomination Committee will be chaired by Giles Brand, and its other members will be John Barton and Caroline Brown. The Nomination Committee will meet not less than twice a year.

From Admission, the Nomination Committee will also generate a report to be included in the Company's annual report. This will describe the activities of the Nomination Committee, including the process used to make appointments and explain if external advice or open advertising has not been used.

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 package 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 three members who are Independent Non-Executive Directors (other than the Chairman). The Remuneration Committee will be chaired by Tim Surridge, and its other members will be John Barton and Caroline Brown. 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.

4 SHARE DEALING CODE

The Company has adopted, with effect from Admission, a code on dealings in relation to the securities of the Group which requires full compliance with the requirements of the EU Regulation on Market Abuse. The Company shall require the Directors, persons discharging managerial responsibilities and other relevant employees of the Group to comply with the Company's securities dealing code, and shall take all proper and reasonable steps to secure their compliance.

5 RELATIONSHIP AGREEMENT

For the purposes of the Listing Rules, it is considered that EPIC Investments LLP and Giles Brand will be acting in concert given that Giles is Managing Partner of EPIC Private Equity LLP, which through certain affiliates manages EPIC Investments LLP. Consequently, on 14 October 2016, the Company, Giles Brand and EPIC Investments LLP entered into the Relationship Agreement with the Company, which takes effect from Admission. The principal purpose of the Relationship Agreement is to ensure that the Company is capable at all times of carrying on its business independently of each of Giles Brand, EPIC Investments LLP, and their respective associates. The Relationship Agreement also includes rights for EPIC Investments LLP and Giles Brand to nominate persons to be appointed as Directors in certain circumstances, subject to them exercising or controlling certain minimum percentage voting rights. Further information in respect of the Relationship Agreement is set out at paragraph 11 of Part 14 of this document.

PART 7

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

1 REASONS FOR THE OFFER

Management believe that the IPO will:

- enhance the Group's profile;
- provide a stronger and more efficient capital structure which will give the Group better financial and operational flexibility as it pursues its growth strategy;
- assist in the incentivisation and retention of key management and employees;
- provide potential access to the capital markets to aid future development if required; and
- provide the Selling Shareholders with a partial realisation of their investment in the Company.

2 USE OF PROCEEDS

The total net proceeds receivable by the Company from the Offer are estimated to be approximately £22.0 million, after deduction of underwriting commissions and other estimated fees and expenses (assuming the maximum amount of the discretionary commission will be paid and including VAT) of approximately £4.0 million. The net proceeds from the Offer receivable by the Company are expected to be used by the Group to repay outstanding borrowings (including accrued and unpaid interest) under the Shareholder Loans and Chinese Facilities, with the balance, if any, to be used to fund working capital. This reduction in borrowings will strengthen the Group's balance sheet and provide it with the necessary financial flexibility and working capital to pursue its growth strategy.

The net proceeds from the Offer receivable by the Selling Shareholders are estimated to be £64.4 million (assuming the maximum amount of the discretionary incentive commission will be paid and including VAT).

3 DIVIDENDS AND DIVIDEND POLICY

The Directors intend to adopt a progressive dividend policy whilst maintaining an appropriate level of dividend cover. This policy is intended to allow the Group to retain sufficient capital to meet both the working capital needs of the business and to fund the planned continued expansion of the Group in line with its growth strategy. The Board's current intention is to target an initial payout ratio in the range of 20 per cent. to 30 per cent. of Group adjusted net income. Assuming that there are sufficient distributable reserves available at the time, the Directors intend that the Company will pay an interim dividend and a final dividend in respect of each financial year in the approximate proportions of one-third and two-thirds, respectively, of the total annual dividend.

The current intention of the Board is that the first dividend to be paid by the Company will be the final dividend in respect of FY 2016, payable in H1 2017. This dividend will be paid on a pro rata basis for the period following Admission.

The Company may revise its dividend policy from time to time. There are no guarantees that the Company will pay dividends or the level of any such dividends.

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 of this document. Consequently, investors may not receive any return on 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 document, including Part 1 and Part 10 of this document, 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 relates to financial information that has been extracted without material adjustment from Part 10 of this document.

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 of this document.

1 GROUP OVERVIEW

1.1 Overview

The Group is a rapidly growing manufacturer of high quality and innovative LED lighting products and wiring accessories for a global customer base of trade distributors, retailers, wholesalers and project developers. The Group has grown revenue by £37.5 million, or a 25.3 per cent. CAGR, from £65.6 million in FY 2013 to £103.1 million in FY 2015; and by £12.0 million, or 25.0 per cent., from £48.0 million in H1 2015 to £60.0 million in H1 2016.

The Group operates a wholly owned manufacturing and product development facility in Jiaxing, China, employing approximately 2,000 employees as at 30 June 2016 and with 52,500m^2 of purpose built manufacturing and warehousing space. The facility was opened in 2008 and has been subsequently expanded twice to increase the production capacity given the Group's high growth rate.

The Group has its headquarters in the United Kingdom with sales, marketing and executive functions in London and sales, marketing and support functions based in Telford. On the same site in Telford, the Group has a 10,000m^2 distribution centre which services customers across the United Kingdom and Europe. In total the Group employed 225 employees in the United Kingdom as at 30 June 2016.

The Group also operates a global network of sales offices with 58 employees in 8 different countries, including USA, Mexico, France, Germany, Dubai and Hong Kong as at 30 June 2016.

Products

The Group's products broadly fall into four product types:

- Wiring devices and accessories (predominantly under the BG brand) which include switches, sockets, circuit protection, cable management and other accessories ("Wiring Accessories");
- Portable power (predominantly under the Masterplug brand) which includes cable reels, extension leads, surge protection, timers and adaptors ("Portable Power");
- LED lighting (predominantly under the Luceco brand) ("LED Lighting"); and
- Other products (including television screen wall mounts sold under the Ross brand) ("Other Products").

Of the Group's product ranges, Wiring Accessories is the largest range with revenue of £47.9 million, or 46.5 per cent. of the Group's revenue, for FY 2015. Over the period FY 2013 to FY 2015 Wiring Accessories revenue has increased significantly at a CAGR or 15.9 per cent. and LED Lighting has grown revenue by £21.8 million, or a 290.4 per cent. CAGR, from £1.5 million in FY 2013 to £23.3 million in FY 2015. LED Lighting made up 22.6 per cent. of Group revenue in FY 2015, compared to 2.3 per cent. in FY 2013. Portable Power revenue was £28.8 million in FY 2015 having increased at a CAGR of 7.3 per cent. since FY 2013. Other Products are the Group's smallest category with only £3.1 million of revenue in FY 2015. Other Products revenue has been broadly flat over the period but increased significantly in H1 2016 compared to H1 2015, to £2.1 million (a 42.6 per cent. increase over the period).

The following table sets out information on the Group's revenue by product type for the periods indicated.

	For the year ended 31 December						CAGR	For the six months ended 30 June				Growth
	2013		2014		2015		2013-2015	2015		2016		H1 2015-H1 2016
Revenue by product	**£000**	**%**	**£000**	**%**	**£000**	**%**	**%**	**£000**	**%**	**£000**	**%**	**%**
Wiring Accessories	35,666	54.4	38,939	47.3	47,893	46.5	15.9	22,308	46.5	30,706	51.2	37.6
Portable Power	24,961	38.0	29,353	35.7	28,755	27.9	7.3	13,521	28.2	13,280	22.1	(1.8)
LED Lighting	1,529	2.3	10,552	12.8	23,304	22.6	290.4	10,661	22.2	13,874	23.1	30.1
Other Products	3,474	5.3	3,416	4.2	3,103	3.0	(5.5)	1,497	3.1	2,135	3.6	42.6
Total	**65,630**	**100.0**	**82,260**	**100.0**	**103,055**	**100.0**	**25.3**	**47,987**	**100.0**	**59,995**	**100.0**	**25.0**

Channels

The Group's revenue is split into three main channels (or routes to market): Trade Distribution, Retail, and Projects. All products (as detailed above) are sold through the Trade Distribution and Retail channels, with only LED Lighting sold through the Projects channel. Management define the Projects channel as any revenue resulting from the Group's demand creation activities. The remainder of revenue is split between Retail and Trade Distribution based upon the type of customer the Group's direct customer resells the Groups products onto; retail consumers for the Retail channel and trade professionals for the Trade Distribution channel[1].

Of the Group's channels, Trade Distribution is the largest channel with revenue of £65.7 million, or 63.7 per cent. of the Group's revenue, for FY 2015. Over the period FY 2013 to FY 2015 Trade Distribution has grown strongly with revenue increasing at a CAGR of 29.1 per cent. Retail is also a large channel with revenue of £31.6 million for FY 2015 (30.6 per cent. of Group revenue in FY 2015) and has also shown good growth, growing at a steady rate over the period under review with a revenue CAGR of 9.6 per cent. The Projects channel is relatively new and has grown revenues significantly since inception in 2013 driven by the adoption of LED lighting in the UK and internationally.

The following table sets out information on the Group's revenue by channel for the periods indicated.

	For the year ended 31 December						CAGR	For the six months ended 30 June				Growth
	2013		2014		2015		2013-2015	2015		2016		H1 2015-H1 2016
Revenue by channel	**£000**	**%**	**£000**	**%**	**£000**	**%**	**%**	**£000**	**%**	**£000**	**%**	**%**
Distribution	39,372	60.0	49,439	60.1	65,659	63.7	29.1	30,721	64.0	39,079	65.2	27.2
Retail	26,247	40.0	31,210	37.9	31,552	30.6	9.6	14,978	31.2	16,031	26.7	7.0
Projects	11	0.0	1,611	2.0	5,844	5.7	2,204.9	2,287	4.7	4,885	8.1	113.6
Total	**65,630**	**100.0**	**82,260**	**100.0**	**103,055**	**100.0**	**25.3**	**47,987**	**100.0**	**59,995**	**100.0**	**25.0**

Geographies

The Group sells all of its products internationally and classifies revenue by geography based upon the location of its customer.

In FY 2015, 84.1 per cent. of Group revenue was to customers in the United Kingdom with the remaining 15.9 per cent. being derived from customers in the Middle East, Asia Pacific, Europe, Africa, United States and Mexico.

1 A portion of Trade Distribution customers are hybrids serving both retail and trade customers. In these instances Management have used their best knowledge of the customer to assign them to the Trade Distribution channel.

1.2 **Reporting segments**

This document includes supplemental financial information which the Group analyses by:

- Channel (or route to market): consisting of Trade Distribution, Retail and Projects; and
- Destination: consisting of UK, Middle East, Asia Pacific, Europe Africa, and Americas.

Whilst the Board believes such supplemental financial information provides investors with a better understanding of its business, the Group does not manage its business on the basis of such information. Accordingly, Channel and Destination (as shown above) do not represent the Group's segments on an IFRS basis and are not necessarily representative of its results of operations for any period or its financial condition as at any date.

The Group's segmental information in its financial statements is presented according to three reportable segments: Wiring Accessories, Portable Power and LED Lighting. Note 2 to the Historical Financial Information set out in Part 10 of this document sets out segmental financial information in accordance with IFRS. Notwithstanding that, the Group's products reach all end-markets within the Group's geographies.

1.3 **KPIs**

The Group's primary KPIs used to measure performance of its business are Revenue, Gross Profit, Gross Margin, EBITDA, Operating Profit and Operating Profit Margin.

The following table sets out information on the Group's KPIs for the periods indicated.

	For the year ended 31 December			For the six months ended 30 June	
Group KPIs	**2013 £000**	**2014 £000**	**2015 £000**	**2015 £000**	**2016 £000**
Revenue	65,630	82,260	103,055	47,987	59,995
Gross profit	18,305	25,056	33,834	15,078	21,180
Gross margin	27.9%	30.5%	32.8%	31.4%	35.3%
EBITDA	7,346	10,356	14,024	5,709	8,661
Operating profit	5,932	8,443	11,451	4,200	7,154
Operating profit margin	9.0%	10.3%	11.1%	8.8%	11.9%

2 RECENT DEVELOPMENTS, CURRENT TRADING AND PROSPECTS

The Group has traded very strongly since 30 June 2016, with record trading in July and August. The Group experienced revenue growth of 19 per cent. in July and 43 per cent. in August compared to the corresponding months in FY 2015. In Q3 2016 overall revenue growth was approximately 34 per cent. compared to the corresponding period in 2015. Growth has been strong across all the Group's brands with a particularly strong contribution from USB sockets and circuit protection units within BG and the expansion of the Luceco LED range. Increased revenue also resulted in increased profitability with gross margin of 36.4 per cent. in July and 37.1 per cent. in August, ahead of its gross margin in H1 2016 of 35.3 per cent. EBITDA in this period has also increased significantly at 21 per cent. and 111 per cent. in July and August respectively. This improvement in EBITDA is principally due to strong revenue growth and favourable product mix as well as increased output from the Group's facility in China.

There is a strong pipeline of new product launches for Q4 2016 and the LED Projects business is gaining momentum in the UK and internationally with a growing pipeline of projects. Management estimate that new business wins to date in 2016 are worth in excess of £12 million in 2017 and in addition there are over £19 million new business opportunities currently under discussion. FOB business remains significant for the Group's revenues and this provides good visibility in the run-up to the Autumn and Christmas selling season and 2016 year-end out turn. The Directors believe that the outlook for the business remains very strong and is on-track to deliver the Director's expectations for the full-year.

3 SIGNIFICANT FACTORS AFFECTING THE GROUP'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Management believe that the following factors have significantly affected the Group's results of operations and/or financial condition during the periods under review, and may continue to affect the Group's results of operations and financial condition in the future.

3.1 Macroeconomic conditions

The Group's business depends on the demand of its end-users for electrical accessories (including wiring accessories and portable power products) and LED lighting, which, in turn, depends to a large extent on general economic conditions in the countries, regions and localities in which its customers operate. Changes in economic conditions, particularly when widespread and pronounced, can therefore materially affect the Group's results and financial condition. Other key macroeconomic drivers which have affected the Group's results of operations are increasing construction output, wage inflation and the adoption of energy saving technologies, as further discussed under "Market factors that affect revenue" below.

Management believe that the Group's diversification across products, geographies and customers reduces, in part, its sensitivity to economic cycles in certain geographies and markets. However, if economic conditions are widespread, pronounced and/or long-lasting, for example the most recent global financial crisis, such conditions could have a significant impact on the Group's results of operations and financial condition.

3.2 Market factors that affect revenue

Management believe that the demand for electrical accessories (including wiring accessories and portable power products) and LED lighting is influenced by certain market factors and trends, primarily the increasing demand for LED lighting, changes to regulatory standards, adoption of a higher value product offering, construction and retail activity.

Management believe that the LED lighting market benefits both from LED increasing its share within the wider lighting market and growth of the wider lighting market. LED lighting is increasing its share of the lighting market due to the advantages the technology has over competing products, including efficiency, lifetime and controllability, and due to the improving economic benefits of adopting LED, specifically the improving payback periods for LED purchases. The wider lighting market benefits from construction output, both new construction and refurbishment (both commercial and residential), as activity often includes the installation of new lighting fixtures.

Management believe the electrical accessories market benefits from factors such as the construction output, as activity often includes the installation of new accessories, and activity within the residential housing market, both housebuilding and refurbishment of existing properties. The electrical accessories market also benefits from factors such as retail activity, especially within hardware retailers, and, to a lesser extent, the level of public spending assigned to the construction or refurbishment of property for public services, for example schools, hospitals and universities.

Management believe that these trends will continue to affect demand and revenue in the segments in which the Group operates.

3.3 Investment in Chinese manufacturing and product development facility

In December 2008, the Group opened a Chinese manufacturing and product development facility in Jiaxing, China. Subsequently, the facility has been expanded twice with completion in August 2011 and August 2016 respectively. Management believe that the facility offers significant competitive advantages and is supportive to the Group's profitability; predominantly by allowing the Group to offer competitive product pricing though improved cost controls and efficient control of the Group's supply chain.

Since the Group opened the facility, the Group's revenue has grown significantly. The Group has therefore invested significant capital expenditure in the facility as a key enabler of the Group's growth as well as furthering its cost control and supply chain efficiency.

The following table shows the Group's capital expenditure investment in the Jiaxing facility for the periods shown.

	For the year ended 31 December			For the six months ended 30 June	
Jaixing Capital Expenditure	**2013 £000**	**2014 £000**	**2015 £000**	**2016 £000**	**Total £000**
Land & Buildings	0	378	625	2,856	**3,859**
Plant and Machinery	1,149	1,246	1,017	365	**3,777**
Patents and Product Development	477	498	846	504	**2,324**
Tooling	137	135	635	106	**1,013**
Computers	49	181	0	36	**267**
Vehicles	16	19	–	44	**79**
Other	38	8	229	20	**296**
Total	**1,866**	**2,465**	**3,353**	**3,931**	**11,615**

3.4 International expansion

The Group has grown revenue to international customers (outside of the United Kingdom) between FY 2013 and FY 2015 from £11.6 million to £16.4 million. This expansion leverages the Group's Chinese manufacturing and product development facility to manufacture products to distribute globally. Management believe growth of the Group's revenue internationally is achieved through greater sales penetration into existing cross border customers and by the opening of local sales offices internationally. The Group has international sites and offices in France, Germany, North America, Hong Kong and Dubai.

The Group's international expansion has supported revenue growth over the period, for which the Group has invested, in part, in administration expenses and product development ahead of revenue generation.

3.5 Exchange rate fluctuations

The Group's reported results of operations and financial condition are affected by exchange rate fluctuations. The Group has historically been exposed to translational and transactional fluctuations in foreign currency exchange rates.

The Group's reporting currency is sterling, although it generates significant revenue in other currencies. For H1 2016, Management estimates that approximately 51 per cent. of the Group's total revenue was denominated in currencies other than sterling. Assets, liabilities and transactions for certain of the Group's reporting entities are measured in the currency of the primary economic environment in which the entity operates (the entity's functional currency) and are then translated into sterling for presentation of the Group's consolidated operating results.

The Group is exposed to transactional foreign exchange rate fluctuation when a Group subsidiary enters into a sale or purchase transaction in a currency other than the subsidiary's functional currency. Whilst the Group hedges certain transactional exposures by matching the currency of revenue to the relevant cost, the Group's sales from China, predominantly as FOB, are often denominated in dollars which is a feature of the Chinese export market. The Group hedging policy is to hedge 100 per cent. of its first quarter requirement, 75 per cent. of second quarter, 50 per cent. of third quarter and 25 per cent. of fourth quarter on a rolling 12 month basis. Management believe this policy protects the Group from future movements in foreign currencies (principally the US Dollar, RMB and to a lesser extent, the Euro).

As currency exchange rates fluctuate, translation of the operating results of the Group's subsidiaries that have a functional currency other than the sterling affects the Group's reported results of operations. The Group is primarily exposed to movements in Sterling against RMB and the US Dollar, and, to a lesser extent, the Euro. The Group does not currently hedge these translational exposures.

The following table shows the Group's year-on-year revenue growth, on a constant currency basis using period average exchange rates, for each of the Group's segments for the periods indicated. The data below have been calculated by translating the revenue of the Group's consolidated subsidiaries in the segments below which have a functional currency other than the sterling by reference to the relevant period average exchange rate in the preceding year.

	For the year ended 31 December		For the six months ended 30 June	
Constant Currency	**2014 £000**	**2015 £000**	**2015 £000**	**2016 £000**
Portable Power	30,327	27,537	12,906	12,802
Wiring Devices and accessories	39,709	46,269	21,464	29,919
LED Lighting	10,570	23,438	10,705	13,806
Other	3,418	3,125	1,503	2,094
Total	**84,025**	**100,368**	**46,578**	**58,621**

	For the year ended 31 December		For the six months ended 30 June	
Reported	**2014 £000**	**2015 £000**	**2015 £000**	**2016 £000**
Portable Power	29,353	28,755	13,521	13,280
Wiring Devices and accessories	38,939	47,893	22,308	30,706
LED Lighting	10,552	23,304	10,661	13,874
Other	3,416	3,103	1,497	2,135
Total	**82,260**	**103,055**	**47,987**	**59,995**

For H1 2016, the Group reported revenue of £60.0 million. This compared to £48.0 million for H1 2015, representing an increase of 25.0 per cent. On a constant currency basis, using period average exchange rates of USD 1.50 and RMB 9.49, the Group's revenue for H1 2016 would have increased by 25.9 per cent. compared to the prior period.

For FY 2015, the Group reported revenue of £103.1 million. This compared to revenue of £82.3 million for FY 2014, representing an increase of 25.3 per cent. On a constant currency basis, using period average exchange rates for 2014 of USD 1.63 and RMB 9.53, the Group's revenue for FY 2015 would have increased by 19.5 per cent. compared to the prior period.

3.6 Raw material expenditure

The Group's main raw materials are plastic, copper, steel and aluminium, of which copper is the most volatile and is a key input of products within the Masterplug brand. The copper commodity exposure is managed by forward agreements with certain customers to fix pricing of the Portable Power range based upon current copper prices for six to twelve months forward and where possible agreeing back-to-back pricing agreements with suppliers and customers.

3.7 Finance costs

The Group's results of operations and financial condition were affected by its finance costs. Details of the Group's financing facilities including Shareholder Loans, Chinese Facilities and HSBC Bank Facilities can be found in paragraph 11 of Part 14 of this document.

The Group expects to raise £22.0 million net of expenses from the Offer. As noted in Part 7, the Company intends to use the net proceeds of the Offer to repay Shareholder Loans and the Chinese Facilities, which will reduce the Company's finance costs.

4 DESCRIPTION OF KEY INCOME STATEMENT ITEMS

4.1 Revenue

Revenue represents amounts receivable for goods and services net of VAT and trade discounts. Revenue is recognised when evidence exists that the significant risks and rewards of ownership have been transferred to the Group's customer. The timing of the transfer of risks and rewards varies depending on the individual terms of the sales agreement. The Group offers sales incentives, typically comprising rebate arrangements or discounts, to qualifying customers through various incentive programmes. Revenue is reported net of these sales incentives.

4.2 **Cost of Sales**

Cost of sales includes, as main components, the cost of raw materials, packaging, conversion costs and where relevant the supplied cost of the finished product. Copper is a key material used in the manufacturing of the Group's Portable Power range and represents a significant proportion of the range's raw materials and consumables used.

4.3 **Distribution Expenses**

Distribution expenses consist of employment costs, transportation costs, pallet costs and warehousing costs.

4.4 **Administrative Expenses**

Administrative expenses primarily consist of employment costs, selling and marketing costs as well as depreciation and amortisation.

4.5 **Finance income and expenses**

The Group's finance costs have consisted primarily of interest paid on Shareholder Loans, Chinese Bank Facilities and HSBC Bank Facilities and related swaps and other borrowings which has been offset by fair value gains (if any) on financial instruments (including swaps) and interest received on short term bank deposits.

4.6 **Taxation**

The tax charge on the profit for the financial year comprises current and deferred within the relevant jurisdiction. The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date.

5 RESULTS OF OPERATIONS

The following table sets out selected data from the Group's income statement for the periods indicated.

	Year ended 31 December			Six months ended 30 June	
	2013 £000	2014 £000	2015 £000	2015 £000	2016 £000
Revenue	**65,630**	**82,260**	**103,055**	**47,987**	**59,995**
Cost of sales	(47,325)	(57,204)	(69,221)	(32,909)	(38,815)
Gross Profit	**18,305**	**25,056**	**33,834**	**15,078**	**21,180**
Distribution expenses	(5,186)	(7,215)	(9,233)	(5,560)	(6,230)
Administrative expense	(7,187)	(9,398)	(13,150)	(5,318)	(7,796)
Operating profit	**5,932**	**8,443**	**11,451**	**4,200**	**7,154**
Financial income	167	631	260	–	–
Financial expenses	(3,912)	(3,558)	(3,444)	(1,794)	(1,816)
Profit before tax	**2,187**	**5,516**	**8,267**	**2,406**	**5,338**
Taxation	(868)	(983)	(2,450)	(712)	(1,344)
Profit for the year	**1,319**	**4,533**	**5,817**	**1,694**	**3,994**
EBITDA	**7,346**	**10,356**	**14,024**	**5,709**	**8,661**

5.1 **Comparison of H1 2015 and H1 2016**

Revenue increased by £12.0 million, or 25.0 per cent., from £48.0 million in H1 2015 to £60.0 million in H1 2016. This increase reflects increased customer penetration, new product introductions (including USB sockets and consumer protection units) and the continued rollout of the Luceco LED range. As a result revenue growth was particularly strong across Wiring Accessories (revenue growth of 37.6 per cent.) and LED Lighting (revenue growth of 30.1 per cent). Portable Power revenue was broadly flat in H1 2016 at £13.3 million compared to H1 2015 at £13.5 million (primarily due to the reduction in copper prices) and Other Products revenue increased 42.6 per cent. due to a strong performance in Ross branded products. Management believe that the Group's strong rate of revenue growth in H1 2016 of 25.0 per cent. compared to the same period of the prior year will be improved in the second half of 2016, such that revenue growth for FY 2016 will be within the range 28 per cent. to 30 per cent. For FY 2017 and FY 2018 the Group is targeting annual revenue growth of 15 per cent. to 20 per cent.

Cost of sales increased by £5.9 million, or 17.9 per cent., from £32.9 million in H1 2015 to £38.8 million in H1 2016. This increase, less than the increase in revenue, was driven by higher sales volumes, increased production in the Group's Chinese facility, product mix (for example LED lights and USB sockets) and improvements in production efficiency.

Gross profit increased by £6.1 million, or 40.4 per cent., from £15.1 million in H1 2015 to £21.2 million in H1 2016. This increase reflected the net benefit of the above increases in revenue and cost of sales.

Gross margin increased by 3.9 percentage points, from 31.4 per cent. in H1 2015 to 35.3 per cent. in H1 2016. This increase, less than the increase in revenue, was driven by higher sales volumes, increased production in the Group's Chinese facility, product mix and improvements in production efficiency. The Directors estimate that the Group's gross margin in the second half of 2016 and over the medium term will remain at approximately 35 per cent.

Operating expenses (comprising distribution expenses and administrative expenses) increased by £3.1 million, or 28.4 per cent., from £10.9 million in H1 2015 to £14.0 million in H1 2016. This increase, more than the increase in revenue, was driven by increased volume being produced in the Group's Chinese facility and overhead investment to support the Group's growth, specifically in new product launches coupled with investment in new and recently opened sales offices, and customer penetration activities. These offices are at an early stage in terms of revenue generation and are currently loss making (£1.2 million in H1 2016).

Operating profit increased by £3.0 million, or 71.4 per cent., from £4.2 million in H1 2015 to £7.2 million in H1 2016. This increase reflected the net benefit of the above increases in gross profit and operating expenses. Operating margin increased by 3.2 percentage points, from 8.8 per cent. in H1 2015 to 12.0 per cent. in H1 2016.

Finance expense remained flat at £1.8 million, between H1 2015 and H1 2016.

Profit before taxation increased by £2.9 million, or 120.8 per cent., from £2.4 million in H1 2015 to £5.3 million in H1 2016. This increase reflected the net benefit of the above increases in operational profit and increase in net financing expenses.

Taxation expense increased by £0.6 million, or 85.7 per cent., from £0.7 million in H1 2015 to £1.3 million in H1 2016. Until 2015 the company had been consuming brought forward tax losses in the UK which had the effect of reducing the effective rate in prior years, the increased performance of the business meant that these losses were consumed during FY 2014 additionally as the International start-up businesses were loss making in FY 2015 this also increased the effective tax rate of the Group. The Group has undertaken significant tax planning and Management believe that the Group's effective tax rate for FY 2016 will be approximately 23 per cent., and will reduce to approximately 20 per cent. over the medium term.

Profit after taxation for the financial year increased by £2.3 million, or 135.3 per cent., from £1.7 million in H1 2015 to £4.0 million in H1 2016.

EBITDA for the financial year increased by £3.0 million, or 52.6 per cent., from £5.7 million in H1 2015 to £8.7 million in H1 2016. EBITDA margin increased by 2.5 percentage points from 11.9 per cent. in H1 2015 to 14.4 per cent. in H1 2016.

5.2 **Comparison of FY 2014 and FY 2015**

Revenue increased by £20.8 million, or 25.3 per cent., from £82.3 million in FY 2014 to £103.1 million in FY 2015. This increase reflects increased customer penetration, new product introductions (USB sockets and consumer protection units) and the rollout of the Luceco LED range. In addition, the LED Projects business commenced operations in FY 2014 and contributed meaningfully towards Group revenue in FY 2015.

Cost of sales increased by £12.0 million, or 21.0 per cent., from £57.2 million in FY 2014 to £69.2 million in FY 2015. This increase, less than the increase in revenue, was driven by higher sales volumes, increased production in the Group's Chinese facility, product mix and improvements in production efficiencies.

Gross profit increased by £8.7 million, or 34.7 per cent., from £25.1 million in FY 2014 to £33.8 million in FY 2015. Improved mix across all channels (particularly within LED categories) drove the increase in gross profit.

Gross margin increased by 2.3 percentage points, from 30.5 per cent. in FY 2014 to 32.8 per cent. in FY 2015. This increase, less than the increase in revenue, was driven by higher sales volumes, increased production in the Group's Chinese facility, product mix and improvements in production efficiency.

Operating expenses (comprising distribution expenses and administrative expenses) increased by £5.8 million, or 34.9 per cent., from £16.6 million in FY 2014 to £22.4 million in FY 2015. This increase, more than the increase in revenue, was driven by increased volume being produced in the Group's Chinese facility and overhead investment to support new product development, geography and customer penetration.

Operating profit increased by £3.1 million, or 36.9 per cent., from £8.4 million in FY 2014 to £11.5 million in FY 2015. This increase reflected the net benefit of the above increases in gross profit and operating expenses. Operating profit margin increased by 0.8 percentage points, from 10.3 per cent. in FY 2014 to 11.1 per cent. in FY 2015.

Finance income decreased by £0.3 million, or 50.0 per cent., from £0.6 million in FY 2014 to £0.3 million in FY 2015.

Finance expense decreased by £0.2 million, or 5.6 per cent., from £3.6 million in FY 2014 to £3.4 million in FY 2015. This decrease reflected a reduction in the amounts owed by the Group to third parties and related parties. The Company also benefited in FY 2015 from the reduced cost of external borrowing in the UK as a result of facility re-negotiation.

Profit before taxation increased by £2.8 million, or 50.9 per cent., from £5.5 million in FY 2014 to £8.3 million in FY 2015. This increase reflected the net benefit of the above increases in operational profit and decrease in net financing expenses.

Taxation expense increased by £1.5 million, or 150.0 per cent., from £1.0 million in FY 2014 to £2.5 million in FY 2015. Until 2015 the Company had been consuming brought forward tax losses in the UK which had the effect of reducing the effective rate in prior years, the increased performance of the business meant that these losses were consumed during 2014 additionally as the International start-up businesses were loss making in FY 2015 this also increased the effective tax rate of the Group.

Profit for the financial year increased by £1.3 million, or 28.9 per cent., from £4.5 million in FY 2014 to £5.8 million in FY 2015.

EBITDA for the financial year increased by £3.6 million, or 34.6 per cent., from £10.4 million in FY 2014 to £14.0 million in FY 2015. EBITDA margin increased by 1.0 percentage points from 12.6 per cent. in FY 2014 to 13.6 per cent. in FY 2015.

5.3 **Comparison of FY 2013 and FY 2014**

Revenue increased by £16.7 million, or 25.5 per cent., from £65.6 million in FY 2013 to £82.3 million in FY 2014. This increase reflects increased customer penetration in Masterplug and the ongoing range expansion within BG as well as the launch and introduction of the Luceco LED range.

Cost of sales increased by £9.9 million, or 20.9 per cent., from £47.3 million in FY 2013 to £57.2 million in FY 2014. This increase, less than the increase in revenue, was driven by higher sales volumes, increased production in the Group's Chinese facility, in part the capacity expansion allowing the Group to bring more production in house as well as the increase in volume generally, product mix and improvements in production efficiency.

Gross profit increased by £6.8 million, or 37.2 per cent., from £18.3 million in FY 2013 to £25.1 million in FY 2014. This increase reflected the net benefit of the above increases in gross profit and operating expenses.

Gross margin increased by 2.6 percentage points, from 27.9 per cent. in FY 2013 to 30.5 per cent. in FY 2014. This increase was driven by higher sales volumes, increased production in the Group's Chinese facility, product mix – particularly LED- and improvements in production efficiency.

Operating expenses (comprising distribution expenses and administrative expenses) increased by £4.2 million, or 33.9 per cent., from £12.4 million in FY 2013 to £16.6 million in FY 2014. This increase, more than the increase in revenue, the Group invested in the areas of product development and increased manufacturing capability to support the introduction of LED. Operating margin increased by 1.3 percentage points from 9.0 per cent. in FY 2013 to 10.3 per cent. in FY 2014.

Operating profit increased by £2.5 million, or 42.4 per cent., from £5.9 million in FY 2013 to £8.4 million in FY 2014. This increase reflected the net benefit of the above increases in gross profit and operating expenses.

Finance income increased by £0.4 million, or 200.0 per cent., from £0.2 million in FY 2013 to £0.6 million in FY 2014.

Finance expense decreased by £0.3 million, or 7.7 per cent., from £3.9 million in FY 2013 to £3.6 million in FY 2014. This increase reflected a reduction in the amounts owed by the Group to third parties and related parties as a direct result of the improving EBITDA generated by the business.

Profit before taxation increased by £3.3 million, or 150.0 per cent., from £2.2 million in FY 2013 to £5.5 million in FY 2014. This increase reflected the net benefit of the above increases in operational profit and decrease in net financing expenses.

Taxation expense increased by £0.1 million, or 11.1 per cent., from £0.9 million in FY 2013 to £1.0 million in FY 2014.

Profit for the year increased by £3.2 million, or 246.2 per cent., from £1.3 million in FY 2013 to £4.5 million in FY 2014.

EBITDA for the financial year increased by £3.1 million, or 42.5 per cent., from £7.3m in FY 2013 to £10.4 million in FY 2014. EBITDA margin increased by 1.5 percentage points from 11.1 per cent. in FY 2013 to 12.6 per cent. in FY 2014.

6 LIQUIDITY AND CAPITAL RESOURCES

6.1 Overview

The Group's liquidity requirements arise primarily from the need to fund capital expenditures for the continued growth of its business, for working capital and to repay debt as it falls due. The Group's principal source of funding historically has been its cash from operations, cash and cash equivalents and borrowings (principally Shareholder Loans, Chinese Bank Facilities and HSBC Bank Facilities).

As at 30 June 2016, the Group had current interest bearing loans and borrowings of £29.1 million, non-current interest bearing loans and borrowings of £24.6 million (total interest bearing loans and borrowings of £53.7 million) and cash and cash equivalents of £3.6 million, resulting in total interest bearing loans and borrowings net of cash and cash equivalents of £50.1 million.

As at 30 June 2016, the Group's interest bearing loans and borrowings excluding capitalised transaction costs, Shareholder Loans and Chinese Bank Facilities were £34.4 million, resulting in total interest bearing loans and borrowings net of cash and cash equivalents, excluding capitalised transaction costs, Shareholder Loans and Chinese Bank Facilities, of £30.8 million.

The Shareholder Loans referred to comprise the Eurobond, EPIC Debt Facility and Management Loans, further details of which can also be found in paragraph 11 of Part 14 of this document. Summaries of the Chinese Bank Facilities and HSBC Bank Facilities can be found in paragraph 11 of Part 14 of this document. It is expected that the Shareholder Loans and Chinese Bank Facilities will be retired upon Admission with the proceeds of the Offer .

Following Admission, the Group's principal sources of liquidity will primarily comprise cash from operations, cash and cash equivalents and borrowings under the HSBC Bank Facilities.

6.2 **Cash flows**

The following table sets out information on the Group's cash flows for the period under review.

	For the 12 months ended 31 December			For the six months ended 30 June	
	2013 £000	**2014 £000**	**2015 £000**	**2015 £000**	**2016 £000**
Cash flows from operating activities					
Operating cash flow after movement in working capital	7,702	1,477	8,320	164	5,393
Tax paid	(594)	–	(1,003)	(642)	(211)
Net cash from operating activities	7,108	1,477	7,317	(478)	5,182
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment	–	92	–	–	–
Acquisition of property, plant and equipment	(1,876)	(2,979)	(3,744)	(1,200)	(5,622)
Acquisition of other intangible assets	(707)	(745)	(1,560)	(1,283)	(685)
Net cash used in investing activities	(2,583)	(3,632)	(5,304)	(2,483)	(6,307)
Cash flows from financing activities					
Proceeds from new loans	3,298	7,658	13,114	557	250
Interest paid	(2,863)	(3,479)	(3,475)	(1,417)	(1,524)
Repayment of borrowings	(3,104)	(36)	(7,411)	(1,908)	–
Repayment of preference shares	–	–	(1,357)	–	–
Payment of finance lease liabilities	(164)	(103)	(62)	(31)	(32)
Net cash (used in)/from financing activities	(2,833)	4,040	809	(2,799)	(1,306)
Net increase in cash and cash equivalents	**1,692**	**1,885**	**2,822**	**(5,760)**	**(2,431)**
Cash and cash equivalents at start of period	(1,329)	324	2,125	2,125	4,787
Effect of exchange rate fluctuations on cash held	(39)	(84)	(160)	(76)	1,233
Cash and cash equivalents at end of the period	**324**	**2,125**	**4,787**	**(3,711)**	**3,589**

6.3 **Net cash from operating activities**

For H1 2016, the Group’s net cash generated from operating activities was £5.2 million, compared to a cash outflow of £0.5 million in H1 2015, an increase of £5.7 million. The increase resulted from an improvement in operating cash flow before movement in working capital of £3.0 million, the net movement in working capital decreasing by £2.3 million from £5.5 million in H1 2015 to £3.3 million in H1 2016 and lower tax paid in H1 2016 of £0.2 million.

For FY 2015, the Group's net cash generated from operating activities was £7.3 million, compared to £1.5 million for FY 2014, an increase of £5.8 million resulting from the Group's growth allowing it to leverage scale due to increases in revenue and margin. The increase in the Group's net cash generated from operating activities was also influenced by the net movement in working capital decreasing by £3.2 million from £8.9 million in FY 2014 to £5.7 million for FY 2015, as in FY 2014 the Group invested in working capital to support the business development and growth.

For FY 2014, the Group's net cash generated from operating activities was £1.5 million, compared to £7.1 million for FY 2013, a decrease of £5.6 million. This decrease primarily resulted from the

Group's movement in net working capital increasing by £9.3 million from a cash inflow of £0.4 million for FY 2013 to a cash outflow of £8.9 million in FY 2014, due to the Group investing in working capital to support business development and growth including range expansions. The impact of this movement in working capital was mitigated by the Group's profit before tax increasing by £3.3 million from £2.2 million for FY 2013 to £5.5 million FY 2014, due to the growth in revenue and margin.

Please see paragraph 6.6 below for further discussion on the Group's investments in working capital.

6.4 **Net cash used in investing activities**

Net cash used in investing activities consists of capitalised new product development and capital expenditure on property (including buildings), plant and equipment.

For H1 2016, the Group's net cash used in investing activities was £6.3 million, compared to £2.5 million for H1 2015, an increase of £3.8 million. This increase was due to the expansion of the Group's Chinese manufacturing and product development facility which came on stream at the end of the period. The investment represents the cost of the additional facility to support the continued business growth.

For FY 2015, the Group's net cash used in investing activities was £5.3 million, compared to £3.6 million for FY 2014, an increase of £1.7 million. This increase primarily resulted from increased investment in the land and buildings, including the Chinese facility, tooling equipment, product accreditation and capitalised product development.

Please see paragraph 6.7 below for a further discussion of the Group's capital expenditure.

6.5 **Net cash from financing activities**

For H1 2016, the Group's net cash used in financing activities was £1.3 million, compared to £2.8 million for H1 2015, a decrease of £1.5 million. This decrease was principally due to a reduction in the repayment of external and shareholder borrowings versus prior year.

For FY 2015, the Group's net cash from financing activities was £0.8 million, compared to £4.0 million for FY 2014, a decrease of £3.2 million. This decrease primarily resulted from the net impact of higher proceeds from new loan facilities, the repayment of existing borrowings, import loans and the repayment of preference shares at a cost of £1.4 million.

For FY 2014, the Group's net cash from financing activities was £4.0 million, compared to net cash used in financing activities of £2.8 million for FY 2013, an increase of £6.8 million. This increase primarily resulted from higher proceeds from new loan facilities and lower repayment of existing borrowings, partially offset by higher interest costs.

6.6 **Working capital**

The Group has increased its investment in working capital (both in the UK and internationally) over the period to support continued revenue growth. However the use of FOB arrangements with certain international customers, whereby orders are fulfilled from the Group's Chinese manufacturing and product development facility, reduces this requirement for working capital investment as stock can be held centrally.

The following table sets out information on the Group's working capital for the periods indicated.

	For the year ended 31 December			**For the six months ended 30 June**
Net working capital	**2013 £000**	**2014 £000**	**2015 £000**	**2016 £000**
Trade and other receivables	11,262	18,282	21,825	29,690
Inventories	14,027	23,834	26,195	34,257
(Trade and other payables)	(16,056)	(24,490)	(25,548)	(36,440)
Net working capital	**9,233**	**17,626**	**22,472**	**27,507**

Comparison of FY 2014 and FY 2015

Trade and other receivables increased by £3.5 million, or 19.1 per cent., from £18.3 million in FY 2014 to £21.8 million in FY 2015. This increase reflected the increase in revenue over the period including international expansion.

Trade and other payables increased by £1.0 million, or 4.1 per cent., from £24.5 million FY 2014 to £25.5 million in FY 2015. This increase was lower than the increase in cost of goods sold over the period due to a higher increase in earlier periods.

Inventory increased by £2.4 million, or 10.1 per cent., from £23.8 million in FY 2014 to £26.2 million in FY 2015. This increase was lower than the increase in revenue over the period due to a build-up of inventory ahead of revenue in earlier periods.

Comparison of FY 2013 and FY 2014

Trade and other receivables increased by £7.0 million, or 61.9 per cent., from £11.3 million in FY 2013 to £18.3 million in FY 2014. This increase reflected the increase in revenue over the period.

Trade and other payables increased by £8.4 million, or 52.2 per cent., from £16.1 million in FY 2013 to £24.5 million in FY 2014. This increase reflected the increase in revenue over the period including international expansion.

Inventory increased by £9.8 million, or 69.9 per cent., from £14.0 million in FY 2013 to £23.8 million in FY 2014. This increase was, in part, due to increase in Luceco LED stock as the range was initially built up.

6.7 **Capital expenditure**

The Group's investment in capital expenditure is targeted at the specific areas that support future revenue growth and help to maintain the Group's competitive advantage, predominantly in the areas of research and development, patents and new project development as well as ensuring competitive product pricing though improved cost controls and efficient control of the Group's supply chain. In particular, the Group has focused on investment in its Chinese manufacturing and product development facility for capacity expansion and increased production efficiency.

The following table provides a breakdown of the Group's capital expenditure spend during the periods indicated.

	For the year ending 31 December			For the six months ending 30 June
Capital expenditure	**2013 £000**	**2014 £000**	**2015 £000**	**2016 £000**
Land and buildings	44	542	858	3,019
Plant and machinery	1,346	1,501	1,520	539
Accreditation	199	512	824	307
Other	288	423	467	312
Patents and product development	707	746	1,070	684
Total	**2,584**	**3,724**	**4,729**	**4,861**

Capital expenditure increased by £1.0 million, from £3.7 million in FY 2014 to £4.7 million in FY 2015. This increase primarily resulted from increased investment in the land and buildings, including the Chinese manufacturing facility as well as increased accreditation costs and product development costs as the Group expanded its product offerings both within Wiring Accessories and LED Lighting.

Capital expenditure increased by £1.1 million, from £2.6 million in FY 2013 to £3.7 million in FY 2014. This increase primarily resulted from increased investment in plant and machinery as well accreditation as the Group expanded its product offerings in both Wiring Accessories and LED Lighting.

These high levels of investment have ensured that the Group is well invested to support its growth strategy. Management expect that capital expenditure in FY 2016 will total approximately £8.0 million and approximately £6.0 million in FY 2017 and FY 2018

6.8 **Indebtedness**

As at 30 June 2016, the Group's total indebtedness, including those financing facilities that will be retired at Admission and capitalised transaction costs, had the following maturity profile:

Indebtedness	**30 June 2016 £000**
Due within one year	29,081
Due after more than one year	24,603
Total indebtedness	**53,684**

As at 30 June 2016, the Group's total indebtedness, including those financing facilities that will be retired at Admission and capitalised transaction costs, was denominated in the following currencies:

Indebtedness	**30 June 2016 £000**
Sterling	36,566
RMB	8,413
USD	8,705
Total indebtedness	**53,684**

Below are summaries of the Group's finance facilities that will be in place following Admission.

HSBC Invoice Finance (UK) Limited Facilities

The Group has a rolling recourse discount facility with HSBC. The facility is committed for a period of 36 months. The facility offers a 90 per cent. coverage on eligible debts, which do not include any customer rebates or customary limits on individual customers. The terms and conditions of the loan include customary representations, information and financial covenants and undertakings. The undertakings under this loan are guaranteed by certain subsidiaries of the Group.

HSBC Revolving Credit Facility

In December 2015, the Group took out a loan for £12.0 million from HSBC for the purposes of refinancing existing debt. The loan is repayable on 17 December 2018. The terms and conditions of the loan include customary representations, information and financial covenants and undertakings. The undertakings under this loan are guaranteed by certain subsidiaries of the Group.

The HSBC Revolving Credit Facility was amended and restated on 14 October 2016 in anticipation of Admission.

Finance Leases

The Group has certain finance leases in place for vehicles, computer equipment and forklifts. All of the assets are included on the Group's consolidated balance sheet.

Details of the HSBC Bank Facilities and the Group's other finance facilities in place as at the date of this document, including the Shareholder Loans and the Chinese Facilities which are intended to be repaid from the proceeds of the Offer, can be found at paragraph 11 of Part 14 of this document.

7 CRITICAL ACCOUNTING POLICIES

The Group's critical accounting judgements and estimates are described in note 22 to the consolidated historical financial information presented in Section B of Part 10 of this document.

8 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the financial statements requires Management to make judgements, estimates and assumptions in the application of accounting policies that affect reported amounts of assets, liabilities, income and expense. Further information about these areas of judgement is contained below. Actual results may differ from estimates.

8.1 **Significant judgements**

Other than the estimates noted below there are no critical accounting judgements.

8.2 **Accounting estimates**

Inventory – Carrying value and net realisable value

The Group's inventory is considered for recoverability based on management's estimates of the net realisable value of the inventory. This is based on the age of the product, the level of stock coverage and the likelihood of obsolescence.

PART 9

CAPITALISATION AND INDEBTEDNESS STATEMENT

The tables below set out the Group's capitalisation and indebtedness as at 31 August 2016.

	As at 31 August 2016 **£000**
Indebtedness	
Guaranteed	–
Secured	27,353
Unguaranteed / unsecured	–
Total current debt	**27,353**
Guaranteed	–
Secured	31,488
Unguaranteed / unsecured	–
Total non-current debt	**31,488**
Capitalisation	
Share Capital	70
Legal Reserve	8,810
Other Reserve	70
Total capitalisation	**8,950**
Total capitalisation and indebtedness	**67,791**

The table below sets out the net financial indebtedness of the Group as at 31 August 2016.

	As at 31 August 2016 **£'000**
Cash	2,837
Cash equivalents	–
Trading securities	–
Liquidity	**2,837**
Current bank debt	(27,166)
Current portion of non-current debt	–
Other current financial debt	(187)
Current financial debt	**(27,353)**
Net current financial indebtedness	**(24,515)**
Non-current bank loans	(18,922)
Bonds issued	–
Other non-current loans	(12,566)
Non-current financial indebtedness	**(31,488)**
Net financial indebtedness	**(56,003)**

PART 10

HISTORICAL FINANCIAL INFORMATION

SECTION A: ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION

KPMG LLP
Transaction Services
One Snowhill
Snow Hill Queensway
Birmingham B4 6GH
United Kingdom

Tel: +44 (0) 121 232 3000
Fax: +44 (0) 121 232 3500

The Directors
Luceco plc
Stafford Park 1
Telford
Shropshire
TF3 3BD

17 October 2016

Ladies and Gentlemen

Luceco plc

We report on the financial information set out on pages 76 to 107 for the 12 months ended 31 December 2013, 31 December 2014, 31 December 2015 and the 6 month period ended 30 June 2016. This financial information has been prepared for inclusion in the prospectus dated 17 October 2016 of Luceco plc on the basis of the accounting policies set out in note 1 on pages 81 to 88. This report is required by paragraph 20.1 of Annex I of the Prospectus Directive Regulation and is given for the purpose of complying with that paragraph and for no other purpose. We have not audited or reviewed the financial information for 6 months ended 30 June 2015 which has been included for comparative purposes only, and accordingly do not express an opinion thereon.

Responsibilities

The Directors of Luceco plc are responsible for preparing the financial information on the basis of preparation set out in note 1 to the financial information and in accordance with International Financial Reporting Standards as adopted by the European Union.

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

Save for any responsibility arising under Prospectus Rule 5.5.3R (2)(f) to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with paragraph 23.1 of Annex I of the Prospectus Directive Regulation, consenting to its inclusion in the prospectus.

Basis of opinion

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

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

Opinion on financial information

In our opinion, the financial information gives, for the purposes of the prospectus dated 17 October 2016, a true and fair view of the state of affairs of Luceco plc as at 31 December 2013, 31 December 2014, 31 December 2015 and 30 June 2016 and of its comprehensive income, cash flows and changes in equity for the 12 months ended 31 December 2013, 31 December 2014, 31 December 2015 and the 6 months ended 30 June 2016 in accordance with the basis of preparation set out in note 1 and in accordance with International Financial Reporting Standards as adopted by the European Union as described in note 1.

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 paragraph 1.2 of Annex I of the Prospectus Directive Regulation.

Yours faithfully

KPMG LLP

SECTION B: HISTORICAL FINANCIAL INFORMATION

CONSOLIDATED INCOME STATEMENT

	Note	Year ended 31 December 2013 £000	2014 £000	2015 £000	6 months ended 30 June 2015 (unaudited) £000	2016 £000
Revenue	1,2	65,630	82,260	103,055	47,987	59,995
Cost of sales		(47,325)	(57,204)	(69,221)	(32,909)	(38,815)
Gross profit		18,305	25,056	33,834	15,078	21,180
Distribution expenses		(5,186)	(7,215)	(9,233)	(5,560)	(6,230)
Administrative expenses		(7,187)	(9,398)	(13,150)	(5,318)	(7,796)
EBITDA		7,346	10,356	14,024	5,709	8,661
Depreciation		(1,351)	(1,770)	(2,035)	(951)	(1,206)
Amortisation		(63)	(143)	(538)	(558)	(301)
Operating profit	2,3	5,932	8,443	11,451	4,200	7,154
Financial income	5	167	631	260	–	–
Financial expense	5	(3,912)	(3,558)	(3,444)	(1,794)	(1,816)
Net financing expense		(3,745)	(2,927)	(3,184)	(1,794)	(1,816)
Profit before tax		2,187	5,516	8,267	2,406	5,338
Taxation	6	(868)	(983)	(2,450)	(712)	(1,344)
Profit for the year		1,319	4,533	5,817	1,694	3,994
Profit attributable to:						
Equity holders of the parent		1,319	4,533	5,817	1,694	3,994
Profit for the year		1,319	4,533	5,817	1,694	3,994
Earnings per share						
Basic	23	0.94p	3.22p	4.13p	1.20p	2.84p
Diluted	23	0.94p	3.22p	4.13p	1.20p	2.84p

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended 31 December 2013 £000	2014 £000	2015 £000	6 months ended 30 June 2015 (unaudited) £000	2016 £000
Profit for the year		1,319	4,533	5,817	1,694	3,994
Other comprehensive income – amounts that may be reclassified to profit or loss in the future:						
Foreign exchange translation differences – foreign operations		(75)	505	(810)	(405)	670
Total comprehensive income for the year		1,244	5,038	5,007	1,289	4,664
Total comprehensive income attributable to:						
Equity holders of the parent		1,244	5,038	5,007	1,289	4,664
Total comprehensive income for the year		1,244	5,038	5,007	1,289	4,664

CONSOLIDATED BALANCE SHEET

	Note	31 December 2013 £000	31 December 2014 £000	31 December 2015 £000	30 June 2016 £000
Non-current assets					
Property, plant and equipment	7	11,969	13,683	15,479	19,308
Intangible assets	8	10,349	10,951	11,973	12,357
Deferred tax asset	9	397	13	–	–
		22,715	24,647	27,452	31,665
Current assets					
Inventories	10	14,027	23,834	26,195	34,257
Trade and other receivables	11	11,262	18,282	21,825	29,690
Cash and cash equivalents	12	324	2,125	4,787	3,589
		25,613	44,241	52,807	67,536
Total assets		48,328	68,888	80,259	99,201
Current liabilities					
Interest-bearing loans and borrowings	13	22,968	39,477	25,962	29,081
Trade and other payables	15	16,056	24,490	25,548	36,440
Other financial liabilities	14	1,575	2,325	731	1,026
		40,599	66,292	52,241	66,547
Non-current liabilities					
Interest-bearing loans and borrowings	13	13,729	4,930	24,636	24,603
Other financial liabilities	14	1,493	121	126	74
Deferred tax liability	9	–	–	704	761
		15,222	5,051	25,466	25,438
Total liabilities		55,821	71,343	77,707	91,985
Net assets/(liabilities)		(7,493)	(2,455)	2,552	7,216
Equity attributable to equity holders of the parent					
Share capital	22	70	70	70	70
Share premium		450	450	450	450
Translation reserve		(75)	430	(380)	290
Retained earnings		(10,305)	(5,772)	2,412	6,406
		(9,860)	(4,822)	2,552	7,216
Non-controlling interest	22	2,367	2,367	–	–
Total equity		(7,493)	(2,455)	2,552	7,216

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital £000	Share premium £000	Translation reserve £000	Retained earnings £000	Non-controlling interest reserve £000	Total equity £000
Balance at 1 January 2013	70	450	–	(11,624)	2,367	(8,737)
Total comprehensive income						
Profit for the year	–	–	–	1,319	–	1,319
Other comprehensive loss	–	–	(75)	–	–	(75)
Total comprehensive income/ (loss) for the year	–	–	(75)	1,319	–	1,244
Balance at 31 December 2013	70	450	(75)	(10,305)	2,367	(7,493)
Total comprehensive income						
Profit for the year	–	–	–	4,533	–	4,533
Other comprehensive income	–	–	505	–	–	505
Total comprehensive income for the year	–	–	505	4,533	–	5,038
Balance at 31 December 2014	70	450	430	(5,772)	2,367	(2,455)
Total comprehensive income						
Profit for the year	–	–	–	5,817	–	5,817
Other comprehensive loss	–	–	(810)	–	–	(810)
Total comprehensive income/ (loss) for the year	–	–	(810)	5,817	–	5,007
Transfer of non-controlling interest (note 22)	–	–	–	2,367	(2,367)	–
Balance at 31 December 2015	70	450	(380)	2,412	–	2,552
Total comprehensive income						
Profit for the period	–	–	–	3,994	–	3,994
Other comprehensive income	–	–	670	–	–	670
Total comprehensive income for the period	–	–	670	3,994	–	4,664
Balance at 30 June 2016	70	450	290	6,406	–	7,216

CONSOLIDATED CASH FLOW STATEMENT

	Note	Year ended 31 December			6 months ended 30 June	
		2013	**2014**	**2015**	**2015 (unaudited)**	**2016**
		£000	**£000**	**£000**	**£000**	**£000**
Cash flows from operating activities						
Profit for the year		1,319	4,533	5,817	1,694	3,994
Adjustments for:						
Depreciation and amortisation	7,8	1,414	1,913	2,573	1,509	1,507
Financial income	5	(167)	(631)	(260)	–	–
Financial expense	5	3,912	3,558	3,444	1,794	1,816
Gain on sale of property, plant and equipment		–	(15)	–	–	–
Taxation	6	868	983	2,450	712	1,344
Operating cash flow before movement in working capital		7,346	10,341	14,024	5,709	8,661
(Increase)/decrease in trade and other receivables		(612)	(7,014)	(3,543)	(5,678)	(7,801)
(Increase)/decrease in inventories		(1,867)	(9,357)	(2,361)	99	(8,062)
Increase in trade and other payables		2,835	7,507	200	34	12,595
		7,702	1,477	8,320	164	5,393
Tax paid		(594)	–	(1,003)	(642)	(211)
Net cash from operating activities		7,108	1,477	7,317	(478)	5,182
Cash flows from investing activities						
Proceeds from sale of property, plant and equipment		–	92	–	–	–
Acquisition of property, plant and equipment	7	(1,876)	(2,979)	(3,744)	(1,200)	(5,622)
Acquisition of other intangible assets	8	(707)	(745)	(1,560)	(1,283)	(685)
Net cash used in investing activities		(2,583)	(3,632)	(5,304)	(2,483)	(6,307)
Cash flows from financing activities						
Proceeds from new loans		3,298	7,658	13,114	557	250
Interest paid		(2,863)	(3,479)	(3,475)	(1,417)	(1,524)
Repayment of borrowings		(3,104)	(36)	(7,411)	(1,908)	–
Repayment of preference shares		–	–	(1,357)	–	–
Payment of finance lease liabilities		(164)	(103)	(62)	(31)	(32)
Net cash (used in)/from financing activities		(2,833)	4,040	809	(2,799)	(1,306)
Net increase/(decrease) in cash and cash equivalents		1,692	1,885	2,822	(5,760)	(2,431)
Cash and cash equivalents at 1 January		(1,329)	324	2,125	2,125	4,787
Effect of exchange rate fluctuations on cash held		(39)	(84)	(160)	(76)	1,233
Cash and cash equivalents	12	324	2,125	4,787	(3,711)	3,589

NOTES

(Forming part of the financial statements)

1 ACCOUNTING POLICIES

1.1 General information

Luceco Limited (the "Company") is a company incorporated and domiciled in the UK under the Companies Act 2006.

The group financial information has been prepared in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"). This financial information is presented in sterling, which is the functional currency of the Parent Company.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these consolidated financial statements.

Judgements made by the Directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 21.

1.2 Measurement convention

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments and financial instruments classified as fair value through the profit or loss.

1.3 Going concern

The main part of the Group's debt facilities is provided by HSBC and the related party investor EPIC Investments LLP, a 48.9 per cent. shareholder in the Group. Certain other facilities are provided by other shareholders who are also Directors.

When assessing the total debt classed as due within one year of £29,081,000 (2015: £25,962,000), the Directors have considered these above mentioned matters as well as the following factors:

- £22,352,000 of the debt is classed as due within one year because of the nature of the invoice discounting facilities which are available to the Group. These facilities are committed up to a maximum amount of £30,000,000.
- The Chinese currency denominated loans of £6,729,000 at 30 June 2016 fall due up to 22 December 2016. Those facilities falling due for repayment have been satisfactorily renewed on substantially the same terms and, based on current discussions, the remainder are expected to be renewed on no less favourable terms, as has been the case each year since commencement of these loans.

The financial facilities of all Group companies are largely interdependent on each other due to the existence of intra group borrowings, cross guarantees and charges given against all indebtedness of the Group. In particular, under the terms of a binding inter-creditor agreement dated 11 February 2014, payment of the amounts due to shareholders under the shareholder loans, Eurobond and Deep discount bond cannot be made without the agreement of HSBC as the senior lender.

The Directors have prepared detailed financial forecasts for a period not less than 12 months from the date of their approval of these financial statements. The Directors acknowledge that, as with any group placing reliance on continued financial support and as with any forecasting, there is a degree of uncertainty as to the assumptions underlying the projections. The forecasts assume that banking facilities will be renewed on no less favourable terms and reflect the matters noted above. They have also been prepared with due consideration to the economic environment and to risks regarding the timing and extent of cash flows and show that the Group is capable of operating within the bank facilities expected to be available (as above) and of meeting the financial covenant tests.

For these reasons the Directors consider it appropriate to prepare the financial statements on a going concern basis and have satisfied themselves that the Group will have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

1.4 **Basis of consolidation**

Subsidiaries

The consolidated financial statements aggregate the results, cash flow and balance sheets of Luceco Limited ("the Company") and its subsidiary undertakings (together the "Group") drawn up to 31 December each year. The results of subsidiary undertakings acquired during a financial year are included from the date of acquisition. The financial statements of subsidiaries are prepared in accordance with the Group's accounting policies and to coterminous balance sheet dates.

Subsidiaries comprise the entities controlled by the Group. Control exists when the Group has power over an entity, is exposed or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that commences.

Intra-Group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. On acquisition of a subsidiary, applicable assets and liabilities existing at the date of acquisition are reflected at their fair values.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the share of the changes in equity since the date of the combination. Losses applicable to the non-controlling interest that are in excess of the non-controlling interest in the subsidiary's equity, are allocated against the interests of the Group only if there is a binding obligation to fund the losses and the Group is able to make an additional investment to cover the losses. Acquisition of non-controlling interests' equity stakes in the Group's subsidiaries are recorded directly through reserves, with a transfer of the non-controlling interest's share of net assets directly to retained earnings on the date of acquisition.

1.5 **Foreign currency**

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement, except for differences arising on the retranslation of a financial liability designated as a hedge of the net investment in a foreign operation that is effective, or qualifying cash flow hedges, which are recognised directly in other comprehensive income. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's functional currency pounds Sterling at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions. Exchange differences arising from this translation of foreign operations are reported as an item of other comprehensive income and accumulated in the Translation Reserve or non-controlling interest, as the case may be. When a foreign operation is disposed of, such that control, joint control or significant influence (as the case may be) is lost, the entire accumulated amount in the Foreign Exchange Translation Reserve, net of amounts previously attributed to non-controlling interests, is recycled to profit or loss as part of the gain or loss on disposal.

Exchange differences arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognised directly in equity in the Foreign Exchange Translation Reserve. Foreign currency differences arising on the retranslation of a hedge of a net investment in a foreign operation are recognised directly in equity, in the Foreign Exchange Translation Reserve, to the extent that the hedge is effective. When the hedged part of a net investment is disposed of, the associated cumulative amount in equity is transferred to profit or loss as an adjustment to the profit or loss on disposal.

1.6 **Classification of financial instruments issued by the Group**

Financial instruments issued by the Group are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the company (or group as the case may be) to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company (or group); and

(b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Where a financial instrument that contains both equity and financial liability components exists these components are separated and accounted for individually under the above policy.

1.7 **Non-derivative financial instruments**

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Investments in debt and equity securities

Investments are stated at amortised cost less impairment. Financial instruments held for trading are stated at fair value, with any resultant gain or loss recognised in profit or loss.

Other investments in debt and equity securities held by the Group are classified as being available-for-sale and are stated at fair value, with any resultant gain or loss being recognised directly in equity (in the fair value reserve), except for impairment losses and, in the case of monetary items such as debt securities, foreign exchange gains and losses. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in profit or loss.

Investments in subsidiaries are carried at cost less impairment in the parent company accounts.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short term call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses, so as to produce a constant rate of return over the period to the date of expected redemption. In instances where the Company has an early redemption option, the term over which financing costs are amortised is the period to the earliest date the option can be exercised, unless there is no genuine commercial possibility that the option will be exercised.

1.8 **Derivative financial instruments and hedging**

Derivative financial instruments

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. However, where derivatives transactions qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see below).

Fair value and cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in fair value of a recognised asset or liability, all changes in the fair value of the derivative are recognised immediately in the income statement. The carrying value of the hedged item is adjusted by the change in fair value that is attributable to the risk being hedged (even if it is normally carried at cost or amortised cost) and any gains or losses on remeasurement are recognised immediately in the income statement (even if those gains would normally be recognised directly in reserves).

On the discontinuance of hedge accounting, any adjustment made to the carrying amount of the hedged item as a consequence of the fair value hedge relationship, is recognised in the income statement over the remaining life of the hedged item.

Where a derivative financial instrument is a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in the hedging reserve. Any ineffective portion of the hedge is recognised immediately in the income statement.

When the forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, the associated cumulative gain or loss is removed from the hedging reserve and is included in the initial carrying amount of the non-financial asset or liability.

1.9 **Property, plant and equipment**

Property, plant and equipment are stated at cost or deemed cost, less accumulated depreciation and accumulated impairment losses.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

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. Land is not depreciated. The estimated useful lives are as follows:

Buildings	– over the lease term, to a maximum of 50 years
Plant and equipment	– 3-10 years
Fixtures and fittings	– 1-10 years
Motor vehicles	– 4 years
Tooling	– 2-5 years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

1.10 **Intangible assets and goodwill**

Goodwill

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment.

Research and development

Expenditure on research activities is recognised in the income statement as an expense as incurred.

Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Group intends, has the technical ability and has sufficient resources to complete development, future economic benefits are probable and if the Group can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve a plan or design for the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in the income statement as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

Other intangible assets

Expenditure on internally generated goodwill and brands is recognised in the income statement as an expense as incurred.

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and less accumulated impairment losses.

Amortisation

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Patents	– 10 years
Development costs	– 3-5 years

1.11 **Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is based on the weighted average principle and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

1.12 **Impairment excluding inventories and deferred tax assets**

Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit" or "CGU"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to groups of CGUs which are expected to benefit from the synergies of the combination. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.13 **Defined contribution plans**

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

1.14 **Provisions**

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

1.15 **Revenue**

Turnover represents amounts receivable for goods and services net of VAT and trade discounts. Revenue is recognised when persuasive evidence exists that the significant risks and rewards of ownership have been transferred to the customer. The timing of the transfer of risks and rewards varies depending on the individual terms of the sales agreement. The Group offers sales incentives, typically comprising rebate arrangements or discounts, to qualifying customers through various incentive programmes. Revenue is reported net of these sales incentives.

1.16 **Expenses**

Leases in which the Group assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Where land and buildings are held under leases the accounting treatment of the land is considered separately from that of the buildings. Leased assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and less accumulated impairment losses. Lease payments are accounted for as described below.

Operating lease payments

Payments made under operating leases 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.

Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Financing income and expenses

Financing expenses comprise interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the income statement (see foreign currency accounting policy). Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset. Financing income comprises interest receivable on funds invested, dividend income, and net foreign exchange gains.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the income statement on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

1.17 **Taxation**

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

1.18 **Standards and interpretations issued**

At the date of the approval of these financial statements there were no Standards and Interpretations in issue and endorsed by the EU, but not yet effective. As a result, the effective date of each standard has not yet been determined.

1.19 **Segment reporting**

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

1.20 **Audited accounts**

The comparative figures for the financial years ended 31 December 2015, 31 December 2014 and 31 December 2013 are not the Company's statutory accounts for that financial year. Those accounts have been reported on by the Company's auditor and delivered to the registrar of companies. For each set of accounts the report of the auditor was (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498 (2) or (3) of the Act.

2 SEGMENTAL INFORMATION

The Group's principal activities are in the manufacturing and supply of LED lighting, wiring accessories, portable power equipment and Home Entertainment products. For the purposes of management reporting to the chief operating decision-maker, the Group consists of 3 reportable business units which are the product categories that the Group manufactures and distributes. The chief operating decision-maker does not review the Group's assets and liabilities on a segmental basis and therefore no segmental disclosure is included. Inter-segment sales are not material.

	Year ended 31 December			6 months ended 30 June	
	2013	2014	2015	2015 (unaudited)	2016
	£000	£000	£000	£000	£000
Revenue					
Wiring accessories	35,666	38,939	47,893	22,308	**30,706**
Portable power	24,961	29,353	28,755	13,521	**13,280**
LED lighting	1,529	10,552	23,304	10,661	**13,874**
Ross and other	3,474	3,416	3,103	1,497	**2,135**
	65,630	82,260	103,055	47,987	**59,995**
Operating profit	£000	£000	£000	£000	£000
Wiring accessories	3,959	4,784	6,415	2,616	**4,908**
Portable power	1,697	2,503	2,944	875	**1,005**
LED lighting	82	816	1,848	628	**1,020**
Ross and other	194	340	244	81	**221**
	5,932	8,443	11,451	4,200	**7,154**
Finance income	167	631	260	–	**–**
Finance expense	(3,912)	(3,558)	(3,444)	(1,794)	**(1,816)**
Profit before tax	2,187	5,516	8,267	2,406	**5,338**
Taxation	(868)	(983)	(2,450)	(712)	**(1,344)**
Profit after tax	1,319	4,533	5,817	1,694	**3,994**
Revenue by location of customer					
Middle East	5,708	4,924	5,281	2,669	**3,340**
Asia Pacific	1,991	3,342	3,478	1,448	**1,267**
Africa	1,527	1,516	2,051	1,148	**678**
Europe	1,257	2,056	4,281	2,369	**2,464**
Americas	1,161	1,013	1,346	492	**904**
UK	53,986	69,409	86,618	39,861	**51,342**
	65,630	82,260	103,055	47,987	**59,995**

3 EXPENSES AND AUDITOR'S REMUNERATION

Included in profit/loss are the following:

	Year ended 31 December			6 months ended 30 June	
	2013	2014	2015	2015 (unaudited)	2016
	£000	£000	£000	£000	£000
Research and development expensed as incurred	118	114	104	57	50
Operating lease charges:					
Plant and machinery	124	83	92	42	40
Other assets	543	441	414	206	207
Depreciation of property, plant and equipment	1,351	1,770	2,035	951	1,206
Amortisation of intangible assets	63	143	538	558	301

Auditors' remuneration:

	Year ended 31 December			6 months ended 30 June	
	2013 £000	2014 £000	2015 £000	2015 (unaudited) £000	2016 £000
Audit of these financial statements	20	25	26	13	20
Amounts receivable by auditors and their associates in respect of:					
Audit of financial statements of subsidiaries pursuant to legislation	36	60	62	31	32
Other services relating to taxation	18	21	68	34	19
Transaction related services	–	20	20	10	218

4 STAFF NUMBERS AND COSTS

The average monthly number of employees, including the Directors, during the year was as follows:

	Number of employees				
	Year ended 31 December			6 months ended 30 June	
	2013	2014	2015	2015 (unaudited)	2016
Administration and support	166	287	396	346	487
Production	1,088	1,250	1,236	1,180	1,576
	1,254	1,537	1,632	1,526	2,063

The aggregate payroll costs of these persons were as follows:

	£000	£000	£000	£000	£000
Wages and salaries	8,941	13,022	18,958	8,766	10,758
Social security costs	493	591	841	355	522
Other pension costs	132	178	218	92	209
	9,566	13,791	20,017	9,213	11,489

5 FINANCE INCOME AND EXPENSE

	Year ended 31 December			6 months ended 30 June	
	2013 £000	2014 £000	2015 £000	2015 (unaudited) £000	2016 £000
Finance income					
Net gain on financial instruments	167	631	260	–	**–**
Finance expense					
Net loss on financial instruments	–	–	–	–	**310**
Interest expense on financial liabilities measured at amortised cost	2,230	1,774	1,620	891	**625**
Interest on bank borrowings	1,555	1,673	1,694	877	**862**
Other finance costs	127	111	130	26	**19**
Total finance expense	3,912	3,558	3,444	1,794	**1,816**

6 TAXATION

Recognised in the income statement:

	Year ended 31 December			6 months ended 30 June	
	2013	**2014**	**2015**	**2015 (unaudited)**	**2016**
	£000	**£000**	**£000**	**£000**	**£000**
Current tax expense					
Current year – UK	357	166	651	183	**1,062**
Current year – overseas	–	723	958	276	**358**
Adjustment in respect of prior years	215	(290)	124	38	**(133)**
Current tax expense	572	599	1,733	497	**1,287**
Deferred tax expense					
Origination and reversal of temporary differences	246	384	547	180	**(21)**
Reduction in tax rate	50	–	52	–	**–**
Adjustment in respect of prior years	–	–	118	35	**78**
Deferred tax expense	296	384	717	215	**57**
Total tax expense	868	983	2,450	712	**1,344**

Reconciliation of effective tax rate

	Year ended 31 December			6 months ended 30 June	
	2013	**2014**	**2015**	**2015 (unaudited)**	**2016**
	£000	**£000**	**£000**	**£000**	**£000**
Profit for the period	1,319	4,533	5,817	1,694	3,994
Total tax expense	868	983	2,450	712	1,344
Profit excluding taxation	2,187	5,516	8,267	2,406	5,338
Tax using the UK corporation tax rate of 20.0% *(2015 20.25%, 2014: 21.49%, 2013: 23.25%)*	508	1,185	1,674	487	1,067
Effect of tax rates in foreign jurisdictions	(247)	17	182	55	72
Reduction in tax rate on deferred tax balances	208	(7)	73	20	6
Non-deductible expenses	184	78	81	24	25
(Over)/under provided in prior periods	215	(290)	242	73	(55)
Fixed asset differences	–	–	–	–	2
Deferred tax not recognised	–	–	198	53	227
Total tax expense	868	983	2,450	712	1,344

Factors which may affect future current and total tax charges

Reductions in the UK corporation tax rate from 23 per cent. to 21 per cent. (effective from 1 April 2014) and 20 per cent. (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19 per cent. (effective from 1 April 2017) and to 18 per cent. (effective 1 April 2020) were substantively enacted on 26 October 2015. The deferred tax liability at 31 December 2015 has been calculated based on these rates.

An additional reduction to 17 per cent. (effective from 1 April 2020) was announced in the Budget on 16 March 2016. This will reduce the company's future current tax charge accordingly.

7 PROPERTY, PLANT AND EQUIPMENT

	Land and buildings £000	Plant and equipment £000	Fixtures and fittings £000	Motor vehicles £000	Tooling £000	Total £000
Cost						
Balance at 1 January 2013	7,173	4,962	1,046	112	2,183	15,476
Additions	44	1,767	187	20	126	2,144
Disposals	–	(564)	–	–	–	(564)
Effect of movements in foreign exchange	80	40	–	–	–	120
Balance at 31 December 2013	7,297	6,205	1,233	132	2,309	17,176
Balance at 1 January 2014	7,297	6,205	1,233	132	2,309	17,176
Additions	553	1,849	385	18	173	2,978
Disposals	–	(54)	–	(88)	–	(142)
Effect of movements in foreign exchange	402	244	29	13	–	688
Balance at 31 December 2014	8,252	8,244	1,647	75	2,482	20,700
Balance at 1 January 2015	8,252	8,244	1,647	75	2,482	20,700
Additions	858	1,347	261	43	670	3,179
Disposals	–	(50)	(35)	(5)	–	(90)
Effect of movements in foreign exchange	310	224	9	5	17	565
Balance at 31 December 2015	9,420	9,765	1,882	118	3,169	24,354
Balance at 1 January 2016	9,420	9,765	1,882	118	3,169	24,354
Additions	2,623	1,031	133	44	338	4,169
Disposals	–	(66)	–	(17)	(282)	(365)
Effect of movements in foreign exchange	750	600	83	20	–	1,453
Balance at 30 June 2016	12,793	11,330	2,098	165	3,225	29,611
Depreciation						
Balance at 1 January 2013	561	1,317	668	57	1,805	4,408
Depreciation charge for the year	96	910	208	24	113	1,351
Disposals	–	(564)	–	–	–	(564)
Effect of movements in foreign exchange	3	9	–	–	–	12
Balance at 31 December 2013	660	1,672	876	81	1,918	5,207
Balance at 1 January 2014	660	1,672	876	81	1,918	5,207
Depreciation charge for the year	443	867	281	59	120	1,770
Disposals	–	–	–	(65)	–	(65)
Effect of movements in foreign exchange	30	59	15	–	1	105
Balance at 31 December 2014	1,133	2,598	1,172	75	2,039	7,017

	Land and buildings £000	Plant and equipment £000	Fixtures and fittings £000	Motor vehicles £000	Tooling £000	Total £000
Balance at 1 January 2015	1,133	2,598	1,172	75	2,039	7,017
Depreciation charge for the year	306	764	253	23	689	2,035
Disposals	–	(50)	(35)	(5)	–	(90)
Effect of movements in foreign exchange	(43)	(30)	(4)	(3)	(7)	(87)
Balance at 31 December 2015	1,396	3,282	1,386	90	2,721	8,875
Balance at 1 January 2016	1,396	3,282	1,386	90	2,721	8,875
Depreciation charge for the period	204	521	100	12	369	1,206
Disposals	–	(53)	–	(17)	–	(70)
Effect of movements in foreign exchange	118	210	44	13	(93)	292
Balance at 30 June 2016	1,718	3,960	1,530	98	2,997	10,303
Net book value						
At 1 January 2013	6,612	3,645	378	55	378	11,068
At 31 December 2013 and 1 January 2014	6,637	4,533	357	51	391	11,969
At 31 December 2014 and 1 January 2015	7,119	5,646	475	–	443	13,683
At 31 December 2015 and 1 January 2016	8,024	6,483	496	28	448	15,479
At 30 June 2016	**11,075**	**7,370**	**568**	**67**	**228**	**19,308**

Leased land and buildings

At 30 June 2016 the net carrying amount of leased land and buildings was £11,075,000 (2015: £8,024,000, 2014: £7,119,000).

Included within this were assets in the course of construction not yet depreciated of £561,000 (2015: £561,000, 2014: £51,000).

Borrowing costs

The Group has not included any (2015: £nil, 2014: £nil, 2013: £nil) borrowing costs within building additions in any year. There were no funds specifically borrowed for this asset and the amount eligible as part of the general debt instruments pool (after applying the appropriate capitalisation rate) is not considered material.

8 INTANGIBLE ASSETS

	Goodwill £000	Patents £000	Development costs £000	Total £000
Cost				
Balance at 1 January 2013	9,569	212	–	9,781
Other acquisitions – externally purchased	–	58	–	58
Other acquisitions – internally developed	–	–	649	649
Balance at 31 December 2013	9,569	270	649	10,488
Balance at 1 January 2014	9,569	270	649	10,488
Other acquisitions – externally purchased	–	69	–	69
Other acquisitions – internally developed	–	–	676	676
Balance at 31 December 2014	9,569	339	1,325	11,233
Balance at 1 January 2015	9,569	339	1,325	11,233
Other acquisitions – externally purchased	–	65	–	65
Other acquisitions – internally developed	–	–	1,495	1,495
Balance at 31 December 2015	9,569	404	2,820	12,793
Balance at 1 January 2016	9,569	404	2,820	12,793
Other acquisitions – externally purchased	–	51	–	51
Other acquisitions – internally developed	–	–	634	634
Balance at 30 June 2016	9,569	455	3,454	13,478
Amortisation				
Balance at 1 January 2013	–	76	–	76
Amortisation for the year	–	24	39	63
Balance at 31 December 2013	–	100	39	139
Balance at 1 January 2014	–	100	39	139
Amortisation for the year	–	30	113	143
Balance at 31 December 2014	–	130	152	282
Balance at 1 January 2015	–	130	152	282
Amortisation for the year	–	34	504	538
Balance at 31 December 2015	–	164	656	820
Balance at 1 January 2016	–	164	656	820
Amortisation for the period	–	20	281	301
Balance at 30 June 2016	–	184	937	1,121
Net book value				
At 1 January 2013	9,569	136	–	9,705
At 31 December 2013 and 1 January 2014	9,569	170	610	10,349
At 31 December 2014 and 1 January 2015	9,569	209	1,173	10,951
At 31 December 2015 and 1 January 2016	9,569	240	2,164	11,973
At 30 June 2016	**9,569**	**271**	**2,517**	**12,357**

Amortisation charge

The amortisation charge is recognised in administrative expenses in the income statement.

Impairment testing for cash generating units containing goodwill

Goodwill has been allocated to cash generating units ("CGUs") or groups of cash generating units as follows:

	Goodwill			
	31 Dec 13 **£000**	**31 Dec 14** **£000**	**31 Dec 15** **£000**	**30 Jun 16** **£000**
Portable power	1,990	1,990	1,990	1,990
Wiring devices and accessories	3,952	3,952	3,952	3,952
LED lighting	3,627	3,627	3,627	3,627
	9,569	9,569	9,569	9,569

The assessment as to recoverable amount of each cash-generating unit was based on its value in use. The carrying amount of each unit was determined to be significantly lower than its estimated recoverable amount and management identified that there is sufficient headroom on each unit with no need for any impairment.

Value in use was determined by discounting the future cash flows generated from the continuing use of the unit. Unless indicated otherwise, value in use at 30 June 2016 was determined similarly as in 2015, 2014 and 2013. The calculation of the value in use was based on the following key assumptions:

- Cash flows were projected based on past experience, actual operating results and the 5-year Board approved business plan in 2013, 2014 and 2015. Cash flows for a further 5-year period were also extrapolated using a constant growth rate of 2 percent for each cash-generating unit which is not considered to exceed the long-term average growth rate for each of the CGUs. Value in use calculations provided sufficient headroom in all cash-generating units containing goodwill.
- The anticipated annual revenue growth included in the LED cash flow projections for the years 2016 to 2019 has been based on significant growth levels experienced in the last two years, reflecting an expectation of further growth in line with information obtained from external brokers who published an analysis of long term LED market trends.
- The portable power and wiring devices and accessories growth was assumed to be a constant small margin above inflation in the first 5 years in line with industry indicators and forecasts from key customers.
- A Group pre-tax discount rate of 9.15 per cent. (2015: 9.15 per cent., 2014: 8.89 per cent., 2013: 9.10 per cent.) was calculated based on past experience and industry average assumptions to determine weighted average cost of capital based on an assumed market-participant debt/equity position. In establishing the discount factor for each CGU, the Group's pre-tax discount rate was flexed according to CGU geographical spread, customer concentration, expected business change and growth opportunity. The assessment as to impairment is not considered sensitive to discount rate assumptions, as at each reporting date. The pre-tax discount rates applied are as follows:

	31 Dec 13 %	**31 Dec 14** %	**31 Dec 15** %	**30 Jun 16** %
Portable power	9.5	9.2	9.5	9.5
Wiring devices and accessories	10.5	10.3	10.6	10.6
LED lighting	7.4	7.2	7.4	7.4

9 DEFERRED TAX ASSETS AND LIABILITIES

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets				Liabilities			
	31 Dec 13 £000	31 Dec 14 £000	31 Dec 15 £000	30 Jun 16 £000	31 Dec 13 £000	31 Dec 14 £000	31 Dec 15 £000	30 Jun 16 £000
Property, plant and equipment	(350)	(264)	–	**–**	–	–	303	**283**
Intangible assets	–	–	–	**–**	144	277	510	**593**
Inventories	–	–	–	**–**	111	150	–	**48**
Financial assets and liabilities	(302)	(176)	(109)	**(163)**	–	–	–	**–**
Tax (assets)/liabilities	(652)	(440)	(109)	**(163)**	255	427	813	**924**
Net of tax liabilities/(assets)	255	427	109	**163**	(255)	(427)	(109)	**(163)**
Net tax liabilities/(assets)	(397)	(13)	–	**–**	–	–	704	**761**

At 30 June 2016, the Group had estimated tax losses of £4,738,358 (2015: £4,738,358, 2014: £5,385,226, 2013: £5,515,538) available to carry forward. A deferred tax asset has not been recognised against these non-trading losses as it is not currently expected that they can be offset against future profits due to the nature of these losses.

Movement in deferred tax (asset)/liability during the period

	1 January 2016 £000	Recognised in income £000	30 June 2016 £000
Property, plant and equipment	303	(20)	283
Intangible assets	510	83	593
Inventories	–	48	48
Financial assets and liabilities	(109)	(54)	(163)
	704	57	761

Movement in deferred tax (asset)/liability during the prior year

	1 January 2015 £000	Recognised in income £000	31 December 2015 £000
Property, plant and equipment	(264)	567	303
Intangible assets	277	233	510
Inventories	150	(150)	–
Financial assets and liabilities	(176)	67	(109)
	(13)	717	704

Movement in deferred tax (asset)/liability during 2014

	1 January 2014 £000	Recognised in income £000	31 December 2014 £000
Property, plant and equipment	(350)	86	(264)
Intangible assets	144	133	277
Inventories	111	39	150
Financial assets and liabilities	(302)	126	(176)
	(397)	384	(13)

Movement in deferred tax (asset)/liability during 2013

	1 January 2013 £000	Recognised in income £000	31 December 2013 £000
Property, plant and equipment	(362)	12	(350)
Intangible assets	22	122	144
Inventories	32	79	111
Financial assets and liabilities	(385)	83	(302)
	(693)	296	(397)

10 INVENTORIES

	31 Dec 13 £000	31 Dec 14 £000	31 Dec 15 £000	30 Jun 16 £000
Raw materials	1,323	1,659	2,529	3,518
Work in progress	2,267	3,206	1,242	1,712
Finished goods	10,437	18,969	22,424	29,027
	14,027	23,834	26,195	34,257

The write-down of inventories to net realisable value amounted to £543,000 (2015: £224,000, 2014: £nil, 2013: £nil).

11 TRADE AND OTHER RECEIVABLES

	31 Dec 13 £000	31 Dec 14 £000	31 Dec 15 £000	30 Jun 16 £000
Trade receivables	10,454	17,056	20,431	27,036
Prepayments and other receivables	808	1,226	1,394	2,654
	11,262	18,282	21,825	29,690

12 CASH AND CASH EQUIVALENTS

	31 Dec 13 £000	31 Dec 14 £000	31 Dec 15 £000	30 Jun 16 £000
Cash and cash equivalents per balance sheet	324	2,125	4,787	3,589

13 INTEREST-BEARING LOANS AND BORROWINGS

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost.

	31 Dec 13 £000	31 Dec 14 £000	31 Dec 15 £000	30 Jun 16 £000
Non-current liabilities				
Series A notes 2017 – Eurobond	6,765	–	6,936	6,934
Deep discount bond	3,202	–	3,202	3,202
Bank term loan	–	2,000	12,000	12,000
Shareholder loan notes	2,937	2,930	2,498	2,467
Convertible loan notes	825	–	–	–
	13,729	4,930	24,636	24,603
Current liabilities				
Chinese mortgage loan	3,860	3,944	5,058	6,729
Deep discount bond	–	3,202	–	–
Bank term loan	–	1,000	–	–
Shareholder loan notes	412	423	–	–
Convertible loan notes	–	796	–	–
Series A notes 2015 – Eurobond	171	6,936	–	–
Other loans	7	–	–	–
Secured bank loans	18,518	23,176	20,904	22,352
	22,968	39,477	25,962	29,081

Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of maturity	Face value 31 Dec 13 £000	Carrying amount 31 Dec 13 £000	Face value 31 Dec 14 £000	Carrying amount 31 Dec 14 £000
Chinese mortgage loans	CNY	6%	2016	3,860	3,860	3,944	3,944
Shareholder loan notes	GBP	10%	2017	3,349	3,349	3,353	3,353
Convertible loan notes	GBP	9.5%	**–	825	825	796	796
Series A notes 2017 – Eurobond	GBP	10%*	2017	6,936	6,936	6,936	6,936
Deep discount bond	GBP	– *	2017	3,202	3,202	3,202	3,202
Bank term loan	GBP	2.3% + LIBOR	2017	–	–	3,000	3,000
Secured bank loan	GBP	2% + LIBOR	2016	14,057	14,057	17,407	17,407
Secured bank loan	USD	2%+ LIBOR	–	60	60	20	20
Secured bank loan	CNY	2%+ LIBOR	2016	4,401	4,401	5,749	5,749
				36,690	36,690	44,407	44,407

	Currency	Nominal interest rate	Year of maturity	Face value 31 Dec 15 £000	Carrying amount 31 Dec 15 £000	Face value 30 Jun 16 £000	Carrying amount 30 Jun 16 £000
Chinese mortgage loans	CNY	6%	2016	5,058	5,058	6,729	6,729
Shareholder loan notes	GBP	10%	2017	2,498	2,498	2,467	2,467
Convertible loan notes	GBP	9.5%	**–	–	–	–	–
Series A notes 2017 – Eurobond	GBP	10%*	2017	6,936	6,936	6,934	6,934
Deep discount bond	GBP	– *	2017	3,202	3,202	3,202	3,202
Bank term loan	GBP	2.3% + LIBOR	2017	12,000	12,000	12,000	12,000
Secured bank loan	GBP	2%+ LIBOR	2016	11,712	11,712	11,963	11,963
Secured bank loan	USD	2%+ LIBOR	–	6,566	6,566	8,705	8,705
Secured bank loan	CNY	2%+ LIBOR	2016	2,626	2,626	1,684	1,684
				50,598	50,598	53,684	53,684

* The Series A notes 2017 – Eurobond and the Deep discount bond consist of interlinked loan facilities with a blended rate of 6.5 per cent.. Both facilities were originally due to mature in 2015. The Group extended the facilities which are now due to mature in 2017. The extension was agreed during 2015 and as a result, the facilities are shown as current liabilities as at 31 December 2014. The change in maturity date was accounted for as a modification of existing facilities. The Series A notes 2017 – Eurobonds is a listed security on the Channel Islands Securities Exchange.

** Convertible loan carries no equity element as its settlement will be realised through cash payment and it is not linked to a fixed number of Group's own shares.

Bank loans and overdrafts are secured by a fixed and floating charge over the assets of the Group. Bank loans and overdrafts include funds advanced under invoice discounting arrangements from HSBC Finance (UK) Limited of £20,668,683 (2015: £18,277,552, 2014: £10,849,763, 2013: £8,705,527) and Industrial and Commercial Bank of China Ltd of £1,683,728 (2015: £2,626,316, 2014: £3,636,057, 2013: £3,859,960), which are secured by legal charges over the Group's book debts.

14 OTHER FINANCIAL LIABILITIES

	31 Dec 13 £000	31 Dec 14 £000	31 Dec 15 £000	30 Jun 16 £000
Non-current				
Preference shares	1,286	–	–	–
Finance lease liabilities	207	121	126	74
	1,493	121	126	74
Current				
Preference shares	–	1,357	–	–
Finance lease liabilities	70	94	117	127
Financial liabilities held for trading (including derivatives)	1,505	874	614	899
	1,575	2,325	731	1,026

Preference shares carry no voting rights and do not participate in any available distributions. They carry a 10 per cent. plus LIBOR interest rate and have been classified as debt to reflect the contractual rights of the instrument. All preference shares were held by EPIC Investments LLP, a related party, and were repaid in October 2015.

Finance lease liabilities

Finance lease liabilities are payable as follows:

	Minimum lease payments 31 Dec 13 £000	Interest 31 Dec 13 £000	Principal 31 Dec 13 £000	Minimum lease payments 31 Dec 14 £000	Interest 31 Dec 14 £000	Principal 31 Dec 14 £000
Less than one year	108	38	70	121	27	94
Between one and five years	247	40	207	140	19	121
	355	78	277	261	46	215

	Minimum lease payments 31 Dec 15 £000	Interest 31 Dec 15 £000	Principal 31 Dec 15 £000	Minimum lease payments 30 Jun 16 £000	Interest 30 Jun 16 £000	Principal 30 Jun 16 £000
Less than one year	134	17	117	140	13	127
Between one and five years	146	20	126	77	3	74
	280	37	243	217	16	201

15 TRADE AND OTHER PAYABLES

	31 Dec 13 £000	31 Dec 14 £000	31 Dec 15 £000	30 Jun 16 £000
Current:				
Trade payables	13,184	21,778	23,122	31,202
Other payables and accrued expenses	2,872	2,712	2,426	5,238
	16,056	24,490	25,548	36,440

16 EMPLOYEE BENEFITS

Defined contribution plans

The Group operates a defined contribution pension plan.

The total expense relating to these plans in the period to 30 June 2016 was £209,000 (2015: £218,000, 2014: £178,000, 2013: £132,000).

17 FINANCIAL INSTRUMENTS

Financial risk management

Overview

The Group has exposure to the following risks arising from financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Capital risk management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern in order to optimise returns to its Shareholders. The Board's policy is to retain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future growth. The Directors regularly monitor the level of capital in the Group to ensure that this can be achieved.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The exposure to credit risk at the reporting date was as follows:

	Carrying amount			
	31 Dec 13 £000	31 Dec 14 £000	31 Dec 15 £000	30 Jun 16 £000
Trade receivables	10,454	17,056	20,431	27,036
Cash and cash equivalents	324	2,125	4,787	3,589
	10,778	19,181	25,218	30,625

Trade receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Management also considers the demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk.

The Group has established a credit policy under which each new customer is analysed individually for creditworthiness before standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each customer, which represents the maximum open amount without requiring approval from senior management. These limits are reviewed regularly. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis.

All significant Group customers have been transacting with the Group for over three years and, whilst this creates a concentration of credit risk, no impairment losses have been recognised against these customers. In monitoring customer credit risk, customers are grouped according to their characteristics, including whether they are an independent or major multinational company, geographic location, industry, aging profile, maturity and existence of previous financial difficulties.

The Group has an allowance for impairment of £318,000 as at the end of June 2016 (2015: £248,000. 2014: £nil, 2013: £nil).

The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was as follows.

	Carrying amount			
	31 Dec 13 £000	**31 Dec 14 £000**	**31 Dec 15 £000**	**30 Jun 16 £000**
Europe	7,895	13,480	15,463	**20,820**
North America	89	544	336	**546**
Rest of the world	2,470	3,032	4,632	**5,670**
	10,454	17,056	20,431	**27,036**

The ageing of trade receivables at the reporting date that were not impaired was as follows:

	31 Dec 13 £000	**31 Dec 14 £000**	**31 Dec 15 £000**	**30 Jun 16 £000**
Neither past due nor impaired	8,857	16,009	19,260	**25,627**
Past due but not impaired	992	497	746	**330**
Past due 60 days	447	183	99	**206**
Past due 90 days	30	186	142	**177**
Past due 120+ days	128	181	184	**696**
	10,454	17,056	20,431	**27,036**

The Directors believe that the unimpaired amounts that are past due are collectible, based on historic payment behaviour and extensive analysis of customer credit risk, including underlying customers' credit ratings, when available.

Amounts in the above table include all trade and other receivables at the reporting date that were not impaired and are stated net of rebates and trade discounts offered to customers.

Receivables are written off against the impairment provision when Management consider the debt is no longer recoverable.

Cash and cash equivalents

The Group held cash of £3,589,000 at 30 June 2016, which represents its maximum credit exposure on these assets. The cash and cash equivalents are held with bank and financial institution counterparties, which are rated A to AA – based on rating agency ratings.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, both under normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group has entered into a new banking facility during the year and has access to a number of sources of finance to manage its liquidity risk.

Details of the Group's facilities at the year end and subsequently are given in note 1, Going concern.

The following are the contractual maturities of financial liabilities excluding the impact of netting agreements.

31 December 2013

	Carrying amount £000	Within 1 year £000	1-2 years £000	2-5 years £000
Non-derivative financial liabilities:				
Secured bank loans	18,518	18,518	–	–
Series A notes 2015 – Eurobond	6,936	171	6,765	–
Deep discount bond	3,202	–	3,202	–
Shareholder loan notes	3,349	412	2,937	–
Convertible loan notes	825	–	825	–
Preference shares	1,286	–	1,286	–
Trade payables	13,184	13,184	–	–
Chinese mortgage loan	3,860	3,860	–	–
	51,160	36,145	15,015	–
Derivative financial liabilities:				
Interest rate swaps used for hedging	949	949	–	–
Forward exchange contracts used for hedging	555	555	–	–
	1,504	1,504	–	–

31 December 2014

	Carrying amount £000	Within 1 year £000	1-2 years £000	2-5 years £000
Non-derivative financial liabilities:				
Secured bank loans	23,176	23,176	–	–
Series A notes 2015 – Eurobond	6,936	6,936	–	–
Deep discount bond	3,202	3,202	–	–
Bank term loan	3,000	1,000	1,000	1,000
Shareholder loan notes	3,353	423	2,930	–
Convertible loan notes	796	796	–	–
Preference shares	1,357	1,357	–	–
Trade payables	21,778	21,778	–	–
Chinese mortgage loan	3,944	3,944	–	–
	67,542	62,612	3,930	1,000
Derivative financial liabilities:				
Interest rate swaps used for hedging	862	862	–	–
Forward exchange contracts used for hedging	12	12	–	–
	874	874	–	–

31 December 2015

	Carrying amount £000	Within 1 year £000	1-2 years £000	2-5 years £000
Non-derivative financial liabilities:				
Secured bank loans	20,904	20,904	–	–
Series A notes 2017 – Eurobond	6,936	–	6,936	–
Deep discount bond	3,202	–	3,202	–
Bank term loan	12,000	–	–	12,000
Shareholder loan notes	2,498	–	2,498	–
Trade payables	23,122	23,122	–	–
Chinese mortgage loan	5,058	5,058	–	–
	73,720	49,084	12,636	12,000
Derivative financial liabilities:				
Interest rate swaps used for hedging	642	642	–	–
Forward exchange contracts used for hedging	(28)	(28)	–	–
	614	614	–	–

30 June 2016

	Carrying amount £000	Within 1 year £000	1-2 years £000	2-5 years £000
Non-derivative financial liabilities:				
Secured bank loans	22,352	22,352	–	–
Series A notes 2017 – Eurobond	6,934	–	6,934	–
Deep discount bond	3,202	–	3,202	–
Bank term loan	12,000	–	12,000	–
Shareholder loan notes	2,467	–	2,467	–
Trade payables	31,202	31,202	–	–
Chinese mortgage loan	6,729	6,729	–	–
	84,886	60,283	24,603	–
Derivative financial liabilities:				
Interest rate swaps used for hedging	622	622	–	–
Forward exchange contracts used for hedging	277	277	–	–
	899	899	–	–

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The Group is exposed to currency risk on the following transactions.

- Sales and purchases by a Group company in a currency other than its functional currency.
- Flows arising from the servicing of the Group's debt under foreign currency.

The Group is also exposed to fluctuations in exchange rates in the translation of net assets and profits earned by its subsidiary in China. These profits are translated at average exchange rates for the year, which is an approximation to the rates at the date of the transaction.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group's policy is to ensure that its net exposure is kept to an acceptable level by buying or selling foreign currency at spot rates when necessary to address short-term imbalances.

Exposure to currency risk

The table below shows the extent to which the Group had monetary assets and liabilities denominated in currencies other than the local currency of the company in which they are recorded:

	31 December 2013		31 December 2014		31 December 2015		30 June 2016	
	CNY £000	USD £000	CNY £000	USD £000	CNY £000	USD £000	CNY £000	USD £000
Trade receivables	94	6,264	1,035	8,107	1,350	11,202	**1,971**	**13,874**
Secured bank loans	(60)	(14,057)	(3,944)	(17,407)	(7,684)	(10,108)	**(8,413)**	**(8,706)**
Trade payables	–	(13,649)	(4,494)	(16,404)	(7,851)	(10,121)	**(10,737)**	**(3,690)**
Net statement of financial position exposure	34	(21,442)	(7,403)	(25,704)	(14,185)	(9,027)	**(17,179)**	**1,478**

The following significant exchange rates applied:

	Average Rate				Reporting date spot rate			
	31 Dec 13	31 Dec 14	31 Dec 15	30 Jun 16	31 Dec 13	31 Dec 14	31 Dec 15	30 Jun 16
USD	1.55	1.62	1.52	1.44	1.66	1.56	1.48	1.34
CNY	9.68	10.38	9.61	9.36	10.11	9.53	9.76	8.91

Sensitivity analysis

A strengthening/(weakening) of GBP, as indicated below, against the USD and CNY would have increased/(decreased) equity and profit or loss by the amounts shown below. This quantifies the impact of a change in value of assets and liabilities denominated in a currency other than the functional currency of that business unit. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the reporting date. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecasted sales and purchases. The analysis is performed on the same basis for 2015, 2014 and 2013 as indicated below.

	Equity £000	Profit or loss £000
31 December 2013		
USD (10% strengthening)	(2,144)	(480)
CNY (10% strengthening)	(635)	57
31 December 2014		
USD (10% strengthening)	(2,570)	(1,288)
CNY (10% strengthening)	(290)	87
31 December 2015		
USD (10% strengthening)	(903)	(470)
CNY (10% strengthening)	(1,419)	283
30 June 2016		
USD (10% strengthening)	148	1,058
CNY (10% strengthening)	(1,718)	(1,729)

A weakening of GBP against the above currencies would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Interest rate risk

The Group adopts a policy of ensuring that at least 50 per cent. of its exposure to changes in interest rates on borrowings is on a fixed-rate basis, taking into account assets with exposure to changes in interest rates.

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

Fair value sensitivity analysis for variable rate instruments:

	Profit or loss	
	100 bp increase £000	100 bp decrease £000
31 December 2013		
Variable rate instruments	(694)	694
Interest rate swap	112	(112)
Cash flow sensitivity (net)	(582)	582
31 December 2014		
Variable rate instruments	(393)	393
Interest rate swap	112	(112)
Cash flow sensitivity (net)	(281)	281
31 December 2015		
Variable rate instruments	(332)	332
Interest rate swap	118	(118)
Cash flow sensitivity (net)	(214)	214
30 June 2016		
Variable rate instruments	(381)	381
Interest rate swap	125	(125)
Cash flow sensitivity (net)	(256)	256

There were no changes in the Group's approach to capital management during each of the years.

Accounting classifications and fair values

Fair values versus carrying amounts

The following assets and liabilities at carrying values meet the definition of financial instruments and are classified according to the following categories:

	31 Dec 13 £000	31 Dec 14 £000	31 Dec 15 £000	30 Jun 16 £000
Assets carried at amortised cost:				
Trade and other receivables	10,454	17,056	20,431	27,036
Cash and cash equivalents	324	2,125	4,787	3,589
Financial assets	10,778	19,181	25,218	30,625
Liabilities carried at amortised cost:				
Secured bank loans	18,518	23,176	20,904	22,352
Series A notes 2017 – Eurobond	6,936	6,936	6,936	6,934
Deep discount bond	3,202	3,202	3,202	3,202
Revolving facility	–	3,000	12,000	12,000
Shareholder loan notes	3,349	3,353	2,498	2,467
Convertible loan notes	825	796	–	–
Preference shares	1,286	1,357	–	–
Trade payables	13,184	21,778	23,122	31,202
Chinese mortgage loan	3,860	3,944	5,058	6,729
Liabilities carried at fair value:				
Forward exchange contracts	555	12	(28)	277
Interest rate swaps	949	862	642	622
Financial liabilities	52,664	68,416	74,334	85,785

The table below analyses financial instruments into a fair value hierarchy based on the valuation technique used to determine fair value.

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

With the exception of forward exchange contracts and interest rate swaps, the fair values of financial assets and liabilities are considered to be the same as the carrying amounts for the Group.

For trade and other receivables/payables with a remaining life less than one year, the carrying amount is deemed to reflect the fair value. For cash and cash equivalents, the amount reported on balance sheet approximates to fair value. For borrowing at floating rates, the carrying value is deemed to reflect the fair value as it is considered to represent the price of the instrument in the marketplace. For borrowing at fixed rates, the fair values are considered to be the same due to the frequent updating of these funding facilities on a competitive market basis.

The only level 2 instruments are forward exchange contracts and interest rate swaps. The fair value is shown below:

	31 Dec 13 £000	31 Dec 14 £000	31 Dec 15 £000	30 Jun 16 £000
Foreign exchange contracts	555	12	(28)	277
Interest rate swaps	949	862	642	622
	1,504	874	614	899

18 COMMITMENTS

Operating lease commitments – Group

Non-cancellable operating lease rentals are payable as follows:

	Land and buildings				Other			
	31 Dec 13 £000	31 Dec 14 £000	31 Dec 15 £000	30 Jun 16 £000	31 Dec 13 £000	31 Dec 14 £000	31 Dec 15 £000	30 Jun 16 £000
Within one year	–	414	414	**414**	1	7	29	**60**
Within two and five years	–	1,656	1,656	**1,656**	39	17	3	**67**
In more than five years	382	828	414	**414**	–	–	2	**–**
	382	2,898	2,484	**2,484**	40	24	34	**127**

19 RELATED PARTIES

Related party transactions

The Group had the following liabilities owing to EPIC Investments LLP ("EPIC"), which holds 48.9 per cent. (2015: 48.9 per cent., 2014: 49.9 per cent., 2013: 49.9 per cent.) of the Group's issued share capital:

- Preference shares – £nil (2015: £nil, 2014: £1,357,032, 2013: £1,286,036)
- Series A notes 2017 – Eurobond – £6,933,873 (2015: £6,935,726, 2014: £6,935,726, 2013: £6,935,726)
- Deep discount bond – £3,201,729 (2015: £3,201,729, 2014: £3,201,729, 2013: £3,201,279)

During the period interest and finance charges accrued on the above liabilities of £337,334 (2015: £723,787, 2014: £747,518, 2013: £896,240). Interest and capital payments of £339,187 (2015: £1,958,109, 2014: £676,521, 2013: £514,011) were made in the period.

During the period, the Group incurred monitoring and rechargeable expenses of £50,000 (2015: £100,000, 2014: £100,000, 2013: £200,000) from EPIC Private Equity Limited, advisor to EPIC Investments LLP.

The Company had the following liabilities owing to J Hornby, a Director who holds 23.07 per cent. (2015: 23.07 per cent., 2014: 33.37 per cent., and 2013: 33.37 per cent.) of the parent company's issued share capital.

- Shareholder loans of £2,466,528 (2015: £2,498,298, 2014: £3,353,185, 2013: £3,348,685).
- Convertible loan notes of £nil (2015: £nil, 2014: £796,051, 2013: £824,767).

During the period, interest accrued on the above liabilities of £97,364 (2015: £341,594, 2014: £369,820, 2013: £449,275). Interest and capital payments of £129,134 (2015: £1,992,532, 2014: £376,990, 2013: £1,519,593) were made in the year.

Shareholder loans due to J Hornby, as detailed above, include £1,464,967 (2015: £1,492,311, 2014: £1,571,646, 2013: £1,519,593) due to Mrs P Hornby, J Hornby's wife. Mrs P Hornby holds 7.14 per cent. of the parent company's issued share capital.

During 2015, the Group settled with cash the preference share capital issued by Nexus Intermediate Holdings Limited. Thus, the premium originally paid by the holders of the preference shares over their nominal value and originally recognised as equity in the subsidiary and therefore as non-controlling interest in the consolidated balance sheet, has now been released.

Transactions with key personnel

The compensation of key management personnel including Directors are as follows:

	31 Dec 13 £000	31 Dec 14 £000	31 Dec 15 £000	31 Jun 16 £000
Remuneration (including benefits in kind)	255	328	438	249
Company contributions paid to money purchase schemes	5	41	5	3
	260	369	443	252

In respect of the highest paid Director:

	31 Dec 13 £000	31 Dec 14 £000	31 Dec 15 £000	31 Jun 16 £000
Remuneration	156	201	302	159
Benefits under long term incentive schemes (excluding shares)	2	–	–	–
Company contributions to money purchase pension schemes	48	36	–	–
	206	237	302	159

20 ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

There is no controlling party.

21 ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the consolidated financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The principal accounting estimates, assumptions and judgements employed in the preparation of these consolidated group financial statements which could affect the carrying amounts of assets and liabilities at the balance sheet dates are as follows:

Judgements

- Carrying value of goodwill and the useful economic life of other intangible assets
- Determining which research and development activities meet capitalisation criteria

Estimations

Impairment of goodwill

The determination of whether goodwill and other indefinite life intangible assets should be impaired requires the estimation of future cash flows and growth factors adopted by each cash generating unit.

Furthermore, discount rates applied to these cash flows are determined by reference to the markets in which they operate and are risk adjusted to reflect risks and opportunities existing for each cash generating unit. These factors are all affected by prevailing market and economic factors outside the group's control. Further information on this issue is included in note 8.

Deferred taxation

The Group has recognised deferred tax assets in respect of unutilised losses and other temporary differences arising in certain of the Group's businesses. This requires Management to make decisions on the recoverability of such deferred tax assets through future forecasts of taxable profits. If these forecast profits do not materialise, or there are changes in the tax rates or to the period over which the losses or temporary difference might be recognised, the value of the deferred tax asset will need to be revised in a future period.

The Group has losses for which no value has been recognised for deferred tax purposes in these financial statements, as future economic benefit of these temporary differences is not probable. If appropriate profits are earned in the future, the temporary difference may result in a benefit to the Group in the form of a reduced tax charge in a future period.

Current asset provisions

Judgement is used by Management to establish the net realisable value of various elements of working capital, principally inventory and trade receivables. Provisions are established for net realisable value and bad and doubtful debt risks. Provisions are based on the facts available at the time and applied to inventory and aged receivables.

In estimating the net realisable value of inventory, judgement is required in assessing their likely value on realisation taking into account market and technological changes.

Estimation is applied with regard to the collectability of trade receivables in assessing their likely realisation, including the current creditworthiness of each customer, the likely settlement of discount and rebate arrangements and related ageing of past due balances. Specific accounts are assessed in situations where a customer may not be able to meet its financial obligations due to deterioration of its financial condition.

22 SHARE CAPITAL

	Group			
	31 Dec 13	**31 Dec 14**	**31 Dec 15**	**30 Jun 16**
	£	**£**	**£**	**£**
Allotted, called up and fully paid				
700,000 ordinary shares of £0.10 each	70,000	70,000	70,000	70,000

During the year ended 31 December 2015 the Group settled in cash the preference share capital issued by Nexus Intermediate Holdings Limited, a company within the Luceco PLC group. As a result, the non-controlling interest in the Group arising from those preference shares has been released.

23 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the earnings attributable to Ordinary Shareholders by the weighted average number of Ordinary Shares outstanding. The Group does not have any dilutive potential Ordinary Shares and therefore Diluted Earnings per Share is equal to Basic Earnings per Share. Subsequent to the balance sheet date, an additional 4,000 shares were issued on 11 October 2016 and a 200:1 share split took place on 11 October 2016. As a result, the basic and diluted earnings per share has been calculated based on the revised number of shares in issue of 140,800,000 shares for all reporting periods.

Basic and diluted earnings per share	**Earnings £000**	**Weighted average number of shares**	**Per share amount (pence)**
Year ended 31 December 2013	1,319	140,800,000	0.94
Year ended 31 December 2014	4,533	140,800,000	3.22
Year ended 31 December 2015	5,817	140,800,000	4.13
6 months ended 30 June 2015	1,694	140,800,000	1.20
6 months ended 30 June 2016	3,994	140,800,000	2.84

PART 11

UNAUDITED PRO FORMA FINANCIAL INFORMATION

Section A: Unaudited Pro Forma Financial Information

The following unaudited pro forma statement of net assets as at 30 June 2016 is based on the audited consolidated balance sheet of the Group as at 30 June 2016, as set out in *Part 10* of this document.

The unaudited pro forma statement of net assets set out below has been prepared to illustrate the effect of the Offer on the net assets of the Group, as if it had taken place on 30 June 2016.

This unaudited pro forma statement of net assets has been prepared for illustrative purposes only and, because of its nature, addresses a hypothetical situation and, therefore, does not represent the Group's actual financial position or results.

The unaudited pro forma statement of net assets is compiled on a basis consistent with the accounting policies of the Group and on the basis set out below from the IFRS as adopted by the EU balance sheet of the Group as at 30 June 2016, as set out in *Part 10* of this document. 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 financial information has been prepared on the basis set out in the notes below and in accordance with Annex II to the Prospectus Directive.

	Net assets at 30 June 2016 Note 1 £000	Net proceeds of the Offer Note 2 £000	Repayment of debt Note 3 £000	Unaudited Pro Forma net assets Note 4 £000
Assets				
Non-current assets				
Property, plant and equipment	19,308	–	–	19,308
Intangible assets	12,357	–	–	12,357
	31,665	–	–	31,665
Current assets				
Inventories	34,257	–	–	34,257
Trade and other receivables	29,690	–	–	29,690
Cash and cash equivalents	3,589	22,000	(19,332)	6,257
	67,536	22,000	(19,332)	70,204
Total assets	99,201	22,000	(19,332)	101,869
Current liabilities				
Interest-bearing loans and liabilities	(29,081)	–	6,729	(22,352)
Trade and other payables	(36,440)	–	–	(36,440)
Other financial liabilities	(1,026)	–	–	(1,026)
	(66,547)	–	6,729	(59,818)
Non-current liabilities				
Interest-bearing loans and liabilities	(24,603)	–	12,603	(12,000)
Other financial liabilities	(74)	–	–	(74)
Deferred tax liability	(761)	–	–	(761)
	(25,438)	–	12,603	(12,835)
Total liabilities	(91,985)	–	19,332	(72,653)
Net assets	7,216	22,000	–	29,216

(1) The financial information has been extracted, without material adjustment, from the consolidated historical financial information of the Group set out in Part 10 of this document.

(2) The net proceeds of the Offer of £22.0 million are calculated on the basis that the Company issues 20,000,000 New Shares at a price of 130 pence per share, net of estimated expenses in connection with the Offer of approximately £4.0 million.

(3) As set out in Paragraph 2 of Part 7, the Ground intends to use the net proceeds of the Offer to repay the Chinese Facilities (equivalent to £6.7 million at 30 June 2016) and Shareholder Loans (equivalent to £12.6 million at 30 June 2016). The balance, if any, will be used to fund working capital.

(4) No adjustment has been made to reflect the trading results of the Group since 30 June 2016.

Section B: Accountant's Report on the unaudited pro forma financial information

KPMG

KPMG LLP
Transaction Services
One Snowhill
Snow Hill Queensway
Birmingham B4 6GH
United Kingdom

Tel: +44 (0) 121 232 3000
Fax: +44 (0) 121 232 3500

The Directors
Luceco plc
Building E
Stafford Park 1
Stafford Park
Telford
Shropshire
TF3 3BD

17 October 2016

Ladies and Gentlemen

Luceco plc

We report on the pro forma financial information (the "Pro forma financial information") set out in Section A of Part 11 of the prospectus dated 17 October 2016, 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 Offer might have affected the financial information presented on the basis of the accounting policies adopted by Luceco plc in preparing the financial statements for the period ended 30 June 2016. This report is required by paragraph 7 of Annex II of the Prospectus Directive Regulation and is given for the purpose of complying with that paragraph and for no other purpose.

Responsibilities

It is the responsibility of the Directors of Luceco plc to prepare the Pro forma financial information in accordance with Annex II of the Prospectus Directive Regulation.

It is our responsibility to form an opinion, as required by paragraph 7 of Annex II of the Prospectus Directive Regulation, as to the proper compilation of the Pro forma financial information and to report that 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 arising under Prospectus Rule 5.5.3R (2)(f) to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with paragraph 23.1 of Annex I of the Prospectus Directive Regulation, consenting to its inclusion in the prospectus.

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 Luceco plc.

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 Luceco plc.

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

Opinion

In our opinion:

- the Pro forma financial information has been properly compiled on the basis stated; and
- such basis is consistent with the accounting policies of Luceco plc.

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 paragraph 1.2 of Annex I of the Prospectus Directive Regulation.

Yours faithfully

KPMG LLP

PART 12

DETAILS OF THE OFFER

1 SUMMARY OF THE OFFER

This Part 12 should be read in conjunction with Part 4 of this document.

71,629,400 Offer Shares are available under the Offer, comprising 20,000,000 New Shares to be issued by the Company and 51,629,400 Sale Shares to be sold by the Selling Shareholders. The Offer Price is 130 pence per Share.

The New Shares will represent 12.4 per cent. of the total issued share capital of the Company immediately following Admission.

Under the Offer, the Offer Shares are being made available to certain institutional and professional investors in the United Kingdom and elsewhere outside of the United States in reliance upon Regulation S. There will be no public offer in the United States and the Offer Shares may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws.

When admitted to trading, the Shares will be registered with ISIN GB00BZC0LP49 and SEDOL number BZC0LP4 and will trade under the symbol "LUCE". Admission is expected to take place and unconditional dealings in the Shares are expected to commence on the London Stock Exchange on 20 October 2016.

The New Shares being issued by the Company will, on Admission, rank pari passu in all respects with, and will rank in full for all dividends and other distributions after that date declared, made or paid on, all Shares then in issue. The Sale Shares being sold by the Selling Shareholders will be sold together with the right to receive all dividends and other distributions after that date declared, made or paid on all Shares after Admission. The Shares will be freely transferable.

Immediately following Admission, it is expected that 44.5 per cent. of the Company's issued ordinary share capital will be held in "public hands" (within the meaning of paragraph 6.1.19R of the Listing Rules).

2 ALLOCATION AND PRICING

All Shares sold or issued pursuant to the Offer will be sold or issued, payable in full, at the Offer Price.

Allocations under the Offer and the Offer Price were determined by the Company and the Principal Selling Shareholders in consultation with Numis. A number of factors were considered in determining the Offer Price and the basis of allocation under the Offer, including the level and nature of demand for Shares and the objective of encouraging the development of an orderly after-market in the Shares.

Upon accepting any allocation, prospective investors are contractually committed to acquire the number of Shares allocated to them at the Offer Price and, to the fullest extent permitted by law, are deemed to have agreed not to exercise any rights to rescind or terminate, or withdraw from, such commitment.

The rights attaching to the Shares will be uniform in all respects and they will form a single class for all purposes.

Each investor is required to pay the Offer Price for the Shares sold or issued to such investor in such manner as directed by Numis.

Liability for stamp duty and stamp duty reserve tax is described in Part 13: "Taxation" of this document.

3 DEALINGS AND ADMISSION

It is expected that dealings in the Shares will commence on a conditional basis on the London Stock Exchange at 8.00 a.m. on 17 October 2016. The earliest date for settlement of such dealings will be 20 October 2016. All dealings in the Shares prior to the commencement of unconditional dealings will be on a "when issued basis", will be of no effect if Admission does not take place and such dealings will be at the sole risk of the parties concerned.

Admission is expected to become effective, and unconditional dealings in the Shares are expected to commence on the London Stock Exchange, at 8.00 a.m. on 20 October 2016. It is expected that Shares allocated to investors will be delivered in uncertificated form and settlement will take place through CREST on 20 October 2016 or as soon thereafter as is practicable. Temporary documents of title will not be issued.

4 CREST

CREST is a paperless settlement system enabling securities to be transferred and held by electronic means rather than by a certificate or written instrument. The system is designed to reduce the costs of settlement and facilitate the processing of settlements and the updating of registers, through an electronic settlement system. Shares held by the Company's shareholders in CREST will be in electronic form and evidence of title to Shares will be established on an electronic register maintained by the Registrars which can only be altered by an electronic instruction sent through CREST. It will be possible for shareholders in CREST to transfer their Shares without executing written stock transfer forms.

With effect from Admission, the Articles will permit the holding of Shares under the CREST system. The Company has applied for the Shares to be admitted to CREST with effect from Admission. Accordingly, 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 holder of Shares who wish to receive and retain share certificates will be able to do so. An investor applying for Shares under the Offer may, however, elect to receive Shares in uncertificated form if such investor is a system-member (as defined in the CREST Regulations) in relation to CREST.

5 PLACING ARRANGEMENTS

The Company, the Directors, EPIC Investments LLP and Numis entered into the Placing Agreement pursuant to which Numis agreed, subject to certain conditions, to use reasonable endeavours to procure subscribers for the New Shares and purchasers for the Sale Shares in the Offer, or failing which to subscribe for or purchase such Shares itself, at the Offer Price.

The Placing Agreement provides that the obligations of Numis are conditional upon the satisfaction of certain conditions, including Admission occurring by no later than 8.00 a.m. on 20 October 2016 or such later time and/or date as the Company and Numis may agree.

The Placing Agreement ceases to have any element of conditionality (including statutory withdrawal rights) immediately prior to Admission. If the Placing Agreement is terminated or ceases to have effect, Admission will not occur. Once Admission has occurred, placees are unable to withdraw and there is no statutory right of withdrawal. The conditions and termination rights in the Placing Agreement are customary.

Further details of the terms of the Placing Agreement are set out in paragraph 9 of Part 14 of this document.

6 LOCK-UP ARRANGEMENTS

Pursuant to the Placing Agreement, the Company has agreed that, subject to certain exceptions, during the period of 180 days from the date of Admission, it will not, without the prior written consent of Numis, issue, sell or contract to sell, or otherwise dispose of any Shares (or any interest therein or in respect thereof) or enter into any transaction (including via derivatives) with the same economic effect as any of the foregoing.

In addition, pursuant to the Placing Agreement and the Deeds of Election, the Directors and the Selling Shareholders have each agreed, subject to certain exceptions, that they will not, without the prior written consent of Numis, dispose of any interest in Shares during the period of 365 days from Admission.

7 SELLING AND TRANSFER RESTRICTIONS

Other than in the UK, no action has been or will be taken in any jurisdiction that would permit a public offering of the Offer Shares pursuant to the Offer, or possession or distribution of this document or any other offering material or application relating to the Offer Shares in any country or jurisdiction where action for that purpose is required. Accordingly, the Offer Shares may not be offered or sold, directly or indirectly, in connection with the Offer and neither this document nor any other offering material or advertisement in connection with the Offer Shares may be distributed or published in or from any country or jurisdictions, except in circumstances that will result in compliance with any and all applicable rules and regulations of any such country or jurisdiction. This document does not constitute an offer to subscribe for or purchase any of the Offer Shares pursuant to the Offer to any person in any jurisdiction to whom it is unlawful to make such offer or solicitation in such jurisdiction.

The distribution of this document and the Offer in certain jurisdictions may be restricted by law and therefore persons into whose possession this document 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.

7.1 **European Economic Area**

In relation to each Relevant Member State no Shares have been offered or will be offered pursuant to the Offer to the public in that Relevant Member State prior to the publication of a prospectus in relation to the Shares which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that offers of Shares may be made to the public in that Relevant Member State at any time under the following exemptions under the Prospectus Directive, if they are implemented in that Relevant Member State:

(a) to any legal entity which is a "qualified investor" as defined under the Prospectus Directive ("**Qualified Investor**");

(b) 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 Numis for any such offer; or

(c) 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 of a prospectus pursuant to Article 3 of the Prospectus Directive or any measure implementing the Prospectus Directive in a Relevant Member State.

For the purposes of this provision, the expression an "offer to the public" 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 any Shares to be offered so as to enable a prospective investor to decide to subscribe for any Shares, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State. The expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in each Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

In the case of any 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 nondiscretionary 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 Numis has been obtained to each such proposed offer or resale. The Company, Numis and their affiliates, and others will rely upon the truth and accuracy of the foregoing representation, acknowledgement and agreement. Notwithstanding the above, a person who is not a Qualified Investor and who has notified Numis of such fact in writing may, with the prior consent of Numis, be permitted to acquire Shares in the Offer.

7.2 **United Kingdom**

In the UK, this document is being distributed to, and is directed only at, "qualified investors" (as defined in the Prospectus Directive) who are also: (i) persons having professional experience in matters relating to investments falling within the definition "investment professionals" in Article 19(5) of The Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Order**"); or (ii) high net worth bodies corporate, unincorporated associations and partnerships and trustees of high value trusts as described in Article 49(2) of the Order and other persons to whom it may lawfully be communicated. Any investment or investment activity to which this communication relates is only available to and will only be engaged in with such persons and persons within the UK who receive this document (other than persons falling within (i) and (ii) above) should not rely on or act upon this document.

7.3 **United States**

The Company has not been, and will not be, registered under the Investment Company Act and, as such, investors will not be entitled to the benefits of the Investment Company Act. No offer, purchase, sale or transfer of the Shares may be made except under circumstances which will not result in the Company being required to register as an investment company under the Investment Company Act.

The Shares have not been and will not be registered under the Securities Act, or with any securities commission or regulatory authority of any state or other jurisdiction of the United States. Accordingly, the Shares will constitute "restricted securities" within the meaning of Rule 144(a)(3) of the Securities Act and may not be offered, sold, resold, delivered, distributed or otherwise transferred, directly or indirectly, in, into or from the United States except pursuant to a registration statement that has been declared effective under the Securities Act or an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable securities laws of any state of the United States.

The Offer Shares are being offered and sold: (i) outside the United States in reliance on Regulation S; and (ii) in the United States only to a limited number of persons the seller or any persons acting on its behalf reasonably believes to be a QIB pursuant to Section 4(a)(2) of the Securities Act. Prospective investors are hereby notified that sales of Shares may be made in reliance on an exemption from the provisions of Section 5 of the Securities Act. There will be no public offering of the Shares in the United States. Invitations to subscribe for the Shares in the United States may be made on behalf of the Company by Numis Securities Limited's U.S. affiliate Numis Securities Inc., which is a registered broker or dealer in the United States.

Other than to a limited number of investors that are QIBs, investors located in the United States will not be permitted to subscribe for the Shares.

7.4 **Australia**

This document does not constitute a disclosure document under Part 6D.2 of the Corporations Act 2001 of the Commonwealth of Australia (the "Corporations Act") and will not be lodged with the Australian Securities and Investment Commission. The Shares will be offered to persons who receive offers in Australia only to the extent 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 of those Shares offer those Shares for sale in Australia unless that offer is itself made in reliance on an exemption from disclosure provided by that section.

8 TERMS AND CONDITIONS OF THE OFFER

Each investor who applies to acquire the Offer Shares will be bound by the following terms and conditions.

8.1 **Agreement to acquire Offer Shares**

Conditional on: (i) Admission occurring and becoming effective by 8.00 a.m. on or prior to 20 October 2016 (or such later time and/or date as Numis and the Company may agree (not being later than 31 October 2016)); and (ii) the investor being allocated Offer Shares, an investor who has applied for Offer Shares agrees to acquire those Offer Shares allocated to it by Numis (such number of Offer Shares not to exceed the number applied for by such investor) at the Offer Price. To the fullest extent permitted by law, each investor acknowledges and agrees that it will not be entitled to exercise any remedy of rescission at any time. This does not affect any other rights an investor may have. Each such investor is deemed to acknowledge receipt and understanding of this document and in particular the risk and investment warnings contained in this document.

8.2 **Payment for Offer Shares**

Each investor must pay the Offer Price for the Offer Shares issued to the investor in the manner directed by Numis.

If any investor fails to pay as so directed by Numis, the relevant investor's application for Offer Shares may be rejected.

If Admission does not occur, subscription monies will be returned without interest at the risk of the applicant.

8.3 **Representations, warranties, undertakings, agreements and acknowledgements**

Each investor and, in the case of paragraph (l) below, a person who agrees on behalf of an investor, to purchase Offer Shares under the Offer and/or who authorises Numis to notify the investor's name to the Registrars, will be deemed to represent, warrant, undertake, agree and, acknowledge to Numis, the Registrars and the Company that:

(a) the content of this document is exclusively the responsibility of the Company and the Directors and that neither Numis nor any person acting on its behalf is responsible for or will have any liability for any information, representation or statement contained in this document 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 document or otherwise;

(b) in agreeing to purchase Shares under the Offer, the investor is relying on this document and any supplementary prospectus that may be issued by the Company and not on any other information or representation concerning the Group, the Selling Shareholders, the Shares or the Offer. Such investor agrees that none of the Company, the Selling Shareholders, Numis, nor any of their respective officers, partners or directors will have any liability for any such other information or representation and irrevocably and unconditionally waives any rights it may have in respect of any such other information or representation. This paragraph will not exclude any liability for fraudulent misrepresentation;

(c) Neither Numis nor any person acting on its behalf are 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 Numis and that Numis is acting for the Company and no one else, and it will not be responsible to anyone else for the protections afforded to their respective clients, and that Numis will not be responsible to anyone other than the Company for providing advice in relation to the Offer, the contents of this document or any transaction, arrangements or other matters referred to herein, and Numis will not be responsible to anyone other than the relevant party to the Placing Agreement in respect of any representations, warranties, undertakings or indemnities contained in the Placing Agreement or for the exercise or performance of their respective rights and obligations thereunder, including any right to waive or vary any condition or exercise any termination right contained therein;

(d) if the laws of any place outside the United Kingdom are applicable to the investor's agreement to purchase Shares, such investor has complied with all such laws and none of the Company, the Selling Shareholder, or Numis will infringe any laws outside the United Kingdom as a result of such investor's agreement to purchase Shares or any actions arising from such investor's rights and obligations under the investor's agreement to purchase 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 paragraph 7 of this Part 12;

(e) it 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 document, in any country or jurisdiction where action for that purpose is required;

(f) the investor will not offer, sell, renounce, transfer or deliver, directly or indirectly, any of the Shares in Australia, Canada, Japan, Singapore, Switzerland or South Africa or to any national, resident or citizen of Australia, Canada, Japan, Singapore, Switzerland or South Africa other than as may be permitted under the applicable law in the relevant jurisdiction and the investor acknowledges that the Shares have not been and will not be registered under the applicable securities laws of Australia, Canada, Japan, Singapore, Switzerland or South Africa 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 Australia, Canada, Japan, Singapore, Switzerland or South Africa other than as may be permitted under the applicable law in the relevant jurisdiction;

(g) the investor is liable for any capital duty, stamp duty, stamp duty reserve tax and all other stamp, issue, securities, transfer, registration, documentary or other duties or taxes (including any interest, fines or penalties relating thereto) payable outside the United Kingdom by it or any other person on the acquisition by it of any Shares or the agreement by it to acquire any Shares;

(h) in the case of a person who confirms to Numis, on behalf of an investor, an agreement to purchase Shares and/or who authorises 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;

(i) the investor has complied with its obligations in connection with money laundering and terrorist financing under the Proceeds of Crime Act 2002, the Terrorism Act 2000 and the Money Laundering Regulations 2007 (the "Regulations") and, if it is making payment on behalf of a third party, it has obtained and recorded satisfactory evidence to verify the identity of the third party as required by the Regulations;

(j) the investor is not, and is not applying as nominee or agent for, a person which is, or may be, mentioned in any of sections 67, 70, 93 and 96 of the Finance Act 1986 (depositary receipts and clearance services);

(k) if the investor is in the United Kingdom, it is: (a) a person having professional experience in matters relating to investments who falls within the definition of "investment professionals" in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Financial Promotion Order"); or (b) a high net worth entity falling within Article 49(2)(a) to (d) of the Financial Promotion Order, or is otherwise a person to whom an invitation or inducement to engage in investment activity may be communicated without contravening section 21 of FSMA;

(l) if they are acquiring Shares as a fiduciary or agent for one or more investor accounts, they represent that they have sole investment discretion with respect to each such account and they have full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account;

(m) 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 Numis and the Company that: (a) it is a qualified investor within the meaning of the law in that relevant member state implementing Article 2(1)I of the Prospectus Directive; (b) 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, (i) 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 Numis has been given to the offer or resale; or (ii) 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; and (c) it is 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.

(n) 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 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

(o) if the investor is in a jurisdiction outside the United Kingdom and the EEA, it is a person to whom the Sale Shares may lawfully offered under that jurisdiction's laws and regulations.

The Company, the Selling Shareholders and Numis will rely upon the truth and accuracy of the foregoing representations, warranties, undertakings and acknowledgments. If any of the foregoing representations, warranties, undertakings, agreements and acknowledgements are no longer accurate or have not been complied with, the investor shall promptly notify the Company.

Supply and disclosure of information

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

Miscellaneous

The rights and remedies of the Company, the Selling Shareholders, Numis and the Registrars 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.

On application, each investor may be asked to disclose, in writing or orally, to Numis:

(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.

All documents will be sent at the investor's risk. They may be sent by post to such investor at an address notified to Numis.

Each investor agrees to be bound by the Articles (as amended from time to time) once the Shares which such purchaser has agreed to purchase have been issued or transferred to such investor.

The Company, Numis and the Selling Shareholders expressly reserve the right to modify the Offer (including without limitation, its timetable and settlement) at any time before the Offer Price and allocation are determined.

The contract to purchase Shares and the appointments and authorities mentioned herein will be governed by, and construed in accordance with, English law. For the exclusive benefit of the Company, the Selling Shareholders and Numis, 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.

In the case of a joint agreement to purchase Shares, references to a purchaser in these terms and conditions are to each of such investors and any investor's liability is joint and several.

PART 13

TAXATION

The following statements are intended only as a general guide to certain UK tax considerations relevant to prospective investors in the Shares. They do not purport to be a complete analysis of all potential UK tax consequences of acquiring, holding or disposing of Shares. They are based on current UK tax law and what is understood to be the current published practice (which may not be binding) of HMRC as at the date of this document, both of which are subject to change, possibly with retrospective effect. The following statements relate only to Shareholders who are resident (and, in the case of individuals, resident and domiciled) for tax purposes in (and only in) the UK (except insofar as express reference is made to the treatment of non-UK residents), who hold their Shares as an investment (other than under an individual savings account) and who are the absolute beneficial owners of both the Shares and any dividends paid on them. The tax position of certain categories of Shareholders who are subject to special rules, such as persons who acquire (or are deemed to acquire) their Shares in connection with their (or another person's) office or employment, traders, brokers, dealers in securities, insurance companies, banks, financial institutions, investment companies, tax-exempt organisations, persons connected with the Company or the Group, persons holding Shares as part of hedging or conversion transactions, Shareholders who are not domiciled or not resident in the UK, collective investment schemes, trusts and those who hold 5 per cent. or more of the Shares, is not considered. Nor do the following statements consider the tax position of any person holding investments in any HMRC-approved arrangements or schemes, including the enterprise investment scheme, venture capital scheme or business expansion scheme, able to claim any inheritance tax relief or holding Shares in connection with a trade, profession or vocation carried on in the UK (whether through a branch or agency or, in the case of a corporate Shareholder, a permanent establishment or otherwise).

Prospective investors who are in any doubt as to their tax position or who may be subject to tax in a jurisdiction other than the UK are strongly recommended to consult their own professional advisers.

1 TAXATION OF DIVIDENDS

The Company will not be required to withhold amounts on account of UK tax at source when paying a dividend.

As of 1 April 2016 the notional dividend tax credit system was abolished. Instead, as announced in Summer Budget 2015, and Budget 2016, UK individuals are given an effective tax-free allowance of £5,000 on dividend income per tax year. Dividend income in excess of £5,000 will be taxed at the following rates: 7.5 per cent. (basic rate taxpayers); 32.5 per cent. (high rate taxpayers); and 38.1 per cent. (additional rate taxpayers). The new legislation forms part of the Finance Bill 2016. Until the Finance Bill 2016 is enacted the rules could be subject to change.

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 particular circumstances, although it would normally be expected that the dividends paid by the Company would fall within an exempt class.

A shareholder tax resident outside the United Kingdom should not be subject to UK taxation but may 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.

2 TAXATION OF CAPITAL GAINS

Individual and corporate Shareholders who are resident in the United Kingdom may, depending on their circumstances (including the availability of allowances, exemptions or reliefs) be liable to UK taxation on capital gains in respect of any gains arising from a sale or other disposal of Shares.

An individual Shareholder who is only temporarily resident outside the United Kingdom may, under anti-avoidance legislation, still be liable to UK tax on any capital gain realised (subject to available allowances, exemptions or reliefs) upon a sale or other disposal of Shares.

Shareholders who are not tax resident in the United Kingdom and, in the case of an individual Shareholder, not temporarily non-resident, will not be liable for UK tax on capital gains realised on a sale or other disposal of 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. Shareholders who are not resident in the United Kingdom may be subject to foreign taxation on any gain under local law.

3 INHERITANCE TAX

Shares will be assets situated in the United Kingdom for the purposes of UK inheritance tax. A gift of such assets by, or upon the death of, an individual holder of such assets may (subject to certain exemptions and reliefs) give rise to a liability to UK inheritance tax, even if the holder is or was neither domiciled in the United Kingdom nor deemed to be domiciled there, under certain rules relating to long residence or previous domicile. Generally, UK 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 UK inheritance tax and an equivalent tax in another country or if they are in any doubt about their UK inheritance tax position.

4 STAMP DUTY AND STAMP DUTY RESERVE TAX ("SDRT")

The statements in this section are intended as a general guide to the current UK 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.

General

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. An unconditional 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 a liability of the purchaser. 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 (the amount of duty to be rounded up to the next £5, if necessary). 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. If a duly stamped or exempt transfer completing an agreement to transfer Shares 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.

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.

Depositary receipt systems and clearance services

Following the European Court of Justice decision in C-569/07 HSBC Holdings Plc and Vidacos Nominees Limited v The Commissioners for Her Majesty's Revenue & Customs and the First-tier Tax Tribunal decision in HSBC Holdings Plc and The Bank of New York Mellon Corporation v The Commissioners for

Her Majesty's Revenue & Customs, 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.

Where Shares are transferred (as opposed to issued) (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 (rounded up in the case of stamp duty, if necessary, to the next £5) 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, 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 rather than stamp duty 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 of Shares into such an account and on subsequent agreements to transfer such Shares within such account. The sale of Shares by the Selling Shareholder under the Offer will give rise to a charge to stamp duty and/or SDRT as described above. The Selling Shareholder will meet the liability to stamp duty and/or SDRT of initial purchasers of Shares pursuant to the Offer at the normal rate of 0.5 per cent. that will arise on such sale under the Offer.

5 CLOSE COMPANY

It is likely that the Company and each member of the Group is a "close company" within the meaning of Part 10 of the Corporation Tax Act 2010 as at the date of this document. It is unlikely that the Company and each member of the Group will be a close company following the close of the Offer, however, this is dependent on the voting power controlled by certain Shareholders, and cannot be definitively determined. If the Company is a close company following the close of the Offer, certain transactions entered into by the Company or other members of the Group may have tax implications for Shareholders. In particular, certain gifts, transfers of assets at less than market value or other transfers of value by the Company or other members of the Group may be apportioned to Shareholders for the purposes of UK inheritance tax, although the payment of a dividend to a Shareholder or the payment of dividends or transfers of assets between members of the Group will not normally attract such an apportionment. Any charge to UK inheritance tax arising from such a transaction will primarily be a liability of the relevant company, although in certain circumstances Shareholders may be liable for the tax if it is left unpaid by that company. In addition, any transfer of assets at less than market value by the Company or other members of the Group may result in a reduction of a Shareholder's base cost in his Shares for the purposes of UK taxation of capital gains, although transfers of assets between members of the Group will not normally attract such treatment. Shareholders should consult their own professional advisers on the potential impact of the close company rules.

THE DISCUSSION ABOVE IS A GENERAL SUMMARY. IT DOES NOT COVER ALL TAX MATTERS THAT MAY BE OF IMPORTANCE TO A PROSPECTIVE INVESTOR. EACH PROSPECTIVE INVESTOR IS URGED TO CONSULT ITS OWN TAX ADVISOR ABOUT THE TAX CONSEQUENCES TO IT OF AN INVESTMENT IN THE SHARES IN LIGHT OF THE INVESTOR'S OWN CIRCUMSTANCES.

PART 14

ADDITIONAL INFORMATION

1 RESPONSIBILITY STATEMENT

The Company and the Directors, whose names appear on page 29 (Part 3) of this document, accept responsibility for the information contained in this document. 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 document is in accordance with the facts and does not omit anything likely to affect the import of such information.

2 INCORPORATION AND SHARE CAPITAL

2.1 The Company was incorporated and registered in England and Wales on 11 October 2004 as a private company limited by shares under the Companies Act 1985 with the name "Hamsard 2772 Limited" and with the registered number 5254883. On 9 June 2005, by a resolution of the Company, the Company's name was changed to Nexus Industries Holding Limited and then on 25 May 2016, changed to Luceco Limited.

2.2 On 12 October 2016, by a resolution of the Company, the Company was re-registered as a public company limited by shares, Luceco plc. The Company operates under the commercial name 'Luceco'.

2.3 The Company's registered office is at Building E Stafford Park 1, Stafford Park, Telford, Shropshire, TF3 3BD. The Company's telephone number is +44 (0)1952 238 100.

2.4 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.

2.5 The business of the Company, and its principal activity, is to act as the holding company of the companies listed in paragraph 14.2 below.

2.6 The share capital history of the Company is as follows:

(a) The Company was incorporated on 11 October 2004 with share capital of £100 divided into 100 ordinary shares of £1.00 each.

(b) On 1 January 2013 the total issued share capital was £69,736.80 made up of 697,368 shares of £0.10 each.

(c) On 13 May 2015, 2,632 ordinary shares of £0.10 each were issued to the following individuals:

(i) Lorentz Jiang – 1,000 shares.

(ii) Simon Wu – 500 shares.

(iii) Lee Heyes – 500 shares.

(iv) John Williams – 300 shares.

(v) Gloria Zhou – 300 shares.

(vi) Ian Pritchard – 32 shares.

Following this allotment the total issued share capital was £70,000 made up of 700,000 shares of £0.10 each.

(d) The issued share capital of the Company as at 30 June 2016 was £70,000, made up of 700,000 ordinary shares of £0.10 each. As at this date all issued shares were fully paid or credited as fully paid.

(e) On 11 October 2016, by a resolution of the Company, 4,000 ordinary shares of £0.10 each were issued to Lorentz Jiang Jiulong.

Following this allotment the total issued share capital of the Company was £70,400 made up of 704,000 shares of £0.10 each.

(f) Immediately following completion of the Offer, the issued share capital of the Company is expected to be £80,400, comprising 160,800,000 Shares of £0.0005 each (all of which will be fully paid or credited as fully paid.

2.7 On 14 October 2016, by resolutions of the Company the 704,000 ordinary shares of £0.10 each in the Company were subdivided to form 140,800,000 ordinary shares of £0.0005 each.

2.8 On 14 October 2016, by resolutions of the Company:

(a) the Directors were generally and unconditionally authorised pursuant to section 551 of the Companies Act, to exercise all the powers of the Company to allot shares in the Company as follows:

(i) authority to allot equity securities:

(A) up to an aggregate nominal value of £26,800; and

(B) up to an aggregate nominal value of £53,600 (such amount to be reduced by any allotments made under sub-paragraph (A) above) in connection with a rights issue in favour of the holders of Shares in proportion (as nearly as may be practicable) to their existing holdings on the record date for such allotment,

such power expiring at the conclusion of the first annual general meeting of the Company held after the date of passing of the resolution, save that the Company may before such expiry make an offer or agreement which would or might require shares to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the authority had not expired;

(b) the Directors were empowered to allot equity securities (within the meaning of section 560(1) of the Companies Act) for cash pursuant to the authorities conferred in paragraph a above, pursuant to section 570 and section 573 of the Companies Act in substitution for all prior powers conferred upon them, 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, provided that this power shall be limited to:

(i) the allotment of equity securities and sale of treasury shares for cash in connection with an offer of, or invitation to apply for, equity securities in favour of holders of Shares in proportion (as nearly as may be practicable) to their existing holdings and to holders of other equity securities as required by the rights attached to those securities or as the Directors otherwise consider necessary, but subject to such restrictions or other arrangements as the Directors deem necessary or appropriate in relation to fractional entitlements or any legal or practical problems under the laws of any territory, or the requirements of any regulatory body or stock exchange; and

(ii) the allotment of Shares (other than under (i) above) up to an aggregate nominal amount of £4,020,

such power expiring at the conclusion of the first annual general meeting of the Company held after the date of passing of the resolution, save that the Company may before the end of such period make an offer or agreement which would or might require equity securities to be allotted after expiry of the power and the Directors may allot equity securities in pursuance of such an offer or agreement as if the power had not expired; and

(c) the Company was authorised to call a general meeting of the Company other than an annual general meeting on not less than 14 days' notice.

2.9 Immediately following Admission, the Company's issued share capital will be £80,400, comprising 160,800,000 ordinary shares of £0.0005 each (all of which will be fully paid up or credited as fully paid up).

2.10 The requirement to have an authorised share capital of the Company was removed on 13 May 2015 through filing new articles of association, passed by special resolution of the members of the Company, specifically removing the requirement to have an authorised share capital. There is therefore no authorised but unissued share capital.

2.11 The Shares will carry the right to receive dividends and distributions paid by the Company following Admission. The Shareholders will have the right to receive notice of and to attend and vote at all general meetings of the Company.

2.12 The ISIN of the Shares is GB00BZC0LP49.

2.13 Further information on the rights attached to the Shares is set out in paragraph 3 of this Part 14 and further information on dealing arrangements and CREST is set out in Part 12 of this document.

2.14 Save as disclosed in this document:

(a) other than intra-group issues by wholly owned subsidiaries or pursuant to the Offer, no share or loan capital of the Company has, within the period covered by the Historical Financial Information, 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) during the period covered by the Historical Financial Information;

(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 the Company; and

(d) no share or loan capital of the Company is under option or agreed conditionally or unconditionally to be put under option.

2.15 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 2.8(a), except to the extent such provisions have been disapplied as referred to in paragraph 2.8(a).

2.16 As at 14 October 2016, being the latest practicable date prior to the publication of this document, the Company did not hold any Shares in treasury. No Shares have been issued other than fully paid.

2.17 As at the date of this document, the Company has no convertible securities, exchangeable securities or securities with warrants in issue.

3 ARTICLES OF ASSOCIATION

The Articles, which were adopted by a special resolution of the Company on 14 October 2016 subject to and with effect from Admission, are available for inspection at the address specified in paragraph 26 of this Part 14 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.

3.1 **Voting rights**

(a) Subject to any special terms as to voting upon which any shares may be issued, or may for the time being be held and any restriction on voting referred to below, every Shareholder present in person, by proxy (regardless of the number of members for whom he is a proxy) or by a duly authorised corporate representative at a general meeting of the Company shall have one vote on a show of hands and, on a poll, every Shareholder present in person, by proxy, or by a duly authorised corporate representative shall have one vote for every Share of which he is the holder, proxy or representative.

(b) The duly authorised representative of a corporate shareholder may exercise the same powers on behalf of that corporation as it could exercise as if it were an individual shareholder.

(c) A Shareholder is not entitled to vote unless all calls or other sums due from him have been paid.

(d) Unless the Board determines otherwise, a Shareholder is also not entitled to attend or vote at meetings of the Company in respect of any shares held by him in relation to which he or any other person appearing to be interested in such shares has been duly served with a notice under section 793 of the Companies Act and, having failed to comply with such notice within the period specified in such notice (being not less than 28 days from the date of service of such notice (or, where the shares represent at least 0.25 per cent. of their class, 14 days), is served with a disenfranchisement notice. Such disentitlement will apply only for so long as the notice from the Company has not been complied with or until the Company has withdrawn the disenfranchisement notice, whichever is the earlier.

3.2 **General meetings**

(a) The Company must hold an annual general meeting each year in addition to any other general meetings held in the year. The Directors can call a general meeting at any time.

(b) At least 21 clear days' written notice must be given for every annual general meeting. For all other general meetings, not less than 14 days' written notice must be given. The notice for any general meeting must state: (i) whether the meeting is an annual general meeting or general meeting; (ii) the date, time and place of the meeting; (iii) the general nature of the business of the meeting; (iv) any intention to propose a resolution as a special resolution; and (v) that a member entitled to attend and vote is entitled to appoint one or more proxies to attend, to speak and to vote instead of him and that a proxy need not also be a member. All members who are entitled to receive notice under the Articles must be given notice.

(c) Before a general meeting starts, there must be a quorum, being two members present in person or by proxy.

(d) Each Director may attend and speak at any general meeting.

(e) Where the Company has given an electronic address in any notice of meeting, any document or information relating to proceedings at the meeting may be sent by electronic means to that address, subject to any conditions or limitations specified in the relevant notice of meeting.

3.3 **Dividends and other distributions**

(a) All dividends shall be paid in British pounds sterling.

(b) Subject to the Companies Act, the Company may, by ordinary resolution, declare dividends to be paid to members of the Company according to their rights and interests in the profits of the Company available for distribution, but no dividend shall be declared in excess of the amount recommended by the Board.

(c) Subject to the Companies Act, the Board may from time to time pay to the Shareholders of the Company such interim dividends as appear to the Board to be justified by the profits available for distribution and the position of the Company, on such dates and in respect of such periods as it thinks fit.

(d) Except insofar as the rights attaching to, or the terms of issue of, any share otherwise provide (no such shares presently being in issue), all dividends shall be apportioned and paid pro rata according to the amounts paid or credited as paid up (other than in advance of calls) on the shares during any portion or portions of the period in respect of which the dividend is paid.

(e) Any dividend unclaimed after a period of 12 years from the date of declaration shall be forfeited and shall revert to the Company.

(f) The Board may, if authorised by an ordinary resolution, offer the holders of Shares the right to elect to receive additional Shares, credited as fully paid, instead of cash in respect of any dividend or any part of any dividend.

(g) The Board may withhold dividends payable on shares representing not less than 0.25 per cent. by number of the issued shares of any class (calculated exclusive of treasury shares) after there has been a failure to comply with any notice under section 793 of the Companies Act requiring the disclosure of information relating to interests in the shares concerned as referred to in paragraph 3.10 below.

3.4 **Return of capital**

On a voluntary winding-up of the Company, the liquidator may, with the sanction of a special resolution of the Company and subject to the Companies Act and the Insolvency Act 1986 (as amended), divide amongst the Shareholders of the Company in specie the whole or any part of the assets of the Company, or vest the whole or any part of the assets in trustees upon such trusts for the benefit of the members as the liquidator, with the like sanction, shall determine.

3.5 **Transfer of Shares**

(a) The Articles provide for shares to be held in a system for holding shares in uncertificated form (for example CREST), such shares being referred to as "Participating Securities". The Shares are freely transferable, save as set out in this paragraph 3.5.

(b) In the case of shares represented by a certificate ("Certificated Shares"), the transfer shall be made by an instrument of transfer in the usual form or in any other form which the Board may approve. A transfer of a Participating Security need not be in writing, but shall comply with such rules as the Board may make in relation to the transfer of such shares, a CREST transfer being acceptable under the current rules.

(c) The instrument of transfer of a Certificated Share shall be executed by or on behalf of the transferor and (in the case of a partly paid share) by or on behalf of the transferee, and the transferor is deemed to remain the holder of the share until the name of the transferee is entered in the register of members.

(d) The Board may refuse to register a transfer unless:

(i) in the case of a Certificated Share, the instrument of transfer, duly stamped (if required) is lodged at the registered office of the Company or at some other place as the Board may appoint accompanied by the relevant share certificate and such other evidence of the right to transfer as the Board may reasonably require;

(ii) in the case of a Certificated Share, the instrument of transfer is in respect of only one class of share; and

(iii) in the case of a transfer to joint holders of a Certificated Share, the transfer is in favour of not more than four such transferees.

(e) In the case of Participating Securities, the Board may refuse to register a transfer if the Uncertificated Securities Regulations 2001 (as amended) allow it to do so, and must do so where such regulations so require.

(f) The Board may also decline to register a transfer of shares if they represent not less than 0.25 per cent. by number of their class and there has been a failure to comply with a notice requiring disclosure of interests in the shares (as referred to in paragraph 3.10 below) unless the Shareholder has not, and proves that no other person has, failed to supply the required information. Such refusal may continue until the failure has been remedied, but the Board shall not decline to register:

(i) a transfer in connection with a bona fide sale of the beneficial interest in any shares to any person who is unconnected with the Shareholder and with any other person appearing to be interested in the share;

(ii) a transfer pursuant to the acceptance of an offer made to all the Company's Shareholders or all the Shareholders of a particular class to acquire all or a proportion of the shares or the shares of a particular class; or

(iii) a transfer in consequence of a sale made through a recognised investment exchange or any stock exchange outside the UK on which the Company's shares are normally traded.

3.6 **Allotment**

The Company may from time to time pass an ordinary resolution authorising, in accordance with section 551 of the Companies Act, the Board to exercise all the powers of the Company to allot shares in the Company or to grant rights to subscribe for or to convert any security into shares in the

Company up to the maximum nominal amount specified in the resolution. The authority shall expire on the day specified in the resolution (not being more than five years from the date on which the resolution is passed).

Subject (other than in relation to the sale of treasury shares) to the Board being generally authorised to allot shares and grant rights to subscribe for or to convert any security into shares in the Company in accordance with section 551 of the Companies Act, the Company may from time to time resolve, by special resolution, that the Board be given power to allot equity securities for cash as if section 561 of the Companies Act did not apply to the allotment but that power shall be limited: (A) to the allotment of equity securities in connection with a rights issue; and (B) to the allotment (other than in connection with a rights issue) of equity securities having a nominal amount not exceeding in aggregate the sum specified in the special resolution.

3.7 **Variation of rights**

(a) Subject to the Companies Act, all or any of the rights attached to any class of share may (unless otherwise provided by the terms of issue of shares of that class) be varied (whether or not the Company is being wound up) either with the written consent of the holders of not less than three-quarters in nominal value of the issued shares of that class (excluding any shares of that class held as treasury shares) or with the sanction of a special resolution passed at a separate general meeting of such holders. The quorum at any such general meeting is two persons together holding or representing by proxy at least one-third in nominal value of the issued shares of that class (excluding any shares of that class held as treasury shares) and at an adjourned meeting the quorum is one holder present in person or by proxy, whatever the amount of his shareholding. Any holder of shares of the class in question present in person or by proxy may demand a poll. Every holder of shares of the class shall be entitled, on a poll, to one vote for every share of the class held by him. Except as mentioned above, such rights shall not be varied.

(b) The special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the Articles or the conditions of issue of such shares, be deemed to be varied by the creation or issue of new shares ranking pari passu therewith or subsequent thereto.

3.8 **Share capital and changes in capital**

(a) Subject to and in accordance with the provisions of the Companies Act, the Company may issue redeemable shares.

(b) Without prejudice to any special rights previously conferred on the holders of any existing shares, any share may be issued with such rights or such restrictions as the Company shall from time to time determine by ordinary resolution.

(c) Subject to the provisions of the Articles and the Companies Act, the power of the Company to offer, allot and issue any shares lawfully held by the Company or on its behalf (such as shares held in treasury) shall be exercised by the Board at such time and for such consideration and upon such terms and conditions as the Board shall determine.

(d) The Company may by ordinary resolution alter its share capital, in accordance with the Companies Act. The resolution may determine that, as between holders of shares resulting from a sub-division any of the shares may have any preference or advantage or be subject to any restriction as compared with the others.

(e) Subject to the Companies Act and the Listing Rules and to any rights conferred on the holders of any class of shares, the Company may purchase all or any of its own shares of any class (including any redeemable shares). The Company may only purchase Shares out of distributable reserves or the proceeds of a new issue of shares made for the purpose of funding the repurchase.

3.9 **Disclosure of interests in shares**

(a) Section 793 of the Companies Act provides a public company with the statutory means to ascertain the persons who are, or have within the last three years been, interested in its relevant share capital and the nature of such interests. When a Shareholder receives a statutory notice of this nature, he or she has 28 days (or 14 days where the shares represent at least 0.25 per cent. of their class) to comply with it, failing which the Company may decide to restrict the rights relating to the relevant shares and send out a further notice to the holder (known as a "disenfranchisement notice"). The disenfranchisement notice will state that the identified shares no longer give the Shareholder any right to attend or vote at a Shareholders' meeting or to exercise any other right in relation to Shareholders' meetings.

(b) Once the disenfranchisement notice has been given, if the Directors are satisfied that all the information required by any statutory notice has been supplied, the Company shall, within not more than seven days, withdraw the disenfranchisement notice.

(c) The Articles do not restrict in any way the provisions of section 793 of the Companies Act.

3.10 **Non-UK Shareholders**

Shareholders with addresses outside the UK are not entitled to receive notices from the Company unless they have given the Company an address within the UK at which such notices shall be served.

3.11 **Untraced Shareholders**

Subject to various notice requirements, the Company may sell any of a Shareholders' shares in the Company if, during a period of 12 years, at least three dividends (either interim or final) on such shares have become payable and no cheque or warrant or other method of payment for amounts payable in respect of such shares sent and payable in a manner authorised by the Articles has been cashed or effected and no communication has been received by the Company from the member or person concerned.

3.12 **Borrowing powers**

(a) The Board may exercise all the powers of the Company to borrow money and to mortgage or charge all or any of its undertaking, property and assets (present and future) and uncalled capital and, subject to any relevant statutes, to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligations of the Company or any third party.

(b) These borrowing powers may be varied by an alteration to the Articles. Any variation of the Articles would require a special resolution of the Shareholders.

3.13 **Directors**

(a) Subject to the Companies Act, and provided he has made the necessary disclosures, a Director may be a party to or otherwise directly or indirectly interested in any transaction or arrangement with the Company or in which the Company is otherwise interested or a proposed transaction or arrangement with the Company.

(b) The Board has the power to authorise any matter which would or might otherwise constitute or give rise to a breach of the duty of a Director under section 175 of the Companies Act 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 such authorisation will only be effective if the matter is proposed in writing for consideration in accordance with the Board's normal procedures, any requirement about the quorum of the meeting is met without including the Director in question and any other interested director and the matter was agreed to without such directors voting (or would have been agreed to if the votes of such directors had not been counted). The Board may impose terms or conditions in respect of its authorisation.

(c) Save as mentioned below, a Director shall not vote in respect of any matter in which he has, directly or indirectly, any material interest (otherwise than by virtue of his interests in shares or debentures or other securities of, or otherwise in or through, the Company) or a duty which conflicts or may conflict with the interests of the Company. A Director shall not be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting.

(d) A Director shall (in the absence of material interests other than those indicated below) be entitled to vote (and be counted in the quorum) in respect of any resolution concerning any of the following matters:

(i) the giving of any guarantee, security or indemnity to him or any other person in respect of money lent to, or an obligation incurred by him or any other person at the request of or for the benefit of, the Company or any of its subsidiaries;

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

(iii) any proposal concerning his being a participant in the underwriting or sub-underwriting of an offer of shares, debentures or other securities by the Company or any of its subsidiaries;

(iv) any proposal concerning any other company in which he is interested, directly or indirectly, and whether as an officer or Shareholder or otherwise, provided that he is not the holder of or beneficially interested in one per cent. or more of any class of the equity share capital of such company (or of any corporate third party through which his interest is derived) or of the voting rights available to members of the relevant company (any such interest being deemed to be a material interest in all circumstances);

(v) any arrangement for the benefit of employees of the Company (and/or the members of their families (including a spouse or civil partner or a former spouse or former civil partner) or any person who is or was dependent on such persons including but without being limited to a retirement benefits scheme and an employees' share plan) which does not accord to any Director any privilege or advantage not generally accorded to the employees to which such arrangement relates; and

(vi) any proposal concerning any insurance which the Company is empowered to purchase and/or maintain for the benefit of any of the Directors or for persons who include Directors, provided that for that purpose "insurance" means only insurance against liability incurred by a Director in respect of any act or omission by him in the execution of the duties of his office or otherwise in relation thereto or any other insurance which the Company is empowered to purchase and/or maintain for, or for the benefit of any groups of persons consisting of or including, Directors.

(e) The Directors shall be paid such remuneration (by way of salary, commission, participation in profits or otherwise) as any committee authorised by the Board may determine and either in addition to or in lieu of his remuneration as Director. The Directors shall also be entitled to be repaid by the Company all hotel expenses and other expenses of travelling to and from board meetings, committee meetings, general meetings or otherwise incurred while engaged in the business of the Company or his duties as Director, including the attendance of any spouse or civil partner where such spouse or civil partner accompanies a Director for the purpose of advancing the business of the Company. Any Director who by request of the Board performs special services or goes or resides abroad for any purposes of the Company may be paid such extra remuneration by way of salary, percentage of profits or otherwise as the Board may determine.

(f) The Company may provide benefits, whether by the payment of gratuities or pensions or by insurance or otherwise, to or for the benefit of past directors who held executive office or employment with the Company or a predecessor in business of any of them or to or for the benefit of persons who are or were related to or dependants of any such Directors.

(g) The Company may indemnify a Director and a director of an associated company (as defined in the Companies Act) against all losses and liabilities which they may sustain in the execution of the duties of their office, except to the extent that such an indemnity is not permitted by sections 232 or 234 of the Companies Act. Subject to sections 205(2) to (4) of the Companies Act, the Company may provide a Director (or a director of an associated company) with funds to meet his expenditure in defending any civil or criminal proceedings brought or threatened against him in relation to the Company. The Company may also provide a Director with funds to meet expenditure incurred in connection with proceedings brought by a regulatory authority.

(h) At each annual general election, each Director who was appointed or last re-appointed (or is treated by virtue of the Companies Act as if he had been appointed) at or before the annual general meeting held in the calendar year which is three years before the current year, must retire from office.

(i) There is no age limit for Directors.

(j) Unless and until otherwise determined by ordinary resolution of the Company, the Directors (other than alternate Directors) shall not be less than two in number and not more than twelve.

(k) Subject as provided below, for so long as the Company has a controlling shareholder (as defined in the Listing Rules) any election or re-election of any Director determined by the Company to be independent under the UK Corporate Governance Code is to be approved by separate resolutions of a majority of:

(i) the shareholders of the Company; and

(ii) those shareholders entitled to vote on the election of Directors who are not a controlling shareholder of the Company as that expression is defined in the Listing Rules. If either of the resolutions referred to above is defeated, the Directors may propose a further resolution to elect or re-elect the independent Director provided that such further resolution:

(A) must not be voted on within a period of 90 days of the original vote;

(B) must not be voted on within a period of 30 days from the end of the period in (A); and

(C) must be passed by a vote of shareholders of the Company, acting as a single class.

3.14 **Redemption**

The Shares are not redeemable.

3.15 **Electronic communication**

The Company may communicate electronically with its members in accordance with the provisions of the Electronic Communications Act 2000.

4 DIRECTORS', SENIOR MANAGERS' AND OTHER INTERESTS

4.1 The names of the Directors and Senior Managers, their functions within the Group and brief biographies are set out in Part 6 of this document.

4.2 Each of the Directors can be contacted at the Company's head office address at Building E Stafford Park 1, Stafford Park, Telford, Shropshire, TF3 3BD.

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

Name	Immediately prior to Admission		Immediately following Admission	
	No. of Shares	% of issued ordinary share capital	No. of shares	% of issued ordinary share capital
Director				
John Barton[1]	0	0.0	38,462	0.0
Giles Brand[2]	12,692,000	9.0	8,844,000	5.5
Caroline Brown	0	0.0	0	0.0
John Hornby[3]	32,296,000	22.9	31,096,000	19.3
David Main	0	0.0	38,462	0.0
Tim Surridge	0	0.0	19,231	0.0
Senior Manager				
Dave Cleaver	1,000,000	0.7	700,000	0.4
Wayne Hill	9,400,000	6.7	1,700,000	1.1
Lorentz Jiang Jiulong	2,400,000	1.7	1,900,000	1.2
Mike Laycock	750,000	0.5	525,000	0.3
Ian Pritchard	1,206,400	0.9	906,400	0.6
John Williams	300,000	0.2	300,000	0.2

Save as set out in this paragraph, none of the Directors or Senior Managers has, or on Admission, will have any interests, beneficial or non-beneficial, in the share capital of the Company or any of its subsidiaries.

4.4 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 Group 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.

4.5 As at 14 October 2016 (being the latest practicable date prior to the date of this document), there were no outstanding loans granted by any member of the Group to any Director or Senior Manager, nor, other than the John Hornby Facility, by any Director or Senior Manager 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 Senior Manager, or by any Director or Senior Manager for the benefit of any member of the Group, outstanding.

1 Mr Barton holds 70,000 shares (equal to 0.2 per cent. of the current issued share capital) and 100,000 unsecured loan notes of £1 each in principal value in EPE Special Opportunities plc, a company affiliated with EPIC Investments LLP.

2 Mr Brand and his connected persons hold 6,345,174 shares (equal to 22.2 per cent. of the current issued share capital) and 500,000 unsecured loan notes of £1 each in principal value in EPE Special Opportunities plc, a company affiliated with EPIC Investments LLP.

3 Mr Hornby holds 785,223 shares (equal to 2.7 per cent. of the current issued share capital) of EPE Special Opportunities plc, a company affiliated with EPIC Investments LLP. Mrs Hornby holds 103,500 shares (equal to 0.4 per cent. of the current issued share capital) of EPE Special Opportunities plc. Immediately prior to Admission, Mrs Hornby will own 10,000,000 Shares (equal to 7.1 per cent. of the issued ordinary share capital of the Company). Immediately following Admission Mrs Hornby will own 2,300,000 Shares (equal to 1.4 per cent. of the issued ordinary share capital of the Company).

4.6 The companies and partnerships of which the Directors and Senior Managers are, or have been, within the past five years, members of the administrative, management or supervisory bodies or partners (excluding the Company) are as follows:

Name	Current or former directorships/partnerships	Position still held (Y/N)
Director		
John Barton	SSP Group plc	Y
	Easyjet plc	Y
	Next plc	Y
	Matheson & Co Limited	Y
	Orchid Cancer Appeal	N
	Cable & Wireless Worldwide plc	N
	Topaz Energy And Marine plc	N
	Catlin Group Limited	N
Giles Brand	The Reader Organisation	Y
	Hamsard 3145 Limited	Y
	EPE Finance Limited	Y
	EPE GP Limited	Y
	EPE Carry GP Limited	Y
	ESO Carry LLP	Y
	EPIC Private Equity Limited	Y
	EPIC Private Equity LLP	Y
	Hamsard 3381 Limited	Y
	EPIC Carry LLP	N
	EPIC Carry 2 LLP	N
	Pharmacy2U Limited	N
	Whittard Trading Limited	N
	Indicia Group Limited	N
	Advertising Loyalty UK Limited	N
	Bighead Holdings Limited	N
	Palatinate Schools Holding Limited	N
Caroline Brown	Intelligent Energy Holdings plc	Y
	Hydrodec Group plc	Y
	KBC Process Technology Limited	N
	KBC Advanced Technologies plc	N
	Gray's Inn Mansion Limited	Y
	Penspen Limited	N
	The Penspen Group Limited	N
	Mirland Development Corporation plc	N
	KBC Advanced Technologies Sdn Bhd	N
	KBC Advanced Technologies SL	N
	Bridge Energy ASA	N
John Hornby	Luceco Lighting Limited	Y
	Masterplug Limited	Y
	Nexus Cirrus Limited	Y
	Nexus Intermediate Holdings Limited	Y
	Masterplug Holdings Limited	Y
	B.G. Electrical Holdings Limited	Y
	Nexus Industries Limited	Y
	British General Manufacturing Co Limited,	Y
	B.G. Electrical Accessories Limited	Y
	Permaplug Limited	Y
	BG Electrical Limited	Y
	Eslands Resident Association Limited	N
	Luceco Inc	Y
	Nexus Gmbh	Y
	Luceco SAS	Y

Name	Current or former directorships/partnerships	Position still held (Y/N)
David Main	BG Electrical Limited	Y
	Nexus Industries Limited	Y
	Nexus Intermediate Holdings Limited	Y
	McBride Australia Pty Limited	N
	McBride Asia Holdings Limited	N
	McBride Hong Kong Holdings	N
	McBride Hong Kong Limited	N
	Newlane Cosmetics Company Limited	N
	McBride S.p.A.	N
	Chemolux S.a.r.l.	N
	McBride S.A.	N
	McBride a.s.	N
	McBride spol. s.r.o.	N
	Chemolux Germany GmbH	N
	Intersilesia McBride Polska sp z o.o.	N
	Robert McBride Limited	N
	McBride Holdings Limited	N
	McBride CE Holdings Limited	N
	McBride Business Services Limited	N
Tim Surridge	Restrata Solutions FZ-LLC	Y
	Stirling Solutions FZ-LLC	Y
	Restrata Solutions Limited	Y
	Olive Group Holdings Limited	N
	Olive Group FZ-LLC	N
	KPMG LLP	N
	KPMG Audit plc	N
Senior Manager		
Wayne Hill	Luceco SAS	Y
	Nexus Inds GmbH	Y
	Luceco Southern Europe S.L.	Y
Lorentz Jiang Jiulong	BG Electrical SDN Malaysia	Y
	Nexus Industries PTE Ltd Singapore	Y
	Nexus Industries Design Ltd Jiaxing	Y
	Masterplug International Trading Co	Y
	Nexus Electrical Jiaxing	Y
Ian Pritchard	B.G. Electrical Holdings Limited	N
	BG Electrical Limited	Y
	Masterplug Holdings Limited	Y
	Nexus Industries Limited	Y
	Nexus Intermediate Holdings Limited	Y
	Masterplug Limited	Y
	Luceco Lighting Limited	Y
	Nexus Cirrus Limited	Y
	Nexus GmbH	Y
	Luceco SAS	Y
	Luceco., Inc.	Y
	Luceco Southern Europe	Y

4.7 Giles Brand, John Hornby and John Barton each hold shares in the capital of EPE Special Opportunities plc, the company which has the majority economic benefit of EPIC Investment LLP's holding in the Company. In addition, John Barton holds loan notes in EPE Special Opportunities plc.

4.8 Save as set out in this paragraph, none of the Directors or Senior Managers has any business interests, or performs any activities, outside the Group which are significant with respect to the Group.

4.9 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.

4.10 Save as set out in this paragraph, at the date of this document, none of the Directors or Senior Managers has at any time within the previous five years:

(a) had any convictions in relation to fraudulent offences;

(b) 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 Senior Manager in this paragraph;

(c) been subject to any official public incrimination and/or sanctions by any statutory or regulatory authorities (including designated professional bodies); or

(d) 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.

4.11 **Qualification to the Directors' and Senior Managers' Confirmations**

On 5 April 2012, Giles Brand was appointed as a director of Advertising Loyalty UK Limited and resigned as a director on 18 August 2014. Advertising Loyalty UK Limited went into Creditors' Voluntary Liquidation on 17 November 2014. The directors' statement of affairs dated 17 November 2014 showed an estimated surplus as regards creditors of £3,558.98. Based on expected level of realisations, the liquidators do not anticipate there being sufficient funds to enable a distribution to unsecured creditors.

4.12 As at the date of this document, except as set out in this document, there are no:

(a) potential conflicts of interest between any duties to the Company of the Directors and Senior Managers and their private interests and/or other duties; or

(b) arrangements or understandings with major shareholders, customers, suppliers or others pursuant to which any Director or Senior Manager was selected as a Director or Senior Manager (respectively).

4.13 Save for the Company's code on dealings in securities and the placing agreement described in paragraph 5 of Part 12 of this document, there are no restrictions agreed by any Director or Senior Manager on the disposal within a certain time of their holdings in the Company's securities.

5 INTERESTS OF SIGNIFICANT SHAREHOLDERS

5.1 Immediately following Admission, to the extent known by the Company, it is expected that the following persons will be interested (directly or indirectly) in 3 per cent. or more of the Company's issued ordinary share capital:

Name of Shareholder	No. of Shares	% of issued share capital
EPIC Investments LLP	39,081,000	24.3
John Hornby[1]	33,396,000	20.8
Giles Brand[2]	8,844,000	5.5
BlackRock Advisors (UK) Limited	6,650,000	4.1
Schroder Investment Management	5,000,000	3.1
Old Mutual Global Investors (UK) Limited	4,900,000	3.0
Threadneedle Asset Management Limited	4,850,000	3.0

5.2 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.

1 Mr Hornby holds 785,223 shares (equal to 2.7 per cent. of the current issued share capital) of EPE Special Opportunities plc, a company affiliated with EPIC Investments LLP. Mrs Hornby holds 103,500 shares (equal to 0.4 per cent. of the current issued share capital of EPE Special Opportunities plc. Immediately following Admission, Mrs Hornby will own 2,300,000 Shares (equal to 1.4 per cent. of the issued ordinary share capital of the Company).

2 Mr Brand and his connected persons hold 6,345,174 shares (equal to 22.2 per cent. of the current issued share capital) and 500,000 unsecured loan notes of £1 each in principal value in EPE Special Opportunities plc, a company affiliated with EPIC Investments LLP.

5.3 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.

6 DIRECTORS' SERVICE AGREEMENTS, LETTERS OF APPOINTMENT, REMUNERATION AND OTHER MATTERS

6.1 The Directors and their functions are set out in Part 6: "Directors, Senior Management and Corporate Governance".

6.2 Set out below are summary details of the Company's terms of appointment with the Executive Directors:

(a) *John Hornby*
A service agreement dated 14 October 2016 between the Company and John Hornby under which the executive is employed as Chief Executive Officer at a salary of £350,000 together with the following benefits: car allowance of £9,000, a mobile phone, reasonable expenses, life insurance at a level equal to 4 times basic salary, private medical insurance (to cover the executive and his spouse/ civil partner (including dependents under the age of 18)), pension contributions, and sick pay at full salary for up to 12 weeks in any 12 month period. The service agreement provides for an annual discretionary bonus of such an amount as shall be determined by the Board at its absolute discretion (up to 50 per cent. of salary). John Hornby is entitled to 25 days holiday, excluding bank holidays. The service agreement is terminable on 9 months' written notice by either party. John is subject to non-compete, non-engagement with customers, non-solicitation of customers, non-solicitation of employees, non-solicitation of suppliers covenants for a period of 12 months following the termination of the service agreement and confidentiality undertakings.

(b) *David Main*
A service agreement dated 8 February 2016 between the Company and David Main under which the executive is employed as Chief Financial Officer at a salary of £175,000 together with the following benefits: car allowance of £9,000, a mobile phone, reasonable expenses, life insurance at a level equal to 4 times basic salary, private medical insurance (to cover the executive and his spouse/ civil partner (including dependents under the age of 18)), pension contributions of 5per cent. of salary and sick pay at full salary for up to 12 weeks in any 12 month period. The service agreement provides for an annual discretionary bonus of such an amount as shall be determined by the Board at its absolute discretion (up to 30per cent. of salary). David Main is entitled to 25 days holiday, excluding bank holidays. The service agreement is terminable on 3 months' written notice by either party in the first year of employment and 6 months thereafter. David is subject to non-compete, non-engagement with customers, non-solicitation of customers, non-solicitation of employees, non-solicitation of suppliers covenants for a period of 12 months following the termination of the service agreement and confidentiality undertakings.

6.3 Set out below are summary details of the Company's terms of appointment with the Non-Executive Directors:

(a) *Giles Brand*
A non-executive director letter of appointment dated 2 October 2016 between Mr Brand and the Company which provides for remuneration of £50,000 per annum conditional on Admission plus reasonable expenses. The appointment is terminable on three months' written notice by either party. The Non-Executive Director is subject to confidentiality undertakings following the termination of the letter of appointment.

(b) *John Barton*
A non-executive director letter of appointment dated 27 September 2016 between Mr Barton and the Company which provides for remuneration of £40,000 per annum conditional on Admission plus reasonable expenses. The appointment letter also provides for a one-off payment of £50,000 to be paid no later than one day prior to Admission (being repayable to the Company if Admission does not occur), which Mr Barton must use the after-tax proceeds of to purchase Shares. Mr Barton also receives an annual fee of £10,000 for his role as the

Senior Independent Director of the Company. The appointment is terminable on one months' written notice by either party. The Non-Executive Director is subject to confidentiality undertakings following the termination of the letter of appointment.

(c) *Caroline Brown*
A non-executive director letter of appointment dated 22 September 2016 between Dr Brown and the Company which provides for remuneration of £40,000 per annum conditional on Admission plus reasonable expenses. Dr Brown is also entitled to a further annual fee of £10,000 for her role as chair of the Audit Committee. The appointment is terminable on one months' written notice by either party. The Non-Executive Director is subject to confidentiality undertakings following the termination of the letter of appointment.

(d) *Tim Surridge*
A non-executive director letter of appointment dated 14 September 2016 between Mr Surridge and the Company which provides for remuneration of £40,000 per annum conditional on Admission plus reasonable expenses. Mr Surridge is also entitled to a further annual fee of £10,000 for his role as chair of the Remuneration Committee. The appointment is terminable on one months' written notice by either party. The Non-Executive Director is subject to confidentiality undertakings following the termination of the letter of appointment.

6.4 Save as set out in paragraphs 6.2 and 6.3 above, there are no existing or proposed service agreements or letters of appointment between the Directors and any member of the Group.

6.5 The Company has identified that it needs to adopt a remuneration policy for senior management, including the Executive Directors. The policy will be reviewed by the Remuneration Committee, in order to ensure that it is appropriate for the listed company environment, and be prepared by the Company in consultation with its advisers. The Company anticipates the policy will be adopted by the Remuneration as soon as possible after Admission, and then managed by the Remuneration Committee.

7 DIRECTORS' AND SENIOR MANAGERS' REMUNERATION FOR FY 2015

7.1 Under the terms of their service agreements, letters of appointment and applicable incentive plans, in FY 2015, the aggregate remuneration and benefits to the Directors of the Company and the Senior Managers who served during FY 2015, consisting of seven individuals, was £1,277,450.

7.2 Under the terms of their service contracts and letters of appointment, in FY 2015 the Directors were remunerated as set out below.

Name	**Position**	**Annual Salary £**	**Other benefits £**
Giles Brand	Non-Executive Chairman	0	0
John Hornby	Chief Executive Officer	300,000	0
David Main	Chief Financial Officer	N/A	N/A
John Barton	Senior Independent Non-Executive Director	N/A	N/A
Caroline Brown	Non-Executive Director	N/A	N/A
Tim Surridge	Non-Executive Director	N/A	N/A

7.3 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 document.

7.4 No amount has been set aside or accrued by the Group to provide pension, retirement or other benefits to the Directors or Senior Managers.

8 SHARE PLANS

8.1 The Luceco Company Share Option Plan

(a) *Status*
On 10 October 2016 the Company adopted the Luceco Company Share Option Plan. The CSOP rules have been designed to comply with Schedule 4 to the Income Tax (Earnings and

Pensions) Act 2003 ("Schedule 4"), so that tax-advantaged options can be granted to selected employees. Part B of the CSOP allows the grant of additional non tax-advantaged options above the limit allowed for tax-advantaged options.

(b) *Eligibility*
All bona fide employees and all full-time Executive Directors of the Company and of any participating subsidiary of the Company may be selected for participation at the discretion of the Board or the Remuneration Committee, provided they are not prevented from being granted options under the terms of Schedule 4 (for options under Part A of the CSOP) or by the Company's share dealing code. Benefits under the CSOP are not pensionable.

(c) *Grant of options*

(i) Options may be granted under the CSOP within the period of six weeks beginning from any of the following:

(A) the date of Admission;

(B) the dealing day following the day on which the Company announces its annual or interim results;

(C) the date an eligible employee begins employment, but only in respect of that employee; or

(D) the dealing day following the day on which any relevant legislation, regulation or other rule or directive preventing the grant of an option is removed or ceases to have effect.

(ii) Options may also be granted at any other time when the Board determines that circumstances are exceptional so as to justify the grant of an option.

(d) *Exercise price*
Options will be granted at a price not less than the average of the middle market quotations for an ordinary share of the Company as derived from the Official List of the UK Listing Authority over the five dealing days before options are granted. Where the option is to subscribe for new shares the price cannot be less than the nominal value of a share.

(e) *Performance conditions*
Options will be granted subject to, and will usually only be exercisable on the attainment of, specified performance conditions determined prior to grant. It is intended that due consideration will be given to the principles of executive remuneration issued by the Investment Association. Options will only be exercisable if, over the specified three-year performance period, the Remuneration Committee determines that the financial performance of the Company warrants them becoming exercisable. It is intended that vesting of the first options granted under the CSOP will be subject to three performance conditions, as follows:

- the total shareholder return of the Company during the performance period relative to a group of comparator companies chosen by the Remuneration Committee:
- the cumulative adjusted free cash flow earned by the Company over the performance period, adjusted for foreign exchange movements relative to thresholds to be determined by the Remuneration Committee; and
- the earnings per share of the Company over the performance period relative to growth targets to be determined by the Remuneration Committee.

(f) *Limits on participation and normal exercise period*

(i) The aggregate exercise price of shares under options held at any time by an individual under Part A of the CSOP cannot exceed £30,000. The Remuneration Committee will set a maximum value of options that can be granted to a participant under Part B of the CSOP during any financial/calendar year, provided this limit is not significant compared to base salary.

(ii) Generally, subject to satisfying the relevant performance condition, an option is exercisable between the third and tenth anniversaries of the date of grant. Options lapse on leaving employment subject to certain rights summarised in paragraph 9.

(g) *Other exercise periods*

(i) Options may be exercised following the death of the option holder or where the option holder's employment ceases because of serious injury, long-term ill-health or permanent disability, redundancy or retirement, or where the option holder's employing company or business is transferred outside the Group. Where employment ceases for any other reason, options will lapse.

(ii) In such "good leaver" situations, the general position is that, subject to the satisfaction of the performance target, an option may be exercised within 6 months (12 months in the case of death) from the date of cessation. In such circumstances the Board may make appropriate modifications to the performance target to reflect any reduced time for its fulfilment. If cessation of employment occurs during the performance period, the number of shares over which the option can be exercised will be reduced on a pro-rata basis by reference to the proportion of the performance period that has elapsed before the cessation of employment. The Board also has discretion to waive or adjust the performance target applicable to an option or the terms of its exercise in good leaver situations.

(iii) Exercise in all circumstances is conditional on the employee or director in question putting the Company (or other relevant accountable person) in funds to satisfy any liability to tax, including employee's National Insurance contributions and, if the Board so determines at the time of grant, also employer's National Insurance contributions, for which the Company (or the participant's employer, if different) has to account.

(h) *Plan limits*

(i) The maximum number of shares over which options to subscribe may be granted under the CSOP when aggregated with shares (including treasury shares) issued or issuable under options granted under any other "executive" (discretionary) share option plans operated by the Company in any period of ten years may not exceed 5 per cent. of the issued ordinary share capital of the Company from time to time.

(ii) The maximum number of shares over which options to subscribe may be granted under the CSOP when aggregated with shares (including treasury shares) issued or issuable under all the employee share plans operated by the Company may not, in any ten year period, exceed 7 per cent. of the issued ordinary share capital of the Company from time to time.

(i) *Changes in control and winding-up*

(i) In the event of a change in control of the Company as a result of a general offer, options may be exercised within six months of the change of control.

(ii) If any person becomes entitled to serve notice to acquire shares in the Company under sections 979 to 989 of the Companies Act 2006 ("squeeze-out"), options may be exercised within a period of six weeks of the date such entitlement arose.

(iii) In the event of the reconstruction, change of control or amalgamation of the Company pursuant to Section 899 of the Companies Act 2006, options may be exercised within six months of the court sanctioning the reconstruction or amalgamation.

(iv) In the event of a non-UK company reorganisation arrangement, options may be exercised within six months of the arrangement becoming binding on shareholders of the Company.

(v) In the above circumstances, the Board may vary, adjust or waive any relevant performance targets and will reduce the number of shares over which options may be exercised on a pro rata basis by reference to the period of time which has elapsed between the grant date and the relevant event.

(vi) If it is proposed that any of the events described above is to occur, the Board may give participants advance notice of the proposal and options may then be exercised within 20 days before and conditional upon the occurrence of the relevant event.

(vii) On the occurrence of any of the events above, existing options may be released in exchange for options of equivalent value over shares in the acquiring company or another eligible company.

(viii) In the event of the voluntary winding-up of the Company, options may be exercised conditionally at any time up to the commencement of the winding up.

(ix) In the event of a proposed demerger of the Company or any subsidiary, the Board may notify optionholders that their options may be exercised within a specified period (not exceeding 30 days), provided that an independent adviser has first confirmed to the Board that the rights of option holders may otherwise be substantially prejudiced.

(x) Any performance target imposed on existing options will normally have to be satisfied in order for the options to be exercisable in these circumstances. The Board may however adjust or waive any performance target if they determine that such adjustment or waiver is appropriate.

(j) *Variation of capital*
If an increase or variation in the capital of the Company occurs by reason of a capitalisation or rights issue (including an increase or variation having an effect similar to a rights issue) or a sub-division, consolidation or reduction or otherwise, then the Board will make appropriate adjustments to the exercise price and the number of shares under option provided that (except in the case of a capitalisation issue) the Board have been independently advised in writing that such adjustments are fair and reasonable. Any adjustment must ensure that the aggregate exercise price of an option and market value of the shares comprised in it remain substantially the same immediately before and after the adjustment.

(k) *Amendment and termination*
The terms of the CSOP relating to eligibility, limits on number of shares issued to an individual or under the CSOP, determining entitlements of participants and adjustments of options in the event of a variation of capital of the Company may only be amended to the advantage of current or potential optionholders with the prior authority of the Company in general meeting, except for minor amendments to benefit the administration of the CSOP, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for optionholders or for the Company or its subsidiaries. No amendment to Part A of the CSOP can be made if it would prevent it satisfying the requirements of Schedule 4.

No options can be granted under the CSOP later than ten years after it was adopted by the Board.

8.2 **The Luceco Share Incentive Plan**

(a) *Status*
The SIP rules were approved and adopted by the Board on 10 October 2016. The SIP is designed to provide shares to eligible employees in a tax-advantaged way by complying with the requirements of Schedule 2 to the Income Tax (Earnings and Pensions) Act 2003 ("Schedule 2").

(b) *Constituent companies*
The SIP will extend to the Company and any subsidiaries designated by the Board as constituent companies.

(c) *Eligibility*
All full-time and part-time employees and Executive Directors of the Company and the constituent companies who are resident in the UK for tax purposes and have completed a minimum qualifying period of service determined by the Board, not exceeding 18 months, will

be eligible for participation in the SIP. Non-Executive Directors of the Company will not be eligible to participate in the SIP.

(d) *Trustees*

(i) The SIP will be operated through a UK-resident trust, the trustees of which will either be a subsidiary of the Company or professional trustees (the "Trustees").

(ii) The SIP will be structured to allow for the Trustees to subscribe for, or purchase, ordinary shares in the Company. The money to acquire these shares will be provided either by the Company (or the relevant employing company), or Partnership Share money deducted from salary (as applicable, see below).

(e) *Awards of shares*

The Company can, at its discretion, offer any of all elements of the SIP to eligible employees. The SIP provides up to four ways for eligible employees to obtain SIP shares through the award of Free Shares, Partnership Shares, Matching Shares and/or Dividend Shares, the principal features of which are set out below. All SIP shares are held on behalf of the eligible employees by the Trustees.

(i) ***Free Shares***

Under the SIP, Free Shares may be awarded to each employee up to a maximum of market value of £3,600 in each tax year. Free Shares must be awarded on a similar basis to all employees, but awards may vary in proportion to various criteria including remuneration, length of service or hours worked. In addition, the award of Free Shares can, if the Company chooses, be linked to fair and objective performance targets.

The SIP will have a holding period of between three and five years from the award of Free Shares during which time the employee may not withdraw the Free Shares from the SIP unless he or she leaves employment. The Board may determine at the date of award that the employee must forfeit all or part of his or her Free Shares if the shares are removed from the SIP within a specified period of the date of award. The Board may determine at the time of award that forfeiture will not apply in the event that the employee ceases employment as a "good leaver" by reason of death, injury, disability, redundancy, retirement or sale of the employing business or company out of the Group.

(ii) ***Partnership Shares***

The Company may allow an employee to apply pre-tax salary to purchase Partnership Shares. The limit currently permitted under the SIP legislation is £1,800 per tax year or 10 per cent. of taxable earnings, whichever is the lower. Salary deducted from an employee to purchase Partnership Shares can, if the Company so chooses, be accumulated for a period of up to 12 months (the "Accumulation Period") or alternatively Partnership Shares may be purchased on a monthly basis. In either case, Partnership Shares must normally be bought within 30 days of, as appropriate, the end of the Accumulation Period or the deduction from pay.

If there is an Accumulation Period, Partnership Shares are allocated to an employee at the end of that period. The Board can choose at the time of the award whether the share price to determine the number of shares allocated will be (i) the lower of the market value of the Shares at the beginning or end of the Accumulation Period, or (ii) the market value of the Shares at the beginning of the Accumulation Period or (iii) the market value of the Shares at the end of the Accumulation Period.

Where there is no Accumulation Period, an employee may stop and start deductions at any time. However, where there is an Accumulation Period, an employee may be restricted to stopping and starting deductions only once during the Accumulation Period.

Partnership shares may not be made subject to forfeiture.

(iii) ***Matching Shares***
The Company may offer Matching Shares free to an employee who has purchased Partnership Shares. If the SIP is to make awards of Matching Shares, all awards must be made on the same basis to all employees, up to a maximum of two matching Shares for every Partnership Share purchased. Any Matching Shares awarded are subject to the same holding periods as Free Shares. The Company can, at its discretion, specify that Matching Shares will be forfeited if employees withdraw their Partnership Shares or leave employment as set out for Free Shares above.

(iv) ***Dividend Shares***
The Company may allow an employee to reinvest dividends earned on SIP shares, into additional Dividend Shares, which must be held for three years, unless the employee leaves employment.

(f) *Timing of awards*
Allocations of Free Shares may be made within 42 days of the date of Admission and thereafter will normally be made within 42 days after the date of the announcement of the Company's financial results for any period, other than in circumstances which the Board considers exceptional.

(g) *Shares available for the SIP*
In any ten year period, not more than 10 per cent. of the issued ordinary share capital of the Company from time to time may in aggregate be issued or be capable of issue under the SIP and all other employees' share plans adopted by the Company.

(h) *Pensions implications*
Awards under the SIP will not be pensionable.

(i) *Variation of share capital, takeover, etc*
In the event of a take-over or rights issue, participants will be able to direct the Trustees how to act on their behalf in respect of their SIP shares.

(j) *Amendments*
The SIP may be amended by the Board in any way, provided that prior approval of the shareholders of the Company in general meeting will be needed for amendments to the provisions relating to eligibility, limits in respect of individual or overall participation and the basis for determining a participant's entitlement to, and the terms of, the shares, if such amendments are to the advantage of eligible employees or participants. The prior approval of shareholders will not, however, be required in relation to any minor amendments to benefit the administration of the SIP, to correct clerical errors, to take account of changes in legislation, or to obtain or maintain favourable tax, exchange control or regulatory treatment for eligible employees, participants, the Company or any subsidiary. In addition, no amendment to the SIP may be made that would cause it to cease to comply with the requirements of Schedule 2.

9 PLACING AGREEMENT

On 17 October 2016, the Company, the Directors, EPIC Investments LLP and Numis entered into the Placing Agreement. Pursuant to the Placing Agreement:

(a) the Company and the Principal Selling Shareholders have agreed, subject to certain conditions, to issue the New Shares and sell the Sale Shares respectively, at the Offer Price, under the Offer;

(b) Numis has agreed, subject to certain conditions, to use its reasonable endeavours to procure subscribers or purchasers for (or, failing which, subscribe for or purchase itself) the Offer Shares to be sold pursuant to the Offer at the Offer Price;

(c) in consideration for the services provided to the Company and the Principal Selling Shareholders, the Company and the Principal Selling Shareholders have each agreed to pay to Numis a commission of up to 2.5 per cent. of an amount equal to the Offer Price multiplied by the aggregate number of Offer Shares to be issued or sold by them respectively. In addition, the Company will, at its sole and absolute discretion, pay to Numis an incentive commission of up to 1.0 per cent. of an amount equal to the Offer Price multiplied by the number of New Shares issued by the Company, and the Principal Selling Shareholders will, at the sole and absolute discretion of the Principal Selling Shareholders, pay to Numis an incentive commission of up to 1.0 per cent. of an amount equal to the Offer Price multiplied by the aggregate number of Sale Shares sold by the Principal Selling Shareholders;

(d) the costs as expressly incurred by Numis in connection with Admission and the Offer will be paid by the Company. The additional discretionary commission (if any) will be payable to Numis within 60 days of Admission;

(e) the obligation of Numis to procure subscribers and/or purchasers for or, failing which, itself to subscribe and/or purchase the Offer Shares on the terms of the Placing Agreement is subject to certain conditions which are customary in an agreement of this nature;

(f) the Placing Agreement contains provisions entitling Numis (as bookrunner and sponsor) to terminate the Offer (and the arrangements associated with it) at any time prior to Admission in certain circumstances. Numis' termination rights are customary for agreements of this nature and include, amongst others, material adverse change, breach of representation, warranty or undertaking by any party giving such representation, warranty or undertaking and non-compliance by the Company, the Principal Selling Shareholders and the Directors with any obligation contained in the Placing Agreement;

(g) each of the Company, the Principal Selling Shareholders and the Directors has given certain warranties and undertakings to Numis. The liability of the Company in respect of its obligations under the Placing Agreement is unlimited as to the amount and time. The liabilities of the Selling Shareholders and the Directors under the Placing Agreement are limited as to the amount and time;

(h) the Company has given certain indemnities to Numis on customary terms;

(i) the parties to the Placing Agreement have given certain warranties and undertakings regarding compliance with certain laws and regulations affecting the making of the Offer in relevant jurisdictions; and

(j) the Company has also undertaken, amongst other things, to Numis that, subject to certain customary exceptions, during the period commencing on the date of Admission and ending on the date which is 180 days following Admission it will not, without the prior written consent of Numis, issue, sell or contract to sell, or otherwise dispose of any Shares.

10 SELLING SHAREHOLDERS AGREEMENT

On 17 October 2016, the Company and Numis entered into the Selling Shareholders Agreement. In this paragraph 10, the term Selling Shareholders shall not include the Principal Selling Shareholders. Pursuant to the Selling Shareholders Agreement:

(a) the Company has agreed (on behalf of the Selling Shareholders), subject to certain conditions, to effect the sale of their Sale Shares at the Offer Price, under the Offer;

(b) Numis has agreed, subject to certain conditions, to use its reasonable endeavours to procure purchasers for (or, failing which, purchase itself) the Sale Shares owned by the Selling Shareholders pursuant to the Offer at the Offer Price;

(c) in consideration for the services provided by Numis, the Company (on behalf of the Selling Shareholders) has agreed to pay to Numis a commission of up to 2.5 per cent. of an amount equal to the Offer Price multiplied by the aggregate number of the Selling Shareholders' Sale Shares to be sold in the Offer. In addition, the Selling Shareholders will, at the sole and absolute discretion of the Principal Selling Shareholders pay to Numis an incentive commission of up to 1.0 per cent. of an amount equal to the Offer Price multiplied by the aggregate number of Sale Shares sold by the Selling Shareholders;

(d) the obligation of Numis to procure purchasers for or, failing which itself to purchase the Selling Shareholders' Sale Shares on the terms of the Selling Shareholders' Agreement is subject to certain conditions which are customary in an agreement of this nature; and

(e) the Selling Shareholders' Agreement contains provisions entitling Numis (as bookrunner and sponsor) to terminate the Offer (and the arrangements associated with it) at any time prior to

Admission in certain circumstances. Numis' termination rights are customary for agreements of this nature and include, amongst others, breach of warranty or undertaking by any party giving such warranty or undertaking.

11 MATERIAL CONTRACTS

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 document; 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 document.

(a) *Placing Agreement*

Details of the Placing Agreement are set out in paragraph 9 above.

(b) *Relationship Agreement*

On 14 October 2016, Giles Brand and EPIC Investments LLP (the "Connected Shareholders") entered into the Relationship Agreement with the Company. The principal purpose of the Relationship Agreement is to ensure that the Company is capable at all times of carrying on its business independently of the Connected Shareholders and their respective associates. The term 'associates' has the meaning given to it in the Listing Rules.

The Relationship Agreement takes effect from Admission.

Undertakings by the Connected Shareholders

Under the Relationship Agreement, the Connected Shareholders shall, and have agreed to procure that their respective associates shall, amongst other things:

- conduct all transactions, and arrangements with the Companies and any other member of the Group on an arm's length basis and on normal commercial terms;
- not take any action that would have the effect of preventing the Company or any other member of the Group from complying with its obligations under the Listing Rules;
- not take any action which is intended to preclude or inhibit the Company or any other member of the Group from operating independently of the Connected Shareholders and their respective associates at all times;
- not propose or procure the proposal of a shareholder resolution which is intended or appears to be intended to circumvent the proper application of the Listing Rules;
- not exercise any of its voting or other rights and powers:
  - (i) to procure or propose, or vote in favour of, any resolution for any amendment to the Articles which would be inconsistent with or undermine any of the provisions set out in this paragraph or the Listing Rules or would be contrary to the principle of the independence of the Company from the Connected Shareholders and their respective associates;
  - (ii) in a manner which would be inconsistent with, or breach any of the provisions of, the provisions set out in this paragraph, the Listing Rules or the Disclosure Guidance and Transparency Rules; or
  - (iii) on any resolution required by the Listing Rules to approve a related party transaction where that Connected Shareholder or any of its Associates is the related party; and
- not act in a way which the Connected Shareholders knows (or should reasonably know) shall render the Company unsuitable for continued listing on the Official List or render the Shares unsuitable for continued trading on the London Stock Exchange's main market for listed securities (as appropriate) or result in the Company being subject to regulatory censure or other adverse regulatory action.

Director appointment and related rights

Under the Relationship Agreement, for so long as the Connected Shareholders (together with their respective associates) exercise or control:

(i) 10 per cent. or more of the total voting rights of the Company, the Connected Shareholders shall have the right to appoint one nominee director, of the Company; and

(ii) 20 per cent. or more of the total voting rights of the Company, the Connected Shareholders have the right to appoint two nominee directors of the Company.

The Connected Shareholders' right to appoint nominee directors does not apply for so long as Giles Brand is the Chairman of the Company. If Mr Brand ceases to be Chairman but remains as a Director, the Connected Shareholders shall only have the right to appoint one nominee Director in addition to Giles Brand (subject to the Connected Shareholders and their respective associates exercising or controlling 20 per cent. or more of total voting rights).

For so long as the Connected Shareholders and their respective associates exercise or control more than 10 per cent. or more of the total voting rights of the Company:

- provided that (i) Giles Brand remains Chairman, (ii) Mr Brand has ceased to be Chairman but remains a Director and there is no other nominee Director of the Connected Shareholders, or (iii) there is only one nominee Director of the Connected Shareholders and Mr Brand is no longer a Director, the Connected Shareholders shall be entitled to appoint one person (who shall not be a Director) to attend as an as observer at all Board meetings; and
- the Company shall, if requested by the Connected Shareholders, procure that Giles Brand or a nominee Director of the Connected Shareholders is appointed to the Nomination Committee.

EPIC Investments LLP and the Company also agree that associates of EPIC Investments LLP, including EPIC Private Equity LLP and EPIC Private Equity Limited, may undertake services to the Company for which it would be entitled to receive transaction fees (as agreed). Any such arrangements will be entered into in compliance with the Relationship Agreement, the related party transaction rules set out in the Listing Rules and other applicable law.

Company undertakings

Under the Relationship Agreement, the Company has given the following undertakings to the Connected Shareholders:

(i) subject to compliance with applicable law and regulations (including the Listing Rules, the Disclosure Guidance and Transparency Rules and the Market Abuse Regulation), to procure that the Group's senior management provide reasonable assistance to the Connected Shareholders or their respective Associates in relation to any proposed sale of Shares;

(ii) subject to compliance with applicable law and regulations (including the Listing Rules, the Disclosure Guidance and Transparency Rules and the Market Abuse Regulation), to procure that the Connected Shareholders are provided with such financial and other information as they may reasonably request (1) to complete any tax return or other filing required by law or regulation, (2) for any audit or regulatory reasons, or (3) to meet their financial reporting requirements; and

(iii) not to undertake any transaction in Shares which may reasonably be expected to give rise to an obligation for either Connected Shareholder (and/or persons with whom they are acting in concert within the meaning of the Takeover Code) to make a general offer in accordance with Rule 9 of the Takeover Code, unless the Company has first obtained a waiver of Rule 9 in accordance with the Takeover Code, or has otherwise obtained a waiver or consent from the Takeover Panel.

(c) *EPIC Debt Facilities*

Eurobond

Nexus Intermediate Holdings Limited issued £6,765,206 10 per cent. Secured Series A Notes 2017 (the "Notes") to EPIC Investments LLP pursuant to an instrument (the "**Eurobond Instrument**") dated 17 July 2013 on 17 July 2013. The Eurobond Instrument was amended by a supplemental deed (the "Eurobond Supplemental Deed") dated 30 April 2015 between (i) Nexus Intermediate Holdings Limited and (ii) EPIC Investments LLP.

The key terms of the Eurobond Instrument (as amended by the Eurobond Supplemental Deed) are as follows:

(i) constitutes up to 7,000,000 £1 Secured Series A Notes 2017;

(ii) £6,765,206 of the Notes were actually issued to EPIC Investments LLP on 17 July 2013 (with the remainder unissued and only capable of being issued with the consent of EPIC Investments LLP);

(iii) subject to the terms of the Intercreditor Agreement (as detailed in paragraph (e) below), the Notes (unless already repaid (either voluntarily or mandatorily) in accordance with the terms of the Eurobond Instrument) are due to be repaid in full on 17 July 2017;

(iv) interest accrues on the Notes at the rate of 10 per cent. per annum and (subject to the Intercreditor Agreement) is payable on 31 March, 30 June, 30 September and 31 December in each year. If interest is not capable of being paid on a particular date due to the operation of the Intercreditor Agreement, such interest rolls up and is payable when the Intercreditor Agreement permits that payment to be made;

(v) an annual monitoring fee of £100,000 is payable to EPIC Private Equity Limited in equal monthly instalments. There is no payment restriction under the Intercreditor Agreement;

(vi) the Notes were admitted to listing on The Channel Islands Stock Exchange, LBG on 17 July 2013 and are due to be automatically de-listed on 18 July 2017 unless the maturity of the Notes is extended and an extension of listing from The Channel Islands Stock Exchange, LBG is obtained;

(vii) the Eurobond Instrument contains certain positive and negative covenants and Nexus Intermediate Holdings Limited makes various representations and warranties in the Eurobond Instrument to EPIC Investments LLP; and

(viii) subject to the terms of the Intercreditor Agreement, the Notes will become payable prior to 17 July 2017 if one of a number of events occur. Admission will trigger such event.

It is expected that the Eurobond Investment will be repaid from the proceeds of the Offer.

EPIC Facility Agreement

EPIC Investments LLP made a term loan facility of £3,201,730 available to Nexus Intermediate Holdings Limited pursuant to a facility agreement (the "EPIC Facility Agreement") dated 17 July 2013. The EPIC Facility Agreement was amended by a supplemental deed (the "EPIC Facility Agreement Supplemental Deed") dated 30 April 2015 between (i) Nexus Intermediate Holdings Limited and (ii) EPIC Investments LLP.

The key terms of the EPIC Facility Agreement (as amended by the EPIC Facility Agreement Supplemental Deed) are as follows:

(i) a term loan facility of £3,201,730 was provided by EPIC Investments LLP to Nexus Intermediate Holdings Limited to be used by Nexus Intermediate Holdings Limited to repay certain existing indebtedness;

(ii) no interest is payable;

(iii) all amounts outstanding under the EPIC Facility Agreement are due to be repaid on 17 July 2017;

(iv) the EPIC Facility Agreement contains certain positive and negative covenants and Nexus Intermediate Holdings Limited makes various representations and warranties in the EPIC Facility Agreement to EPIC Investments LLP; and

(v) subject to the terms of the Intercreditor Agreement, all amounts outstanding under the EPIC Facility Agreement will become payable prior to 17 July 2017 if one of a number of events of default occur. Admission will trigger such event.

In respect of the EPIC Facility Agreement, the Company, Masterplug Limited, BG Electrical Holdings, Nexus Intermediate Holdings Limited, BG Electrical Limited, Masterplug Holdings

Limited and Nexus Industries Limited have granted security and entered into guarantees in favour of the lender in support of the facilities.

It is expected that the EPIC Facility Agreement will be repaid from the net proceeds off the Offer.

(d) *John Hornby Facility*

Between January 2005 and 11 June 2010, John Hornby advanced certain loans to Nexus Industries Limited. On 11 June 2010, John Hornby and Nexus Industries Limited entered into an agreement (the "Hornby Loan Agreement") to document the terms of those loans.

The Hornby Loan Agreement confirmed that on the date of the Hornby Loan Agreement, the principal amount of the loans advanced by John Hornby was £1,885,172 and the accrued but unpaid interest was £1,176,653.

The Hornby Loan Agreement was amended and restated on 23 December 2011, and further amended on 17 July 2013.

The key terms of the Hornby Loan Agreement (as amended) are as follows:

(i) subject to the terms of the Intercreditor Agreement, the loans are due to be repaid on 17 July 2017; and

(ii) interest accrues at the rate of 10per cent. per annum on the loans and is payable on 31 March, 30 June, 30 September and 31 December in each year.

It is expected that the John Hornby Facility will be repaid from the net proceeds of the Offer.

(e) *HSBC Bank Facilities*

HSBC Revolving Credit Facility

HSBC Bank PLC made a multicurrency revolving credit facility of up to £12,000,000 available to Nexus Industries Limited pursuant to a facility agreement (the "HSBC Facility Agreement") dated 18 December 2015.

The key terms of the HSBC Facility Agreement are as follows:

(i) multicurrency revolving credit facility of £12,000,000;

(ii) includes the option for ancillary facilities to be provided in substitution for part of the revolving credit facility;

(iii) the facility is available to (i) refinance existing facilities made available by HSBC Bank PLC to Nexus Intermediate Holdings Limited and (ii) towards (subject to certain restrictions) the general corporate and working capital requirements of the Group;

(iv) the current borrower is Nexus Industries Limited (albeit there is a mechanism for additional borrowers to be added) and the current guarantors are the Company, Nexus Intermediate Holdings Limited, BG Electrical Limited, Nexus Industries Limited, Masterplug Limited, Masterplug Holdings Limited and B.G. Electrical Holdings Limited (albeit there is a mechanism for additional guarantors to be added);

(v) the interest rate on each Loan is for each Interest Period is the percentage rate per annum which is the aggregate of the applicable Margin (2.30 per cent. per annum) and LIBOR or EURIBOR, as appropriate;

(vi) the facilities are available until the third anniversary of first utilisation;

(vii) the HSBC Facility Agreement contains certain mandatory prepayment events which include a flotation, change of control or sale of all or substantially all of the assets of the Group; and

(viii) the HSBC Facility Agreement contains customary representations and warranties, positive and negative undertakings and events of default.

The HSBC Revolving Credit Facility was amended and restated on 14 October 2016 in anticipation of Admission.

HSBC Invoice Finance (UK) Limited Facilities

Masterplug Limited has a rolling recourse discount facility with HSBCIF. The facility has been in place since 28 September 2007 and is due for renewal in December 2018. The facility offers a 90 per cent. coverage on eligible debts, which do not include any customer rebates or customary limits on individual customers. The terms and conditions of the loan include customary representations, information and financial covenants and undertakings.

BG Electrical Holdings, Nexus Intermediate Holdings Limited, BG Electrical Limited, Masterplug Holdings Limited and Nexus Industries Limited have granted security and entered into guarantees in favour of the Lender in support of the facilities.

It is intended that this facility will be replaced from Admission and the Company has entered into a recourse discount facility between HSBCIF (as Receivables Purchaser), BG Electrical and NIL (as Clients) and Luceco Limited, Nexus Intermediate Holdings, BG Electrical, NIL, Masterplug Limited, Masterplug Holdings Limited and B.G. Electrical Holdings Limited (as Guarantors) (the "**HIF Agreement**") on 14 October 2016.

The key terms of the HIF Agreement are as follows:

- £30,000,000 receivables finance facility made available to BG Electrical and Nexus Industries Limited
- the facility is available (i) to refinance the existing invoice discounting facilities of BG Electrical and Nexus Industries Limited with HSBCIF and (ii) for the working capital purposes of the Group
- Prepayment percentage: 90 per cent. as adjusted in accordance with the terms of the HIF Agreement from time to time
- Prepayment Currencies: Sterling, US Dollar, Euro
- Minimum Period: 36 Months. The facility continues for the Minimum Period and then until terminated by either HSBCIF or the Company giving written notice to the other at any time of not less than the Notice Period
- Notice Period: 6 Months. Written notice to terminate the HIF Agreement of not less than the Notice Period may be given by HSBCIF or the Company to the other during the minimum period provided that such notice shall not take effect before the expiry of the minimum period
- Breakage Costs will be payable if the Company terminates the HIF Agreement or cancels all or any part of the facility prior to the expiry of the Minimum Period or without giving the requisite notice period
- Discounting Charge: 2.05 per cent. over base rate for the first year, 1.75 per cent. over base rate thereafter
- Service Charge: £1,500 per client (being BG Electrical and Nexus Industries Limited) per calendar month
- Non Utilisation Fee: 0.50 per cent.
- the HIF Agreement contains customary representations and warranties, positive and negative undertakings and termination events which have been substantially aligned to those in the HSBC Facility Agreement to ensure consistency. The HIF Agreement also contains some "debt specific" undertakings, warranties and termination events, as customary for a receivables finance facility agreement.

Intercreditor Agreement

The facilities provided by (i) EPIC Investments LLP, (ii) John Hornby and (iii) HSBC Bank PLC and HSBC Invoice Finance (UK) Limited are regulated by an intercreditor agreement dated 17 July 2013 (as amended and restated on 7 February 2014 the "Intercreditor Agreement") between (1) Nexus Intermediate Holdings Limited (as Borrower), (2) the Companies listed in part 1 of Schedule 1 thereto (as Original Obligors), (3) HSBC Bank PLC and HSBC Invoice Finance (UK) Limited (as Senior Creditors), (4) EPIC Investments LLP (as Investor Creditor) and (5) John Hornby and Pippa Hornby (as Hornby Creditors).

The key terms of the Intercreditor Agreement are as follows:

(i) the Security held by the various creditors secures the debt owed to the creditors in the following order:

(A) first, the senior debt;

(B) second, the Notes owing to EPIC Investments LLP;

(C) third, the balance of the debt due to EPIC Investments LLP and John Hornby pari passu;

(ii) no payments may be made to EPIC Investments LLP or John Hornby other than:

(A) payments of interest on or after the scheduled payment date;

(B) payments of principal in certain limited scenarios which include having received the consent of HSBC Bank PLC and HSBC Invoice Finance (UK) Limited;

(iii) the documents constituting the debt owed to EPIC Investments LLP and John Hornby may not be amended without the consent of HSBC Bank PLC and HSBC Invoice Finance (UK) Limited; and

(iv) the Intercreditor Deed places restrictions on the ability of EPIC Investments LLP and John Hornby to enforce the security they hold;

(f) *Chinese Bank Facilities*

ICBC Bank Facilities

Nexus Jiaxing has entered into (i) eleven Working Capital Loan Contracts with industrial and commercial Bank of China Jiaxing Branch ('ICBC') from 2015 to 2016, and (ii) one (1) Export Invoice Financing Master Agreement with ICBC dated May 19, 2016. The purpose of the Loan Contracts are for payment of the price of purchased products and are for a total of RMB 35 million. Details are as follows:

(i) the interest rate on each loan shall be the one-year loan prime rate published by National Interbank Funding Centre on the working day immediately prior to the issuance date of each loan, plus 0.485 per cent.; and the interest shall be payable monthly;

(ii) any delay in repayment will result in a 50 per cent. increase of the interest rate, and any change to the purpose of the loan will result in 100 per cent. increase of the interest rate;

(iii) each loan is guaranteed by the Mortgage Contract with ICBC numbered 2011 Nian Ying Ye (Di) Zi No. 251;

(iv) distribution of dividends is permitted before paying off the loan;

(v) any merger, separation, capital decrease, change of equity, transfer of major assets or rights, major investment, increase of debt financing and other activities which may affect the interests of ICBC shall be subject to CCB's prior written consent;

(vi) each loan contains certain acceleration or guaranty increase events which include continuous increase of bad debts ratios for 2 months, overdue receivables' accounting for more than 5 per cent. of receivables of the payer, and dispute with a third party possibly resulting in delay of repayment; and

(vii) each loan contains customary representations and warranties, and events of default.

The facilities are in ICBC's standard forms and contain customary bank financing terms.

CCB Bank Facilities

Nexus Jiaxing has entered into four RMB Working Capital Loan Contracts with China Construction Bank Jiaxing Branch ("**CCB**") in 2016 for a total of RMB 25 million. The facility is in CCB's standard form and contains customary bank financing terms.

(i) the purpose of the loan is for working capital requirements for daily operation, subject to the fund use plan attached to each loan.

(ii) the interest rate on each loan shall be the one-year loan prime rate published by CCB on the working day immediately prior to the issuance date of each loan plus 0.485 per cent., and the interests shall be settled monthly.

(iii) delay in repayment will result in a 50 per cent. increase of the interest rate; and any change to the purpose of the loan will result in 100 per cent. increase of the interest rate plus liquidated damages equal to 5 per cent. of the amount that is not used for the agreed purpose.

(iv) each loan is guaranteed by the Mortgage Contracts with CCB numbered Z63804792502015068 and Z63804792502015069

(v) a quarterly report to CCB regarding its fund flow of the "special collection account" is required, and payment from the special collection account shall be subject to the approval by CCB.

(vi) Nexus Electrical Jiaxing shall not impose any security on any assets acquired by using the loan before paying off the loan.

(vii) any merger, separation, equity transfer, investment or increase of debt financing shall be subject to CCB's prior written consent.

(viii) each loan contains certain acceleration or change of loan events which include Nexus Electrical Jiaxing's breach of contract, change of control, punishment by governmental agencies or deteriorating operations; and

(ix) each loan contains customary representations and warranties, and events of default.

(g) *Investment Agreement*

The Company entered into an investment agreement on 13 January 2005 (as varied on 13 July 2010) with EPIC Investments LLP, John Hornby and others. The Investment Agreement documented the terms of the investment by EPIC and certain members of the Group's management team. EPIC invested sums as ordinary share capital, bonds and loan notes and management shareholders invested sums as ordinary share capital and loan notes.

Customary warranties were given by the management shareholders and the Investment Agreement contains a list of matters reserved for "Shareholder Consent" i.e. the written consent of the "Majority Shareholders" (55 per cent. by the Variation Agreement). It is intended that this Investment Agreement be terminated prior to Admission.

12 RELATED PARTY TRANSACTIONS

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 of this document and during the period from 1 July 2016 to the date of this document.

Save as set out below, since the date of its incorporation on 11 October 2004 until the date of this document the Company has not entered into any related party transactions.

The following table sets out the management fees paid to related parties of the Group for the FY 2013, 2014 and 2015 and the six month period ended 30 June 2015 and H1 2016:

	31 December 2013 £000	**31 December 2014 £000**	**31 December 2015 £000**	**30 June 2015 (unaudited) £000**	**30 June 2016 £000**
Fees charged by:					
EPIC Private Equity Limited	100	100	100	100	50

During the period from 1 July 2016 to the date of this document, the Group paid £33,000 in management fees to EPIC Private Equity Limited, a related party of the Group. These management fees will cease to be payable on Admission.

13 LITIGATION

There are no governmental, legal or arbitration proceedings (including such proceedings which are pending or threatened of which the Company or the Group is aware) during the 12 months preceding the date of this document, which may have, or in the recent past have had, a significant effect on the Company's and/or the Group's financial position or profitability.

14 INVESTMENTS, SUBSIDIARIES AND PRINCIPAL ESTABLISHMENTS

14.1 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 below.

14.2 The principal subsidiaries and subsidiary undertakings of the Company are:

Name	Company number	Place of incorporation	Proportion of ownership interests	Principal Activity
Nexus Intermediate Holdings Limited	05254785	England & Wales	100%	Intermediate holding company for the Group
Luceco Lighting Limited	09044264	England & Wales	100% (held by Nexus Intermediate Holdings Limited)	Dormant
Masterplug Holdings Limited	04859051	England & Wales	100% (held by Nexus Intermediate Holdings Limited)	Dormant
B.G. Electrical Holdings Limited	04859042	England & Wales	100% (held by Nexus Intermediate Holdings Limited)	Dormant
BG Electrical Limited	01388059	England & Wales	100% (held by Nexus Industries Holdings Limited)	Electrical accessories importer and distributor
Masterplug Limited	05322482	England & Wales	100% (held by BG Electrical Limited	Dormant
Nexus Industries Limited	02255270	England & Wales	100% (held by Nexus Intermediate Holdings Limited)	Electrical accessories importer and distributor
Luceco Mexico	LME1503261W2	Mexico	93% (held by Nexus Intermediate Holdings Limited) 7% (held by Luceco Inc)	Electrical accessories importer and distributor
Luceco Inc.	801789902	US	100% (held by Nexus Intermediate Holdings Limited)	Electrical Apparatus and Equipment, Wiring Supplies, and Related Equipment Merchant Wholesalers
Nexus Electrical (Jiaxing) Limited	91330400794398777F	People's Republic of China	100% (held by Nexus Intermediate Holdings Limited)	Manufacturing and sales of power and electronic devices, import and export business
Masterplug International Trading Co	913101157718296509	People's Republic of China	100% (held by Masterplug Limited)	Dormant
Nexus Industries Design Ltd Jiaxing	91330411329	People's Republic of China	100% (held by Nexus Electrical (Jiaxing) Limited)	Sales of electrical products, import and export business
Luceco SAS	802732289	France	100% (held by Nexus Intermediate Holdings Limited)	The provision of any kind of electrical appliances and lighting fixtures
Nexus Inds GMBH	HRB154791B	Germany	100% (held by Nexus Intermediate Holdings Limited)	Distribution of electrical and lighting products

Name	Company number	Place of incorporation	Proportion of ownership interests	Principal Activity
BG Electrical SDN BHD	3300201400055	Malaysia	100% (held by Nexus Electrical (Jiaxing) Limited)	Dormant
Nexus Industries PTE Ltd Singapore	N3300201500251	Singapore	100% (held by Nexus Electrical (Jiaxing) Limited)	Sales of power electrical components, import and export business
Nexus Industries (Hong Kong) Limited	700319	Hong Kong	100% (held by Nexus Industries Limited)	Electrical accessories importer and distributor
Luceco Southern Europe, S.L.	B-66843244[1]	Spain	100% (held by Nexus Intermediate Holdings Limited)	Distribution of electrical products and light emitting diode (LED) lighting
Luceco Middle East FZE	3053	Dubai, UAE	100% (held by Nexus Intermediate Holdings Limited)	Electrical Fittings Trading

15 PROPERTY, PLANT AND EQUIPMENT

Details of the Group's material existing tangible fixed assets and any major encumbrances thereon are set out in note 1.9 to the audited consolidated financial statements for the Group for FY 2015.

16 WORKING CAPITAL

The Company is of the opinion that, taking into account the net proceeds receivable by the Company from the Offer and the bank 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.

17 MATERIAL INTERESTS

There are no interests known to the Company that are material to the Offer or Admission or which are conflicting interests.

18 SIGNIFICANT CHANGE

Save for the increase in Group revenue, profits and net assets as set out below, there has been no significant change in the financial or trading position of the Group since 30 June 2016, being the date to which the audited consolidated financial information of the Group as set out in Section B of Part 10 of this document was prepared.

As described in paragraph 2 of Part 8 of this Document, the Group has traded strongly since 30 June 2016 with revenue increasing 32.2 per cent., gross profit increasing 45.2 per cent. and EBITDA increasing 71.6 per cent. for the months of July and August versus the prior year. Overall revenue growth for Q3 2016 was approximately 34 per cent. compared to the corresponding period in the prior year. Net assets have increased from £7.2 million to £8.9 million principally due to profit growth and investment made in working capital as the business has expanded over the period. These movements are in-line with the Board's expectations.

19 CONSENT

KPMG LLP has given and has not withdrawn its written consent to the inclusion in this document of its reports set out in Section A of Part 10 and Section B of Part 11 of this document in the form and context in which they appear and has authorised the contents of such reports solely for the purposes of Rule 5.5.3R(2)(f) of the Prospectus Rules. A written consent under the Prospectus Rules is different from a consent filed with the SEC under section 7 of the Securities Act. KPMG LLP has not filed and will not be required to file a consent under section 7 of the Securities Act.

1 This is a taxation identification code, as under Spanish law a company registration number is not issued.

20 STATUTORY AUDITORS

The Group's auditors are KPMG LLP of One Snowhill, Snow Hill Queensway, Birmingham B4 6GH, UK, who are a member firm of the Institute of Chartered Accountants in England and Wales.

KPMG LLP has provided the accountant's report on the Historical Financial information of the Group set out in Part 10 of this document. The financial information contained in this document does not constitute full statutory accounts as referred to in section 434(3) of the Companies Act.

21 MISCELLANEOUS

21.1 Whilst there are no provisions in 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.

21.2 The total expenses of the Offer and Admission, whether incidental or otherwise, payable by the Company including the London Stock Exchange fee, professional fees and the costs of preparation, printing and distribution of documents, are estimated to amount to approximately £4.0 million (including VAT).

22 TAKEOVER BIDS

The Takeover Code is issued and administered by Takeover Panel. The Company is subject to the Takeover Code and therefore its Shareholders are entitled to the protections afforded by the Takeover Code.

23 MANDATORY BIDS

Rule 9 of the Takeover 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.

For the purposes of Rule 9 of the Takeover Code, the Takeover Panel has confirmed that it considers EPIC Investments LLP, Giles Brand, John Hornby and Pippa Hornby (the "Concert Party") to be acting in concert by virtue of paragraph (9) of the definition of 'acting in concert' in the Takeover Code (which creates a presumption that shareholders in a private company who, following the re-registration of that company as a public company, become shareholders in a company to which the Takeover Code applies, are acting in concert). Following Admission, the Concert Party will control approximately 50.6 per cent. of voting rights of the Company.

24 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.

25 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.

26 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) at the offices of Squire Patton Boggs (UK) LLP, 7 Devonshire Square, London EC2M 4YH and at the registered office of the Company for a period of 12 months from Admission.

(a) the Articles;

(b) the consolidated financial information in respect of the three financial years ended 31 December 2015 and the six months ended 30 June 2016, together with the related report from KPMG LLP, which are set out in Part 10 of this document;

(c) the report prepared by KPMG LLP on the pro forma financial information set out in section B of Part 11 of this document;

(d) the letter of consent referred to in paragraph 19 of this Part 14; and

(e) this document.

Dated: 17 October 2016.

PART 15

DEFINITIONS

The following definitions apply throughout this document 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 Shares to the premium listing segment of 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 14 October 2016 (and as amended from time to time after that date);
Audit Committee	the audit committee of the Board;
Auditors	KPMG LLP of One Snowhill, Snow Hill Queensway, Birmingham B4 6GH, UK;
Board	the board of Directors;
British General or **BG**	the Group's electrical accessories brand, predominately branded BG;
Buying Group	a group of independent wholesalers who form a group or collective to leverage scale;
CAGR	compound annual growth rate;
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;
Chinese Facilities	the banking facilities with Industrial and Commercial Bank of China Jiaxing Branch and China Construction Bank Jiaxing Branch as summarised in paragraph 11 of Part 14 of this document;
Closing Date	20 October 2016, being the expected date of Admission;
Companies Act	the UK Companies Act 2006, as amended;
Company	Luceco plc;
Connected Shareholders	means EPIC Investments LLP and Giles Brand;
Controlling Interest	the ability to control or exercise 20 per cent. or more of the votes able to be cast on all or substantially all matters at the Company's general meetings;
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;

CSOP	the Luceco Company Share Option Scheme, the principal terms of which are summarised in paragraph 8.1 of Part 14 of this document;
Deeds of Election	the deeds of election entered into by each of the Selling Shareholders other than the Principal Selling Shareholders in respect of the Sale Shares and certain related matters;
Directors	the Executive Directors and the Non-Executive Directors;
Disclosure and Transparency Rules	the disclosure rules and transparency rules of the FCA made for the purposes of Part VI of the 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;
EBITDA	earnings before interest, taxes, depreciation and amortization;
EBITDA Margin	the Company's earnings before interest, taxes, depreciation, and amortization as a percentage of its total revenue;
EPIC Debt Facilities	means the Eurobond and the EPIC Facility Agreement, both as summarised in paragraph 11 of Part 14 of this document;
EU	the 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 Existing Shares;
Existing Shares	the Shares in issue as at the date of this document;
FCA	the UK Financial Conduct Authority;
FOB	Freight on Board
FSMA	the Financial Services and Markets Act 2000, as amended;
FY	a financial year of the Company, being the period from 1 January to 31 December;
Gross Margin	Gross Profit divided by revenue for the relevant period;
Gross Profit	the Company's total revenue less the cost of goods sold;
Group	the Company and its subsidiaries and subsidiary undertakings from time to time;
Group Company	a company within the Group;
H1 2016	the first half of the Company's 2016 financial year, being the period from 1 January to 30 June 2016;
H2 2016	the second half of the Company's 2016 financial year, being the period from 1 July to 31 December 2016;
Historical Financial Information	the historical financial information of the Group for the three year and six month period to 30 June 2016 set out in Part 10 of this document;
HMRC	H M Revenue and Customs;
HSBC Bank Facilities	the banking facilities with HSBC Bank plc as summarised in paragraph 11 of Part 14 of this document;
IFRS	International Financial Reporting Standards, as adopted in the EU;

Independent Non-Executive Directors	the "independent non-executive directors" of the Company, within the meaning of the UK Corporate Governance Code;
Investment Company Act	US Investment Company Act of 1940, as amended;
John Hornby Facility	means the John Hornby Facility Agreement, as summarised in paragraph 11 of Part 14 of this document;
LED Lighting	the energy efficient LED lighting products and associated accessories, predominately branded Luceco LED;
Listing Rules	the rules of the FCA relating to admission to the Official List made in accordance with section 73A(2) of the FSMA;
London Stock Exchange	London Stock Exchange plc;
Luceco LED	the Group's brand for LED Lighting products;
Management	the Executive Directors;
Masterplug	the Group's Masterplug brand for portable power products;
Member States	member states of the EEA;
Money Laundering Regulations	the Money Laundering Regulations 2007 (SI 2007/2157), as amended;
New Shares	the 20,000,000 new Shares to be offered for subscription by the Company under the Offer;
Nomination Committee	the nomination committee of the Board;
Non-Executive Directors	the non-executive directors of the Company (including the Chairman);
Numis	Numis Securities Limited of 10 Paternoster Square, London EC4M 7LT, UK;
Official List	the Official List of the UK Listing Authority;
Offer	the offer of Offer Shares to certain institutional and other investors in the UK and elsewhere as described in Part 12 of this document;
Offer Price	the price at which each Share is to be sold or issued (as the case may be) under the Offer, being 130 pence;
Offer Shares	the New Shares and the Sale Shares to be sold at the Offer Price pursuant to the Offer;
Operating Profit	earnings before interest and taxation;
Operating Profit Margin	Operating Profit divided by revenue for the relevant period;
Other Products	the television wall mounts, audio visual accessories and other items supplied by Ross;
Placing Agreement	the placing and sponsor agreement dated 17 October 2016 and entered into by the Company, the Directors, EPIC Investments LLP and Numis;
Portable Power	the cable reels, extension leads, surge protection, timers and adaptor products, predominately branded Masterplug;
Principal Selling Shareholders	EPIC Investments LLP, Giles Brand and John Hornby;
Projects	the Group's Projects route to market;
Prospectus Directive	the 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	the EU Prospective Directive Regulation (2004/89/EC);

Prospectus Rules	the rules of the FCA made for the purposes of Part VI of the FSMA in relation to offers of securities to the public and the admission of securities to trading on a regulated market;
QIB	"qualified institutional buyer" as defined in Rule 144A under the Securities Act;
Registrars	Capita Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent, NR3 4TU;
Regulation S	Rules 901 to 905 (including Preliminary Notes) of Regulation S promulgated under the Securities Act;
Relationship Agreement	the relationship agreement dated 14 October 2016 between EPIC Investments LLP, Giles Brand and the Company, a summary of which is set out in section 11 of Part 14 of this document;
Relevant Member State	a Member State which has implemented the Prospectus Directive;
Remuneration Committee	the remuneration committee of the Board;
Reporting Accountant	KPMG LLP of One Snowhill, Snow Hill Queensway, Birmingham B4 6GH, UK;
Retail	the Group's Retail distribution route to market;
Ross	the Group's Ross brand for television wall mounts and other audio visual accessories;
Sale Shares	the 51,629,400 Existing Shares which are to be offered for sale by the Selling Shareholders under the Offer;
SEC	the US Securities and Exchange Commission;
Securities Act	US Securities Act of 1933, as amended;
Selling Shareholders	existing Shareholders, who sell Sale Shares pursuant to the Offer;
Selling Shareholders Agreement	the agreement entered into by the Company and Numis relating to the sale of Sale Shares by the Company on behalf of certain 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 6: "Directors, Senior Management and Corporate Governance";
Shareholders	the holders of Shares from time to time;
Shareholder Loans	means the EPIC Debt Facilities and the John Hornby Facility as summarised in paragraph 11 of Part 14 of this document;
Shares	ordinary shares of £0.0005 each in the capital of the Company having the rights set out in the Articles;
SIP	the Luceco Share Incentive Plan, the principal terms of which are summarised in paragraph 8.2 of Part 14 of this document;
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 Code	the UK Takeover Code published by the Takeover Panel, as amended;
Takeover Panel	the UK Panel on Takeovers and Mergers;
Trade Distribution	the Group's Trade Distribution route to market;

UK Corporate Governance Code	the UK Corporate Governance Code published by the Financial Reporting Council in April 2016, as amended;
UK Listing Authority	the FCA in its capacity as the competent authority for the purposes of Part VI of the 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;
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; and
Wiring Accessories	wiring accessories (including switches and sockets), circuit protection and cable management products, predominately branded BG.

Linkway Financial Printers
Typeset & Printed in London (UK) 16681

luceco