

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or as to the action you should take, you are recommended to seek your own personal financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 (as amended), who specialises in advising on the acquisition of shares and other securities.

This document, which comprises an AIM admission document drawn up in accordance with the AIM Rules for Companies, has been issued in connection with the application for admission to trading of the entire issued ordinary share capital of the Company to trading on AIM. This document contains no offer of transferable securities to the public within the meaning of section 102B of FSMA, the Act or otherwise. Accordingly, this document does not constitute a prospectus within the meaning of section 85 of FSMA and has not been drawn up in accordance with the Prospectus Rules or approved by the FCA or any other competent authority.

Application has been made for the ordinary share capital of the Company to be admitted to trading on AIM. It is expected that Admission will become effective and that unconditional dealings will commence in the Ordinary Shares on 14 November 2014. All dealings in Ordinary Shares prior to the commencement of unconditional dealings will be on a "when issued" basis and of no effect if Admission does not take place and will be at the sole risk of the parties concerned. No application has been, or is currently intended to be, made for the Ordinary Shares to be admitted to listing or trading on any other stock exchange.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the United Kingdom Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Each AIM company is required pursuant to the AIM Rules for Companies to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on Admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers. The London Stock Exchange has not itself examined or approved the contents of this document.

The Directors (whose names, addresses and functions appear on page 5 of this document) and the Company (whose registered office appears on page 5 of this document) accept responsibility, both collectively and individually, for the information contained in this document and compliance with the AIM Rules for Companies. To the best of the knowledge and belief of the Directors and the Company (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Prospective investors should read this document in its entirety. An investment in the Company includes a significant degree of risk and prospective investors should consider carefully the risk factors set out in Part II of this document.

Mortgage Advice Bureau (Holdings) plc

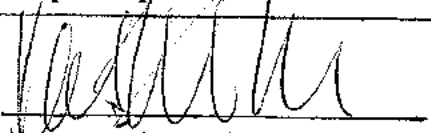
(Incorporated under the Companies Act 2006 and registered in England and Wales with registered number 04131569)

Placing of 22,715,000 Ordinary Shares of 0.1 pence each at 160 pence per share

and

Admission to trading on AIM

Nominated Adviser and Broker
Canaccord Genuity


Katherine Innes Ker
Mortgage Advice Bureau (Holdings)
11 November 2014
plc

Share capital immediately following Admission

	Issued and fully paid	
	Amount	Number
Ordinary shares of 0.1 pence each	£50,509.60	50,509,600

Canaccord Genuity, which is authorised and regulated in the United Kingdom by the FCA, is acting as nominated adviser and broker to the Company in connection with the proposed Placing and Admission and will not be acting for any other person (including a recipient of this document) or otherwise be responsible to any person for providing the protections afforded to clients of Canaccord Genuity or for advising any other person in respect of the proposed Placing and Admission or any transaction, matter or arrangement referred to in this document. Canaccord Genuity's responsibilities as the Company's nominated adviser and broker under the AIM Rules for Nominated Advisers are owed solely to London Stock Exchange and are not owed to the Company or to any Director or to any other person in respect of his decision to acquire shares in the Company in reliance on any part of this document.

Apart from the responsibilities and liabilities, if any, which may be imposed on Canaccord Genuity by FSMA or the regulatory regime established thereunder, Canaccord Genuity does not accept any responsibility whatsoever for the contents of this document, including its accuracy, completeness or verification or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company, the Ordinary Shares or the Placing and Admission. Canaccord Genuity accordingly disclaims all and any liability whether arising in tort, contract or otherwise (save as referred to above) in respect of this document or any such statement.

A copy of this document is available, subject to certain restrictions relating to persons resident in any Restricted Jurisdiction, at the Company's website www.investor.mortgageadvicebureau.com. Neither the content of the Company's website nor any website accessible by hyperlinks to the Company's website is incorporated in, or forms part of, this document.

IMPORTANT NOTICE

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This document includes statements that are, or may be deemed to be, “forward-looking statements”. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms “believes”, “estimates”, “plans”, “projects”, “anticipates”, “expects”, “intends”, “may”, “will”, or “should” or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding the Directors’ current intentions, beliefs or expectations concerning, among other things, the Group’s results of operations, financial condition, liquidity, prospects, growth, strategies and the Group’s markets.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Actual results and developments could differ materially from those expressed or implied by the forward-looking statements. Factors that might cause such a difference, include, but are not limited to the risk factors set out in Part II of this document.

Forward-looking statements may and often do differ materially from actual results. Any forward-looking statements in this document are based on certain factors and assumptions, including the Directors’ current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Group’s operations, results of operations, growth strategy and liquidity. While the Directors consider these assumptions to be reasonable based upon information currently available, they may prove to be incorrect. Prospective investors should therefore specifically consider the risk factors contained in Part II of this document that could cause actual results to differ before making an investment decision. Save as required by law or by the AIM Rules for Companies, the Company undertakes no obligation to publicly release the results of any revisions to any forward-looking statements in this document that may occur due to any change in the Directors’ expectations or to reflect events or circumstances after the date of this document.

NOTICE TO OVERSEAS PERSONS

The distribution of this document in certain jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

The Ordinary Shares have not been, nor will they be, registered under the United States Securities Act of 1933, as amended, (the **US Securities Act**) and may not be offered, sold or delivered in, into or from the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act. Subject to certain exemptions, this document does not constitute an offer of Ordinary Shares to any person with a registered address, or who is resident in, the United States. There will be no public offer in the United States. Outside of the United States, the Placing Shares are being offered in reliance on Regulation S under the US Securities Act. The Ordinary Shares will not qualify for distribution under the relevant securities laws of Australia, Canada, the Republic of South Africa or Japan, nor has any prospectus in relation to the Ordinary Shares been lodged with, or registered by, the Australian Securities and Investments Commission or the Japanese Ministry of Finance. Accordingly, subject to certain exemptions, the Ordinary Shares may not be offered, sold, taken up, delivered or transferred in, into or from the United States, Australia, Canada, the Republic of South Africa, Japan or any other jurisdiction where to do so would constitute a breach of local securities laws or regulations (each a **Restricted Jurisdiction**) or to or for the account or benefit of any national, resident or citizen of a **Restricted Jurisdiction**. This document does not constitute an offer to issue or sell, or the solicitation of an offer to subscribe for or purchase, any Ordinary Shares to any person in a **Restricted Jurisdiction** and is not for distribution in, into or from a **Restricted Jurisdiction**.

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

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BASIS ON WHICH FINANCIAL INFORMATION IS PRESENTED

Unless otherwise indicated, financial information in this document, including the historical financial information on the Group for the years ended 31 December 2011, 2012 and 2013 and the unaudited interim financial information on the Group for the six months ended 30 June 2014 has been prepared in accordance with IFRS.

Various figures and percentages in tables in this document, including financial information, have been rounded and accordingly may not total. As a result of this rounding, the totals of data presented in this document may vary slightly from the actual arithmetical totals of such data.

In the document, references to "pounds sterling", "£", "pence" and "p" are to the lawful currency of the United Kingdom.

MARKET, ECONOMIC AND INDUSTRY DATA

This document contains information regarding the Group's business and the industry in which it operates and competes, which the Company has obtained from various third party sources. Where information contained in this document originates from a third party source, it is identified where it appears in this document together with the name of its source. Such third party information has been accurately reproduced and, so far as the Company is aware and is 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. The Company has obtained the third party data in this document from industry studies, forecasts, reports, surveys and other publications including those published or conducted by the Council of Mortgage Lenders, Opinium Research and Swiss Re.

REFERENCES TO DEFINED TERMS

Certain terms used in this document are defined and certain technical and other terms used in this document are explained in the sections of this document under the headings "Definitions" and "Glossary".

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

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DIRECTORS, SECRETARY AND PROFESSIONAL ADVISERS

Directors	Katherine Christina Mary Innes Ker (<i>Non-Executive Chairman</i>) Peter Christopher Steven Brodnicki (<i>Chief Executive Officer</i>) David Robert Preece (<i>Chief Operating Officer</i>) Paul James Robinson (<i>Finance Director</i>) Nathan James McLean Imlach (<i>Senior Independent Non-executive Director</i>) Richard Stewart Verdin (<i>Independent Non-executive Director</i>) <i>All of whose business address is at the Company's registered and head office.</i>
Registered and Head Office	Capital House Pride Place Pride Park Derby DE24 8QR
Company website	www.investor.mortgageadvicebureau.com
Company Secretary	Paul James Robinson
Nominated Adviser and Broker	Canaccord Genuity Limited 88 Wood Street London EC2V 7QR
Legal advisers to the Company	Norton Rose Fulbright LLP 3 More London Riverside London SE1 2AQ
Legal advisers to Canaccord Genuity	Berwin Leighton Paisner LLP Adelaide House London Bridge London EC4R 9HA
Reporting Accountant	BDO LLP 125 Colmore Row Birmingham B3 3SD
Registrars	Equiniti Limited Aspect House Spencer Road Lancing West Sussex BN99 6DA

DEFINITIONS

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

Act	the Companies Act 2006 (as amended)
Admission	the admission of the Ordinary Shares to trading on AIM becoming effective in accordance with Rule 6 of the AIM Rules for Companies
Advisers	individual persons who advise the clients of the Group and who are typically employed by the Appointed Representatives
AIM	AIM, a market operated by the London Stock Exchange
AIM Rules for Companies	the AIM rules for companies published by the London Stock Exchange from time to time
AIM Rules for Nominated Advisers	the AIM rules for nominated advisers published by the London Stock Exchange from time to time
Appointed Representatives or ARs	appointed representatives who are party to an agreement with an FCA regulated Group Company permitting them to carry on certain regulated activities and, where the context permits, Distributors
Approved Person	a person in relation to whom the FCA or the PRA has given its approval under section 59 of FSMA for the performance of a controlled function
AR Agreement	an agreement in place between an Appointed Representative and one or more FCA regulated Group Companies
AR Option Plan	the proposed share option plan for the purposes of granting nil-cost options over Ordinary Shares to certain eligible ARs of the Group
Articles	the articles of association of the Company
Board or Directors	the directors of the Company, whose names are set out on page 5 of this document
Bonus Scheme	means the Executive Directors' bonus scheme established from time to time, as more particularly described in paragraph 7.20 of Part VI of this document
Buildstore	Buildstore Limited, a company incorporated in England and Wales under company number 8412572
BriefYourMarket	BriefYourMarket Limited, a company incorporated in England and Wales under company number 6503130
Canaccord Genuity	Canaccord Genuity Limited, the Company's nominated adviser and broker
Capital Private Finance	Capital Private Finance Limited, a joint venture between the Group and Countrywide, incorporated in England and Wales with company number 07552028
Capital Protect	Capital Protect Limited, a wholly owned, FCA regulated, subsidiary of the Company, incorporated in England and Wales with company number 05230535
CEO	Chief Executive Officer of the Company
CML	Council of Mortgage Lenders
Company	Mortgage Advice Bureau (Holdings) plc, a company incorporated in England and Wales with company number 04131569
Concert Party	for the purposes of the City Code, Peter Brodnicki, David Preece, Paul Robinson and Michelle Draycott
Coreco	Coreco Group Ltd, a company, incorporated in England and Wales with company number 06832270

Countrywide	Countrywide plc, a company incorporated in England and Wales with company number 04947152
City Code	the City Code on Takeovers and Mergers
COBS	the Conduct of Business Sourcebook
CREST	the relevant system (as defined in the CREST Regulations) for paperless settlement of share transfers and holding shares in uncertificated form which is administered by Euroclear
CREST Regulations	the Uncertificated Securities Regulations 2001 (S.I. 2001 No. 3755) (as amended)
Disclosure and Transparency Rules	the Disclosure and Transparency Rules made by the FCA pursuant to 73A of FSMA
Distributors	distributors appointed by the Group who are self-employed Advisers of the Group
Employee Share Incentive Schemes	the Executive Plan and the SIP
EU	the European Union
Euroclear	Euroclear UK & Ireland Limited, a company incorporated in England and Wales with company number 02878738
Executive Directors	each of Peter Brodnicki, David Preece and Paul Robinson
Executive Plan	the Mortgage Advice Bureau Executive Share Option Plan which may be used to grant performance based share options to directors and senior executives, as further described in section 8 of Part VI (<i>Additional Information</i>)
FCA	the Financial Conduct Authority
FCA Rules	the FCA Handbook of Rules and Guidance
FOS	the Financial Ombudsman Service
Financial Services Act	the Financial Services Act 2012
FSCS	the Financial Services Compensation Scheme
FSMA	the Financial Services and Markets Act 2000 (as amended)
Group or MAB	the Company and its subsidiary undertakings and Group Company or MAB Company should be interpreted accordingly
HBB Bridging Loans	HBB Bridging Loans Limited, a company incorporated in England and Wales with company number 03522287
HMRC	HM Revenue & Customs
IFRS	International Financial Reporting Standards
Intrinsic	Intrinsic Financial Planning Limited, or where the context requires, Intrinsic Mortgage Planning Limited and any other member of the group of companies to which the aforesaid belong
Introducers	third party entities, for example estate agencies, who refer potential customers to the Group who are dealt with by the Appointed Representatives
Key Personnel	certain non-Board level senior employees of the Company comprising Stewart Baker, Donna Brenchley, Janet Finnity, Gareth Herbert and Brian Murphy
L&G or Legal & General	Legal & General Group plc (or any of its subsidiaries, as the case may be)
Lifetime	Lifetime Wealth Management Limited, a company incorporated in England and Wales with company number 04631136

Lock-In Agreements	the conditional agreements dated 11 November 2014 and made between the (1) Company (2) Canaccord Genuity (3) and the Majority Selling Shareholders and non-executive Directors in connection with the Placing further details of which are set out in paragraph 11.3 of Part VI of this document
London Stock Exchange	London Stock Exchange plc
MAB (Derby)	Mortgage Advice Bureau (Derby) Limited, a wholly owned, FCA regulated, subsidiary of the Company, incorporated in England and Wales with company number 06003803
MAB Limited	Mortgage Advice Bureau Limited, a wholly owned, FCA regulated, subsidiary of the Company, incorporated in England and Wales with company number 03368205
MAB Wealth	MAB Wealth Management Limited, a company incorporated in England and Wales with company number 08634256
Majority Selling Shareholders	Peter Brodnicki, David Preece, Paul Robinson, Peter Birch and Nicola Birch
MIDAS	the Group's proprietary software which underpins key aspects of the Group's business including its sales platform
Minority Selling Shareholders	all Shareholders other than the Majority Selling Shareholders
Minority Selling Shareholders Agreement	the conditional agreement dated 11 November 2014 made between (1) Company (2) Canaccord Genuity and (3) the Minority Selling Shareholders, relating to the sale of certain of the Placing Shares, further details of which are set out in paragraph 11.2 of Part VI of this document
Mortgage Talk	the mortgage broking business operated through the Mortgage Talk Group
Mortgage Talk Group	Talk Limited, a company incorporated in England and Wales with company number 05337682, and its subsidiaries
New Build Network	MAB's new build proposition to ARs and developers
Non-executive Directors	each of Katherine Christina Mary Innes Ker (Chairman), Nathan James McLean Imlach and Richard Stewart Verdin
Nominated Adviser and Broker Agreement	the conditional agreement dated 11 November 2014 made between (1) the Company and (2) Canaccord Genuity relating to Canaccord Genuity's role as nominated adviser and broker to the Company, further details of which are set out in paragraph 11.4 of Part VI of this document
Official List	the Official List of the FCA
Option Agreement	means the off-market share purchase agreement between the Company and the Key Personnel pursuant to which the Key Personnel are obliged to offer certain Ordinary Shares for sale to the Company, at a pre-determined valuation if they cease to be employed by the Company within an agreed period, as more particularly described in paragraph 11.13 of Part VI of this document
Ordinary Shares	ordinary shares of 0.1p each in the capital of the Company
Panel	the Panel on Takeovers and Mergers
Pinnacle Surveyors	Pinnacle Surveyors (England and Wales) Limited, a company incorporated in England and Wales with company number 03522287
Placing	the conditional placing of the Placing Shares by Canaccord Genuity as agent for and on behalf of the Selling Shareholders pursuant to the terms of the Placing Agreement and the Minority Selling Shareholders Agreement

Placing Agreement	the conditional agreement dated 11 November 2014 and made between the (1) Company (2) Canaccord Genuity and (3) the Majority Selling Shareholders, relating to the Placing, further details of which are set out in paragraph 11.1 of Part VI of this document
Placing Price	160 pence per Placing Share
Placing Shares	the Ordinary Shares being sold on behalf of the Selling Shareholders at the Placing Price pursuant to the Placing
PRA	the Prudential Regulation Authority
Prospectus Rules	the prospectus rules made by the FCA pursuant to section 73A of FSMA
Registrar	Equiniti Limited, a limited liability company registered in England and Wales with company number 6226088
Relationship Agreement	the relationship agreement between the Company and Peter Brodnicki, further details of which are set out in paragraph 11.5 of Part VI of this document
Restricted Jurisdiction	the United States, Canada, Australia, the Republic of South Africa, Japan or any other country outside of the United Kingdom where the distribution of this document may lead to a breach of any applicable legal or regulatory requirements
Selling Shareholders	those persons whose names and addresses are set out in paragraph 19 of Part VI of this document
Shareholder	a holder of Ordinary Shares
Share Capital	the Ordinary Shares in issue upon Admission
SIP	the Mortgage Advice Bureau Share Incentive Plan whose purpose is to provide all employees of the Group with an opportunity to acquire Ordinary Shares on a tax-advantaged basis, as further described in section 8 of Part VI (<i>Additional Information</i>)
SIP Trust	the trust established by the Company pursuant to the SIP
Twenty7tec Group	Twenty7tec Group Limited, a company incorporated in England and Wales with company number 08660235, previously called "Mortgage Data Systems Limited"
UK	the United Kingdom of Great Britain and Northern Ireland
UK Corporate Governance Code	the UK corporate governance code published by the Financial Reporting Council from time to time
UKLA or United Kingdom Listing Authority	the FCA, acting for the purposes of Part VI of FSMA
uncertificated or in uncertificated form	recorded on the register of Ordinary Shares as being held in uncertificated form in CREST, entitlement to which, by virtue of the CREST Regulations, may be transferred by means of CREST
US, USA or United States	the United States of America, each state thereof, its territories and possessions and the District of Columbia and all other areas subject to its jurisdiction
VAT	UK value added tax

GLOSSARY

The following glossary of terms applies throughout this document, unless the context otherwise requires:

appointed representative	an intermediary firm or person who is party to an agreement with a FCA regulated firm permitting them to carry on certain regulated activities
clawbacks	the right of insurers to reclaim part of the commission paid to an intermediary in the event premiums are not paid by the customer during the earnings period (described below)
custom build	similar to self-build (described below) but where developers have released certain plots from their site for sale and where the developer may provide building services to the owner to build a house on such sites
directly authorised	an entity that is directly authorised by the FCA to carry out regulated activities
earnings period	the period during which a policy holder pays monthly premiums over which initial commissions are earned, typically 48 months for protection products for MAB
general insurance	buildings and contents insurance and certain other non-life insurance products but excluding protection
general insurance renewal commission	commission that is paid on the renewal of a relevant general insurance policy
intermediary, intermediary firm or mortgage intermediary	a firm or individual who arranges mortgages with lenders on behalf of customers (as opposed to a lender that the customer approaches directly). An intermediary is either directly authorised by the FCA or is an appointed representative of a mortgage network
Mortgage Market Review or MMR	MMR means the FCA's Mortgage Market Review which came into effect on 26 April 2014 and which places new regulatory requirements on mortgage lenders and mortgage intermediaries
mortgage network	an appointed representative network, where the principal typically provides a controlled environment providing individual brokers with access to a panel of lenders and products, a panel of insurance companies and a compliance structure supervised by the principal
mortgage shop	a branded retail outlet of a mortgage intermediary
mortgage panel	a panel of mortgage lenders used by intermediaries
multi-tied	a directly authorised firm that may only sell products from a limited panel of insurance providers
new build	encompasses properties built by developers, custom build, self-build and affordable housing
procuration fee	a fee paid by a lender to the intermediary who has arranged a mortgage with the lender
protection	life insurance (including critical illness), family income protection and certain other insurance products (but excluding general insurance)
insurance or insurance products	includes general insurance and protection
protection renewal commission	after the earnings period has ended, commission that is paid on continuation of the relevant policy but for the avoidance of doubt does not involve an act of renewal
renewal commissions or renewals	includes general insurance renewal commission and protection renewal commission

self-build	individuals organising the building of their own house typically on an individual plot
service centres	MAB's regional telephone service centres operated by certain AR firms. The services provided by these centres include reviews of mortgage and related insurance products on an on-going basis with replacement or new products offered to customers, as appropriate
sole-tied	a directly authorised firm that may only sell insurance products from one specific provider
whole of market	a directly authorised firm that is not limited to selling the products of any particular insurance providers

PLACING STATISTICS

Placing Price	160 pence
Number of Ordinary Shares in issue	50,509,600
Number of Placing Shares being sold pursuant to the Placing	22,715,000
Percentage of Share Capital being sold pursuant to the Placing	45 per cent.
Market capitalisation of the Company at the Placing Price following Admission	£80.8 million
ISIN number	GB00BQSBH502
SFDOL number	BQSBH50
AIM "ticker"	MAB1

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

	<i>2014⁹</i>
Publication of this document	11 November
Commencement of conditional dealings in the Ordinary Shares on AIM ⁽²⁾	8.00 a.m. on 11 November
Admission and commencement of unconditional dealings in the Ordinary Shares on AIM	8.00 a.m. on 14 November
CREST accounts credited	14 November
Despatch of definitive share certificates, where applicable, by	24 November

Notes

- (1) Each of the above dates is subject to change at the absolute discretion of the Company and Canaccord Genuity.
- (2) It should be noted that, if Admission does not occur, all conditional dealings will be of no effect and any such dealings will be at the sole risk of the parties concerned.

PART I

INFORMATION ON THE GROUP

INTRODUCTION

The Group, headquartered in Derby, is one of the UK's leading networks for mortgage intermediaries with over 110 Appointed Representatives and over 600 Advisers. Many of the Appointed Representatives trade under the recognised and respected Mortgage Advice Bureau brand through a franchise model operated by the Group. MAB branded mortgage shops also form part of this franchise model. The balance of the Appointed Representatives within the network operate under their own brands.

The Group's network specialises in providing independent mortgage advice to consumers, as well as advice on protection and general insurance products. MAB has a strong reputation for business quality, innovation and support and has typically attracted appointed representative firms that have plans to expand and, in some cases, diversify. MAB's innovation, quality and performance has been recognised through winning over 50 industry awards in the last five years.

The Group is particularly well known in the estate agency sector with circa 900 estate agency branches introducing their customers to MAB's Appointed Representatives across the UK. The Group has also sought to diversify in other specialist sectors, including the new build market through its New Build Network. In addition, the Group has developed a service centre model for ongoing customer servicing.

The Group is owner-managed by the long-standing and highly experienced senior management team which is headed up by the Chief Executive Officer, Peter Brodnicki, one of the original founders of the business.

Certain of the Group's subsidiaries, MAB Limited, MAB (Derby) and Capital Protect, are authorised and regulated by the FCA and all of the Appointed Representatives are approved through MAB Limited and/or MAB (Derby).

The Company has a strong financial track record with over 40 per cent. growth in adjusted profit before tax⁽¹⁾ in each financial year since 2009. In the year ended 31 December 2013, the Group had revenue of £40.1 million and made adjusted profits before tax⁽²⁾ of £5.2 million. In the six months ended 30 June 2014, the Group had revenue of £24.5 million and made adjusted profits before tax⁽²⁾ of £3.4 million. The Group has never sought bank borrowing or relied on overdraft facilities.

The Group's strategy is to continue to grow the number of Appointed Representatives and Advisers, focus on specialist sectors and further develop its customer service centres. The Directors believe that this growth strategy, together with MAB's scalable, non-capital intensive model and strong cash flow generation, should deliver attractive returns to Shareholders.

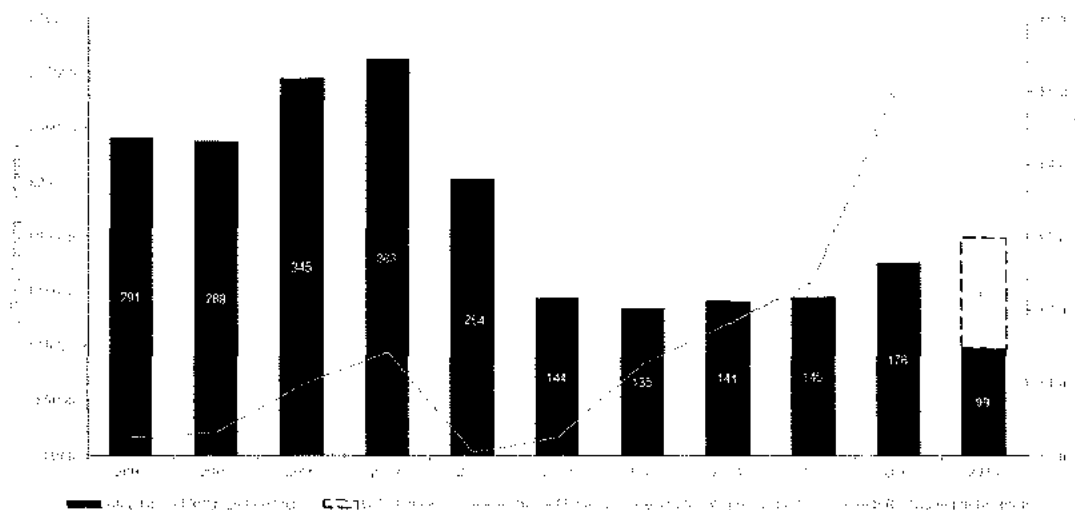
THE GROUP'S HISTORY AND DEVELOPMENT

The business was co-founded by the CEO, Peter Brodnicki, in 2000 to provide a franchise solution to leading UK independent estate agents, enabling them to provide mortgages and insurance products to their customers.

Since then the Company has built an extremely strong, loyal, and well established senior team and, as shown in the chart below, the Group has successfully endured one of the deepest and protracted recessions in the UK on record, remaining profitable throughout.

(1) UK GAAP reported profit before tax excluding certain one-off items in 2012; and previously acquired goodwill written off (£153,346) relating to the acquisition of Mortgage Talk.

(2) IFRS reported profit before tax excluding certain one off items: 2013: no adjustments. H1 2014: impairment of a loan within other receivables (-£347,891).



With regard to its protection and general insurance offering, from its inception until 2008, the Group was sole-tied to Legal & General. In late 2008, a new multi-tied subsidiary, MAB (Derby), began trading, under which the Group offered a wider range of insurance products and which now represents the majority of the Group's insurance revenue. The creation of this multi-tied offering helped the business to expand and grow profits strongly throughout the recession as the increased product offering appealed to a wider range of ARs.

Since 2009, MAB has entered into a number of strategic investments and joint ventures, as well as acquiring the Mortgage Talk Group in March 2012. These transactions have enabled MAB to expand into other sectors of the mortgage market and build high quality distribution and new income streams. The Group has grown its market share each year since 2009.

MARKET BACKGROUND AND RECENT TRENDS

Mortgage intermediaries are either directly authorised by the FCA or they are an appointed representative of a mortgage network which provides them with a supervisory structure and support and a lending and protection panel. Joining an appointed representative network appeals to many intermediary firms as this established solution can present them with a more secure operating environment. Approximately 50 per cent. of intermediaries operate under the appointed representative route.⁽³⁾

Those intermediaries that do not operate as appointed representatives of a network are directly authorised by the FCA and are themselves responsible for supervising their advisers, making lender and insurance panel decisions and ensuring regulatory compliance. The commercial arrangements in place between the lenders and protection providers with directly authorised firms may be less favourable than those available to a network (for example, lower procurement fees) in return for the directly authorised firm having greater freedom of choice in its operating decisions. Certain mortgage products offered by lenders favour appointed representative distribution due to the consistency and greater control afforded by this structure.

The Directors believe that a number of economic and market factors support the continued recovery of the UK mortgage market including:

- Whilst many market commentators believe that mortgage lending is unlikely to return to the historic highs of approximately £363 billion⁽⁴⁾ per annum seen in 2007, UK gross mortgage lending is expected to exceed £200 billion in 2014 (H1 2014: £98 billion) and reach £220 billion in 2015⁽⁵⁾. The mortgage market showed first signs of recovery in Q2 2013 and since then growth has been driven by the economic recovery, rising house prices, improvement in consumer confidence and various government initiatives (e.g. help to buy).
- The anticipated moderate rises in interest rates are likely to stimulate the re-mortgage market both in terms of demand from existing mortgage customers and new products offered by lenders.

(3) Source: Estimate based on published research of the Intermediary Mortgage Lenders Association members, August 2013.

(4) Source: CML research published on 10 July 2014.

(5) Source: Annual CML gross mortgage lending forecasts as at July 2014.

- A number of new lenders have entered the market in the last 18 months with more lenders anticipated to follow.
- The need for additional housing stock, as a result of demographic changes, is supported by the UK government and is the subject, generally, of political consensus.

Furthermore, the Directors consider that a number of the features of the UK mortgage and associated protection market and recent regulatory developments favour the intermediary. These include:

- *Customer access to mortgages:* Whilst the internet enables potential borrowers to research the mortgage market generally, the two main options for borrowers looking to obtain a mortgage are either to visit one or more banks or building societies or to consult a mortgage intermediary through whom they will have access to multiple lender solutions.

Additionally, in the Directors' view, many potential borrowers have insufficient knowledge and visibility of the mortgage market to enable them to identify more than a minority of the more than 70 lenders in total. Some lenders either have no branch presence or very limited branch presence.

Furthermore, certain lenders lend solely through intermediaries (and not directly to borrowers). Currently there are over 8,000 mortgage products available through an intermediary. Accordingly, a mortgage intermediary provides an efficient way for the potential borrower to identify the most appropriate mortgage for their circumstances given the large number of products available.

Over 55 per cent. of UK mortgage transactions were via an intermediary in 2013, and this grew in the first half of 2014 to over 60 per cent.⁽⁶⁾

- *Impact of Mortgage Market Review:* Prior to MMR, customers could obtain mortgages directly from some lenders without receiving full advice which typically took less time than a fully-advised service such as that provided by the MAB network. Following MMR, all mortgage sales (with the current exception of buy-to-let), including direct sales by lenders, must be made on a fully advised basis in order to comply with the FCA's requirements. Accordingly, a customer who now wishes to secure a mortgage directly from a lender (and not an intermediary) may be required to repeat the more time consuming fully-advised process with each potential lender they visit. For these reasons, the Directors consider that the post MMR environment has increased the attractiveness of the intermediary model to customers.

As MAB already provided a fully-advised service before MMR, the Directors believe that MAB's procedures are, and will continue to be, largely unaffected by the MMR changes.

Finally, whilst mortgages are the entry product for the Group with the customer, the sale of associated insurance products represents a significant proportion of the Group's revenue. The Directors are of the view that there is an opportunity for the Group arising from the UK life insurance "protection gap" which highlights the level to which the population could be considered to be underinsured. According to a report from Swiss Re in 2012, this "protection gap" had increased to £2.4 trillion, up 20 per cent. in 10 years and was then on average around £100,000 per person.

OVERVIEW OF THE GROUP'S BUSINESS

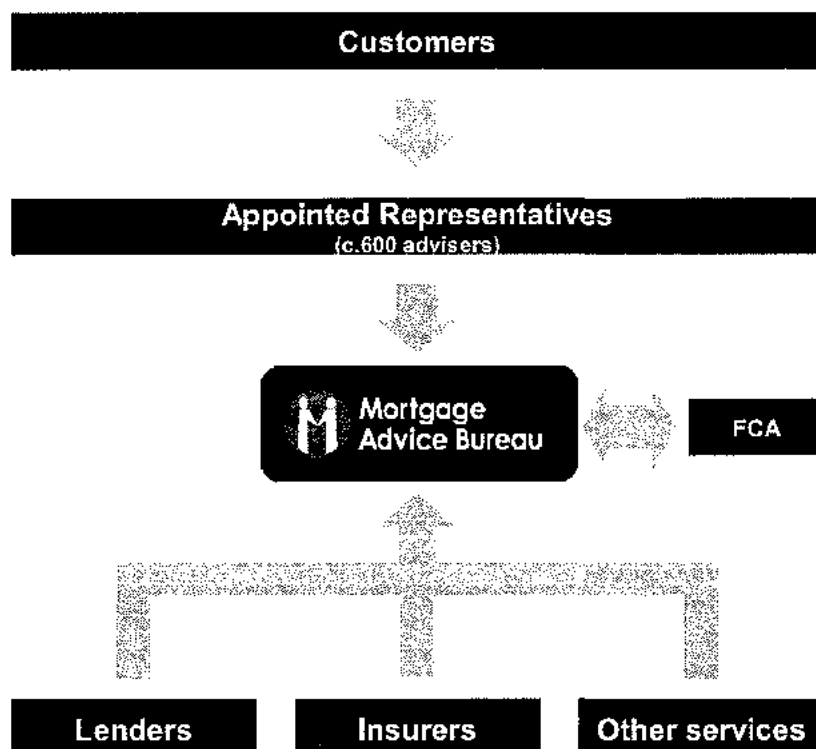
Business model

MAB operates an appointed representative network which specialises in providing independent mortgage advice to customers, as well as advice on protection and general insurance products. The majority of ARs trade using the Mortgage Advice Bureau brand under a franchise model and are required to follow stringent guidelines associated with the use of such brand. Other ARs use their own brand. Over 70 per cent. of AR Agreements are for a duration of five years or more from commencement and some have a duration of 10 years from commencement. More than 20 per cent. of Advisers are linked to AR Agreements with a duration of 10 years with at least seven years remaining. The current renewal profile of the AR Agreements means that less than 25 per cent. of the AR Agreements will be subject to renewal in any of the next five years. Furthermore, the top 10 AR Agreements account for only circa 40 per cent. of Group revenue, and four of such agreements have at least seven years remaining. Under these AR Agreements, MAB provides access to its mortgage and insurance panels, a regulatory compliance framework and supervision as well as IT, training and other business support.

(6) Company's own estimate based upon available market data.

MAB does not currently employ any Advisers. The vast majority are employed or engaged directly by the Appointed Representatives, although a small number are self-employed and engaged directly by MAB. The Group maintains all regulatory FCA permissions (as described further below).

The diagram below illustrates the structure of the Group's business model.



MAB has sought to develop long term strategic partnerships with its Appointed Representatives with a view to achieving a close alignment of interests, which is reinforced by the revenue based pricing structure (and, in some cases, includes providing modest loans to ARs to assist growth). The Directors consider that these long term relationships, coupled with the use of the MAB brand by the majority of the Appointed Representatives, result in a distinctive business model which may be difficult to replicate. MAB focuses on delivering value for money to intermediary firms rather than engaging in price competition, which appeals to those appointed representatives seeking a strategic partner to aid their expansion and diversification strategies and those that value the extensive support, systems and expertise that MAB can provide.

As a result, MAB does not focus its proposition on smaller intermediary firms or sole traders. Further, the Appointed Representative pricing structure operated by the Group, which is based on a share of revenue, which favours scale, as opposed to monthly fees, is unlikely to be as attractive to such smaller intermediary firms or sole traders.

The Group has a sales support team which includes regional sales directors, development managers, and training managers. This team works with ARs and Advisers to seek to generate opportunities to increase sales which benefits both the ARs and the Group.

The provision of extensive compliance support to its ARs affords MAB greater control over quality with a view to achieving high standards of consumer outcomes and the overall structure and support is intended to enable its Appointed Representatives to compete effectively in the market.

In short, the combination of this support structure, the strength of the MAB brand and the long term nature of the AR Agreements has contributed to a very low rate of attrition of Appointed Representative firms leaving the Group to join other networks.

Sector focus and specialisations

MAB focuses on specialist areas in the mortgage sector that, in the view of the Directors, have the potential to deliver the greatest number of opportunities and growth, including estate agency, new build and mortgage shops. Through organic development, and assisted by acquisitions, investments and joint ventures, MAB has built a support structure designed to appeal to intermediaries operating in these specialist areas.

The Group has recently developed, in conjunction with three of its existing Appointed Representatives, three regional telephone service centres (operated under long term AR Agreements) with the objective of providing existing mortgage and insurance customers with a consistent level of service post mortgage completion. The services that are expected to be provided by these centres include reviews of mortgage and related insurance products on an on-going basis with replacement or new products offered to customers as appropriate. The Board believes that this customer servicing proposition will generate an additional income stream for the Group and its ARs which is less dependent on the market cycle. Furthermore, the Board believes that this will assist in both customer and AR retention and has the potential to be another differentiating factor for the Group compared to other networks.

Products available through the Group

The Group's network offers advice on over 8,000 mortgage products,⁽⁷⁾ including some products that may be either only available through intermediaries or the L&G Mortgage Club. Mortgage products include residential and buy-to-let mortgages.

The Group has adopted the L&G Mortgage Club as its mortgage panel. However, its Advisers can also source a mortgage from any lender that accepts mortgage applications via intermediaries. The L&G Mortgage Club is one of the largest and most successful UK mortgage panels, and is highly respected by lenders. The Group has been the largest user of the L&G Mortgage Club for over 10 years.

The Group's network also offers advice on a range of protection products, which are sourced primarily from Bright Grey (part of the Royal London Group), Friends Life, L&G and PruProtect. General insurance products are sourced primarily from L&G and Paymentsshield (part of the Towergate group).

REVENUE AND COSTS

Revenue

The AR Agreements set out the arrangements under which income from products sold by the Advisers of the Appointed Representatives is split between the Group and the relevant Appointed Representative. Contractually, this income is paid to the Group, the Group's share is retained and then the balance is paid to the Appointed Representative on a weekly basis, which in turn pays its Advisers.

The average number of Advisers in each financial year is one of the key drivers of revenue. Adviser numbers grew significantly in 2012 partly as a result of the acquisition of Mortgage Talk. Since then, in 2013 and in the year to date, the Group has grown average Adviser numbers by circa 80-90 in both periods.

For insurance products, each AR is paid a commission level by MAB based on the amount of annual premium paid by the customer for the relevant insurance product. For mortgage products, an agreed proportion of procurement and client fees are retained by MAB. The level of commission paid to ARs on insurance products, and the proportion of fees retained by MAB on mortgage products, varies for each AR based primarily on each AR's level of overall revenue.

Before paying the Appointed Representative as outlined above, the Group also retains typically 5 per cent. of the total amount due to the AR to protect the AR and the Group against potential future clawbacks of protection commission. This retention is held in the Group's name and is segregated through the use of a separate bank account for each AR.

The following table summarises the main sources of income from the sale of mortgages and associated insurance products. The Group's proportion of each income source varies. For example, a greater proportion of revenue is retained by the Group in respect of protection and general insurance commission (and is therefore higher margin business) than for procurement fees or client fees.

Income source	Proportion of Revenue 2013
Fees paid by lenders (procurement fees)	39%
Protection commission*	36%
Fees paid by clients	15%
General insurance commission*	8%
Other income	2%
Total	100%

Source: Derived from 2013 financial information, set out in Part III.

* 5 per cent. of total revenue relates to renewals.

(7) Source: Iress Trigold data, as at August 2014 provided to the Company.

The Group has a broad geographical spread across the United Kingdom (excluding Northern Ireland) with less than 10 per cent. of the Group's revenue being derived from the London market.

Protection of income streams

As the Group's income is substantially aligned with that of its Appointed Representatives, both parties should benefit through working together to increase business levels. The relationship with the ARs is governed by the AR Agreements which are, as described above, typically of a long term nature.

The retention of MAB's ARs is further enhanced, and income streams thus protected, by:

- the potential to generate additional income for the AR as well as the Group, by the referral of ARs' clients to one of the Group's three customer service centres, each of which is operated by another Appointed Representative;
- access to MAB's specialist team that seeks to prevent unnecessary policy lapses (customers are referred back to an Appointed Representative for new cover to be put in place where appropriate); and
- the referral of property surveys to those Appointed Representatives that also have a survey business (the Group receives a share of all property survey income);

In addition, the Group is establishing a share scheme to reward qualifying ARs by providing them with the opportunity to have an equity interest in the Group, as more fully described in paragraph 9 of Part VI of this document. The Directors believe this will further assist in the protection of the Group's income streams.

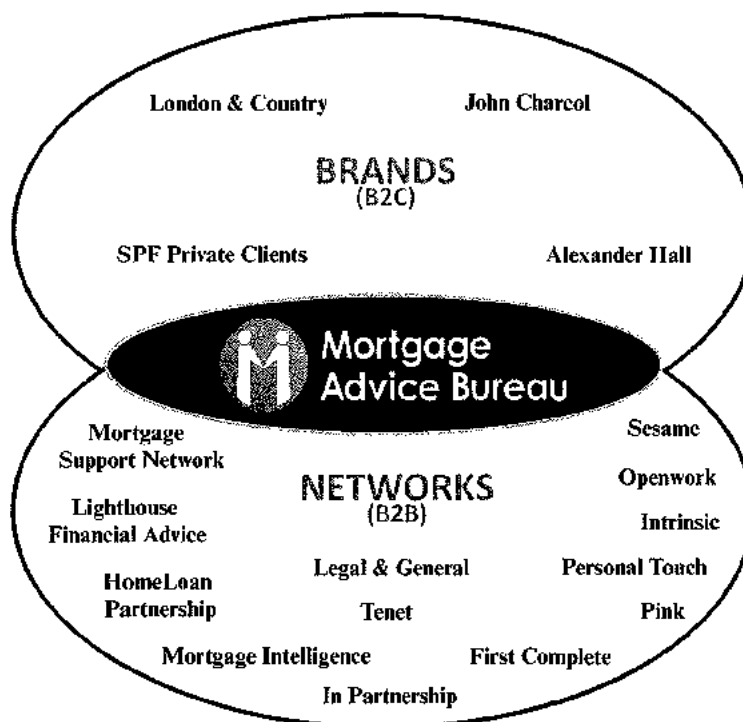
Costs and scalability of Business Model

Many of the Group's costs are relatively fixed, largely due to the fact that the Advisers are not employees of the Group. This resultant scalability allows MAB to leverage its operations to support further growth, with the percentage increase in costs being lower than the percentage increase in revenue.

One of the more significant variable costs to the business is the compliance team. This team's costs are highly correlated to Adviser numbers; if Adviser numbers and thus revenue were to grow, additional compliance resource would be required to meet the regulatory oversight of such additional Advisers. The remainder of the Group's payroll and other costs can be expected to rise at a slower rate than revenue.

THE GROUP'S MARKET POSITION

As illustrated by the diagram below, the Group competes with both mortgage networks and other intermediary brands. By way of examples, competitor networks include Openwork, Sesame, Intrinsic and Pink, and intermediary brands include John Charcol, Alexander Hall, London & Country Mortgages (L&C) and SPF Private Clients.



The Directors consider that there are a number of factors that differentiate MAB's business model from other mortgage networks and intermediaries.

- *Strong brand:* The Directors believe that one of the Group's strengths is that, unlike many networks, MAB has a strong consumer facing mortgage broker brand as evidenced by a recent survey⁽⁸⁾. As the majority of MAB's ARs adopt the MAB brand, this affords them a recognised consumer brand to attract customers, Introducers and new advisers.
- *Strength of relationship with ARs:* The Group positions itself as a strategic partner to its Appointed Representatives. Many of the Appointed Representatives that have joined MAB are those that wished to take a long term strategic view and generally sign AR Agreements for at least five years (which, the Directors believe is significantly longer than those used by many other networks). The Group seeks to recruit ARs that have growth strategies and high standards. As a result MAB has grown steadily with profit, quality and sustainability at the core of its strategy.
- *Strength of support to ARs:* MAB provides all of its ARs with an extensive range of support services including compliance, IT, assistance with Adviser recruitment and training. As part of its compliance services it provides a strong framework for the supervision of the Advisers' activities by MAB's own compliance team. In addition, MAB has an in-house IT development team that is able to deliver bespoke point of sale and business management software, known as MIDAS, to its Appointed Representatives.
- *Online presence and co-ordinated social media activities:* Consumer expectations regarding the way in which they wish to be communicated with are changing rapidly. With this in mind, MAB regularly updates the Group's website, as it is an important means of communicating information to its existing and potential customers. MAB has also developed for its ARs a suite of solutions for various social media activities including creating informative, relevant content on a regular basis which is automatically supplied to its ARs for use in their twitter feeds. This enables the ARs to easily communicate with clients in a uniform and efficient manner, building their social media followers by supplying original content for sharing.
- *Specialisation:* MAB focuses on specialist areas in the mortgage sector including estate agency, new build and mortgage shops. This specialised focus differentiates the MAB business model from a number of other more traditional networks.
- *Management:* Unlike many of the other major mortgage networks in the UK, MAB is owner-managed and its longstanding executive and senior management teams will retain a significant shareholding post Admission. This should result in a close alignment of interests between the Executive team, senior management and the Shareholders as a whole.

As a consequence of the above differentiating factors, MAB has built a network of high quality, secure and loyal Appointed Representatives who typically work very closely with MAB.

THE GROUP'S STRATEGY

MAB's strategy is to deliver strong revenue growth and attractive returns to investors. MAB intends to execute its growth strategy through the following:

- *Organic Growth:* increasing the number of Advisers in existing Appointed Representatives to meet expected mortgage demand and to grow market share. MAB initiatives to support organic growth include:
 - continued expansion in estate agency based financial services. Although this is an established and highly successful business model for MAB, there remain additional new opportunities to further expand in this sector; and
 - further development in other specialist sectors such as new build and mortgage shops;
- *New ARs:* recruiting new Appointed Representative firms (and thus, growing the number of Advisers) who may be attracted by MAB's successful model, extensive support services and strong brand awareness, the latter of which should be enhanced post Admission. MAB has a pipeline of on-going discussions with potential new firms. New ARs should also benefit from the initiatives set out above for existing ARs;

(8) Source: 2,002 UK adults interviewed online by independent market research agency, Opinium Research, 2-6 May 2014.

- *Increasing ancillary income streams:* by leveraging income associated with the core mortgage transaction (e.g. conveyancing) and through entering new areas of business such as the Group's new wealth management joint venture with Lifetime, described below;
- *Client servicing:* further development of its service centre proposition. The Board believes that this will generate an additional income stream for the Group and its ARs which is less dependent on the housing market cycle; and
- *Seeking to identify further suitable strategic investment opportunities:* focused on sector-related services that enhance the MAB brand and the AR and customer propositions. MAB may also provide cash flow funding through modest loans for some existing or new AR firms looking to expand or diversify.

KEY STRENGTHS

In summary, the Directors consider that the Group has the following key strengths, which underpin its strategy:

- One of the UK's leading independent mortgage networks focused on specialist sectors with strong growth opportunities, supported by strong brand awareness as a mortgage broker amongst consumers⁽⁹⁾.
- Low turnover of Appointed Representative firms and strength of relationships with Appointed Representatives who are typically on long-term contracts.
- Highly cash generative and scalable cost-efficient business model offers the opportunity for attractive returns.
- Profitable through the economic cycle, growing adjusted pre-tax profits by at least 40 per cent. in each of the last five years.
- Entrepreneurial and long-standing, experienced management team retaining significant shareholdings post Admission.

(9) Source: 2,002 UK adults interviewed online by independent market research agency, Opinium Research, 2-6 May 2014.

SUMMARY FINANCIAL INFORMATION

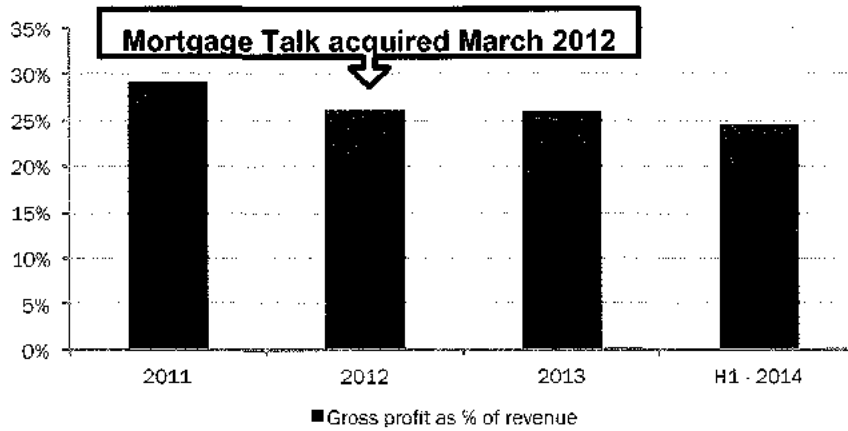
The financial information set out below has been extracted without material adjustment from the historical financial information on the Group for the three years ended 31 December 2011, 2012 and 2013 and the unaudited six month interim financial information on the Group for the period ended 30 June 2014:

	Audited			Unaudited
	Year Ended 31 December			Six months to June ⁽¹⁾
	2011	2012	2013	2014
	£ million			
Revenue	18.2	28.4	40.1	24.5
Commissions paid	(11.9)	(19.1)	(28.2)	(17.8)
Other	(1.0)	(1.9)	(1.5)	(0.6)
Gross profit	5.3	7.4	10.4	6.0
<i>Gross profit margin</i>	<i>29.1%</i>	<i>26.0%</i>	<i>25.9%</i>	<i>24.5%</i>
Administrative expenses	(3.5)	(4.9)	(5.7)	(2.9)
<i>Admin expenses as % of turnover</i>	<i>19.3%</i>	<i>17.3%</i>	<i>14.3%</i>	<i>11.9%</i>
Adjusted operating profit⁽²⁾	1.8	2.5	4.6	3.1
Share of profit from associates	0.0	0.2	0.3	0.2
Interest income	0.0	0.0	0.3	0.0
Adjusted profit before tax ⁽²⁾	1.8	2.7	5.2	3.4
<i>Adjusted profit before tax margin</i>	<i>9.9%</i>	<i>9.5%</i>	<i>13.1%</i>	<i>13.9%</i>
YoY growth				
Revenue	n/a	56.1%	41.2%	52.7%
Adjusted operating profit ⁽²⁾	n/a	39.5%	86.6%	71.8%
Adjusted profit before tax ⁽²⁾	n/a	49.2%	94.1%	66.1%

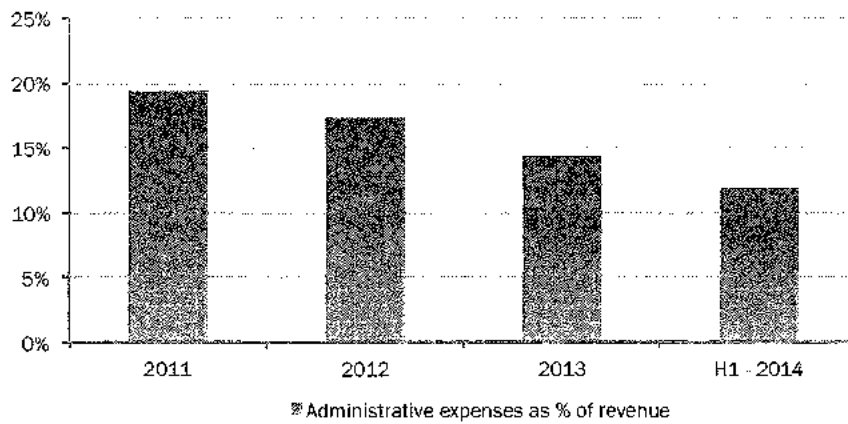
(1) YoY growth calculated with reference to the corresponding performance during the six months to June 2013, as set out in Part IV.

(2) IFRS figures, excluding certain one-off items. 2012: acquisition costs (–£76,632); impairment of goodwill (–£153,346). H1 2014: impairment of a loan within other receivables (–£347,891).

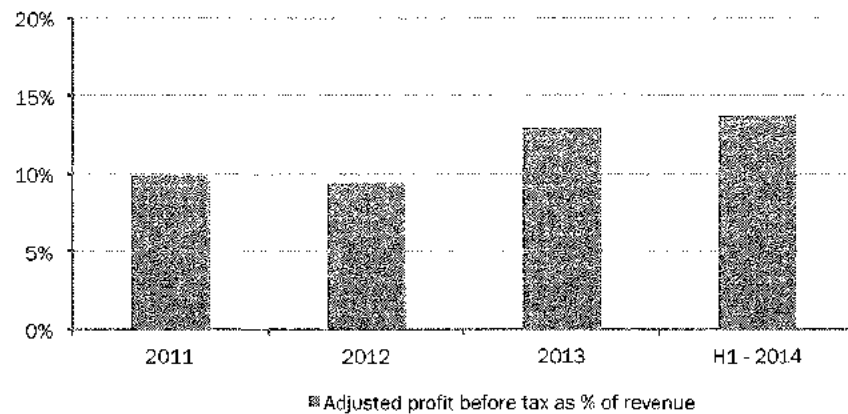
GROSS PROFIT MARGIN



ADMINISTRATIVE EXPENSES RATIO



ADJUSTED PROFIT BEFORE TAX MARGIN



In 2012, the Company acquired Mortgage Talk, which was generally a lower margin business and the acquisition also resulted in the duplication of certain support costs prior to integration. As shown in the chart above, since the acquisition of Mortgage Talk, the Group's gross profit margin has reduced slightly each year. ARs have an interest in growing their revenue as they are typically paid an increasing share as their own turnover through the Group increases, so a continued reduction in the gross profit margin is expected. Administrative expenses as a percentage of revenue have fallen from circa 19 per cent. in 2011 to less than 12 per cent. in the first half of 2014 leveraging the increasing turnover. As a result, the Group's adjusted profit before tax margin has risen from 9.9 per cent. to 13.9 per cent.

CURRENT TRADING AND PROSPECTS

Since 30 June 2014, the Group has continued to attract new ARs and Advisers. The increase in the number of Advisers in the nine months to 30 September 2014 has already exceeded the increase in the number of Advisers achieved in the 12 months to 31 December 2013. The Group's revenue has continued its upward trend, further leveraging the Group's scalable model, in line with Directors' expectations.

In addition to the interim dividends of £2.11 million paid in June 2014, a further dividend of £1.85 million was declared on 10 October 2014 and paid to existing shareholders shortly afterwards. This further dividend represented the majority of the accumulated surplus distributable reserves at 31 August 2014 that were beyond the level needed to meet the FCA's capital requirement as at that date.

DIVIDEND POLICY

In establishing the Group's dividend policy, the Board has been mindful of the requirement to align the dividend policy to maximise total shareholder return. The Directors have taken into consideration the following factors:

- the ability of the business to generate a sustained level of distributable profits and free cash flow from operations;
- the current regulatory capital position of the Group; and
- the need for additional capital to execute the Group's growth strategy.

The Group is in full compliance with its FCA regulatory capital requirements and an increase in the current regulatory capital, other than proportionate to an increase in regulatory revenue, is not anticipated.

The Board therefore considers that the primary method for distributing excess capital to Shareholders will be by way of dividends. With effect from 1 January 2015, the Group's dividend policy will be to pay at least 60 per cent. of its annual distributable profits by way of ordinary dividends on a half yearly basis with approximately one third being payable as an interim dividend and the balance as a final dividend.

In addition, the Board intends to declare a dividend in respect of the period from Admission to 31 December 2014, payable before 30 June 2015. This first dividend payment will reflect the Group's dividend policy, with a minimum payment ratio of 60 per cent., as applied to distributable profits (to the extent they are available) for this period.

Whilst the Board considers dividends as the primary method of returning capital to Shareholders, it may, at the Directors' discretion, execute share repurchases, when advantageous to Shareholders and where permissible. The Group may revise its dividend policy from time to time.

ACQUISITIONS, JOINT VENTURES AND ASSOCIATED COMPANIES

Through investment, joint ventures and acquisitions, as set out below, MAB has continued to build expertise and distribution in a variety of sectors of the mortgage market.

Mortgage Talk

In March 2012, the Company acquired the Mortgage Talk Group. Mortgage Talk operated a similar mortgage broking model to MAB and had a number of estate agent franchisees.

Mortgage Talk had a strong position in the new build sector and the acquisition was driven by MAB's strategy to enter this sector and gain significant market share. The Mortgage Talk business was successfully integrated into MAB during 2012 and was profitable in its first full year.

Sherwins

In May 2012, MAB Limited acquired a mortgage broking business operating in the specialist affordable housing sector under the Sherwins brand.

MAB Limited transferred this business to a new Appointed Representative (which joined the Group from another network) in September 2014 and in return that Appointed Representative entered into a new 10 year contract for its enlarged business with the Group as part of the Group's new build strategy.

Capital Private Finance

Since June 2011, MAB Limited (49 per cent.) and Countrywide (51 per cent.) have carried on a joint venture through Capital Private Finance which is an Appointed Representative of the Group and provides

mortgage and protection advice to customers of Countrywide's premium real estate brands, including Hamptons International, John D Wood & Co., Faron Sutaria and UK Sotheby's International Realty.

MAB Wealth

In October 2014, MAB Limited (49 per cent.) entered into a joint venture, MAB Wealth Management Limited, with Lifetime (51 per cent.), a specialist wealth advisory firm. The Group does not hold FCA permissions to advise on pensions and investment products and Lifetime is permitted to provide this advice as an appointed representative of the Intrinsic network. MAB Wealth has been appointed as an appointed representative of Intrinsic. Lifetime has a business model which the Group is seeking to leverage for pensions and investments through generation of referrals to MAB Wealth from its Appointed Representatives.

Pinnacle Surveyors

Since 2010, the Group has held a 49 per cent. interest in Pinnacle Surveyors (currently through its shareholding in CO2 Commercial Limited, the parent company). Pinnacle Surveyors is a firm of chartered surveyors headquartered in Derby, which principally carries out residential surveys. The remaining shares are controlled by two individuals who are the directors of the business and practicing surveyors.

Buildstore

MAB Limited acquired a 25 per cent. interest in Buildstore in December 2013. Buildstore is a services business which focuses on self-build, custom build and property renovation in the UK. Property industry investors hold a 25 per cent. interest and the management hold the remaining 50 per cent. (of which 40 per cent. is held by the chief executive of Buildstore).

This investment was made as a part of the Group's new build strategy. Buildstore's wholly owned subsidiary, Buildstore Mortgage Services Limited, is an Appointed Representative of the Group with a 10 year contract.

OTHER INVESTMENTS IN BUSINESS PARTNERS MADE BY THE DIRECTORS

In addition to the above acquisitions and investments, the Executive Directors also have minority personal investments in a number of small and/or early stage companies, which have a business relationship with the Group, including two Appointed Representatives.

The Directors consider that these investments have assisted in the Group's expansion and the development of its relationships with business partners. Whilst these investments have been made for good commercial reasons and the Company has procedures in place to deal with any conflicts of interests should they arise, the Company has determined that similar new investments, if any, following Admission would be made directly by the Group.

Further details of these investments and relationships are set out in paragraph 7 of Part VI of this document.

COMPLIANCE AND OTHER SUPPORT FUNCTIONS

MAB's four principal operational functions which support both the Group and its network of Appointed Representatives are compliance, IT, finance and operations.

In summary, the support functions role is to:

- provide high quality services to the Group's Appointed Representatives, to help them achieve good consumer outcomes, whilst at the same time growing their income;
- provide high quality support services within the Group;
- process and report on income generated by the Group's Appointed Representatives;
- manage the cost base of the Group; and
- monitor key identified risks within the Group, ensuring that appropriate and proportionate mitigating actions are in place.

Some specialist support services (mostly IT related) are outsourced, with such outsourcing arrangements being the subject of regular review.

Compliance

The Group is regulated by the FCA and the compliance department manages the Group's regulatory risk. This includes the assessment and approval of Advisers, Approved Persons, Appointed Representatives and Introducers. Unlike some other networks, the Group does not allow any of its Appointed Representatives to have their own supervisors and instead has a field and head office based team supervising the Appointed Representatives and their Advisers. This department also manages the relationship with the FCA. This department maintains and develops the Group's compliance policies and procedures that are designed to meet the FCA's and other regulatory requirements.

The compliance department has a process to identify and monitor risks within the Group (including compliance risks), with the objective that each risk has appropriate and proportionate mitigating strategies in place.

Prior to Admission, the Group had a risk and compliance committee that assessed risks in the business and the effectiveness of risk mitigation strategies, and which reported to the Board on a regular basis. With effect from Admission, there will be a formally constituted Risk and Compliance Committee of the Board chaired by a non-executive director as described further under the section entitled 'Corporate Governance' below.

At 30 September 2014, the compliance department comprised 37 employees.

IT

IT is central to the Group's business, and is mainly provided through the Group's proprietary software known as MIDAS which was developed in-house; the Group continues to invest in its ongoing development. MIDAS is an integrated software tool that includes point of sale, compliance, customer administration, record keeping, commission calculations and provides management information to both its ARs in respect of their sales and to the Group as a whole.

The IT team provides services to all of MAB's Appointed Representatives and all Group employees and Advisers. As MIDAS is the Group's sales platform, its availability is critical to the Appointed Representatives being able to service and sell to their clients. These services include MIDAS software development and maintenance, helpdesk support, hardware maintenance for employees, and managing services that are outsourced to specialist providers.

The IT team has responsibility for the resilience of the IT infrastructure, and in particular the Group's servers and client databases (which are located at an external data centre), as well as the backup databases at MAB's offices.

At 30 September 2014, the IT team comprised 15 employees.

Finance

All income generated from sales by the Group's Appointed Representatives is paid directly to the Group. The finance department operates on a weekly commission cycle and processes income against individual product sales for each client, retains the Group's share of the income and pays the balance to the Appointed Representatives.

The finance department is responsible for managing and reporting the financial results and financial position of the Group in accordance with statutory and regulatory requirements. The finance department is headed up by a qualified accountant who reports into the Group's Chief Operating Officer for all day-to-day matters and to the Group's Finance Director for accounting, tax and financial reporting.

The Finance Director, Paul Robinson, commits at least 50 per cent. of his working time to MAB. He also has his own accountancy practice with a number of employees which enables him to prioritise his duties as a finance director to MAB. Other clients of his practice are generally dealt with by employees in his practice. The Company intends to appoint a full time Finance Director during 2015.

At 30 September 2014, the finance department comprised 8 employees.

Operations

The operations department provides services to the Group including standard Appointed Representative contract production, reviewing and approving contracts received from suppliers and lenders (in both cases liaising with the Group's external lawyers on more complex contracts), human resources support and management of the Group's head office building.

At 30 September 2014, the operations department comprised 5 employees.

DATA PROTECTION AND DISASTER RECOVERY

Certain Group companies are registered with the Information Commissioner's Office as data controllers under the Data Protection Act 1998. This act highlights eight data protection principles which are communicated to all staff in their induction programme and at regular compliance update sessions subsequently. The Group has data protection policies which are distributed to all staff and incorporated into its procedures manual. The Group has appropriate organisational measures in place to keep all personal information confidential and secure at all times.

The Group has disaster recovery plans which detail the actions the Group can execute for recovery of critical business processes and functions.

REGULATORY BACKGROUND

MAB Limited, MAB (Derby) and Capital Protect are authorised and regulated by the FCA.

MAB Limited and MAB (Derby) are both authorised to provide advice and arrange regulated (first charge) mortgage contracts and to advise on and arrange non-investment insurance products. These entities also hold permissions from the FCA in respect of certain credit broking activities.

Capital Protect is authorised to advise on and arrange non-investment insurance products.

As described above under "Overview of the Group's business", the Group's business is conducted primarily through a network of appointed representatives. MAB Limited and MAB (Derby) have entered into AR Agreements pursuant to section 39 of FSMA as principal with the Appointed Representatives. As principal firms, both MAB Limited and MAB (Derby) are responsible for the conduct of the regulated activities undertaken by the Appointed Representatives and are required to establish systems and controls for the supervision of the Appointed Representatives and to monitor their activities.

MAB Limited, MAB (Derby) and Capital Protect each maintain capital resources at a level that satisfies their respective regulatory capital requirements. Each of these companies have surplus regulatory capital. The Group reviews the regulatory capital requirements of each of the regulated entities on an on-going basis.

Whilst the MMR (as discussed above) mainly places significant new requirements on mortgage lenders, it also introduced new requirements for mortgage intermediaries, such as ensuring that all interactive mortgage sales take place on an advised basis, a requirement for the firm to act in the customer's best interests and for each seller to hold appropriate mortgage qualifications. The Group complies with all requirements arising out of the MMR.

All Group products are subject to a fully advised sales process. Mortgage payment protection insurance has been (and is) sold by the Group on an advised basis, but no similar payment protection products have been sold as part of any arrangement on personal loans or credit cards; products the Group has never provided.

The Group does not advise on equity release mortgages (instead referring such customers to a specialist firm outside the Group), and the Group's general strategy on products outside its core expertise is to have commercial arrangements in place with selected third parties instead of building such expertise itself. A further example of this is the new joint venture, MAB Wealth Management.

Considering the revenue of the Group, and the large number of transactions that comprises, the Directors consider that the number of complaints received is relatively low. By way of example, in 2013, circa 800 complaints were received in total, circa 300 of which related to activities where MAB has regulatory responsibility.

Of the circa 800 complaints, redress was paid on fewer than 160 cases and the total compensation was less than £90,000. All redress amounts are charged by the Group to the relevant AR, by deduction from their commission payments and hence there should be negligible cost to the Group.

Please see Part V of this document for further information regarding the Group's regulatory oversight.

DIRECTORS

Brief biographies of the Directors are set out below. Paragraph 6 of Part VI of this document contains further details of current and past directorships and certain other important information regarding the Directors.

Katherine Innes Ker, aged 54 – *Non-executive Chairman*

Katherine has extensive executive and non-executive director experience. She is Senior Independent Director of The Go-Ahead Group plc and of Tribal Group plc, and a non-executive director of Colt

Group S.A. Her experience as a Chairman includes The Television Corporation, Shed Media plc and Victoria Carpets plc and she was Deputy Chairman of Marine Farms S.A. She has been a non-executive director of, amongst others, St Modwen Properties Plc, Taylor Wimpey plc, Taylor Woodrow plc, Fibernet plc, Williams Lea plc, S&U plc and Gyrus Group plc. She is a member of the Management Board of the University of Oxford Institute of Human Rights, and an independent director of the Remuneration Committee, Balliol College, Oxford.

Peter Brodnicki, aged 52 – *Chief Executive Officer*

Peter was one of the founders of MAB in 2000. He has over 28 years' mortgage and financial services experience. Immediately prior to founding MAB, he was with Legal & General for five years where he held the position of Head of the Estate Agency Network, and also latterly as Recruitment Director. Peter's experience prior to Legal & General includes sales and management roles at Albany Life, before which Peter was at John Charcol. Peter has received a number of industry awards during his time at MAB, including Business Leader of the Year (three consecutive years), Mortgage Strategist of the Year, and the Industry's Most Influential Person.

David Preece, aged 54 – *Chief Operating Officer*

In 2004, David joined MAB and was appointed Operations Director. He has over 36 years' mortgage and financial services experience, and qualified as an Associate of the Chartered Institute of Bankers (ACIB). He had a 23 year career at NatWest, including a period as Senior Manager at NatWest Group Financial Control. He moved to a senior management role within the NatWest mortgage business where he spent six years, and during such time was promoted to Head of Mortgage Operations. David joined the Britannia Building Society in 2000 as Head of Membership Services, responsible for Britannia's mortgage, savings and general insurance operations, and was appointed a director of a number of Britannia subsidiaries prior to his departure in late 2003.

Paul Robinson, aged 58 – *Finance Director*

Paul was one of the founders of MAB in 2000 and has been its Finance Director since. Paul qualified as a Chartered Accountant in 1980 and joined Ernst and Young where he worked for 13 years, latterly as a senior audit manager. His work involved dealing with both quoted and unquoted companies, including some in the financial services sector. Paul left Ernst & Young in 1993 to establish his own accountancy practice, offering his services as finance director to a number of small businesses. During this time, he advised on a number of acquisitions and disposals, provided tax advice, and was involved in fundraising for his clients. Paul recently ceased acting as finance director for the majority of those clients in order to commit at least 50 per cent. of his time to MAB, ensuring he could continue to prioritise MAB over his practice clients.

Nathan Imlach, aged 45 – *Senior Independent Non-executive Director*

Nathan is Finance Director of AIM listed Mattioli Woods plc. He qualified as a Chartered Accountant in 1993 with Ernst & Young, specialising in providing mergers and acquisitions advice to a broad range of quoted and unquoted clients in the UK and abroad. Nathan is also a director of Custodian Capital Limited, the discretionary investment manager of Custodian REIT plc, a property investment company listed on the main market of London Stock Exchange. He is a Fellow of the Chartered Institute for Securities & Investment and holds the Corporate Finance qualification from the Institute of Chartered Accountants in England and Wales. Nathan is also a trustee of Leicester Grammar School.

Richard Verdin, aged 50 – *Independent Non-executive Director*

Richard is Chief Marketing Officer at RGA UK Services Limited. He has over 25 years' experience in financial services, primarily in the life insurance sector. He has held senior management positions at Legal & General and spent six years as an executive director at Direct Life, one of the UK's leading life insurance brokers. For five years until 2013, he was Protection Director at Aviva UK Life, where he was also latterly a non-executive director of Aviva's life and pensions business in Ireland. Richard has previously been Chairman of the ABI Protection Committee and chaired the Sergeant Review HMT/ABI Simple Products Protection Working Group.

SENIOR MANAGEMENT

The Board is supported by an experienced senior management team. The team includes Stewart Baker (Compliance Director), Donna Brenchley (E-Commerce Director), Janet Finnity (Financial Controller), Andy Frankish (New Homes Director), Ian Giles (Brand & Marketing Director), Gareth Herbert (National Sales Director) and Brian Murphy (Head of Lending).

CORPORATE GOVERNANCE

The Board is committed to achieving high standards of corporate governance, integrity and business ethics. Under the AIM Rules the Group is not required to comply with the provisions of the new edition of UK Corporate Governance Code (formerly the Combined Code) issued by the Financial Reporting Council in September 2012 ("the Code"). Whilst, the Code has not been applied in full, the Board has taken into consideration the QCA Corporate Governance Code for Small and Mid-Size Quoted Companies produced by the Quoted Companies Alliance, and taken steps to apply the principles of the Code in so far as it can be applied practically, given the size of the Group and the nature of its operations.

With effect from Admission, the Board has established an audit committee (the **Audit Committee**), a remuneration committee (the **Remuneration Committee**), a nominations committee (the **Nominations Committee**) and a risk and compliance committee (the **Risk and Compliance Committee**).

The Audit Committee will be chaired by Nathan Imlach. Its other members will be Katherine Innes Ker, Richard Verdin and Paul Robinson. The Audit Committee will have primary responsibility for monitoring the quality of internal controls and ensuring that the financial performance of the Company is properly measured and reported on. It will receive and review reports from the Company's management and auditors relating to the interim and annual accounts and the accounting and internal control systems in use throughout the Group. The Audit Committee will meet at least three times a year and will have unrestricted access to the Company's auditors.

The Remuneration Committee will be chaired by Katherine Innes Ker. Its other members will be Nathan Imlach and Richard Verdin. The Remuneration Committee will review the performance of the Executive Directors and make recommendations to the Board on matters relating to their remuneration and terms of employment. The Remuneration Committee will also make recommendations to the Board on proposals for the granting of share options and other equity incentives pursuant to any share option scheme or equity incentive scheme in operation from time to time. The remuneration and terms and conditions of appointment of the Non-executive Directors of the Company will be set by the Board.

The Nominations Committee will be chaired by Katherine Innes Ker. Its other members will be Richard Verdin, Peter Brodnicki and Nathan Imlach. The Nominations Committee will assist the Board in discharging its responsibilities relating to the composition of the Board, performance of Board members, induction of new directors, appointment of committee members and succession planning for senior management. The Nominations Committee is responsible for evaluating the balance of skills, knowledge, diversity and experience on the Board, the size, structure and composition of the Board, retirements and appointments of additional and replacement directors and makes appropriate recommendations to the Board on such matters. The Nominations Committee prepares a description of the role and capabilities required for a particular appointment. The Nominations Committee will meet formally at least twice a year and otherwise as required.

The Risk and Compliance Committee will be chaired by Richard Verdin. Its other members will be Katherine Innes Ker, Nathan Imlach and David Preece. The Risk and Compliance Committee will have primary responsibility for reviewing the effectiveness of the Company's internal controls, compliance and risk management systems and providing oversight and advice to the Board in relation to current and potential risk exposures of the Group and future risk strategy, reviewing and approving various formal reporting requirements and promoting a risk awareness culture within the Group. In addition, the responsibilities of the Risk and Compliance Committee include advising the Board on the Company's risk strategy, risk policies and current risk exposures; overseeing the implementation and maintenance of the overall compliance and risk management framework and systems; and reviewing the Company's risk assessment processes and capability to identify and manage new risks.

SHARE DEALING CODE

The Company has adopted, with effect from Admission, a share dealing code for Directors and applicable employees of the Group for the purpose of ensuring compliance by such persons with the provisions of the AIM Rules relating to dealings in the Company's securities (including, in particular, dealing during close periods in accordance with Rule 21 of the AIM Rules). The Directors consider that this share dealing code is appropriate for a company whose shares are admitted to trading on AIM.

REASONS FOR THE PLACING AND ADMISSION

The Group currently has a high profile in its industry and amongst relevant consumers. The Directors believe that Admission will further raise the Group's profile and brand awareness, and should therefore provide further opportunities for growth.

The Placing will enable the longstanding Executive Directors and senior management of the Group to realise part of their investments in the Company, whilst still retaining in excess of 60 per cent. of their individual shareholdings.

The Placing will enable two significant shareholders, Peter Birch (a former director) and Nicola Birch, to sell their entire shareholdings in the Company. They originally acquired their holdings as consideration for the sale of the Mortgage Talk Group to the Company in 2012. Since this acquisition, their involvement in the business has considerably reduced and both are expected to leave the business following Admission.

Admission will also enable the Group to implement schemes which encourage participation of all employees in share ownership and incentivise members of the senior executive team, particularly those who are not currently shareholders.

Although no new money is being raised by the Company on Admission, Admission will provide a more flexible capital structure for future growth for the Company through the ability to raise new equity or issue new shares for acquisitions or other transactions.

DETAILS OF THE PLACING AND ADMISSION

In relation to the Placing, the Company and Canaccord Genuity have entered into the Placing Agreement with the Majority Selling Shareholders (including the Directors) and have entered into the Minority Selling Shareholdings Agreement with the Minority Selling Shareholders. Pursuant to the Placing Agreement and the Minority Selling Shareholders Agreement, and subject to certain conditions, Canaccord Genuity has conditionally agreed to use its reasonable endeavours to procure purchasers for the Placing Shares to be sold by the Selling Shareholders under the Placing. Following Admission, the Placing Shares will represent approximately 45 per cent. of the Share Capital.

The Placing will raise approximately £36.3 million (before expenses) for the Selling Shareholders.

The Placing Agreement and the Minority Selling Shareholders Agreement are each conditional, *inter alia*, upon Admission having become effective by not later than 8.00 a.m. on 14 November 2014 or such later time and date, being not later than 8.00 a.m. on 28 November 2014, as the Company and Canaccord Genuity shall agree.

Further details of the Placing Agreement and the Minority Selling Shareholders Agreement are set out in paragraph 11.1 and paragraph 11.2 of Part VI of this document and the terms and conditions of the Placing are set out in Part VII of this document.

LOCK-IN ARRANGEMENTS AND RELATIONSHIP AGREEMENT

Lock-in arrangements

Each of the Directors and the Selling Shareholders (together the **Covenantors**), holding, in aggregate, 99.93 per cent. of the Ordinary Shares (prior to Admission) and approximately 55 per cent. of the Ordinary Shares (post Admission), has undertaken to the Company and Canaccord Genuity (subject to certain limited exceptions including transfers to connected persons (within the meaning of section 252 of the Act) or to trustees for their benefit and disposals by way of acceptance of a recommended takeover offer of the entire issued Share Capital of the Company) not to dispose of the Ordinary Shares held by each of them (and their connected persons) on Admission (the **Restricted Shares**) or any other shares which may accrue to them as a result of their holding of Ordinary Shares (or any interest in them or in respect of them) at any time from Admission and prior to the date of publication of the Company's annual report and audited accounts in respect of the year ending 31 December 2015 (the **Lock-in Period**) without the prior written consent of Canaccord Genuity.

Furthermore, each of the Covenantors has also undertaken to the Company and Canaccord Genuity not to dispose of the Restricted Shares for the period of 12 months following the expiry of the Lock-in Period otherwise than through Canaccord Genuity (or such other person as may be the broker for the Company at such time on an orderly market basis), provided that the terms offered by Canaccord Genuity (or such other broker, as the case may be) are broadly comparable with terms being offered by other brokers for doing so.

Further details of these arrangements are set out in paragraph 11.3 of Part VI of this document.

Relationship Agreement

In light of Peter Brodnicki's shareholding in the Share Capital immediately following Admission (approximately 36 per cent. of the Share Capital), as set out in paragraph 7 of Part VI of this document,

Peter Brodnicki has entered into the Relationship Agreement in order to regulate the relationship between him and the Company.

Further details of the Relationship Agreement are set out in paragraph 11.5 of Part VI of this document.

EMPLOYEE SHARE INCENTIVE SCHEMES

The Directors believe that the success of the Group will depend to a significant degree on the future performance of the Group's senior management team. The Directors also recognise the importance of ensuring that all employees are well motivated and identify closely with the success of the Group.

Accordingly, the Company has established the Executive Plan and the SIP.

Further details of the Employee Share Incentive Schemes are set out in paragraph 8 of Part VI of this document. Details of options granted to the Directors under the Executive Plan are set out in paragraph 7.2 of Part VI of this document.

TAXATION

Information regarding taxation in relation to the Placing and Admission is set out in paragraph 10 in Part VI of this document. If you are in any doubt as to your tax position you should consult your own independent financial adviser immediately.

THE CITY CODE ON TAKEOVERS AND MERGERS

The Company is incorporated in the UK and its Ordinary Shares will be admitted to trading on AIM. Accordingly, the City Code applies to the Company.

Under Rule 9 of the City Code (**Rule 9**), any person who acquires an interest in shares (as defined in the City Code), whether by a series of transactions over a period of time or not, which (taken together with shares in which persons acting in concert (as defined in the City Code) with him) are interested in aggregate, carry 30 per cent. or more of the voting rights of a company which is subject to the City Code, that person is normally required by the Panel to make a general offer to all of the remaining shareholders to acquire their shares.

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

An offer under Rule 9 must be in cash or be accompanied by a cash alternative and at the highest price paid by the person required to make the offer, or any person acting in concert with him, for any interest in shares of a company during the 12 months prior to the announcement of the offer.

Under the City Code, a concert party arises where persons who, pursuant to an agreement or understanding (whether formal or informal), co-operate to obtain or consolidate control (as defined below) of a company or to frustrate the successful outcome of an offer for a company. **Control** means an interest or interests in shares carrying in aggregate 30 per cent. or more of the voting rights of a company, irrespective of whether such interest or interests give de facto control.

On Admission, Peter Brodnicki will hold approximately 36 per cent. of the Share Capital. In addition, the Panel considers each of the Executive Directors (Peter Brodnicki, Paul Robinson, and David Proccc) together with Michelle Draycott (an employee since the Company was founded and a Shareholder) as persons acting in concert for the purposes of the City Code. On Admission, the Concert Party will hold 24,641,000 Ordinary Shares, in aggregate, representing approximately 49 per cent. of the Share Capital.

Except with the consent of the Panel and save as disclosed below in respect of the Executive Plan and the Free Shares, none of the Concert Party (or their connected persons) will individually be able to acquire any additional interests in Ordinary Shares without triggering an obligation under Rule 9 of the City Code.

Rule 9 disclosures

The members of the Concert Party and their interests in the Ordinary Shares are set out below:

	Number of Ordinary Shares as at the date of this document	% of the issued Ordinary Share capital prior to Placing	% of Share Capital following the Placing	Maximum no. of Ordinary Shares under share options following Admission	Maximum no. of Ordinary Shares following exercise of maximum share options ⁽⁵⁾	Maximum % of Company following Admission following exercise of all options by Concert Party Members only under Executive Plan ⁽⁶⁾
Concert Party Members						
Peter Brodnicki ⁽¹⁾	26,922,400	53.30	35.89	325,000	18,451,400	40.34
David Preece ⁽²⁾	4,007,800	7.93	5.10	275,000	2,849,800	6.23
Paul Robinson ⁽³⁾	3,166,400	6.27	5.10	100,000	2,674,400	5.85
Michelle Draycott ⁽⁴⁾	1,999,400	3.96	2.70	–	1,365,400	2.98
Total	36,096,000	71.46	48.781	700,000	25,341,000	55.40

Notes:

- (1) includes shares held by the Peter Brodnicki Trust of which Peter Brodnicki is a beneficiary and shares to be held by the SIP on his behalf.
- (2) includes shares to be held in the SIP on behalf of David Preece and on behalf of his wife, Alison Preece.
- (3) includes shares held by the Paul Robinson Trust of which Paul Robinson is a beneficiary and shares to be held by the SIP on his behalf.
- (4) includes shares to be held by the SIP on behalf of Michelle Draycott.
- (5) on the basis that the maximum number of options have been exercised by each of the Executive Directors under the Executive Plan.
- (6) on the basis that the maximum number of options have been exercised by each of the Executive Directors under the Executive Plan and that no other party exercises options under the Executive Plan and that the maximum number of shares are bought back by the Company (as described below) with none of the Concert Party participating in the buyback.

Authority of the Company to purchase its own shares

When a company redeems or purchases its own voting shares, under Rule 37 of the City Code any resulting increase in the percentage of shares carrying voting rights in which a person or group of persons acting in concert is interested will be treated as an acquisition for the purpose of Rule 9 of the City Code. Rule 37 of the City Code provides that, subject to prior consultation, the Panel will normally waive any resulting obligation to make a general offer if there is a vote of independent shareholders and a procedure along the lines of that set out in Appendix 1 to the City Code is followed.

Appendix 1 to the City Code sets out the procedure which should be followed in obtaining that consent of independent shareholders. Under Note 1 on Rule 37 of the City Code, a person who comes to exceed the limits in Rule 9.1 in consequence of a company's purchase of its own shares will not normally incur an obligation to make a mandatory offer unless that person is a director, or the relationship of the person with any one or more of the directors is such that the person is, or is presumed to be, acting in concert with any of the directors. However, there is no presumption that all the directors (or any two or more directors) are acting in concert solely by reason of a proposed purchase by a company of its own shares, or the decision to seek shareholders' authority for any such purchase.

Subject to certain limits, the Company has authority to purchase Ordinary Shares under the terms of the Shareholder resolutions summarised in paragraph 2.17 of Part VI of this document. The maximum number of Ordinary Shares that the Company may purchase under this authority is 5,465,979. The authority is due to expire at the conclusion of the first annual general meeting of the Company held following Admission.

If, prior to such expiry:

- the Company were to exercise that authority in full; and
- none of the Ordinary Shares which the Concert Party holds is purchased by the Company under that authority and no Ordinary Shares had been newly issued by the Company, including to satisfy the exercise of share options, between the date of Admission and the date that the authority is fully exercised,

then the shareholding in the Company in which the Concert Party is interested would increase to approximately 55 per cent.

This increase would be less to the extent that any of the Concert Party's Ordinary Shares are purchased by the Company.

Notwithstanding the provisions of Rule 37 of the City Code, the Panel has confirmed to the Company that it will not require any of the Concert Party (or their connected parties) to make a mandatory offer under Rule 9 of the City Code on the grounds that its interest in the Ordinary Shares has increased as a result only of the purchase by the Company of its own shares pursuant to the authority conferred by the Shareholder resolutions summarised above. This confirmation has been given by the Panel on the basis that the consequences of such a purchase by the Company of its own shares has been fully disclosed to prospective investors in this Admission Document.

The Company currently expects to seek renewal of this authority from Shareholders at the first annual general meeting of the Company held following Admission and to seek independent Shareholder consent to waiver, pursuant to Rule 37 and Appendix 1 to the City Code, in respect of any renewed authority to purchase Ordinary Shares that is sought. The granting of the waiver will then also be subject to approval from the Panel, without which Rule 9 of the City Code will apply with respect to increases in interests in Ordinary Shares in the Company caused by the purchase by the Company of its own shares.

Participation in Executive Plan and free shares awarded under the SIP

The maximum position of the Concert Party following the exercise of options under the Executive Plan is as set out in the table above. The holdings of Ordinary Shares also includes 400 shares ("Free Shares") agreed to be awarded to each Concert Party member and Mrs Alison Preece.

The Panel has confirmed, that it would not require any of the Concert Party (or their connected persons) to make a mandatory offer under Rule 9 of the City Code on the grounds that its or their interest in the Ordinary Shares increased as a result of the grant or vesting of options to them (or their connected parties) under the Executive Plan or by the allocation or distribution of the Free Shares by the SIP Trust. This confirmation has been given by the Panel on the basis that the consequences of such grant or vesting (or allocation or distribution) has been fully disclosed to prospective investors in this Admission Document.

Consequences of the Concert Party holding in excess of 50 per cent. of the issued share capital

In the event that the Concert Party was to hold in aggregate greater than 50 per cent. of the issued share capital, the acquisition of any additional Ordinary Shares (whether by, *inter alia*, subscription or on the exercise of share options) by any of the Concert Party will not normally result in an obligation to make a general offer, in cash, to the Shareholders to acquire the balance of the Ordinary Shares in issue at the time at the highest price for Ordinary Shares paid by any member of the Concert Party in the previous 12 months. However, subject to certain considerations, the Panel may regard as giving rise to an obligation to make an offer the acquisition by a single member of the Concert Party of an interest in shares sufficient to increase the shares carrying voting rights in which that member is interested to 30 per cent. or more, or if he is already interested in 30 per cent. or more (but less than 50 per cent.), which increases the shares carrying voting rights in which he is interested.

ADMISSION, SETTLEMENT AND DEALINGS

Application has been made to the London Stock Exchange for all of the Ordinary Shares to be admitted to trading on AIM. It is expected that conditional dealings in the Ordinary Shares (on a "when issued" basis) will commence on AIM on 11 November 2014. It is expected that Admission will become effective and that unconditional dealings in the Ordinary Shares will commence on the London Stock Exchange at 8.00 a.m. on 14 November 2014. 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 of no effect if Admission does not take place and such dealings will be at the sole risk of the parties concerned.

No temporary documents of title will be issued. All documents sent by or to a placee, or at his direction, will be sent through the post at the placee's risk. Pending the despatch of definitive share certificates, instruments of transfer will be certified against the register of members of the Company.

The Company has applied for the Ordinary Shares to be admitted to CREST and it is expected that the Ordinary Shares will be so admitted and accordingly enabled for settlement in CREST on the date of Admission. Accordingly, settlement of transactions in Ordinary Shares following Admission may take

place within the CREST system if any individual Shareholder so wishes provided such person is a system member (as defined in the CREST Regulations) in relation to CREST.

CREST is a paperless settlement system enabling securities to be evidenced otherwise than by certificate and transferred otherwise than by written instrument in accordance with the CREST Regulations. The Articles permit the holding of Ordinary Shares in uncertificated form in accordance with the CREST Regulations. CREST is a voluntary system and holders of Ordinary Shares who wish to receive and retain share certificates will be able to do so.

FURTHER INFORMATION

Your attention is drawn to Part II of this document which contains certain risk factors relating to any investment in the Company and to Parts III to VII of this document which contain further additional information on the Group and the Placing.

PART II

RISK FACTORS

Any investment in the Ordinary Shares is subject to a number of risks. Before making an investment decision with respect to the Ordinary Shares, prospective investors should carefully consider the risks associated with an investment in the Company, the Group's business and the industry in which the Group operates, in addition to all of the other information set out in this document and, in particular, those risks described below.

If any of the circumstances identified in the risk factors were to materialise, the Group's business, financial condition, results of operations and future prospects could be adversely affected and investors may lose all or part of their investment. Certain risks of which the Directors are aware at the date of this document and which they consider material to prospective investors are set out in the risk factors below; however, further risks and uncertainties relating to the Group which are not currently known to the Directors, or that the Directors do not currently deem material, may also have an adverse effect on the Group's business, financial condition, results of operations and future prospects. If this occurs, the price of the Ordinary Shares may decline and investors may lose all or part of their investment. An investment in the Group may not be suitable for all recipients of this document. Potential investors are therefore strongly recommended to consult an independent financial adviser authorised under FSMA and who specialises in advising upon the acquisition of shares and other securities before making a decision to invest.

RISKS RELATING TO THE GROUP'S BUSINESS

The Group's market share and business position may be adversely affected by economic, political and market factors beyond the Group's control

The market in which the Group operates is directly affected by many national and international factors that are beyond its control. Any of the following factors, among others, may cause a substantial decline in the market in which the Group offers its services: economic, stock market and political conditions, including UK monetary policy; the level and volatility of the UK property market; concerns about inflation; changes in consumer confidence levels; legislative and regulatory changes including any impact on the mortgage market as a result of the MMR; natural disasters and epidemics; and concerns about terrorism and war. In recent years markets have been affected by the global financial crisis. Worsening or volatile economic conditions could impact consumer confidence and the property market and hence the demand for the Group's services.

Uncertain economic prospects or a decline in the financial and/or property markets could:

- (a) adversely affect the performance of the Group and its reputation;
- (b) result in a deterioration of the Group's competitive position and a reduction in the overall level of its business;
- (c) increase levels of clawback as a result of customers cancelling protection policies; and
- (d) lead to a failure to win new business.

Accordingly, any of these factors could have a material adverse effect on the Group's business, sales, results of operations, financial condition and growth prospects.

The Group's UK market is highly competitive

The Group's UK market is highly competitive. Whilst the Directors consider that the Group's business model has a number of distinguishing features from those of many of its competitors in the mortgage intermediary market, consumers have a wide range of intermediaries to choose from and can also arrange their mortgages and related products directly with lenders. The Group's competitors include national networks, local networks and directly authorised intermediary firms.

In addition, the use of the internet as a research tool by consumers who can identify a specific lender to whom to directly apply for a mortgage product also represents an additional source of competition. The development of new technologies targeting the consumer through the internet could lead to an increased level of such competition for the Group.

The growth strategy of the Group is partly dependent upon the recruitment of new ARs. Due to competition between networks to recruit appointed representatives, there can be no guarantee that the Group will be successful in this element of its strategy.

The Group competes on the basis of brand recognition, business reputation, the range of products, quality of service and the level of fees for services. Any failure by the Group to compete effectively in the UK market could lead to a loss of business and/or a failure to win new business, each of which could lead to reduced profit margins and have an adverse effect on the Group's business, results of operations, financial condition and growth prospects.

The Group operates in an evolving regulatory environment

The regulated environment in which the Group operates is evolving, particularly following the recent global economic crisis and political concerns, at national, EU and international levels, about the operations of the financial services industry.

Recent and proposed regulatory changes including MMR, the forthcoming European Mortgage Credit Directive and any changes to the regulation of buy-to-let mortgages have, and will have, an effect on the regulatory environment within which the Group operates. Any change in the laws and regulations governing the Group's business or in the interpretation or application thereof by the FCA or other regulators in the UK or other jurisdictions, or by a court or other relevant person, or an adverse outcome of a regulatory review of the Group or its Directors, employees or Appointed Representatives could also affect the products and services which the Group is able to offer and/or to whom and where it may offer them or the fees it is able to charge for such products and services or may increase the Group's regulatory compliance costs which may result in reducing the Group's margins. Furthermore, regulatory change could adversely affect the ability of the Group to retain personnel, including as a result of the impact of any changes in regulations relating to remuneration. Any of these factors could have an adverse effect on the Group's business, results of operations, financial condition and growth prospects.

The Group is subject to extensive regulation. The Group may fail, or be held to have failed to comply with regulations. In addition, such regulations may change making compliance more onerous

The FCA is the sole regulator for the Group. The withdrawal of, or an amendment to, any regulatory approval required by a Group Company or any of its Directors or employees for the Group's business could result in the cessation of, or an adverse change in, the Group's business or part thereof.

The FCA has broad regulatory powers dealing with all aspects of financial services, including the authority to grant, and in specific circumstances to vary or cancel, permissions and to regulate marketing and sales practices, advertising and the maintenance of adequate financial resources. The FCA has effected greater regulatory scrutiny over the financial institutions it regulates over recent years and it is expected that this will continue for the foreseeable future, particularly in relation to compliance with new and existing corporate governance rules and remuneration, conduct of business, client protection, anti-money laundering, anti-terrorism laws and regulations, as well as the provisions of applicable sanctions.

The FCA and other regulators have in the past and may in the future make enquiries of companies operating within their jurisdiction regarding compliance with regulations governing the conduct of business or the operation of a regulated business (including the degree and sufficiency of supervision of the business by the Company) and the handling and treatment of clients or conduct investigations where it is alleged that regulations (including insider trading laws) have been breached. The FCA and/or other regulators could conclude that the Group and/or its employees have breached applicable regulations or regulatory principles and/or have not undertaken corrective action as required and commence regulatory proceedings which could result in a public reprimand to and/or fines or other regulatory sanctions being imposed upon one or more entities with the Group or any of its Directors or employees. Regulatory proceedings could result in adverse publicity or negative perceptions regarding the Group, restrictions on business activities and/or key personnel and/or fines and other penalties, any of which could result in a loss of revenue, as well as diverting the attention of the Group's management from the day-to-day management of the Group. A significant regulatory action against a member of the Group or any of its Directors or employees or against any of the Appointed Representatives or Advisers could have a material adverse effect on the Group's business, results of operations, financial condition and growth prospects.

Changes in: (i) the extent of the FCA's oversight of the Group's business; (ii) the FCA's interpretation or application of the current rules in respect of regulatory capital; (iii) the Group's regulatory capital requirements (including increases in the amount of regulatory capital required to be held), could, in the longer term, impact upon the Company's surplus working capital and have a material adverse effect on the

Group's business, results of operations, financial condition and growth prospects. The Directors are not, however, currently aware of any changes in regulations that may affect the regulatory capital requirements applicable to the Group in the short to medium term.

The Group is subject to other regulations, laws and contractual restrictions including in respect of data protection and intellectual property rights. Breaches of such rights, laws and contractual restrictions could result in the incurring of liability by the Group and such liability may not be subject to any contractual or other limitations.

A failure to implement the Group's strategy may have an adverse impact on its business, financial and other conditions, profitability and results of operations

The Company has achieved substantial growth in revenues and profits, as described in detail in Part I (*Information on the Group*), Part III (*Historical Financial Information on the Group*) and Part IV (*Unaudited Interim Financial Information on the Group*). There can be no assurance that the Group will be able to continue this growth, either as a result of increasing new business volumes or otherwise, and to maintain its financial performance either at historical or anticipated future levels. In addition, the Group may enter into transactions or undertake initiatives in furtherance of its business. There are no guarantees that such transactions will complete and such initiatives will be successful. Failure to complete such transactions or the lack of success of such initiatives could result in the Group not being able to implement its growth strategies and initiatives. More generally, there is no guarantee that the Group will be successful in any of its growth strategies and initiatives in the UK. The United Kingdom mortgage intermediaries market is competitive and the Group will face competition in this market from other parties already operating in such markets, including those parties who have larger capacity and scale than the Group. Furthermore, the Group may experience constraints in its ability to expand, such as an inability to recruit sufficient Advisers to meet demand. There is therefore no assurance that the Group will be successful in implementing such strategies and initiatives.

The Group may be adversely affected by mistakes and misconduct by its personnel and personnel of its Appointed Representatives, including non-compliance with regulatory procedures

The Group's personnel or the personnel employed or engaged by Appointed Representatives may inadvertently make mistakes or breach applicable laws or regulations in the course of their duties or engage in other improper acts (including in relation to advice given on the suitability of mortgage, insurance and other products). The Company has systems in place designed to prevent and/or mitigate these risks; however, such systems may fail to detect or prevent such acts. Such acts by the Group's personnel or the personnel of Appointed Representatives could lead to reputational damage, regulatory action and financial costs where such costs are not covered by insurance or to other regulatory censures or restrictions both of the Group and the individual concerned, including the suspension or withdrawal of any authorisations that the relevant employee may require in order to perform his duties. This could have an adverse effect on the Group's business, results of operations, financial condition and/or growth prospects.

The Group's business model which is carried on through Appointed Representatives exposes the Group to certain additional risks

The Group carries on business through a network model. The Group does not employ its own Advisers, the vast majority of which are employed or engaged by the Group's Appointed Representatives. The relevant regulated Group Company will retain regulatory responsibility to the FCA in respect of the services provided to customers but day to day interaction with such customers will be through the Advisers who operate from the business premises of the Appointed Representatives. Whilst the terms of the AR Agreements set out the contractual responsibilities of the Appointed Representatives and their Advisers and entitle the Group to terminate such appointments in the event of certain breaches, the relevant regulated Group Company retains regulatory responsibility for the Appointed Representatives and is exposed to the risk that the FCA may consider that it had not taken the appropriate steps or put in place the necessary systems and controls to effectively supervise the activities of the Appointed Representatives and the Advisers. In particular, it is likely that the FCA will be focused on appropriate supervision to ensure that mis-selling of unsuitable products to customers does not occur within the Appointed Representatives and the Advisers. It is possible that future regulatory change will impact on the agreements in place between the relevant Group Company and its Appointed Representatives, which could require the agreements to be redrafted, for example in relation to certain administrative charges. Any action by the FCA or by a customer against the Group may result in financial loss and could have an adverse effect on the Group's business, results of operations, financial condition and reputation. In addition, if a claim were

to be brought against an AR of the Group, the business of that AR may be negatively affected which could in turn have an adverse effect on the Group's business, results of operations, financial condition and reputation.

Whilst the Group has a wide ranging network of Appointed Representatives and there is no major concentration risk arising from the dependence on any one Appointed Representative, the loss of a number of Appointed Representatives through the non-renewal of their AR contracts could have an adverse effect on the Group's business, results of operations and financial condition. Any development or evolution in the structure of the mortgage intermediary market (through a change in regulatory requirements or otherwise) which leads to a move away from, or change in, the Appointed Representative model, and in particular any restrictions on commission-based payments to advisers (including as a result of harmonisation by the FCA of changes to commission-based payments in other sectors of the financial services market) or restrictions on long-term arrangements between mortgage intermediaries and product providers may cause advisers to exit the market, increase the Group's costs or affect the basis of its charging structure and have an adverse effect on the Group's business, results of operations and financial condition.

Whilst the Group seeks to protect itself contractually, including through the terms of its AR Agreements, its rights against the Appointed Representatives and Advisers are dependent upon the successful enforceability of such contracts. Failure to enforce, or recover under, any contracts the Group is a party to, including any indemnity provisions relating to the status or activities of personnel employed by the Appointed Representatives but engaged in the Group's business, could have an adverse effect on the Group's business, results of operations and financial condition.

The Group carries on part of its business through joint venture and other strategic partnerships

The Group has a number of investments in business partners through joint ventures (including with Countrywide) or other minority stakes (including Buildstore and Pinnacle Surveyors). The termination of such joint venture arrangements or the sale or dilution of such stakes will or may impact upon the Group's relationship with such business partners and the absence of revenue derived from such relationships which could have an adverse effect on the Group's business, results of operation or financial condition.

Key management

The Group depends on the services of its key management personnel and, in particular, on the services of Peter Brodnicki and David Preece. Although key man insurance is in place in respect of Peter Brodnicki and David Preece, the loss of the services of any of these persons could have a material adverse effect on the Group's business, financial condition or results of operations. In addition, as the Group's business expands, it may need to add new personnel to service the Group's increased level of business. The Group's success is also highly dependent on its continuing ability to identify, hire, train, motivate and retain key management. Competition for such personnel in the sector can be intense and the Group's personnel are frequently targeted by other companies for recruitment, and the Group cannot give assurances that it will be able to attract or retain such personnel in the future. The Group's inability to attract and retain the necessary management may adversely affect its future growth and profitability.

It may also be necessary for the Group to increase the level of remuneration paid to existing or new employees to such a degree that its operating expenses could be materially increased.

The Group may suffer damage to its brand and reputation

The Group's reputation is one of its most important assets. The strength of its brand and goodwill underpin its customer and market perception. Any deterioration in the market perception of the Group, including pursuant to the loss of key personnel, could lead to a loss of business or a failure to win new business. The Group's reputation could be damaged by factors such as litigation, regulatory action, misconduct, operational failures, mismanagement, breach of data protection legislation in relation to client data, deterioration in its relationships with Appointed Representatives and other business partners, fraud (by employees or by third parties), negative publicity or press speculation (whether or not valid) or a simple deterioration in the performance in all cases, whether in respect of the Group, or its ARs or Advisers.

Directors own personal interests in business partners may give rise to conflicts of interest

The Group originally made certain investments in certain of its business partners which were subsequently transferred from the Group to the shareholders of the Group (including Directors), *pro rata* to their then shareholdings in the Company. In addition, certain of the Directors have made direct personal investments in business partners of the Group.

Whilst the Group seeks to mitigate the risks of a potential conflict of interest arising in relation to the Director's personal interests described above and has a robust conflicts policy which seeks to identify, monitor and manage such conflicts of interest, there may be circumstances where the business and other interests of the Group are not aligned with the interests of the other party. Further, where such personal investment has assisted in the development of the Group's relationship with the relevant business partner, such relationship could be affected by a decision by the relevant Director to dispose of all or part of his investment.

Further details of the above investments and relationships set out in Part I and section 7 (*Directors' and other interests*) of Part VI of this document.

The Group may require additional capital in the longer term, depending on factors such as regulatory changes or the pursuit of its growth strategy. Such additional capital may not be available or may only be available on unfavourable terms

The Group's capital requirements depend on numerous factors, including working capital and minimum regulatory capital requirements. If its capital requirements in the longer term were to vary materially from those which the Directors currently anticipate, or if the Group requires significantly more capital for its expansion than currently anticipated, the Group might require financing. In order to be able to make the necessary payment, the Group may need to obtain borrowing facilities or seek to raise funds in the capital markets, failing which it would have to raise additional capital from Shareholders. There can be no assurance that the Company will be able to raise additional funds, whether in the form of debt or equity, when needed or that such funds will be available on terms favourable to it.

A number of factors (including conditions in the credit, debt and equity markets and general economic conditions) may make it difficult for the Company to obtain additional financing or raise capital on favourable terms or at all. If, in the longer term, the Company fails to raise additional funds when needed or to obtain such funds on favourable terms, it could have a material adverse effect on the Group's business, results of operations, financial condition and growth prospects.

System failures and breaches of security

The successful operation of the Group's business depends upon maintaining the integrity of the Group's computer, communication and information technology systems. In particular, the operations of the Group and the Appointed Representatives are dependent on MIDAS, the Group's proprietary software. These systems and operations are vulnerable to damage, breakdown or interruption from events which are beyond the Group's control, such as fire, flood and other natural disasters; power loss or telecommunications or data network failures; improper or negligent operation of the Group's system by employees, or unauthorised physical or electronic access; and interruptions to internet system integrity generally as a result of cyber attacks by computer hackers or viruses or other types of security breaches. Further, any modifications or upgrades to any information technology systems, including MIDAS, could result in interruption to the Group's business. Any such damage or interruption could cause significant disruption to the operations of the Group and its ability to trade. This could be harmful to the Group's business, financial condition and reputation and could deter current or potential customers from using its services.

There can be no guarantee that the Group's security measures in relation to its computer, communication and information systems will protect it from all potential breaches of security, and any such breach of security could have an adverse effect on the Group's business, results of operations and/or financial condition.

Sufficiency of provision for clawback of commissions paid

Income received on life and other protection products depends upon the customer continuing to pay premiums for the earnings period. Should the customer fail to maintain payment of premiums during the earnings period, part of the commission received by the Group is reclaimed by the life or other protection provider. Appointed Representatives are liable for a majority of the commission clawed back from the Group by the life or other protection provider. Whilst the Directors believe that adequate provision has been made for the Group's share of the likely level of lapses by way of a commission claw back provision in the accounts, the level of commission that may be clawed back in the future by its very nature cannot be quantified precisely since it depends upon future unknown events. The provision is calculated on the basis of expected lapse rates which are based upon historic data and which may not be an accurate guide to lapse rates in future periods (although there is no indication that lapse rates will not be similar to past periods). If the provision proves to be insufficient, this could have an adverse effect on the Group's business, results of operations, financial condition and/or growth prospects.

Fee structures

A proportion of the Group's income is attributable to payments of commission made to it by insurance and other product providers linked to the value of the underlying premium. As described under "*Revenue and cash*" in Part I of this Document, these payments are split with Appointed Representatives. The industry has been subject to a significant regulatory review and part of the FCA's consideration has been in relation to payment structures. However, future changes in the regulatory environment (owing to new national or EU regulations or a change in the approach of the FCA or its requirements) could impact upon the way in which such commissions or payments are structured or calculated and could have an adverse effect upon the Group's revenue sources and thus its results of operations and financial condition.

Agreements with insurance providers

As described under "*Products available through the Group*" within the "*Overview of the Group's business*" paragraph in Part I of this document, the Group provides, and is paid for, the distribution of a range of insurance products provided by certain providers including Legal & General, PruProtect, Friends Life and Bright Grey. The Group has contracts in place with each of these providers.

Any material change in the strategies or objectives of such providers, the non-renewal of these contracts upon their expiry, or their early termination for any material breach could have an adverse effect on the Group's business, results of operations and financial condition.

In addition, the Group has adopted the L&G Mortgage Club as its mortgage panel. Should L&G cease to operate its mortgage panel, or should MAB cease to have access to such panel, MAB would need to identify an alternative panel, or establish a new panel which it would host. The inability to identify or establish a new panel could have an adverse effect on the Group's business, results of operations and financial condition.

The Group's operations could be adversely affected by external events and amounts recoverable under its insurance policies may be limited

The Group's business operations, information systems and processes are vulnerable to damage or interruption from fire, extreme weather conditions, power loss, systems or telecommunication failure, bomb threats, explosions or other forms of terrorist activity and other natural and man-made disasters. These operations, information systems and processes may also be subject to sabotage, computer hacking, vandalism, theft and similar misconduct. Whilst the Group has in place disaster recovery and business continuity plans, there can be no assurance that any external suppliers of services have appropriate disaster recovery and business continuity plans covering all possible contingencies or that the disaster recovery plans of the Group and/or of its service providers will work as intended or do so in all the circumstances envisaged by such plans and/or without any disruption to the business of the Group.

Although the Group maintains insurance cover that includes property damage and business interruption, full recovery under the insurance policy may not be possible in every case, and the loss resulting from a loss of business continuity may exceed the policy limit. For the reasons set out above, a loss of business continuity could have an adverse impact on the Group's reputation and brand, business, results of operations, financial condition and growth prospects.

RISKS RELATING TO THE ORDINARY SHARES

Investment in AIM securities

An investment in shares traded on AIM is perceived to involve a higher degree of risk and to be less liquid than investment in companies whose shares are listed on the Official List and traded on the London Stock Exchange's main market for listed securities. An investment in Ordinary Shares may be difficult to realise. Prospective investors should be aware that the value of Ordinary Shares may go down as well as up and that the market price of the Ordinary Shares may not reflect the underlying value of the Group. Investors may, therefore, realise less than, or lose all of, their investment.

Potentially volatile share price and liquidity

The share price of quoted emerging companies can be highly volatile and shareholdings illiquid. The price at which the Ordinary Shares are quoted and the price which investors may realise for their Ordinary Shares may be influenced by a significant number of factors, some specific to the Group and its operations and some which affect quoted companies generally. These factors could include the performance of the Group, large purchases or sales of Ordinary Shares, legislative changes and general, economic, political or regulatory conditions.

Share price effect of sales of Ordinary Shares

The market price of Ordinary Shares could decline significantly as a result of any sales of Ordinary Shares by certain Shareholders following the expiry of the relevant lock-in periods, details of which are set out in Parts I and VI of this document, or the expectation or belief that sales of such Ordinary Shares may occur.

Interests of major Shareholders

On Admission, Peter Brodnicki will hold approximately 36 per cent. of the Share Capital. He may be able to exercise significant influence over the Company and the Group's operations, business strategy and those corporate actions that require the approval of the Shareholders.

In order to regulate the relationship between him and the Company, Peter Brodnicki has, however, entered into the Relationship Agreement. The Relationship Agreement includes undertakings that Peter Brodnicki: (i) will, and will procure that his associates will ensure that all future agreements, arrangements or transactions between it and/or any of its associates, on the one hand, and the Company and/or any member of its Group, on the other hand, will be conducted at arm's length and on normal commercial terms and in accordance with the rules regarding "related party transactions"; (ii) will not, and will procure that his associates will not, take any action that has or would have the effect of preventing the Company from complying with its obligations under the AIM Rules for Companies; (iii) will not, and will procure that his associates will 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 AIM Rules; and (iv) will not, and will procure that his associates will not, seek to de-list the Company's Ordinary Shares from trading on AIM in the two year period from Admission (except in certain circumstances). The Relationship Agreement also contains a standstill for a period of two years from Admission on the acquisition of further shares by Peter Brodnicki and his associates.

Details of the Relationship Agreement are set out in Parts I and VI of this document.

Minority Shareholders may have difficulty affecting the outcome of Shareholders' votes

Following Admission, Peter Brodnicki will own approximately 36 per cent. and the Directors (including Peter Brodnicki), senior managers and other employees will own approximately 52 per cent. of the issued Share Capital of the Company. Accordingly, these Shareholders will, through the votes they will be able to exercise at general meetings of the Company, be able to exercise a significant degree of influence over the outcome of certain matters to be considered by Shareholders if only a relatively small percentage of the other Shareholders vote in a like manner, including:

- the election of Directors;
- a change of control in the Company, which could deprive Shareholders of an opportunity to earn a premium for the sale of their Ordinary Shares over the then prevailing market price;
- substantial mergers or other business combinations;
- the acquisition or disposal of substantial assets;
- the issuance of equity securities; and
- the payment of any dividends on the Ordinary Shares.

The concentration of ownership in these Shareholders may have the effect of delaying, deferring or preventing a change of control, merger, consolidation, takeover or other business combination or discouraging a potential acquirer from making a tender offer or otherwise attempting to obtain control of the Company, which in turn could have an adverse effect on the trading price of the Ordinary Shares. There can be no assurance that the interests of any of these Shareholders will in all cases be aligned with those of the Group or of other Shareholders.

The Company's ability to pay dividends in the future depends, amongst other things, on the Group's financial performance and capital requirements and is therefore not guaranteed

The Company's ability to pay dividends in the future depends, amongst other things, on the Group's financial performance and capital requirements and is therefore not guaranteed. The Company's dividend policy is described in Part I (*Information on the Group*) and should not be construed as a dividend forecast. As a holding company, the Company's ability to pay dividends in the future is affected by a number of factors, principally the generation of distributable profits within its Group and the receipt of sufficient dividends from its subsidiaries. Under English law, a company can only pay cash dividends to the extent

that it has distributable reserves and cash available for this purpose. In addition, the Company may not pay dividends if the Directors believe this would cause the Company to be inadequately capitalised (including taking into account any regulatory restrictions or requirements that may be applicable to MAB Limited or MAB (Derby), for example) or if, for any other reason, the Directors conclude it would not be in the best interests of the Company. Any of the foregoing could limit the payment of dividends to Shareholders or, if the Company does pay dividends, the amount of such dividends.

PART III

HISTORICAL FINANCIAL INFORMATION ON THE GROUP

Set out below is the text of a report by the reporting accountant, BDO LLP, covering the three financial years ended 31 December 2011, 2012 and 2013.

SECTION A

ACCOUNTANT'S REPORT



BDO LLP
125 Colmore Row
Birmingham
B3 3SD

The Directors
Mortgage Advice Bureau (Holdings) plc
Pride Place
Pride Park
Derby
DE24 8QR

Canaccord Genuity Limited
88 Wood Street
London
EC2V 7QR

11 November 2014

Dear Sirs

**Mortgage Advice Bureau (Holdings) plc (the "Company")
and its subsidiaries together, the "Group")**

INTRODUCTION

We report on the financial information set out in Section B of Part III. This financial information has been prepared for inclusion in the admission document dated 11 November 2014 of Mortgage Advice Bureau (Holdings) plc (the "Admission Document") on the basis of the accounting policies set out in note 1 to the financial information. This report is required by paragraph (a) of Schedule Two of the AIM Rules for Companies and is given for the purpose of complying with that paragraph and for no other purpose.

RESPONSIBILITIES

The directors of the Company are responsible for preparing the financial information in accordance with International Financial Reporting Standards as adopted by the European Union.

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

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

BASIS OF OPINION

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant

estimates and judgements made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

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

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

OPINION

In our opinion, the financial information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of the Group as at 31 December 2011, 31 December 2012 and 31 December 2013, and of its profits, cash flows and changes in equity for the financial years ending on these dates in accordance with International Financial Reporting Standards as adopted by the European Union.

DECLARATION

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

Yours faithfully

BDO LLP

Chartered Accountants

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

SECTION B
FINANCIAL INFORMATION

Mortgage Advice Bureau (Holdings) plc

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Note	Year ended 31 December		
		2011 £	2012 £	2013 £
Revenue				
Continuing operations		18,182,861	26,830,360	40,066,719
Acquisition		–	1,548,351	–
		<u>18,182,861</u>	<u>28,378,711</u>	<u>40,066,719</u>
Cost of sales	3	(12,885,984)	(20,987,748)	(29,684,918)
Gross profit		5,296,877	7,390,963	10,381,801
Administrative expenses		(3,515,872)	(4,906,565)	(5,745,335)
Acquisition costs		–	(76,632)	–
Impairment of goodwill		–	(153,346)	–
Share of (loss)/profit from associate	13	(5,412)	201,182	344,573
Profit from operations	4	1,775,593	2,455,602	4,981,039
Finance income	7	31,384	19,712	254,094
Finance expense	6	–	(8,732)	–
Profit before tax		1,806,977	2,466,582	5,235,133
Tax expense	8	(491,964)	(383,191)	(1,090,644)
Profit for the year attributable to equity holders of parent company		<u>1,315,013</u>	<u>2,083,391</u>	<u>4,144,489</u>
Earnings per share attributable to the owners of the parent				
Basic	9	<u>25.37</u>	<u>31.24</u>	<u>59.24</u>

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 December		
Note	2011 £	2012 £	2013 £	
ASSETS				
Non-current assets				
Property, plant and equipment	11	88,640	139,021	176,832
Goodwill	12	–	4,114,107	4,114,107
Other intangible assets	12	–	83,213	63,165
Investments		1,200	–	–
Investments in associates	13	7,203	50,003	198,743
Total non-current assets		<u>97,043</u>	<u>4,386,344</u>	<u>4,552,847</u>
Current assets				
Trade and other receivables	15	2,004,001	2,957,433	3,698,180
Cash and cash equivalents		3,519,991	4,743,245	9,388,153
Total current assets		<u>5,523,992</u>	<u>7,700,678</u>	<u>13,086,333</u>
Total assets		<u>5,621,035</u>	<u>12,087,022</u>	<u>17,639,180</u>
EQUITY AND LIABILITIES				
Equity attributable to owners of the parent				
Share capital	20	51,830	69,960	69,960
Share premium		–	2,988,891	2,988,891
Capital redemption reserve		46	46	46
Retained earnings		2,425,381	4,118,272	7,621,981
Total equity		<u>2,477,257</u>	<u>7,177,169</u>	<u>10,680,878</u>
LIABILITIES				
Non-current liabilities				
Deferred tax liability	19	2,853	3,909	18,146
Provisions	18	314,818	609,744	588,783
Total non-current liabilities		<u>317,671</u>	<u>613,653</u>	<u>606,929</u>
Current liabilities				
Trade and other payables	16	2,351,295	4,117,481	5,805,437
Corporation tax liability		474,812	178,719	545,936
Total current liabilities		<u>2,826,107</u>	<u>4,296,200</u>	<u>6,351,373</u>
Total liabilities		<u>3,143,778</u>	<u>4,909,853</u>	<u>6,958,302</u>
Total equity and liabilities		<u>5,621,035</u>	<u>12,087,022</u>	<u>17,639,180</u>

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital £	Share premium £	Capital redemption reserve £	Retained earnings £	Total equity £
Balance at 1 January 2011	51,830	–	46	1,440,818	1,492,694
Profit for the year	–	–	–	1,315,013	1,315,013
Total comprehensive income	–	–	–	1,315,013	1,315,013
Transactions with owners					
Dividends paid	–	–	–	(330,450)	(330,450)
Balance at 31 December 2011 and 1 January 2012	51,830	–	46	2,425,381	2,477,257
Profit for the year	–	–	–	2,083,391	2,083,391
Total comprehensive income	–	–	–	2,083,391	2,083,391
Transactions with owners					
Issue of new shares	18,130	2,988,891	–	–	3,007,021
Bonus Issue	–	–	–	(7,500)	(7,500)
Dividends paid	–	–	–	(383,000)	(383,000)
Transactions with owners	18,130	2,988,891	–	(390,500)	2,616,521
Balance at 31 December 2012 and 1 January 2013	69,960	2,988,891	46	4,118,272	7,177,169
Profit for the year	–	–	–	4,144,489	4,144,489
Total comprehensive income	–	–	–	4,144,489	4,144,489
Transactions with owners					
Dividends paid	–	–	–	(640,780)	(640,780)
At 31 December 2013	69,960	2,988,891	46	7,621,981	10,680,878

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Note	Year ended 31 December		
		2011 £	2012 £	2013 £
Cash flows from operating activities				
Profit for the year before tax		1,806,977	2,466,582	5,235,133
Adjustments for				
Depreciation of property, plant and equipment	11	32,707	64,753	74,515
Loss/(profit) on disposal of property, plant and equipment		81	2,213	(315)
Amortisation of intangible assets	12	–	25,248	20,048
Impairment of goodwill	12	–	153,346	–
Share of (loss)/profit from associates	13	5,412	(201,182)	(344,573)
Amounts written off investments		–	1,200	–
Finance expense	6	–	8,732	–
Finance income	7	(31,384)	(19,712)	(254,094)
		<u>1,813,793</u>	<u>2,501,180</u>	<u>4,730,714</u>
Changes in working capital				
Increase in trade and other receivables		(1,026,179)	(196,846)	(740,747)
Increase/(decrease) in trade and other payables		430,788	(206,175)	1,687,956
Increase/(decrease) in provisions		59,278	(29,120)	(20,961)
		<u>1,277,680</u>	<u>2,069,039</u>	<u>5,656,962</u>
Cash generated from operating activities		<u>1,277,680</u>	<u>2,069,039</u>	<u>5,656,962</u>
Income taxes paid		(405,509)	(678,228)	(709,190)
		<u>872,171</u>	<u>1,390,811</u>	<u>4,947,772</u>
Net cash inflow from operating activities				
Cash flows from investing activities				
Purchase of property, plant and equipment	11	(76,404)	(111,086)	(112,537)
Proceeds from sale of property, plant and equipment		–	622	526
Acquisition of other investments		(1,200)	–	–
Acquisitions of associates	13	(4,998)	–	(50,300)
Proceeds from disposal of associates	13	2,550	–	766
Cash acquired from acquisition of Mortgage Talk Limited	26	–	238,770	–
Dividends received from associates	13	73,500	78,033	245,367
		<u>(6,552)</u>	<u>206,339</u>	<u>83,822</u>
Net cash (outflow)/inflow from investing activities				
Cash flows from financing activities				
Interest paid	6	–	(8,732)	–
Interest received	7	31,384	19,712	254,094
Repayment of finance leases		–	(2,506)	–
Issue of C Shares		–	630	–
Dividends paid	10	(330,450)	(383,000)	(640,780)
		<u>(299,066)</u>	<u>(373,896)</u>	<u>(386,686)</u>
Net cash (outflow) from financing activities				
Net increase in cash and cash equivalents		566,553	1,223,254	4,644,908
Cash and cash equivalents at the beginning of year		2,953,438	3,519,991	4,743,245
		<u>3,519,991</u>	<u>4,743,245</u>	<u>9,388,153</u>
Cash and cash equivalents at the end of the year				

NOTES TO THE FINANCIAL INFORMATION

1. ACCOUNTING POLICIES

First-time adoption of IFRS

The financial information has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU using the measurement basis specified by IFRS for each type of asset, liability, income and expense. The date of transition to IFRS is 1 January 2011.

The financial information has been presented in sterling, being the currency of the primary economic environment in which company operates. The functional and presentational currency of the Group is sterling.

The Group has applied IFRS 1 First-time Adoption of International Financial Reporting Standards (as revised in 2008) in preparing these first IFRS financial statements. The effects of the transition to IFRS on equity, total comprehensive income and reported cash flows are presented in note 30.

First-time adoption exemptions applied

Upon transition, IFRS 1 permits certain exemptions from full retrospective application. The Group has applied the mandatory exemptions and certain optional exemptions. The exemptions adopted by the Group are set out below:

Mandatory exemptions adopted by the Group;

- Financial assets and liabilities that had been de-recognised before 1 January 2011 under previous GAAP have not been recognised under IFRS.
- The Group has used estimates under IFRS that are consistent with those applied under previous GAAP (with adjustment for accounting policy differences) unless there is objective evidence that those estimates were in error.
- The Group opted to not apply IFRS 3, Business Combinations, retrospectively from the transition date. The retrospective basis would require restatement of all business combinations that occurred prior to the Transition Date. Any goodwill arising on such business combinations before the Transition Date has not been adjusted from the carrying value previously determined under UK GAAP as a result of applying these exemptions.

Overall considerations and first time adoption of IFRS

The accounting policies have been used throughout all periods presented in the financial information, except where the Group has applied certain accounting policies and exemptions upon transition to IFRS. The exemptions applied by the Group and the effects of transition to IFRS are presented in note 30.

Presentation of financial information in accordance with IAS 1

The financial information is presented in accordance with IAS 1 Presentation of Financial Statements. The Group has elected to present the 'Statement of comprehensive income' in one statement.

Basis of preparation

The principal accounting policies adopted in the preparation of the financial information are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

The consolidated financial information has been prepared under the historical cost convention and in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRS) issued by the International Accounting Standards Board (IASB) as adopted by the European Union ("adopted IFRS") and with those parts of the Companies Act 2006 that are applicable to companies that prepare financial information in accordance with IFRS.

The preparation of financial information in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies. The areas where significant judgements and estimates have been made in preparing the financial information and their effect are disclosed in note 2.

Changes in accounting policies

New standards, interpretations and amendments effective year ended 31 December 2013

The following standards have been adopted by the company for the first time for the financial year beginning on or after 1 January 2013 but none has had a material impact upon the group.

- IAS 24 'Related Party Disclosures' The revision to IAS 24 is in response to concerns that the previous disclosure requirements and the definition of a related party were too complex and difficult to apply in practice. This is a disclosure amendment and has no impact on the results or net assets of the group.
- IFRS 13 'Fair Value Measurement' sets out in a single IFRS the framework for measuring fair value and the disclosure requirements of fair value measurements. It is effective for accounting periods beginning on or after 1 January 2013.
- Amendments to IAS 1. This amendment requires companies to group together items within the Other Comprehensive Income that may be classified to the profit or loss section of the income statement. It is effective for accounting periods beginning on or after 1 July 2012.

New Standards, interpretations and amendments not yet effective

The following new standards, interpretations and amendments which will or may have an effect on the Group are effective for annual periods beginning on or after 1 January 2014 and have not yet been applied in preparing this financial information. None of these new standards or interpretations are expected to have a material impact on the financial information of the Group.

- IFRS 9 is the first phase of the replacement of IAS 39 and covers the requirements for classification, measurement, derecognition and disclosure of financial assets and liabilities. It is effective for accounting periods beginning on or after 1 January 2018.
- IFRS 10 'Consolidated financial statements' effective for accounting periods beginning on or after 1 January 2014. It introduces new requirements for determining which investee companies to consolidate and provides a single model to determine control aspects of investments.
- IFRS 12 'Disclosure of Interests in Other Entities' covers disclosure requirements of entities that have interests in subsidiaries, joint ventures and associates. It is effective for accounting periods beginning on or after 1 January 2014.
- Amendments to IFRS 10, 11 and 12 (effective 1 January 2014) provides additional transition relief to IFRS 10, 11 and 12, limiting the requirement to provide adjusted comparative information to only the preceding comparative period.
- IAS 27 'Separate financial statements' contains disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. This is effective for accounting periods beginning on or after 1 January 2014.
- IAS 28 (revised 2011) Investments in associates and joint ventures (effective 1 January 2013) includes the requirements for joint ventures as well as associates to be equity accounted following the issue of IFRS 11.
- IAS 32 (amendment) Financial instruments – Presentation of asset and liability offsetting (effective January 2014) clarifies some of the requirements for offsetting financial assets and financial liabilities on the balance sheet.
- Amendments to IAS 36, Impairment of assets, on the recoverable amount disclosures for non-financial assets removes certain disclosures of the recoverable amounts of Cash Generating Units (CGUs) which had been included in IAS 36 by the issue of IFRS 13.

Basis of consolidation

Where the company has the power, either directly or indirectly, to govern the financial and operating policies of another entity or business so as to obtain benefits from its activities, it is classified as a subsidiary. The consolidated financial statements present the results of the company and its subsidiaries (the "Group") as if they formed a single entity. Intercompany transactions and balances between Group companies are therefore eliminated in full.

The purchase method of accounting is used to account for acquisitions and the cost of the acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred. Identifiable

assets acquired and liabilities and contingent liabilities assumed are measured at their fair value at the acquisition date. Acquisition costs are written off to the income statement. The accounting policies of subsidiaries are changed where necessary to ensure consistency with policies operated by the Group if this would have a material impact on the results of the Group.

Under the equity method of accounting, interests in associates are initially recognised at cost and adjusted thereafter to recognise the Group's share of post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses equal or exceed its interest in the associate the Group does not recognise further losses except to the extent that it has incurred obligations or made payments on behalf of the associate. Accounting policies of associates are aligned where necessary to ensure consistency with policies operated by the Group if this would have a material impact on the results of the Group.

Property, plant and equipment

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

Depreciation is provided on all items of property, plant and equipment at rates calculated to write off the cost of each asset on a straight line basis over its expected useful lives, as follows

Fixtures and fittings	20%
Computer equipment	33%

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognised in the income statement.

Goodwill

Goodwill represents the excess of the cost of a business combination over, in the case of business combinations completed prior to 1 January 2011, the Group's interest in the fair value of identifiable assets, liabilities and contingent liabilities acquired. For business combinations completed after 1 January 2011, the goodwill represents the excess of the cost of a business combination over the Group's interest in the fair value of identifiable assets and the liabilities assumed under IFRS 3 Business Combinations.

Goodwill is capitalised as an intangible asset with any impairment in carrying value being charged to the consolidated statement of comprehensive income. Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is credited in full to the consolidated statement of comprehensive income on the acquisition date.

Other intangible assets

Intangible assets other than goodwill comprise intangible assets acquired by the Group and are stated at cost less accumulated amortisation and impairment losses. Amortisation is charged to profit and loss on a straight line basis over the useful economic lives of the intangible assets. Assets are tested annually for impairment or more frequently if events or circumstances indicate potential impairment.

Impairment of non-financial assets (excluding inventories and deferred tax assets)

Impairment tests on goodwill and other intangible assets with indefinite useful economic lives are undertaken annually at the financial year end. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of the asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the smallest group of assets to which it belongs for which there are separately identifiable cash flows, its cash generating units ('CGUs'). Goodwill is allocated on initial recognition to each of the Group's CGUs that are expected to benefit from the synergies of the combination giving rise to the goodwill.

Impairment charges are included in profit or loss, except to the extent they reverse gains previously recognised in other comprehensive income. An impairment loss recognised for goodwill is not reversed.

Investments

Investments are shown at cost less provision for impairment.

Financial assets

The Group classifies its financial assets as loans or receivables. The classification depends on the purpose for which the financial assets were acquired. Loans and receivables are non-derivative financial assets with fixed or determinable payments that arise principally through the provision of services. They are initially recognised at fair value and are subsequently stated at amortised cost.

Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks with an original maturity of three months or less.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments which arise principally through the provision of services (e.g. trade receivables). These are recognised at original fair value cost, less appropriate provision for impairment.

The Group's loans and receivables comprise trade and other receivables in the consolidated statement of financial position.

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

Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently carried at amortised cost.

Retirement benefits: Defined contribution schemes

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

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, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Share capital

Financial instruments issued by the Group are treated as equity only to the extent that they do not meet the definition of a financial liability. The Company's ordinary shares are classified as equity instruments. Incremental costs directly attributable to the issue of new shares are shown in share premium as a deduction from the proceeds.

Revenue

Revenue comprises commissions and fees receivable. Commissions are included at the gross amounts receivable by the Group in respect of all services provided by trading partners. Commissions payable to trading partners in respect of their share of the commissions earned are included in cost of sales.

Commissions earned are accounted for when received, as until received it is not possible to be certain that the transaction will be completed. In the case of life commissions there is a possibility for a period after the inception of the policy that part of the commission earned may have to be repaid if the policy is cancelled during this period. A provision is made for the expected level of commissions repayable.

Other income is credited to the profit and loss account on an accruals basis.

Leased assets

Rentals under operating leases are charged on a straight line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight line basis over the lease term, except where the period to the review date on

which the rent is first expected to be adjusted to the prevailing market rental is shorter than the full lease term, in which case the shorter period is used.

Finance income

Finance income comprises interest receivable on funds invested. Interest income is recognised in profit and loss as it accrues.

Finance expense

Finance expenses comprise interest payable on borrowings.

Taxation

Income tax comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity in which case it is recognised in other comprehensive income or directly in equity respectively.

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

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

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit; and
- investments in subsidiaries and jointly controlled entities where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

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

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

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- the same taxable group company; or
- different company entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets and liabilities are expected to be settled or recovered.

Segment Reporting

An operating segment is a distinguishable segment of an entity that engages in business activities from which it may earn revenues and incur expenses and whose operating results are reviewed regularly by the entity's chief operating decision maker (CODM). The Board reviews the Group's operations and financial position as a whole and therefore considers that it has only one operating segment, being the provision of financial services operating solely within the UK. The information presented to the CODM directly reflects that presented in the financial statements and the Board reviews the performance of the Group by reference to the results of the operating segment against budget.

Operating profit is the profit measure, as disclosed on the face of the income statement that is reviewed by the CODM. The performance measures used by management are prepared under UK GAAP whereas the figures in the Group financial information have been prepared in accordance with IFRS and IFRC Interpretations issued by the International Accounting Standards Board as adopted by the European Union.

Dividends

Dividends are recognised when they have been approved before the balance sheet date. In the case of interim dividends to equity shareholders, these are recognised when they have been paid. In the case of final dividends, recognition takes place when approved by the shareholders.

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

(a) Property, plant and equipment

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

(b) Impairment of goodwill

The Group is required to test, on an annual basis, whether goodwill has suffered any impairment. The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the choice of a discount rate in order to calculate the present value of the cash flows. Actual outcomes may vary. More information including carrying values is included in note 12.

(c) Impairment of trade and other receivables

Judgement is required when determining if there is any impairment to the trade and other receivables balances. Trade receivables are reviewed for impairment if they are past due and are not repaid within the terms of the contracts. Other receivables, which include loans, are reviewed for impairment when there are any indications that they may not be recoverable or that security held against the balance may be inadequate to fully cover the amount outstanding. A provision for impairment will be made if, following review of the balances, the Group considers it unlikely that any balance will be recovered.

(d) Deferred Taxation

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the temporary difference can be utilised. The future taxable profits are based on estimates and thus actual results may vary.

(e) Clawback Provision

The provision relates to the estimated cost of repaying commission received on life assurance policies that may lapse in a period of up to four years following inception. The provision is calculated using a model that has been developed over several years. The model uses a number of factors including the total unearned commission at the point of calculation, the age profile of the commission received, the Group's proportion of any clawback, likely future lapse rates, and the success of the Group's team that focuses on preventing lapses and/or generating new income at the point of a lapse.

(f) Accounting for acquisitions

The Group accounts for all business combinations under the purchase method. Under the purchase method, the identifiable assets acquired and the liabilities and contingent liabilities assumed are measured at their fair value at the acquisition date. Judgements are made in respect of the measurement of fair values of assets and liabilities acquired. The Group performs estimates internally based on current market values.

3. REVENUE

The Group operates in one segment being that of the provision of financial services in the United Kingdom ("UK").

Revenue is derived as follows:

	Year ended 31 December		
	2011 £	2012 £	2013 £
Mortgage related products	8,553,380	13,606,086	21,594,777
Insurance and other protection products	9,096,818	14,281,523	17,667,253
Other income	532,663	491,102	804,689
	<u>18,182,861</u>	<u>28,378,711</u>	<u>40,066,719</u>

Costs of sales are as follows:

	Year ended 31 December		
	2011 £	2012 £	2013 £
Commissions paid	11,871,612	19,058,589	28,159,716
Payroll and other employee related costs	1,014,372	1,929,159	1,525,202
	<u>12,885,984</u>	<u>20,987,748</u>	<u>29,684,918</u>

4. PROFIT FROM OPERATIONS

Profit from operations is stated after charging:

	Year ended 31 December		
	2011 £	2012 £	2013 £
Depreciation of property, plant and equipment	32,707	64,753	74,515
Amortisation of intangibles	–	25,248	20,048
Operating leases	140,527	178,977	143,835
Acquisition costs	–	76,632	–
Impairment of goodwill ⁽¹⁾	–	153,346	–
Auditors' remuneration:			
Fees payable to the Group's auditors for the audit of the Group's financial statements.	2,500	3,500	3,500
Fees payable to the Group's auditors for the audit of the Group's subsidiary financial statements.	3,500	9,600	19,300
	<u>3,500</u>	<u>9,600</u>	<u>19,300</u>

(1) Following the acquisition of the Talk Limited group in 2012, management took the decision to abandon a portion of business of that group and as a result of this an impairment charge was made against the goodwill relating to this as it was deemed to have no further value.

5. STAFF COSTS

Staff costs, including directors' remuneration, were as follows:

	Year ended 31 December		
	2011 £	2012 £	2013 £
Wages and salaries	2,809,515	4,258,637	4,548,439
Social security costs	275,981	441,596	602,621
Defined contribution pension costs	159,687	137,163	148,197
	<u>3,245,183</u>	<u>4,837,396</u>	<u>5,299,257</u>
	Number	Number	Number
Operations staff	<u>89</u>	<u>156</u>	<u>119</u>

Key management compensation

Key management are those persons having authority and responsibility for planning, directing and controlling the activities of the Group. These are the directors of Mortgage Advice Bureau (Holdings) Limited.

	Year ended 31 December		
	2011 £	2012 £	2013 £
Wages and salaries	252,989	345,991	1,091,082
Defined contribution pension costs	100,000	61,667	62,963
	<u>352,989</u>	<u>407,658</u>	<u>1,154,045</u>

During the year retirement benefits were accruing to 2 directors (2012: 2; 2011: 2) in respect of defined contribution pension schemes.

The total amount payable to the highest paid director in respect of emoluments was £565,587 (2012: £163,530; 2011: £118,497). The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £8,400 (2012: £11,667; 2011: £80,000).

6. FINANCE EXPENSE

	Year ended 31 December		
	2011 £	2012 £	2013 £
Interest payable on borrowing	–	4,520	–
Other interest	–	4,212	–
Total interest paid	<u>–</u>	<u>8,732</u>	<u>–</u>

7. FINANCE INCOME

	Year ended 31 December		
	2011 £	2012 £	2013 £
Interest received	<u>31,384</u>	<u>19,712</u>	<u>254,094</u>

8. INCOME TAX

	Year ended 31 December		
	2011 £	2012 £	2013 £
Current tax expense			
UK corporation tax charge on profit for the year	474,812	424,507	1,138,516
Adjustments for over provision in prior years	–	(42,372)	(62,109)
Total current tax	<u>474,812</u>	<u>382,135</u>	<u>1,076,407</u>
Deferred tax expense			
Origination and reversal of timing differences	17,152	1,056	12,522
Effect of tax rate on opening liability	–	–	1,715
Total deferred tax (see note 19)	<u>17,152</u>	<u>1,056</u>	<u>14,237</u>
Total tax expenses	<u>491,964</u>	<u>383,191</u>	<u>1,090,644</u>

The reasons for the difference between the actual charge for the year and the standard rate of corporation tax in the United Kingdom of 23.25% (2012: 24.5%; 2011: 26.4%) applied to profit for the year is as follows:

	Year ended 31 December		
	2011 £	2012 £	2013 £
Profit for the year before tax	1,806,977	2,466,582	5,235,133
Expected tax charge based on corporation tax rate	477,042	604,313	1,217,168
Non-tax deductible amortisation of goodwill and impairment	–	37,571	–
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	14,922	46,274	14,742
Utilisation of tax losses	–	(231,496)	(5,377)
Adjustments to tax charge in respect of prior periods	–	(42,372)	(62,109)
Other differences leading to a (decrease) in the tax charge	–	(5,737)	–
Profits from associates	–	(25,362)	(75,495)
Rate change on deferred tax position	–	–	1,715
Current tax charge for the year (see note above)	491,964	383,191	1,090,644

Changes in the taxation rate

The standard rate of corporation tax in the United Kingdom changed from 26% to 24% with effect from 1 April 2012. In addition legislation to reduce the main rate of corporation tax from 24% to 23% from 1 April 2013 was substantively enacted on 30 June 2013 and so the deferred tax balance has been calculated at the appropriate enacted rate.

The main changes in corporation tax rates that will have accounting implications for deferred tax are as follows: the main rate of corporation tax will reduce from 23% to 21% from 1 April 2014; the main rate of corporation tax will further reduce to 20% from 1 April 2015. These changes have been enacted since the reporting date.

9. EARNINGS PER SHARE

During the period from 1 January 2011 to 31 December 2013 there were several classes of ordinary shares (see note 20).

(a) Earnings per share

	Year ended 31 December		
	2011 £	2012 £	2013 £
Profit for the year attributable to the owners of the parent	1,315,013	2,083,391	4,144,489
Weighted average number of shares in issue	51,830	66,682	69,960
Basic earnings per share	25.37	31.24	59.24

(b) Adjusted earnings per share

	Year ended 31 December		
	2011 £	2012 £	2013 £
Profit for the year attributable to the owners of the parent	1,315,013	2,083,391	4,144,489
Adjusted for the following items net of tax: Goodwill impairment and acquisition costs (see note 4)	–	229,978	–
Adjusted earnings net of tax	1,315,013	2,313,369	4,144,489
Weighted average number of shares in issue	51,830	66,682	69,960
Adjusted basic earnings per share	25.37	34.69	59.24

10. DIVIDENDS

	Year ended 31 December		
	2011 £	2012 £	2013 £
Dividends paid during the year			
On A ordinary shares at £60 per share (2012: £45.60; 2011: £216)	216,000	182,400	240,000
On B ordinary shares at £8 per share (2012: £5; 2011: £2.85)	114,000	200,000	320,000
On D ordinary shares at 0.0578p per share (2012: 0.0444p; 2011: 0.05p)	450	600	780
On E ordinary shares at £8 per share (2012: £Nil)	–	–	80,000
	<u>330,450</u>	<u>383,000</u>	<u>640,780</u>

11. PROPERTY, PLANT AND EQUIPMENT

	Fixtures & fittings £	Computer equipment £	Total £
Cost			
At 1 January 2011	174,223	225,291	399,514
Additions	43,606	32,798	76,404
Disposals	(255)	–	(255)
At 31 December 2011	<u>217,574</u>	<u>258,089</u>	<u>475,663</u>
Depreciation			
At 1 January 2011	158,258	196,232	354,490
Charge for the year	12,980	19,727	32,707
On disposals	(174)	–	(174)
At 31 December 2011	<u>171,064</u>	<u>215,959</u>	<u>387,023</u>
Net Book Value			
At 31 December 2011	<u>46,510</u>	<u>42,130</u>	<u>88,640</u>
	Fixtures & fittings £	Computer equipment £	Total £
Cost			
At 1 January 2012	217,574	258,089	475,663
Additions	4,421	106,665	111,086
Disposals	(253)	(5,299)	(5,552)
On acquisition of subsidiary	6,883	–	6,883
At 31 December 2012	<u>228,625</u>	<u>359,455</u>	<u>588,080</u>
Depreciation			
At 1 January 2012	171,064	215,959	387,023
Charge for the year	16,427	48,326	64,753
On disposals	(181)	(2,536)	(2,717)
At 31 December 2012	<u>187,310</u>	<u>261,749</u>	<u>449,059</u>
Net Book Value			
At 31 December 2012	<u>41,315</u>	<u>97,706</u>	<u>139,021</u>

	Fixtures & fittings £	Computer equipment £	Total £
Cost			
At 1 January 2013	228,625	35	613,508
Additions	2,239	110,298	112,537
Disposals	–	(230,225)	(230,225)
At 31 December 2013	<u>230,864</u>	<u>239,528</u>	<u>470,392</u>
Depreciation			
At 1 January 2013	187,310	261,749	474,487
Charge for the year	11,447	63,068	74,515
On disposals	–	(230,014)	(230,014)
At 31 December 2013	<u>197,925</u>	<u>95,635</u>	<u>293,560</u>
Net Book Value			
At 31 December 2013	<u>32,939</u>	<u>143,893</u>	<u>176,832</u>

12. INTANGIBLE ASSETS

Goodwill

	Year ended 31 December		
	2011 £	2012 £	2013 £
Cost			
At 1 January	–	–	4,267,453
Arising on acquisitions	–	4,267,453	–
At 31 December	<u>–</u>	<u>4,267,453</u>	<u>4,267,453</u>
Accumulated impairment			
At 1 January	–	–	153,346
Charge for the year	–	153,346	–
At 31 December	<u>–</u>	<u>153,346</u>	<u>153,346</u>
Net book value			
At 31 December	<u>–</u>	<u>4,114,107</u>	<u>4,114,107</u>

The goodwill relates to the acquisition of Talk Limited, and its subsidiaries, in 2012. The goodwill was deemed to have an indefinite useful life on acquisition. It is carried at cost and is reviewed annually for impairment.

Following the acquisition of the Talk Limited group in 2012, management took the decision to abandon a portion of business of that group and as a result of this an impairment charge was made against the goodwill relating to this as it was deemed to have no further value.

Under IAS 36, "Impairment of assets", the Group is required to review and test its goodwill annually each year or in the event of a significant change in circumstances. The impairment review conducted at the end of 2013 concluded that there had been no impairment of goodwill.

The Board considers that it has only one operating segment so accordingly it is necessary to assess the impact of the acquisition of Talk Limited to the Group. The value in use has therefore been estimated based on the improvements in profits brought to the Group. The anticipated on-going profits generated by the acquisition of Talk Limited significantly exceed the value of goodwill and therefore no impairment of the goodwill is required.

Other intangible assets

	Year ended 31 December		
	2011 £	2012 £	2013 £
Cost			
At 1 January	–	–	108,461
Acquisition through business combinations	–	108,461	–
At 31 December	–	108,461	108,461
Accumulated impairment			
At 1 January	–	–	25,248
Charge for the year	–	25,248	20,048
At 31 December	–	25,248	45,296
Net book value			
At 31 December	–	83,213	63,165

13. INVESTMENT IN ASSOCIATES

The group holds investments in associates, all of which are accounted for under the equity method, as follows:

Company name	Reporting date	Country of incorporation	Percentage shareholder	Description
Capital Private Finance Limited	31 December	England and Wales	49	Provision of financial services
CO2 Commercial Limited	31 December	England and Wales	49	Property surveyors
Buildstore Limited	See note	England and Wales	25	Provision of financial services

Buildstore Limited was incorporated on 20 February 2013 but did not commence to trade until December 2013 when a 25 per cent. interest was acquired by the Group. Statutory accounts for the period have yet to be filed and, on the basis of materiality, the results have not been included within the financial statements.

The company is entitled to 49 per cent. of the results for both Capital Private Finance Limited and CO2 Commercial Limited, by virtue of its 49 per cent. equity stake. CO2 Commercial Limited has a wholly owned subsidiary, Pinnacle Surveyors (England & Wales) Limited.

The investment in associates at the reporting date is as follows:

	Year ended 31 December		
	2011 £	2012 £	2013 £
At 1 January	2,550	7,203	50,003
On acquisition of subsidiary	–	768	–
Reversal of provision for losses in previous year	–	(81,117)	–
Additions	4,998	–	50,300
Disposals	(2,550)	–	(766)
Share of (loss)/profit	(5,412)	201,182	344,573
Loss assigned to amount receivable from associate	81,117	–	–
Dividends received	(73,500)	(78,033)	(245,367)
At 31 December	7,203	50,003	198,743

As the associates are private companies published share prices are not available. The aggregate amounts of certain financial information of the associates is summarised as follows:

	Year ended 31 December		
	2011 £	2012 £	2013 £
Assets	345,175	492,929	850,299
Liabilities	(488,860)	(423,239)	(554,600)
Revenue	793,343	2,000,369	3,224,195
(Loss)/Profit	(11,045)	410,576	703,209
Profit attributable to group	75,705	201,182	344,573
Loss attributable to group deducted from loan	(81,117)	-	-
Dividends received from associates	73,500	78,033	245,367

One of the associated companies made a loss in its first year of trading being the year ended 31 December 2011. The Group's share of the loss has been off-set against the cost of the investment up to the level of the cost. The balance of the Group's share of the loss has been deducted from the loan due from the associate.

14. PRINCIPAL SUBSIDIARIES

The principal subsidiaries of Mortgage Advice Bureau (Holdings) Plc at the reporting date have been included in the consolidated financial information. The principal subsidiaries are as follows:

Company name	Country of Incorporation	Shareholding (%)	Nature of business
Mortgage Advice Bureau Limited	England and Wales	100	Provision of financial services
Mortgage Advice Bureau (Derby) Limited	England and Wales	100	Provision of financial services
Capital Protect Limited	England and Wales	100	Provision of financial services
MABWM Limited	England and Wales	100	Dormant
Mortgage Talk Limited	England and Wales	100	Provision of financial services
Talk Limited	England and Wales	100	Intermediate holding company

Mortgage Advice Bureau (Holdings) Limited holds 100 per cent. of the ordinary share capital of Mortgage Advice Bureau Limited and Talk Limited.

Mortgage Advice Bureau Limited holds 100 per cent. of the ordinary share capital of Mortgage Advice Bureau (Derby) Limited, Capital Protect Limited and MABWM Limited

Talk Limited holds 100 per cent. of the ordinary share capital of Mortgage Talk Limited.

Details of other dormant subsidiaries are not disclosed on the basis that these are not material to the results of the Group.

15. TRADE AND OTHER RECEIVABLES

	Year ended 31 December		
	2011 £	2012 £	2013 £
Trade receivables not past due	340,552	264,575	227,466
Trade receivables past due but not impaired	310,528	466,494	487,143
Trade receivables past due but impaired	137,741	197,410	162,670
Trade receivables	788,821	928,479	877,279
Less provision for impairment of trade receivables	(137,741)	(197,410)	(162,670)
Trade receivables – net	651,080	731,069	714,609
Amounts due from associates	58,733	93,000	20,051
Other receivables	791,124	1,398,851	1,697,891
Prepayments, accrued income and other receivables	503,064	734,513	1,265,629
	<u>2,004,001</u>	<u>2,957,433</u>	<u>3,698,180</u>

Trade and other receivables are all current and the book value approximates their fair value. Trade receivables are considered past due once they have passed their contracted due date. Trade receivables are reviewed for impairment if they are past due and are not repaid within the terms of the contracts. There are trade receivables that are past due at the end of the reporting period for which the Group has not recognised a provision for doubtful debts because there has not been a significant change in credit quality and the amounts are still considered recoverable. Further information in respect of financial assets, including credit risk, is provided in note 17.

A summary of the movement in the provision for the impairment of receivables is as follows:

	Year ended 31 December		
	2011 £	2012 £	2013 £
At 1 January	498,755	137,741	197,410
Impairment losses recognised	3,101	44,366	5,715
On acquisition of subsidiary	–	60,707	–
Impairment losses reversed	(364,115)	(45,404)	(40,455)
At 31 December	<u>137,741</u>	<u>197,410</u>	<u>162,670</u>

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above less collateral held as security. Details of security held are given in note 17.

16. TRADE AND OTHER PAYABLES – CURRENT

	Year ended 31 December		
	2011 £	2012 £	2013 £
Trade payables	2,012,468	3,442,551	4,666,530
Due from associates	6,498	79	–
Social security and other taxes	141,695	199,802	348,935
Other payables	11,158	132,109	97,436
Accruals and deferred income	179,476	342,940	692,536
	<u>2,351,295</u>	<u>4,117,481</u>	<u>5,805,437</u>

Book values approximates their fair value at each period end due to their short maturities.

17. FINANCIAL INSTRUMENTS – RISK MANAGEMENT

The group is exposed through its operations to the following financial risks:

- Credit risk
- Liquidity risk

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

Principal financial instruments

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

- Trade and other receivables
- Cash and cash equivalents
- Trade and other payables

The group does not issue or use financial instruments of a speculative nature.

A summary of financial instruments held by category is provided below:

Financial assets

	Year ended 31 December		
	2011 £	2012 £	2013 £
Cash and cash equivalents	3,519,991	4,473,245	9,388,153
Trade and other receivables	2,004,001	2,957,433	3,698,180
Total financial assets	<u>5,523,992</u>	<u>7,430,678</u>	<u>13,086,333</u>

Financial liabilities

	Year ended 31 December		
	2011 £	2012 £	2013 £
Trade and other payables	2,351,295	4,117,481	5,805,437
Total financial liabilities	<u>2,351,295</u>	<u>4,117,481</u>	<u>5,805,437</u>

General objectives, policies and processes

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and designs and operates processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The Board sets guidelines to the finance team and monitors adherence to its guidelines on a monthly basis.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below.

Credit risk

Credit risk is the risk of financial loss to the Group if a trading partner or counterparty to a financial instrument fails to meet its contractual obligations. The Group is mainly exposed to credit risk from loans to its trading partners. It is Group policy to assess the credit risk of trading partners before advancing loans or other credit facilities. Assessment of credit risk utilises external credit rating agencies. Personal guarantees are generally obtained from the directors of its trading partners.

Quantitative disclosures of the credit risk exposure in relation to financial assets are set out below. Further disclosures regarding trade and other receivables are given in note 15.

Financial assets – maximum exposure

	Year ended 31 December		
	2011 £	2012 £	2013 £
Cash and cash equivalents	3,519,991	4,473,245	9,388,153
Trade and other receivables	2,004,001	2,957,433	3,698,180
Total financial assets	<u>5,523,992</u>	<u>7,430,678</u>	<u>13,086,333</u>

The carrying amounts stated above represent the Group's maximum exposure to credit risk for trade and other receivables. An element of this risk is mitigated by collateral held by the Group for amounts due to them. Trade receivables consist of a large number of unrelated trading partners and therefore the concentration of credit risk is limited. Due to the large spread of trading partners the Group does not consider that there is any significant sensitivity to credit risk as a result of the impact of external market factors on their trading partners. Additionally, within trade payables are amounts due to the same trading partners that are included in trade receivables; this collateral significantly reduces the credit risk. Collateral against other receivables comprises personal guarantees provided in support of loans. 100 per cent. of other receivables were supported by such guarantees.

The Group's credit risk on cash and cash equivalents is limited because the Group places funds on deposit with several UK banks with high credit ratings.

Interest rate risk

The Group's interest rate risk arises from cash on deposit. The Group has no interest bearing liabilities. The Group aims to maximise its return on cash on deposit whilst ensuring that cash is available to meet

liabilities as they fall due. Current market deposit interest rates are minimal and therefore any fall in these rates is unlikely to have a significant impact on the results of the Group. If interest rates had been 1 per cent. higher and all other variables were held constant, the impact on the Group's profit for the periods ended 31 December 2013, 31 December 2012 and 31 December 2011 would not have been material.

Foreign exchange risk

As the group does not operate outside of the United Kingdom, it is not exposed to any foreign exchange risk.

Liquidity risk

Liquidity risk arises from the Group's management of working capital and finance charges. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. All of the group's financial liabilities are due within 12 months.

The Board receives annual 12-month cash flow projections based on working capital modelling as well as information regarding cash balances monthly. At the end of the financial year, these projections indicated that the Group expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances. Additionally the Group has financial resource requirements set by its regulator, the Financial Conduct Authority. The Board has set a policy to ensure that adequate liquid capital is maintained to ensure that these externally set financial resource requirements are exceeded at all times. Quarterly reports are made to the Financial Conduct Authority and the submission is authorised by the Finance Director, at which time adequacy of liquid funds are re-assessed.

Capital management

The Group monitors "adjusted capital" which comprises all components of equity (i.e. share capital, share premium, capital redemption reserve and retained earnings).

The Group's aims to maintain adequate capital and its objectives are:

- To safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders.
- To ensure that capital is maintained at all times to ensure that financial resource requirements set by its regulator, the Financial Conduct Authority, are exceeded at all times.
- To ensure the group has the cash available to develop the services provided by the Group to provide an adequate return to shareholders.

Net debt is calculated as total debt less cash and cash equivalents.

18. PROVISIONS

Clawback Provision

	Year ended 31 December		
	2011 £	2012 £	2013 £
At 1 January	255,540	314,818	609,744
On acquisition of subsidiary	–	324,046	–
Charge/(Released) to the income statement	59,278	(29,120)	(20,961)
At 31 December	<u>314,818</u>	<u>609,744</u>	<u>588,783</u>

The provision relates to the estimated cost of repaying commission income received on life assurance policies that may lapse in a period of up to four years following inception. Provisions are held in the financial statements of three of the group's subsidiaries: Mortgage Advice Bureau Limited, Mortgage Advice Bureau (Derby) Limited and Mortgage Talk Limited. The exact timing of any clawbacks is uncertain and the provision is based on the directors' best estimate, using industry data where available, of the probability of clawbacks to be made.

19. DEFERRED TAX

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 23% (2012: 24%; 2011:26.4%).

The movement in deferred tax is shown below:

	Year ended 31 December		
	2011 £	2012 £	2013 £
Deferred tax liability – opening balance	(14,299)	2,853	3,909
Tax expense recognised in the income statement	17,152	1,056	14,237
Deferred tax liability – closing balance	<u>2,853</u>	<u>3,909</u>	<u>18,146</u>

The deferred tax balance is made up as follows:

	Year ended 31 December		
	2011 £	2012 £	2013 £
Accelerated capital allowances	<u>2,853</u>	<u>3,909</u>	<u>18,146</u>

Deferred tax liabilities have arisen due to capital allowances which have been received ahead of the depreciation charged in the accounts.

20. SHARE CAPITAL

	Year ended 31 December		
	2011 £	2012 £	2013 £
Issued and fully paid ⁽¹⁾			
A Ordinary shares of £1 each	1,000	4,000	4,000
B Ordinary shares of £1 each	40,000	40,000	40,000
C Ordinary shares of £1 each	1,830	2,460	2,460
D Ordinary shares of £1 each	9,000	13,500	13,500
E Ordinary shares of £1 each	–	10,000	10,000
Total share capital	<u>51,830</u>	<u>69,960</u>	<u>69,960</u>

(1) Changes in the issued share capital of the Group that occurred after 6 May 2014 are not included.

The holders of the A Ordinary shares are entitled to a dividend in preference to any dividend voted to any other class of share.

The A Ordinary shares are redeemable at the option of the company. The A Ordinary shares are entitled to priority of proceeds upon a winding up or return of capital and carry voting rights totalling 5 per cent.

The B Ordinary shares are not entitled to dividends other than at the discretion of the Board but not if there are any arrears on the A dividends or if there remain any A shares to be bought back after the 1 January 2019. In the event of a winding up or return of capital the proceeds are payable to the holders of the B shares after any amounts paid to the A and C shareholders. The B shares with the E shares voting rights total 65 per cent.

The C Ordinary shares are not entitled to dividends other than at the discretion of the Board. The C shares are repayable at par upon a winding up or return of capital and do not carry voting rights.

The D Ordinary shares are not entitled to dividends other than at the discretion of the Board but not if there are any arrears on the A dividends or if there remain any A shares to be bought back after the 1 January 2019. The D shares are repayable at par upon a winding up or return of capital. The D shares voting rights total 30 per cent.

The E Ordinary shares are not entitled to any dividends other than at the discretion of the Board but not if there are any arrears on the A dividends or if there remain any A shares to be bought back after the 1 January 2019. In the event of a winding up or return of capital the proceeds are payable to the holders of the E shares after any amounts paid to the A shareholders. The E shares with the B shares voting rights total 65 per cent.

21. RESERVES

The following describes the nature and purpose of each reserve within equity

Reserve	Description and purpose
Share premium	Amount subscribed for share capital in excess of nominal value.
Capital redemption reserve	The capital redemption reserve represents the cancellation of part of the original share capital premium of the company at par value of any shares repurchased.
Retained earnings	All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

There is no restriction on the distribution of retained earnings.

22. LEASES

The total future value of minimum lease payments due under operating leases are as follows

	Year ended 31 December		
	2011 £	2012 £	2013 £
Land and buildings			
In one year or less	141,468	141,468	141,468
Between one and five years	565,872	565,872	565,872
In five years or more	447,982	306,514	165,046
	<u>1,155,322</u>	<u>1,013,854</u>	<u>872,386</u>

23. RETIREMENT BENEFITS

The Group operates a defined contribution pension scheme for the benefit of its employees and also makes contributions to a self-invested personal pension (SIPP). The assets of the scheme and the SIPP are held separately from those of the Group in independently administered funds. The pension cost charge represents contributions payable by the Group to the fund and the SIPP and amounted to £148,197 (2012: £137,163; 2011: £159,687). Contributions totalling £12,299 (2012: £8,335; 2011: £5,939) were payable to the fund at the balance sheet date and are included in other payables.

24. RELATED PARTY TRANSACTIONS

Accounting services are provided to the Group by Robconsult Limited, a company in which P Robinson is a director and shareholder. Services supplied are on an arm's length basis and amounted to £19,078 plus VAT during the year (2012: £18,000 plus VAT and 2011: £18,000). At the year end £1,813 (2012: £1,813; 2011: £1,841) was owing to Robconsult Limited in respect of these transactions.

At 31 December 2013 there was an amount of £488,926 (2012: £328,425; 2011: £nil) due to the Group from BriefYourMarket Limited, a company in which R Palmer, P Robinson and P Brodnicki are directors and shareholders. This loan is unsecured, accrues interest at a rate of 8.75 per cent. per annum and had no fixed repayment date. Subsequent to 31 December 2013 this loan was repaid in full.

The Group also made purchases of £46,046 (2012: £38,339; 2011: £17,585) and sales of £4,781 (2012: £4,570; 2011: £nil) to BriefYourMarket Limited. At the 31 December 2013, £1,448 (2012: £2,937; 2011: £1,964) was due to BriefYourMarket Limited.

At 31 December 2013 there was an amount of £906,563 (2012: £722,535 and 2011: £249,603) due to the Group from House Buyer Bureau Limited, a company in which S Blunt is a director and shareholder. This loan is unsecured, accrues interest at a rate of 8.75 per cent. per annum and had no fixed repayment date; subsequent to the year end this loan was repaid in full.

During the year the Group made purchases from Astute Insurance Solutions Limited of £3,535 (2012: £2,678 and 2011: £nil), a company in which P Robinson is a director.

During the year the Group received introducer fees of £26,267 (2012: £nil and 2011: £nil) from Capital Private Finance Limited, an associated company. At 31 December 2013 there was a balance due from Capital Private Finance Limited of £3,410 (2012: £nil and 2011: £98,000).

At 31 December 2013 there was a loan outstanding to Pinnacle Surveyors (England & Wales) Limited, an associated company, of £18,600 (2012: £93,000 and 2011: £nil).

At 31 December 2013 there was a loan outstanding to Client Data Systems Group Limited of £347,891 (2012: £347,891 and 2011: £265,644), a company in which Mortgage Advice Bureau Limited had a 7 per cent. shareholding. This loan is secured by personal guarantees and on the freehold property owned by one of the directors of Client Data Systems Group Limited. The loan attracts interest at a rate of 10 per cent. per annum and has no fixed repayment date.

Transactions with the directors of the company are disclosed in note 5.

During the year the company received dividends from associated companies as follow:

	Year ended 31 December		
	2011 £	2012 £	2013 £
CO2 Commercial Limited	73,500	78,033	117,967
Capital Private Finance Limited	–	–	127,400

25. ULTIMATE CONTROLLING PARTY

There is no ultimate controlling party as no one individual controls over 50 per cent. of the equity share capital.

26. ACQUISITIONS FOR THE YEAR ENDED 31 DECEMBER 2012

	£
Intangible assets	108,461
Property, plant & equipment	6,883
Investments	768
Trade and other receivables	675,468
Cash and cash equivalents	238,770
Trade and other payables	(1,971,251)
Finance leases	(2,506)
Provisions	(324,046)
Net liabilities	(1,267,453)
Goodwill	4,267,453
Consideration	3,000,000
Settled by	
Issue of shares	3,000,000
Cash and cash equivalents	238,770
Net cash flow arising from acquisitions	238,770
Revenue post acquisition	1,548,351
Profit post acquisition	714,883
Pro-forma revenue to 31 December 2012	1,927,813
Pro-forma profit to 31 December 2012	696,123

On 8 March 2012, the Group acquired 100 per cent. of the equity share capital of Talk Limited. Talk Limited was acquired in accordance with the Group strategy to grow its financial services business. This acquisition has strengthened the Group's business going forward and has contributed to overall synergies anticipated which underpin the goodwill recognised.

The acquired trade and other receivables for the acquired business were all current and their fair value was not materially different and there are no contractual cash flows that are not expected to be collected. The goodwill recognised by the Group upon acquisition has no impact on tax deductions.

The cost of this acquisition amounted to £76,632 and has been written off to profit and loss.

27. NON-CASH TRANSACTIONS

In 2012 the Group acquired the Talk Limited group by the issue of shares in the Mortgage Advice Bureau (Holdings) Limited for a fair value of £3,000,000.

28. CONTINGENT LIABILITIES

The group had no contingent liabilities at 31 December 2011, 31 December 2012 or 31 December 2013.

29. EVENTS AFTER THE REPORTING DATE

On 3 January 2014 all 4,000 A Ordinary shares of £1 in issue were purchased by the Company and cancelled for a total consideration of £4,521,816. On the same date 4,500 D Ordinary shares of £1 were purchased by the Company and cancelled for a total consideration of £4,500.

On 25 June 2014, the Company purchased and cancelled 9,000 D Ordinary shares of £1 each at par. On the same date, a resolution was passed to convert all 2,460 C Ordinary shares of £1 each into and re-designate them as B Ordinary shares of £1 each on the basis of one B Ordinary share for each 3.56 C Ordinary shares held. Also on 25 June 2014, the E Ordinary shares were re-designated as B shares and the B Ordinary shares were then re-designated as Ordinary shares.

On 8 September 2014, the Group completed a share buyback of 217 ordinary shares at par.

The consideration for all shares purchased by the Company was paid in cash and the reserves of the Company have been reduced by the costs of redeeming the shares. In addition to the par value the Company paid £22,635 stamp duty in respect of the shares purchased by the Company in the period.

On 10 October 2014, an interim dividend of £1,849,998 was declared and paid shortly thereafter.

On 31 October 2014, the 50,474 ordinary shares of £1 each were subdivided into 50,474,000 ordinary shares of 0.1 pence each. On 3 November 2014, the Company was re-registered as a public limited company.

On 4 November 2014, the Company allotted 35,600 Ordinary Shares to the SIP Trust for the purposes of awarding free shares to the employees of the Group following Admission pursuant to the SIP.

On 10 November 2014, the issued share capital of the Company, all of which was fully paid up, was 50,509,600 Ordinary Shares with a nominal value of 0.1 pence each.

30. TRANSITION TO IFRS

In accordance with IFRS 1, a reconciliation is provided of the Group's equity and profit reported previously under UK GAAP, to the equity and total comprehensive income reported in accordance with IFRS in this historical financial information.

	1 January 2011 £	31 December 2011 £	31 December 2012 £	31 December 2013 £
Total equity reported under UK GAAP	1,492,694	2,477,257	7,082,380	10,376,552
Amortisation which is not in accordance with IFRS 3 "Business Combinations"	-	-	171,421	380,958
Acquisition costs which are not in accordance with IFRS 3 "Business Combinations"	-	-	(76,632)	(76,632)
Total equity reported under IFRS	<u>1,492,694</u>	<u>2,477,257</u>	<u>7,177,169</u>	<u>10,680,878</u>
	1 January 2011 £	31 December 2011 £	31 December 2012 £	31 December 2013 £
Total profit reported under UK GAAP	884,764	1,315,103	1,988,602	3,934,952
Amortisation which is not in accordance with IFRS 3 "Business Combinations"	-	-	171,421	209,537
Acquisition costs which are not in accordance with IFRS 3 "Business Combinations"	-	-	(76,632)	-
Total comprehensive income reported under IFRS	<u>884,764</u>	<u>1,315,013</u>	<u>2,083,391</u>	<u>4,144,489</u>

All amounts shown relate to continuing activities.

In the above tables, the adjustments shown represent changes made to UK GAAP information to reflect the adoption of IFRS.

For periods up to and including the year ended 31 December 2013 the Group prepared its financial statements in accordance with United Kingdom generally accepted accounting principles ("UK GAAP").

Presented below is the opening Statement of Financial Position for the Group as at 1 January 2011, the Group's date of transition to IFRS. For periods up to and including the year ended 31 December 2010 the Group prepared its financial statements in accordance with UK GAAP. There has been no change in the numbers between the Statement of Financial Position as at 31 December 2010 and the date of transition, 1 January 2011.

Consolidated statement of financial position

At 1 January 2011

Assets	
Non-current assets	
Property, plant and equipment	45,024
Investments in associates	2,550
Total non-current assets	<u>47,574</u>
Current assets	
Trade and other receivables	1,051,312
Cash and cash equivalents	2,953,438
Total current assets	<u>4,004,750</u>
Total assets	<u>4,052,324</u>
Equity and liabilities	
Equity attributable to owners of the parent	
Share capital	51,830
Capital redemption reserve	46
Retained earnings	1,440,818
Total equity	<u>1,492,694</u>
Liabilities	
Non-current liabilities	
Provisions	255,540
Total non-current liabilities	<u>255,540</u>
Current liabilities	
Trade and other payables	1,920,508
Corporation tax liability	383,582
Total current liabilities	<u>2,304,090</u>
Total liabilities	<u>2,559,630</u>
Total equity and liabilities	<u>4,052,324</u>

PART IV

UNAUDITED INTERIM FINANCIAL INFORMATION ON THE GROUP

BASIS OF PREPARATION

The following unaudited interim financial information is the condensed consolidated financial information on the Group for the six months ended 30 June 2014 for which the Directors are solely responsible.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME for the six months ended 30 June

	Note	Six months ended 30 June	
		2014 Unaudited £	2013 Unaudited £
Revenue	2	24,468,382	16,025,722
Cost of sales	2	(18,472,110)	(12,006,481)
Gross profit		<u>5,996,272</u>	<u>4,019,241</u>
Administrative expenses		(2,906,075)	(2,199,984)
Net movement in provision for impairment of receivables		(326,437)	(7,839)
Share of profit from associate		236,435	156,068
Profit from operations		<u>3,000,195</u>	<u>1,967,486</u>
Finance income		44,458	74,568
Profit before tax		<u>3,044,653</u>	<u>2,042,054</u>
Tax expense	3	(645,890)	(452,636)
Profit for the year attributable to equity holders of parent company		<u>2,398,763</u>	<u>1,589,418</u>
Earnings per share attributable to the owners of the parent			
Basic		<u>39.17</u>	<u>22.72</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 30 June 2014 and 31 December 2013

	Note	30 June 2014 Unaudited £	31 December 2013 £
ASSETS			
Non-current assets			
Property, plant and equipment		166,355	176,832
Goodwill	5	4,114,107	4,114,107
Other intangible assets		54,144	63,165
Investments in associates		276,078	198,743
Total non-current assets		<u>4,610,684</u>	<u>4,552,847</u>
Current assets			
Trade and other receivables	6	3,064,131	3,698,180
Cash and cash equivalents	9	6,311,003	9,388,153
Total current assets		<u>9,375,134</u>	<u>13,086,333</u>
Total assets		<u>13,985,818</u>	<u>17,639,180</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital	10	50,691	69,960
Share premium		2,988,891	2,988,891
Capital redemption reserve		19,315	46
Retained earnings		3,355,039	7,621,981
Total equity		<u>6,413,936</u>	<u>10,680,878</u>
LIABILITIES			
Non-current liabilities			
Deferred tax liability		18,146	18,146
Provisions		644,674	588,783
Total non-current liabilities		<u>662,820</u>	<u>606,929</u>
Current liabilities			
Trade and other payables	7	6,275,077	5,805,437
Corporation tax liability		633,985	545,936
Total current liabilities		<u>6,909,062</u>	<u>6,351,373</u>
Total liabilities		<u>7,571,882</u>	<u>6,958,302</u>
Total equity and liabilities		<u>13,985,818</u>	<u>17,639,180</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the six months ended 30 June

	Share capital £	Share premium £	Capital redemption reserve £	Retained earnings £	Total equity £
As at 1 January 2013	69,960	2,988,891	46	4,118,272	7,177,169
Profit for the period	-	-	-	1,589,418	1,589,418
Total comprehensive income	-	-	-	1,589,418	1,589,418
Transactions with owners					
Dividends paid	-	-	-	(540,780)	(540,780)
Total transactions with owners	-	-	-	(540,780)	(540,780)
As at 30 June 2013 (unaudited)	69,960	2,988,891	46	5,166,910	8,225,807
As at 1 January 2014	69,960	2,988,891	46	7,621,981	10,680,878
Profit for the period	-	-	-	2,398,763	2,398,763
Total comprehensive income	-	-	-	2,398,763	2,398,763
Transactions with owners					
Redemption of shares	(19,269)	-	19,269	(4,557,951)	(4,557,951)
Dividends paid	-	-	-	(2,107,754)	(2,107,754)
Total transactions with owners	(19,269)	-	19,269	(6,665,705)	(6,665,705)
As at 30 June 2014 (unaudited)	50,691	2,988,891	19,315	3,355,039	6,413,936

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE
CASH FLOWS
for the six months ended 30 June**

	Six months ended 30 June	
	2014 Unaudited £	2013 Unaudited £
Cash flows from operating activities		
Profit for the year before tax	3,044,653	2,042,054
Adjustments for		
Depreciation of property, plant and equipment	51,612	32,718
Amortisation of intangibles	9,021	12,622
Share of profit from associates	(236,435)	(156,068)
Finance income	(44,458)	(74,568)
	<u>2,824,393</u>	<u>1,856,758</u>
Changes in working capital		
Decrease/(increase) in trade and other receivables	634,049	(1,114,646)
Increase/(decrease) in trade and other payables	469,640	(226,346)
Increase in provisions	55,891	60,000
	<u>3,983,973</u>	<u>575,766</u>
Cash generated from operating activities	3,983,973	575,766
Income taxes paid	(557,841)	(254,212)
Net cash inflow from operating activities	<u>3,426,132</u>	<u>321,554</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(41,135)	(10,264)
Proceeds from sale of property, plant and equipment	–	211
Acquisitions of associates and investments	(150)	(300)
Dividends received from associates	159,250	83,667
Net cash inflow from investing activities	<u>117,965</u>	<u>73,314</u>
Cash flows from financing activities		
Interest received	44,458	74,568
Redemption of shares	(4,548,951)	–
Dividends paid	(2,116,754)	(540,780)
Net cash (outflow) from financing activities	<u>(6,621,247)</u>	<u>(466,212)</u>
Net (decrease) in cash and cash equivalents	(3,077,150)	(71,344)
Cash and cash equivalents at the beginning of the period	9,388,153	4,743,245
Cash and cash equivalents at the end of the period	<u>6,311,003</u>	<u>4,671,091</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION for the six months ended 30 June 2014

1. ACCOUNTING POLICIES

Corporate information

The interim condensed consolidated financial information of Mortgage Advice Bureau (Holdings) Limited and its subsidiaries (collectively, the Group) for the six months ended 30 June 2014 were authorised for issue in accordance with a resolution of the directors on 10 November 2014.

Mortgage Advice Bureau (Holdings) Limited (the Company) is a limited company incorporated and domiciled in England whose shares are not publicly traded. The Group's principal activity is the provision of financial services.

Basis of preparation

The interim condensed consolidated financial information for the six months ended 30 June 2014 have been prepared in accordance with IAS 34 Interim Financial Reporting.

The interim condensed consolidated financial information do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's IFRS financial information as at 31 December 2013.

New standards, interpretations and amendments effective six months ended 30 June 2014

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those followed in the preparation of the Group's annual consolidated financial information for the year ended 31 December 2013, except for the adoption of new standards and interpretations effective as of 1 January 2014.

The following new standards, interpretations and amendments are effective for annual periods beginning on or after 1 January 2014 and have been applied in preparing this financial information. None of these new standards or interpretations impact on the annual consolidated financial statements of the Group or the interim condensed consolidated financial statements of the Group.

- IFRS 10 'Consolidated financial statements' introduces new requirements for determining which investee companies to consolidate and provides a single model to determine control aspects of investments.
- IFRS 12 'Disclosure of Interests in Other Entities' covers disclosure requirements of entities that have interests in subsidiaries, joint ventures and associates.
- Amendments to IFRS 10, 11 and 12 (effective 1 January 2014) provides additional transition relief to IFRS 10, 11 and 12, limiting the requirement to provide adjusted comparative information to only the preceding comparative period.
- IAS 27 'Separate financial statements' contains disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements.
- IAS 28 (revised 2011) Investments in associates and joint ventures includes the requirements for joint ventures as well as associates to be equity accounted following the issue of IFRS 11.
- IAS 32 (amendment) Financial instruments – Presentation of asset and liability offsetting (effective January 2014) clarifies some of the requirements for offsetting financial assets and financial liabilities on the balance sheet.
- Amendments to IAS 36, Impairment of assets, on the recoverable amount disclosures for non-financial assets removes certain disclosures of the recoverable amounts of CGUs which had been included in IAS 36 by the issue of IFRS 13.

Basis of consolidation

Where the company has the power, either directly or indirectly, to govern the financial and operating policies of another entity or business so as to obtain benefits from its activities, it is classified as a subsidiary. The consolidated financial information presents the results of the company and its subsidiaries (the "Group") as if they formed a single entity. Intercompany transactions and balances between Group companies are therefore eliminated in full.

The purchase method of accounting is used to account for acquisitions and the cost of the acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed are measured at their fair value at the acquisition date. Acquisition costs are written off to the income statement. The accounting policies of subsidiaries are changed where necessary to ensure consistency with policies operated by the Group if this would have a material impact on the results of the Group.

Under the equity method of accounting, interests in associates are initially recognised at cost and adjusted thereafter to recognise the Group's share of post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses equal or exceed its interest in the associate the Group does not recognise further losses except to the extent that it has incurred obligations or made payments on behalf of the associate. Accounting policies of associates are aligned where necessary to ensure consistency with policies operated by the Group if this would have a material impact on the results of the Group.

Segment Reporting

An operating segment is a distinguishable segment of an entity that engages in business activities from which it may earn revenues and incur expenses and whose operating results are reviewed regularly by the entity's chief operating decision maker (CODM). The Board reviews the Group's operations and financial position as a whole and therefore considers that it has only one operating segment, being the provision of financial services operating solely within the UK. The information presented to the CODM directly reflects that presented in the financial statements and the Board reviews the performance of the Group by reference to the results of the operating segment against budget.

Operating profit is the profit measure, as disclosed on the face of the combined income statement that is reviewed by the CODM. The performance measures used by management are prepared under UK GAAP whereas the figures in the Group financial information have been prepared in accordance with International Financial Reporting Standards ("IFRS") and IFRC Interpretations issued by the International Accounting Standards Board as adopted by the European Union.

2. REVENUE

The Group operates in one segment being that of the provision of financial services in the UK.

Revenue is derived as follows:

	2014 Unaudited £	2013 Unaudited £
Mortgage related products	13,722,928	8,533,483
Insurance and other protection products	10,273,288	7,142,772
Other income	472,166	349,467
	<u>24,468,382</u>	<u>16,025,722</u>

Costs of sales are as follows:

	2014 £	2013 £
Commissions paid	17,830,705	11,172,147
Other cost of sales	641,405	834,334
	<u>18,472,110</u>	<u>12,006,481</u>

There is no significant seasonality to income which arises fairly evenly throughout the year and therefore profits also arise fairly evenly throughout the financial year.

3. INCOME TAX

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the interim condensed statements of comprehensive income are:

	2014 Unaudited £	2013 Unaudited £
Current tax expense		
UK corporation tax charge on profit for the period	645,890	452,636
Adjustments for over provision in prior periods	–	–
Total current tax	<u>645,890</u>	<u>452,636</u>
Deferred tax expense		
Origination and reversal of timing differences	–	–
Effect of increased tax rate on opening liability	–	–
Total Deferred Tax	–	–
Total tax expenses	<u>645,890</u>	<u>452,636</u>

4. DIVIDENDS

	2014 Unaudited £	2013 Unaudited £
Dividends paid and declared during the period:		
On A ordinary shares at £0 per share (2013: £60.00)	–	240,000
On B ordinary shares at £52.078 per share (2013: £6)	2,083,154	240,000
On C ordinary shares at £10 per share	24,600	–
On D ordinary shares at 0.0p per share (2013: 0.0578p)	–	780
On E ordinary shares at £0 per share (2013: £6)	–	60,000
	<u>2,107,754</u>	<u>540,780</u>

5. GOODWILL

Goodwill relates to the acquisition of Talk Limited, and its subsidiaries, in 2012. The goodwill is deemed to have an indefinite useful life. It is currently carried at cost and is reviewed annually for impairment.

Under IAS 36, "Impairment of assets", the Group reviews and test its goodwill annually at 31 December or in the event of a significant change in circumstances. The impairment review conducted at the end of 2013 concluded that there had been no impairment of goodwill.

The key basis for determining that there was no impairment to the carrying value of goodwill was disclosed in the annual consolidated financial statements for the year ended 31 December 2013. There are no matters which have arisen in the period to 30 June 2014 which indicated that an impairment review was required at that date.

6. TRADE AND OTHER RECEIVABLES

	30 June 2014 Unaudited £	31 December 2013 £
Trade receivables not past due	138,066	227,466
Trade receivables past due but not impaired	385,976	487,143
Trade receivables past due but impaired	98,995	162,670
Trade receivables	623,037	877,279
Less provision for impairment of trade receivables	(98,995)	(162,670)
Trade receivables – net	524,042	714,609
Amounts due from associates	145,436	20,051
Other receivables	1,200,000	1,697,891
Prepayments and accrued income	1,194,653	1,265,629
	<u>3,064,131</u>	<u>3,698,180</u>

Trade and other receivables are all current and the book value is the same as their fair value as any which are considered irrecoverable have been impaired.

Other receivables are stated net of provision for impairment of £347,891 (2013: £nil).

7. TRADE AND OTHER PAYABLES – CURRENT

	30 June 2014 Unaudited £	31 December 2013 £
Trade payables	5,475,961	4,666,530
Social security and other taxes	163,121	348,935
Other payables	46,382	97,436
Accruals and deferred income	589,613	692,536
	<u>6,275,077</u>	<u>5,805,437</u>

Book values are the same as fair value at 30 June 2014 and 31 December 2013 due to their short maturities as all amounts will be settled at the values stated.

8. FINANCIAL INSTRUMENTS – RISK MANAGEMENT ACTIVITIES

Credit risk

During the period the Group made a loan of £1,000,000 to a company which is repayable with not less than three months' notice by either party and which accrues interest at a rate of 9.5 per cent. above RBS bank base rate. The Group has mitigated the credit risk of this loan and has taken a fixed and floating charge over the assets of the company and obtained personal guarantees from the directors of the company.

The Group also made a further loan of £200,000 during the period to a director/shareholder which is repayable by 31 December 2014 and which accrues interest at a rate of 8 per cent. This loan is unsecured.

During the six months ended 30 June 2014 a provision of £347,891 was made against an amount due to the Group which was included within other receivables. The Group held security held against this balance but due to changes in market conditions the value of the security is considered to be inadequate to cover the amount due and therefore a provision has been made. This expense is included in the movement in provision for impairment of receivables in the statement of comprehensive income.

9. CASH AND CASH EQUIVALENTS

For the purpose of the interim condensed statement of cash flows, cash and cash equivalents are comprised of:

	30 June 2014 Unaudited £	31 December 2013 £
Cash at bank and in hand	<u>6,311,003</u>	<u>9,388,153</u>

10. SHARE CAPITAL

Issued and fully paid

	30 June 2014	31 December 2013
	Unaudited	
	£	£
Ordinary shares of £1 each	50,691	–
A Ordinary shares of £1 each	–	4,000
B Ordinary shares of £1 each	–	40,000
C Ordinary shares of £1 each	–	2,460
D Ordinary shares of £1 each	–	13,500
E Ordinary shares of £1 each	–	10,000
Total share capital	<u>50,691</u>	<u>69,960</u>

On 3 January 2014 all 4,000 A Ordinary shares of £1 in issue were purchased by the company and cancelled for a total consideration of £4,521,816. On the same date 4,500 D Ordinary shares of £1 were purchased by the company and cancelled for a total consideration of £4,500.

On 25 June 2014, the company purchased and cancelled 9,000 D Ordinary shares of £1 each at par. On the same date, a resolution was passed to convert all 2,460 C Ordinary shares of £1 each into and redesignate them as B Ordinary shares of £1 each on the basis of one B Ordinary share for each 3.56 C Ordinary shares held. Also on 25 June 2014, the E Ordinary shares were re-designated as B shares and the B Ordinary shares were then redesignated as Ordinary shares.

The consideration for all the shares purchased by the company during the period was paid in cash and the reserves of the company have been reduced by the costs of redeeming the shares. In addition to the par value the Company paid £22,635 stamp duty in respect of the shares purchased by the company in the period.

The Ordinary shares are not entitled to dividends other than at the discretion of the board.

11. RELATED PARTY TRANSACTIONS

Accounting services are provided to the Group by Robconsult Limited, a company in which P Robinson is a director and shareholder. Services supplied are on an arm's length basis and amounted to £9,055 plus VAT during the period (2013: £7,586 plus VAT). At the period end £1,800 (2013: £1,813) was owing to Robconsult Limited in respect of these transactions.

At 30 June 2014 there was an amount of £nil (2013: £488,926) due to the Group from BriefYourMarket Limited, a company in which R Palmer, P Robinson and P Brodnicki are directors and shareholders. This loan is unsecured, accrues interest at a rate of 8.75 per cent. per annum and had no fixed repayment date.

The Group also made purchases of £17,180 (2013: £17,965) and sales of £1,466 (2013: £3,211) to BriefYourMarket Limited. At the 30 June 2014, £1,129 was due from BriefYourMarket Limited (2013: £1,448 due to).

At 30 June 2014 there was an amount of £1,000,000 (2013: £nil) due to the Group from HBB Bridging Loans Limited, a company in which S Blunt and D Preece are directors and shareholders. This loan is secured, by a fixed and floating charge over the assets of the company and personal guarantees from certain directors of HBB Bridging Loans Limited. It accrues interest at a rate of 9.5 per cent. per annum above RBS bank base rate and has no fixed repayment date, although three months' notice to terminate can be given by either party.

During the period the Group made purchases from Astute Insurance Solutions Limited of £2,730 (2013: £3,535), a company in which P Robinson was a director.

During the period the Group received introducer fees of £13,575 (2013: £26,267) from Capital Private Finance Limited, an associated company. At 30 June 2014 there was a balance due from Capital Private Finance Limited of £2,413 (2013: £3,410).

At 30 June 2014 there was a loan outstanding to Pinnacle Surveyors (England & Wales) Limited, a subsidiary of CO2 Limited, an associated company, of £45,000 (2013: £18,600).

At 30 June 2014 there was a loan outstanding to Buildstore Limited, an associated company, of £100,000 (2013: £Nil).

At 30 June 2014 there was a loan outstanding due from Client Data Systems Group Limited of £347,891 (2013: £347,891), a company in which Mortgage Advice Bureau Limited has a 7 per cent. shareholding. This loan is secured by personal guarantees of a director of Client Data Systems Group Limited and his spouse, and on the freehold property owned by the spouse of such director. The loan attracts interest at a rate of 10 per cent. per annum and has no fixed repayment date. The loan has been fully provided for in the period to 30 June 2014 and a provision charge of £347,891 is included in the net movement in provision for impairment of receivable in the statement of comprehensive income.

At 30 June 2014 there was a loan outstanding to Peter Birch, a director and shareholder, of £200,000 (2013: £Nil). This loan was fully repaid on 10 October 2014.

During the period the Group received dividends from associated companies as follow:

	2014 Unaudited £	2013 Unaudited £
CO2 Commercial Limited	83,300	49,367
Capital Private Finance Limited	75,950	34,300

12. EVENTS AFTER THE REPORTING DATE

On 8 September 2014, the Group completed a share buyback of 217 ordinary shares at par.

On 10 October 2014, an interim dividend of £1,849,998 was declared and paid shortly thereafter.

On 31 October 2014, the 50,474 ordinary shares of £1 each were subdivided into 50,474,000 ordinary shares of 0.1 pence each. On 3 November 2014, the Company was re-registered as a public limited company.

On 4 November 2014, the Company allotted 35,600 Ordinary Shares to the SIP Trust for the purposes of awarding free shares to the employees of the Group on Admission pursuant to the SIP. On 10 November 2014, the issued share capital of the Company, all of which was fully paid up, was 50,509,600 Ordinary Shares with a nominal value of 0.1 pence each.

PART V

REGULATORY OVERVIEW

THE GROUP'S REGULATORY PERMISSIONS

MAB Limited, MAB (Derby) and Capital Protect are authorised and regulated by the FCA in the UK.

MAB Limited and MAB (Derby) are both authorised to provide advice and arrange regulated (first charge) mortgage contracts and to advise on and arrange non-investment insurance products. These entities also hold permissions from the FCA in respect of certain credit broking activities (broadly involving arranging buy-to-let mortgages and second charge mortgages).

Capital Protect is authorised to advise on and arrange non-investment insurance products.

The Group's business is conducted primarily through a network of Appointed Representatives. MAB Limited and MAB (Derby) have entered into AR Agreements pursuant to section 39 of FSMA as principal with the Appointed Representatives. As principal firms, both MAB Limited and MAB (Derby) are responsible for the conduct of the regulated activities undertaken by the Appointed Representatives and are required to establish systems and controls for the supervision of the Appointed Representatives and to monitor their activities.

REGULATORY FRAMEWORK IN THE UK

The Financial Services Act has reformed the UK's system of financial regulation. In addition to effecting a structural reorganisation of the UK regulatory framework and the reallocation of the Financial Services Authority's ("FSA", the predecessor to the FCA) powers, the Financial Services Act conferred new powers on the FCA.

Following the implementation of the Financial Services Act, the FSA ceased to exist and three new regulators were established in its place, being the Financial Policy Committee, the PRA and the FCA.

The Financial Policy Committee, which sits within the Bank of England, is responsible for the macro-prudential regulation of the entire financial services sector.

The PRA, a subsidiary of the Bank of England, is responsible for overseeing the micro-prudential regulation of banks, insurers and some large investment firms. MAB Limited, MAB (Derby) and Capital Protect are not subject to regulation by the PRA.

The FCA is responsible for the conduct of business regulation of all authorised firms and the prudential regulation of firms not regulated by the PRA. The FCA has also inherited the majority of the FSA's market regulatory functions. The Financial Services Act also conferred new powers on the FCA, for example the FCA has new early intervention powers which enable it to intervene directly in the market and make product intervention rules with the aim of preventing harm to consumers.

AUTHORISATION TO CARRY ON REGULATED ACTIVITIES IN THE UK

In the UK, the provision of financial services by way of business is governed by certain requirements under FSMA, together with secondary legislation and other rules made under it, for example the FCA Rules. Under section 19 of FSMA, it is an offence for any person to carry on "regulated activities" in the UK unless they are an authorised person or exempt from the need to be authorised.

The various "regulated activities" are set out in the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (as amended). They include (among other regulated activities) arranging and advising on regulated mortgage contracts and insurance contracts.

In granting an application by a firm for authorisation, the FCA may delineate the scope of, and include such restrictions on, the grant of permission as it deems appropriate. In granting or varying the terms of a firm's permissions, the FCA must ensure that the firm meets certain threshold conditions (see below). In addition, under FSMA the FCA can impose such requirements on a firm as it considers appropriate to require it to take or refrain from taking specified action. These requirements may relate to a range of matters.

THRESHOLD CONDITIONS

Firms must at all times meet specified “threshold conditions” set out in FSMA, which relate to matters including the appropriateness of the firm’s financial and other resources and whether a firm is a fit and proper person to conduct its regulated activities, having regard to all the circumstances (including whether the firm’s affairs are conducted soundly and prudently). Firms solely regulated by the FCA need to ensure that they meet the FCA’s threshold conditions at authorisation and on an on-going basis.

REQUIREMENTS FOR AUTHORISED FIRMS IN THE UK

MAB Limited, MAB (Derby) and Capital Protect are obliged to comply with, among other things, FSMA (and secondary legislation made under it) and other relevant UK and directly effective EU legislation and the FCA Rules.

The FCA Rules are set out in a number of sourcebooks. These include:

- the Principles for Businesses (the “**Principles**”) which are high-level principles comprising a general statement of the fundamental obligations of FCA authorised firms under the regulatory system;
- the Senior Management Arrangements, Systems and Controls Sourcebook (“**SYSC**”) which sets out rules in relation to a firm taking reasonable care to organise and control its affairs responsibly and effectively, with adequate risk management systems and to vest responsibility for effective and responsible organisation in specific directors and senior managers; and
- the Mortgages and Home Finance: Conduct of Business sourcebook (“**MCOB**”) which applies to activities carried out in respect of regulated mortgage contracts or other home finance activities.

APPROVED PERSONS REGIME

An FCA authorised firm is also required to obtain approval from the FCA for any individual who carries on any specific “controlled function”, such as, for example, executive or non-executive directors (of a regulated firm (or its parent company when that executive or non-executive director exercises significant influence over the affairs of a regulated subsidiary) and persons responsible for compliance oversight, money laundering reporting, systems and controls and customer functions. These individuals are known as “**Approved Persons**” and must comply with a set of principles which largely mirror the FCA’s Principles for Businesses.

The FCA will only approve an individual to undertake a controlled function if that individual is assessed to be a fit and proper person. In particular, the FCA must be satisfied as to the person’s honesty, integrity and reputation, competence and capability for the role that the person is to assume in the firm as well as their financial soundness. If an individual is applying for a “significant influence function” (which are, broadly, controlled functions relating to key management, risk, compliance and operational roles), the FCA’s assessment of the applicant may involve an interview.

CHANGE OF CONTROL FOR AUTHORISED FIRMS

Under the FSMA change of control regime, a person who has decided to acquire or increase its control over a UK firm authorised and regulated under FSMA is required to seek consent from the FCA before doing so. A FSMA authorised and regulated firm must also notify the FCA when the transaction which results in that increase takes place. Any acquisition of control over MAB Limited, MAB (Derby) or Capital Protect, including an acquisition of control over the Company, would be subject to this regime.

A proposed “controller” for the purposes of the controller regime is any natural or legal person (or such persons “acting in concert”) who decides to acquire or increase, directly or indirectly, his or her or its control over a UK authorised firm. “Control” over a UK authorised firm which is not subject to a single market directive (e.g. MiFID), such as MAB Limited, MAB (Derby) and Capital Protect, is acquired if the acquirer:

- holds 20 per cent. or more of the shares or voting rights in that company or in its parent undertaking; or
- is able to exercise significant influence over the management of the firm by virtue of the acquirer’s shares or voting power in the company or its parent undertaking.

The FCA has up to 60 working days from the date of receipt by it of such a notification to approve any such acquisition of control. The FCA may serve a warning notice of its intention to object to the change in control, followed by a decision notice objecting to the acquisition of control. The FCA is required to specify in the warning and decision notice its reasons for the objections.

A person who ceases to be a 20 per cent. controller is required only to inform the FCA. FCA prior approval is not required for reduction or cessation of control.

Breach of the notification and approval regime imposed by FSMA on controllers is a criminal offence.

REGULATORY CAPITAL

Regulatory capital requirements form an integral part of the FCA's prudential supervision of UK authorised firms. The regulatory capital rules oblige firms to hold a certain amount of capital at all times (taking into account the particular risks to which the firm may be exposed given its business activities), thereby helping to ensure that firms can meet their liabilities as they fall due and safeguarding their (and their counterparties') financial stability. The FCA also expects firms to take a pro-active approach to monitoring and managing risks, consistent with its high level requirement for firms to have adequate financial resources.

MAB Limited, MAB (Derby) and Capital Protect each maintain capital resources at a level that satisfies their respective regulatory capital requirements as well as their working capital requirements. Each of these companies had surplus regulatory capital as at 30 September 2014. The Group reviews the regulatory capital requirements of each of the regulated entities on an on-going basis.

REGULATORY DEVELOPMENTS IN RELATION TO CONSUMER CREDIT AND THE MORTGAGE MARKET

On 1 April 2014, responsibility for consumer credit regulation transferred from the Office of Fair Trading (the "OFT") to the FCA. All firms carrying on consumer credit activities were required to apply for 'interim permission' from the FCA by 31 March 2014 in order to carry on consumer credit activities until they are granted 'full authorisation'. MAB Limited and MAB (Derby) have both been granted such full authorisation by the FCA.

In addition, new rules were imposed on mortgage lenders and intermediaries as part of the FCA's Mortgage Market Review (the "MMR"), which came into effect on 26 April 2014. Whilst the MMR mainly places significant new requirements on mortgage lenders, it also introduced new requirements for mortgage intermediaries, such as ensuring that all interactive mortgage sales take place on an advised basis, a requirement for the firm to act in the customer's best interests and for each seller to hold appropriate mortgage qualifications.

The Group has implemented all necessary changes arising out of the MMR. Certain FCA rule changes are expected as a result of the UK transposition of the European Mortgage Credit Directive, which may impact the Group. However, the UK Treasury has noted that as the UK already has a robust mortgage regulatory regime in place, its approach to implementation of the Mortgage Credit Directive is to minimise the impact on the UK market as far as possible.

SUPERVISION AND ENFORCEMENT

The FCA has wide powers under FSMA to supervise, and intervene in, the affairs of an authorised firm. The FCA can, for instance, require firms to provide particular information or documents to it, require the production of a report by a "skilled person" appointed by the FCA or formally investigate a firm. The nature and extent of the FCA's supervisory relationship with a firm depends on how much of a risk that firm is considered to pose to the FCA's statutory objectives.

The FCA also has the power to take a range of enforcement actions, including the ability to sanction companies and individuals carrying out functions within them. Most notably, enforcement actions may include restrictions on undertaking new business, public censure, restitution, fines and, ultimately, revocation of permission to carry on regulated activities or of an Approved Person's status. The FCA can also vary or cancel the permissions of an authorised firm:

- that has failed to carry on a regulated activity for 12 months;
- that fails to meet the threshold conditions; or
- where such a variation or cancellation is desirable in order to advance one or more of the FCA's operational objectives.

In addition to the above, the FCA can also impose sanctions on any person who is found to have committed market abuse and it has the power to prosecute: (i) criminal offences arising under FSMA; (ii) insider dealing under Part V of the Criminal Justice Act 1993; and (iii) breaches of the UK's anti-money laundering legislation.

FCA regulated firms who deal with “eligible complainants” (broadly private individuals and small and medium enterprises) are subject to the compulsory jurisdiction of the FOS which has been set up under FSMA. Authorised firms must have appropriate complaints handling procedures but, where these are exhausted, the FOS provides for dispute resolution in respect of certain categories of customer complaints brought against applicable firms by individuals and small business customers.

The FOS provides an alternative to customers bringing complaints in the courts and is empowered, upon determining a dispute in favour of a customer, to order a firm to pay fair compensation for any loss or damage it caused to the customer, or to direct a firm to take such steps in relation to the customer as the FOS considers just and appropriate, and irrespective of whether a similar award could be made by a court. The FOS is funded by levies and case fees payable by firms covered by the FOS.

The FSCS was established under FSMA and provides compensation to certain categories of customers who suffer losses as a consequence of the inability of a regulated firm to meet its liabilities arising from claims made in connection with regulated activities. The FSCS is funded by means of levies on all its participating financial services firms. The levy is calculated separately for each class of financial services with each class divided into sub-classes based on provider or intermediation activities.

All FCA authorised and regulated firms are required under the Money Laundering Regulations 2007 to observe and apply certain administrative procedures and checks that are designed to prevent money laundering and financial crime.

PART VI

ADDITIONAL INFORMATION

1. THE COMPANY

- 1.1 The Company was incorporated and registered as a private limited company in England and Wales under the Act on 28 December 2000 with the name Nottcor 158 Limited and with registered number 04131569. On 2 May 2001, the Company changed its name to Mortgage Advice Bureau Limited and on 10 January 2007, the Company changed its name again to Mortgage Advice Bureau (Holdings) Limited. On 3 November 2014, the Company was re-registered as a public limited company with the name Mortgage Advice Bureau (Holdings) plc.
- 1.2 The Company is a public limited company and accordingly the liability of its members is limited. The Company and its activities and operations are principally regulated by the Act and the regulations made thereunder, FSMA and the FCA Rules.
- 1.3 The Company is domiciled in England and Wales and its head and registered office is at Capital House, Pride Place, Pride Park, Derby DE24 8QR. The telephone number of the Company is +44 (0)1332 200020.

2. SHARE CAPITAL

- 2.1 The Company was incorporated in 2000 with a share capital comprised of two ordinary shares with a nominal value of £1 each and on 1 May 2001 a further 198 ordinary shares with a nominal value of £1 each were allotted. On 1 August 2006, the 1,000 issued and unissued ordinary shares in the Company were re-designated as A ordinary shares of £1 each and the authorised share capital of the Company was increased to £2,000 by the creation of an additional 1,000 ordinary shares (which were designated as B ordinary shares of £1 each). Following the share re-designation and creation of B ordinary shares, 800 A ordinary shares of £1 each were allotted and 1,000 B ordinary shares of £1 each were allotted.
- 2.2 On 9 October 2007, the authorised nominal capital of the Company was increased to £4,000. Subsequently a new class of C ordinary shares with a nominal value of £1 each was created and 1,830 C ordinary shares were allotted and as of 28 December 2007, the issued share Capital of the Company was £3,830 divided into 1,000 A ordinary shares with a nominal value of £1 each, 1,000 B ordinary shares with a nominal value of £1 each and 1,830 C ordinary shares with a nominal value of £1 each. As at 28 December 2010, the authorised nominal capital of the Company had been increased to £51,830, another class of shares D ordinary shares with a nominal value of £1 had been created, 9000 D ordinary shares of £1 each had been allotted and a further 39,000 B ordinary shares with a nominal value of £1 had been allotted.
- 2.3 As at 14 December 2011, the issued share capital of the Company was £51,830 divided into 1,000 A ordinary shares, 40,000 B ordinary shares, 1,830 C ordinary shares and 9,000 D ordinary shares all with a nominal value of £1 each. The following changes have since been made to the Company's share capital.
- 2.4 On 7 March 2012 by special resolutions:
- (a) 10,000 ordinary shares comprising the authorised but not issued share capital were re-designated as 10,000 E ordinary shares with a nominal value of £1.00 each;
 - (b) the directors were empowered pursuant to section 570 of the 2006 Act to allot equity securities (as defined in section 560 Act) pursuant to the authority conferred in paragraph 2.4(d) below as if section 561(1) of the 2006 Act did not apply to such allotment, such power being limited to:
 - (i) the allotment of 10,000 E ordinary shares of £1.00 each up to an aggregate nominal value of £10,000; and
 - (ii) the expiry of this power on the 7 March 2017, save that the Company may, before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot securities in pursuance of such offer as if the authority had not ended; and
 - (c) new articles of association were adopted;

by ordinary resolution:

- (d) the directors were generally and unconditionally authorised for the purposes of section 551 of the 2006 Act to allot shares in the Company up to an aggregate nominal amount of £10,000, being 10,000 E ordinary shares with a nominal value of £1.00 each.
- 2.5 Following the re-designation and allotment described above, on 7 March 2012, the issued share capital of the Company was £69,960 divided into 4,000 A ordinary shares with a nominal value of £1 each, 40,000 B ordinary shares with a nominal of £1 each, 2,460 C ordinary shares with a nominal value of £1 each, 13,500 D ordinary shares with a nominal value of £1 each and 10,000 E ordinary shares with a nominal value of £1 each.
- 2.6 By special resolutions of the members passed on 24 December 2013, the Company bought back from shareholders 4,000 A ordinary shares with a nominal value of £1 each and 4,500 D ordinary shares with a nominal value of £1 each and such A ordinary shares and D ordinary shares were cancelled on 3 January 2014.
- 2.7 Following the cancellation described in 2.6 above, the issued share capital of the Company was £61,460 divided into 40,000 B ordinary shares with a nominal value of £1 each, 2,460 C ordinary shares with a nominal value of £1 each, 9,000 D ordinary shares with a nominal value of £1 each and 10,000 E ordinary shares with a nominal value of £1 each.
- 2.8 On 25 June 2014, by ordinary resolution the Company bought back from shareholders 9,000 D ordinary shares with a nominal value of £1 each and cancelled such D ordinary shares; and by special resolution, the Company:
- (a) cancelled and extinguished 1,769 of the 2,460 C ordinary shares and re-designated the remaining 691 C ordinary shares as B ordinary shares with a nominal value of £1 each;
 - (b) re-designated each of the 10,000 E ordinary shares as non-redeemable ordinary shares with a nominal value of £1 each and the right to receive notice to attend and participate at general meetings and vote on any resolutions, the right to participate in a distribution and the right to participate in a distribution on a winding up;
 - (c) re-designated each of the 40,691 B ordinary shares, including those former C ordinary shares re-designated as B ordinary shares, as non-redeemable ordinary shares with a nominal value of £1 each and the right to receive notice to attend and participate at general meetings and vote on any resolutions, the right to participate in a distribution and the right to participate in a distribution on a winding up; and
 - (d) adopted the draft regulations produced to the meeting, and for the purposes initialled by the chairperson as the articles of association of the Company, in substitution for, and to the exclusion of, the then existing articles of association.
- 2.9 On 8 September 2014, by special written resolutions of the members, the Company bought back from Peter and Nicola Birch 217 non-redeemable ordinary shares with a nominal value of £1 each and cancelled such ordinary shares.
- 2.10 By special resolution passed on 31 October 2014:
- (a) the issued share capital of the Company comprising of 50,474 ordinary shares of £1 each was sub-divided into 50,474,000 Ordinary Shares of 0.1 pence each; and
 - (b) it was resolved that the Company be re-registered as a public limited company and new interim articles of association be adopted (prior to the adoption of the Articles immediately prior to Admission as described in paragraph 2.15 below). Such re-registration took effect on 3 November 2014.
- 2.11 On 4 November 2014, the Company allotted 35,600 Ordinary Shares to the SIP Trust for the purposes of awarding free shares to employees of the Group following Admission pursuant to the SIP.
- 2.12 Accordingly, as at 10 November 2014, the issued share capital of the Company, all of which was fully paid up, was 50,509,600 ordinary shares with a nominal value of 0.1 pence each.
- 2.13 Pursuant to the Act, with effect from 1 October 2009, the concept of authorised share capital was abolished and accordingly there is no limit on the maximum number of shares that may be allotted by the Company.

2.14 Pursuant to special and ordinary resolutions passed on 31 October 2014, the following actions were approved in each case conditional upon Admission:

- (a) the Directors were generally and unconditionally authorised pursuant to section 551 of the Act to allot shares and grant rights to subscribe for or to convert any security into shares (such shares and rights to subscribe for or to convert any security into shares being **relevant securities**) up to an aggregate nominal amount of £33,673, such authority to expire upon the earlier of the conclusion of the next annual general meeting of the Company and the date which is 18 months from the date of passing of the resolution, except that the Directors can during such period make offers or arrangements which could or might require the allotment of relevant securities after the expiry of such period;
- (b) the Directors were empowered pursuant to section 570(1) of the Act to allot equity securities (as defined in section 560(1) of the Act) of the Company wholly for cash pursuant to the authority of the Directors under section 551 of the Act conferred by paragraph (a) above, and/or by way of a sale of treasury shares by virtue of section 573 of the Act, as if the provisions of section 561 of the Act did not apply to such allotment provided that this power is limited to:
 - (i) the allotment of equity securities in connection with an invitation or offer of equity securities to the Shareholders (excluding any shares held by the Company as treasury shares (as defined in section 724(5) of the Act)) on a fixed record date in proportion (as nearly as practicable) to their respective holdings of shares or in accordance with the rights attached to such shares (but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or as a result of legal, regulatory or practical problems arising under the laws of or the requirements of any overseas territory or by virtue of shares being represented by depository receipts or the requirements of any regulatory body or stock exchange or any other matter whatsoever);
 - (ii) the allotment of equity securities up to an aggregate nominal value equal to £1,012 (representing the nominal value of 2 per cent. of the Company's issued share capital immediately following Admission) in respect of the proposed AR Option Plan; and
 - (iii) the allotment (other than pursuant to the power referred to in sub-paragraphs (i) and (ii) above) of equity securities up to an aggregate nominal value equal to £2,525 (representing the nominal value of 5 per cent. of the Company's issued share capital immediately following Admission),

such authority to expire upon the earlier of the conclusion of the next annual general meeting of the Company and the date which is 18 months from the date of passing of the resolution, except that the Directors can during such period make offers or arrangements which could or might require the allotment of equity securities after the expiry of such period; and

(c) the Directors were authorised to finalise the terms of, and implement the, AR Option Plan.

2.15 Pursuant to a special resolution passed on 31 October 2014 expressed to take effect immediately prior to Admission, the Company adopted the Articles setting out the rights and restrictions attaching to the Ordinary Shares in substitution and to the exclusion of the existing articles of association.

2.16 The provisions of section 561 of the Act (to the extent not dis-applied pursuant to section 570 of the Act) confer on Shareholders certain rights of pre-emption in respect of the allotment of equity securities (as defined in section 560(1) of the Act) which are, or are to be, paid up in cash and apply to the authorised but unissued equity share capital of the Company. These provisions have been dis-applied to the extent referred to in paragraph 2.14(b) above.

2.17 Pursuant to special resolutions passed on 31 October 2014, the following were approved conditional upon Admission:

- (a) the Company was generally and unconditionally authorised for the purpose of section 701 of the Act to make market purchases (within the meaning of 693(4) of the Act) of Ordinary Shares subject to the following conditions:

- (i) the maximum aggregate number of Ordinary Shares authorised to be repurchased shall be £5,051 representing the nominal value of 10 per cent. of the Company's issued share capital immediately following Admission;
- (ii) the minimum price (excluding expenses) which may be paid for each Ordinary Share is 0.1 pence (being the nominal value of an Ordinary Share);
- (iii) the maximum price (excluding expenses) which may be paid for each Ordinary Share is an amount equal to the 105 per cent. of the average market value of the Ordinary Shares (as derived from the mid-market price) for the five business days immediately preceding the date on which the Ordinary Share is contracted to be purchased;

such power to apply until the end of the next annual general meeting of the Company (or, if earlier, 31 December 2015) but in each case so that the Company may enter into a contract to purchase Ordinary Shares which will or may be completed or executed wholly or partly after the power ends and the Company may purchase Ordinary Shares pursuant to any such contract as if the power had not ended.

- (b) the Company approved, and was therefore authorised pursuant to section 694(2) of the Act to make off-market purchases of Ordinary Shares in connection with the acquisition of Ordinary Shares from the Key Personnel in certain circumstances pursuant to the Option Agreement (described in paragraph 11.13 below).

2.18 Save as set out in this paragraph 2:

- (a) no unissued share or loan capital of the Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
- (b) there are no shares in the capital of the Company currently in issue with a fixed date on which entitlement to a dividend arises and there are no arrangements in force whereby future dividends are waived or agreed to be waived;
- (c) there are no outstanding convertible securities issued by the Company; and
- (d) no share capital or loan capital of the Company or any of its subsidiaries (other than intra-group issues by wholly-owned subsidiaries) is in issue and no such issue is proposed.

2.19 None of the Ordinary Shares has been sold or made available to the public in conjunction with the application for Admission.

2.20 Save as disclosed in this document, no commission, discounts, brokerages or other specific terms have been granted by the Company in connection with the issue or sale of any of its share or loan capital.

2.21 The Ordinary Shares are in registered form and capable of being held in uncertificated form. Application has been made to Euroclear for the Ordinary Shares to be enabled for dealings through CREST as a participating security. No temporary documents of title will be issued. It is expected that definitive share certificates will be posted to those Shareholders who have requested the issue of Ordinary Shares in certificated form by 24 November 2014. The International Securities Identification Number (ISIN) for the Ordinary Shares is GB00BQSBH502.

2.22 The Group has no financing facilities or any material outstanding indebtedness.

2.23 On Admission, options over an aggregate of 1,325,000 Ordinary Shares will be granted to certain Directors and seniors executives representing a total of 2.62 per cent. of the Share Capital under the Executive Plan.

3. SUBSIDIARY UNDERTAKINGS

The Company is the holding company of the Group.

The Company currently has the following significant subsidiaries:

Name	Registered Office	Principal Activity	Issued share capital
Mortgage Advice Bureau Limited	Capital House, Pride Place, Pride Park, Derby DE24 8QR	Financial Intermediation	1,000 ordinary A shares of £0.10 each 1 ordinary B share of £1.00
Mortgage Advice Bureau (Derby) Limited	Capital House, Pride Place, Pride Park, Derby DE24 8QR	Financial Intermediation	1 ordinary share of £1.00
Capital Protect Limited	Capital House, Pride Place, Pride Park, Derby DE24 8QR	Life Insurance and Life Reinsurance	1 ordinary share of £1.00
Mortgage Talk Limited	Capital House, Pride Place, Pride Park, Derby DE24 8QR	Financial Intermediation	450,100 ordinary shares of £1.00 each

4. ASSOCIATED UNDERTAKINGS

The Company currently has investments in the following companies:

Name	Registered Office	Principal Activity	Issued share capital	Interest held by the Group	Percentage of voting shares held by the Group
Capital Private Finance Limited	Capital House, Pride Place, Pride Park, Derby DE24 8QR	Financial Intermediation	10,000 ordinary shares of £1.00 each	4,900 ordinary shares	49
MAB Wealth Management Limited	Capital House, Pride Place, Pride Park, Derby DE24 8QR	Financial Intermediation	100 ordinary shares	49 ordinary shares	49
CO2 Commercial Limited	Profile House, Stores Road, Derby DE21 4BD	Specialised Construction (holding company of Pinnacle Surveyors)	200 ordinary shares of £1.00 each 100 B ordinary shares of £1.00 each (with no voting rights)	98 ordinary shares	49
Buildstore Limited	The National Self Build & Renovation Centre, Lydiard Fields, Great Western Way, Swindon SN5 8UB	Activities of Head Offices (holding company of Buildstore Mortgages and Buildstore Insurances – two Appointed Representatives of the Group)	100,000 A ordinary shares of £0.01 each 50,000 B ordinary shares of £1.00 each 50,000 C ordinary shares of £1.00 each	50,000 ordinary shares	25

5. SUMMARY OF THE ARTICLES OF ASSOCIATION OF THE COMPANY

The Articles, which were adopted to take effect immediately prior to Admission by a special resolution of the Company passed on 31 October 2014, contain, *inter alia*, provisions to the following effect:

5.1 Objects and purposes

- (a) The Articles do not provide for any objects of the Company and accordingly the Company's objects are unrestricted.
- (b) The Articles do not provide for any purposes for which the Company was established.

5.2 **Limited liability**

The liability of the Company's members is limited to the amount, if any, unpaid on their shares.

5.3 **Share rights**

Subject to the provisions of the Act, and where the context requires, every other statute from time to time in force concerning companies and affecting the Company (the **Companies Acts**) and to any rights for the time being attached to any existing shares, any shares may be allotted or issued with, or have attached to them, such preferred, deferred, or other rights or restrictions, whether in regards to dividends, voting, transfer, return of capital or otherwise, as the Company may from time to time by ordinary resolution, determine or, if no such resolution has been passed, or so far as the resolution does not make specific provision, as the Board may determine.

5.4 **Voting rights**

(a) Subject to the provisions of the Companies Acts, to any special terms as to voting on which any shares may have been issued or may from time to time be held and to any suspension or abrogation of voting rights pursuant to the Articles, at a general meeting of the Company:

- (i) every member who is present in person shall, on a show of hands, have one vote;
- (ii) every proxy who has been appointed by one or more members entitled to vote on the resolution shall, on a show of hands, have one vote except that a proxy shall have one vote for and one vote against a resolution if the proxy has been appointed by more than one member and the proxy has been instructed by one or more members to vote for and by one or more other members to vote against the resolution, or one or more members have instructed the proxy to vote for the resolution and one or more members gave the proxy discretion as to how to vote and the proxy exercises that discretion by voting against the resolution, or one or more members have instructed the proxy to vote against the resolution and one or more members gave the proxy discretion as to how to vote and the proxy exercises that discretion by voting for the resolution; and
- (iii) every member present in person or by proxy shall, on a poll, have one vote for each share of which he is a holder.

In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority shall be determined by the order in which the names of the holders stand in the register of members in respect of such share.

(b) Unless the Board otherwise determines, no member is entitled to vote at a general meeting or at a separate meeting of the shareholders of any class of shares, either in person or by proxy (save as proxy for another member), or be reckoned in a quorum, or to exercise any other right or privilege as a member in respect of any share held by him: (i) unless and until he shall have paid all calls for the time being due and payable by him in respect of that share, whether alone or jointly with any other person, together with interest and expenses (if any) payable by such member to the Company; or (ii) if he, or any other person whom the Company reasonably believes to be interested in such shares, has been issued with a notice pursuant to the Companies Acts requiring such person to provide information about his interests in the Company's shares and has failed in relation to any such shares to give the Company the required information within 14 days.

5.5 **Dividends**

- (a) Subject to the provisions of the Companies Acts and of the Articles, the Company may by ordinary resolution declare dividends to be paid to members according to their respective rights and interests in the profits of the Company. However, no dividend shall exceed the amount recommended by the Board.
- (b) Subject to the provisions of the Companies Acts, the Board may declare and pay such interim dividends (including any dividend payable at a fixed rate) as appears to the Board to be justified by the profits of the Company available for distribution. If at any time the share capital of the Company is divided into different classes, the Board may pay such interim dividends on shares which rank after shares conferring preferential rights with regard to dividend as well as on shares conferring preferential rights, unless at the time of payment any

preferential dividend is in arrears. Provided that the Board acts in good faith, it shall not incur any liability to the holders of shares conferring preferential rights for any loss that they may suffer by the lawful payment of any interim dividend on any shares ranking after those preferential rights.

- (c) Except as otherwise provided by the rights attached to shares, all dividends shall be declared and paid according to the amounts paid up on the shares on which the dividend is paid but no amount paid up on a share in advance of the date on which a call is payable shall be treated for these purposes as paid up on the share. Subject as aforesaid, all dividends should be apportioned and paid proportionately to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid, but if any share is issued on terms providing that it shall rank for dividend as from a particular date, it shall rank for dividend accordingly.
- (d) All dividends payable in respect of shares and unclaimed after having been declared and become payable may be invested or otherwise used by the Board for the benefit of the Company until claimed and the payment of any such dividend or other sum into a separate account does not make the Company a trustee in respect thereof. All dividends unclaimed for a period of 12 years after having become payable shall be forfeited and shall cease to remain owing by the Company.
- (e) The Board may, with the authority of an ordinary resolution of the Company, direct that payment of any dividend declared may be satisfied wholly or partly by the distribution of assets, and in particular of paid up shares or debentures of any other company, or in any one or more of such ways. Where any difficulty arises in regard to such distribution, the Board may settle it as it thinks fit.
- (f) The Board may also, with the prior authority of an ordinary resolution of the Company and subject to such terms and conditions as the Board may determine, offer to holders of Ordinary Shares (excluding any member holding Ordinary Shares as treasury shares) the right to elect to receive Ordinary Shares, credited as fully paid, instead of the whole (or some part, to be determined by the Board) of any dividend specified by the ordinary resolution.
- (g) Unless the Board otherwise determines, the payment of any dividend or other money that would otherwise be payable in respect of shares will be withheld if such shares represent at least 0.25 per cent, in nominal value of their class and the holder, or any other person whom the Company reasonably believes to be interested in those shares, has been duly served with a notice pursuant to the Companies Acts requiring such person to provide information about his interests in the Company's shares and has failed to supply the required information within 14 days. Furthermore such a holder shall not be entitled to elect to receive shares instead of a dividend.
- (h) If cheques, warrants or orders for dividends in respect of a share sent by the Company to the person entitled thereto through the post or through another method of payment including bank transfers or other electronic means) are returned to the Company or left uncashed during the period for which they are valid or payments by any other method have failed (including where such payments have been rejected or refunded) on two consecutive occasions or, following one occasion, reasonable enquiries have failed to establish any new address to be used for the purpose, the Company is not obliged to send any dividends in respect of that share due to that person until he notifies the Company of an address to be used for the purpose.

5.6 Transfer of shares

- (a) Subject to any applicable restrictions in the Articles, each member may transfer all or any of his shares which are in certificated form by instrument of transfer in writing in any usual form or in any form approved by the Board. Such instrument must be executed by or on behalf of the transferor and (in the case of a transfer of a share which is not fully paid up) by or on behalf of the transferee. The transferor is deemed to remain the holder of the share until the transferee's name is entered in the register of members. All instruments of transfer which are registered may be retained by the Company.
- (b) The Board may, in its absolute discretion, refuse to register any transfer of a share (or renunciation of a renounceable letter of allotment) unless:

- (i) it is in respect of a share which is fully paid up;
- (ii) it is in respect of only one class of shares;
- (iii) it is in favour of a single transferee or not more than four joint transferees;
- (iv) it is duly stamped (if so required); and
- (v) it is delivered for registration to the registered office for the time being of the Company or such other place as the Board may from time to time determine, accompanied (except in the case of: (a) a transfer by a recognised person where a certificate has not been issued; (b) a transfer of an uncertificated share; or (c) a renunciation) by the certificate for the share to which it relates and such other evidence as the Board may reasonably require to prove the title of the transferor or person renouncing and the due execution of the transfer or renunciation by him or, if the transfer or renunciation is executed by some other person on his behalf, the authority of that person to do so,

provided that the Board shall not refuse to register a transfer or renunciation of a partly paid share on the grounds that it is partly paid in circumstances where such refusal would prevent dealings in such share from taking place on an open and proper basis on the market on which such share is admitted to trading. The Board may refuse to register a transfer of an uncertificated share in such other circumstances as may be permitted or required by the regulations and the relevant system.

- (c) Unless the Board otherwise determines, a transfer of shares will not be registered if the transferor or any other person whom the Company reasonably believes to be interested in the transferor's shares has been duly served with a notice pursuant to the Companies Acts requiring such person to provide information about his interests in the Company's shares, has failed to supply the required information within 14 days and the shares in respect of which such notice has been served represent at least 0.25 per cent. in nominal value of their class, unless the member is not himself in default as regards supplying the information required and proves to the satisfaction of the Board that no person in default as regards supplying such information is interested in any of the shares the subject of the transfer, or unless such transfer is by way of acceptance of a takeover offer, in consequence of a sale on a recognised stock exchange or is in consequence of a *bona fide* sale to an unconnected party.
- (d) If the Board refuses to register a transfer of a share, it shall send the transferee notice of its refusal, together with its reasons for refusal, as soon as practicable and in any event within two months after the date on which the transfer was lodged with the Company.
- (e) No fee shall be charged for the registration of any instrument of transfer or any other document relating to or affecting the title to any share.

5.7 Alteration of share capital

- (a) The Company may exercise the powers conferred by the Companies Acts to:
 - (i) increase its share capital by allotting new shares of such nominal value as the Board may determine and unless otherwise prescribed in the appropriate resolution of the Company, all such shares shall be subject to the provisions of the Companies Acts and these Articles with reference to allotment, payment of calls, forfeiture, lien, transfer, transmission and otherwise;
 - (ii) reduce its share capital;
 - (iii) sub-divide or consolidate and divide all or any of its share capital;
 - (iv) reconvert stock in share;
 - (v) redenominate all or any of its shares and reduce its share cap in connection with such a redenomination.

5.8 Variation of rights

- (a) Subject to the provisions of the Companies Acts, if at any time the share capital of the Company is divided into shares of different classes, any of the rights for the time being attached to any shares may be varied or abrogated in such manner (if any) as may be provided in these Articles by such rights or, in the absence of any such provision, either with the consent in writing of the holders of not less than three-quarters in nominal value of the

issued shares of the relevant 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 the holders of the class.

- (b) The quorum at any such meeting shall be not less than two persons present (in person or by proxy) holding at least one-third of the nominal amount paid up on the issued shares of the relevant class (excluding any shares of that class held as treasury shares) and at an adjourned meeting not less than one person holding shares of the relevant class or his proxy.
- (c) Subject to the terms of issue of or rights attached to any shares, the rights for the time being attached to any shares shall be deemed not to be varied or abrogated by the creation or issue of any new shares ranking *pari passu* in all respects (save as to the date from which such new shares shall rank for dividend) with or subsequent to those already issued or by the reduction of the capital paid up on such shares or by the purchase or redemption by the Company of its own shares or the sale of any shares held as treasury shares in accordance with the provisions of the Companies Acts and the Articles.

5.9 General meetings

- (a) The Board may convene a general meeting (which is not an annual general meeting) whenever it thinks fit.
- (b) A general meeting shall be convened by such notice as may be required by law from time to time.
- (c) The notice shall specify whether the meeting is convened as an annual general meeting or any other general meeting, the day, time and place of the meeting and the general nature of the business to be transacted at the meeting. In the case of a meeting convened to pass a special resolution, the notice shall include the text of the resolution and specify the intention to propose the resolution as a special resolution. The notice shall specify that a member entitled to attend and vote is entitled to appoint one or more proxies (provided each proxy is appointed to exercise the rights attached to a different share held by the member) to attend and to speak and vote instead of the member and that a proxy need not also be a member. The notice must be given to the members (other than any who, under the provisions of the Articles or of any restrictions imposed on any shares, are not entitled to receive notice from the Company), to the Directors and the Auditors and to any other person who may be entitled to receive it. The accidental omission to give notice to, or the non-receipt of notice by, any person entitled to receive the same, shall not invalidate the proceedings at the meeting.
- (d) The right of a member to participate in the business of any general meeting shall include without limitation the right to speak, vote, be represented by a proxy or proxies and have access to all documents which are required by the Companies Acts or the Articles to be made available at the meeting.
- (e) A Director shall, notwithstanding that he is not a member, be entitled to attend and speak at any general meeting. The Chairman of any general meeting may also invite any person to attend and speak at that meeting if he considers that this will assist in the deliberations of the meeting.
- (f) No business shall be transacted at any general meeting unless a quorum is present. Subject to the Articles, two persons (either members, duly authorised representatives or proxies) entitled to vote upon the business to be transacted at the meeting shall be a quorum. The Chairman of the meeting may, with the consent of the meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn the meeting from time to time (or indefinitely) and from place to place as the meeting shall determine. Where a meeting is adjourned indefinitely, the Board shall fix a time and place for the adjourned meeting. Whenever a meeting is adjourned for 30 days or more or indefinitely, seven clear days' notice at the least, specifying the place, the day and time of the adjourned meeting and the general nature of the business to be transacted, must be given in the same manner as in the case of the original meeting.
- (g) A resolution put to a vote of the meeting shall be decided on a show of hands unless a poll is duly demanded. Subject to the provisions of the Companies Acts, a poll may be demanded by the Chairman, at least five members having the right to vote on the resolution, a member or members representing not less than 10 per cent. of the total voting rights of all the members having the right to vote on the resolution or a member or members holding shares

conferring the right to vote on the resolution, being shares on which an aggregate sum has been paid up equal to not less than 10 per cent. of the total sum paid up on all the shares conferring that right.

- (h) The Board may, for the purpose of controlling the level of attendance and ensuring the safety of those attending at any place specified for the holding of a general meeting, from time to time make such arrangements as the Board shall in its absolute discretion consider to be appropriate and may from time to time vary any such arrangements or make new arrangements in place thereof. The entitlement of any member or proxy to attend a general meeting at such place shall be subject to any such arrangements as may be for the time being approved by the Board. In the case of any meeting to which such arrangements apply the Board may, when specifying the place of the meeting:
- (i) direct that the meeting shall be held at a place specified in the notice at which the chairman of the meeting shall preside (being the **principal place**); and
 - (ii) make arrangements for simultaneous attendance and participation at satellite meeting places or by way of any other electronic means by members otherwise entitled to attend the general meeting or who wish to attend at satellite meeting places or other places at which persons are participating by electronic means, provided that persons attending at the principal place and at satellite meeting places or other places at which persons are participating by electronic means shall be able to see, hear and be seen and heard by, persons attending at the principal place and at such other places, by any means.

Such arrangements for simultaneous attendance at such other places may include arrangements for controlling the level of attendance in any manner aforesaid at any of such other places, provided that they shall operate so that any excluded members are able to attend at one of the satellite meeting places or other places at which persons are participating by electronic means. Any such meeting shall be treated as taking place at and being held at the principal place.

- (i) The Board may direct that any person wishing to attend any meeting should provide evidence of identity and submit to such searches or other security arrangements or restrictions as the Board shall consider appropriate in the circumstances and shall be entitled in its absolute discretion to refuse entry to any meeting to any person who fails to provide such evidence of identity or to submit to such searches or to otherwise comply with such security arrangements or restrictions.

5.10 **Borrowing powers**

The Board may exercise all the powers of the Company to borrow money and to mortgage or charge all or any part of its undertaking, property and assets (present and future) and uncalled capital and, subject to the provisions of the Companies Acts, to create and issue debentures and other loan stock and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

5.11 **Issue of shares**

- (a) Subject to the provisions of the Companies Acts and to any rights for the time being attached to any existing shares, any shares may be allotted or issued with or have attached to them such preferred, deferred or other rights or restrictions, whether in regard to dividend, voting, transfer, return of capital or otherwise, as the Company may from time to time by ordinary resolution determine or, if no such resolution has been passed or so far as the resolution does not make specific provision, as the Board may determine, and any share may be issued which is, or at the option of the Company or the holder of such share is liable to be, redeemed in accordance with the Articles or as the Directors may determine.
- (b) Subject to the provisions of the Companies Acts and to any relevant authority of the Company required by the Companies Acts, any new shares shall be at the disposal of the Board.

5.12 **Directors' fees**

- (a) The Directors (other than alternate Directors) shall be entitled to receive by way of fees for their services as Directors such sum as the Board (or any committee authorised by the Board)

may from time to time determine. Such sum (unless otherwise directed by the resolution of the Company by which it is voted) shall be divided among the Directors in such proportions and in such manner as the Board, or any committee authorised by the Board, may determine or, in default of such determination, equally (except that in such event any Director holding office for less than the whole of the relevant period in respect of which the fees are paid shall only rank in such division in proportion to the time during such period for which he holds office). Any fees so payable shall be distinct from any salary, remuneration or other amounts payable to a Director pursuant to the Articles or otherwise and shall accrue from day to day.

- (b) The salary or remuneration of any Director appointed to hold any employment or executive office may be either a fixed sum of money, or may altogether or in part be governed by business done or profits made or otherwise determined by the Board or any committee authorised by the Board and may be in addition to or in lieu of any fee payable to him for his services as Director.
- (c) The Directors are entitled to be repaid all reasonable travelling, hotel and other expenses properly incurred by them in or about the performance of their duties as Directors.

5.13 Pensions and gratuities for Directors

The Board, or any committee authorised by the Board, may exercise all the powers of the Company to provide pensions, other retirement or superannuation benefits, death or disability benefits or other allowances or gratuities for persons who are or were directors of the Company or any company in the Group and their relatives and dependants.

5.14 Directors' interests

- (a) The Board may authorise any matter proposed to it in accordance with these Articles which would otherwise involve a breach by a Director of his duty to avoid conflicts of interest under the Companies Acts, including any matter which relates to a situation in which a Director has or can have an interest which conflicts, or possibly may conflict, with the interests of the Company (including the exploitation of any property, information or opportunity, whether or not the Company could take advantage of it but excluding any situation which cannot reasonably be regarded as likely to give rise to a conflict of interest). This does not apply to a conflict of interest arising in relation to a transaction or arrangement with the Company. Any authorisation will only be effective if any quorum requirement at any meeting in which the matter was considered is met without counting the Director in question or any other interested Director and the matter was agreed to without their voting or would have been agreed to if their votes had not been counted. The Board may impose limits or conditions on any such authorisation or may vary or terminate it at any time.
- (b) Subject to having, where required, obtained authorisation of the conflict from the Board, a Director shall be under no duty to the Company with respect to any information which he obtains or has obtained otherwise than as a Director of the Company and in respect of which he has a duty of confidentiality to another person and will not be in breach of the general duties he owes to the Company under the Companies Acts because he fails to disclose any such information to the Board or to use or apply any such information in performing his duties as a Director, or because he absents himself from meetings of the Board at which any matter relating to a conflict of interest, or possible conflict of interest is discussed, and/or makes arrangements not to receive documents or information relating to any matter which gives rise to a conflict of interest or possible conflict of interest and/or makes arrangements for such documents and information to be received and read by a professional adviser.
- (c) Provided that his interest is disclosed at a meeting of the Board, or in the case of a transaction or arrangement with the Company, in the manner set out in the Companies Acts, a Director, notwithstanding his office:
 - (i) may be a party to or otherwise be interested in any transaction arrangement or proposal with the Company or in which the Company is otherwise interested;
 - (ii) may hold any other office or place of profit at the Company (except that of auditor of the Company or any of its subsidiaries) and may act by himself or through his firm in a professional capacity for the Company, and in any such case on such terms as to remuneration and otherwise as the Board may arrange;

- (iii) may be a director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any company promoted by the Company or in which the Company is otherwise interested or as regards which the Company has powers of appointment; and
 - (iv) shall not be liable to account to the Company for any profit, remuneration or other benefit realised by any office or employment or from any transaction, arrangement or proposal or from any interest in any body corporate. No such transaction, arrangement or proposal shall be liable to be avoided on the grounds of any such interest or benefit nor shall the receipt of any such profit, remuneration or any other benefit constitute a breach of his duty not to accept benefits from third parties.
- (d) A Director need not declare an interest in the case of a transaction or arrangement with the Company if the other Directors are already aware, or ought reasonably to be aware, of the interest or it concerns the terms of his service contract that have been or are to be considered at a meeting of the Directors or a committee of the Directors or if the interest consists of him being a director, officer or employee of a company in which the Company is interested.
- (e) The Board may cause the voting rights conferred by the shares in any other company held or owned by the Company or any power of appointment to be exercised in such manner in all respects as it thinks fit and a Director may vote on and be counted in the quorum in relation to any of these matters.

5.15 Restrictions on Directors' voting

- (a) A Director shall not vote on, or be counted in the quorum in relation to, any resolution of the Board or of a committee of the Board concerning any transaction or arrangement which is to his knowledge a material interest and, if he purports to do so, his vote will not be counted, but this prohibition shall not apply in respect of any resolution concerning any one or more of the following matters:
- (i) any transaction or arrangement in which he is interested by means of an interest in shares, debentures or other securities or otherwise in or through the Company;
 - (ii) the giving of any guarantee, security or indemnity in respect of money lent to, or obligations incurred by him or any other person at the request of or for the benefit of, the Company or any of its subsidiary undertakings;
 - (iii) the giving of any guarantee, security or indemnity in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;
 - (iv) the giving of any other indemnity where all other Directors are also being offered indemnities on substantially the same terms;
 - (v) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any of its subsidiary undertakings in which offer he is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which he is to participate;
 - (vi) any proposal concerning any other body corporate in which he does not to his knowledge have an interest (as the term is used in Part 22 of the Act) in 1 per cent. or more of the issued equity share capital of any class of such body corporate (calculated exclusive of any shares of that class in that company held as treasury shares) nor to his knowledge hold 1 per cent. or more of the voting rights which he holds as shareholder or through his direct or indirect holding of financial instruments (within the meaning of the Disclosure and Transparency Rules) in such body corporate;
 - (vii) any proposal relating to an arrangement for the benefit of the employees of the Company or any of its subsidiary undertakings which does not award him any privilege or benefit not generally awarded to the employees to whom such arrangement relates;

- (viii) any proposal concerning insurance which the Company proposes to maintain or purchase for the benefit of Directors or for the benefit of persons who include Directors;
 - (ix) any proposal concerning the funding of expenditure by one or more Directors on defending proceedings against him or them, or doing anything to enable such Director or Directors to avoid incurring such expenditure; or
 - (x) any transaction or arrangement in respect of which his interest, or the interest of Directors generally has been authorised by ordinary resolution.
- (b) A Director shall not vote or be counted in the quorum on any resolution of the Board or committee of the Board concerning his own appointment (including fixing or varying the terms of his appointment or its termination) as the holder of any office or place of profit with the Company or any company in which the Company is interested.

5.16 Number of Directors

Unless and until otherwise determined by an ordinary resolution of the Company, the number of Directors (other than any alternate Directors) shall not be less than two but there shall be no maximum.

5.17 Directors' appointment and retirement

- (a) Directors may be appointed by the Company by ordinary resolution or by the Board. If appointed by the Board, a Director holds office only until the next annual general meeting and shall not be taken into account in determining the number of Directors who are to retire by rotation.
- (b) At each annual general meeting of the Company, all the Directors shall retire from office and may offer themselves for re-appointment by the members.
- (c) A Director who retires at an annual general meeting (whether by rotation or otherwise) shall be eligible for re-election and a director who is re-elected will be treated as continuing in office without a break. If he is not re-elected or deemed to have been re-elected, a Director shall retain office until the meeting appoints someone in his place or, if it does not do so, until the end of the meeting.
- (d) At any general meeting at which a Director retires under any provision of these Articles, the Company may by ordinary resolution fill the vacancy by re-electing the retiring Director or some other person who is eligible for appointment and willing to act as a Director. If the Company does not do so, the retiring Director shall (if willing) be deemed to have been re-elected except in the following circumstances it is expressly resolved not to fill the vacancy or a resolution for the re-election of the Director is put to the meeting and lost.
- (e) The Company may by ordinary resolution remove any Director before the expiration of his period of office.
- (f) The office of a Director shall be vacated if:
 - (i) he resigns by notice in writing delivered to, or, if in electronic form, received by the Company Secretary at the registered office or tendered at a meeting of the Board;
 - (ii) he ceases to be a Director by virtue of any provision of the Companies Acts, is removed from office pursuant to the Articles or the Companies Acts, or becomes prohibited by law from being a Director;
 - (iii) he becomes bankrupt, has an interim receiving order made against him, makes any arrangements or compounds with his creditors generally or applies to the court for an interim order in connection with a voluntary arrangement or enters into any analogous or similar procedure in any jurisdiction;
 - (iv) by reason of his mental health, a court makes an order which wholly or partly prevents him from personally exercising any powers or rights he would otherwise have;
 - (v) he is being treated by a registered medical practitioner who gives a written opinion to the Company stating that the Director has become physically or mentally incapable of acting as a Director and may remain so for more than three months;

- (vi) he is absent (whether or not an alternate Director appointed by him attends), without the permission of the Board, from Board meetings for six consecutive months and the Board resolves that his office be vacated; or
- (vii) his resignation is requested by notice in writing by all the other Directors.

5.18 **Proceedings of the Board**

Subject to the provisions of the Articles, the Board may meet for the despatch of business, adjourn and otherwise regulate its proceedings as it thinks fit. One Director, or the Company Secretary at the request of a Director, can summon a Board meeting at any time on reasonable notice. Notice of a Board meeting shall be deemed to have been given to a Director if it is given to him personally or by word of mouth or sent in writing to him at his last known address. A Director may waive the requirement that notice be given to him of any Board meetings, either prospectively or retrospectively. The quorum necessary for the transaction of business may be determined by the Board and until otherwise determined, shall be two persons, each being a Director or an alternate Director.

5.19 **Untraced shareholders**

Subject to the Articles, the Company may sell any shares registered in the name of a member remaining untraced for 12 years who fails to communicate with the Company following advertisement of an intention to make such a disposal. Until the Company can account to the member, the net proceeds of sale will be available for use in the business of the Company or for investment, in either case at the discretion of the Board. The proceeds will not carry interest.

5.20 **Non-UK shareholders**

There are no limitations in the Articles on the rights of non-UK shareholders to hold, or to exercise voting rights attached to, the Ordinary Shares. However, non-UK shareholders are not entitled to receive notices of general meetings unless they have given an address in the UK to which such notices may be sent or, subject to and in accordance with the Companies Acts, an address to which notices may be sent in electronic form.

5.21 **CREST**

CREST is a paperless settlement system enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by a written instrument. The Articles are consistent with CREST membership and, amongst other things, allow for the holding and transfer of shares in uncertificated form. The Articles contain other provisions in respect of transactions with the shares in the Company in uncertificated form and generally provide for the modifications of certain provisions of the Articles so that they can be applied to transactions with shares in the Company in uncertificated form.

5.22 **Indemnity of officers and insurance**

- (a) Subject to the provisions of the Companies Acts, but without prejudice to any indemnity to which he might otherwise be entitled, every person who is or was at any time a Director or an officer of the Company or a director or officer of an associated company (except the Auditors or the auditors of an associated company) shall be entitled to be indemnified out of the assets of the Company against all costs, charges, losses, damages and liabilities incurred by him for negligence, default, breach of duty, breach of trust or otherwise in relation to the affairs of the Company or of an associated company, or in connection with the activities of the Company, or of an associated company, as a trustee of an occupational pension scheme (as defined in section 235(6) CA 2006).
- (b) Subject to the provisions of the Companies Acts, the Company may at the discretion of the Board provide any person who is or was at any time a Director or officer of the Company or a director or officer of an associated company (except the Auditors or the auditors of an associated company) with funds to meet expenditure incurred or to be incurred by him (or to enable such Director or officer to avoid incurring such expenditure) in defending any criminal or civil proceedings or defending himself in any investigation by, or against action proposed to be taken by, a regulatory authority or in connection with any application under the provisions referred to in section 205(5) CA 2006.

- (c) In addition the Board may purchase and maintain insurance at the expense of the Company for the benefit of any such person indemnifying him against any liability or expenditure incurred by him for acts or omissions as a Director or officer of the Company (or of an associated company).

5.23 Lien and forfeiture

- (a) The Company shall have a first and paramount lien on every share which is not fully paid for all amounts payable to the Company (whether presently or not) in respect of that share to the extent and in the circumstances permitted by the Companies Acts. The Board may sell any share on which the Company has a lien if a sum in respect of which the lien exists is presently payable and is not paid within 14 clear days after notice has been sent to the holder of the share demanding payment and stating that if the notice is not complied with the share may be sold.
- (b) The Board may from time to time make calls on members in respect of any money unpaid on their shares, subject to the terms of allotment of the shares. Each member shall (subject to receiving at least 14 clear days' notice) pay to the Company the amount called on his shares. If a call or any instalment of a call remains unpaid in whole or in part after it has become due and payable, the Board may give the person from whom it is due not less than 14 clear days' notice requiring payment of the amount unpaid together with any interest which may have accrued and any costs, charges and expenses incurred by the Company by reason of such non-payment. The notice shall name the place where payment is to be made and shall state that if the notice is not complied with the shares in respect of which the call was made will be liable to be forfeited.

5.24 Conversion provisions

The Articles do not contain any provisions relating to conversion of the Ordinary Shares.

6. DIRECTORS AND EMPLOYEES

- 6.1 The Directors and each of their respective functions are set out in Part I of this document.
- 6.2 The business address of the Directors is Capital House, Pride Place, Pride Park, Derby DE24 8QR.
- 6.3 Details of the length of service of each of the Directors to date in their current office are set out below:

Name	Age	Commencement date in office
Katherine Innes Ker	54	13 October 2014
Peter Brodnicki	52	1 August 2006
Paul Robinson	58	1 August 2006
David Preece	54	1 August 2006
Nathan Imlach	45	16 October 2014
Richard Verdin	50	13 October 2014

- 6.4 Details of any directorship that is or was in the last five years held by each of the Directors, and any partnership of which each of the Directors is or was in the last five years a member in addition to their directorships of the Company and its subsidiary undertakings are set out below:

Name	Previous Directorships/memberships	Current Directorships/memberships
Katherine Innes Ker	Victoria Carpets plc S&U plc St. Modwen Properties plc Shed Media Limited Taylor Wimpey plc Marine Farms A.S.A.	Colt Group S.A. The Go-Ahead Group plc Tribal Group plc
Peter Christopher Steven Brodnicki	Key Advice Limited BriefYourMarket Limited BriefYourMarket International Limited Exeter Financial Consultancy Limited Hemmings Associates (Coventry) Limited	Capital Private Finance Limited

Name	Previous Directorships/memberships	Current Directorships/memberships
Paul James Robinson	Aroma Health Limited Astute Insurance Services Limited Bell Integrated Communications Limited Boomerang Leisure Limited Boomerang Bar One Limited Boomerang Bar Two Limited Boomerang Bar X Limited BriefYourMarket Limited BriefYourMarket International Limited Bushwackers (Worcester) Limited Bushwackers Leisure Limited Heathcote Distribution Limited Kangaroo Bars Limited Managed Risk Solutions Limited Peter Hill Credit & Financial Risks Limited Principled Offsite Logistics Limited Principled Partnership Limited Two Trees Photonics Limited Valhalla Private Client Insurance Services Limited ABC Wealth Management Limited Active Cleaning & Maintenance (Midlands) Limited Bright Star Financial Limited Essence Catering Limited Gurkha Force Limited Holly Clark Photography Limited Intek Electrical Contractors Limited Littleman Aluminum Systems Limited KG Powdercoating Limited North Building Contractors Limited SJH Draughting Services Limited Stanhill Properties Limited Sulis Lifetec Limited Wavendon House Drive Limited JR Watson & Co.	Off Piste Venture Capital Limited Robconsult Limited
David Robert Preccc	Pinnacle Surveyors (Midlands) Limited Exeter Financial Consultancy Limited X180 Consulting Limited Hemmings Associates (Coventry) Limited	HBB Bridging Loans Limited X180 Limited Capital Private Finance Limited
Nathan James Mclean Imlach	Mayflower Trustees Limited	City Pensions Limited Custodian Capital Limited John Bradley Financial Services Limited Leicester Grammar School Trust Mainsforth Developments Limited Mattioli Woods plc MDL First Limited Pension Consulting Limited Polaris Pensions Limited
Richard Verdin	Aviva Life and Pensions Ireland Limited	Brain Tree Consultancy Limited

6.5 Directors' confirmations

Katherine Innes Ker resigned on 4 July 2002 as an independent non-executive director of ITV Digital plc, an unlisted company and joint venture between Carlton Communications plc and Granada plc. Administrators were appointed to manage the affairs of ITV Digital plc on 27 March 2002. On 18 October 2002, ITV Digital plc was put into creditors' voluntary liquidation. Katherine Innes Ker has not been the subject of public criticism in connection with the administration and liquidation.

6.6 Save as disclosed in paragraph 6.5 above, at the date of this document none of the Directors named in this document:

- (a) has any unspent convictions in relation to indictable offences;
- (b) has been declared bankrupt or has entered into an individual voluntary arrangement;
- (c) was a director of any company at the time of or within the 12 months preceding any receivership, compulsory liquidation, creditors' voluntary liquidation, administration, company voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors with which such company was concerned;
- (d) was a partner in a partnership at the time of or within the 12 months preceding a compulsory liquidation, administration or partnership voluntary arrangement of such partnership;
- (e) has had his assets the subject of any receivership or was a partner in a partnership at the time of or within the 12 months preceding any assets thereof being the subject of a receivership; or
- (f) has been the subject of any public criticisms by any statutory or regulatory authority (including any recognised professional body) nor has ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.

6.7 Details of the number of the Group's employees for the period covered by the financial information set out in Part III are as follows:

<i>Period</i>	<i>Average number of employees</i>
Financial year ended 31 December 2011	89
Financial year ended 31 December 2012	156
Financial year ended 31 December 2013	119
Six months ended 30 June 2014	118

6.8 As at 10 November 2014, the employees of the Group were employed as follows

Executive Directors	3
Senior management and other senior employees	12
Other	96

6.9 The directors of the Company during the financial year ended 31 December 2014 were Peter Brodnicki, David Preece, Paul Robinson and Peter Birch. Peter Birch resigned as a director on 10 October 2014.

7. DIRECTORS' AND OTHER INTERESTS

7.1 The interests of the Directors, their immediate families and any persons connected with them (within the meaning of section 252 of the Act) (all of which, unless otherwise stated, are beneficial) in the issued share capital of the Company as at the date of this document and as they are expected to be prior to and immediately following Admission are/will be as follows:

<i>Name</i>	<i>Prior to Admission</i>		<i>Following Admission</i>	
	<i>Number of Ordinary Shares</i>	<i>Percentage of current issued Share Capital</i>	<i>Number of Ordinary Shares⁽⁴⁾</i>	<i>Percentage of current issued Share Capital</i>
Peter Brodnicki ⁽¹⁾	26,922,400	53.30	18,126,400	35.89
David Preece ⁽²⁾	4,007,800	7.93	2,574,800	5.10
Paul Robinson ⁽³⁾	3,166,400	6.27	2,574,400	5.10
Katherine Innes Ker	–	–	6,250	0.01
Nathan Imlach	–	–	12,500	0.02
Richard Verdin	–	–	6,250	0.01

(1) Includes shares held by the Peter Brodnicki Trust of which Peter Brodnicki is a beneficiary and shares to be held by the SIP on his behalf.

(2) Includes shares to be held in the SIP on behalf of David Preece and on behalf of his wife, Alison Preece.

(3) Includes shares held by the Paul Robinson Trust of which Paul Robinson is a beneficiary and shares to be held by the SIP on his behalf.

(4) Excludes options set out in paragraph 7.2 below.

- 7.2 The options below will be granted on Admission to the following Directors pursuant to the Executive Plan (details of the Executive Plan are set out in Section 8 of Part VI (*Additional Information*)).

Name	Number of Ordinary Shares	Percentage of current issued Share Capital	Exercise price (in pence per Ordinary Share)	Exercise Period
Peter Brodnicki	325,000	0.64	160	31 March 2017 – 10 November 2022
David Preece	275,000	0.54	160	31 March 2017 – 10 November 2022
Paul Robinson	100,000	0.20	160	31 March 2017 – 10 November 2022

- 7.3 Save as disclosed above, none of the Directors nor any member of his immediate family nor any person connected with him (within the meaning of section 252 of the Act) holds or is beneficially or non-beneficially interested, directly or indirectly, in any shares or options to subscribe for, or securities convertible into, shares of the Company or any of its subsidiary undertakings.
- 7.4 In addition to the interests of the Directors set out in paragraph 7.1 above, as at the date of this document, insofar as is known to the Company, the following persons are, or will at Admission be, interested in 3 per cent. or more of the issued share capital of the Company.

Name	Prior to Admission		Following Admission	
	Number of Ordinary Shares	Percentage of current issued Share Capital	Number of Ordinary Shares	Percentage of current issued Share Capital
JPMorgan Asset Management	–	–	4,993,965	9.89
Henderson Volantis Capital	–	–	3,375,000	6.68
Investec Asset Management Limited	–	–	3,015,000	5.97
Majedie Asset Management Limited	–	–	2,668,000	5.28
Michelle Draycott	1,999,400	3.96	1,365,400	2.70
Peter Birch	4,388,000	8.69	–	–
Nicola Birch	5,419,000	10.73	–	–

- 7.5 Save as disclosed in this document, there are no persons, so far as the Company is aware, who are or will be immediately following Admission interested in 3 per cent. or more of the Company's issued Share Capital, nor, so far as the Company is aware, are there any persons who at the date of this document or immediately following Admission, directly or indirectly, jointly or severally, exercise or could exercise control over the Company.
- 7.6 Save as disclosed in this document, there are no arrangements known to the Company, the operation of which may at a subsequent date result in a change in control of the Company.
- 7.7 The Company's share capital consists of one class of Ordinary Shares with equal voting rights (subject to the Articles). No major Shareholder of the Company has any different voting rights from the other Shareholders.
- 7.8 Save as disclosed in this document, no Director is or has been interested in any transactions which are or were unusual in their nature or conditions or significant to the business of the Company or the Group during the current or immediately preceding financial year or which were effected during any earlier financial year and remain in any respect outstanding or unperformed.
- 7.9 Save as disclosed in this document, there are no outstanding loans or guarantees provided by the Company or the Group or to or for the benefit of any of the Directors.
- 7.10 Save as disclosed in Part IV of this document and in paragraphs 7.12 to 7.18 below, there have been no related party transactions of the kind set out in the Standards adopted according to the Regulation (EC) No 1606/2002 that the Company has entered into since 31 December 2013.
- 7.11 No Director nor any member of his immediate family nor any person connected with him (within the meaning of section 252 of the Act) has a Related Financial Product (as defined in the AIM Rules for Companies) referenced to Ordinary Shares.
- 7.12 Paul Robinson owns 5 per cent. of the issued share capital of Astute Insurance Solutions Limited (Astute), an interest he acquired on the formation of this company. Astute has put in place certain insurances for the Group. The annual premium paid to Astute in 2014 was £3,774. Paul Robinson resigned as a director of Astute in 2014.
- 7.13 Accounting services have historically been provided to the Group by Robconsult Limited. Paul Robinson holds a majority (68 per cent.) of the shares in Robconsult Limited. The arrangement between Robconsult Limited and the Company was terminated on 30 June 2014.

7.14 Coreco

- (a) Coreco is an intermediary firm specialising in the central London market. In March 2009, as part of the Group's strategy to expand into this market, the Group appointed Coreco as an Appointed Representative. At the same time, MAB Limited also acquired 25 per cent. of the shares in Coreco.
- (b) In December 2011, MAB Limited distributed the shares it held in Coreco to the shareholders (including directors) of the Company at that time, pro rata to their existing shareholdings in the Company. Of the shareholders who received shares in Coreco, only Peter Brodnicki retains an interest (15 per cent.). In 2014, MAB Limited provided a loan of £75,000 to Coreco on similar terms as other loans it provides to its ARs. At this time, a new five year AR Agreement was entered into with Coreco.

7.15 Bright Star Financial Limited

- (a) Bright Star is a broker which mainly provides access to specialist lending products. In January 2011, in order to diversify into the specialist lending sector, MAB Limited acquired 25.5 per cent. of the shares in Bright Star. Bright Star provides the Group's Appointed Representatives with access to specialist lending products.
- (b) In 2011, MAB Limited distributed the shares it held in Bright Star to the shareholders (including directors) of the Company at that time, pro rata to their existing shareholdings in the Company. The Executive Directors have each retained an interest in Bright Star, which in aggregate now totals approximately 30 per cent.
- (c) A wholly owned subsidiary of Bright Star, Bright Mortgage Services Limited, is an Appointed Representative of the Group. A five year AR Agreement was entered into with Bright Mortgage Services Limited in August 2014.

7.16 BriefYourMarket

- (a) BriefYourMarket offers specialist e-mail marketing services, including to mortgage intermediaries, to assist them in communicating with their clients. BriefYourMarket was co-founded by a former director and founder of the Company, Richard Palmer. Peter Brodnicki and Paul Robinson have direct or indirect shareholdings of approximately 5 per cent. and approximately 10 per cent. respectively in BriefYourMarket.
- (b) BriefYourMarket is a supplier of email marketing services to Appointed Representatives of the Group. The cost for this service is charged to MAB Limited with the majority of the cost being on-charged to the relevant Appointed Representatives.

7.17 Twenty7tec Group

Twenty7tec Group licences certain mortgage sourcing software. The Executive Directors and certain other shareholders of the Company hold 9.95 per cent. of the shares in Twenty7tec Group. In addition, MAB Limited has a nominal shareholding. MAB Limited is party to a service agreement with a subsidiary of Twenty7tec Group pursuant to which certain mortgage sourcing software is licenced to MAB Limited.

7.18 HBB Bridging Loans

- (a) HBB Bridging Loans provides bridging loans to its clients in connection with the financing or acquisition of a property. The Group does not deal directly with HBB Bridging Loans, although HBB Bridging Loans is a part of the Bright Star bridging loan panel. HBB Bridging Loans was co-founded by another former director and founder of the Company, Simon Blunt. David Preece, together with his spouse, holds circa 10 per cent. of the issued share capital of this company and he is a non-executive director of HBB Bridging Loans.
- (b) In May 2014, MAB Limited provided a £1 million loan facility to HBB Bridging Loans on a secured basis at an attractive interest rate for MAB. Personal guarantees have also been provided to MAB Limited in respect of these loan facilities by the two founders of HBB Bridging Loans. The arrangement provides MAB Limited with interest income over and above that available on deposit at a bank. Further details of the £1 million loan facility are set out in paragraph 11.7 below under "HBB Bridging Loans Facility Agreement".

7.19 Directors' Service Agreements

(a) *Peter Brodnicki Service Agreement*

Peter Brodnicki is employed as Chief Executive Officer of the Group pursuant to the terms of a service agreement between him, the Company and MAB Limited (as employer) dated 10 November 2014. Pursuant to the terms of the service agreement, Peter Brodnicki shall receive a gross salary of £260,000 per annum (which is subject to annual review by the Remuneration Committee and any remuneration policy of the Company in force from time to time). Mr. Brodnicki is also:

- (i) eligible to participate in MAB Limited's death in service benefit arrangements (with cover of 4x basic salary). MAB Limited also currently intends to put permanent health insurance in place for its Executive Directors;
- (ii) eligible to participate in the Bonus Scheme (subject to the discretion of the Remuneration Committee and any remuneration policy of the Company in force from time to time);
- (iii) eligible to participate in the Employee Share Incentive Schemes (subject to the remuneration policy of the Company in force from time to time and any legal or regulatory considerations);
- (iv) entitled to receive a pension cash allowance equal to 10 per cent. of Peter Brodnicki's annual basic salary per annum or a contribution of 10 per cent. of annual basic salary to an appropriate pension scheme (subject to any applicable auto-enrolment requirements);
- (v) entitled to 30 days' holiday plus all bank and public holidays normally observed in England; and
- (vi) eligible to receive sick pay of three months full basic salary and pension benefits and three months half basic salary and pension benefits in any rolling 12 month period where permanent health insurance is in place or six months basic salary and pension benefits and six months half basic salary and pension benefits in any rolling 12 month period where no permanent health insurance is in place.

Peter Brodnicki's employment is terminable by either MAB Limited or Peter Brodnicki on 12 months' notice. MAB Limited has the ability to terminate Peter Brodnicki's employment with immediate effect by making a payment in lieu of notice to him which shall (subject to paragraph 7.20(d) below) ordinarily consist of basic salary and pension benefits only. This payment can be made as a lump sum or by instalments over the unexpired period of notice. If MAB Limited elects to make such payment in instalments Peter Brodnicki has agreed to seek to mitigate his losses. Alternatively, MAB Limited is entitled to put Peter Brodnicki on garden leave during any period of notice. During any period of garden leave, he will ordinarily be entitled to receive (subject to paragraph 7.20(d) below) his salary, insured benefits, sick pay and his pension benefits only. Where Peter Brodnicki works his notice, he will be entitled to receive his basic salary and benefits in the normal manner.

(b) *David Preece Service Agreement*

David Preece is employed as Chief Operating Officer of the Group pursuant to the terms of a service agreement between him, the Company and MAB Limited (as employer) dated 10 November 2014. Pursuant to the terms of the service agreement, David Preece is entitled to receive a gross salary of £220,000 per annum (which is subject to annual review by the Remuneration Committee and any remuneration policy in force from time to time). The other principal terms of David Preece's service agreement are the same as the service agreement entered into with Peter Brodnicki, as summarised in paragraph (a), above.

(c) *Paul Robinson Service Agreement*

Paul Robinson is employed as Finance Director of the Group pursuant to the terms of a service agreement between him, the Company and MAB Limited (as employer) dated 10 November 2014. Pursuant to the terms of the service agreement, Paul Robinson will work for the Group for an average of 2.5 working days per week (calculated over an agreed rolling six month period) and is permitted to provide accountancy services to customers of RobConsult Limited when he is not performing his duties under his service agreement. Days

and hours of work will be agreed between MAB Limited and Paul Robinson at least one week in advance and may fluctuate depending upon business needs.

Paul Robinson is entitled to receive a gross salary of £80,000 per annum (which is subject to annual review by the Remuneration Committee and any remuneration policy of the Company in force from time to time). The other principal terms of Paul Robinson's service agreement are the same as the service agreement entered into with Peter Brodnicki, as summarised in paragraph (a), above, save that Paul Robinson's employment is terminable by either Paul Robinson or MAB Limited on six months' notice and Paul Robinson is entitled to 15 days' holiday plus all bank and public holidays normally observed in England.

7.20 Bonus Scheme

- (a) Under the current Bonus Scheme, the Executive Directors are entitled to a bonus which is distributed 50 per cent. to Peter Brodnicki, 45 per cent. to David Preece and 5 per cent. to Paul Robinson.
- (b) The current Bonus Scheme is a "high watermark scheme", whereby a bonus pool is created by taking the current year's pre-tax profit before any bonus pool provision (adjusted for certain items) and comparing this with the highest reported pre-tax profit in any previous financial year (also adjusted for certain items and after the resulting bonus being taken into account). To the extent that the current year's profit exceeds the previous highest reported pre tax profit, 20 per cent. of this excess is the bonus pool. Employers national insurance is incurred on top of any award.
- (c) Following Admission, the Bonus Scheme will be reviewed on an annual basis by the Remuneration Committee. Following Admission, the Bonus Scheme will also be subject to the remuneration policy of the Company in force from time to time and a cap of no more than 2 x the basic salary of the Executive Director in any calendar year. The proportion of any bonus which is more than 1 x the basic salary of the Executive Director may be deferred for a period of twelve (12) months from the end of the bonus period to which it relates in accordance with the remuneration policy of the Company from time to time in force on deferral, forfeiture and malus. Subject to legal and regulatory considerations, up to half of the net or gross bonus payment made to the Executive Director may (in the future), at the discretion of the Remuneration Committee, be satisfied in Ordinary Shares.
- (d) Subject to the terms set out below and pursuant to the terms of the service agreements, each Executive Director will not ordinarily receive a bonus payment, any outstanding bonus payment or deferred bonus payment (or, in each case, any pro rata entitlement) or accrue any bonus pursuant to the Bonus Scheme if on or prior to the date that the bonus is declared or would otherwise have been paid to the Executive Director or the bonus would otherwise have accrued, the Executive Director:
 - (i) is no longer employed by MAB Limited or any Group Company;
 - (ii) is under notice of termination of employment (whether such notice is given by the Executive Director or MAB Limited) including during any period of garden leave;
 - (iii) is suspended and his employment is subsequently terminated in connection with the circumstances which gave rise to the suspension;
 - (iv) is subject to any disciplinary process and the employment is subsequently terminated in connection with the circumstances which gave rise to such process; or
 - (v) no longer satisfies any eligibility criteria set out in the relevant plan rules.

Where the Executive Director's employment is terminated for a reason other than one or more of the summary termination events (as set out in the service agreements) and where no circumstances exist which would have given MAB Limited the right to terminate the Executive Director's employment summarily in accordance with the terms of his service agreement and provided the Executive Director is not in breach of any provisions of his service agreement which are designed to survive its termination, the Remuneration Committee will resolve that the Executive Director will, provided all other eligibility criteria are met, receive a bonus which is pro rata to reflect the proportion of the bonus year which has elapsed up to the date of the termination of his employment or, if earlier, the date upon which the Executive Director starts any period of garden leave or other

suspension and that any deferred bonus will be paid. Any such bonus payment paid in accordance with the above will be paid at the same time as all other bonuses are paid in the bonus year.

7.21 Non-Executive Director Letters of Appointment

(a) ***Katherine Innes Ker***

Pursuant to the terms of a letter of appointment dated 10 November 2014, Katherine Innes Ker has agreed to serve as Non-Executive Chairman of the Company (and chairman of the Nominations Committee and member of the Audit Committee, the Remuneration Committee, and the Risk and Compliance Committee of the Company) for an annual gross fee of £67,500. This appointment is for an initial term of three years commencing on 13 October 2014, terminable at any time by either party giving to the other not less than three months' notice in writing.

(b) ***Nathan Imlach***

Pursuant to the terms of a letter of appointment dated 10 November 2014, Nathan Imlach has agreed to serve as a Non-Executive Director and Senior Independent Director of the Company (and chairman of the Audit Committee and member of the Remuneration Committee, the Nominations Committee and the Risk and Compliance Committee of the Company) for an annual gross fee of £35,000. This appointment is for an initial term of three years commencing on 16 October 2014, terminable at any time by either party giving to the other not less than three months' notice in writing. In addition, the Company has agreed to make a one-off payment of £10,000 plus VAT to Mattioli Woods plc (Nathan Imlach's employer) in connection with the appointment of Nathan Imlach as non-executive director of the Company.

(c) ***Richard Verdin***

Pursuant to the terms of a letter of appointment dated 10 November 2014, Richard Verdin has agreed to serve as a Non-Executive Director of the Company (and chairman of the Remuneration Committee and the Risk and Compliance Committee, and member of the Nominations Committee and the Audit Committee) for an annual gross fee of £30,000. This appointment is for an initial term of three years commencing on 13 October 2014, terminable at any time by either party given to the other not less than three months' notice in writing.

7.22 All of the aforementioned service agreements and letters of appointment set out in paragraphs 7.19 and 7.21 respectively are governed by English law.

7.23 Each of the Directors has entered into a deed of indemnity with the Company providing for their indemnification by the Company in certain circumstances.

7.24 On 10 November 2014, each of the Non-executive Directors entered into separate agreements with the Company, conditional upon Admission, providing for their regular purchase of Ordinary Shares out of their net after-tax fees received from the Company. It has been agreed that Katherine Innes Ker shall apply every third month's net after-tax fee to the purchase of Ordinary Shares in the market. Nathan Imlach and Richard Verdin shall apply 50 per cent. and 100 per cent., respectively, of their net after-tax monthly fee on a monthly basis to the purchase of Ordinary Shares in the market. No cancellation or variation of these contributions may be made during close periods in accordance with Rule 21 of the AIM Rules and the Company's share dealing code.

7.25 Save as disclosed in this document there are no service agreements or agreements for the provision of services existing or proposed between the Directors and the Company or the Group.

8. THE EMPLOYEE SHARE INCENTIVE SCHEMES

8.1 Overview

- (a) Following Admission, the plans detailed below will be used to provide equity-based incentive awards to Executive Directors and employees of the Group:
- (i) an executive share option plan (the **Executive Plan**) for the purpose of granting performance based share options to directors and senior executives; and
 - (ii) a Share Incentive Plan (the **SIP**) for the purpose of providing all employees with an opportunity to acquire shares in the Company tax-free (together, the **Plans**).

8.2 Common features of both Plans

The following features are common to both the Executive Plan and the SIP:

- (a) **Settlement and dilution limit**
 - (i) Awards granted under the Plans may be satisfied by the allotment of new Ordinary Shares, the issue of Ordinary Shares from treasury or the transfer of existing Ordinary Shares.
 - (ii) At any time, the total number of Ordinary Shares which have been issued or remain issuable pursuant to all awards granted under the Plans and any other awards granted (in the preceding 10 years) under any other employees' share scheme established by the Company may not exceed 10 per cent. of the Ordinary Shares in issue at that time.
 - (iii) For the purposes of the above limit:
 - (A) Ordinary Shares which are the subject of any awards granted prior to Admission shall be excluded;
 - (B) Ordinary Shares which are the subject of the one-off free share award granted following Admission under the SIP shall be excluded;
 - (C) Ordinary Shares which are the subject of lapsed awards (other than any awards in respect of which Ordinary Shares have been issued into any employee benefit trust or in the name of a nominee) shall be excluded; and
 - (D) treasury shares will be treated as issued shares (unless guidance published by relevant institutional investor bodies recommends otherwise).
- (b) **Amendments**
 - (i) The Plans may be amended in any respect by the Committee provided that (except as specified below) the prior approval of the Company in general meeting is required for amendments made to the material benefit of participants to any provisions relating to:
 - (A) the persons to whom awards may be granted;
 - (B) the overall and individual limits on the number of Ordinary Shares in respect of which awards may be granted;
 - (C) the basis for determining participants' entitlements to, and material the terms of, awards;
 - (D) the adjustment of awards in the event of a variation of share capital; and
 - (E) the rules relating to amendments to the Plans.
 - (ii) No amendment may be made to the rules of the Plans if it would adversely affect the rights of participants without the approval of participants holding awards over a 75 per cent. of the Ordinary Shares subject to the awards so affected.
 - (iii) However, minor amendments to the benefit of the administration of the Plans, or other amendments to take account of changes in legislation, to obtain or maintain favourable tax, exchange control, or regulatory treatment or to take account of a corporate transaction, may be made without the need for either of the approvals set out above where such amendments do not alter the basic principles of the Plans.
- (c) **Termination**

The Plans shall terminate on the tenth anniversary of their adoption date (or earlier by resolution of the Committee).
- (d) **Employee benefit trusts**

The Company may operate the Executive Plan in conjunction with an employee benefit trust which the Company reserves the right to establish for the purposes of operating the Executive Plan or other equity-based employee incentivisation arrangements operated by the Company. A special purpose trust, as required by the legislation, will be set up to administer the SIP. Ordinary Shares acquired by employees participating in the SIP will be held in the trust.

8.3 The Executive Plan

(a) *Overview*

- (i) The Executive Plan provides for options to acquire Ordinary Shares subject to performance conditions to be granted to executive directors and selected senior employees in the form of:
 - (A) “market-value options” which have an exercise price equal to the market value of Ordinary Shares at the time of grant; and
 - (B) “nil-cost options” which have a nominal exercise price,(together the **Options**).
- (ii) The terms applicable to all Options (whether market-value or nil-cost) are the same unless otherwise specified. To the extent possible and for so long as the Company satisfies the necessary conditions, market value options will be granted to comply with Schedule 5 Enterprise Management Incentives of the Income Tax (Earnings and Pensions) Act 2003 which will provide income tax and National Insurance contributions savings for the executive and the Company.
- (iii) No payment is required for the grant of an Option.

(b) *Eligibility*

Employees (including executive directors) of the Group will be eligible, but not entitled, to participate in the Executive Plan and be granted Options. Participation will be at the Board's discretion but, in the case of directors, participation will be determined by the Remuneration Committee of the Board (the **Committee**).

(c) *Grant of Options*

Eligible employees may be granted Options:

- (i) on or immediately following Admission;
- (ii) during the period of 42 days following the announcement by the Company of its interim or final results for any period; and
- (iii) at any other time when the Board determines that exceptional circumstances (such as a senior executive's recruitment) have arisen which justify the grant of an Option.

(d) *Individual limits*

- (i) The Committee will determine the appropriate aggregate market value of the Ordinary Shares subject to Options granted to an eligible employee in the same financial year not exceeding the upper limits stated below:
 - (A) 200 per cent. of such individual's base salary in the case of market-value Options; and
 - (B) 100 per cent. of such individual's base salary in the case of nil-cost Options.
- (ii) A combined blended limit will apply where a combination of market-value and nil-cost Options are granted in the same year.
- (iii) In exceptional circumstances approved by the Committee (such as a senior executive's recruitment), these limits may be exceeded.

(e) *Performance conditions and vesting*

- (i) Subject to the satisfaction of performance conditions, other than the Initial Options (described below). Options will become exercisable following the third anniversary of grant for a period of five years and will then lapse to the extent unexercised.
- (ii) The Committee will determine the performance conditions relating to Options granted to directors and senior managers and which may relate to a combination of financial and strategic requirements. The calibration methodology of the performance conditions will be approved by the Committee.
- (iii) To the extent that applicable performance conditions have not been achieved over the relevant performance period, Options shall lapse.

- (iv) An initial grant of market-value Options will be made to directors and senior executives on Admission (the **Initial Options**).
- (v) The first subsequent grant of market-value Options will be made in March 2016 and thereafter on an annual basis. For both the Initial Options and subsequent grant the Committee have determined that the performance conditions will relate to growth in earnings per share (“EPS”) and total shareholder return (“TSR”) over the applicable performance period.
- (vi) For each Option, 50 per cent. of the shares will be subject to an absolute EPS growth target and the remaining 50 per cent. of the shares will be subject to an absolute TSR growth target, both measured separately.
- (vii) If the average absolute annual growth in EPS exceeds the relevant thresholds, up to 50 per cent. of the shares subject to the Option shall vest and become exercisable as follows:
 - (A) nil vesting for average annual growth of less than 10 per cent.;
 - (B) 12.5 per cent. vesting for average annual growth of 10 per cent.; and
 - (C) the full 50 per cent. vesting for average annual growth of 20 per cent. or more, with vesting on a straight line basis between the minimum (10 per cent.) and upper (20 per cent.) target thresholds.
- (viii) If the average absolute annual growth in TSR exceeds the relevant thresholds, up to 50 per cent. of the shares subject to the Option shall vest and become exercisable as follows:
 - (A) nil vesting for average annual growth of less than 10 per cent.;
 - (B) 12.5 per cent. vesting for average annual growth of 10 per cent.; and
 - (C) the full 50 per cent. vesting for average annual growth of 20 per cent. or more, with vesting on a straight line basis between the minimum (10 per cent.) and upper (20 per cent.) target thresholds.
- (ix) Where events occur or circumstances arise which cause the Committee to consider that any established performance condition has ceased to be appropriate, the Committee may waive, vary or replace such condition provided that any new or varied performance condition is in the Committee’s opinion fair, reasonable and no more and no less difficult to satisfy than the original performance condition.
- (x) In the case of Options granted from March 2016, the applicable performance periods over which the EPS and TSR targets are measured will be three years.
- (xi) For the Initial Options, the EPS and TSR conditions will be measured over a two year period as to 25 per cent. of the Initial Option with such part vesting (subject to achievement of the measures) in March 2017 and measured over a three year period as to 75 per cent. which would (subject to achievement of the measures) vest as to 25 per cent. in March 2018 and subsequently as to 25 per cent. in March 2019 and 25 per cent. in March 2020, subject only to continued service.
- (xii) For both performance periods applicable to the Initial Options, EPS for financial year ending 31 December 2014 will comprise the “base” year from which the EPS growth is measured.
- (xiii) Except for the Initial Options where the base value will be taken to be the Placing Price, TSR growth for all Options will be calculated based on the average middle market closing price of an Ordinary Share over 20 business days following grant and prior to the third anniversary of grant, however the Remuneration Committee may take such other period if it deems, acting fairly and reasonably, that such other period would represent a more accurate reflection of the performance of the Company over the performance period.
- (xiv) The relevant part of the Initial Option will lapse to the extent the relevant condition is not met within the required period and without retesting.

- (f) ***Dividends***
 The number of Ordinary Shares subject to nil-cost Options only may be increased to reflect any dividends declared by the Company from the date of grant until the nil-cost Option first becomes exercisable. The number of additional shares will reflect the net dividends which would have been received by the participant if he had been the owner of the Ordinary Shares subject to the nil-cost Option (to the extent such shares vest) and will be determined using the ex-dividend value of the Ordinary Shares.
- (g) ***Cessation of employment***
- (i) If a participant ceases to be employed by the Group by reason of his death, injury, ill-health, disability, redundancy, retirement or as a result of the sale out of the Group of the business or subsidiary by which the participant is employed or for any other reason which the Board in its absolute discretion permits, Options shall become exercisable either in the normal course in accordance with the terms of the Executive Plan or, at the absolute discretion of the Board, as soon as reasonably practicable following such cessation and in each case based on the extent to which any applicable performance conditions have been met or are determined to be likely to be met at the end of the performance period.
 - (ii) The number of Ordinary Shares subject to relevant Options shall be pro-rated down to reflect the shortened service period.
 - (iii) If a participant ceases employment for any other reason prior to his Option becoming exercisable, his Option will lapse in full immediately on cessation of employment.
- (h) ***Change of control, reconstruction or winding-up***
- (i) In the event of a takeover, change of control or winding up of the Company (other than an internal re-organisation), Options shall become exercisable based on the extent that the applicable performance conditions have been met (taking into account, if appropriate, the foreshortened performance period) or would have been likely to be met at the end of the performance period. Alternatively, options may by agreement with the acquiring company, be exchanged for options over shares in the acquiring company.
 - (ii) The number of Ordinary Shares subject to relevant Options shall be pro-rated down to reflect the shortened service period unless the Remuneration Committee determine it is reasonable and appropriate in the circumstances not to pro-rate and allow Options to become exercisable to a greater extent.
 - (iii) In the event of an internal reorganisation of the Company, Options will either become exercisable as above or be automatically exchanged for equivalent options subject to the terms of the Executive Plan over an appropriate number of new securities.
- (i) ***Variation of share capital***
- (i) In the event of any variation in the share capital of the Company or any capitalisation of profits or reserves by way of any consolidation, sub-division, bonus issue or reduction of the Company's share capital or in respect of any discount element in any rights issue or in the event that a special dividend is paid, the number of Ordinary Shares subject to an Option and the exercise price may be varied in such manner as the Board considers to be appropriate.
- (j) ***Voting, dividend and other rights***
- (i) A participant will have no voting or dividend rights in respect of an Ordinary Share subject to an Option until the participant's name is entered onto the register of members in respect of such Ordinary Share following exercise.
 - (ii) All Options are non-transferable and non-pensionable.

8.4 Key features of the SIP

- (a) ***Overview***
- (i) The SIP is a tax-advantaged all-employee share plan operated under Schedule 2 Share Incentive Plans of the Income Tax (Earnings and Pensions) Act 2003 which allows employees to acquire Ordinary Shares in the Company which are then held in an

employee benefit trust. The SIP is administered by a trustee and administrator and will be governed by a trust deed and rules.

- (ii) Benefits under the SIP will not be pensionable emoluments.

(b) **Eligibility**

Participation in the SIP must be offered to all UK-resident employees (including executive directors) of the group who have completed such minimum period of service, not exceeding 18 months, as the Board may determine.

(c) **Awards**

- (i) The SIP provides for the acquisition of Ordinary Shares in the form of one or more of the following awards:
 - (A) free shares – awarded by the Company to the participant on a one-off or annual basis (**Free Shares**);
 - (B) partnership shares – entitling the participant to purchase shares using pre-tax salary (**Partnership Shares**);
 - (C) matching shares – awarded by the Company to the participant to match Partnership Shares the participant has purchased (**Matching Shares**); and
 - (D) dividend shares – allowing the participant to reinvest dividends payable on SIP shares into additional shares in the SIP (**Dividend Shares**).
- (ii) The Board shall determine in any year whether the SIP will be operated and, if so, on what basis. Further details of the awards and the basis on which the Board intend to offer participation in the SIP are set out below.

(d) **Free Shares**

- (i) The maximum value of Free Shares which can be given to an employee in any tax year is currently £3,600.
- (ii) The value of Free Shares allocated to employees may be made conditional on performance targets, determined by the Board, being met.
- (iii) As a reward for contributing to the Admission, it is intended that a one-off award of 400 Free Shares will be made to each employee who has been employed by the Group since 1 January 2014.
- (iv) Each participant in the SIP must contract with the Company or a subsidiary company to allow the Free Shares to be held by the trustee of the SIP (the **Trustee**) for five years or such shorter period, being no less than three years, as the Board determine.
- (v) If a participant ceases to be an employee within three years of the allocation of Free Shares other than as a good leaver, the Free Shares will be forfeited.
- (vi) A participant ceases as a good leaver if he ceases to be an employee by reason of death, injury, disability, redundancy, retirement, or by reason of the fact that his/her employing company or the part of the business in which he/she is employed is transferred out of the Group or where the Free Shares have been held for over three years.

(e) **Partnership Shares**

- (i) Employees may be invited to buy Partnership Shares from time to time. The Board determine the terms for the acquisition of Partnership Shares on either of the following bases:
 - (A) Participants in the SIP will agree with the Company to buy Partnership Shares by deductions from salary, which will be deducted each month and/or as a lump sum once per tax year and transferred directly to the Trustee. Within 30 days of the pay deduction the Trustee will acquire Partnership Shares and then hold them on each participants behalf; or
 - (B) Participants will agree with the Company to buy Partnership Shares by deductions from salary, which will be accumulated each month and held in an account until the end of an accumulation period not exceeding 12 months.

At the end of the accumulation period the salary saved will be transferred to the Trustee, who will acquire Partnership Shares and then hold them on each participant's behalf.

- (ii) The maximum amount which an employee can have deducted from salary for the purpose of buying Partnership Shares is currently the lower of 10 per cent. of salary and £1,800 per tax year (£150 per month). Initially, the Company intends to operate monthly deductions without accumulation.
- (iii) The participant may ask the Trustee to transfer his/her Partnership Shares to him/her at any time, subject to the payment of income tax and National Insurance contributions where they are removed before the fifth anniversary of allocation (the taxable value being dependent on how long they have been held by the trust prior to removal).
- (iv) If a participant ceases to be an employee at any time and for any reason, Partnership Shares will be transferred to him/her, subject to the payment of any income tax and National Insurance contributions (which may be payable depending on how long the Partnership Shares have been held and the reason for leaving).

(f) ***Matching Shares***

- (i) The Company will offer Matching Shares to participants who elect to buy Partnership Shares on a free share basis. Allocations of Matching Shares will be made on the same day as Partnership Shares are acquired on behalf of participants by the Trustee. Allocations of Matching Shares will be made to all participants on the same basis.
- (ii) The Board will decide the basis on which matching Shares are allocated up to a maximum of two Matching Shares for every Partnership Share. Initially, the Company intends to offer one Matching Share for every Partnership Share acquired.
- (iii) If a participant ceases to be an employee within three years of the allocation of Matching Shares or withdraws their Partnership Shares within three years of their acquisition other than in good leaver circumstances, he/she will forfeit the related Matching Shares.
- (iv) A participant ceases as a good leaver if he ceases by reason of death, injury, disability, redundancy, retirement, or by reason of the fact that his/her employing company or the part of the business in which he/she is employed is transferred out of the Group or where the Matching Shares have been held for over three years.

(g) ***Dividend Shares***

- (i) Participants will be entitled to dividends paid on their Free Shares, Partnership Shares and Matching Shares while they are held in trust. Participants will be entitled to determine whether the Trustee transfers the dividends to participants or applies the dividends in the acquisition of further Dividend Shares.
- (ii) Dividend Shares must be held in trust for at least three years.
- (iii) If a participant ceases to be an employee at any time and for any reason, Dividend Shares will be transferred to him/her, subject to the payment of any income tax and National Insurance contributions (which may be payable depending on how long the Dividend Shares have been held and the reason for leaving).

(h) ***Takeover, Change of Control and Winding-Up***

In the event of a takeover, change of control or winding up of the Company, participants may instruct the Trustee to receive any form of consideration in respect of any Ordinary Shares held under the SIP. Any shares which are received as consideration will be held in trust on the same terms as the existing Free Shares, Partnership Shares, Matching Shares or Dividend Shares to which they relate. Any cash consideration will be paid out to participants relative to their shareholdings.

(i) ***Participation***

Participants in the SIP will not request transfers of Ordinary Shares from the SIP, or change the basis of their participation during any period when they are also restricted from dealing in Ordinary Shares under the Company's share dealing code.

9. THE APPOINTED REPRESENTATIVE OPTION PLAN

On 10 November 2014, the Directors determined to establish a share plan (the **AR Option Plan**) to reward selected ARs of the Group (the **Eligible ARs**). At any time, the total number of Ordinary Shares which have been issued or remain issuable pursuant to all options granted under the AR Option Plan in the preceding 10 years shall not exceed 2 per cent. of the Ordinary Shares in issue at that time.

9.1 Overview

- (a) The AR Option Plan provides for nil-cost options (which will have a nominal exercise price) to acquire Ordinary Shares subject to performance conditions (the **AR Options**).
- (b) No payment will be required for the grant of an AR Option.
- (c) AR Options may be granted at any time, subject to any relevant limitations in the Company's dealing code.
- (d) The finalisation and the terms of the AR Option Plan are subject to applicable legal and regulatory requirements.

9.2 Eligibility

- (a) The Board will determine the criteria for eligibility to participate in the AR Option Plan from time to time.
- (b) It is intended that a grant of AR Options will be made to selected Eligible ARs in March 2015. For this grant, the eligibility criteria currently being considered is that an Eligible AR must:
 - (i) trade using only the Mortgage Advice Bureau brand;
 - (ii) be party to an AR Agreement which provides for an initial contract term of at least five years at the date of grant; and
 - (iii) have achieved a minimum level of turnover in the 2014 calendar year.
- (c) The Board may adopt additional or different criteria if considered appropriate for such grants.

9.3 Individual Limits

The Board will determine the appropriate aggregate market value of the Ordinary Shares subject to AR Options. In determining the individual level of each AR Option granted to an Eligible AR, the Board expects to take into account the number of years that the Eligible AR has been an AR of MAB and the turnover of such Eligible AR.

9.4 Performance conditions and vesting

- (a) The AR Options will normally become exercisable following the fifth anniversary of grant subject to the satisfaction of performance conditions based on financial and other targets.
- (b) For the initial AR Options, it is expected that the performance conditions will include the following criteria:
 - (i) quality of the "consumer outcomes", including meeting all compliance requirements;
 - (ii) full utilisation of the trading name of the Mortgage Advice Bureau and all related marketing material;
 - (iii) achievement of a growth in revenue during the vesting period; and
 - (iv) such other criteria as the Board may determine.

The Board shall in its absolute discretion determine the proportions of an initial AR Option which shall vest on achievement of the above criteria.

9.5 Lapse of AR Options

- (a) The expected provisions in relation to lapse are as follows. If, prior to vesting of an AR Option:

- (i) the Eligible AR:
 - (A) fails to renew or provides notice that it wishes not to renew its AR Agreement;
 - (B) for any reason stops performing its contractual obligations under the AR Agreement to a material extent, as determined by the Board in its absolute discretion;
 - (C) ceases to conduct its business using only the trading name of the Mortgage Advice Bureau for any reason; or
 - (D) turnover in any calendar year during the five year vesting period falls below 90 per cent. of the turnover recorded in the 2014 calendar year (if the AR Agreement was in place at that time); or
- (ii) the relevant Group Company:
 - (A) does not offer to renew the AR Agreement; or
 - (B) terminates or gives notice that it wishes to terminate the AR Agreement,

such AR Option shall immediately lapse in full on such date or, where relevant, on the date the Board determines that the above events have occurred, unless the Board in its absolute discretion determines otherwise.

9.6 Change of control, reconstruction or winding-up

- (a) In the event of a takeover, change of control or winding up of the Company (other than an internal re-organisation), AR Options shall become exercisable based on the extent that the applicable performance conditions have been met (taking into account, if appropriate, the foreshortened performance period) or would have been likely to be met at the end of the performance period. Alternatively, AR Options may by agreement with the acquiring company, be exchanged for options over shares in the acquiring company.
- (b) The number of Ordinary Shares subject to relevant AR Options shall be pro-rated down to reflect the shortened contract period unless the Board determines it is reasonable and appropriate in the circumstances not to pro-rate and allow AR Options to become exercisable to a greater extent.
- (c) In the event of an internal reorganisation of the Company, AR Options will either become exercisable as above or be automatically exchanged for equivalent options subject to the terms of the AR Option Plan over an appropriate number of new securities.

9.7 Other provisions

It is expected that the AR Option Plan will also include provisions relating to other matters such as variation of share capital of the Company and how amendments are effected which will mirror, so far as possible, the equivalent provisions applying to awards granted under the Executive Plan.

10. TAXATION

The following statements are intended only as a general guide current as at 10 November 2014 (being the latest practicable date prior to publication of this document) to UK tax legislation and to the current practice of the HMRC and do not constitute tax advice. They may not apply to certain categories of shareholder, such as dealers in securities. Levels and bases of taxation are subject to change. They assume the Ordinary Shares are held as an investment. Any person who is in any doubt as to their tax position or who is resident for tax purposes outside the UK is strongly recommended to consult their professional advisers immediately.

10.1 Stamp Duty and Stamp Duty Reserve Tax

It is the intention that provided the Ordinary Shares are admitted to trading on AIM and not on any other recognised stock market, dealings in the Ordinary Shares should not be subject to any UK stamp duty or stamp duty reserve tax.

10.2 Dividends

The UK taxation implications relevant to the receipt of dividends on the Ordinary Shares are as follows:

- (a) There is no UK withholding tax on dividends. Individual holders of Ordinary Shares will be taxable on the total of the dividend and the related notional tax credit (**gross dividend**), which will be regarded as the top slice of the individual's income.
- (b) The notional tax credit on dividends is one-ninth of the dividend paid (or 10 per cent. of the aggregate of the dividend and the tax credit). For individuals, the income tax rates on dividend income are such that basic rate taxpayers will have no further tax liability on a dividend receipt. Individuals who pay tax at the higher rate of 40 per cent. will pay tax on dividends at 32.5 per cent. such that a higher rate taxpayer receiving a dividend of £90 will be treated as having gross income of £100 (the net dividend of £90 plus a tax credit of £10) and after allowing for the tax credit of £10 will have a further £22.50 liability. An individual who receives a dividend falling above the upper threshold for higher rate tax will be subject to tax on the gross dividend exceeding the threshold at the rate of 37.5 per cent. After allowing for the tax credit, this gives rise to a further £27.50 liability.
- (c) Generally, holders of Ordinary Shares will not be entitled to reclaim the tax credit attaching to any dividends paid.
- (d) A holder of Ordinary Shares which is a company resident for tax purposes in the UK will have to pay corporation tax in respect of any dividends it receives from another company resident for tax purposes in the UK, unless the dividends fall within an exempt class and certain other conditions are met. Whether an exempt class applies and whether the other conditions are met will depend on the circumstances of the particular UK resident company shareholder, although it is expected that the dividends paid would normally be exempt.
- (e) Shareholders resident for tax purposes outside the UK may be subject to non-UK taxation on dividends received on their Ordinary Shares or in respect of other transactions relating to the shares under the tax law of their country of residence. Such shareholders will not be subject to any further UK tax on their dividends where they have no other sources of income from the UK and do not have a UK representative or, in the case of trustees, where there are no UK resident beneficiaries of the trust. Entitlement to claim repayment of any part of a tax credit, however, will depend, in general, on the existence and terms of any double tax convention between the UK and the country in which the holder is resident (however, given the rate of the tax credit on dividends, any such repayment may not be significant). Non-UK resident shareholders should consult their own tax advisers concerning their tax liability on dividends received; what relief, credit or entitlement to a refund of any tax credit may be available in the jurisdiction in which they are resident for tax purposes; or other taxation consequences arising from their ownership of the Ordinary Shares.

10.3 Disposal of shares acquired under the Placing

- (a) A Shareholder who is an individual resident for tax purposes in the UK who sells or otherwise disposes of his Ordinary Shares may, depending on the circumstances, incur a liability to UK tax on any capital gain realised. Capital gains tax is charged at a rate of 28 per cent. where total income and gains exceed the threshold for higher rate tax, and 18 per cent. if income and gains are below this level.
- (b) Corporate shareholders within the charge to UK corporation tax may be liable to corporation tax on any chargeable gains realised on the disposal of Ordinary Shares but will generally be entitled to indexation allowance in respect of these Ordinary Shares up until the date of disposal.
- (c) A Shareholder who is not resident for tax purposes in the UK will not normally be liable for UK tax on capital gains realised on the disposal of his Ordinary Shares unless at the time of the disposal such Shareholder carries on a trade (which for this purpose includes a profession or vocation) in the UK through a permanent establishment and such Ordinary Shares are to have been used, held or acquired for the purposes of such UK permanent establishment. A shareholder who is an individual and who has, on or after 17 March 1998, ceased to be resident for tax purposes in the UK for a period of less than five years of assessment and who disposes of Ordinary Shares during that period may be or become liable to UK taxation of chargeable gains (subject to any available exemption or relief).

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

These comments are intended only as a general guide to the current tax position in the UK as at the date of this document. If you are in any doubt as to your tax position, or are subject to tax in a jurisdiction other than the UK, you should consult your professional adviser.

11. MATERIAL CONTRACTS

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

11.1 Placing Agreement

- (a) A placing agreement dated 11 November 2014 and made between: (1) Canaccord Genuity; (2) the Directors; (3) the other Majority Selling Shareholders; and (4) the Company pursuant to which Canaccord Genuity has agreed, subject to certain conditions, to act as agent severally for the Majority Selling Shareholders, and to use its reasonable endeavours to procure places to subscribe for and/or purchase (as the case may be) the Placing Shares at the Placing Price.
- (b) The Placing Agreement is conditional upon, *inter alia*, Admission occurring on or before 8.00 a.m. on 14 November 2014 (or such later date as the Company and Canaccord Genuity may agree, being not later than 8.00 a.m. on 28 November 2014). The Placing Agreement contains warranties from the Company and the Directors in favour of Canaccord Genuity in relation to, amongst other things, the accuracy of the information in this document and other matters relating to the Group and its business. It also contains warranties from the Majority Selling Shareholders in favour of Canaccord Genuity in relation to, amongst other things, title to the Placing Shares.
- (c) The Company agrees to indemnify Canaccord Genuity in respect of certain liabilities it may incur in respect of the Placing. Canaccord Genuity has the right to terminate the Placing Agreement in certain circumstances prior to Admission, in particular, in the event of a breach of the warranties or a force majeure event. The Company has also undertaken during the period commencing on the date of the Placing Agreement and ending 12 months after the date of Admission, it will not without the prior written consent of the Bank, such consent not to be unreasonably withheld or delayed, allot or issue, or enter into any agreement or arrangement which would give rise to an obligation or an increased obligation (in each case whether contingent or otherwise) to allot or issue, any share in the capital of the Company (save for the grant and exercise of options pursuant to the Employee Share Incentive Schemes, agreements and arrangements to the extent disclosed).
- (d) The Majority Selling Shareholders agree to pay commission to Canaccord Genuity on the gross aggregate value at the Placing Price of the Placing Shares and the Company agrees to pay Canaccord Genuity costs and expenses reasonably incurred in connection with the Admission and Placing.
- (e) The Placing Agreement is governed by English law and is subject to the exclusive jurisdiction of the English courts.

11.2 Minority Selling Shareholders Agreement

- (a) A minority selling shareholders agreement was entered into on 11 November 2014 between: (1) the Company; (2) Canaccord Genuity; and (3) the Minority Selling Shareholders under which Canaccord Genuity has agreed, subject to certain conditions, to act as agent for the Minority Selling Shareholders and agrees to use reasonable endeavours to procure purchasers for those of the Placing Shares owned by the Minority Selling Shareholders pursuant to the Placing at the Placing Price.
- (b) The Minority Selling Shareholders Agreement is conditional upon, *inter alia*, Admission occurring on or before 8.00 a.m. on 14 November 2014 (or such later date as the Company and Canaccord Genuity may agree, being not later than 8.00 a.m. on 28 November 2014). The Minority Selling Shareholders Agreement contains warranties from the Minority Shareholders in favour of Canaccord Genuity in relation title to the Placing Shares.

- (c) The Minority Selling Shareholders agree to pay commission to Canaccord Genuity on the gross aggregate value at the Placing Price of the Placing Shares. In addition, the Minority Selling Shareholders agree to a lock-in in respect of the Ordinary Shares held by them on similar terms as set out in the Lock-In Agreements described in paragraph 11.3 below.
- (d) Canaccord Genuity has the right to terminate the Minority Selling Shareholder Agreement, exercisable in certain circumstances, which are customary for agreements of this nature, prior to Admission.
- (e) The Placing Agreement is governed by English law and is subject to the exclusive jurisdiction of the English courts.

11.3 Lock-In Agreements

- (a) Pursuant to Lock-In Agreements dated 11 November 2014 entered into between: (1) the Company; (2) Canaccord Genuity; (3) each of the Majority Selling Shareholders and the Directors (together, the **Covenantors**) has undertaken to the Company and Canaccord Genuity not to (and will use reasonable endeavours to procure that no connected person will) transfer the legal and/or beneficial interest in the Ordinary Shares held by each of them following Admission or any other shares which may accrue to them as a result of their holding of Ordinary Shares at any time prior to the date of publication of the Company's annual report and audited accounts in respect of the year ending 31 December 2015 except for with the prior written consent of Canaccord Genuity and in other exceptional circumstances.
- (b) Each of the Covenantors has also undertaken to the Company and Canaccord Genuity not to dispose of the Restricted Shares for the period of 12 months following the expiry of the Lock-in Period otherwise than on an orderly market basis through Canaccord Genuity (or such other person as may be the broker for the Company at such time), provided that the terms offered by Canaccord Genuity (or such other broker, as the case may be), are broadly comparable with terms being offered by other brokers for doing so.
- (c) The Lock-In Agreements are governed by English law and are subject to the exclusive jurisdiction of the English courts.
- (d) The Minority Selling Shareholders Agreement contains similar undertakings in favour of the Company and Canaccord Genuity to the above (including as to the periods of lock-in) given by the Minority Selling Shareholders.

11.4 Nominated Adviser and Broker Agreement

- (a) A nominated adviser and broker agreement dated 11 November 2014 and made between: (1) the Company; and (2) Canaccord Genuity pursuant to which the Company has appointed Canaccord Genuity to act as nominated adviser and broker to the Company for the purposes of the AIM Rules for Companies.
- (b) The Company has agreed to pay Canaccord Genuity a fee of £60,000 (accruing on a *per diem* basis) plus VAT per annum for its services as nominated adviser and broker under this agreement (to be reviewed on an annual basis), payable from the first anniversary of Admission.
- (c) The agreement contains certain undertakings, warranties and indemnities given by the Company to Canaccord Genuity and is terminable upon not less than three months' prior written notice by either the Company or Canaccord Genuity.
- (d) The Nominated Adviser and Broker Agreement is governed by English law and is subject to the exclusive jurisdiction of the English courts.

11.5 Relationship Agreement

- (a) A relationship agreement dated 11 November 2014 was entered into by: (1) the Company; and (2) Peter Brodnicki to regulate the relationship between the Company and Peter Brodnicki after Admission.
- (b) The Relationship Agreement, which provides for the autonomous operation of the Company by the Board independently of Peter Brodnicki, will take effect on Admission and will be binding on Peter Brodnicki until he ceases, directly or indirectly, to be interested in (together

with his associates) at least 25 per cent. of the voting rights in respect of the entire issued share capital of the Company.

- (c) Pursuant to the Relationship Agreement, Peter Brodnicki undertakes, amongst other things, that he will (and, in relation to his associates, will procure that each of his associates will): (i) conduct all transactions, agreements, relationships and arrangements with the Group on an arm's length basis and on normal commercial terms; (ii) ensure that no contract of arrangement between him and any member of the Group is entered into or varied without the prior approval of a majority of independent Directors; (iii) exercise his voting rights to procure in so far as he is able that the Company is able at all times to carry on its business independently of Peter Brodnicki; and (iv) will not, and will procure that his associates will not, seek to de-list the Company's Ordinary Shares from trading on AIM in the two year period from Admission (except in certain circumstances).
- (d) The Relationship Agreement also contains a standstill on the acquisition of further shares by Peter Brodnicki and his associates for two years from Admission.
- (e) The Relationship Agreement is governed by English law and is subject to the exclusive jurisdiction of the English courts.

11.6 Shareholders Agreement

- (a) The Company entered into a shareholders agreement on 25 June 2014 with the shareholders of the Company at that time (being Peter Brodnicki, Peter Birch, Nicola Birch, David Preece, Paul Robinson, Michelle Draycott, Simon Blunt, Richard Palmer, Gareth Herbert, Simon Frankish, Donna Brenchley, Helen Duffy, Janet Finnity, Stewart Baker and Brian Murphy) (the **Shareholders Agreement**). This regulated the relationship of those shareholders with each and certain aspects of the affairs and dealings of the Company. It included provisions governing the business of the Group and the transfer of shares (including circumstances giving rise to compulsory transfer of shares). The Shareholders Agreement contained detailed provisions relating to an "Exit" which was defined to include any listing of the shares of the Company on AIM.
- (b) A deed of amendment and termination was entered into on 10 November 2014 in respect of the Shareholders Agreement pursuant to which, conditional upon Admission occurring, the Shareholders Agreement is terminated in its entirety and it was agreed that all provisions which were stated in the Shareholders Agreement to survive termination would in fact terminate.

11.7 HBB Bridging Loans Facility Agreement

- (a) On 23 May 2014, MAB entered into a facility agreement with HBB Bridging Loans pursuant to which it provided a £1 million loan facility to HBB Bridging Loans (**HBB Bridging Loans Facility Agreement**). HBB Bridging Loans is a company established by an existing shareholder and ex-director of the Company, Simon Blunt. David Preece, together with his spouse, also holds 10 per cent. of the shares in HBB Bridging Loans. HBB Bridging Loans provides bridging loans to its customers in connection with the financing or acquisition of a property by that customer.
- (b) The loan has been drawn down in full by HBB Bridging Loans and interest on the loan is charged at 9.5 per cent. above the base rate of RBS and, in the event of late payment under the facility, 13.5 per cent. above the base rate of RBS. Interest accrues on the loan daily and is payable monthly in arrears on the first business day of each month. The loan is redeemable by either party at any time on three months' written notice, at which point the loan shall be repaid in full including any interest accrued thereon.
- (c) As security for the loan, pursuant to a debenture entered into on the same date, HBB Bridging Loans has granted MAB a first fixed charge with full title guarantee over all present and future interests of HBB Bridging Loans in property, licences, consents, authorisations, present and future goodwill, uncalled capital, equipment, book debt, investments, monies standing to credit and all rights in each of its insurance policy. HBB Bridging Loans also grants a floating charge to MAB for all undertaking, property, assets and rights of HBB Bridging Loans that are not effectively mortgaged or charged. Personal guarantees were also provided to MAB by the two majority shareholders of HBB Bridging

Loans (one of whom is Simon Blunt) pursuant to a guarantee agreement entered into at the same time.

- (d) Pursuant to the HBB Bridging Loans Facility Agreement, HBB Bridging Loans must provide MAB with monthly management accounts and statements of other bridging loans made by HBB Bridging Loans. It must also maintain capital funding levels by way of loans to HBB Bridging Loans of at least £4,000,000 to be provided by the two majority shareholders. MAB is entitled to assign or transfer its rights under the loan but HBB Bridging Loans may not.

11.8 **Loan agreement with Peter and Nicola Birch**

The Company and MAB entered into a loan agreement with Peter and Nicola Birch on 28 February 2014 pursuant to which MAB provided the Birches with an unsecured loan facility in the amount of £200,000 which was drawn down in full. Interest on the loan was charged at 8 per cent. per annum, accruing daily and compounded on the last business day of each month. This loan has now been repaid in full.

11.9 **Buildstore Subscription Agreement and Loan Agreement**

- (a) On 18 December 2013, MAB entered into a subscription agreement with Buildstore and the other shareholders of Buildstore in relation to its acquisition of 25 per cent. of the shares in Buildstore (the **Buildstore Subscription Agreement**).
- (b) The Buildstore Subscription Agreement sets out certain “key shareholder decisions” which require the approval of 80 per cent. of shareholders and also provides for certain information rights of the shareholders, including MAB. There are restrictions on the disposal and charging of shares. Buildstore is also required to make available by dividend all distributable reserves in excess of £50,000 each financial year.
- (c) In addition, the articles of Buildstore contain restrictions on the transfer of shares. There are pre-emption rights in favour of the shareholders which are offered to different classes of shareholders in stages and drag-along rights for all shareholders. MAB is also entitled to appoint a director to the board of Buildstore.
- (d) At the time of the entry into the Buildstore Subscription Agreement, MAB also entered into a loan agreement with Buildstore for an amount of £100,000 to be repaid no later than three years from the date of drawdown. The unsecured loan is interest-free up until the due date but a default interest rate applies in the event the loan is not repaid on its due date. MAB may also call in the loan in the event of a change of control of the Buildstore or in the event of a material adverse change in the business which would be likely to affect Buildstore’s ability to repay the loan. Two of the founding shareholders of Buildstore have also provided loans of £100,000 to Buildstore on identical terms.

11.10 **Lifetime Joint Venture Agreement**

- (a) On 15 October 2014, MAB Limited entered into a joint venture agreement with Lifetime Wealth Management pursuant to which MAB Limited and Lifetime carry on a joint venture through MAB Wealth Management (the Lifetime JV Agreement). MAB Wealth Management is an Appointed Representative of the Intrinsic network and provides advice in relation to pension and investment products.
- (b) The Lifetime JV Agreement is for an initial term of three years and Lifetime is responsible for the daily management and operation of MAB Wealth Management, the carrying on of the business and the payment of all salaries and other employment related costs. Furthermore, Lifetime ensures that MAB Wealth Management has all necessary licences, permissions and consents required by the FCA.
- (c) To the extent that further working capital or other funding is required by MAB Wealth Management which cannot be sourced by third parties, then each of MAB Limited and Lifetime are obliged to provide such funding pro rata to their respective shareholdings in the form of loan capital (in the first instance) which is interest free and repayable on an exit from the joint venture.

11.11 **That Mortgage Place Transfer Agreement**

On 28 May 2014, MAB entered into a business and asset transfer agreement with That Mortgage Place Limited (**That Mortgage Place**) pursuant to which it has agreed to sell its affordable housing

mortgage broking business known as Sherwins. The transfer of this business completed on 1 September 2014. MAB agreed to sell the business to That Mortgage Place in consideration for That Mortgage Place entering into a 10 year distribution agreement with MAB. Certain MAB employees that worked in the business transferred to That Mortgage Place along with certain intellectual property rights, business contract and moveable assets related to the business being sold.

11.12 Off-Market Repurchase Agreements

- (a) On 3 January 2014, the Company entered into off-market repurchase agreements with each of Simon Blunt, Richard Palmer and Peter Brodnicki pursuant to which the Company repurchased for cancellation all of the A ordinary shares and certain D ordinary shares as follows:
- (i) 1,900 A ordinary shares and 2,250 D ordinary shares were repurchased from Simon Blunt;
 - (ii) 1,900 A ordinary shares and 2,250 D ordinary shares were repurchased from Richard Palmer; and
 - (iii) 200 A ordinary shares were repurchased from Peter Brodnicki.
- (b) The above share buybacks were approved by the shareholders of the Company by written resolution.

11.13 Option Agreement with Key Personnel

On 10 November 2014, the Company entered into an option agreement with the Key Personnel (the **Option Agreement**) in relation to 414,979 Ordinary Shares held by such Key Personnel in the Company which had been acquired by the Key Personnel from certain of the other Selling Shareholders (the **Key Personnel Shares**). Pursuant to the terms of the Option Agreement, the Key Personnel have each agreed conditional upon Admission occurring: (i) not to dispose of the Key Personnel Shares prior to 1 September 2017; and (ii) in the event that any of the Key Personnel ceases to be employed by the Company, for specified reasons including as a result of voluntary retirement, prior to 1 September 2017, to offer such Key Personnel Shares held by them for sale to the Company, at the Company's discretion, for a prescribed price as set out in the Option Agreement. Any purchases by the Company of the Key Personnel Shares pursuant to the Option Agreement would be off-market share buybacks authorised by the shareholders pursuant to the resolution set out at paragraph 2.17(b) above.

12. WORKING CAPITAL

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

13. LITIGATION

- 13.1 On 7 March 2012, the Company entered into a share purchase agreement with Peter Birch and Nicola Birch pursuant to which it acquired the entire issued share capital of Talk Limited (and its subsidiaries) (the **Mortgage Talk SPA**). During 2013, the Company served notice on Peter Birch and Nicola Birch in respect of breaches of certain of the warranties provided in the Mortgage Talk SPA. The dispute was settled pursuant to a settlement deed entered into on dated 8 September 2014 (the **Settlement Agreement**). Under the terms of the Settlement Agreement, Peter Birch and Nicola Birch agreed to transfer to the Company 217 ordinary shares of £1 each in consideration for full and final settlement of the dispute.
- 13.2 Save as set out above, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) during a period covering at least the 12 months preceding the date of this document which may have, or have had in the recent past, significant effects on the Company's and/or the Group's financial position or profitability.

14. MANDATORY BIDS, SQUEEZE-OUT AND SELL-OUT RULES

14.1 Mandatory bids

Other than as provided by the City Code and Chapter 28 of the Act, there are no rules or provisions relating to mandatory bids and/or squeeze-out and sell-out rules that apply to the Ordinary Shares or the Company.

The City Code applies to the Company. Under Rule 9 of the City Code, if an acquisition of interests in shares were to increase the aggregate holding of the acquirer and its concert parties to interests in shares carrying 30 per cent. or more of the voting rights in the Company, the acquirer and, depending on the circumstances, its concert parties would be required (except with the consent of the Panel) to make a cash offer for the outstanding shares in the Company at a price not less than the highest price paid for interests in shares by the acquirer or its concert parties during the previous 12 months. This requirement would also be triggered by any acquisition of interests in shares by a person holding (together with its concert parties) shares carrying between 30 per cent. and 50 per cent. of the voting rights in the Company if the effect of such acquisition were to increase that person's percentage of the total voting rights in the Company.

"Interests in shares" is defined broadly in the City Code. A person who has long economic exposure, whether absolute or conditional, to changes in the price of shares will be treated as interested in those shares. A person who only has a short position in shares will not be treated as interested in those shares.

"Voting rights" for these purposes means all the voting rights attributable to the share capital of a company which are currently exercisable at a general meeting.

"Persons acting in concert" (and concert parties) comprise persons who, pursuant to an agreement or understanding (whether formal or informal), co-operate to obtain or consolidate control of a company or to frustrate the successful outcome of an offer for a company. Certain categories of people are deemed under the City Code to be acting in concert with each other unless the contrary is established.

For details regarding Shareholders presumed by the Panel to be acting in concert with respect to the Company on Admission for the purposes of Rule 9 of the City Code, please refer to the section on Rule 9 disclosures in Part I.

14.2 Squeeze-out rules

Under the Act, if a "takeover offer" (as defined in section 974 of the Act) is made by an offeror to acquire all of the shares in the Company not already owned by it and the offeror were to acquire, or unconditionally contract to acquire, not less than 90 per cent. in value of the shares to which such offer relates, the offeror could then compulsorily acquire the remaining shares. The offeror would do so by sending a notice to the outstanding members informing them that it will compulsorily acquire their shares and, six weeks later, it would deliver a transfer of the outstanding shares in its favour to the Company which would execute the transfers on behalf of the relevant members, and pay the consideration for the outstanding shares to the Company which would hold the consideration on trust for the relevant members. The consideration offered to the members whose shares are compulsorily acquired under this procedure must, in general, be the same as the consideration that was available under the original offer unless a member can show that the offer value is unfair.

14.3 Sell-out rules

The Act also gives minority members 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 in the Company 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. in value of the shares and not less than 90 per cent. of the voting rights carried by the shares in the Company, 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 would be required to give any member notice of his/her right to be bought out within one month of that right arising. The offeror may impose a time limit on the rights of minority members to be bought out, but that period cannot end less than three months after the end of the acceptance period or, if later, three months from the date on which notice is served on members *notifying them of their sell-out rights*. If a member exercises his/her rights, the offeror is entitled and bound to acquire those shares on the terms of the offer or on such other terms as may be agreed.

15. SIGNIFICANT CHANGE

Save as disclosed in this document, there has been no significant change in the financial or trading position of the Group since 30 June 2014, being the date to which the last unaudited interim financial information was prepared.

16. CONSENTS

- 16.1 Canaccord Genuity of 88 Wood Street, London EC2V 7QR is authorised and regulated in the UK by the FCA. Canaccord Genuity has given and has not withdrawn its written consent to the issue of this document with the inclusion of its name and the references to it in the form and context in which it appears.
- 16.2 BDO LLP, Chartered Accountants and registered auditors, of Colmore Row, Birmingham B3 3SD, as the reporting accountant, has given and has not withdrawn its written consent to the inclusion of its report in Section A of Part III of this document in the form and context in which it is included.

17. GENERAL

- 17.1 Expenses estimated at £0.65 million, excluding VAT, are payable by the Company (out of the Company's existing resources) in connection with the Placing.
- 17.2 Save as disclosed in this document, no person (excluding professional advisers otherwise disclosed in this document and trade suppliers) has received, directly or indirectly, within the 12 months preceding the date of this document or entered into contractual arrangements to receive, directly or indirectly, from the Company on or after Admission:
- (a) fees totalling £10,000 or more;
 - (b) securities where these have a value of £10,000 or more calculated by reference to the Placing Price; or
 - (c) any other benefit with a value of £10,000 or more at the date of Admission.
- 17.3 Information in this document which has been sourced from third parties has been accurately reproduced and so far as the Company is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.
- 17.4 Save as disclosed in this document, the Directors are unaware of any exceptional factors which have influenced the Company's activities.
- 17.5 Save as disclosed in this document, the Directors are unaware of any environmental issues that may affect the Group's utilisation of its tangible fixed assets.
- 17.6 Save as disclosed in this document, the Directors are unaware of any trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Company's prospects for the current financial year.
- 17.7 Save as disclosed in this document, there are no investments in progress and there are no future investments on which the Directors have already made firm commitments which are significant to the Group.
- 17.8 Save as disclosed in this document, the Directors believe that the Company is not dependent on patents or licences, industrial, commercial or financial contracts or new manufacturing processes which are material to the Company's business or profitability.
- 17.9 Since the date of incorporation of the Company, there has been no takeover offer (within the meaning of Part 28 of the Act) for any Ordinary Shares.
- 17.10 The current accounting reference period of the Company will end on 31 December 2014.
- 17.11 The financial information contained in Section A of Part III of this document does not constitute statutory accounts within the meaning of section 434(3) of the Act. The auditors for the period covered by the financial information set out in Section A of Part III of this document were Smith Cooper Limited. Smith Cooper Limited is a member firm of the Institute of Chartered Accountants in England and Wales. Statutory accounts of the Company for the three years ended 31 December 2013 have been delivered to the Registrar of Companies in England and Wales. Smith Cooper Limited (formerly Smith Cooper LLP) have made reports in the statutory accounts of the Company for such periods. Such reports were unqualified and contained no statement under section 498(2) or 498(3) of the Act.

18. DEALING ARRANGEMENTS

- 18.1 Application will be made to the London Stock Exchange for all of the Ordinary Shares to be admitted to trading on AIM. It is expected that dealings in the Ordinary Shares will commence on a conditional basis on the London Stock Exchange at 8.00 a.m. on 11 November 2014. The earliest date for settlement of such dealings will be 14 November 2014. It is expected that Admission will become effective and that unconditional dealings in the Ordinary Shares will commence on the London Stock Exchange at 8.00 a.m. on 14 November 2014. All dealings in Ordinary 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 will be at the sole risk of the parties concerned. The above-mentioned dates and times may be changed without further notice.
- 18.2 It is intended that, where applicable, definitive share certificates in respect of the Placing Shares will be despatched on or before 24 November 2014 or as soon thereafter as is practicable. Temporary documents of title will not be issued. Dealings in advance of crediting of the relevant CREST stock account(s) shall be at the sole risk of the persons concerned.

19. SELLING SHAREHOLDERS

The names of each of the Selling Shareholders are set out below, all of whose business address is at the Company's registered and head office:

Name	Number of Placing Shares
Peter Brodnicki	8,796,000
Peter Birch	4,388,000
Nicola Birch	5,419,000
David Preece	1,433,000
Paul Robinson	463,000
Paul Robinson Trust	129,000
Michelle Draycott	634,000
Simon Blunt	393,000
Richard Palmer	205,000
Richard Palmer Trust	180,000
Mandy Palmer	8,000
Gareth Herbert	251,000
Stephanie Herbert	8,000
Andrew Frankish	242,000
Verona Frankish	8,000
Donna Brenchley	55,000
Jonathan Worsley	8,000
Helen Duffy	27,000
Brian Murphy	11,000
Diane Murphy	8,000
Janet Finity	19,000
Paul Finity	8,000
Stewart Baker	14,000
Amanda Baker	8,000

20. AVAILABILITY OF THIS DOCUMENT

A copy of this document is available at the Company's website www.investor.mortgageadvicebureau.com.

Dated 11 November 2014

PART VII

TERMS AND CONDITIONS OF THE PLACING

MEMBERS OF THE PUBLIC ARE NOT ELIGIBLE TO TAKE PART IN THE PLACING. THESE TERMS AND CONDITIONS ARE FOR INFORMATION PURPOSES ONLY AND ARE DIRECTED ONLY AT: (A) PERSONS IN MEMBER STATES OF THE EUROPEAN ECONOMIC AREA WHO ARE QUALIFIED INVESTORS AS DEFINED IN SECTION 86(7) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000, AS AMENDED, QUALIFIED INVESTORS) BEING PERSONS FALLING WITHIN THE MEANING OF ARTICLE 2(1)(E) OF THE EU PROSPECTUS DIRECTIVE (WHICH MEANS DIRECTIVE 2003/71/EC AND INCLUDES ANY RELEVANT IMPLEMENTING DIRECTIVE MEASURE IN ANY MEMBER STATE) (THE PROSPECTUS DIRECTIVE); (B) IN THE UNITED KINGDOM, QUALIFIED INVESTORS WHO ARE PERSONS WHO (I) FALL WITHIN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005 (THE ORDER); (II) FALL WITHIN ARTICLE 49(2)(A) TO (D) (HIGH NET WORTH COMPANIES, UNINCORPORATED ASSOCIATIONS, ETC) OF THE ORDER; OR (III) ARE PERSONS TO WHOM IT MAY OTHERWISE BE LAWFULLY COMMUNICATED (ALL SUCH PERSONS WITHIN (A) OR (B) TOGETHER BEING REFERRED TO AS RELEVANT PERSONS). THESE TERMS AND CONDITIONS MUST NOT BE ACTED ON OR RELIED ON BY PERSONS WHO ARE NOT RELEVANT PERSONS. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THESE TERMS AND CONDITIONS RELATES IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS.

1. INTRODUCTION

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

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

Each Selling Shareholder has undertaken that the Placing Shares will be sold fully paid and with full title guarantee.

2. AGREEMENT TO ACQUIRE PLACING SHARES

Conditional upon: (i) Admission occurring and becoming effective by 8.00 a.m. (London time) on 14 November 2014 (or such later time and/or date (being not later than 8.00 a.m. on 28 November 2014) as the Company and Canaccord Genuity may agree) and on the Placing Agreement being otherwise unconditional in all respects and not having been terminated in accordance with its terms on or before Admission; and (ii) the confirmation mentioned under paragraph 1 above, an Investor agrees to become a member of the Company and agrees to acquire Placing Shares at the Placing Price. The number of Placing Shares acquired by such Investor under the Placing shall be in accordance with the arrangements described above.

3. PAYMENT FOR PLACING SHARES

Each Investor undertakes to pay the Placing Price for the Placing Shares acquired by such Investor in such manner as shall be directed by Canaccord Genuity. In the event of any failure by an Investor to pay as so directed by Canaccord Genuity, the relevant Investor shall be deemed hereby to have appointed Canaccord Genuity or any nominee of Canaccord Genuity to sell (in one or more transactions) any or all of the Placing Shares in respect of which payment shall not have been made as so directed and to have agreed to indemnify on demand Canaccord Genuity in respect of any liability for stamp duty and/or stamp duty reserve tax arising in respect of any such sale or sales.

4. REPRESENTATIONS AND WARRANTIES

By receiving this document, each Investor and, to the extent applicable, any person confirming his agreement to acquire Placing Shares on behalf of an Investor or authorising Canaccord Genuity to notify an Investor's name to the Registrar, is deemed to acknowledge, agree, undertake, represent and warrant to each of Canaccord Genuity, the Registrar and the Company that:

- 4.1 the Investor has read this document in its entirety and acknowledges that its participation in the Placing shall be made solely on the terms and subject to the conditions set out in these Terms and Conditions, the Placing Agreement and the Articles. Such Investor agrees that these Terms and Conditions and the contract note issued by Canaccord Genuity to such Investor represent the whole and only agreement between the Investor, Canaccord Genuity and the Company in relation to the Investor's participation in the Placing and supersede any previous agreement between any of such parties in relation to such participation. Accordingly, all other terms, conditions, representations, warranties and other statements which would otherwise be implied (by law or otherwise) shall not form part of these Terms and Conditions. Such Investor agrees that none of the Company, Canaccord Genuity nor any of their respective officers or directors will have any liability for any such other information or representation and irrevocably and unconditionally waives any rights it may have in respect of any such other information or representation;
- 4.2 if the Investor is a natural person, such Investor is not under the age of majority (18 years of age in the UK) on the date of such Investor's agreement to acquire Placing Shares under the Placing and will not be any such person on the date any such offer is accepted;
- 4.3 neither Canaccord Genuity nor any person affiliated with Canaccord Genuity or acting on its behalf is responsible for or shall have any liability for any information, representation or statement contained in this document or any supplementary admission document (as the case may be) or any information previously published by or on behalf of the Company or any member of the Group and will not be liable for any decision by an Investor to participate in the Placing based on any information, representation or statement contained in this document or otherwise;
- 4.4 the Investor has not relied on Canaccord Genuity or any person affiliated with Canaccord Genuity in connection with any investigation of the accuracy of any information contained in this document or their investment decision;
- 4.5 in agreeing to acquire Placing Shares under the Placing, the Investor is relying on this document or any supplementary admission document (as the case may be) and not on any draft thereof or other information or representation concerning the Group, the Placing or the Placing Shares. Such Investor agrees that neither the Company nor Canaccord Genuity nor their respective officers, directors or employees will have any liability for any other such information or representation and irrevocably and unconditionally waives any rights it may have in respect of any other such information or representation;
- 4.6 save in the event of fraud on its part (and to the extent permitted by the rules of the FCA), neither Canaccord Genuity nor any of its directors or employees shall be liable to an Investor for any matter arising out of the role of Canaccord Genuity as the Company's nominated adviser and broker or otherwise, and where any such liability nevertheless arises as a matter of law each Investor will immediately waive any claim against Canaccord Genuity and any of its directors and employees which an Investor may have in respect thereof;
- 4.7 the Investor has complied with all applicable laws and such Investor will not infringe any applicable law as a result of such Investor's agreement to acquire Placing Shares under the Placing and/or acceptance thereof or any actions arising from such Investor's rights and obligations under the Investor's agreement to acquire Placing Shares under the Placing and/or acceptance thereof or under the Articles;
- 4.8 all actions, conditions and things required to be taken, fulfilled and done (including the obtaining of necessary consents) in order: (i) to enable the Investor lawfully to enter into, and exercise its rights and perform and comply with its obligations to acquire the Placing Shares under, the Placing; and (ii) to ensure that those obligations are legally binding and enforceable, have been taken, fulfilled and done. The Investor's entry into, exercise of its rights and/or performance under, or compliance with its obligations under this Placing, does not and will not violate: (i) its constitutive documents; or (ii) any agreement to which the Investor is a party or which is binding on the Investor or its assets;

- 4.9 it understands that no action has been or will be taken in any jurisdiction by the Company or Canaccord Genuity or any other person that would permit a public offering of the Placing Shares, or possession or distribution of this document, in any country or jurisdiction where action for that purpose is required; and, if the Investor is in a member state of the European Economic Area which has implemented the Prospectus Directive (**Relevant Member State**), it is: (i) a legal entity which is authorised or regulated to operate in the financial markets or, if not so authorised or regulated, its corporate purpose is solely to invest in securities; (ii) a legal entity which has two or more of: (a) an average of at least 250 employees during the last financial year; (b) a total balance sheet of more than €43,000,000; and (c) an annual net turnover of more than €50,000,000, in each case as shown in its last annual or consolidated accounts; (iii) otherwise permitted by law to be offered and sold Placing Shares in circumstances which do not require the publication by the Company of a prospectus pursuant to Article 3 of the Prospectus Directive or other applicable laws; or (iv) in the case of any Placing Shares acquired by an Investor as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, either:
- (a) the Placing Shares acquired by it in the Placing have not been acquired on behalf of, nor have they been acquired with a view to their placing or resale to, persons in any Relevant Member State other than qualified investors, as that term is defined in the Prospectus Directive, or in circumstances in which the prior consent of Canaccord Genuity has been given to the placing or resale; or
 - (b) where Placing Shares have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the placing of those Placing Shares to it is not treated under the Prospectus Directive as having been made to such persons;
- 4.10 to the fullest extent permitted by law, the Investor acknowledges and agrees to the disclaimers contained in this document and acknowledges and agrees to comply with the selling restrictions set out in this document;
- the Ordinary Shares have not been and will not be registered under the US Securities Act, 1933 as amended (the **US Securities Act**), or under the securities legislation of, or with any securities regulatory authority of, any state or other jurisdiction of the United States or under the applicable securities laws of Australia, Canada, Japan or the Republic of South Africa or where to do so may contravene local securities laws or regulations;
- 4.11 the Investor is not a person located in the United States and is eligible to participate in an offshore transaction as defined in and in accordance with Regulation S under the US Securities Act (Regulation S) and the Placing Shares were not offered to such Investor by means of directed selling efforts as defined in Regulation S;
- 4.12 it is acquiring the Placing Shares for investment purposes only and not with a view to any resale, distribution or other disposition of the Placing Shares in violation of the US Securities Act or any other United States federal or applicable state securities laws;
- 4.13 the Company is not obliged to file any registration statement in respect of resales of the Placing Shares in the United States with the US Securities and Exchange Commission or with any state securities administrator;
- 4.14 the Company, and any registrar or transfer agent or other agent of the Company, will not be required to accept the registration of transfer of any Placing Shares acquired by the Investor, except upon presentation of evidence satisfactory to the Company that the foregoing restrictions on transfer have been complied with;
- 4.15 the Investor invests in or purchases securities similar to the Placing Shares in the normal course of its business and it has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of an investment in the Placing Shares;
- 4.16 the Investor has conducted its own investigation with respect to the Company and the Placing Shares and has had access to such financial and other information concerning the Company and the Placing Shares as the Investor deemed necessary to evaluate the merits and risks of an investment in the Placing Shares, and the Investor has concluded that an investment in the Placing Shares is suitable for it or, where the Investor is not acting as principal, for any beneficial owner of the Placing Shares, based upon each such person's investment objectives and financial requirements;

- 4.17 the Investor or, where the Investor is not acting as principal, any beneficial owner of the Placing Shares, is able to bear the economic risk of an investment in the Placing Shares for an indefinite period and the loss of its entire investment in the Placing Shares;
- 4.18 there may be adverse consequences to the Investor under United States and other tax laws resulting from an investment in the Placing Shares and the Investor has made such investigation and has consulted such tax and other advisers with respect thereto as it deems necessary or appropriate;
- 4.19 the Investor is not a resident of Australia, Canada, Japan or the Republic of South Africa and acknowledges that the Placing Shares have not been and will not be registered nor will a prospectus be prepared in respect of the Placing Shares under the securities legislation of Australia, Canada, Japan or the Republic of South Africa and, subject to certain exceptions, the Placing Shares may not be offered or sold, directly or indirectly, in or into those jurisdictions;
- 4.20 the Investor is liable for any capital duty, stamp duty and all other stamp, issue, securities, transfer, registration, documentary or other duties or taxes (including any interest, fines or penalties relating thereto) payable outside the UK by it or any other person on the acquisition by it of any Placing Shares or the agreement by it to acquire any Placing Shares;
- 4.21 in the case of a person who confirms to Canaccord Genuity on behalf of an Investor an agreement to acquire Placing Shares under the Placing and/or who authorises Canaccord Genuity to notify such Investor's name to the Registrars, that person represents and warrants that he has authority to do so on behalf of the Investor;
- 4.22 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 and any other applicable law concerning the prevention of money laundering and, if it is making payment on behalf of a third party, that satisfactory evidence has been obtained and recorded by it to verify the identity of the third party as required by the Money Laundering Regulations 2007 and, in each case, agrees that pending satisfaction of such obligations, definitive certificates (or allocation under the CREST system) in respect of the Placing Shares comprising the Investor's allocation may be retained at Canaccord Genuity's discretion;
- 4.23 the Investor agrees that, due to anti-money laundering and the countering of terrorist financing requirements, Canaccord Genuity and/or the Company may require proof of identity of the Investor and related parties and verification of the source of the payment before the application can be processed and that, in the event of delay or failure by the Investor to produce any information required for verification purposes, Canaccord Genuity and/or the Company may refuse to accept the application and the subscription moneys relating thereto. It holds harmless and will indemnify Canaccord Genuity and/or the Company against any liability, loss or cost ensuing due to the failure to process this application, if such information as has been required has not been provided by it or has not been provided on a timely basis;
- 4.24 the Investor is not, and is not applying as nominee or agent for, a person which is, or may be, mentioned in any of sections 67, 70, 93 and 96 of the Finance Act 1986 (depository receipts and clearance services);
- 4.25 the Investor has complied with and will comply with all applicable provisions of FSMA with respect to anything done by the Investor in relation to the Placing in, from or otherwise involving the UK;
- 4.26 if the Investor is in the UK, the Investor is a person: (i) who has professional experience in matters relating to investments falling within article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended or replaced) (the Order); or (ii) a high net worth entity falling within article 49(2)(a) to (d) of the Order, and in all cases is capable of being categorised as a Professional Client or Eligible Counterparty for the purposes of the FCA Conduct of Business Rules (all such persons together being referred to as **relevant persons**);
- 4.27 if the Investor is in the European Economic Area (the **EEA**), the person is a Professional Client/Eligible Counterparty within the meaning of Annex II/Article 24 (2) of MiFID and is not participating in the Placing on behalf of persons in the EEA other than Professional Clients or persons in the UK and other member states (where equivalent legislation exists) for whom the Investor has authority to make decisions on a wholly discretionary basis;
- 4.28 in the case of a person who confirms to Canaccord Genuity on behalf of an Investor an agreement to acquire Placing Shares under the Placing and who is acting on behalf of a third party, that the

terms on which the Investor (or any person acting on its behalf) are engaged enable it to make investment decisions in relation to securities on that third party's behalf without reference to that third party;

- 4.29 Canaccord Genuity is not making any recommendation to the Investor or advising the Investor regarding the suitability or merits of participation in the Placing or any transaction the Investor may enter into in connection with the Placing or otherwise. The Investor is not Canaccord Genuity's client in connection with the Placing and Canaccord Genuity will not be responsible to any Investor for providing the protections afforded to Canaccord Genuity's clients or providing advice in relation to the Placing and Canaccord Genuity will not have any duties or responsibilities to any Investor similar or comparable to best execution and suitability imposed by the Conduct of Business Sourcebook contained in the rules of the FCA;
- 4.30 the exercise by Canaccord Genuity of any rights or discretions under the Placing Agreement shall be within its absolute discretion and Canaccord Genuity need not have any reference to any Investor and shall have no liability to any Investor whatsoever in connection with any decision to exercise or not to exercise or to waive any such right and each Investor agrees that it shall have no rights against Canaccord Genuity or its directors or employees under the Placing Agreement and/or the Selling Shareholders Agreement;
- 4.31 it irrevocably appoints any director of Canaccord Genuity as its agent for the purposes of executing and delivering to the Company and/or its registrars any documents on its behalf necessary to enable it to be registered as the holder of any of the Placing Shares agreed to be taken up by it under the Placing and otherwise to do all acts, matters and things as may be necessary for, or incidental to, its acquisition of any Placing Shares in the event of its failure so to do; and
- 4.32 it will indemnify and hold the Company and Canaccord Genuity and their respective affiliates harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the representations, warranties, acknowledgements, agreements and undertakings in this Part VII and further agrees that the provisions of this Part VII will survive after completion of the Placing. The Company and Canaccord Genuity will rely upon the truth and accuracy of each of the foregoing representations, warranties and undertakings.

5. SUPPLY AND DISCLOSURE OF INFORMATION

If any of Canaccord Genuity, the Registrar or the Company or any of their respective agents request any information about an Investor's agreement to acquire Placing Shares, such Investor must promptly disclose it to them.

6 MISCELLANEOUS

- 6.1 The rights and remedies of Canaccord Genuity, the Registrar and the Company under these Terms and Conditions are in addition to any rights and remedies which would otherwise be available to each of them and the exercise or partial exercise of one will not prevent the exercise of others.
- 6.2 On application, each Investor may be asked to disclose, in writing or orally to Canaccord Genuity:
- (a) if he is an individual, his nationality; or
 - (b) if he is a discretionary fund manager, the jurisdiction in which the funds are managed or owned.
- 6.3 All documents will be sent at the Investor's risk. They may be sent by post to such Investor at an address notified to Canaccord Genuity. Each Investor agrees to be bound by the Articles (as amended from time to time) once the Placing Shares which such Investor has agreed to acquire have been acquired by such Investor. The provisions of this Part VII may be waived, varied or modified as regards specific Investors or on a general basis by Canaccord Genuity. The contract to acquire Placing Shares and the appointments and authorities mentioned herein will be governed by, and construed in accordance with, the laws of England and Wales. For the exclusive benefit of Canaccord Genuity, the Company and the Registrar, 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 acquire Placing Shares, references to an Investor in these terms and conditions are to each of such Investors and such joint Investors' liability is joint and several. Canaccord Genuity and the

Company each expressly reserve the right to modify the Placing (including, without limitation, its timetable and settlement) at any time before allocations of Placing Shares under the Placing are determined.

- 6.4 The Placing is subject to the satisfaction of the conditions contained in the Placing Agreement and the Placing Agreement not having been terminated. Further details of the terms of the Placing Agreement and the Minority Selling Shareholders Agreement are contained in paragraphs 11.1 and 11.2 of Part VI of this document.

