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This Document comprises an AIM admission document, which has been drawn up in accordance with the AIM Rules for Companies (“AIM Rules”) and has been prepared in connection with, amongst other matters, the Acquisition, the Placing and the admission of the Enlarged Share Capital to trading on AIM. This Document does not constitute an offer to the public within the meaning of sections 85 and 102B of FSMA or otherwise. This Document is not an approved prospectus for the purposes of the Prospectus Rules and a copy of it has not been, and will not be, reviewed or approved by the FCA, the UKLA or the London Stock Exchange.

The Directors, whose names appear on page 4 of this Document, accept responsibility for the information contained in this Document, including collective and individual responsibility for compliance with the AIM Rules. To the best of the knowledge and belief of the Directors, who have taken all reasonable care to ensure that such is the case, the information contained in this Document is in accordance with the facts and does not omit anything likely to affect the import of such information. In connection with this Document, no person is authorised to give any information or make any representation other than as contained in this Document and, if given or made, any such information or representation must not be relied upon as having been authorised.

Application will be made for the Enlarged Share Capital to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings in the Enlarged Share Capital will commence on AIM on 12 June 2013.

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 UKLA. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Each AIM company is required pursuant to the AIM Rules to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on Admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers. Neither the UKLA nor the London Stock Exchange have examined or approved the contents of this Document. The AIM Rules are less demanding than those of the Official List of the UKLA. It is emphasised that no application has been made, or is being made, for admission of these securities to the Official List of the UKLA or to trading on the London Stock Exchange’s market for listed securities.

VERSARIEN PLC

(Incorporated and registered in England and Wales with registered number 8418328)

Proposed Acquisition of Total Carbide Limited, Placing of 24,489,799 New Ordinary Shares at 12.25p per share and Admission of the Enlarged Share Capital to trading on AIM



Nominated Adviser and Joint Broker



Joint Broker

Share capital immediately following Admission

Issued and Fully Paid Ordinary Shares of 1p each: Amount: £830,760.85 Number: 83,076,085

The new Ordinary Shares to be issued pursuant to the Acquisition and the Placing will, on issue, rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive all dividends or other distributions declared, made or paid after the issue of the New Ordinary Shares.

Northland Capital Partners Limited (“Northland”) is authorised and regulated in the United Kingdom by the FCA and is acting as Nominated Adviser and joint broker to the Company. Northland is acting on behalf of the Company and no one else in connection with Admission and will not be responsible to any person other than the Company for providing the regulatory and legal protections afforded to customers (as defined by the FCA Rules) of Northland nor for providing advice in relation to the contents of this Document or any matter, transaction or arrangement referred to herein. The responsibilities of Northland as Nominated Adviser under the AIM Rules for Nominated Advisers are owed solely to the London Stock Exchange and are not owed to the Company or to any Director or to any other person in respect of their decision to acquire Ordinary Shares in reliance on any part of this Document. No liability whatsoever is accepted by Northland for the accuracy of any information or opinions contained in this Document or for the omission of any information from this Document, for which the Company and the Directors are solely responsible.

Westhouse Securities Limited (“Westhouse”) is authorised and regulated in the United Kingdom by the FCA and is acting as joint broker to the Company. Westhouse is acting on behalf of the Company and no one else in connection with Admission and will not be responsible to any person other than the Company for providing the regulatory and legal protections afforded to customers (as defined by the FCA Rules) of Westhouse nor for providing advice in relation to the contents of this Document or any matter, transaction or arrangement referred to herein. No liability whatsoever is accepted by Westhouse for the accuracy of any information or opinions contained in this Document or for the omission of any information from this Document, for which the Company and the Directors are solely responsible.

This Document does not constitute an offer to sell or subscribe for, or the solicitation of an offer to buy or subscribe for, Ordinary Shares in any jurisdiction in which such an offer or solicitation is unlawful and is not for distributing within or into Australia, Canada, Japan, the Republic of Ireland or the United States or to any resident, national or citizen of such countries. The Ordinary Shares have not been, and will not be registered under the applicable securities laws of Australia, Canada, Japan, the Republic of Ireland or the United States. The distribution of this Document in other jurisdictions may be restricted by law and therefore persons into whose possession this Document comes should inform themselves about and observe such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any jurisdiction.

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EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication date of this Document	7 June 2013
Completion of Acquisition	12 June 2013
Admission of Enlarged Share Capital to trading on AIM	12 June 2013
CREST accounts to be credited with New Ordinary Shares	12 June 2013
Share certificates in respect of New Ordinary Shares despatched by	26 June 2013

ACQUISITION AND ADMISSION STATISTICS

Placing Price per Placing Share	12.25p
Number of Existing Ordinary Shares in issue prior to Admission	52,872,000
Number of Consideration Shares to be issued pursuant to the Acquisition	5,714,286
Consideration Shares as a percentage of the Enlarged Share Capital	6.9 per cent.
Number of Placing Shares to be issued pursuant to the Placing	24,489,799
Placing Shares as a percentage of the Enlarged Share Capital	29.5 per cent.
Gross Proceeds of the Placing to be received by the Company	£3,000,000
Number of Ordinary Shares in issue following Admission	83,076,085
Market capitalisation of the Company at Admission at the Placing Price	£10.2 million
AIM Ticker	VRS
SEDOL	B8YZTJ8
ISIN	GB00B8YZTJ80

FORWARD-LOOKING STATEMENTS

This Document includes “forward-looking statements” which includes all statements other than statements of historical facts, including, without limitation, those regarding the Group’s financial position, business strategy, plans and objectives of management for future operations and any statements preceded by, followed by or that include forward-looking terminology such as the words “targets”, “believes”, “estimates”, “expects”, “aims”, “intends”, “can”, “may”, “anticipates”, “would”, “should”, “could”, or similar expressions or the negative thereof. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond the Group’s control that would cause the actual results, performance or achievements of the Group to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Group’s present and future business strategies and the environment in which the Group will operate in the future. Among the important factors that could cause the Group’s actual results, performance or achievements to differ materially from those in forward-looking statements include those factors in Part II of this Document entitled “Risk Factors” and elsewhere in this Document. These forward-looking statements speak only as at the date of this Document. The Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained herein to reflect any change in the Company’s expectations with regard thereto or any change in events, conditions or circumstances on which any such statements are based. As a result of these factors, the events described in the forward-looking statements in this Document may not occur either partially or at all.

Neither the Company, Northland, Westhouse nor any of their respective associates or directors, officers or advisers, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied by any forward-looking statements contained herein will actually occur. Other than in accordance with their legal or regulatory obligations (including under the AIM Rules), neither the Company, Northland or Westhouse is under any obligation, and each of them expressly disclaims any intention or obligation, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

DIRECTORS, SECRETARY AND ADVISERS

The Directors	Ian Henry Balchin (<i>Non-Executive Chairman</i>) Neill Gareth Ricketts (<i>Chief Executive Officer</i>) William Battrick (<i>Chief Technical Officer</i>) Stephen James Humphries (<i>Finance Director</i>) (David) Jeremy Veasey (<i>Non-Executive Director</i>)
Company Secretary	William Battrick
Registered Office	Unit 12 Hollyhill Industrial Park Hollyhill Road Forest Vale Industrial Estate Cinderford Gloucestershire GL14 2YB
Telephone Number	+44 (0) 1594 368 252
Nominated Adviser and Joint Broker:	Northland Capital Partners Limited 60 Gresham Street London EC2V 7BB
Joint Broker:	Westhouse Securities Limited One Angel Court London EC2R 7HJ
Solicitors to the Company	Field Fisher Waterhouse LLP 35 Vine Street London EC3N 2AA
Reporting Accountants and Auditors	BDO LLP (<i>Member firm of the Institute of Chartered Accountants in England and Wales</i>) 55 Baker Street London W1U 7EU
Solicitors to the Nominated Adviser and Joint Brokers	Memery Crystal LLP 44 Southampton Buildings London WC2A 1AP
Financial Public Relations	Abchurch Communications Limited 125 Old Broad Street London EC2N 1AR
Registrars	Share Registrars Limited Suite E First Floor 9 Lion & Lamb Yard Farnham Surrey GU9 7LL
Website	www.versarienplc.com

DEFINITIONS

In this Document, unless the context requires otherwise, the words and expressions set out below shall bear the following meanings.

“Acquisition”	the proposed acquisition by the Company of the entire issued share capital of Total Carbide
“Acquisition Agreement”	the conditional share purchase agreement dated 6 June 2013 between the Company, the Vendor and Elektron Technology plc (as guarantor), further details of which are set out in Part I of this Document and in paragraph 16 of Part IV of this Document
“Admission”	the admission of the Enlarged Share Capital to trading on AIM becoming effective in accordance with the AIM Rules for Companies
“AIM”	the market of that name operated by the London Stock Exchange
“AIM Rules” or “AIM Rules for Companies”	the AIM Rules for Companies published by the London Stock Exchange, as amended from time to time which sets out the rules, responsibilities and guidance notes in relation to companies whose shares are admitted to trading on AIM
“AIM Rules for Nominated Advisers”	the AIM Rules for Nominated Advisers published by the London Stock Exchange, as amended from time to time
“Articles”	the articles of association of the Company
“Board” or “Directors”	the directors of the Company (each a “Director”) as listed on page 4 of this Document
“certificated” or in “certificated form”	a share or security which is not in un-certificated form (that is, not in CREST)
“City Code”	the City Code on Takeovers and Mergers, administered by the Panel on Takeovers and Mergers in the UK
“Close Period”	has the meaning as set out in the AIM Rules
“Companies Act”	the Companies Act 2006, as amended
“Company” or “Versarien”	Versarien plc, a company incorporated in England and Wales with registered number 8418328
“Conditions”	the conditions relating to the Placing, as set out in the Placing Agreement
“Confirmation Agreement”	agreement dated 28 February 2013 between Versarien Technologies, Dr Yuyuan Zhao, the University of Liverpool and C-Tech, details of which are set out in paragraph 16 of Part IV of this Document
“Consideration Shares”	the 5,714,286 new Ordinary Shares to be issued to the Vendor pursuant to the Acquisition Agreement
“Corporate Governance Code”	the UK Corporate Governance Code (previously the Combined Code) on the standards of good practice in relation to board leadership and effectiveness, remuneration, accountability and relations with shareholders published in June 2010 as appended to but not forming part of, the Listing Rules

“CREST”	the electronic system for the holding and transferring of shares and other securities in paperless form operated by Euroclear UK & Ireland Limited (as defined in the CREST Regulations)
“CREST Regulations”	the Uncertificated Securities Regulations 2001, as amended
“C-Tech”	C-Tech Innovations Limited
“Document”	this admission document
“DTI”	the Department of Trade and Industry
“Enlarged Group”	the Group, as enlarged following the Acquisition
“Enlarged Share Capital”	the issued Ordinary Shares at Admission following the issue of the Consideration Shares and the issue of the Placing Shares
“Existing Ordinary Shares” or “Existing Share Capital”	the 52,872,000 Ordinary Shares in issue at the date of this Document
“Existing Shareholders”	holders of Existing Ordinary Shares
“FCA”	the Financial Conduct Authority or any successor body
“FSMA”	the Financial Services and Markets Act 2000 (as amended)
“Group”	the Company and its Subsidiaries as at the date of this Document
“IP”	intellectual property
“IP Licence”	the licence agreement dated 31 October 2011 between C-Tech and Versarien Technologies, details of which are set out in paragraph 16 of Part IV of this Document
“London Stock Exchange”	London Stock Exchange plc
“Lost Carbonate Sintering” or “LCS”	a powder metallurgically-based solid-state sintering process for the creation of open-celled metallic foams, details of which are set out under the heading Lost Carbonate Sintering in Part I of this Document
“New Ordinary Shares”	together, the Consideration Shares and the Placing Shares
“Nomad” or “Northland”	Northland Capital Partners Limited, the Company’s nominated adviser and joint broker
“Ordinary Shares”	ordinary shares of 1p each in the capital of the Company
“Placees”	the subscribers for Placing Shares pursuant to the Placing
“Placing”	the conditional placing by Northland and Westhouse of the Placing Shares at the Placing Price pursuant to the terms of the Placing Agreement
“Placing Agreement”	the conditional placing agreement dated 6 June 2013 between the Company, the Directors, Jim Murray-Smith, Northland and Westhouse in relation to the placing arrangements, details of which are set out in paragraph 16 of Part IV of this Document
“Placing Price”	12.25p per Placing Share

“Placing Shares”	the 24,489,799 new Ordinary Shares to be issued pursuant to the Placing
“Prospectus Rules”	the prospectus rules published by the FCA from time to time for the purposes of Part VI of FSMA in relation to offers of securities to the public and admission of securities to trading on a regulated exchange
“QCA Code”	the QCA’s Corporate Governance Guidelines for Smaller Quoted Companies
“Share Option Plan”	the employee share option plan adopted by the Company on 5 June 2013, details of which are set out in paragraph 15 of Part IV of this Document
“Shareholders”	holders of Existing Ordinary Shares or New Ordinary Shares, as the case may be
“Subsidiary”	a subsidiary undertaking (as defined by section 1162 of the Companies Act) of the Company and “Subsidiaries” shall be construed accordingly
“Total Carbide”	Total Carbide Limited, a company incorporated in England and Wales with registered number 2427937
“TSB”	the Technology Strategy Board
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland
“UKLA”	United Kingdom Listing Authority, being the FCA acting in its capacity as the competent authority for the purposes of FSMA
“Vendor”	Elektron Technology UK Limited, the sole shareholder of Total Carbide
“Versarien Acquisition Agreement”	the agreement dated 21 March 2013 between (1) Neill Ricketts and others, (2) the Company and (3) Versarien Technologies, further details of which are set out in paragraph 16 of Part IV of this Document
“Versarien Technologies”	Versarien Technologies Limited, a company incorporated in England and Wales with registered number 7475659
“Westhouse”	Westhouse Securities Limited, joint broker to the Company
“£” or “Pound”	UK pounds Sterling

PART I

INFORMATION ON THE COMPANY

Introduction

The Versarien Group is an advanced engineering materials business developing valuable new materials through the commercialisation of new manufacturing processes. The Group's initial focus has been the development of the Lost Carbonate Sintering process, based on research carried out at the University of Liverpool, offering the ability to produce cutting edge porous metallic materials with exceptional heat transfer properties and a wide array of practical applications. The Group's initial product, VersarienCu, is a heat transfer material for cooling systems in computing and power conditioning equipment.

The Company has contracted, conditional on Admission, to acquire Total Carbide, a long established advanced materials company manufacturing tungsten carbide components, in order to expand its production capabilities.

Business Overview

The Company, through its operating subsidiary Versarien Technologies, is currently focusing on the manufacture of a revolutionary micro-porous copper material called VersarienCu for use as a separate component in the manufacture of thermal management solutions by third parties, in addition to which the Group is developing market-ready assemblies of semiconductor cooling devices using VersarienCu and validating products for retrofitting into existing cooling systems. Versarien Technologies' products are 3 – 10 times more effective than traditional cooling system components and have a range of advantages, which include being low-cost to produce, with high margins, and a manufacturing process which is robust, adaptable and highly scalable – factors that the Directors believe sets the Company apart from its competitors, as previously functional porous metals have not been available in this form and scale.

The Group has collaboration agreements with the University of Liverpool and a close working relationship with C-Tech, an innovation management and technology development company, and holds an exclusive licence to the IP pertaining to the industrialisation and production methods; the underlying invention is patent protected and Versarien's licence is for the life of the patent. The Group has entered into discussions regarding extending the process to other metals.

In order to accelerate growth the Company is acquiring Total Carbide, a wholly owned subsidiary of AIM-quoted Elektron Technology plc. Total Carbide currently has a wide customer base and the Directors believe that they can increase recurring revenues within the company; however the biggest attraction for Versarien is the wide range of machinery and equipment owned by Total Carbide, which is currently underutilised and can also be used in the manufacture of Versarien's products.

The Directors believe that although Versarien has developed rapidly in the relatively short time since its inception, the Company and Total Carbide can form a stronger entity together following the Acquisition.

Lost Carbonate Sintering

Lost Carbonate Sintering is a powder metallurgically-based solid-state sintering process for the creation of open-celled metallic foams. The method allows full control over pore size and number and is an environmentally benign and sustainable manufacturing process consisting of four main stages;

1. Firstly, metal powder particles are mixed with non-metal granules. The ratio of metal to non-metal particles and the particle size affects the pore diameter and apparent density of the material that is finally produced.
2. The mixture is compacted into final or near-final shape form.
3. Heat is then applied to the compacted mixture by placing it in an industrial furnace. The copper particles within the mixture adhere to one another other without melting. Temperatures of around

1000°C (within a vacuum) are needed for completion of this stage. The heat also causes the non-metal particles to be eliminated (or this can be done via dissolution after the material is cooled).

4. Quality assurance and customisation activities (such as finishing) are then carried out.

VersarienCu

VersarienCu is a family of copper open-celled metallic foams, of varying porosity and pore size, which act as the primary heat exchange element between the heat source within a device and the heat transfer medium, such as the cooling fluid. The three-dimensional nature of the Group's materials gives rise to extraordinarily high surface area per unit volume and new levels of cell inter-connectivity – a feature which yields excellent thermal conductivity and increased convection – so any physical process that requires surface area will likely benefit from metallic foams.

By virtue of their porosity VersarienCu materials are light, with lower material and transportation costs and have myriad potential applications, primarily where the functional characteristics of such a material can be exploited. The Group sees a particular opportunity to grow with the increasing demand for improved computing performance, such as in servers, workstations and industrial computing infrastructure.

Porous metals such as VersarienCu are considered to be biomimetic, in that they resemble the sponge-like structures of biological materials like bone and coral. VersarienCu can be engineered and optimised to offer a combination of both structural and functional properties, and it's in this application that their benefits can significantly outperform those of traditional 'monolithic' materials. These processes include heat transfer, heat exchange and exciter materials.

Background and History

Versarien was incorporated on 25 February 2013 to act as the holding company for the Group. On 21 March 2013 it acquired the entire issued share capital of Versarien Technologies.

Versarien Technologies was formed in December 2010 with the express purpose of commercialising the LCS process, developed initially by Dr. Yuyuan Zhao of the University of Liverpool over the preceding four years. The project was funded through a Department of Trade and Industry project, which was managed by C-Tech. Versarien Technologies now works closely with the Technology Strategy Board, which was formed in 2007 and took over the administration of all funds previously managed by the DTI, when the DTI became the Department for Business, Innovation and Skills. In February 2011, C-Tech awarded a letter of intent to Versarien Technologies for global manufacturing rights to the process for porous copper production.

During its first eighteen months of operation, Versarien Technologies successfully won four research projects from the TSB for the development of new products which can be used in computing, alternative energy, electric vehicles and fuel cells. It is expected that these projects will create opportunities for the Group to generate new intellectual property to be used to enhance its existing products or to develop new products in new sectors.

Being an early-stage start up business with limited marketing resources, the Group has entered several high profile business competitions in order to gain national and international recognition. These competitions have led to increased publicity and several major global organisations taking an interest in the Company's proprietary technology. The Company was placed first and won the gold medal for Great Britain in the UK government business Olympic event for international start-up companies – the 'Start-Up Games'. The Company has also won several national and regional awards for its innovative products, including a manufacturing award from Hewlett Packard, an innovative product award from the International Journal of Race Car Engineering and the best R&D project award from industrial magazine, Metal Working Production. As a result of this increased visibility, the Group has had discussions with several parties which it would not typically have had access to and is currently working with a range of high profile, global companies.

Acquisition of Total Carbide Limited

Versarien is acquiring Total Carbide, conditional on Admission, primarily to access Total Carbide's manufacturing assets in order to expand the Group's production capabilities and meet demand for

VersarienCu, but the Acquisition is also in line with the Group's expansion strategy as a developer and manufacturer of advanced materials.

Background on Total Carbide

Founded over 50 years ago, Total Carbide is a manufacturer of sintered tungsten carbide for a number of key industries and supplies several major European companies. Total Carbide is cash generative, reporting sales of £3.8 million and profit of £56,000 for the year ended 31 January 2013.

Total Carbide's products are made using a powder metallurgy process combining tungsten carbide particles in a supporting matrix, offering high wear resistance with toughness, which is a significant advantage over other materials such as steel and is cheaper over the life of the part. The company has a wide range of blue chip customers, principally in the field of oil exploration where Total Carbide's tungsten carbide parts are used in drilling and in the automotive, cutting and metrology fields.

Principal Terms of the Acquisition

Under the terms of the Acquisition Agreement:

- (a) the Company has conditionally agreed to acquire the entire issued share capital of Total Carbide from the Vendor for a total consideration of £2,280,000, payable as to £1,580,000 in cash on completion of the Acquisition and £700,000 to be satisfied by the issue to the Vendor of the Consideration Shares; and
- (b) completion of the Acquisition is conditional, *inter alia*, on Admission.

Further information in respect of the Acquisition and the Acquisition Agreement is provided in paragraph 16 of Part IV of this Document.

The Consideration Shares will represent approximately 6.9 per cent. of the Enlarged Share Capital.

Group Structure

On Admission, Versarien will act solely as the holding company of Group, with operations being conducted via the Company's wholly owned trading subsidiaries, Total Carbide and Versarien Technologies.

Summary Financial Information

Versarien is a newly established holding company for the Group and as such has no trading record.

Versarien Technologies is still at an early stage of its development and in the six months ended 30 September 2012 reported a loss of approximately £168,000 on nil turnover.

Total Carbide reported a profit of approximately £57,000 on turnover of approximately £3.8 million in the year ended 31 January 2013, and at that date had net assets of approximately £504,000.

Financial information on Versarien Technologies and Total Carbide is set out in Parts IIIA and IIIB of this Document respectively and readers should not rely upon the summarised information set out above.

Current Trading and Prospects

In the relatively short time that Versarien Technologies has been operational, it has been supported by funding from the Technology Strategy Board to develop new products utilising the Group's licensed technology. Versarien Technologies has recently secured three further projects and will continue to develop products and intellectual property via this route. The Directors believe that there are opportunities to take a similar approach with Total Carbide and to work to deliver new products via funded research projects.

Versarien Technologies secured a funded development program with Bowers and Wilkins, a well-established audio equipment manufacturer and, despite being at an early stage in its development, has supplied parts to GE, B&W and Sensata and has a prospect list including current Formula One teams, major electronics companies and significant automotive companies.

Versarien Technologies has generated interest from its success in numerous awards, from its participation in trade exhibitions and invitation to high profile events. Currently, Versarien Technologies is working with numerous companies to establish commercially viable products, with an isothermalisation device at an advanced stage of development and which the Directors believe is close to commercialisation.

Total Carbide is a long established supplier to the oil and gas industry and has a solid base of blue chip customers from which to grow. There are prospects identified to work with existing clients again and the Directors hope to gain additional clients for Total Carbide in the future. The market for Total Carbide's products is well-established, although the Directors believe there are opportunities to expand sales into Europe.

Market and Competition

BCC Research predicts that the global market for thermal management technologies used in electronic devices and systems will grow from \$6.8 billion in 2008 to \$11.1 billion by 2013, at a compound annual growth rate of 10.3 per cent. Key territories for the Group include Western Europe, the US and the Asia-Pacific region, where growth is particularly fast. Thermal management hardware accounts for more than 80 per cent. of the total thermal management market and has a wide range of applications, although heat sinks and heat exchangers make up half of this section of the market.

As the Group is developing new and innovative technology that is not directly comparable with traditional products, there are a limited number of direct competitors in the field. Metafoam is a company in Canada that is developing an alternative means of producing copper foam. The Directors believe that the process is more expensive than LCS and that Metafoam is focusing on the application of foam inside two-phase copper heatpipes, rather than single-phase cold plates, being the Group's current focus, which have a wider application. Changsha Lyrun New Material Co. Ltd is a China based manufacturer of metallic foams, with a primary expertise in nickel-based material and interests in iron, copper, zinc and aluminium. Mitsubishi Electric Corp are investigating lotus-type porous copper, whereby directional pores resembling a lotus-root are generated; this is in contrast to the Group's homogeneous porosity materials.

There are a number of SMEs focused in broadly comparable niche markets such as Advanced Material Solutions Limited; an electronic component specialist, AMT Ltd; a manufacturer of parts for avionic, medical and other machining industries, and Lateral Logic, which is a small company specialising in developing and implementing new technology. In addition, there are several companies focused on IP portfolio acquisition and the development of new IP, such as Inventya Limited, the IP Group plc and The Technology Partnership plc, however these companies are not involved in large-scale manufacturing processes or in bringing such products to market.

The Directors believe that the Group's products have a number of competitive advantages, including a greater performance per unit cost and having 'dual function' properties, whereby the functional properties of the product (such as heat transfer) are supported by secondary properties such as structural integrity. It is also conducive to manufacture on a large, commercially viable scale.

Strategy

The Company intends to use the manufacturing facilities of Total Carbide in order to advance Versarien Technologies' products from pilot scale to full scale production to meet demand and the Acquisition is expected to significantly advance the progress of the Group. In addition, the Directors expect the Acquisition to generate reliable revenue for the Group, thus supporting development and providing a platform for expansion. The Company will continue to look closely for aligned acquisition targets in the sector of advanced materials.

The Group is developing further products and applications of the LCS process as a result of its existing commercial relationships and will continue to support the University of Liverpool in its work with porous metal technologies. Furthermore, the Company aims to continue to develop the intellectual property from the University of Liverpool collaboration agreement, while building a wider portfolio of IP by engaging with its

academic partners, including the University of Salford and the University of Birmingham, together with the University of Liverpool, and the Technology Strategy Board.

Finally, the Group will continue to focus on strategic competitions and the development of its brand via targeted exhibitions and industry events. The Directors also intend to undertake targeted trade, financial and regional PR campaigns, which, coupled with the proposed recruitment of a driven sales team, is expected to raise the profile of the Company within its target markets.

The Placing

In order to finance the cash element of the consideration due in respect of the Acquisition, to cover the costs of the Acquisition and Admission, and to provide additional working capital to fund on-going development and expansion, the Company is raising, conditional on Admission, £3 million before expenses, through the issue of the Placing Shares at the Placing Price pursuant to the Placing, to supplement the Group's existing cash resources.

Pursuant to the terms of the Placing Agreement, further details of which are set out in paragraph 16 of Part IV of this Document, Northland and Westhouse have agreed to use their reasonable endeavours to place the Placing Shares with institutional and other investors. The Placing is not underwritten. Completion of the Placing is conditional on, amongst other things, the Conditions being satisfied.

The Placing Shares will represent approximately 29.5 per cent. of the Enlarged Share Capital immediately following Admission. The Placing Shares will, upon issue, rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive any dividends and other distributions declared, made or paid following Admission and will be issued credited as fully paid.

Elektron Technology plc, the parent company of the Vendor, is subscribing £350,000 into the Placing which is being satisfied from the cash proceeds due to the Vendor pursuant to the Acquisition. As a result, upon Admission Elektron Technology plc will be interested in 8,571,429 Ordinary Shares, representing approximately 10.3 per cent. of the issued share capital of the Company.

Directors

Ian Balchin (aged 48), Non-Executive Chairman

Mr Balchin has 27 years of extensive experience in technology based businesses across several sectors, optimising business performance in start-up, growth, turn-around and change situations. Ian is currently chief strategy officer and deputy chairman of AIM quoted AFC Energy plc and a non-executive director of Waste2Tricity Limited. Previously until 2005 Ian was with Stanelco plc as CEO during its successful growth period and with AEA Technology plc until 2000 including serving as director of New Ventures. Other positions held include executive chairman of Forensic Alliance, president of Biotec Holdings GmbH, non-executive director of Synexus, chairman of Risk Solutions and chairman of Sonomatic BV. Ian has a degree in Chemistry with Economics from the University of Sussex.

Neill Ricketts (aged 42), Chief Executive Officer

Mr Ricketts is a graduate engineer with over 20 years of senior level experience in manufacturing and engineering companies, including several directorships of AIM-quoted companies. Neill has demonstrated success in introducing and commercialising new technology, including new materials and coatings for diverse sectors from Aerospace to Formula One, including significant work in the oil and gas sector. Neill has successfully led several successful turnarounds and was a board level director at Elektron Technology plc; a group which included Total Carbide, which at that time sat within the Elektron Ventures division.

Will Battrick (aged 33), Chief Technical Officer

An innovative, analytical and commercially focused Engineering Materials Technologist, with a 1st class Masters degree from one of the UK's premier engineering universities, and significant experience in the UK Advanced Manufacturing sector, including former management buy-in Crompton Technology Group (CTG, recently acquired by UTC Aerospace Systems), The National Physical Laboratory and Elektron Ventures, the

advanced products division of Elektron Technology plc. He co-founded aerospace composites start-up Kynsa, securing contracts in the defence sector prior to trade-sale. Demonstrable success in the transfer of highly complex materials manufacturing processes into volume, he has delivered programmes for Siemens Healthcare and GE Medical Systems, as well as leading production of highly challenging specialist products for space science programmes. His specialities range from composite structures though to powder metallurgy, process piloting and scale-up, technology programme management and application of innovative materials.

Stephen Humphries (aged 49), Finance Director

Mr Humphries joined Griffiths Marshall in 1990, where he qualified as a chartered accountant in 1995 and became partner in 2000. He has experience in business finance, audit and compliance, taxation and general financial matters.

(David) Jeremy Veasey (aged 80), Non-Executive Director

Mr Veasey has over 40 years' experience in all aspects of stockbroking, including corporate work. He retired from Seymour Pierce Ellis in 2010 after 12 years with the firm, prior to which he was a senior director of NatWest and a member of the management board of the stockbroker Fielding Newson Smith & Co. Since his retirement, Jeremy has advised on smaller company corporate work through his service company, Jeddah Securities.

Reasons for Admission and Use of Proceeds

The Directors believe that the admission to trading on AIM will offer a number of benefits, including:

- facilitate the acquisition of Total Carbide Limited;
- enhance the credentials of the Group with existing and potential customers;
- access to equity capital;
- raise the Company's profile;
- improve the Company's standing with potential future partners; and
- facilitate the continued recruitment of high calibre employees.

It is intended that the proceeds received from the Placing will be used as follows:

Cash consideration in respect of the Acquisition	£1,580,000
Expenses incurred in connection with Admission, including VAT	£710,000
General working capital purposes	£710,000
	£3,000,000

Admission, Dealings and CREST

Application will be made to the London Stock Exchange for the Enlarged Share Capital to be admitted to trading on AIM. Admission of the Enlarged Share Capital to trading on AIM is expected to take place on 12 June 2013. The Ordinary Shares are in registered form.

CREST is a paperless settlement system enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by written instrument. The Articles contain provisions concerning the transfer of shares which are consistent with the transfer of shares in dematerialised form under the CREST Regulations. Accordingly, settlement of transactions in the Ordinary Shares following Admission may continue to take place within the CREST system if Shareholders so wish. CREST is a voluntary system and holders of Ordinary Shares who wish to receive and retain share certificates will be able to do so.

Lock-ins and Orderly Market Undertakings

In respect of the Ordinary Shares held at Admission, each of the Directors has undertaken (in respect of himself and persons connected with him (within the meaning of section 252 of the Companies Act)) to the

Company, Northland and Westhouse not to dispose of any interest in such Ordinary Shares for a period of 12 months following the date of Admission, except in very limited circumstances.

In addition each of the Directors has undertaken (in respect of himself and persons connected with him (within the meaning of section 252 of the Companies Act)) not to dispose of the Ordinary Shares held at Admission for a further 12 months other than through Northland or Westhouse in such orderly manner as Northland or Westhouse shall reasonably require with a view to the maintenance of an orderly market in such Ordinary Shares of the Company provided that:

- (a) at the time of the proposed disposal, Northland or Westhouse is the Company's broker; and
- (b) Northland or Westhouse offer terms for such disposal (other than time period) which are not materially more onerous or disadvantageous than those generally available in the market.

The Vendor has agreed under the Acquisition Agreement, not to dispose of the Consideration Shares for six months following completion of the Acquisition other than in order to satisfy a warranty claim against them under the Acquisition Agreement and in certain other limited circumstances and for a further 12 months thereafter not to dispose of the Consideration Shares other than through Northland or Westhouse in an orderly manner, as described above.

Further information on the arrangements described above can be found at paragraph 16 of Part IV of this Document.

Corporate Governance

The Directors recognise the importance of sound corporate governance and with that aim, the Company has voluntarily adopted substantially all of the recommendations of the QCA Code as are appropriate to the Company's size at this time. To the extent that it is not compliant with the QCA Code it is intended that it will become so as the Company and its business mature.

The Board will meet monthly to review key operational issues, strategic development and the financial performance of the Company. All matters of a significant nature are discussed in the forum of board meetings. The Board will continue to be responsible for internal controls to minimise the risk of financial or operational loss or material misstatement. These controls have been designed to meet the particular needs of the Company having regard to the nature of its business.

The Company has an audit and a remuneration committee with formally delegated duties and responsibilities, The Audit Committee is comprised of Jeremy Veasey (Chairman) and Ian Balchin and the Remuneration Committee is comprised of Ian Balchin (Chairman) and Jeremy Veasey.

The Audit Committee determines the terms of engagement of the Company's auditors and will determine, in consultation with the auditors, the scope of the audit. The Audit Committee receives and reviews reports from management and the Company's auditors relating to the interim and annual accounts and the accounting and internal control systems in use throughout the Company. The Audit Committee has unrestricted access to the Company's auditors.

The Remuneration Committee reviews the scale and structure of the executive directors' and senior employees' remuneration and the terms of their service or employment contracts, including share option schemes and other bonus arrangements. The remuneration and terms and conditions of the non-executive directors are set by the entire Board.

Following Admission, the Board will be responsible for monitoring the Company's risks and implementing other systems which are deemed necessary.

The Company will ensure, in accordance with Rule 21 of the AIM Rules, that the Directors and applicable employees do not deal in any Ordinary Shares during a close period (as defined in the AIM Rules). In addition, the Company has adopted a code on dealings in the Company's securities.

The City Code on Takeovers and Mergers

The Company is registered in England and Wales, and its place of central management and control is within the UK and, accordingly, the Company is subject to the City Code and Shareholders are protected under the City Code. Following Admission the place of central management will be within the UK as the majority of the Board will be UK resident and as such the City Code will apply.

Under Rule 9 of the City Code, any person who acquires an interest in shares (as defined in the City Code) which, taken together with an interest in shares already held by him or any interests in shares held or acquired by persons acting in concert with him, carry 30 per cent. or more of the voting rights of a company which is subject to the City Code, is normally required to make a general offer to all the remaining shareholders to acquire their shares. Similarly, when any person or persons acting in concert are already interested in shares which in aggregate carry not less than 30 per cent. but does not hold more than 50 per cent. of such voting rights, a general offer will normally be required if any further interest in voting shares is acquired by any such person.

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

Under the City Code, a concert party arises where persons acting together pursuant to an agreement or understanding (whether formal or informal and whether or not in writing) actively co-operate, through the acquisition by them of an interest in shares in a company, to obtain or consolidate control of the company. Control means holding, or aggregate holdings, of an interest in shares carrying 30 per cent. or more of the voting rights of the company, irrespective of whether the holding or holdings give *de facto* control.

On Admission, the Directors in aggregate will be interested in 26,787,511 Ordinary Shares, representing 32.2 per cent. of the Company's Enlarged Share Capital. In the event of an offer the Directors may be deemed to be acting in concert for the purposes of the City Code. However, following Admission and in the ordinary course of business the Directors are not assumed to be acting in concert as a result of their common directorships of the Company.

Dividend Policy

The Board's objective following Admission is to continue to grow the Group's business and it is expected that any surplus cash resources will, in the short to medium term, be reinvested into the research and development of the Group's products. In view of this, the Directors will not be recommending a dividend for the foreseeable future. However, the Board intends that the Company will recommend or declare dividends at some future date once they consider it commercially prudent for the Company to do so, bearing in mind its financial position and the capital resources required for its development.

Taxation

Your attention is drawn to paragraph 10 of Part IV of this Document. These details are intended only as a general guide to the current tax position under UK taxation law. If an investor is in any doubt as to his or her tax position he or she should consult his or her own independent financial adviser immediately.

EIS and VCT Status

Clearance has been obtained from HMRC that the Company qualifies as a qualifying company for the purposes of EIS and VCT provisions. Neither the Company nor the Company's advisers give any warranties or undertakings that EIS relief or VCT qualifying status will not be withdrawn. Should the law regarding EIS or VCT change then any reliefs or qualifying status previously obtained may be lost.

If the Enlarged Group ceases to carry on the business outlined in this document or acquires or commences a business which is not insubstantial to the Enlarged Group's activities and which is a non-qualifying trade for EIS and VCT relief during the three year period from the last allotment of Ordinary Shares, this could prejudice the qualifying status of the Company (as referred to above) under the EIS and VCT scheme. This situation will be closely monitored with a view to preserving the Company's qualifying status but this cannot

be guaranteed. Circumstances may arise where the Directors believe that the interests of the Company are not best served by acting in a way that preserves the EIS relief (including Capital Gains Tax) or VCT qualifying status. In such circumstances, the Company cannot undertake to conduct its activities in a way designed to secure or preserve any such relief or status claimed by any shareholder. If the Company does not employ at least 80 per cent. of the proceeds of an EIS/VCT share issue (and other shares of the same class issued on the same day) for qualifying trading purposes within 12 months of the Company starting its trade, and the remainder within 24 months of this date, the EIS shares would cease to be eligible shares and all of the EIS tax reliefs of investors would be withdrawn.

In respect of share subscriptions made by a VCT, the funds invested by the VCT would be apportioned pro rata and its qualifying holding would be equal to the VCT's funds that had been employed for qualifying trading purposes within the above time limits. Any remaining element of the VCT's investment would comprise part of its non-qualifying holding.

The information in this document is based upon current tax law and practice and other legislation and any changes in the legislation or in the levels and bases of, and reliefs from, taxation may affect the value of an investment in the Company.

Share Option Plan

The Directors believe that the commitment shown by the Group's employees has played a major role in the Group's developments to date. Therefore the Directors have offered to directors and key employees the opportunity to participate in the future success of the Group by adopting the Share Option Plan and granting options thereunder as set out in paragraphs 8.4 and 8.5 of Part IV of this Document. The Share Option Plan will be administered by the Remuneration Committee.

The Share Option Plan is intended to qualify as an enterprise management incentive or "EMI" arrangement pursuant to Schedule 5 to the Income Tax (Earnings and Pensions) Act 2003.

A summary of the main provisions of the Share Option Plan is set out in paragraph 15 of Part IV of this Document

Additional Information

Your attention is drawn to the further information set out in the remainder of this Document and, in particular, to the Risk Factors set out in Part II of this Document.

PART II

RISK FACTORS

Before making any investment decision, prospective investors should carefully consider all the information contained in this Document including, in particular, the risk factors described below.

An investment in the Ordinary Shares may not be a suitable investment for all recipients of this Document. If you are in any doubt about the Ordinary Shares and their suitability for you as an investment, you should consult a person authorised under FSMA who specialises in advising on the acquisition of shares and other securities.

Prospective investors should be aware that an investment in the Company involves a high degree of risk and should only be made by financially sophisticated investors who are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses which may arise therefrom (which may be equal to the whole amount invested).

There can be no certainty that the Company will be able to implement successfully the strategy set out in this Document. No representation is or can be made as to the future performance of the Company and there can be no assurance that the Company will achieve its objectives.

In addition to the usual risks associated with an investment in a company, the Board considers that the factors and risks described below are the most significant in relation to an investment in the Company and should be carefully considered, together with all the information contained in this Document, prior to investing in the Ordinary Shares.

The list of risks set out below is not exhaustive, nor is it an explanation of all the risk factors involved in investing in the Company and nor are the risks set out in any order of priority. It should also be noted that there may be additional risks and uncertainties not presently known to the Directors, or which they currently believe to be immaterial, which may also have an adverse effect on the Enlarged Group.

If any of the events described in the following risk factors actually occur, the Enlarged Group's business, financial condition, results or future operations could be materially affected. In such circumstances, the price of the Ordinary Shares could decline and investors could lose all or part of their investment.

The Enlarged Group's performance may be affected by changes in legal, regulatory and tax requirements in any of the jurisdictions in which it operates or intends to operate as well as overall global financial conditions.

Performance of Total Carbide

Total Carbide operates in a competitive market place and there can be no guarantee that its existing customers will continue to use Total Carbide's products. There are also risks that Total Carbide may suffer from delays or failure of its customers to settle outstanding invoices. In addition, although it is intended that unutilised capacity of the manufacturing assets of Total Carbide be used to produce Versarien Technologies' products, there may be unforeseen technical issues which prevent or limit the scale of production and it may not be possible to meet future additional demand without additional capital expenditure.

Acquisition Agreement

The Acquisition Agreement contains warranties and indemnities given by the Vendor in connection with Total Carbide and its business, offering protection to the Company although these may not cover all areas at risk relating to Total Carbide. Completion of the Acquisition Agreement is conditional on Admission and receipt of the Placing proceeds so as to enable the cash element of the consideration to be paid on completion of the Acquisition.

Attraction and Retention of Key Employees

The Company will depend on the continued service and performance of the Chief Executive Officer, Chief Technical Officer and other executive directors and key employees and whilst it has entered into contractual arrangements with these individuals with the aim of securing the services of each of them, retention of these services cannot be guaranteed. The loss of the services of any of the Chief Executive Officer, Chief Technical Officer, executive directors or other key employees could damage the Company's business. Equally the ability to attract new employees and senior executives with the appropriate expertise and skills cannot be guaranteed. The Company may experience difficulties in hiring appropriate employees and the failure to do so may have a detrimental effect upon the trading performance of the Company.

Intellectual Property Protection

Failure to protect the Group's IP may result in another party copying or otherwise obtaining and using its proprietary content and technology without authorisation. There may not be adequate protection for IP in every country in which the Enlarged Group's products are or will be made available and policing unauthorised use of proprietary information is difficult and expensive.

Due to the Group's size and limited cash resources, it may not be able to detect and prevent infringement of its IP. The steps which the Enlarged Group has taken to protect its IP may be inadequate to prevent the misappropriation of its proprietary information or other intellectual property rights. Any misappropriation of the Enlarged Group's intellectual property could have a negative impact on its business and operating results. Furthermore, the Enlarged Group may need to take legal action to enforce its IP, to protect trade secrets or to determine the validity or scope of the proprietary rights of others.

In addition, although the Directors believe that the Enlarged Group's IP does not infringe the intellectual property rights of others, third parties may assert claims that the Enlarged Group has violated a patent or infringed a particular copyrights, trade mark or other proprietary right or confidential information belonging to them. Litigation relating to the Enlarged Group's intellectual property, whether instigated by the Company to protect its rights or arising out of alleged infringement of third party rights, whether with or without merit, may result in substantial costs and the diversion of resources and management attention and there can be no guarantees as to the outcome of any such litigation.

Competition

New competitive products, designs or solutions may enter the market with different benefits or using different technologies, making them equally or more attractive than the Enlarged Group's current range of products. Competitors may also be able to devote greater resources to the promotion and sale of their products, designs or solutions than the Enlarged Group, which would give them a competitive advantage.

In order to be successful in the future, the Enlarged Group must continue to respond promptly and effectively to the challenges of technological change and competitors' innovations. If the Enlarged Group is unable to compete successfully with existing or new competitors, it may have to reduce prices on products, which would lead to reduced profits.

Technological risks

Versarien operates in an industry where competitive advantage is heavily dependent on technology. It is possible that technological development may reduce the importance of the Enlarged Group's function(s) in the market or render the patents and licences on which it relies redundant. Staying abreast of technological changes may require substantial investment. The Enlarged Group's existing products may become obsolete or may be superseded by new technologies or changes in customer or end-user requirements.

Litigation risks

All industries, including the technology industry, are subject to legal claims, with and without merit. The Enlarged Group may become involved in legal disputes in the future. Defence and settlement costs can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation

process, there can be no assurance that the resolution of any particular legal proceeding will not have a material effect on the Group's financial position or results of operations.

Future Funding

Whilst the Directors have no current plans for raising additional capital it is possible that the Company will need to raise extra capital in the future to develop fully the Company's business or to take advantage of future acquisition opportunities. No assurance can be given that any such additional financing will be available or that, if available, it will be available on terms favourable to the Company or to the Company's shareholders.

Taxation Risk

Any change in the Enlarged Group's tax status or the tax applicable to holding Ordinary Shares or in taxation legislation or its interpretation, could affect the value of the investments held by the Enlarged Group, affect the Company's ability to provide returns to Shareholders and/or alter the post-tax returns to Shareholders. Statements in this Document concerning the taxation of the Company and its investors are based upon tax law and practice at the date of this Document, which is subject to change.

Force Majeure

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

General Economic Conditions

Market conditions, particularly those affecting technology companies, may affect the ultimate value of the Company's share price regardless of operating performance. The Company could be affected by unforeseen events outside its control, including, natural disasters, terrorist attacks and political unrest and/or government legislation or policy. Market perception of technology companies may change which could impact on the value of investors' holdings and impact on the ability of the Company to raise further funds by an issue of further shares in the Company. General economic conditions may affect exchange rates, interest rates and inflation rates. Movements in these rates will have an impact on the Company's cost of raising and maintaining debt financing.

AIM

Application is being made for the Enlarged Share Capital to be admitted to trading on AIM and it is emphasised that no application is being made for admission of any of the Ordinary Shares to the Official List or to any other stock exchange at this time. An investment in shares quoted on AIM may be less liquid and may carry a higher risk than an investment in shares quoted on the Official List. The rules of AIM are less demanding than those of the Official List of the UK Listing Authority. Further, the London Stock Exchange has not itself examined or approved the contents of this Document.

A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser authorised for the purposes of FSMA who specialises in the acquisition of shares and other securities.

Liquidity and Possible Price Volatility

The market price of the Ordinary Shares may be subject to significant fluctuations in response to many factors, including variations in the results of the Company, divergence in financial results from analysts' expectations, changes in earnings estimates by stock market analysts, general economic conditions, legislative changes in the Company's sector and other events and factors outside of the Company's control. In addition, stock market prices may be volatile and may go down as well as up.

The price at which investors may dispose of their Ordinary Shares may be influenced by a number of factors, some of which may pertain to the Company and others of which are extraneous. These factors could include

the performance of the Enlarged Group's business, changes in the values of its investments, changes in the amount of distributions or dividends, changes in the Company's operating expenses, variations in and the timing of the recognition of realised and unrealised gains or losses, the degree to which the Company encounters competition, large purchases or sales of Ordinary Shares, liquidity (or absence of liquidity) in the Ordinary Shares, legislative or regulatory or taxation changes and general economic conditions. The value of the Ordinary Shares will therefore fluctuate and may not reflect their underlying asset value. Investors may realise less than the original amount invested.

The admission of the Ordinary Shares to trading on AIM should not be taken as implying that there is or will be a liquid market for the Ordinary Shares. It may be more difficult for an investor to realise an investment in the Company than in a company whose shares are quoted on the Official List. In addition, the market price of the Ordinary Shares may not reflect the underlying value of the Company's net assets.

Forward Looking Statements

This Document includes "forward-looking statements" which includes all statements other than statement of historical facts, including, without limitation, those regarding the Enlarged Group's financial position, business strategy, plans and objectives of management for future operations and any statements preceded by, followed by or that include forward-looking terminology such as the words "targets", "believes", "estimates", "expects", "aims", "intends", "can", "may", "anticipates", "would", "should", "could", or similar expressions or the negative thereof. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond the Enlarged Group's control that would cause the actual results, performance or achievements of the Enlarged Group to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Enlarged Group's present and future business strategies and the environment in which the Enlarged Group will operate in the future. Among the important factors that could cause the Enlarged Group's actual results, performance or achievements to differ materially from those in forward-looking statements include those factors in Part III of this Document entitled "Risk Factors" and elsewhere in this Document. These forward-looking statements speak only as at the date of this Document. The Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained herein to reflect any change in the Company's expectations with regard thereto or any change in events, conditions or circumstances on which any such statements are based. As a result of these factors, the events described in the forward-looking statements in this Document may not occur either partially or at all. None of the Company, Northland nor Westhouse nor any of their respective associates or directors, officers or advisers, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied by any forward-looking statements contained herein will actually occur. Other than in accordance with their legal or regulatory obligations (including under the AIM Rules), none of the Company, Northland nor Westhouse is under any obligation, and each of them expressly disclaims any intention or obligation, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

PART III
FINANCIAL INFORMATION ON THE GROUP

PART III (A)
AUDITED RESULTS OF VERSARIEN TECHNOLOGIES
FOR THE PERIOD ENDED 31 MARCH 2012

The Directors
Versarien plc
Unit 12
Hollyhill Industrial Park
Hollyhill Road
Forest Vale Industrial Estate
Cinderford
Gloucestershire
GL14 2YB

and

The Directors
Northland Capital Partners Limited
60 Gresham Street
London
EC2V 7BB

6 June 2013

Dear Sirs

VERSARIEN TECHNOLOGIES LIMITED (“VERSARIEN TECHNOLOGIES”)

We report on the financial information of Versarien Technologies Limited (“Versarien Technologies”) set out in paragraphs 1 to 5 for the period ended 31 March 2012. This financial information has been prepared for inclusion in the Admission Document dated 6 June 2013 on the basis of the accounting policies set out in paragraph 1.

This letter is required by Schedule Two of the AIM Rules, and is given for the purpose of complying with that paragraph and for no other purpose.

Responsibilities

The Directors of Versarien plc are responsible for preparing the financial information on the basis of preparation set out in paragraph 1 of the financial information.

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

Basis of opinion

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

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the

financial information is free from material misstatement, whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the financial information gives, for the purposes of the Admission Document dated 6 June 2013, a true and fair view of the state of affairs of Versarien Technologies as at the date stated and of its loss, cashflows, and changes in equity for the period then ended in accordance with the basis of preparation set out in note 5.

Declaration

For the purposes of Paragraph (a) of Schedule Two of the AIM Rules, 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 omissions likely to offset its import. This declaration is included in the Admission Document in compliance with Schedule Two of the AIM Rules.

Yours faithfully

BDO LLP

FINANCIAL INFORMATION ON VERSARIEN TECHNOLOGIES LIMITED

1. PROFIT AND LOSS ACCOUNT

		<i>Period ended</i> <i>31 March</i> <i>2012</i>
	<i>Notes</i>	<i>£</i>
Continuing operations		
Revenue		–
Cost of sales		–
		<hr/>
Gross loss		–
Other operating income		–
Administrative expenses		(64,031)
		<hr/>
Operating loss		(64,031)
Finance costs	(iv)	(5,065)
		<hr/>
Loss before income tax	(v)	(69,096)
Income tax	(vi)	–
		<hr/>
Loss and total comprehensive income for the period for the period		(69,096)
		<hr/>
Loss per share expressed in £ per share:		
Basic and diluted		(17.82)
		<hr/>

2. BALANCE SHEET

	<i>Notes</i>	<i>As at 31 March 2012 £</i>
Assets		
Non-current assets		
Intangible assets	(viii)	104,500
Property, plant and equipment	(ix)	73,775
		<u>178,275</u>
Current assets		
Trade and other receivables	(x)	40,007
Cash and cash equivalents	(xi)	24,713
		<u>64,720</u>
Total assets		<u>242,995</u>
Equity		
Shareholders' equity		
Called up share capital	(xii)	10,600
Share premium		74,400
Accumulated losses		(69,096)
Total equity		<u>15,904</u>
Liabilities		
Non-current liabilities		
Trade and other payables	(xiii)	96,565
Current liabilities		
Trade and other payables	(xiii)	130,526
Total liabilities		<u>227,091</u>
Total equity and liabilities		<u>242,995</u>

3. STATEMENT OF CHANGES IN EQUITY

	<i>Called up share capital</i>	<i>Share premium</i>	<i>Accumulated losses</i>	<i>Total equity</i>
	£	£	£	£
Changes in equity				
Loss and total comprehensive income	–	–	(69,096)	(69,096)
Issue of share capital	10,600	74,400	–	85,000
Balance as at 31 March 2012	<u>10,600</u>	<u>74,400</u>	<u>(69,096)</u>	<u>15,904</u>

4. STATEMENT OF CASH FLOWS

	<i>31 March 2012</i>
	£
	<i>Notes</i>
Cash flows from operating activities	
Loss before income tax	(69,096)
Amortisation charges	9,500
	<u>(59,596)</u>
Increase in trade and other receivables	(32,407)
Increase in trade and other payables	113,091
Net cash from operating activities	<u>21,088</u>
Cash flows from investing activities	
Purchase of property, plant and equipment	(73,775)
Net cash from investing activities	<u>(73,775)</u>
Cash flows from financing activities	
Shares issued at a premium	74,400
Amount withdrawn by directors	(7,600)
Share issue	10,600
Net cash from financing activities	<u>77,400</u>
Increase in cash and cash equivalents	<u>24,713</u>
Cash and cash equivalents at beginning of period	–
Cash and cash equivalents at end of period	<u>24,713</u>

5. NOTES TO THE FINANCIAL INFORMATION

(i) Significant accounting policies

(a) *Basis of preparation*

The financial information has been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention. The financial information has been prepared on a going concern basis.

(b) *Statement of compliance*

The Financial Information has been prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

(c) *Property, plant and equipment*

In accordance with IAS 16, Property, Plant and Equipment expenditure costs are recognised as capital items and in the statement of Financial Position when it is considered that the item will help generate a future economic benefit to the company.

The capitalisation of such items is based on the cost to purchase and bring the item into a working condition. The proposed depreciation rate for the relevant capital classifications are as follows:

- Plant & Machinery – Straight Line over 20 years
- Leasehold Improvements – Straight Line over 5 years

Useful economic lives and residual values are assessed annually.

(d) *Financial instruments*

Financial assets and financial liabilities are recognised once the company becomes party to contractual provisions of the instruments.

Financial assets and liabilities are initially measured at their fair value. Costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial asset or liability unless it is recognised as a financial asset or financial liability recognised at fair value through the profit or loss. Such transaction costs are recognised immediately in the profit or loss.

Financial Instruments Held at Amortised Cost

Trade receivables & Other receivables

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

Cash and cash equivalents

Cash equivalents comprise highly liquid assets that are readily convertible into known amounts of cash. In the period of review, this consisted of bank accounts and petty cash.

Trade payables & Other payables

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

Non-current payables

Non-current payables are valued at the present value of future payments to C-Tech. These have been discounted at an estimated interest rate of 10 per cent. Management feel this is the appropriate rate to use given that 10 per cent. is the interest rate that they would be likely to obtain if they were to apply for a similar size loan from a bank or financial institution.

Equity instruments

Equity instruments issued by the company are recorded at the value of proceeds received, net of costs directly attributable to the issue of the instruments. In the period of review ordinary share issues purchased at a premium introduced cash to the company as set out in the share capital note.

Impairment of financial assets

All financial assets, except for those at fair value through profit or loss, are assessed for indicators of impairment at each reporting date.

(e) ***Taxation***

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the statement of financial position date.

Deferred tax is recognised in respect of all temporary differences that have originated but not reversed at the statement of financial position date.

Deferred tax is recognised as temporary differences between the carrying amounts of assets and liabilities on the statement of financial position and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for deductible temporary differences to the extent taxable profits will be available to utilise the asset.

The carrying amounts of all deferred tax balances are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to utilise the asset.

Deferred tax assets and liabilities are recognised at the tax rates that are expected to apply in the periods in which temporary differences reverse, based on the tax rates and laws that have been enacted at the point of the reporting period.

(f) ***Research and development***

All costs in the research phase are recognised in the profit or loss for the period in which they are incurred.

In accordance with IAS 38, it is the company's policy to recognise an intangible asset for the development of its product once the development criteria has been met.

Costs that are directly attributable to the development phase of a product are recognised as intangible assets provided they meet the following recognition requirements:

- Completion of the intangible asset is technically feasible so that it will be available for use or sale;
- The company intends to complete the intangible asset and use or sell it;
- The company has the ability to use or sell the intangible asset;
- The intangible asset will generate probable future economic benefits. Among other things, this requires that there is a market for the output from the intangible asset or for the intangible asset itself, or, if it is to be used internally, the asset will be used in generating such benefits;

- There are adequate technical, financial and other resources to complete the development and to use or sell the intangible asset;
- The expenditure attributable to the intangible asset during its development can be measured reliably; and
- Development costs not meeting these criteria for capitalisation are expensed as incurred.

(g) ***Intangible assets – Licences***

In line with IAS38 it is the company's policy to recognise an intangible asset when an item is deemed:

- Separable from the entity, can be sold, transferred, licenced, rented or exchanged; or
- Arises from a contractual or other legal rights;
- Future economic benefits are expected from the instrument; and
- The cost of the asset can be measured reliably.

Management believes the costs associated with the licence meets the criteria above.

Amortisation is applied to an intangible asset where management believe the useful life of the asset is finite. In accordance with IAS 38 amortisation has been applied to the asset over the management's estimated useful life as follows:

- Licence – Straight Line over 5 years.

(h) ***Key sources of estimation and uncertainty***

Below are the key assumptions concerning the future and sources of uncertainty in estimation which may cause material adjustments to the carrying value of assets and liabilities in the next financial year and as at the reporting period end:

Useful life of Property, Plant, Equipment and Leasehold Improvements.

As described in the depreciation accounting policy, the company considers the useful life of each asset capitalised. During the year the directors determined that plant and equipment had an economic useful life of 2 years being the life of the lease.

Recognition of a Licence Liability and Discount rate.

During the financial year, the company committed to purchase the rights to design and produce a metal foam patent. The commitment requires 5 increasing minimum annual instalments, with the final minimum instalment being £55,000 on 31 October 2016. As such, in line with IAS 39, management have estimated the net present fair value of the minimum annual instalments using a discount rate of 10 per cent. The discount rate is based on management's estimation of the open market interest rate they would be likely to be granted if they applied for a similar loan from a bank.

Useful Economic life of licence

Management have estimated the useful life of the licence purchase at 5 years and have amortised the licence costs on a straight line basis accordingly. Management will review the useful life on an annual basis.

(ii) Segmental reporting

IFRS 8 'Operating Segments' requires operating segments to be identified on the basis of internal reports about components of the company that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance.

Given Versarien is still in its research and development stage for its only product, management consider there to be only one segment of operations and as such only one reportable segment.

(iii) Employees and directors

There were no staff costs for the period ended 31 March 2012.

The average monthly number of employees during the period was as follows:

	<i>Period ended 31 March 2012</i>
Directors	<u>3</u>

The key management of the company are considered to be the three directors as at the period end. No remuneration was paid to the directors during the period. The directors did however invoice the company for the work they have done for their services as directors.

	<i>Period ended 31 March 2012</i>
	£
Directors' remuneration (paid as consultants)	<u>38,034</u>

(iv) Net finance costs

	<i>Period ended 31 March 2012</i>
	£
Finance costs:	
Interest on licence – Using effective rate method	<u>5,065</u>

(v) Loss before income tax

The loss before income tax is stated after charging:

	<i>Period ended 31 March 2012</i>
	£
Amortisation	9,500
Auditor's remuneration	<u>930</u>

(vi) Income tax

Analysis of tax expense

No liability to UK corporation tax arose on ordinary activities for the period.

Factors affecting the tax expense

The factors affecting the tax expense are explained below:

	<i>Period ended 31 March 2012</i>
	£
Loss on ordinary activities before income tax	(69,096)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20 per cent.	(13,819)
Effects of:	
Trading losses carried forward	13,819
Tax income	–

The company made trading losses in the financial period under review. The trading losses to be carried forward against future trading profits for corporation tax purposes at 31 March 2012 were £139,975.

(vii) Loss per share

Basic loss per share is calculated by dividing the loss of £69,096 attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period of 3,877.

The diluted loss is the same as the basic loss because there are no dilutive potential ordinary shares in issue (no share options) and a loss has been made.

(viii) Intangible assets

	<i>Licences</i>
	£
Cost	
Additions	114,000
At 31 March 2012	114,000
Amortisation	
Charge for period	9,500
At 31 March 2012	9,500
Net book value	
At 31 March 2012	104,500

Additions in the year relate to the licence agreement details of which are included in note (xiii).

(ix) Property, plant and equipment

	<i>Short leasehold</i> £	<i>Plant and machinery</i> £	<i>Total</i> £
Cost			
Additions	1,975	71,800	73,775
At 31 March 2012	<u>1,975</u>	<u>71,800</u>	<u>73,775</u>
Depreciation			
At 31 March 2012	—	—	—
Net book value			
At 31 March 2012	<u>1,975</u>	<u>71,800</u>	<u>73,775</u>

(x) Trade and other receivables

	<i>As at 31 March 2012</i> £
Other receivables	10,000
Directors' current accounts	7,600
VAT	19,857
Prepayments	2,550
	<u>40,007</u>

(xi) Cash and cash equivalents

	<i>As at 31 March 2012</i> £
Bank accounts	24,713
	<u>24,713</u>

Cash and cash equivalents is represented by the money held within the company's bank account as at the period end.

(xii) Called up share capital

	<i>31 March 2012</i> £
Allotted, issued and fully paid:	<u>10,600</u>

The following share issues were made to the directors at par value of £1 during the financial period:

- 1 share on incorporation to Mr James Murray-Smith
- 459 shares issued in May 2011 to Mr James Murray-Smith
- 460 shares issued in May 2011 to Mr Neill Ricketts
- 230 shares issued in May 2011 to Mr William Battrick.
- 3,540 shares in October 2011 to Mr James Murray-Smith
- 3,540 shares in October 2011 to Mr Neill Ricketts
- 1,770 shares in October 2011 to Mr William Battrick

In November 2011, 600 Ordinary shares of £1 each were allotted as fully paid at a premium of £124 per share.

The Directors consider that all share issues took place at market value.

(xiii) Trade and other payables

	<i>As at</i>
	<i>31 March 2012</i>
	£
Current:	
Trade payables	102,096
Other payables	27,500
Accrued expenses	930
	<hr/>
	130,526
	<hr/>
Non-current:	
Other payables	96,565
	<hr/>
Aggregate amounts	227,091
	<hr/>

Within other payables is £12,500 in relation to net amounts payable on the discounted licence agreement.

Other payables includes the present value of minimum payments payable under the licence agreement to develop and produce metal foam products. The agreement details that a royalty of 6 per cent. is payable on future sales with a minimum royalty being payable over 5 years. The agreement also details that a minimum sales level must be achieved. The value of minimum payments for the licence has been discounted using an estimated interest rate of 10 per cent. Management estimate that if the company applied for external finance with a similar loan value to the instalments due, 10 per cent. would be a fair expectation of the interest rate applicable.

Should the minimum sales level not be achieved, the licensor can terminate the agreement. At 31 October 2012, the Company had not achieved the sales target for year one and an extension has been agreed with the licensor.

(xiv) Financial instruments

The company's financial assets comprise other receivables, directors' loans and cash and cash equivalents. All of the company's financial assets are classified as loans and receivables. The company's liabilities comprise trade and other payables and accruals. All of the company's liabilities are measured at amortised cost.

(xv) Related party transactions

The following loans to directors subsisted during the period ended 31 March 2012:

	<i>31 March 2012</i>
	£
N Ricketts	
Brought forward balance	–
Amounts advanced	4,000
Amounts repaid	(2,400)
Carried forward balance	<u>1,600</u>
J Murray-Smith	
Brought forward balance	–
Amounts advanced	4,000
Amounts repaid	–
Carried forward balance	<u>4,000</u>
W Battrick	
Brought forward balance	–
Amounts advanced	2,000
Amounts repaid	–
Carried forward balance	<u>2,000</u>

Fees from directors to the company for acting on a consultancy basis were raised during the period ended 31 March 2012. N Ricketts invoiced the company for £15,967, J Murray–Smith invoiced the company for £11,000 and W Battrick invoiced the company for £11,067.

There were no other transactions with the directors.

All balances shown above are repayable by the directors to the company and are considered to be recoverable within 9 months of the year end and as such in line with the provisions of the Companies Act 2006.

(xvi) Capital management

Capital comprises of share capital and reserves stated on the balance sheet. The company's objective when managing capital is to help safeguard the company's ability to continue as a going concern, so that it can provide returns for the shareholders. The company is not financed by any long term bank loans or form of debt, therefore the company manages capital by monitoring its current and expected liquidity.

(xvii) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company. Credit risk arises from cash balances (including bank deposits and cash and cash equivalents) and trade and other receivables, the total of which represents the maximum exposure to credit risk.

The company's maximum exposure to credit risk without taking into account any collateral held or any other enhancements:

Other receivables – £10,000

Director's loan accounts – £7,600

Cash & cash equivalents – £24,713

(xviii) Capital management and liquidity risk

Capital comprises of share capital and reserves stated on the balance sheet. The company's objective when managing capital is to help safeguard the company's ability to continue as a going concern, so that it can provide returns for the shareholders. The company is not financed by any long term bank loans or form of debt, therefore the company manages capital by monitoring its current and expected liquidity.

The directors have ultimate responsibility for the management of liquidity risk. Maintaining adequate reserves, banking facilities and cash flow monitoring are used to help ensure forecasts are followed and short term and long term liquidity levels are maintained.

Management prepare and closing monitor forecasts and budgets against actuals. Budgets are used to help identify forthcoming periods of poor cash flow. Management then use the identification to manage the liquidity risk by taking appropriate action.

	<i>Total</i>	<i>1 month</i>	<i>2-3 months</i>	<i>3 months</i> <i>– 1 year</i>	<i>More than</i> <i>1 year</i>
	£	£	£	£	£
Creditors	250,526	13,326	88,770	13,430	135,000

(xix) Events after the reporting period

Following the period end the company issued 2,618 shares raising a total of £496,750.

PART III (B)
UNAUDITED INTERIM RESULTS OF VERSARIEN TECHNOLOGIES
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2012

INDEPENDENT REVIEW REPORT TO VERSARIEN TECHNOLOGIES LIMITED

We have been engaged by the company to review the interim financial information for the six months ended 30 September 2012 which comprises the statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and the related explanatory notes. We have read the other information contained in the interim financial information and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial information.

This report is made solely to the company in accordance with the terms of our engagement. Our review has been undertaken so that we might state to the company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company for our review work, for this report, or for the conclusions we have reached.

Directors' responsibilities

The interim financial information is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim financial information in accordance with the AIM Rules of the London Stock Exchange.

As disclosed in note 1, the annual financial statements of the company are prepared in accordance with IFRSs as adopted by the European Union. The interim financial information included in this interim financial information has been prepared using accounting policies consistent with those to be applied in the next annual financial statements.

Our responsibility

Our responsibility is to express to the company a conclusion on the interim financial information in the interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2400, "Engagements to review historic financial statements" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information for the six months ended 30 September 2012 is not prepared, in all material respects, in accordance with the AIM Rules of the London Stock Exchange.

BDO LLP

London, UK

6 June 2013

Statement of Comprehensive Income

for the Period 1 April 2012 to 30 September 2012

		<i>Period 1 April 2012 to 30 September 2012 (unaudited) £</i>	<i>Period 1 April 2011 to 30 September 2011 (unaudited) £</i>
CONTINUING OPERATIONS			
Revenue		–	–
Cost of sales		–	–
		<hr/>	<hr/>
GROSS LOSS		–	–
Other operating income	2	67,275	–
Administrative expenses		(230,457)	–
		<hr/>	<hr/>
OPERATING LOSS		(163,182)	–
Finance costs	3	(5,312)	–
		<hr/>	<hr/>
LOSS BEFORE INCOME TAX	4	(168,494)	–
Income tax	5	–	–
		<hr/>	<hr/>
LOSS AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>(168,494)</u>	<u>–</u>
Loss per share expressed in £ per share:			
Basic and diluted	6	<u>(14.15)</u>	<u>–</u>

Statement of Financial Position

30 September 2012

		30 September 2012 (unaudited) £	30 September 2011 (unaudited) £
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	7	93,100	–
Property, plant and equipment	8	70,655	–
		<u>163,755</u>	<u>–</u>
CURRENT ASSETS			
Trade and other receivables	9	51,092	1,150
Cash and cash equivalents		30,858	–
		<u>81,950</u>	<u>1,150</u>
TOTAL ASSETS		<u>245,705</u>	<u>1,150</u>
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	10	12,340	1,150
Share premium		290,160	–
Accumulated losses		(237,590)	–
TOTAL EQUITY		<u>64,910</u>	<u>1,150</u>
LIABILITIES			
NON-CURRENT LIABILITIES			
Trade and other payables	11	134,252	–
CURRENT LIABILITIES			
Trade and other payables	11	46,543	–
TOTAL LIABILITIES		<u>180,795</u>	<u>–</u>
TOTAL EQUITY AND LIABILITIES		<u>245,705</u>	<u>1,150</u>

Statement of Changes in Equity

for the Period 1 April 2012 to 30 September 2012

	<i>Called up share capital</i> £	<i>Accumulated losses</i> £	<i>Share premium</i> £	<i>Total equity</i> £
Period Ended 30 September 2011				
Brought Forward 1 April 2012	1	–	–	1
Changes in equity				
Issue of share capital	1,149	–	–	1,149
Balance at 30 September 2011	<u>1,150</u>	<u>–</u>	<u>–</u>	<u>1,150</u>
Period Ended 30 September 2012				
Brought Forward 1 April 2012	10,600	(69,096)	74,400	15,904
Changes in equity				
Loss and total comprehensive income for the period	–	(168,494)	–	(168,494)
Issue of share capital	1,740	–	215,760	217,500
Balance at 30 September 2012	<u>12,340</u>	<u>(237,590)</u>	<u>290,160</u>	<u>64,910</u>

Statement of Cash Flows

for the Period 1 April 2012 to 30 September 2012

	<i>Period 1 April 2012 to 30 September 2012 (unaudited) £</i>	<i>Period 1 April 2011 to 30 September 2011 (unaudited) £</i>
Cash flows from operating activities		
Loss before income tax	(168,494)	–
Depreciation and amortisation charges	16,295	–
Finance costs	5,312	–
Increase in trade and other receivables	(10,940)	–
Increase in trade and other payables	(51,608)	–
Net cash from operating activities	<u>(209,435)</u>	<u>–</u>
Cash flows from investing activities		
Purchase of property, plant & machinery	(10,775)	–
Rebate received from supplier	9,000	–
Net cash from investing activities	<u>(1,775)</u>	<u>–</u>
Cash flows from financing activities		
Proceeds from shares issued	217,500	–
Loans from directors	1,192	–
Loans repaid to directors	(1,337)	–
Net cash from financing activities	<u>217,355</u>	<u>–</u>
Increase in cash and cash equivalents	6,145	–
Cash and cash equivalents at beginning of period – 1 April 2012	<u>24,713</u>	<u>–</u>
Cash and cash equivalents at end of period	<u>30,858</u>	<u>–</u>

Notes to the Interim Financial Information

for the Period 1 April 2012 to 30 September 2012

1. ACCOUNTING POLICIES

Basis of Preparation

The interim financial information has been prepared on the basis of the recognition and measurement requirements of International Financial Reporting Standards (IFRS) as adopted by European Union (EU) and implemented in the UK and in accordance with AIM Rules. The accounting policies, methods of computation and presentation used in the preparation of the interim financial information are consistent with those used in the IFRS financial information included in the admission document for the period ended 31 March 2012, which this interim consolidated financial information should be read in conjunction with.

In addition the Company has received grant income for the first time in the period ended 30 September 2012. The grant income is recognised when the company has complied with the conditions of the grant and there is reasonable assurance that this will be received. For grants receivable in respect of the revenue expenditure the income is recognised in profit or loss in the period the related expenditure is incurred. Where the grant is receivable in respect of capital expenditure, the grant is recognised initially as deferred income and released to profit or loss over the useful economic life of the asset.

The financial information in this statement does not constitute full statutory accounts within the meaning of Section 434 of the Companies Act 2006. The financial information for the six months ended 30 September 2012 and 30 September 2011 is unaudited.

The interim financial information has been prepared on the going concern basis. As highlighted in note 13, the Company is listing on AIM. Having taken into account the proceeds of the Placing, the Directors consider that there will be sufficient funds to meet the company's working capital requirements for at least the next 12 months.

2. OTHER OPERATING INCOME

	<i>Period</i> <i>1 April 2012</i> <i>to</i> <i>30 September</i> <i>2012</i> <i>(unaudited)</i> <i>£</i>	<i>Period</i> <i>1 April 2011</i> <i>to</i> <i>30 September</i> <i>2011</i> <i>(unaudited)</i> <i>£</i>
Grant income	64,275	–
Other income	3,000	–
	<hr/> <u>67,275</u>	<hr/> <u>–</u>

3. FINANCE COSTS

	<i>Period</i> <i>1 April 2012</i> <i>to</i> <i>30 September</i> <i>2012</i> <i>(unaudited)</i> <i>£</i>	<i>Period</i> <i>1 April 2011</i> <i>to</i> <i>30 September</i> <i>2011</i> <i>(unaudited)</i> <i>£</i>
Unwinding of discount (note 11)	5,312	–
	<hr/> <u>5,312</u>	<hr/> <u>–</u>

4. LOSS BEFORE INCOME TAX

The loss before income tax is stated after charging:

	<i>Period</i> <i>1 April 2012</i> <i>to</i> <i>30 September</i> <i>2012</i> <i>(unaudited)</i> <i>£</i>	<i>Period</i> <i>1 April 2011</i> <i>to</i> <i>30 September</i> <i>2011</i> <i>(unaudited)</i> <i>£</i>
Research & Development costs written off	23,234	–
Depreciation – owned assets	4,895	–
Intangible amortisation	11,400	–
	<hr/>	<hr/>

5. INCOME TAX

No liability to UK corporation tax arose on ordinary activities for the period ended 30 September 2012 nor for the period ended 30 September 2011 as the Company traded at a loss. At 30 September 2012, the net trading losses available for offset against future trading profits are £231,500 (2011: £nil). However no asset has been recognised due to there being insufficient certainty of future profits arising to ensure that the losses are utilised.

6. LOSS PER SHARE

Basic loss per share is calculated by dividing the loss attributable to ordinary shareholders of £168,494 by the weighted average number of ordinary shares outstanding of 11,905 during the period.

There is no diluted loss per share because there are no dilutive potential ordinary shares in issue (no share options) and a loss has been made.

The company did not trade in the period ended 30 September 2011 and therefore no loss per share is presented.

7. INTANGIBLE ASSETS

	<i>Licences</i> <i>£</i>
COST	
At 1 April 2012 and 30 September 2012	<hr/> 114,000
AMORTISATION	
At 1 April 2012	9,500
Amortisation for period	11,400
At 30 September 2012	<hr/> 20,900
NET BOOK VALUE	
At 30 September 2012	<hr/> 93,100
At 1 April 2012	<hr/> 104,500

There were no intangible assets held by the company at 30 September 2011.

8. PROPERTY, PLANT AND EQUIPMENT

	<i>Short leasehold</i>	<i>Plant and machinery</i>	<i>Totals</i>
	£	£	£
COST			
At 1 April 2012	1,975	71,800	73,775
Additions	10,775	–	10,775
Rebate received	–	(9,000)	(9,000)
At 30 September 2012	<u>12,750</u>	<u>62,800</u>	<u>75,550</u>
DEPRECIATION			
Charge for period	3,190	1,705	4,895
At 30 September 2012	<u>3,190</u>	<u>1,705</u>	<u>4,895</u>
NET BOOK VALUE			
At 30 September 2012	<u>9,560</u>	<u>61,095</u>	<u>70,655</u>
At 1 April 2012	<u>1,975</u>	<u>71,800</u>	<u>73,775</u>

There was no property, plant and equipment held by the company at 30 September 2011.

9. TRADE AND OTHER RECEIVABLES

	<i>30 September 2012</i>	<i>30 September 2011</i>
	£	£
	<i>(unaudited)</i>	<i>(unaudited)</i>
Current:		
Other receivables	27,398	–
Directors' current accounts	7,745	1,150
VAT	7,663	–
Prepayments	8,286	–
	<u>51,092</u>	<u>1,150</u>

10. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

		<i>30 September 2012</i>	<i>30 September 2011</i>
<i>Number:</i>	<i>Class:</i>	<i>Nominal value:</i>	£
		£	£
12,340	Ordinary	1	<u>12,340</u>
			<u>1,150</u>

In May 2012 1,740 Ordinary shares of 1 each were allotted as fully paid at a premium of £124 per share during the period raising a total of £217,800 for the company's development activities. These included 100 shares issued in settlement of £12,500 for services provided to the company.

11. TRADE AND OTHER PAYABLES

	<i>30 September</i> 2012 <i>(unaudited)</i> £	<i>30 September</i> 2011 <i>(unaudited)</i> £
Current:		
Trade payables	15,064	–
Other payables	12,500	–
Accrued expenses	9,975	–
Trade and social security	7,254	–
Deferred income	1,750	–
	<u>46,543</u>	<u>–</u>
	<i>30 September</i> 2012 <i>(unaudited)</i> £	<i>30 September</i> 2011 <i>(unaudited)</i> £
Non-current:		
Other payables	101,877	–
Accruals and deferred income	32,375	–
	<u>134,252</u>	<u>–</u>

Deferred income relates to grant income received for the purchase of the furnace within plant & machinery. As the grant income is for the purchase, installation and maintenance of the furnace, the grant is to be recognised over the useful life of the asset in line with the depreciation accounting policy. As at the period end 6 months of the grant was recognised in the statement of profit or loss and other comprehensive income. The total outstanding deferred income amounted to £34,125 of which £1,750 is receivable within the next 12 months, with the remaining £32,375 to be allocated to the profit or loss accordingly in the subsequent 222 months.

Other payables relates to the present value of minimum payments payable under the licence agreement to develop and produce metal foam products. The agreement details that a royalty of 6 per cent. is payable on future sales with a minimum royalty being payable over 5 years. The agreement also details that a minimum sales level must be achieved. The value of minimum payments for the licence has been discounted using an estimated interest rate of 10 per cent. Management estimate if the company applied for external finance of a similar loan to the value of instalments due, 10 per cent. would be a fair expectation of the interest rate applicable.

Should the minimum sales level not be achieved, the licensor can terminate the agreement. At 31 October 2012, the Company had not achieved the sales target for year one and an extension has been agreed with the licensor.

12. RELATED PARTY DISCLOSURES

The following loans to directors subsisted during the periods ended 30 September 2012 and 30 September 2011:

	<i>30 September 2012</i>	<i>30 September 2011</i>
	<i>£</i>	<i>£</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
N Ricketts		
Balance outstanding at start of period	1,600	–
Amounts advanced	1,387	460
Amounts repaid	–	–
Balance outstanding at end of period	<u>2,987</u>	<u>460</u>
J Murray-Smith		
Balance outstanding at start of period	4,000	–
Amounts advanced	–	460
Amounts repaid	(330)	–
Balance outstanding at end of period	<u>3,670</u>	<u>460</u>
W Battrick		
Balance outstanding at start of period	2,000	–
Amounts advanced	–	230
Amounts repaid	(862)	–
Balance outstanding at end of period	<u>1,138</u>	<u>230</u>

All balances shown above repayable by the directors to the company were cleared at 31 December 2012.

The closing balances shown in the comparative of September 2011 represent unpaid share issues.

The directors are the key management of the company. During the period the key management received remuneration of £93,348 (2011: £nil).

13. EVENTS AFTER THE REPORTING PERIOD

Following the period end, the company issued further shares for proceeds of £281,590.

PART III (C)
AUDITED RESULTS OF TOTAL CARBIDE LIMITED
FOR THE THREE YEARS ENDED 31 JANUARY 2013

The Directors
Versarien plc
Unit 12
Hollyhill Industrial Park
Hollyhill Road
Forest Vale Industrial Estate
Cinderford
Gloucestershire
GL14 2YB

and

The Directors
Northland Capital Partners Limited
60 Gresham Street
London
EC2V 7BB

6 June 2013

Dear Sirs

TOTAL CARBIDE LIMITED (“TOTAL CARBIDE”)

We report on the financial information of Total Carbide set out in paragraphs 1 to 5 for the three years ended 31 January 2013. This financial information has been prepared for inclusion in the Admission Document dated 6 June 2013 on the basis of the accounting policies set out in paragraph 5.

This letter is required by Schedule Two of the AIM Rules, and is given for the purpose of complying with that paragraph and for no other purpose.

Responsibilities

The Directors of Versarien plc are responsible for preparing the financial information on the basis of preparation set out in paragraph 1 of the financial information.

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

Basis of opinion

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

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

Opinion

In our opinion, the financial information gives, for the purposes of the Admission Document dated 6 June 2013, a true and fair view of the state of affairs of Total Carbide as at the dates stated and of its profits and loss, cashflows, and changes in equity for the periods then ended in accordance with the basis of preparation set out in paragraph 5.

Declaration

For the purposes of Paragraph (a) of Schedule Two of the AIM Rules, 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 omissions likely to offset its import. This declaration is included in the Admission Document in compliance with Schedule Two of the AIM Rules.

Yours faithfully

BDO LLP

1. PROFIT AND LOSS ACCOUNT

	Notes	Year ended 31 January		
		2013 £	2012 £	2011 £
Continuing operations				
Revenue	(ii)	3,842,005	4,218,466	3,622,531
Cost of sales		<u>(3,032,618)</u>	<u>(3,146,021)</u>	<u>(2,609,093)</u>
Gross profit		<u>809,387</u>	<u>1,072,445</u>	<u>1,013,438</u>
Administrative expenses				
Non-recurring items	(iii)	(43,189)	(9,449)	(34,165)
Other		<u>(405,782)</u>	<u>(530,140)</u>	<u>(610,876)</u>
Total administrative expenses		<u>(448,971)</u>	<u>(539,589)</u>	<u>(645,041)</u>
Distribution costs		<u>(331,270)</u>	<u>(373,268)</u>	<u>(382,036)</u>
Operating profit/(loss)	(iii)	<u>29,146</u>	<u>159,588</u>	<u>(13,639)</u>
Finance cost	(vi)	<u>(20,307)</u>	<u>(28,417)</u>	<u>(35,732)</u>
Profit/(loss) on ordinary activities before taxation		<u>8,839</u>	<u>131,171</u>	<u>(49,371)</u>
Income tax credit	(vii)	<u>48,044</u>	<u>3,109</u>	<u>152,418</u>
Profit for the financial year		<u>56,883</u>	<u>134,280</u>	<u>103,047</u>
Earnings per share				
		2013	2012	2011
Basic and diluted earnings per share	(xx)	<u>27.0p</u>	<u>63.6p</u>	<u>48.8p</u>

2. BALANCE SHEET

		<i>As at 31 January</i>		
	<i>Notes</i>	<i>2013</i>	<i>2012</i>	<i>2011</i>
		£	£	£
ASSETS				
Non-current assets				
Property, plant and equipment	(viii)	1,393,709	1,541,138	1,646,424
Deferred tax asset	(ix)	43,138	7,447	–
		<u>1,436,847</u>	<u>1,548,585</u>	<u>1,646,424</u>
Current assets				
Inventory	(x)	675,865	1,182,400	1,004,081
Trade and other receivables	(xi)	774,800	864,698	882,731
Income tax recoverable		12,353	–	–
Cash and cash equivalents	(xii)	68,675	84,220	66,818
Total current assets		<u>1,531,693</u>	<u>2,131,318</u>	<u>1,953,630</u>
Total assets		<u>2,968,540</u>	<u>3,679,903</u>	<u>3,600,054</u>
EQUITY				
Issued capital	(xv)	211,000	211,000	211,000
Profit and loss account		293,367	236,484	102,204
Total equity		<u>504,367</u>	<u>447,484</u>	<u>313,204</u>
LIABILITIES				
Non-current liabilities				
Interest bearing loans and borrowings	(xiii)	62,327	153,908	161,140
Current liabilities				
Interest bearing loans and borrowings	(xiii)	1,522,339	2,027,609	2,002,545
Trade and other payables	(xiv)	879,507	1,050,902	1,123,165
Total current liabilities		<u>2,401,846</u>	<u>3,078,511</u>	<u>3,125,710</u>
Total liabilities		<u>2,464,173</u>	<u>3,232,419</u>	<u>3,286,850</u>
Total equity and liabilities		<u>2,968,540</u>	<u>3,679,903</u>	<u>3,600,054</u>

3. STATEMENT OF CHANGES IN EQUITY

	<i>Share capital</i> £	<i>Profit and loss account</i> £	<i>Total</i> £
Balance at 1 February 2010	211,000	(843)	210,157
Comprehensive income			
Profit for the year	–	103,047	103,047
Total comprehensive income for the year	–	103,047	103,047
Balance at 31 January 2011	211,000	102,204	313,204
Balance at 1 February 2011	211,000	102,204	313,204
Comprehensive income			
Profit for the year	–	134,280	134,280
Total comprehensive income for the year	–	134,280	134,280
Balance at 31 January 2012	211,000	236,484	447,484
Balance at 1 February 2012	211,000	236,484	447,484
Comprehensive income			
Profit for the year	–	56,883	56,883
Total comprehensive income for the year	–	56,883	56,883
Balance at 31 January 2013	211,000	293,367	504,367

4. STATEMENT OF CASH FLOWS

	Notes	Year ended 31 January		
		2013 £	2012 £	2011 £
Cash flows from operating activities				
Operating profit/(loss)		29,146	159,588	(13,639)
Depreciation		257,120	279,219	284,379
(Profit)/loss on sale of tangible fixed assets		(8,766)	–	4,127
Impairment charge		–	–	40,000
Decrease/(increase) in inventory		506,535	(178,319)	(45,448)
Decrease/(increase) in receivables		89,898	18,033	(91,526)
(Decrease)/increase in payables		(171,395)	(72,263)	7,107
		<u>702,538</u>	<u>206,258</u>	<u>185,000</u>
Tax (paid)/received		–	(4,338)	152,418
Interest paid		(20,307)	(28,417)	(35,732)
Net cash utilised in operating activities		<u>682,231</u>	<u>173,503</u>	<u>301,686</u>
Cash flows from investing activities				
Acquisition of property, plant and equipment		(125,859)	(51,933)	(11,881)
Disposal of property, plant and equipment		24,934	–	102,912
Net cash (utilised in)/from investing activities		<u>(100,925)</u>	<u>(51,933)</u>	<u>91,031</u>
Cash flows from financing activities				
Capital element of hire purchase contracts		(111,548)	(234,891)	(372,073)
Net cash utilised in financing activities		<u>(111,548)</u>	<u>(234,891)</u>	<u>(372,073)</u>
Net increase/(decrease) in cash and cash equivalents		469,758	(113,321)	20,644
Cash and cash equivalents at beginning of period		<u>(1,806,393)</u>	<u>(1,693,072)</u>	<u>(1,713,716)</u>
Cash and cash equivalents at end of period	(xii)	<u>(1,336,635)</u>	<u>(1,806,393)</u>	<u>(1,693,072)</u>

5. NOTES TO THE FINANCIAL INFORMATION

(i) Significant accounting policies

(a) *Basis of preparation*

The financial statements of Total Carbide Limited have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and their interpretations issued by the International Accounting Standards Board (“IASB”), as adopted by the European Union and with IFRSs and their interpretations issued by the IASB. They have also been prepared with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The company has adopted all of the new and revised Standards and Interpretations issued by the “IASB” that are relevant to its operations and effective for accounting periods beginning 1 February 2012. The adoption of these new and revised Standards and Interpretations had no material effect on the profit or loss or financial position of the Company.

The company has not adopted any Standards or Interpretations in advance of the required implementation dates. It is not expected that adoption of Standards or Interpretations which have been issued by the IASB but have not been adopted will have a material impact on the financial statements.

(b) *Key judgments and sources of estimation uncertainty*

The preparation of the financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect application of policies and reported amounts in the financial statements. The areas involving a higher degree of judgement or complexity, or areas where assumptions or estimates are significant to the financial statements are:

- The classification of non-recurring or special items (Note iii): Non-recurring or special items are disclosed separately to improve visibility of the underlying business performance. Management has defined such items as restructuring and site closure costs, acquisition costs and other non-recurring and non-operating items;
- The estimation of the deferred income tax asset (Note ix): Deferred taxation assets are recognised as the company has a past history of profits and there is persuasive and reliable evidence in the form of management accounts and financial projections that taxable profits are anticipated to arise in the year ending 31 January 2014; and
- The estimation of the net realisable value of inventory (Note x): Provision is made to write down slow-moving and obsolete items to net realisable value, based on an assessment of technological and market developments and an analysis of historic and projected usage of quantities on hand.

(c) *Revenue*

Revenue represents amounts invoiced during the year, exclusive of value added tax. Sales of goods are recognised when goods have been despatched to customers, the customer has full discretion over the use of the goods and there is no unfulfilled obligation that could affect the customer’s acceptance of the goods.

(d) ***Tangible fixed assets***

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provisions for impairment. Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Plant and machinery	over 1-15 years
Motor vehicles	25% on a reducing balance basis

Useful economic lives and residual values are assessed annually.

(e) ***Inventory***

Inventory is stated at the lower of cost and net realisable value. Cost includes raw materials, labour overhead and production overhead. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow moving and defective items when appropriate.

(f) ***Work in progress***

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

(g) ***Leasing and hire purchase commitments***

Assets held under finance leases and hire purchase contracts which are those where substantially all the risks and rewards of ownership of the asset have passed to the company, are capitalised in the balance sheet and depreciated over their useful lives. The corresponding lease or hire purchase obligation is treated in the balance sheet as a liability.

The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

(h) ***Financial liabilities***

The company's financial liabilities are overdrafts, invoice discounting facilities, trade and other payables and hire purchase contracts. They are included on the balance sheet line items 'interest bearing loans and borrowings' and 'trade and other payables'.

Financial liabilities are recognised when the Company becomes party to the contractual arrangements of the instrument and are recorded at amortised cost using the effective interest method.

All related interest charges are recognised as an expense in 'finance cost' in the statement of comprehensive income.

Hire purchase contract liabilities are measured at initial value less the capital element of repayments.

(i) ***Financial assets***

Trade and other receivables are recorded at their nominal amount less provision for impairment.

A provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivable. Bad debts are written off when identified.

(j) ***Cash and cash equivalents***

Cash and cash equivalents comprise cash at bank, cash in hand and short-term bank deposits with an original maturity of three months or less, net of outstanding bank overdrafts and invoice discounting advances and include cash at bank and in hand and bank deposits available at less than 24 hours' notice. Bank overdrafts and invoice discounting advances are presented as current liabilities to the extent that there is no right of offset with cash balances. The carrying value of these assets and liabilities is approximately equal to their fair value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents net of outstanding bank overdrafts.

(k) ***Equity instruments***

Share capital is determined using the nominal value of the shares that have been issued.

(l) ***Taxation***

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method.

Deferred taxation liabilities are generally recognised on all taxable temporary differences. Deferred taxation assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred taxation is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted at the balance sheet date. The carrying value of deferred taxation assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available against which taxable temporary differences can be utilised. Deferred tax is charged or credited to the statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

(m) ***Foreign currencies***

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

(n) ***Financial risk management***

The company's operations and debt financing expose it to a variety of financial risks. In the course of its business, the company is exposed to foreign currency risk, interest rate risk, liquidity risk and credit risk. Financial risk management is an integral part of the way the company is managed. Financial risk management policies are set by the Board. The company does not hold or use derivative financial instruments.

Foreign currency risk

Foreign currency risk arises both where sale or purchase transactions are undertaken in currencies other than the functional currency of the company (transactional exposures).

The company has some customers or suppliers that transact in a foreign currency. The company is therefore exposed to the changes in foreign currency exchange rates between a number of different currencies but the company's primary exposures relate to the Euro.

The company's policy is not to hedge its exposure using financial instruments, but to mitigate exposure by natural hedges.

Interest rate risk

Interest rate risk arising from borrowing at variable rates is not hedged.

Liquidity risk

Liquidity risk represents the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing this risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

Credit risk

Credit risk arises because a counterparty may fail to perform its obligations. The company is exposed to credit risk on financial assets such as cash balances, trade and other receivables. The company's credit risk is primarily attributable to its trade receivables. The amounts recognised in the balance sheet are net of appropriate allowances for doubtful receivables, estimated by the company's management based on prior experience and their assessment of the current economic environment. Trade receivables are subject to credit limits and control and approval procedures. Due to its large geographic base and number of customers, the company is not exposed to material concentrations of credit risk on its trade receivables.

Credit risk associated with cash balances is managed by transacting with financial institutions with high quality credit ratings. Accordingly the company's associated credit risk is limited. The company has no significant concentration of credit risk. The company's maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

(o) ***Capital management***

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects. Management's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

Management seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The company is not subject to externally imposed capital requirements.

(ii) Segmental reporting

IFRS 8 Operating Segments requires operating segments to be identified on the basis of internal reports that are regularly reviewed by the Chief Operating Decision Maker in order to allocate resources to the segments and to assess their performance.

The company's operations relate to the manufacture of tungsten carbide hard metal tips, wear parts and other carbide products and as such the company has only one segment.

An analysis of turnover by geographical location is given below:

	<i>Year ended 31 January</i>		
	<i>2013</i>	<i>2012</i>	<i>2011</i>
	<i>£</i>	<i>£</i>	<i>£</i>
United Kingdom	2,665,742	2,671,397	2,629,941
Rest of Europe	839,277	1,231,152	955,204
North America	7,847	9,554	19,035
Other	329,139	306,363	18,351
	<u>3,842,005</u>	<u>4,218,466</u>	<u>3,622,531</u>

(iii) Operating profit

Operating profit/(loss) is after charging/(crediting):

	<i>Year ended 31 January</i>		
	<i>2013</i>	<i>2012</i>	<i>2011</i>
	<i>£</i>	<i>£</i>	<i>£</i>
Depreciation of tangible fixed assets – owned assets	216,512	230,898	210,279
Depreciation of tangible fixed assets – leased assets	40,608	48,321	74,100
(Profit)/loss on sale of tangible fixed assets	(8,768)	–	4,127
Impairment charge on owned tangible fixed assets	–	–	40,000
Operating lease costs:			
Other	23,417	27,389	28,379
Land and buildings	172,500	172,500	172,500
Losses/(gains) on foreign exchange	7,738	22,208	(198)
Non-recurring items:			
Restructuring costs	43,189	9,449	–
Porus development	–	–	34,165
	<u> </u>	<u> </u>	<u> </u>

The analysis of auditor's remuneration is as follows:

	<i>Year ended 31 January</i>		
	<i>2013</i>	<i>2012</i>	<i>2011</i>
	<i>£</i>	<i>£</i>	<i>£</i>
Fees payable to the company's auditor for the audit of the company's annual financial statements	10,221	8,617	9,000
Total audit fees	<u>10,221</u>	<u>8,617</u>	<u>9,000</u>
Tax services	–	2,047	2,447
Total non-audit services	<u>–</u>	<u>2,047</u>	<u>2,447</u>
Total fees	<u>10,221</u>	<u>10,664</u>	<u>11,447</u>

(iv) Staff costs

The average number of staff employed (including directors) by the company during the financial year amounted to:

	<i>Year ended 31 January</i>		
	<i>2013</i>	<i>2012</i>	<i>2011</i>
Production staff	36	41	40
Administrative staff	6	10	9
	<u>42</u>	<u>51</u>	<u>49</u>

The aggregate payroll costs of the above were:

	<i>Year ended 31 January</i>		
	<i>2013</i>	<i>2012</i>	<i>2011</i>
	£	£	£
Wages and salaries	1,177,581	1,379,880	1,246,168
Social security costs	112,489	134,401	118,506
	<u>1,290,070</u>	<u>1,514,281</u>	<u>1,364,674</u>

(v) Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services was:

	<i>Year ended 31 January</i>		
	<i>2013</i>	<i>2012</i>	<i>2011</i>
	£	£	£
Directors' emoluments	63,842	63,836	61,078
Employer's NI	7,782	7,834	7,088
	<u>71,624</u>	<u>71,670</u>	<u>68,166</u>

No pension contributions were paid on behalf of any directors (2012 – £nil; 2011 – £nil).

The above emoluments relate to one director. In addition to the directors' emoluments paid directly by the company, the ultimate parent undertaking remunerates certain directors.

(vi) Finance costs

	<i>Year ended 31 January</i>		
	<i>2013</i>	<i>2012</i>	<i>2011</i>
	£	£	£
Interest payable on bank borrowing	13,112	16,187	14,154
Finance charges payable on finance leases and hire purchase	7,195	12,230	21,578
	<u>20,307</u>	<u>28,417</u>	<u>35,732</u>

(vii) Taxation

Analysis of credit in the year:

	2013 £	2012 £	2011 £
Current tax			
UK corporation tax based on the results for the year at (2013: 24.3%; 2012: 26.3%; 2011: 28%)	(12,353)	–	(4,338)
Adjustments in respect of prior years	–	4,338	(148,080)
Total current tax	<u>(12,353)</u>	<u>4,338</u>	<u>(152,418)</u>
Deferred tax	(35,691)	(7,447)	–
Tax on profit on ordinary activities	<u>(48,044)</u>	<u>(3,109)</u>	<u>(152,418)</u>

Factors affecting current tax credit

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 24.3% (2012: 26.3%; 2011: 28%) as follows:

	2013 £	2012 £	2011 £
Profit/(loss) on ordinary activities before taxation	<u>8,839</u>	<u>131,171</u>	<u>(49,371)</u>
Tax on profit /(loss) on ordinary activities at standard rate	2,148	34,498	(13,824)
Factors affecting charge			
Expenses not deductible for tax purposes	762	5,538	968
Capital allowances in (excess)/deficit of depreciation	(15,263)	(12,788)	10,350
Utilization of tax losses not previously recognized	(35,691)	(34,695)	–
Adjustment of tax in respect prior years	–	4,338	(148,080)
Other temporary differences	–	–	(1,832)
Total current tax	<u>(48,044)</u>	<u>(3,109)</u>	<u>(152,418)</u>

Factors that may affect future tax charges

In March 2012, the UK Government announced a reduction in the standard rate of UK corporation tax to 24 per cent. effective from 1 April 2012 and to 23 per cent. effective from 1 April 2013. These rate reductions became substantively enacted in March 2012 and July 2012 respectively. The UK Government also proposed to further reduce the standard rate of UK corporation tax to 22 per cent. effective 1 April 2014, but this change has not been substantively enacted.

The effect of these tax rate reductions on the deferred tax balance will be accounted for in the period in which the tax rate reductions are substantively enacted.

(viii) Property, plant and equipment

	<i>Plant and machinery</i>	<i>Motor vehicles</i>	<i>Total</i>
	£	£	£
Cost			
At 1 February 2010	5,473,662	43,752	5,517,414
Additions	11,881	–	11,881
Disposals	(285,938)	(15,757)	(301,695)
At 1 February 2011	5,199,605	27,995	5,227,600
Additions	157,527	16,406	173,933
At 1 February 2012	5,357,132	44,401	5,401,533
Additions	125,859	–	125,859
Disposals	(94,414)	(44,401)	(138,815)
At 31 January 2013	5,388,577	–	5,388,577
Accumulated depreciation			
At 1 February 2010	3,440,515	10,938	3,451,453
Charge in the year	277,387	6,992	284,379
Disposals	(190,720)	(3,936)	(194,656)
Impairment charge	40,000	–	40,000
At 1 February 2011	3,567,182	13,994	3,581,176
Charge in the year	270,855	8,364	279,219
At 1 February 2012	3,838,037	22,358	3,860,395
Charge in the year	249,518	7,602	257,120
On disposals	(92,687)	(29,960)	(122,647)
At 31 January 2013	3,994,868	–	3,994,868
Net book value			
At 31 January 2013	1,393,709	–	1,393,709
At 31 January 2012	1,519,095	22,043	1,541,138
At 31 January 2011	1,632,423	14,001	1,646,424
At 31 January 2010	2,033,147	32,814	2,065,961

Included within the net book value is £410,597 (2012: £607,747; 2011: £873,482) relating to assets held under hire purchase agreements. The depreciation charged in the year in respect of such assets amounted to £45,184 (2012: £48,321; 2011: £74,100).

(ix) Deferred tax asset

The movement in the deferred taxation account during the year was:

	£
At 1 February 2011	–
Credited to the income statement during the year	7,447
At 1 February 2012	7,447
Credited to the income statement during the year	35,701
At 31 January 2013	43,148

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of:

	<i>Recognised</i>		
	2013	2012	2011
	£	£	£
Difference of taxation allowances over depreciation			
on fixed assets	9,132	(52,643)	(98,070)
Tax losses available	24,000	49,250	103,967
Other temporary differences	10,006	10,840	(5,897)
	<u>43,138</u>	<u>7,447</u>	<u>–</u>

At 31 January 2013, the company had an unrecognised deferred tax asset arising on trading losses of £249,318 (2012: £462,376; 2011: £975,176). A deferred tax asset of £24,000 (2012: £49,250; 2011: £103,967) has been recognized in the financial statements to the extent that the directors consider that the asset will be utilised in the foreseeable future against future taxable income.

(x) Inventory

	<i>As at 31 January</i>		
	2013	2012	2011
	£	£	£
Raw materials	346,116	660,409	544,311
Work in progress	259,897	362,457	281,772
Finished goods	69,852	159,534	177,998
	<u>675,865</u>	<u>1,182,400</u>	<u>1,004,081</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

(xi) Trade and other receivables

	<i>As at 31 January</i>		
	2013	2012	2011
	£	£	£
Trade receivables	730,963	692,243	661,222
Amounts owed by group undertakings	3,370	151,865	164,984
Other debtors	–	–	427
Prepayments and accrued income	40,467	20,590	56,098
	<u>774,800</u>	<u>864,698</u>	<u>882,731</u>

(xii) Cash and cash equivalents

	<i>As at 31 January</i>		
	<i>2013</i>	<i>2012</i>	<i>2011</i>
	<i>£</i>	<i>£</i>	<i>£</i>
Cash at bank and in hand	68,765	84,220	66,818
Bank overdrafts	(1,026,781)	(1,513,076)	(1,391,379)
Invoice factoring advances	(378,529)	(377,537)	(368,511)
	<u>(1,336,635)</u>	<u>(1,806,393)</u>	<u>(1,693,702)</u>

(xiii) Interest bearing loans and borrowings

	<i>As at 31 January</i>		
	<i>2013</i>	<i>2012</i>	<i>2011</i>
	<i>£</i>	<i>£</i>	<i>£</i>
Bank overdrafts	1,026,781	1,513,076	1,391,379
Invoice discounting advances	378,529	377,537	368,511
Obligations under hire purchase contracts	179,356	290,904	403,795
	<u>1,584,666</u>	<u>2,181,517</u>	<u>2,163,685</u>
Analysis of repayments			
Bank overdrafts	1,026,781	1,513,076	1,391,379
Invoice discounting advances	378,529	377,537	368,511
Within one year	<u>1,405,310</u>	<u>1,890,613</u>	<u>1,759,890</u>
Hire purchase contracts:			
Within one year	117,029	136,996	242,655
In two to five years	62,327	153,908	161,140
	<u>179,356</u>	<u>290,904</u>	<u>403,795</u>
	<u>1,584,666</u>	<u>2,181,517</u>	<u>2,163,685</u>
Within one year	1,522,339	2,027,609	2,002,545
In two to five years	62,327	153,908	161,140
	<u>1,584,666</u>	<u>2,181,517</u>	<u>2,163,685</u>

Obligations under hire purchase contracts were secured on the assets to which they relate. Bank overdrafts and invoice discounting advances of are secured by fixed and floating charges over certain assets of the company. Assets costing £122,000 were acquired in 2012 under hire purchase contracts.

(xiv) Trade and other payables

	<i>As at 31 January</i>		
	<i>2013</i>	<i>2012</i>	<i>2011</i>
	<i>£</i>	<i>£</i>	<i>£</i>
Trade payables	222,740	417,350	531,958
Amounts owed to parent undertakings	464,823	445,205	353,421
Amounts owed to group undertakings	–	4,338	63,897
Other taxation and social security	131,743	129,148	63,220
Other creditors	503	42	11,810
Accruals and deferred income	59,698	54,819	98,859
	<u>879,507</u>	<u>1,050,902</u>	<u>1,123,165</u>

(xv) Called up share capital

	<i>As at 31 January</i>		
	<i>2013</i>	<i>2012</i>	<i>2011</i>
	<i>£</i>	<i>£</i>	<i>£</i>
Called up, allotted and fully paid 211,000 ordinary shares of £1 each	211,000	211,000	211,000

(xvi) Commitments under operating leases

The total commitments under non-cancellable operating leases were follows:

	<i>Land and buildings</i>			<i>Other items</i>		
	<i>2013</i>	<i>2012</i>	<i>2011</i>	<i>2013</i>	<i>2012</i>	<i>2011</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
Operating leases which expire						
Within 1 year	172,500	172,500	172,500	13,966	18,964	24,520
Within 2 to 5 years	345,000	517,500	690,000	21,449	30,377	7,653
	<u>517,500</u>	<u>690,000</u>	<u>862,500</u>	<u>35,415</u>	<u>49,341</u>	<u>32,173</u>

(xvii) Contingent liabilities

At the balance sheet date the company has given an unlimited multilateral cross guarantee to HSBC Bank plc., in favour of group companies, against any amount that may fall due. The maximum amount of indebtedness at 31 January 2013 was £2,600,000 (2012 – £2,600,000; 2011 – £1,893,000). HSBC Bank plc. maintains a fixed and floating charge over the company's debtors. The cross guarantees will fall away on completion of the acquisition of Total Carbide by Versarien. Therefore no estimate has been made of any liability associated with Total Carbide providing the cross guarantees.

(xviii) Financial instruments

The company's financial instruments comprise borrowings, cash and cash equivalents and various items such as trade receivables and payables that arise directly from its operations. The main purpose of these instruments is to raise finance for operations. The company has not entered into derivatives transactions nor does it trade in financial instruments as a matter of policy. The main risks arising from the company's financial instruments are interest rate risk, liquidity risk and foreign currency risk. Managements' policy on each is described in Note (i). Operations are financed through working capital management and short-term flexibility is achieved by invoice discounting facilities.

There were no derivative instruments outstanding at 31 January 2013.

Foreign currency risk

A significant amount of the company's sales are in Euros exposing the company to foreign currency fluctuations. The company manages its foreign exchange risk by purchasing materials in matching currencies where possible. The company does not enter into forward exchange rate contracts and other derivatives to reduce the exposure. If the natural hedging activity does not mitigate the exposure, then the results and the financial condition of the company may be adversely affected.

The company had the following cash and cash equivalents in various currencies including its functional currency.

	<i>As at 31 January</i>		
	<i>2013</i>	<i>2012</i>	<i>2011</i>
	£	£	£
British Pounds	500	500	500
Euros	68,175	83,720	66,318
	<u>68,675</u>	<u>84,220</u>	<u>66,818</u>

Foreign currency risk sensitivity analysis showing a 10 per cent. weakening/strengthening of the Euro against British Pounds with all other variable held constant is as follows. 10 per cent. represents managements' assessment of the reasonable possible exposure.

	<i>2013</i>	<i>2012</i>	<i>2011</i>
	£	£	£
10% weakening/strengthening of the Euro	<u>36,053</u>	<u>74,716</u>	<u>58,305</u>

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company uses a mixture of long-term and short-term debt finance in the form of hire purchase contracts and short-term debt finance in the form of bank overdrafts and an invoice discounting facility.

The company's trade payables, other payables and accrued expenses are generally due between one and three months and the company's other financial liabilities are due as follows:

Financial liabilities

	<i>As at 31 January</i>		
	<i>2013</i>	<i>2012</i>	<i>2011</i>
	£	£	£
Due within one year	1,522,339	2,027,609	2,002,545
Due within one to two years	21,796	91,581	91,355
Due within two to three years	21,796	21,796	69,785
Due within three to four years	18,735	21,796	–
Due within four to five years	–	18,735	–
	<u>1,584,666</u>	<u>2,181,517</u>	<u>2,163,685</u>

Interest rate risk

Interest rate risk arising from borrowing at variable rates is not hedged. 1 per cent. represents managements' assessment of the reasonable possible exposure.

Interest rate risk showing a 1 per cent. increase on floating rate liabilities is as follows:

	<i>2013</i>	<i>2012</i>	<i>2011</i>
	£	£	£
1% increase in interest rates	<u>14,053</u>	<u>18,906</u>	<u>17,599</u>

Price risk

A significant amount of the company's purchases are plastic moulding powders, metal parts and rare metal powders and consequently movements in oil, copper, tungsten and cobalt market prices can lead to significant movements in the gross margin. Whilst it is difficult to pass these cost increases on to customers in the short term, management are confident that product designs use less than, or at least no more than, the same amount of these costly materials than is used by competitors in directly comparable products.

Credit risk

The company's principal financial assets are bank balances and cash, trade and other debtors and investments, The company's credit risk is primarily attributable to its trade debtors. The amounts presented in the balance sheet are net of allowances for doubtful debts. The company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Trade receivable ageing

	<i>As at 31 January</i>		
	<i>2013</i>	<i>2012</i>	<i>2011</i>
	<i>£</i>	<i>£</i>	<i>£</i>
Under 30 days overdue	534,428	643,220	446,174
Between 31 to 60 days overdue	194,995	29,034	123,484
Between 61 to 90 days overdue	1,540	19,989	51,795
Over 90 days overdue	–	–	39,769
	<u>730,963</u>	<u>692,243</u>	<u>661,222</u>

Financial assets

The floating rate financial assets comprise interest earning bank deposits at rates set by reference to the prevailing LIBOR or equivalent to the relevant country. The company has no fixed rate deposits.

Fair values

In management's opinion there is no material difference between the book value and fair value of any of the company's financial instruments.

Classes of financial instruments

The classes of financial instruments are the same as the line items included on the face of the statement of financial position and have been analysed in more detail in the notes to the accounts. All the company's financial assets are categorised as loans and receivables and all financial liabilities are measured at amortised cost.

(xix) Related party transactions

The company has a related party relationship with its parent companies, fellow subsidiaries, its directors and the directors of its parent companies.

As at the balance sheet date the directors regarded the company's immediate parent company as Elektron Technology UK Limited and its ultimate parent company and controlling party as Elektron Technology Plc. which is registered in England and Wales.

Balances

At the end of the financial year the company had the following balances with its fellow group companies:

	<i>As at 31 January</i>		
	<i>2013</i>	<i>2012</i>	<i>2011</i>
	<i>£</i>	<i>£</i>	<i>£</i>
Elektron Limited	3,340	3,340	3,340
Hartest Holdings plc	30	30	30
Elektron Instruments Limited	–	147,579	147,579
Digitron Instrumentation Limited	–	239	–
Titman Tip Tools Limited	–	677	2,561
Elektron Components Limited	–	–	1,469
Penyard Industries Limited	–	–	2,522
Bulgin Components plc	–	–	7,483
Included in trade and other receivables	<u>3,370</u>	<u>151,865</u>	<u>164,984</u>
	<i>Period ended 31 January</i>		
	<i>2013</i>	<i>2012</i>	<i>2011</i>
	<i>£</i>	<i>£</i>	<i>£</i>
Elektron Technology plc	464,823	445,205	353,421
Elektron Technology UK Limited	–	4,338	–
Titman Tip Tools Limited	–	–	1,333
Elektron Components	–	–	50,000
Arcoelectric Limited	–	–	12,564
Included in trade and other payables	<u>464,823</u>	<u>449,543</u>	<u>417,318</u>
Sales transactions			
Titman Tip Tools Limited	<u>92,249</u>	<u>63,187</u>	<u>65,565</u>

Key management information

Key management compensation is disclosed in note (v).

(xx) Earnings per share

Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary shareholders and the weighted average number of Ordinary Shares outstanding during the year calculated as follows:

Loss attributable to ordinary shareholders

	<i>Period ended 31 January</i>		
	<i>2013</i>	<i>2012</i>	<i>2011</i>
Profit for the period	£56,883	£134,280	£103,047
Profit attributable to ordinary shareholders	£56,883	£134,280	£103,047
Weighted average number of shares	211,000	211,000	211,000
Earnings per share	27.0p	63.6p	48.8p

There is no difference between the basic and diluted loss per share.

PART III (D)
PRO FORMA STATEMENT OF NET ASSETS

Set out below is an unaudited pro forma statement of net assets of Versarien Technologies Limited which has been prepared to illustrate the effect the acquisition of Total Carbide Limited and the placing proceeds might have had on the net assets of Versarien Technologies Limited as if it had taken place at 30 September 2012.

The pro forma statement of net assets has been prepared for illustrative purposes only. Because of its nature, the pro forma financial information addresses a hypothetical situation and, therefore, does not represent the Enlarged Group's actual financial position.

	<i>Versarien Technologies Limited as at 30 September 2012 (Note 1) £</i>	<i>Total Carbide as at 31 January 2013 (Note 2) £</i>	<i>Adjustments (Notes 3 & 4) £</i>	<i>Pro Forma net assets of the Group £</i>
ASSETS				
Non-current assets				
Intangible assets	93,100	–	–	93,100
Property, plant and equipment	70,655	1,393,709	–	1,464,364
Deferred tax asset	–	43,138	–	43,138
	<u>163,755</u>	<u>1,436,847</u>	<u>–</u>	<u>1,600,602</u>
Current assets				
Inventory	–	675,865	–	675,865
Trade and other receivables	51,092	774,800	–	825,892
Income tax recoverable	–	12,353	–	12,353
Cash and cash equivalents	30,858	68,675	810,000	909,533
Total current assets	<u>81,950</u>	<u>1,531,693</u>	<u>810,000</u>	<u>2,423,643</u>
Total assets	<u>245,705</u>	<u>2,968,540</u>	<u>810,000</u>	<u>4,024,245</u>
LIABILITIES				
Non-current liabilities				
Interest bearing loans and borrowings	–	62,327	–	62,327
Trade and other payables	134,252	–	–	134,252
Current liabilities				
Interest bearing loans and borrowings	–	1,522,339	(1,405,310)	117,029
Trade and other payables	46,543	879,507	(464,823)	461,227
Total current liabilities	<u>46,543</u>	<u>2,401,846</u>	<u>1,870,133</u>	<u>578,256</u>
Total liabilities	<u>180,795</u>	<u>2,464,173</u>	<u>1,870,133</u>	<u>774,835</u>
Net Assets	<u>64,910</u>	<u>504,367</u>	<u>2,680,133</u>	<u>3,249,410</u>

Notes

1. The figures in respect of Versarien Technologies Limited have been extracted without material adjustment from the unaudited interim financial information for the six months ended 30 September 2012 as set out in Part III (B) of this document
2. The figures in respect of Total Carbide Limited have been extracted without material adjustment from the audited financial information for the three years ended 31 January 2013 as set out in Part III (C) of this document.
3. The net cash sum receivable by the Group has been calculated as follows:

Gross proceeds of the Placing	£3,000,000
Cash consideration for the acquisition of Total Carbide Limited	£1,580,000
Associated fees and expenses (exclusive of recoverable VAT)	£610,000
	<hr/>
	£810,000

4. Adjusting for overdrafts, invoice discounting advances and amounts payable to parent undertakings, the acquisition of Total Carbide results in negative goodwill. Under IFRS, this is credited to the profit and loss account and therefore does not appear in the pro forma statement of net assets above. The calculation of negative goodwill is as follows:

Total Carbide net assets at 31 January 2013	504,367
Adjustments in relation to debt retained by the vendor	1,870,133
	<hr/>
Adjusted net assets at 31 January 2013	£2,374,500
Consideration payable	£2,280,000
Adjusted net assets at 31 January 2013	(2,374,500)
	<hr/>
Negative goodwill	(£94,500)

5. No account has been taken of the trading performance of Versarien Technologies Limited since 30 September 2012 or of Total Carbide Limited since 31 January 2013.

PART IV

ADDITIONAL INFORMATION

1. Responsibility

- 1.1 The Directors, whose names appear on page 4 of this Document, and the Company, whose registered office appears on page 4 of this Document, accept responsibility (both collectively and individually) for all the information contained in this Document. To the best of the knowledge and belief of the Directors and the Company (who have each taken all reasonable care to ensure that such is the case), the information contained in this Document is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. Incorporation and Status of the Company and Group

- 2.1 The Company was incorporated and registered in England and Wales on 25 February 2013 under the Companies Act with registered number 8418328 as a public company limited by shares with the name Versarien plc.
- 2.2 The principal legislation under which the Company operates is the Companies Act and the regulations made thereunder.
- 2.3 The Company's registered office and its principal place of business is at Unit 12, Hollyhill Industrial Park, Forest Vale Road, Cinderford, Gloucestershire GL14 2YB.
- 2.4 The liability of the members of the Company is limited.
- 2.5 The Company is the holding company of the Group. As at and conditional on Admission, the subsidiary undertakings of the Company will be as follows:

<i>Name of Subsidiary</i>	<i>Country of Incorporation</i>	<i>Proportion of Share Capital</i>
Beneficially Held		
Versarien Technologies Limited	UK	100%
Total Carbide Limited	UK	100%

3. Share Capital of the Company

- 3.1 As at the date of this Document and immediately following Admission, the Company's issued and fully paid share capital is and will be as set out below.

	<i>Nominal Value</i>	<i>Number</i>
<i>At the date of this Document</i>		
Ordinary Shares	£528,720	52,872,000
<i>Immediately following Admission</i>		
Ordinary Shares	£830,760.85	83,076,085

- 3.2 The following changes have taken place in the issued share capital of the Company since incorporation to the date of this Document:
- 3.2.1 On incorporation one Ordinary Share was fully subscribed at par and issued to Neill Ricketts.
- 3.2.2 On 21 March 2013 the Company issued 52,871,999 Ordinary Shares to the shareholders of Versarien Technologies in consideration for the transfer of the entire issued share capital of Versarien Technologies pursuant to the Versarien Acquisition Agreement summarised at paragraph 16.1 of this Part IV.
- 3.2.3 There have been no changes to the issued share capital of the Company since 21 March 2013.

- 3.3 By a resolution of the members of the Company passed on 21 March 2013 resolutions in the following terms were passed:
- 3.3.1 generally and unconditionally to authorise the Directors, until the conclusion of the Company's annual general meeting to be held in 2014, to allot relevant securities in accordance with section 551 of the Companies Act up to an aggregate nominal amount of £1,000,000; and
 - 3.3.2 to empower the Directors, until the conclusion of the Company's annual general meeting to be held in 2014, pursuant to section 571 of the Companies Act, to allot equity securities pursuant to the authority referred to in the above sub-paragraph 3.4.1 as if section 561 (1) of the Companies Act did not apply to any such allotment, provided that the power is limited to the allotment of equity securities:
 - (i) in connection with the Placing;
 - (ii) in connection with the grant of options;
 - (iii) in connection with an issue of securities in favour of the holders of Ordinary Shares in proportion (as nearly as may be practicable) to their respective holdings of Ordinary Shares; and
 - (iv) otherwise for cash up to an aggregate nominal amount of £35,000.
 - 3.3.3 The provisions of section 561 (1) of the Companies Act (which confer on shareholders rights of pre-emption in respect of the allotment of equity securities which are paid up in cash) apply to the unissued share capital of the Company except to the extent disapplied by the resolution referred to in sub-paragraph 3.3.2 above.
 - 3.3.4 The Placing Shares will rank *pari passu* in all respects with the existing Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid after Admission on the Ordinary Share capital.
 - 3.3.5 Save as disclosed in this Document:
 - (i) no share or loan capital in the Company or the Group is under option or is the subject of an agreement, conditional or unconditional, to be put under option and there is no current intention to issue any of the authorised and unissued Ordinary Shares; and
 - (ii) no share or loan capital of the Company or of the Group has been issued for cash or other consideration within the period since incorporation of the Company and the date of this Document and no such issue is proposed.
 - 3.3.6 The Ordinary Shares have been created under the Companies Act.
 - 3.3.7 The Articles permit the Company to issue shares in uncertificated form. The Ordinary Shares are in registered form and may be held in certificated form or in uncertificated form through CREST.
 - 3.3.8 No shares of the Company are 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.
 - 3.3.9 The Company does not have in issue any securities not representing share capital.
 - 3.3.10 The International Security Identification Number for the Ordinary Shares is GB00B8YZTJ80.

4. Articles of Association

- 4.1. Neither the memorandum of association of the Company nor the Articles restrict the activities of the Company.

4.2 The Articles include provisions to the following effect:

4.2.1 *Meetings of Members*

Subject to the requirement to convene and hold annual general meetings in accordance with the requirements of the Companies Act, the Board may call general meetings whenever and at such times and places as it shall determine and, on the requisition of members pursuant to the provisions of the Companies Act, shall forthwith proceed to convene a general meeting in accordance with the requirements of the Companies Act.

An annual general meeting shall be called by at least 21 clear days' notice. All other general meetings shall be called by at least 14 clear days' notice unless the Companies Act requires otherwise. Subject to the provisions of the Articles and to any restrictions imposed on any shares, the notice shall be given to all the members, to each of the directors and the auditors for the time being of the Company. The notice shall specify the time and place of the meeting and, in the case of special business, the general nature of such business. The accidental omission to give notice of a meeting, or to send a form of proxy with a notice where required by the Articles, to any person entitled to receive the same, or the non-receipt of a notice of meeting or form of proxy by any person, shall not invalidate the proceedings of that meeting.

The directors may from time to time make such arrangements for the purpose of controlling the level of attendance as they shall in their absolute discretion consider appropriate.

The appointment of a proxy shall be executed by or on behalf of the appointer. Delivery of a proxy shall not preclude a member from attending and voting in person at the meeting or poll concerned. A member may appoint more than one proxy to attend on the same occasion.

A corporation which is a member of the Company may authorise such person as it thinks fit to act as its representative at any meeting of the Company or at any separate meeting of the holders of any class of shares.

4.2.2 *Voting Rights*

At general meetings of the Company, on a show of hands, every member who (being an individual) is present in person or by proxy or (being a corporation) is present by a duly authorised representative not being himself a member entitled to vote, shall have one vote and on a poll every member present in person or by proxy or (being a corporation) is present by a duly authorised representative not being himself a member entitled to vote, shall have one vote for every share held by him.

4.2.3 *Alteration of Capital*

4.2.3.1 The Company may from time to time by ordinary resolution:

- (a) consolidate and divide all or any of its shares into shares of larger amount;
- (b) sub-divide all or any of its shares into shares of smaller amount and attach varying rights to the shares resulting from such sub-division; and
- (c) cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

4.2.3.2 The Company may by special resolution reduce its share capital, any capital redemption reserve fund and any share premium account subject to the provisions of the Companies Act.

4.2.4 *Variation of Rights*

All or any of the special rights for the time being attached to any class of shares for the time being issued may be varied or abrogated with the consent in writing of the holders of three-quarters in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of such holders (but not otherwise). At every such separate general meeting the necessary quorum shall be not less than two persons holding or representing by proxy not less than one third in nominal amount of the issued shares of the class or, at any adjourned meeting of such holders, one holder who is present in person or by proxy, whatever the amount of his holding, shall be deemed to constitute a meeting.

4.2.5 *Purchase of Own Shares*

Subject to the provisions of the Companies Act and to the sanction by a special resolution passed at a separate class meeting of the holders of any convertible shares, the Company may purchase any of its own shares of any class (including redeemable shares) at any price.

4.2.6 *Transfer of Shares*

Any member may transfer all or any of his shares. Save where any rules or regulations made under the Companies Act permit otherwise, the instrument of transfer of a share shall be in any usual form or in any other form which the Board may approve and shall be executed by or on behalf of the transferor and (in the case of a share which is not fully paid) by the transferee. The Board may in its absolute discretion and without giving any reason decline to register any transfer of shares which are not fully paid or on which the Company has a lien.

4.2.7 *Dividends and other distributions*

The Company may by ordinary resolution declare dividends in accordance with the respective rights of the members, but no dividend shall exceed the amount recommended by the Board. The Board may pay interim dividends if it appears that they are justified by the financial position of the Company.

All dividends shall be apportioned and paid *pro rata* to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid.

Any dividend unclaimed after a period of twelve years from the date when it became due for payment shall, if the Board so resolves, be forfeited and cease to remain owing by the Company.

The Board may, if authorised by an ordinary resolution of the Company, offer members the right to elect to receive shares credited as fully paid in whole or in part, instead of cash, in respect of the dividend specified by the ordinary resolution.

The Company may cease to send any cheque or dividend warrant through the post if such instruments have been returned undelivered or remain uncashed by a member on at least two consecutive occasions. The Company shall recommence sending cheques or dividend warrants if the member claims the dividend or cashes a dividend warrant or cheque.

In a winding up, the liquidator may, with the sanction of a special resolution and subject to the Insolvency Act 1986, divide among the members *in specie* the whole or any part of the assets of the Company and/or vest the whole or any part of the assets in trustees upon such trusts for the benefit of the members as the liquidator determines.

4.2.8 *Restrictions on Shares*

If the Board is satisfied that a member or any person appearing to be interested in shares in the Company has been duly served with a notice under section 793 of the Companies Act and is in default in supplying to the Company the information thereby required within a prescribed period after the service of such notice the Board (of the Company) may serve on such member or on any such person a notice (“a direction notice”) in respect of the shares in relation to which the default occurred (“default shares”) directing that a member shall not be entitled to vote at any general meeting or class meeting of the Company. Where default shares represent at least 0.25 per cent. of the class of shares concerned the direction notice may in addition direct that any dividend (including shares issued in lieu of a dividend) which would otherwise be payable on such shares shall be retained by the Company without liability to pay interest and no transfer of any of the shares held by the member shall be registered unless it is a transfer on sale to a *bona fide* unconnected third party, or by the acceptance of a take-over offer or through a sale through a recognised investment exchange as defined in the Financial Services and Markets Act 2000. The prescribed period referred to above means 14 days from the date of service of the notice under section 793 where the default shares represent at least 0.25 per cent. of the class of shares concerned and 28 days in all other cases.

4.2.9 *Directors*

4.2.9.1 At every annual general meeting of the Company as near as possible (but greater than) one third of the directors for the time being shall retire by rotation and be eligible for re-election. The directors to retire will be those who have been longest in office or, in the case of those who became or who are re-elected directors on the same day, shall, unless they otherwise agree, be determined by lot.

4.2.9.2 Save as provided in sub-paragraph 4.2.9.3 below, a director shall not vote at a meeting of the Board or any committee of the Board on any resolution of the directors concerning a matter in which he has an interest which together with any interest of any person connected with him is to his knowledge a material interest. The Company may by ordinary resolution suspend or relax such provisions to any extent or ratify any transaction not duly authorised by reason of a contravention of such provisions.

4.2.9.3 The prohibition in sub-paragraph 4.2.9.2 above shall not apply to a director in relation to any of the following matters, namely: (i) the giving of any guarantee, security or indemnity to him in respect of money lent or obligations incurred by him for the benefit of the Company or any of its subsidiaries; (ii) the giving of any guarantee, security or indemnity to a third party in respect of an obligation of the Company or any of its subsidiaries for which he has assumed responsibility in whole or part and whether alone or jointly with others under a guarantee or indemnity or by giving of security; (iii) the subscription for or underwriting or sub-underwriting of any shares, debentures or other securities of the Company or any of its subsidiaries by him; (iv) any proposal concerning any other company in which he and any persons connected with him do not to his knowledge hold an interest in shares representing one per cent or more of either any class of the equity share capital or the voting rights in such company); (v) any resolution relating to an arrangement for the benefit of employees of the Company or any of its subsidiaries and which does not provide in respect of any director as such any privilege or benefit not accorded to the employees to whom the arrangement relates; and (vi) any proposal concerning the purchase and/or maintenance of any insurance policy against liability for negligence, default, breach of duty or breach of trust in relation to the Company under which he may benefit.

4.2.9.4 The ordinary remuneration of the directors who do not hold executive office for their services (excluding amounts payable under any other provision of the Articles) shall not exceed in aggregate £250,000 per annum or such higher amount as the Company may from time to time by ordinary resolution determine. Subject thereto, each such director shall be paid a fee (which shall be deemed to accrue from day to day) at such rate as may from time to time be determined by the Board. The directors shall be entitled to all such reasonable expenses as they may properly incur in attending meetings of the Board or in the discharge of their duties as directors. Any director who by request of the Board performs special services may be paid such extra remuneration by way of salary, percentage of profits or otherwise as the Board may determine. The directors may pay pensions and other benefits to, inter alios, present and past employees and directors and may set up and maintain schemes for the purpose.

4.2.9.5 Unless otherwise determined by ordinary resolution of the Company, the number of directors shall not be less than two nor more than ten. A director shall not be required to hold any shares of the Company by way of qualification.

4.2.10 *Borrowing Powers*

The directors may exercise all the powers of the Company to borrow money, to guarantee, to indemnify and to mortgage or charge its undertaking, property, assets (present and future) and uncalled capital, and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party. The directors shall restrict the borrowings of the Company and exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiaries so as to secure (so far as regards subsidiaries as by such exercise they can secure) that the aggregate principal amount (including any premium payable on final payment) for the time being outstanding of all monies borrowed by the Company and its subsidiaries and for the time being owing to third parties shall not at any time, without the previous sanction of an ordinary resolution of the Company, exceed an amount equal to four times the Adjusted Capital and Reserves (as defined in the Articles).

5. Mandatory bids, squeeze-out and sell-out rules relating to the Ordinary Shares

5.1 *Mandatory bid*

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

5.2 *Squeeze-out*

Under the Companies Act, if an offeror were to acquire 90 per cent. of the Ordinary Shares within four months of making its offer, it could then compulsorily acquire the remaining 10 per cent. It would do so by sending a notice to outstanding Shareholders telling them that it will compulsorily acquire their shares and then, six weeks later, it would execute a transfer of the outstanding shares in its favour and pay the consideration to the Company, which would hold the consideration on trust for outstanding Shareholders. The consideration offered to the Shareholders whose shares are

compulsorily acquired under the Companies Act must, in general, be the same as the consideration that was available under the takeover offer.

5.3 *Sell-out*

The Companies Act also gives minority Shareholders in the Company a right to be bought out in certain circumstances by an offeror who had made a takeover offer. If a takeover offer related to all the Ordinary Shares and at any time before the end of the period within which the offer could be accepted the offeror held or had agreed to acquire not less than 90 per cent. of the Ordinary Shares, any holder of shares to which the offer relates who has not accepted the offer can by a written communication to the offeror require it to acquire those shares. The offeror would be required to give any Shareholder notice of his right to be bought out within one month of that right arising. The offeror may impose a time limit on the rights of minority Shareholders to be bought out, but that period cannot end less than three months after the end of the acceptance period. If a Shareholder exercises its rights, the offeror is bound to acquire those shares on the terms of the offer or on such other terms as may be agreed.

6. **Director's Service Contracts and Remuneration**

The Directors have been appointed to the offices and employments set out against their respective names. The agreements summarised below are each between the respective Director and the Company.

6.1 *Ian Balchin*

Mr Balchin has agreed to act as a non-executive director of the Company pursuant to a letter of appointment dated 5 June 2013. Mr Balchin will receive an annual salary of £32,000. The appointment may be terminated by either party giving three months' written notice. Mr Balchin's letter of appointment provides for no benefits upon termination.

6.2 *Neill Ricketts*

Mr Ricketts has agreed to act as Chief Executive Officer of the Company pursuant to a service agreement dated 5 June 2013. Mr Ricketts will receive an annual salary of £85,000 pursuant to his service agreement. The agreement may be terminated by either party giving 12 months' written notice. Mr Ricketts' service agreement provides for no benefits upon termination of his employment.

6.3 *Will Battrick*

Mr Battrick has agreed to act as Chief Technical Officer of the Company pursuant to a service agreement dated 5 June 2013. Mr Battrick will receive an annual salary of £55,000 pursuant to his service agreement. The agreement may be terminated by either party giving 12 months' written notice. Mr Battrick's service agreement provides for no benefits upon termination of his employment.

6.4 *Stephen Humphries*

Mr Humphries has agreed to act as Finance Director of the Company pursuant to a service agreement dated 5 June 2013. Mr Humphries will receive a salary at a rate of £800 per day pursuant to his service agreement. The agreement may be terminated by either party giving three months' written notice. Mr Humphries' service agreement provides for no benefits upon termination of his employment.

6.5 *(David) Jeremy Veasey*

Mr Veasey has agreed to act as a non-executive director of the Company pursuant to a letter of appointment dated 5 June 2013. Mr Veasey will initially receive no fee and this will be revisited by the Company three months after Admission. The appointment may be terminated by either party giving three months' written notice. Mr Veasey's letter of appointment provides for no benefits upon termination.

7. Information on Directors

7.1 The directorships and partnerships held by each of the Directors over the five years preceding the date of this Document in addition to that of the Company are as follows:

<i>Director</i>	<i>Current Directorships/ Partnerships</i>	<i>Past Directorships/ Partnerships</i>
Ian Balchin	AFC Energy plc Metalevel Limited Occasions Unlimited Polyfect Solutions Limited Waste2tricity Limited	–
Neill Ricketts	Versarien Technologies Limited Kronos Engineering Solutions Limited	Elektron Technology plc Digitron Instrumentation Limited Hardide Coatings Limited Howle Holdings Limited Titman Tip Tools Limited Total Carbide Limited
Will Battrick	Knysa Limited Versarien Technologies Limited	Linden Beckett Holdings Limited Southdown Aero Services Limited Southdown Composites Limited Thameshead Associates Limited
Stephen Humphries	Griffiths Marshall Limited Redmarley C of E Primary Academy	–
(David) Jeremy Veasey	Jeddah Securities Limited	–

7.2 None of the Directors has:

- 7.2.1 any unspent convictions in relation to indictable offences;
- 7.2.2 had any bankruptcy order made against him or entered into any individual voluntary arrangements;
- 7.2.3 been a director of a company which has been placed in receivership, compulsory liquidation, creditors voluntary liquidation, administration, been the subject of a voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors whilst he was a director of that company or within the 12 months after he ceased to be a director of that company;
- 7.2.4 been a partner in any partnership which has been placed in compulsory liquidation, administration or been the subject of a partnership voluntary arrangement whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;
- 7.2.5 been the owner of any assets which have been the subject of a receivership or a partner in any partnership any asset of which has been placed in receivership or within 12 months after he ceased to be a partner in that partnership;
- 7.2.6 been a partner in any partnership which has been placed in receivership whilst he was a partner in that partnership or within 12 months after he ceased to be a partner in that partnership;
- 7.2.7 been publicly criticised by any statutory or regulatory authority (including recognised professional bodies); or

7.2.8 been disqualified by a court from acting as a director of any company or from acting in the management or conduct of the affairs of a company.

7.3 Save as disclosed in this Document, no Director is or has been interested in any transaction which is or was unusual in its nature or conditions or significant to the business of the Group and which was effected by the Group and remains in any respect outstanding or unperformed.

7.4 No loans made or guarantees granted or provided by the Group to or for the benefit of any Director are outstanding.

8. Directors' and Other Interests

8.1 The interests (within the meaning of sections 820 to 825 of the Companies Act) of the Directors and the persons connected with them (within the meaning of sections 252 to 255 of the Companies Act) in the share capital of the Company as at the date of this Document and as they are expected to be immediately following completion of the Acquisition, the Placing and Admission are as follows:

<i>Name</i>	<i>Number of Ordinary Shares as at the date of this Document</i>	<i>Percentage of Existing Share Capital</i>	<i>Number of Ordinary Shares as at Admission</i>	<i>Percentage of Enlarged Share Capital</i>
Neill Ricketts	16,000,000	30.3	16,000,000	19.3
Will Battrick	8,000,000	15.1	8,000,000	9.6
(David) Jeremy Veasey	1,544,000	2.9	1,544,000	1.9
Ian Balchin ¹	1,068,000	2.1	1,149,633	1.4
Stephen Humphries	–	–	–	–

Note 1: Ian Balchin's interest in the Company is held as to 565,000 Ordinary Shares registered in his own name and 508,000 Ordinary Shares registered in the name of Hotzone Technologies Limited, a company of which he is a controlling shareholder. Mr Balchin is subscribing for 81,633 Ordinary Shares pursuant to the Placing which will be registered in his name from Admission.

8.2 As at the date of this Document, save as disclosed in paragraph 8.1 above, the Directors were not aware of any holdings which represent an interest (within the meaning of Part 22 of the Companies Act), directly or indirectly, jointly or severally, in three per cent. or more of the Existing Share Capital.

8.3 Immediately following Admission, the Directors expect the following holdings will represent an interest (within the meaning of Part 22 of the Companies Act), directly or indirectly, jointly or severally, in three per cent. or more of the Enlarged Share Capital:

<i>Shareholder</i>	<i>Number of Ordinary Shares held on Admission</i>	<i>Percentage of Enlarged Share Capital</i>
Jim Murray-Smith ¹	16,093,878	19.4
Elektron Technology plc	8,571,429	10.3

Note 1: Mr Murray-Smith's interest in the Company is held as to 16,000,000 Ordinary Shares in his own name and 93,878 Ordinary Shares in the name of his wife.

8.4 On Admission, the following Directors will be granted the following options over Ordinary Shares pursuant to the Share Option Scheme.

<i>Name</i>	<i>Date of grant</i>	<i>Number of Ordinary Shares under option</i>	<i>Exercise price per Ordinary Share (pence)</i>	<i>Exercise period</i>
Neill Ricketts	12 June 2013	528,720	12.25	12 June 2013 – 11 June 2023
Will Battrick	12 June 2013	528,720	12.25	12 June 2013 – 11 June 2023

- 8.5 In addition to the options referred to in paragraph 8.4 above, the Company will also grant, on Admission, a total of 2,114,880 options over Ordinary Shares to a total of 7 employees of the Group, pursuant to the Share Option Scheme.

9. Related Party Transactions

- 9.1 No member of the Group has entered into any related party transactions of the kind set out in the standards adopted according to the Regulation (EC) No 1606/2002 in any of the financial years ended 31 March 2011, 31 March 2012 or since 31 March 2012.

10. Taxation

The comments set out below are based on existing law and current HM Revenue & Customs practice. They are intended as a general guide only and apply only to Shareholders who are resident in the United Kingdom for tax purposes (except to the extent that specific reference is made to Shareholders resident outside the United Kingdom), who hold the shares as investments and who are the absolute beneficial owners of those shares. This information is not exhaustive and does not constitute taxation, legal or investment advice. Any person who is in any doubt as to their taxation position or who is subject to taxation in any jurisdiction other than the United Kingdom, should consult their own professional advisers immediately.

10.1 *Enterprise Investment Scheme and Venture Capital Trusts*

On issue, the Placing Shares will not be treated as either “listed” or “quoted” securities for tax purposes. Provided that the Company remains one which does not have any of its shares quoted on a recognised stock exchange (which for these purposes does not include AIM), the Placing Shares should continue to be treated as unquoted securities.

The following information is based upon the laws and practice currently in force in the UK and may not apply to persons who do not hold their Ordinary Shares as investments. These details are intended only as a general guide to the current tax position under UK taxation law and are not intended to be exhaustive.

Potential shareholders of the Company who are in any doubt as to their tax position or who are subject to tax in jurisdictions other than the UK are strongly advised to consult their own independent financial adviser immediately.

The Directors have been advised that those Placing Shares where the proceeds are to be used for a qualifying purpose should be eligible (subject to the circumstances of investors) for tax reliefs under the Enterprise Investment Scheme and for investment by Venture Capital Trusts. A formal application to HM Revenue & Customs has been made for approval to that effect.

Companies can raise a combined maximum of £5 million under the three venture capital schemes; the Enterprise Investment Scheme (EIS), the Corporate Venturing Scheme (CVS) and Venture Capital Trusts (VCTs); in a given 12 month period.

10.1.1 *Enterprise Investment Scheme (“EIS”)*

Provided that the investor and the Company comply with the EIS legislation (Part V of the Income Tax Act 2007 and Sections 150A-C and Schedule 5B of the Taxation of Chargeable Gains Act 1992), which includes a requirement that the Ordinary Shares are held by investors for not less than three years, UK taxpayers should qualify for EIS relief on their investment in newly issued shares in the Company.

Advance assurance from HM Revenue & Customs has been sought that subject to a form EIS1 being submitted, the Company is to be treated as carrying on a qualifying trade for EIS purposes. The Directors intend to manage the Company so as to maintain (as far as they are able) the status of the Company as a qualifying company although no guarantee can be given in this regard.

There are four EIS tax reliefs, being:

(i) Income tax relief

Individuals can obtain income tax relief on the amount subscribed for ordinary shares (to a maximum of £1 million) in one or more qualifying companies, which are retained for a period of three years, provided the individuals are not connected to the issuing company. A tax credit of 30 per cent. Of the eligible amount subscribed is given. The credit is given against the individual's income tax liability for the tax year in which the ordinary shares are issued although it is possible to carry back the relief to the preceding tax year (restricted to the maximum investment for that year). The relief will be limited to an individual's tax liability before EIS relief and cannot create a loss. EIS income tax relief is not available for individuals who own more than 30 per cent. Of the issued share capital of the Company or certain other individuals connected with the Company.

(ii) Capital gains tax ("CGT") exemption

Any capital gains realised on the disposal, after three years, of ordinary shares on which EIS income tax relief has been given and not withdrawn are tax-free. This exemption is not available for individuals who own more than 30 per cent. Of the issued share capital of the Company or other individuals connected with the Company.

(iii) Loss relief

Subject to certain conditions, tax relief is available for a qualifying shareholder who realises a loss on a disposal of ordinary shares on which EIS income tax relief (see (i) above) has been given and not withdrawn or CGT deferral relief (see (iv) below) has been given and not withdrawn. The amount of the loss (after taking account of the income tax relief initially obtained) can be set against a capital gain in the year of loss or following years or offset against taxable income in the tax year in which the disposal occurs or the preceding year.

(iv) Capital gains tax liability/deferral

To the extent that a UK resident (which includes individuals and certain trustees) subscribes for qualifying ordinary shares a claim can be made to defer all or part of a chargeable gain arising on the disposal of any asset. Although there is a limit of £1 million for income tax relief and a proportionate reduction in the exemption from CGT for subscriptions exceeding this limit (see (i) and (ii) above), there is no limit on the amount of gains that can be deferred in this way. The subscription must have been made within one year before or three years after the date of the disposal which gave rise to the gain or the date when a previously deferred gain crystallises. The gain is deferred until there is a "chargeable event" such as the disposal of ordinary shares after the three year qualifying period. If the investing ordinary shareholder dies or does not retain the ordinary shares for three years or the EIS rules are otherwise breached, the CGT deferral originally granted will be withdrawn and tax will be charged on the basis of a taxable event occurring at the date the rules cease to be met or, in certain instances, by reference to the normal payment date.

Although the Company currently expects to satisfy the relevant conditions for EIS investment, neither the Directors nor the Company gives any warranty or undertaking that relief will be available in respect of any investment in New Ordinary Shares pursuant to this document, nor do they warrant or undertake that the Company will conduct its activities in a way that qualifies for or preserves its status.

10.1.2 *Venture Capital Trust ("VCT")*

The Company has sought advance assurance from HM Revenue & Customs of the Company's status as a qualifying VCT investment. The advance assurance, in accordance with customary HM Revenue

& Customs' practice, relates to the qualifying status of the Company only and will be based on the facts supplied to HM Revenue & Customs. Subsequent conditions placed on the Company may affect its qualifying status.

10.2 Although the Company currently expects to satisfy the relevant conditions for VCT investment, neither the Directors nor the Company gives any warranty or undertaking that relief will be available in respect of any investment in New Ordinary Shares pursuant to this document, nor do they warrant or undertake that the Company will conduct its activities in a way that qualifies for or preserves its status.

10.3 *Taxation of Dividends*

No taxation will be withheld from dividends paid by the Company on the Ordinary Shares. Dividends carry a tax credit equal to one ninth of the dividend.

10.3.1 *United Kingdom resident individuals*

Individual shareholders, who are resident in the United Kingdom for tax purposes, will generally be subject to income tax on the aggregate amount of the dividend and associated tax credit (the "gross dividend"). For example, on a cash dividend of £90 an individual would be treated as having received dividend income of £100 and as having paid income tax of £10 (the "associated tax credit"). The gross dividend will be regarded as the top slice of the shareholder's income.

Individual shareholders who (after taking account of the gross dividend) are liable to income tax at the basic rate, pay tax on dividends at the dividend ordinary rate of 10 per cent. Such individuals will have no further tax to pay, as the tax liability will be fully extinguished by the associated tax credit. Individual shareholders who are not liable to income tax are not able to recover the tax credit.

Individual shareholders who (after taking account of the gross dividend) are subject to income tax at the higher rate (currently 40 per cent) will be liable to tax at the dividend upper rate of 32.5 per cent on the gross dividend. For example, a higher rate tax payer receiving a dividend of £90 would for income tax purposes be treated as receiving dividend income of £100 (the aggregate of the £90 dividend received and the associated tax credit of £10). The tax liability would be £32.50. However, the associated tax credit of £10 would be set against the tax liability, leaving the individual with net tax to pay of £22.50.

Individual shareholders who (after taking account of the gross dividend) are subject to income tax at the additional rate (currently 50 per cent) will be liable to income tax at the dividend additional rate of 42.5 per cent on the gross dividend. For example, a 50 per cent tax payer receiving a dividend of £90 would for income purposes be treated as receiving dividend income of £100 (the aggregate of the £90 dividend received and the associated tax credit of £10). The tax liability would be £42.50. However the associated tax credit of £10 would be set against the tax liability, leaving the individual with net tax to pay of £32.50. From 6 April 2013 the dividend additional rate will reduce to 37.5 per cent., which will leave the individual with net tax to pay of £27.50.

10.3.2 *United Kingdom resident trustees*

Trustees of discretionary trusts liable to account for income tax on the income of the trust will be treated as having received gross income equal to the aggregate amount of the dividend and associated tax credit. Trustees will pay tax on dividends received at the dividend trust rate of 42.5 per cent. As with the additional rate individual shareholders, the 10 per cent tax credit will be set against the tax liability leaving further tax to pay of 32.5 per cent of the gross dividend. From 6 April 2013, the dividend trust rate will reduce to 37.5 per cent.

10.3.3 *United Kingdom resident companies*

Shareholders who are within the charge to UK corporation tax will be subject to corporation tax on dividends unless the dividends fall within an exempt class and certain other conditions are met. Whether an exempt class applies and whether other conditions are met will depend upon the circumstances of the particular shareholder, although it is expected that the dividends paid by the company would normally be exempt.

10.3.4 *United Kingdom resident gross funds/charities*

There is no entitlement, for either a gross fund or charity, to a tax credit and consequently no claim to recover the tax credit will be possible.

10.3.5 *Non-United Kingdom residents*

Generally, non-United Kingdom residents will not be subject to any United Kingdom taxation in respect of United Kingdom dividend income nor will they be able to recover the associated tax credit, although this will depend upon the existence of and the terms of any double taxation convention between the United Kingdom and the country in which such shareholder is resident.

Non-United Kingdom resident shareholders may be subject to tax on United Kingdom dividend income under any law to which that person is subject outside the United Kingdom. Non-United Kingdom resident shareholders should consult their own tax advisers with regard to their liability to taxation in respect of the cash dividend.

10.4 ***Taxation of Capital Gains***

A subsequent disposal of Ordinary Shares may result in a liability to United Kingdom taxation of chargeable gains, depending upon individual circumstances.

United Kingdom resident individual Qualifying Shareholders are no longer entitled to indexation allowance or taper relief when they dispose of Ordinary Shares. Instead, depending upon their individual circumstances and any available reliefs, they may be subject to capital gains tax at the prevailing rate on any disposals of Existing Ordinary Shares or New Ordinary Shares. For individuals whose total taxable income and gains after all allowable deductions (including losses, the income tax personal allowance and the capital gains tax annual exempt amount) is less than the upper limit of the basic rate income tax band (currently £34,370, but reducing to £32,245 for 2013/14), the rate of capital gains tax will be 18 per cent. For gains (and any parts of gains) above that limit, the rate will be 28 per cent. United Kingdom resident individuals are exempt from capital gains tax on the first £10,600 gains arising in a tax year.

A United Kingdom resident corporate Qualifying Shareholder will continue to be entitled to indexation allowance. For the purposes of calculating the indexation allowance, the expenditure incurred in subscribing for the New Ordinary Shares will be treated as having been incurred when the Qualifying Shareholder makes or becomes liable to make payment of the subscription monies. A subsequent disposal of the New Ordinary Shares acquired pursuant to the Placing may give rise to a liability to United Kingdom corporation tax on chargeable gains.

10.5 ***Stamp Duty and Stamp Duty Reserve Tax***

No liability to stamp duty or stamp duty reserve tax should arise on the allotment of New Ordinary Shares under the Placing.

10.5.1 *Shares held outside the CREST system*

The conveyance or transfer on sale of Ordinary Shares will usually be subject to stamp duty on the instrument of transfer, generally at the rate of 0.5 per cent. of the amount or value of the consideration. Stamp duty is charged in multiples of £5. An exemption from stamp duty is available on an instrument transferring shares where the amount or value of the

consideration is £1,000 or less, and it is certified on the instrument that the transaction effected by the instrument does not form part of a larger transaction or series of transactions for which the aggregate consideration exceeds £1,000.

An obligation to account for stamp duty reserve tax (“SDRT”) at the rate of 0.5 per cent. of the amount or value of the consideration will also arise if an unconditional agreement to transfer the Ordinary Shares is not completed by a duly stamped instrument of transfer before the “accountable date” for SDRT purposes. The accountable date is the seventh day of the month following the month in which the agreement for the transfer is made. Payment of the stamp duty will cancel the liability to account for SDRT.

It is the purchaser who is in general liable to account for stamp duty or SDRT.

10.5.2 *Shares held within the CREST system*

The transfer of Ordinary Shares in uncertificated form in the CREST system will generally attract a liability to SDRT at the rate of 0.5 per cent. of the amount or value of the consideration. The SDRT will generally be collected by CREST.

The above statements are intended as a general guide to the current position. Certain categories of person are not liable to stamp duty or SDRT, and others may be liable at a higher rate or may, although not primarily liable for the tax, be required to notify and account for it under the Stamp Duty Reserve Tax Regulations 1986.

Any person who is in any doubt as to his/her tax position or requires more detailed information than the general outline above should consult his/her professional advisers. Prospective purchasers of shares should consult their own professional advisers with respect to the potential tax, exchange control and other consequences to them of acquiring, holding and disposing of shares under the laws of their country of citizenship, domicile or residence.

11. Litigation

- 11.1 There are no governmental, legal or arbitration proceedings active, pending or threatened against, or being brought by, any member of the Group which are having, or may have or have had during the 12 months preceding the date of this Document a significant effect on the Group’s financial position or profitability.

12. Working Capital

- 12.1 The Directors are of the opinion, having made due and careful enquiry, that, after taking account of the Company’s existing cash resources and the estimated net proceeds of the Placing, the working capital available to the Company will be sufficient for its present requirements, that is for at least 12 months from the date of Admission.

13. Intellectual Property

- 13.1 The Company and/or its subsidiaries have the right to use the following registered intellectual property:

13.1.1 *Patents*

Under the IP Licence, Versarien Technologies has an exclusive, worldwide, licence from C-Tech Innovation Limited in respect of the patent rights licensed by the University of Liverpool to C-Tech Innovation Limited as set out in the table below:

<i>Territory</i>	<i>Application (Grant) number</i>	<i>Status</i>	<i>Priority Date</i>
EP	05744854.0 (1755809)	Granted	29/05/04
DE	05744854.0 (1755809)	Granted	29/05/04
FR	20050744854 (1755809)	Granted	29/05/04
EN	20050744854 (1755809)	Granted	29/05/04
US	11/569,641	Pending	29/05/04

The patents listed in the table belong to the same family which derive from international PCT application WO 2005/118186. The invention provides a process for producing porous metallic materials, the pores of which are open and interconnected, with the ability to control pore size, porosity and pore distribution.

The process comprises the mixing of metallic particles with a carbonate additive and a binder and compressing the mixture beyond the yield strength of the metallic particles. The mixture is then heated to a first temperature sufficient to evaporate the binder. This is followed by heating the mixture to a second temperature and maintaining that second temperature which is sufficient to sinter the metallic particles but insufficient to decompose or melt the carbonate additive. The carbonate additive is then removed from the sintered porous metallic material. Finally, there is an optional further step whereby the porous metallic material is heated and maintained at a third temperature greater than the second temperature so as to enhance the sintering.

The metallic porous material may be used to produce a wide range of products in a number of different fields including: to produce medical implants such as synthetic bones; as sound absorbing material for musical studios; as structural members for the aerospace and automotive industries; as a heat sink material for cooling apparatus such as a computer or a piece of machinery; as screening material for screening from electromagnetic radiation; and in catalyst reactions for a substrate on which the catalyst can be bonded or held or even the material itself acting as the catalyst.

The claims in EP 1 755 809 relate to the protection of the process for producing porous metallic materials. US application number 11/569,641 claims both the process for producing porous metallic materials and the metallic materials produced by such a process.

13.1.2 *Web Domains*

Versarien Technologies has registered the following domain names:

versarien-ir.co.uk
versarien-ir.com
versarien-technologies.co.uk
versarien-technologies.com
versarien-technologies.de
versarien.co.uk
versarien.com
versarien.de
versarien.net
versarienplc.co.uk
versarienplc.com
versarienplc.de
versarientechnologies.co.uk
versarientechnologies.com
versarientechnologies.de

13.1.3 Trade Marks

Versarien Technologies has submitted applications for trade marks for the word mark Versarien in the United Kingdom in respect of the following classes of goods and services:

- Class 1** Chemicals for use in heat management, semiconductor cooling and liquid cooling
- Class 9** Computers; temperature control apparatus and instruments; regulating or controlling apparatus and instruments
- Class 11** Apparatus and equipment for heating and cooling
- Class 17** Insulating, cooling and heating materials
- Class 40** Services for the treatment of materials; heat treatment; functioning of computers, electronics and automotive electronics
- Class 42** Research and scientific development; industrial analysis

14. Employees

The following table shows the number of employees (including Executive Directors but excluding Non-Executive Directors) of the Enlarged Group at Admission.

<i>Group Company</i>	<i>Number</i>	<i>Jurisdiction</i>
Versarien	2	England
Versarien Technologies	7	England
Total Carbide	51	England

15. Share Option Scheme

15.1 The Company has adopted the Share Option Plan, which will be administered by the Remuneration Committee.

15.2 The Share Option Plan is intended to qualify as an enterprise management incentive or “EMI” arrangement pursuant to Schedule 5 to the Income Tax (Earnings and Pensions) Act 2003 (“Schedule 5”).

15.3 A summary of the main provisions of the Share Option Plan is set out below.

15.4 *Types of award*

The Company may grant options over Ordinary Shares to eligible employees of the Group. The exercise of options can be satisfied by the issue or transfer of Ordinary Shares (whether from treasury or otherwise).

Options are personal to the option holder and may not be transferred, assigned or used as security in any way.

15.5 *Eligibility*

The Company may grant options to any employees of the Group, provided they meet the qualifying criteria set out in Schedule 5. Eligible employees are those who devote at least 25 hours per week or, if less, 75 per cent. of their working time to the Group and who do not already have an interest in 30 per cent. or more of the Company’s Ordinary Shares.

15.6 *Timing*

The Company may grant options at any time, unless for the purposes of the AIM Rules the Company is in a Close Period.

15.7 *Limit on grant of options*

The maximum number of Ordinary Shares which may be placed under option after Admission shall not, when aggregated with any other options or awards granted after Admission under any other employee share plan adopted by the Company, exceed twelve per cent. of the Ordinary Shares then in issue in any ten year period.

15.8 *Exercise price*

The exercise price of an option will be determined by the Remuneration Committee, however, the intention is that the exercise price of an option, in the absence of any specific performance conditions attaching to the vesting of an option, will be not less than the higher of the nominal value and market value of an Ordinary Share at the date of grant. Market value will be based on a closing quoted price for an Ordinary Share on the trading day immediately before the date of grant.

15.9 *Vesting conditions*

The Remuneration Committee may grant an option subject to performance or other vesting conditions as the Remuneration Committee may specify on or before the grant of that option.

It is the Remuneration Committee's intention that options will normally be granted subject to vesting in three equal tranches over a three year period. Once an option vests, it will be capable of exercise at any time, subject to the restrictions summarised in paragraph 15.10 below.

15.10 *Regulatory and tax issues on exercise*

Once vested, an option may not be exercised unless such exercise and subsequent issue or transfer of Ordinary Shares is lawful in all applicable jurisdictions and complies with the AIM Rules, the Company's own share dealing code and all other relevant rules and regulations.

In addition, an option may not be exercised unless or until the option holder has entered into arrangements acceptable to the Remuneration Committee to satisfy any liability incurred by the relevant Group Company to PAYE income tax and national insurance contributions (or their equivalent in any applicable jurisdiction), which may include the sale of Ordinary Shares on behalf of the option holder.

At the discretion of the Remuneration Committee, option holders may be obliged to meet the cost of any employer's national insurance contributions in connection with the exercise of options.

15.11 *Leavers*

If an option holder ceases to be an employee of any company in the Group as a result of dismissal in circumstances constituting gross misconduct, fraud or dishonesty, or is declared bankrupt, all options (whether vested or unvested) will lapse immediately on termination of employment.

If an option holder ceases to be an employee of any Group Company for any other reason, vested options as at the date of termination will continue to be exercisable in accordance with the rules of the Share Option Plan.

15.12 *Corporate events*

All options shall automatically vest in full in connection with the following corporate events:

15.12.1 a third party obtains control of the Company by way of a general offer or a compromise or arrangement which is sanctioned by the Court under section 899 of the Act;

15.12.2 the Company passes a resolution for a voluntary winding up;

15.12.3 an order is made for a compulsory winding up.

In the event of a change of control of the Company, an option holder may be permitted to exchange his options for options over shares in the acquiring company in accordance with the process set out in Schedule 5.

15.13 *Variations of share capital*

If there is a variation of the Company's share capital, the Remuneration Committee may vary the exercise price and the number of Ordinary Shares under option as it considers appropriate.

15.14 *Amendments and termination*

The Remuneration Committee may amend the terms of the Share Option Plan except that no amendment may be made which materially adversely affects option holders without the consent in writing of those option holders.

The Remuneration Committee can suspend or terminate the Share Option Plan at any time but any such termination will not affect the subsisting rights of option holders.

15.15 *Awards not pensionable*

No options or benefits under the Share Option Plan are pensionable.

16. **Material Contracts of the Group**

16.1 *Versarien Acquisition Agreement*

A sale and purchase agreement between Neill Ricketts and Others (the "Sellers") (1) the Company (2) and Versarien Technologies (3) dated 21 March 2013 pursuant to which the Sellers agreed to sell and the Company agreed to purchase the entire issued share capital of Versarien Technologies in consideration for the Company issuing an aggregate of 52,871,999 Ordinary Shares to the Sellers. Each of the Sellers gave certain warranties to the Company. On completion of the agreement the Company became the legal and beneficial owner of the entire issued share capital of Versarien Technologies.

16.2 *Acquisition Agreement*

The Acquisition Agreement pursuant to which the Company has agreed to acquire the entire issued share capital of Total Carbide. The consideration of £2,280,000 will be satisfied as to £1,580,000 in cash and as to £700,000 by the issue of the Consideration Shares. The Vendor is giving warranties and indemnities under the Acquisition Agreement in relation to Total Carbide and its business. The Acquisition Agreement is conditional, *inter alia*, on the Enlarged Share Capital being admitted to trading on AIM.

The Vendor has agreed under the Acquisition Agreement, not to dispose of the Consideration Shares for six months following completion of the Acquisition other than in order to satisfy a warranty claim against them under the Acquisition Agreement and in certain other limited circumstances and for a further 12 months thereafter not to dispose of the Consideration Shares other than through Northland or Westhouse in an orderly manner.

Elektron Technology plc has agreed to guarantee to the Company the due and punctual payment by the Vendor of any and all sums which are or become payable by the Vendor in respect of the Acquisition Agreement and the due and punctual performance of all obligations of the Vendor under the Acquisition Agreement

16.3 *Placing Agreement*

The Placing Agreement pursuant to which, conditional upon, *inter alia*, Admission taking place on or before 12 June 2013 (or such later date as the Company, Northland and Westhouse may agree, being not later than 28 June 2013), Northland and Westhouse have agreed to use their reasonable endeavours to procure Places for the Placing Shares at the Placing Price. The Placing Agreement contains

indemnities and warranties from the Company, the Directors and Jim Murray-Smith in favour of Northland and Westhouse together with provisions which enable Northland and Westhouse to terminate the Placing Agreement in certain circumstances prior to Admission including circumstances where any of the warranties are found to be untrue or inaccurate in any material respect. The Company has agreed to pay to Northland and Westhouse commissions to be calculated based on the aggregate value of the Placing Shares at the Placing Price.

Each of the Directors and Jim Murray-Smith has undertaken (in respect of himself and persons connected with him) to the Company, Northland and Westhouse not to dispose of any interest in Ordinary Shares for a period of 12 months following the date of Admission, except in very limited circumstances.

In addition each of the Directors and Jim Murray-Smith has undertaken not to dispose of the Ordinary Shares held at Admission for a further 12 months other than through Northland and/or Westhouse in such orderly manner as Northland and Westhouse shall reasonably require with a view to the maintenance of an orderly market in such Ordinary Shares of the Company.

16.4 ***Nominated Adviser and Broker Agreement***

A nominated adviser and broker agreement dated 6 June 2013 between the Company and Northland pursuant to which the Company has appointed Northland to act as nominated adviser and joint broker to the Company in connection with the Placing and Admission and for the purposes of the AIM Rules. The agreement contains certain undertakings and indemnities given by the Company in respect of, *inter alia*, compliance with all applicable laws and regulations. The agreement has a minimum term of one year and thereafter is subject to termination on the giving of three (3) months' notice. Either party may nevertheless terminate the agreement with immediate effect if the other party is in material breach of its obligations under the agreement.

16.5 ***Northland Option Agreement***

An option agreement dated 6 June 2013 between the Company and Northland pursuant to which the Company has granted to Northland an option to acquire, at the Placing Price, 335,129 new Ordinary Shares in the capital of the Company exercisable at any time from and including the first anniversary of Admission until the date falling five years after the date of Admission.

16.6 ***Broker Agreement***

A broker agreement dated 6 June 2013 between the Company and Westhouse pursuant to which the Company has appointed Westhouse to act as joint broker to the Company in connection with the Placing and Admission and for the purposes of the AIM Rules. The agreement contains certain undertakings and indemnities given by the Company in respect of, *inter alia*, compliance with all applicable laws and regulations. The agreement has a minimum term of 12 months and thereafter is subject to termination on the giving of 90 days' notice. Either party may nevertheless terminate the agreement with immediate effect if the other party is in material breach of its obligations under the agreement.

16.7 ***Westhouse Option Agreement***

An option agreement dated 6 June 2013 between the Company and Westhouse pursuant to which the Company has granted to Westhouse an option to acquire, at the Placing Price, 1,326,393 new Ordinary Shares in the capital of the Company exercisable at any time from and including the first anniversary of Admission until the date falling five years after the date of Admission.

16.8 ***IP Agreement***

C-Tech Innovations Limited ("C-Tech") and Versarien Technologies have entered into the IP Licence under which C-Tech has granted the Company a licence of certain patent rights, knowhow and technical knowledge, including certain porous metal foams technology and intellectual property and know-how (together, the "**Technology**").

As a result under the IP Licence, the Company is entitled to an exclusive, worldwide, licence covering patent rights, know-how and technical knowledge which allows the Company to manufacture, use, market, sell, hire, lease, install, maintain, develop or otherwise deal in:

16.8.1 copper porous metal foam for use in thermal management applications; and

16.8.2 any products obtained directly through the lost carbonate sintering process.

C-Tech may terminate the IP Licence if Versarien Technologies:

16.8.3 goes into liquidation whether compulsorily or voluntarily (except for the purposes of amalgamation or reconstruction);

16.8.4 is in breach of the Licence and fails to remedy such breach within 60 days of notice of such breach;

16.8.5 and C-Tech agree that the sale of systems and products incorporating the licensed technology is not commercially viable at the prevailing payment set out in the IP Licence;

16.8.6 fails to meet certain minimum royalty payments, being:

- 31 October 2011 to 30 October 2012 – £12,500;
- 31 October 2012 to 30 October 2013 – £15,000;
- 31 October 2013 to 30 October 2014 – £25,000;
- 31 October 2014 to 30 October 2015 – £40,000;
- 31 October 2015 to 30 October 2016 – £55,000.

C-Tech gives no warranties or indemnities to the Company in respect of infringement of third party intellectual property rights.

The IP Licence is subject to a non-exclusive, perpetual, irrevocable, royalty free licence to certain third parties for the use of the technology and patent rights solely for research, course-work and/or teaching purposes.

Further details of the patents which are the subject of the IP Licence are set out at paragraph 13.1.1 of this Part IV.

16.9 *Confirmation Agreement*

Versarien Technologies, Dr Yuyuan Zhao, the University of Liverpool (the “University”) and C-Tech have entered into the Confirmation Agreement under which the University:

16.9.1 granted to C-Tech, with effect from the date of an Exploitation and Licence Agreement dated 21 October 2010 (the “**2010 Licence Agreement**”) between Ulive Enterprises Limited (“Ulive”) and C-Tech, the necessary rights in the Technology to enable C-Tech to perform the 2010 Licence Agreement;

16.9.2 agreed not to challenge the rights of C-Tech to use the Technology under the 2010 Licence Agreement and/or the rights of the Company to use the Technology under the IP Licence;

16.9.3 agreed to perform the obligations of Ulive under and be bound by the terms of the 2010 Licence Agreement;

16.9.4 confirmed that it has not granted any rights which are inconsistent with, the terms of the 2010 Licence Agreement.

The University and C-Tech confirmed that the University assumed all rights and obligations of Ulive under the 2010 Licence Agreement. C-Tech confirmed that it owns the Licensed Rights (subject to the University’s ownership of the rights in the Technology).

17. General Information

- 17.1 The accounting reference date of the Company is 31 March.
- 17.2 Northland has given and has not withdrawn its written consent to the issue of this Document with the inclusion of its name in the form and context in which it appears.
- 17.3 Westhouse has given and not withdrawn its written consent to the issue of this Document with the inclusion of its name in the form and context in which it appears.
- 17.4 The accountants' reports in Part III of this Document are included, in the form and context in which they are included, with the consent of BDO LLP, which is registered as an auditor by the institute of Chartered Accountants in England and Wales. BDO LLP has authorised the contents of its reports for the purposes of the AIM Rules and accepts responsibility for them accordingly. BDO LLP has also given and not withdrawn its written consent to the inclusion of references in this Document to its name in the form and context in which they appear.
- 17.5 There are no arrangements in force for the waiver of future dividends. There are no specified dates on which entitlement to dividends or interest thereon on Ordinary Shares arises.
- 17.6 The total costs and expenses relating to the Acquisition, the Placing and Admission (including those commissions referred to in paragraph 16 above) payable by the Company are estimated to amount to approximately £610,000 (excluding VAT). The net proceeds of the Placing, after payment of such costs and expenses, will be used to finance the cash consideration payable in respect of the Acquisition, to cover the costs of the Acquisition and Admission, and to provide additional working capital for the Enlarged Group.
- 17.7 It is expected that definitive share certificates will be despatched by hand or first class post by 26 June 2013. In respect of uncertificated shares, it is expected that Shareholders' CREST stock accounts will be credited on 12 June 2013.
- 17.8 Save as disclosed in this Document, there has been no significant change in the financial or trading position of the Group since 31 March 2012, the date to which the last audited financial information on the Group was published.
- 17.9 The principal activities of the Group are described in this Document. Save as disclosed in this Document, there are no known uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Group's prospects for at least the current financial year.
- 17.10 Save as set out in this Document the Group had no principal investments for each financial year covered by the historical financial information and there are no principal investments in progress or principal future investments on which the Board has made a firm commitment.
- 17.11 Save as disclosed in this Document, the Directors are unaware of any exceptional factors which have influenced the Company's activities.
- 17.12 Save as disclosed in this Document, there are no patents, industrial, commercial or financial contracts which are material to the Company's business or profitability.
- 17.13 Where information has been sourced from a third party this information has been accurately reproduced. So far as the Company and the Directors are aware and are able to ascertain from information provided by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.
- 17.14 The financial information for the relevant accounting period set out in the accountants' reports in Part III of this Document does not constitute statutory accounts within the meaning of section 434 of the Act and no such accounts have been prepared for the Company since its incorporation.
- 17.15 Except as disclosed in this Document, no person (other than professional advisers named in this Document and trade suppliers) has received, directly or indirectly from the Company within the 12

months preceding the application for Admission or entered into any contractual arrangements (not otherwise disclosed in this Document) to receive, directly or indirectly, from the Company on or after Admission any of the following:

17.15.1 fees totalling £10,000 or more; or

17.15.2 securities in the Company with a value of £10,000 or more; or

17.15.3 any other benefit with a value of £10,000 or more at the date of Admission.

Each of the Directors is, or may be deemed to be, a promoter of the Company.

17.16 The arrangements for payment of the Placing Shares are set out in the placing letters referred to in the Placing Agreement. All monies received from applicants will be held by Northland or Westhouse prior to delivery of the Ordinary Shares. If any application is unsuccessful or scaled down, any monies returned will be sent by cheque crossed "A/C Payee" in favour of the first named applicant. Any monies returned will be sent by first class post at the risk of the addressee within three days of the completion of the Placing.

17.17 The Directors are not aware of any environmental issues that may affect the Group's utilisation of its tangible fixed assets.

17.18 The Company's major Shareholders do not have different voting rights to the Company's other Shareholders.

17.19 The Company is not aware of any arrangements which may at a subsequent date result in a change of control of the Company.

17.20 To the extent known by the Company, at Admission the Company will not be owned or controlled by any specific party or group of parties.

17.21 There are no provisions in the Articles which would have the effect of delaying, deferring or preventing a change of control of the Company.

17.22 Save as disclosed in this Document, the Directors are unaware of:

17.22.1 any significant trends in production, sales and inventory and costs and selling prices since 31 March 2013 to the date of this Document; and

17.22.2 any trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Group's prospects for at least the current financial year.

17.23 The Company has made statements in Part I of this Document regarding the Group's competitive position on the basis of the status of the Group's technology and products and its relationships as at the date of this Document.

17.24 There are no mandatory takeover bids outstanding in respect of the Company and none has been made either in the last financial year or the current financial year of the Company.

17.25 No public takeover bids have been made by third parties in respect of the Company's issued share capital in the current financial year nor in the last financial year.

17.26 Versarien Technologies' auditors for the period ended 31 March 2012 were Griffiths Marshall and Total Carbide's auditors for the three years ended 31 January 2013 were Deloitte LLP. Both Griffiths Marshall and Deloitte LLP are members of the Institute of Chartered Accountants of England and Wales.

17.27 The Placing Shares represent 29.5 per cent. of the Existing Ordinary Shares and their issue will result in a corresponding level of dilution.

18. Availability of this Document

Copies of this Document will be available from the Company's registered office free of charge during normal business hours on any weekday (except Saturdays and public holidays) at from the date of this Document and shall remain available for a period of one month from Admission and on the Company's website at www.versarienplc.com.

7 June 2013

