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The Company, the Directors and the Proposed Directors whose names appear on page 4 of this document accept individual and collective responsibility for the information contained in this document including individual and collective responsibility for compliance with the AIM Rules. To the best of the knowledge and belief of the Company, the Directors and the Proposed Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Application has been made for the Enlarged Share Capital to be admitted to trading on AIM. It is expected that Admission will become effective and that trading in the Enlarged Share Capital will commence on AIM on 24 June 2015.

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

A copy of this document, which comprises an admission document drawn up in accordance with the AIM Rules, has been issued in connection with the application for the admission of the Enlarged Share Capital to trading on AIM. This document does not comprise a prospectus for the purpose of the FSMA and the Prospectus Rules of the FCA and has not been pre-approved by the FCA pursuant to section 85 of FSMA.

**The whole of this document should be read. Your attention is particularly drawn to the Risk Factors set out in Part II of this document. All statements regarding the Company's business, financial position and prospects should be viewed in light of these Risk Factors.**

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# Inditherm plc

*(Incorporated and registered in England and Wales under the Companies Act 2006 with registered number 03587944)*

**Proposed acquisition of Inspiration Healthcare Limited**  
**Proposed change of name of the Company to Inspiration Healthcare Group plc**  
**Proposed Share Consolidation**  
**Admission of Enlarged Share Capital to trading on AIM**  
**Approval of waiver of obligations under Rule 9 of the Takeover Code**  
**and**  
**Notice of General Meeting**  
*Nominated Adviser and Broker*  
**WH Ireland Limited**

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WH Ireland, which is authorised and regulated in the United Kingdom by the FCA and is a member of the London Stock Exchange, is acting as nominated adviser and broker to the Company and is acting exclusively for 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 WH Ireland nor for providing advice in relation to the contents of this document or any matter, transaction or arrangement referred to in it. No representation or warranty, express or implied, is made by WH Ireland as to any of the contents of this document and no liability is accepted by WH Ireland 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, the Directors and the Proposed Directors are solely responsible. The distribution of this document outside the UK may be restricted by law and therefore any persons outside the UK into whose possession this document comes should inform themselves about and observe any such restrictions as to the Ordinary Shares and the distribution of this document. Any failure to comply with such restrictions may constitute a violation of the securities laws of any jurisdiction outside of the UK. This document does not constitute an offer to sell or the solicitation of an offer to buy shares in any jurisdiction in which such offer is unlawful. In particular, this document is not for distribution, directly, or indirectly, in or into Canada, Australia, Japan, the Republic of South Africa or the United States or to any national, resident or citizen of Canada, Australia, Japan, the Republic of South Africa or the United States.

Copies of this document will be available for collection, free of charge, from WH Ireland Limited, 24 Martin Lane, London EC4R 0DR for one month from the date of this document. No person has been authorised to give any information or to make any representation about the Company and about the matters the subject of this document other than those contained in this document. If any such information or representation is given or made then it must not be relied upon as having been so authorised. The delivery of this document shall not imply that no change has occurred in the Company's affairs since the date of issue of this document or that the information in this document is correct as at any time after the date of this document, save as shall be required to be updated by law or regulation.

## **IMPORTANT INFORMATION**

The information below is for general guidance only and it is the responsibility of any person or persons in possession of this document to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdiction. No person has been authorised by the Company to issue any advertisement or to give any information or to make any representation in connection with the contents of this document and, if issued, given or made, such advertisement, information or representation must not be relied upon as having been authorised by the Company.

Prospective investors should inform themselves as to: (a) the legal requirements of their own countries for the purchase, holding, transfer or other disposal of the Ordinary Shares; (b) any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of the Ordinary Shares which they might encounter; and (c) the income and other tax consequences which may apply in their own countries as a result of the purchase, holding, transfer or other disposal of the Ordinary Shares. Prospective investors must rely upon their own representatives, including their own legal advisers and accountants, as to legal, tax, investment or any other related matters concerning the Company and an investment therein. Statements made in this document are based on the law and practice currently in force in the UK and are subject to change. This document should be read in its entirety. All holders of Ordinary Shares are entitled to the benefit of, and are bound by and are deemed to have notice of, the provisions of the Articles.

## **FORWARD LOOKING STATEMENTS**

All statements other than statements of historical fact, contained in this document constitute “forward looking statements”. In some cases forward looking statements can be identified by terms such as “may”, “intend”, “might”, “will”, “should”, “could”, “would”, “believe”, “forecast”, “anticipate”, “expect”, “estimate”, “predict”, “project”, “potential”, or the negative of these terms, and similar expressions. Such forward looking statements are based on assumptions and estimates and involve risks, uncertainties and other factors which may cause the actual results, financial condition, performance or achievements of the Company, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. These forward looking statements are subject to the risk factors described in Part II of this document. Except as required by the AIM Rules, the Company expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward looking statements contained in this document to reflect any change in the Group’s expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. New factors may emerge from time to time that could cause the Company’s business not to develop as it expects, and it is not possible for the Company to predict all such factors. Given these uncertainties, prospective investors are cautioned not to place any undue reliance on such forward looking statements except as required by law.

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## DIRECTORS, SECRETARY AND ADVISERS

|   |  |
|---|--|
| <b>Directors</b>  | Mark Abrahams ( <i>Non-Executive Chairman</i> )<br>Nick Bettles* ( <i>Chief Executive Officer</i> )<br>Ian Smith ( <i>Finance Director and Company Secretary</i> )<br>John Markham* ( <i>Non-Executive Director</i> )<br><i>* will step down from the Board with effect from Admission</i> |
| <b>Directors on Admission</b>   | Mark Abrahams ( <i>Non-Executive Chairman</i> )<br>Neil Campbell ( <i>Chief Executive Officer</i> )<br>Toby Foster ( <i>Sales Director</i> )<br>Ian Smith ( <i>Finance Director and Company Secretary</i> )<br>Brook Nolson ( <i>Non-Executive Director</i> )                              |
| <b>Company registered office and principal place of business before and after Admission</b> | Inditherm House<br>Houndhill Park<br>Bolton Road<br>Rotherham S63 7LG  |
| <b>Company website</b>  | www.inditherm.co.uk<br>(up to Admission)<br>www.inspiration-healthcare.com<br>(with effect from Admission)   |
| <b>Nominated Adviser and Broker</b>   | WH Ireland Limited<br>24 Martin Lane<br>London EC4R 0DR  |
| <b>Financial Adviser to Inspiration</b>   | SPARK Advisory Partners Limited<br>2 Wellington Place<br>Leeds LS1 4AP   |
| <b>Solicitors to the Company</b>  | Eversheds LLP<br>Bridgewater Place<br>Water Lane<br>Leeds LS11 5DR   |
| <b>Solicitors to the Nominated Adviser and Broker</b>                                       | Pinsent Masons LLP<br>1 Park Row<br>Leeds LS1 5AB  |
| <b>Reporting Accountants to the Company</b>   | Mazars LLP<br>Parkview House<br>58 The Ropewalk<br>Nottingham NG1 5DW  |
| <b>Auditors to the Company</b>  | PricewaterhouseCoopers LLP<br>Benson House<br>33 Wellington Street<br>Leeds LS1 4JP  |

**IFRS Conversion Accountants**

Saffery Champness LLP  
Unex House  
Bourges Boulevard  
Peterborough PE1 1NG

**Registrars**

Capita Asset Services  
The Registry  
34 Beckenham Road  
Beckenham  
Kent BR3 4TU

**Financial PR**

Cadogan PR  
Cardinal House  
39/40 Albemarle Street  
London W1S 4TE

## ADMISSION STATISTICS

|  |              |
|--|--------------|
| Number of Existing Ordinary Shares in issue at the date of this document                               | 51,112,581   |
| Number of Ordinary Shares following the Share Consolidation but prior to completion of the Acquisition | 5,111,258    |
| Number of Consideration Shares (post Share Consolidation)  | 25,556,290   |
| Percentage of the Enlarged Share Capital represented by the Consideration Shares                       | 83.3%        |
| Number of Ordinary Shares in issue immediately following Admission                                     | 30,667,548   |
| ISIN on Admission  | GB00BXDZL105 |
| SEDOL on Admission   | BXDZL10      |
| Existing trading instrument display mnemonic (TIDM)  | IDM          |
| Proposed TIDM (should the Resolutions be passed)   | IHC          |

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

|   |                            |
|---|----------------------------|
| Publication of this document  | 26 May 2015                |
| Latest time and date for receipt of Forms of Proxy  | 11.00 a.m. on 21 June 2015 |
| General Meeting   | 23 June 2015               |
| Record date for the Share Consolidation   | 23 June 2015               |
| Expected date of Admission, completion of the Acquisition and commencement of dealings in the Enlarged Share Capital on AIM | 8.00 a.m. on 24 June 2015  |
| CREST accounts credited   | 24 June 2015               |
| Despatch of definitive share certificates   | by 1 July 2015             |

*Save for the date of publication of this document, each of the date and times above is subject to change. References to times are to London times.*

## PART I

### LETTER FROM THE CHAIRMAN

# Inditherm plc

(Registered number 03587944)

*Directors:*

Mark Simon Abrahams  
Nicholas David Bettles  
Ian Douglas Smith  
John Henry Markham

(*Non-Executive Chairman*)  
(*Chief Executive Officer*)  
(*Finance Director and Company Secretary*)  
(*Non-Executive Director*)

*Registered Office:*

Inditherm House  
Houndhill Park  
Bolton Road  
Rotherham S63 7LG

*Directors on Admission:*

Mark Simon Abrahams  
Neil James Campbell\*  
Ian Douglas Smith  
Toby Foster\*  
William Norman Brook Nolson\*

(*Non-Executive Chairman*)  
(*Chief Executive Officer*)  
(*Finance Director and Company Secretary*)  
(*Sales Director*)  
(*Non-Executive Director*)

*\*Subject to the passing of resolutions at the General Meeting*

26 May 2015

*To holders of Existing Ordinary Shares*

Dear Shareholder

**Proposed Acquisition of Inspiration Healthcare Limited**  
**Proposed change of name to Inspiration Healthcare Group plc**  
**Proposed Share Consolidation**  
**Admission of Enlarged Share Capital to trading on AIM**  
**Approval of waiver of obligations under Rule 9 of the Takeover Code**  
**and**  
**Notice of General Meeting**

#### 1. INTRODUCTION

The Company announced today that it has conditionally entered into the Acquisition Agreement pursuant to which Inditherm is to acquire the entire issued share capital of Inspiration. As a result, the Proposals are to be put to Shareholders at the General Meeting. This document, which comprises an admission document, sets out the details of, and reasons for, the Proposals and explains why the Independent Directors consider the Proposals to be in the best interests of the Company and its Independent Shareholders as a whole and recommend that Independent Shareholders vote in favour of the Resolutions to be proposed at the General Meeting.

Inspiration was founded in Leicestershire in 2003 as a medical device distribution company focused on innovative products for critical care. The company now provides a range of products for critical care, specialised surgical procedures and parenteral feeding through distribution agreements typically covering the UK and the Republic of Ireland. Inspiration also has a range of own-branded products focused on critical care which are sold in over 40 countries. In addition, Inspiration has a technical support business maintaining and repairing medical equipment.

The Acquisition constitutes a reverse takeover under the AIM Rules and as such is conditional, *inter alia*, on approval by Shareholders which will be sought at a general meeting of the Company to be held on 23 June 2015, notice of which is set out at the end of this document.

In view of Ian Smith's position as Finance Director of the Company and the changes to the terms of his employment as set out in paragraph 8(b) of Part VII of this document, Mr. Smith has taken no part in the decision of the other members of the Inditherm Board to recommend the Proposals to Shareholders and is not deemed to be independent for the purpose of voting on Resolution 2 in his capacity as a Shareholder.

Following implementation of the Proposals, the Vendors will be deemed to be acting in concert (pursuant to the Takeover Code) and will hold 25,556,290 Ordinary Shares (following the Share Consolidation), representing 83.3% of the Enlarged Share Capital.

Under Rule 9 of the Takeover Code, the Concert Party would normally be obliged to make a mandatory offer to all Shareholders to acquire their Ordinary Shares. **Following an application by the Company, the Takeover Panel has agreed to waive this obligation, subject to the approval of the Independent Shareholders on a poll at the General Meeting.** Your attention is drawn to the Takeover Code and the Rule 9 Waiver section contained in paragraph 12 of this Part I.

The Directors and the Proposed Directors believe that it is appropriate, should the Acquisition be approved by Independent Shareholders at the General Meeting and the Acquisition completes, that the name of the Company be changed to Inspiration Healthcare Group plc.

In addition, the Proposals include the Share Consolidation pursuant to which, subject to the passing of the Resolutions, every ten Existing Ordinary Shares will be consolidated into one Ordinary Share. The New Board believes that the Share Consolidation will result in a more appropriate market price for the Ordinary Shares. Further details of the Share Consolidation are set out in paragraph 13 of this Part I.

The purpose of this document is to provide Shareholders with further information regarding the matters described above and to seek Independent Shareholder approval for the Resolutions, which include the Rule 9 Waiver (which specifically requires the approval of the Independent Shareholders taken on a poll), at the General Meeting. The notice of General Meeting, which has been convened for 11.00 a.m. on 23 June 2015, is set out at the end of this document. The Proposals are conditional, *inter alia*, on the passing of the Resolutions. If the Resolutions are approved by Independent Shareholders, it is expected that Admission will become effective and dealings in the Enlarged Share Capital will commence on AIM on or around 8.00 a.m. on 24 June 2015. Further details of the General Meeting are set out in paragraph 19 of this Part I.

## **2. PRINCIPAL TERMS OF THE ACQUISITION**

The Acquisition will be undertaken subject to the conditions referred to in this Part I and the full details set out in the Acquisition Agreement. On Admission, the Vendors will receive 25,556,290 Consideration Shares (following the Share Consolidation), representing 83.3% of the Enlarged Share Capital.

Based on a share price of 2.8p per Existing Ordinary Share (being the volume weighted average price for the five business days up to 22 May 2015), the Acquisition values the issued share capital of Inspiration at £7.2 million. Completion is conditional upon, *inter alia*, (i) approval of the Resolutions; and (ii) Admission.

## **3. INFORMATION ON THE COMPANY**

Inditherm was formed in 1998 and was admitted to AIM in December 2001, having developed a heating product using new technology, also called Inditherm, which is capable of generating a uniform heat with no hot or cold spots when a low voltage is applied. The product is material-based and flexible, robust, energy efficient and controllable. In addition, use of the product can deliver significant, cost-efficient warming in a number of different areas, particularly in medical applications.

The Company manufactures and licenses its specialised heating technology for use in numerous applications that require temperature maintenance and stability. The principal applications of the product lie in the following markets:

- Medical – operating theatres, neonatal and obstetrics; and
- Industrial – Inditherm provides a range of standard low voltage heating products for intermediate bulk containers, drums and the warming of gas bottles.

Since admission to AIM, Inditherm has applied its technology in a number of areas with limited commercial success. Starting as a predominantly industrial business and expanding into the related areas of construction and sports surface heating, the business faced challenges in relation to market conditions and acceptance. The medical business started to develop in 2004, when it had a single product offering for warming patients in the operating theatre. The medical business has progressively expanded, initially by product range extension into neonatal warming, wider neonatal care, chemotherapy, veterinary patient warming and latterly into specialist obstetrics. More recently, in 2013, the medical business was granted the distribution rights to ATOM incubators and other products in the UK and the Republic of Ireland.

In December 2010 Inditherm announced its intention to withdraw from applying its technology in industrial process heating applications and focus on developing the medical business and as a result has taken a series of steps to focus its operations accordingly. The medical part of the business now accounts for over 90% of revenue.

The medical business had already developed a wide export distribution network. Part of the strategy latterly has been to invest in export resource to accelerate growth in that area to compensate for the difficulties faced within the NHS, particularly in relation to capital expenditure.

#### **4. BACKGROUND TO AND REASONS FOR THE PROPOSALS**

As reported in the final results published on 16 April 2015, the Company has been experiencing challenging conditions in the NHS, which have been partially offset by an improving export performance. There is interest in the product range, however the Company has continued to experience delays to projects, particularly within the NHS.

Overall, revenue in 2014 was £1,847,000, a reduction of 10% compared to 2013, and this resulted in an operating loss (before exceptional costs) of £356,000. The cash outflow for the year was £470,000 and the Company had cash at the year-end of £1,165,000.

The principal cause of the reduction in revenue was a fall of 9% in the turnover of the medical business. This was primarily due to some sizeable NHS sales made in 2013 not being repeated which, the Inditherm Directors believe, is due to NHS Trusts pursuing other, perhaps larger, cost-saving projects.

The Inditherm Directors believe that there will continue to be pressure on capital equipment sales in the UK medical market. The Company has therefore developed a managed service proposition in order to access revenue, rather than capital, budgets. Interest has been shown in this proposition which would also have the benefit of providing a recurring revenue stream, however it is at a relatively early stage.

The Company's lack of scale has meant that the level of overheads has prevented profitable trading in any full year. The overheads include, *inter alia*, costs associated with the public company status, management costs and development costs.

Accordingly, the Inditherm Directors identified the need to make the business part of a larger entity, thereby allowing the medical business to grow with fewer constraints. As a result, in September 2014 the Company announced that it was reviewing strategic options with the objective of creating shareholder value.

The Inditherm Directors have reviewed many potential options, most of which have now been eliminated. Of those remaining, the Inditherm Directors are of the opinion that the proposed Acquisition is substantially the most attractive with regard to potential Shareholder value. The Inditherm Directors consider that the following factors demonstrate that the proposed combination with Inspiration has the potential to generate value for Shareholders:

- Inspiration has an unbroken track record of year-on-year sales growth since its formation in 2003;
- Inspiration supplies a broad range of both capital and consumable medical devices;
- Inspiration has a range of own-branded products for critical care which are complementary to Inditherm's existing range;
- The synergies with Inditherm's product range should provide economies of scale and strengthen the Company's position as a technology supplier to the NHS and overseas markets;
- Inspiration benefits from a strong, recurring source of revenue from providing technical support for maintaining and repairing medical equipment;
- Investment is being made by Inspiration in R&D to grow its range of own-branded capital and consumable products which will supplement the Inditherm range in key international markets, offering the potential to increase sales of the Enlarged Group's products through existing distribution channels;
- The Inspiration management team will add significant experience and resource, particularly in sales and marketing, to the growth of Inditherm's range of medical devices; and
- The relatively large overhead cost associated with being an AIM quoted company, currently borne by Inditherm, will be spread over a much larger entity.

## 5. INFORMATION ON INSPIRATION

Inspiration was founded by Neil Campbell, Toby Foster, Simon Motley and Malcolm Oxley in Leicestershire in 2003 as a patient-focused distributor of critical care equipment in the UK and the Republic of Ireland. Each of the founders is still active in the business.

Using cash generated from operations to invest in sales and marketing activities and to add further products to the portfolio under distribution agreements, Inspiration has experienced unbroken year-on-year sales growth since 2003. Inspiration has also used cash generated to license technology for sale under its own brand worldwide with these products manufactured by third parties. In addition, Inspiration has invested in an R&D team based in Albourne, West Sussex, to develop its own products.

In the year ended 31 January 2015 Inspiration recorded revenue of £9.5 million (2014: £8.8 million) and unaudited Adjusted EBITDA before exceptional items and research and development costs of £1.0 million (2014: £0.6 million) and unaudited Adjusted EBITDA after exceptional items and research and development costs of £0.8 million (2014: £0.4 million).

In the year ended 31 January 2015, the breakdown of sales was as follows:

|                   | <i>£000</i>  | <i>%</i>     |
|-------------------|--------------|--------------|
| Critical care     | 7,253        | 76.0         |
| Operating Theatre | 737          | 7.7          |
| Other             | 1,548        | 16.3         |
|                   | <u>9,538</u> | <u>100.0</u> |

Sales of distributed products, Inspiration own-branded products and service and equipment hire represented 45.1%, 37.6% and 17.3% respectively in the year ended 31 January 2015.

The distribution business has grown strongly through the sourcing of both capital and consumable products from suppliers around the world. Agreements are typically exclusive arrangements within the UK and the Republic of Ireland. Key principals include:

- Xenios GmbH (specifically the Novalung and Medos brands), manufacturers of extra-corporeal ventilation systems for both surgical and intensive care use;
- Micrel Medical Devices S.A., manufacturers of infusion pumps for parenteral feeding and other applications; and
- Acutronic Medical AG, manufacturers of neonatal and jet ventilation products.

In addition, Inspiration has agreements with a number of other smaller suppliers and principals providing complementary and supplementary products mainly for neonatal intensive care. No one principal accounts for more than 20% of the Inspiration's turnover.

To supplement the distribution business, Inspiration has invested in the development of its own-branded range of products which are focused on:

- Non-invasive respiratory support (nCPAP) for premature and sick babies; and
- Therapeutic and diagnostic products of birth asphyxiated babies.

Inspiration currently exports to over 40 countries and has recently started exporting one of its devices to the USA having received 510(k) clearance in November 2014.

Inspiration's combination of capital and consumable products as well as recurring revenues from technical support, for both planned preventative maintenance and *ad hoc* repair, have meant growth has been achieved with positive cash generation and the reinvestment of profits.

Inspiration is also a shareholder in, and supplies technology to, Neuroprotexon Limited, a drug-device technology company which is pioneering the use of the inert gas, xenon, as a neuro-protectant.

Inspiration currently employs 40 staff across three locations in the UK.

## **6. STRATEGY OF THE ENLARGED GROUP**

Following Admission, the New Board intends that the Enlarged Group will continue to build on the foundations of the two companies in medical devices.

In the UK and the Republic of Ireland, the strategy will be to strengthen the Enlarged Group's position in the market through continuing organic growth and by increasing the range of products through new distribution arrangements with third party manufacturers, as well as introducing new own-branded products.

Internationally, the Enlarged Group will be in a position to offer more products to distributors, gaining economies of scale and competitive advantages which are not available as two separate, smaller entities. In addition, the Enlarged Group should have the ability to address new export markets more quickly and effectively.

After-sales technical support will be a core area of the business due to its ability to differentiate the Enlarged Group from its competitors in both the sourcing and supplying of innovative technology. This area of the business is profitable, cash generative and a recurring source of income. The Enlarged Group will continue to invest in this area, particularly in technology to provide support to customers both domestically and internationally, adding value to the after-sales service proposition.

The Enlarged Group will continue to develop more products in the area of critical care through investment in R&D and leveraging its relationships with the academic medical community to find and commercialise further innovative technologies. This will be especially focused on neonatal intensive

care. In addition to its own product development, the Enlarged Group will target strategic alliances to develop further technologies to sell under licence.

In addition, for its devices used in the operating theatre, the Enlarged Group will continue to invest in R&D in patient warming to increase its product offering adding to sales and market share whilst maintaining the competitive advantage as a technology leader. As with critical care, the Enlarged Group will also seek additional strategic alliances and distribution opportunities.

Whilst not in the short term, the New Board will consider appropriate acquisitions which would help to grow the Enlarged Group on a complementary basis without a proportionate increase in costs.

## **7. CURRENT TRADING AND PROSPECTS OF THE ENLARGED GROUP**

The Inditherm Directors are satisfied with performance to date during the current financial year, particularly with some recovery in orders from the UK.

Since 31 January 2015, Inspiration has traded in line with management expectations and has experienced strong cash collection.

Over the next twelve months, the New Board will seek to achieve organic growth from the existing products of the Enlarged Group and to increase the range of products through new distribution arrangements with third party manufacturers, as well as introducing new own-branded products.

The New Board considers that the risks to the business from changes in UK Government policy on healthcare spending are mitigated as a significant proportion of the Enlarged Group's revenues are generated from repeat orders for disposable products and technical support in the UK, as well as a growing business outside the UK.

## **8. INFORMATION ON THE DIRECTORS AND PROPOSED DIRECTORS**

Immediately following Admission, the Board will comprise three executive and two non-executive directors, brief biographical details of whom are set out below.

### **Mark Abrahams – Non-Executive Chairman**

Mark is currently Non-Executive Chairman of Fenner Plc, having been Chief Executive for 18 years. There he led a strategy of converting the group from a power transmissions manufacturer to a world leader in reinforced polymers. Mark was Vice Chair of Leeds Teaching Hospitals Trust and was Non-Executive Chairman of the Darby Group Plc. He is a Chartered Accountant and a Companion of the Institute of Management. He is a member of the Economics Growth Board of the CBI.

### **Neil Campbell – Chief Executive Officer**

After beginning his career in medical devices at Smiths Medical, Neil held several sales and marketing positions including regional International Sales Manager at Eschmann. He subsequently joined Electro Medical Equipment Limited (“EME”) as Marketing Manager for the global neonatal company. In 2003, Neil became CEO and founding director of Inspiration. In total Neil has spent 23 years in the medical device sector in each of critical care, neonatal intensive care and the operating theatre. Neil's commitment to perinatology has been recognised by him being invited to be an industry and scientific board member at the Infant Centre in Ireland. Neil is also a Non-Executive Director of Neuroprotexon Limited, a drug-discovery and biotechnology company, in which Inspiration is a shareholder.

### **Ian Smith – Finance Director and Company Secretary**

Ian joined Inditherm in January 2004. He is a Chartered Accountant having trained with Ernst & Young. After moving into industry he qualified as a Corporate Treasurer and has over 25 years' board level experience gained at both group and operating company level in a wide range of industries. Amongst previous roles, Ian has been Finance Director for Portakabin Limited, Divisional Finance Director of

the turbocharging division of Cummins Engine Co Inc. and Divisional Finance Director and Group Treasurer at Hickson International.

#### **Toby Foster – Sales Director**

Toby joined EME in 1992 having previously run his own small business in the construction/property industry. During his time at EME, he was instrumental in launching new products including neonatal ventilators, neonatal nCPAP, adult high frequency oscillation and developmental care. He then moved to international sales management before heading up the UK sales team. In 2003 he was a founding director of Inspiration, responsible for all sales and sales recruitment, the 24/7 clinical support service and patient first philosophy, launching several new technologies including the Novalung extracorporeal lung assist into the UK critical care market.

#### **Brook Nolson – Non-Executive Director**

Having established and managed a regional electronics retail chain, Brook moved into a marketing role with Balfour Beatty plc in 1986. He assumed the role of Regional Marketing Director in 1989 for the North East. Following a period as Business Development Director of Birse Group plc, Brook was appointed Strategic Key Accounts Director of Willmott Dixon Group. His roles included development of marketing strategy, establishing a customer care process and managing innovation, research and development. In 2001, he was appointed Group Strategic Director of Morgan Sindall plc, with responsibility to consolidate individual operating companies into one brand. Brook remains an adviser to a number of businesses across various sectors, which include turnaround and start up situations.

The New Board has undertaken to consider the appointment of a further Non-Executive Director in due course.

Brief biographical details of the two Inditherm Directors who will step down from the Inditherm Board with effect from Admission are set out below:

#### **Nick Bettles – Chief Executive Officer**

Nick joined Inditherm in April 2004 as Medical Division Director, and was promoted to Chief Executive in November 2007. He is a Chartered Engineer with BSc and MSc degrees in electrical and electronic engineering from Bristol University. Nick has held executive management positions within the medical division of Vickers plc, and in the industrial field with the combustion and environmental division of Land Instruments International, in addition to his experience at Inditherm.

#### **John Markham – Non-Executive Director**

John joined Inditherm in March 2002. He has an honours degree in chemical engineering. He is a Chartered Engineer, fellow of the Chartered Institute of Chemical Engineers and Chartered Scientist. John is Chairman of the Northamptonshire Local Enterprise Partnership and a director of the Northamptonshire Waterside Enterprise Zone. He is also a trustee of the Northampton Leisure Trust. He was awarded the OBE in 1995 for services to industry.

## **9. CORPORATE GOVERNANCE**

The Inditherm Directors and Proposed Directors support the highest standards of corporate governance and recognise the importance of the UK Corporate Governance Code (compliance with which is not mandatory for companies admitted to AIM). Following Admission, the New Board intends to comply with its principles so far as it is practicable and appropriate given the nature and size of the Company and the size and constitution of the New Board. The New Board also intends to comply with the principles of the Corporate Governance Guidelines for AIM companies published by the Quoted Companies Alliance in 2010.

The New Board will be responsible for the strategic direction of the Company, monitoring the Enlarged Group's trading performance and appraising and executing development and acquisition opportunities.

The Company will hold regular meetings of the New Board, at which financial and other reports, including, *inter alia*, working capital reports, review of new business opportunities and acquisition opportunities, will be considered and, where appropriate, voted on.

Details of the New Board members' beneficial interests in Ordinary Shares and options, both immediately prior to and following Admission, are set out in paragraph 7 of Part VII of this document. The Directors and Proposed Directors understand their obligation to comply with Rule 21 of the AIM Rules relating to directors' dealings and will take all reasonable steps to ensure compliance by any employees of the Company to whom Rule 21 applies. The Company has, in addition, adopted a share dealing code.

It is proposed that each of the Proposed Directors will be appointed to the New Board, conditional on completion of the Acquisition, by the Existing Shareholders passing Resolutions 3, 4 and 5 as ordinary resolutions, rather than being appointed by a resolution of the Board. Accordingly, as their appointment will have been made by the Shareholders, none of the Proposed Directors will be required under the Articles to submit themselves for re-appointment at the next annual general meeting of the Company unless otherwise subject to retirement by rotation at that time.

The New Board has agreed the composition and terms of reference of an Audit Committee, a Nomination Committee and a Remuneration Committee, each of which will have formally delegated duties and responsibilities taking effect on Admission. Details on these committees are set out in paragraph 9 of Part VII of this document.

#### **10. SHARE OPTION SCHEME**

The Company currently operates two share option schemes, one being an enterprise management incentive scheme and the other being a share incentive plan. Options have only been granted under the enterprise management scheme and the New Board do not intend to grant further options under either scheme. Further details of the Existing Share Option Schemes are set out in paragraph 5 of Part VII of this document.

The New Board will adopt the Share Option Scheme with effect from Admission. The Share Option Scheme will allow the Company to grant both options that qualify as enterprise management incentives under schedule 5 of the Income Tax (Earnings and Pensions) Act 2003 and unapproved options over Ordinary Shares to any employee of the Company and any of its subsidiaries (including Executive Directors), subject to various scheme and individual limits.

Further details of the Share Option Scheme are set out in paragraph 6 of Part VII of this document.

#### **11. DIVIDEND POLICY**

The New Board currently proposes to reinvest earnings in financing the growth of the Enlarged Group's business and therefore do not propose to declare or pay, nor are they likely to declare or pay, any dividends in the short term. Over time, subject to the financial performance, the New Board intends that the Company will adopt a progressive dividend policy.

#### **12. TAKEOVER CODE AND RULE 9 WAIVER**

The Takeover Code applies to the Company and governs, *inter alia*, transactions which may result in a change of control of a company to which the Takeover Code applies. Under Rule 9 of the Takeover Code any person who acquires, whether by a series of transactions over a period of time or not, an interest (as defined in the Takeover Code) in shares which, taken together with shares in which he is already interested or in which persons acting in concert with him are interested, carry 30% or more of the voting rights of a company which is subject to the Takeover Code, is normally required to make a general offer to all the remaining Shareholders to acquire their shares.

Rule 9 of the Takeover Code also provides that when any person, together with persons acting in concert with him, is interested in shares which, in aggregate, carry more than 30% of the voting rights of such company, but does not hold shares carrying 50% or more of such voting rights, a general offer will normally be required if any further interest in shares is acquired by any such person. Investors should be aware that, under the Takeover Code, if a group of persons acting in concert holds interests in shares carrying more than 50% of the company's voting rights, the members of that concert party will normally be entitled to increase their holding or voting rights without incurring any further obligations under Rule 9 to make a mandatory offer, although individual members of the concert party will not be able to increase their percentage shareholding through or between a Rule 9 threshold without Panel consent. Such persons should, however consult with the Panel in advance of making such further acquisitions.

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

Persons acting in concert comprise persons who, pursuant to an agreement or understanding (whether formal or informal), co-operate to obtain or consolidate control of a company or to frustrate an offer for a company.

The Concert Party comprises five individuals who together own the entire share capital of Inspiration. The vendors of a private company are generally deemed to be acting in concert in relation to an acquisition of that company by a company subject to the Takeover Code. The Inspiration Shareholders therefore are deemed to be acting in concert for the purposes of the Takeover Code. Full details of the members of the Concert Party are set out in paragraph 2 of Part III of this document.

#### **Maximum potential controlling position**

Immediately following the issue of the Consideration Shares, and the Share Consolidation, the Concert Party will hold in aggregate 25,556,290 Ordinary Shares, representing 83.3% of the Enlarged Share Capital which, without a waiver of the obligations under Rule 9 of the Takeover Code, would oblige the Concert Party to make a general offer to Shareholders under Rule 9 of the Takeover Code.

The Concert Party's current shareholdings in the Company and immediately following Admission are set out in the table below.

| <i>Concert Party Member</i> | <i>Interest in Existing Ordinary Shares Number</i> | <i>Consideration Shares Number</i> | <i>Interest in Enlarged Share Capital</i> |               |
|-----------------------------|--|------------------------------------|---|---------------|
|                             |  |                                    | <i>Number</i>                             | <i>%</i>      |
| Neil Campbell               | Nil  | 5,999,339                          | 5,999,339                                 | 19.56%        |
| Toby Foster                 | Nil  | 5,999,339                          | 5,999,339                                 | 19.56%        |
| Simon Motley                | Nil  | 5,999,339                          | 5,999,339                                 | 19.56%        |
| Malcolm Oxley               | Nil  | 5,999,339                          | 5,999,339                                 | 19.56%        |
| Graham Walls                | Nil  | 1,558,934                          | 1,558,934                                 | 5.08%         |
|                             | <u>Nil</u>   | <u>25,556,290</u>                  | <u>25,556,290</u>                         | <u>83.32%</u> |

The Company has applied to the Panel for a waiver of Rule 9 of the Takeover Code in order to permit the Acquisition without triggering an obligation on the part of the Concert Party to make a general offer to Shareholders.

**The Panel has agreed, subject to Resolution 2 at the General Meeting being passed on a poll of the Independent Shareholders, to waive the requirement which might otherwise arise for the members of the Concert Party (individually or collectively) to make a general offer under Rule 9 of the Takeover Code in cash for the remaining shares in the Company as a result of the issue of**

**the Consideration Shares to members of the Concert Party pursuant to the Acquisition. To be passed, Resolution 2 will require a simple majority of the votes cast on a poll by the Independent Shareholders. Accordingly, Independent Shareholders should be aware that, following completion of the Acquisition, as the members of the Concert Party will between them hold more than 50% of the Company's voting share capital, for as long as they continue to be treated as acting in concert they will normally be entitled to increase their aggregate holding in the Company without incurring any obligation under Rule 9 of the Takeover Code to make a mandatory offer to the other Shareholders. Individual members of the Concert Party will not however be able to increase their percentage shareholding through or between a Rule 9 threshold without Panel consent.**

Additional information required by the Takeover Code in relation to the Rule 9 Waiver is detailed in Part III of this document.

### **13. SHARE CONSOLIDATION**

Under the Share Consolidation it is proposed that every ten Existing Ordinary Shares be consolidated into one Ordinary Share. Accordingly, the proportion of Ordinary Shares held by each Shareholder immediately before the Share Consolidation will, save for fractional entitlements (which are discussed further below), be the same as the proportion of Ordinary Shares held by each Shareholder immediately after the Share Consolidation.

In the event that the number of Existing Ordinary Shares held by a Shareholder is not exactly divisible by ten, the Share Consolidation will generate an entitlement to a fraction of a new Ordinary Share. Any Ordinary Shares in respect of which there are such fractional entitlements will be aggregated and sold in the market for the best price reasonably obtainable. Given the small economic value of such fractional entitlements, the Directors and Proposed Directors are of the view that the distribution of the sale proceeds to the relevant Shareholders would result in a disproportionate cost to the Company. Based on a price per Existing Ordinary Share of 2.8 pence (being the volume weighted average price traded during the five trading days preceding the date of this document), the maximum value of the fractional entitlement applicable to any individual shareholding would be 25.2 pence.

Any Shareholder holding fewer than ten Existing Ordinary Shares at the Record Date will cease to be a Shareholder.

The Directors and Proposed Directors believe that the Share Consolidation will result in a more appropriate number of shares in issue given the Company's size. The Share Consolidation may also help to make the Company's shares more attractive to investors and may result in a narrowing of the bid/offer spread, thereby improving liquidity.

The entitlements to Ordinary Shares of holders of share options or other instruments convertible into Ordinary Shares will be adjusted in accordance with their terms to reflect the Share Consolidation.

### **14. LOCK-INS AND ORDERLY MARKET ARRANGEMENTS**

Each of Mark Abrahams, Ian Smith and the Vendors has undertaken to the Company and WH Ireland that he will not sell or otherwise dispose of any interest in Ordinary Shares or any other securities held by him in the Company for a period of twelve months following Admission, save in limited circumstances such as, *inter alia*, a disposal pursuant to a general, partial or tender offer made to all Shareholders of the whole or part of the issued share capital of the Company; the giving of an irrevocable undertaking to accept an offer; or a disposal pursuant to a court order; or by his personal representatives.

In addition, each of Mark Abrahams, Ian Smith and the Vendors has also undertaken that he will not dispose of any interest in Ordinary Shares for a period of twelve months following the first anniversary of Admission without effecting such sale through WH Ireland (or the Company's broker from time to time).

The Company will ensure, in accordance with Rule 21 of the AIM Rules, that the New Board and applicable employees do not deal in any Ordinary Shares during a close period (as defined in the AIM Rules) and will take all reasonable steps to ensure compliance by the New Board and applicable employees.

#### **15. IRREVOCABLE UNDERTAKINGS**

In addition to the undertakings of the Independent Directors set out in paragraph 22 of this Part I, Dion Steward has irrevocably undertaken to the Company to use all reasonable endeavours to procure that the nominee votes in favour of the Resolutions to be proposed at the General Meeting, in respect of his aggregate beneficial holding of 15,050,000 Existing Ordinary Shares, representing approximately 29.4% of the Existing Ordinary Shares. In aggregate, therefore, irrevocable undertakings to vote in favour of the Resolutions have been given by holders of 15,385,356 Existing Ordinary Shares, representing 30.1% of the Existing Ordinary Shares that are entitled to vote.

Further details on the Irrevocable Undertakings are set out in paragraph 11(d) of Part VII of this document.

#### **16. CHANGE OF NAME**

Subject to the approval of Independent Shareholders by way of a special resolution, it is proposed, pursuant to Resolution 11, that the name of the Company be changed to Inspiration Healthcare Group plc shortly following the General Meeting. If Resolution 11 to approve the change of name of the Company is passed at the General Meeting, the Company's TIDM will change to IHC and its website address will be changed to [www.inspiration-healthcare.com](http://www.inspiration-healthcare.com) as soon as practicable following the General Meeting.

#### **17. ADMISSION, SETTLEMENT AND CREST**

Application will be made to the London Stock Exchange for the Enlarged Share Capital to be admitted to trading on AIM. It is expected that Admission will become effective and dealings, for normal settlement, will commence at 8.00 a.m. on 24 June 2015. This date and time may change.

Application will be made for the simultaneous cancellation of the Existing Ordinary Shares from CREST and admission of the Ordinary Shares to CREST and their admission to trading on AIM. The Ordinary Shares may thereafter be held and transferred by means of CREST. It is expected that Ordinary Shares which are held in uncertificated form will be credited to the relevant CREST accounts on 24 June 2015 and admitted to trading on AIM on the same day.

Definitive share certificates in respect of those Ordinary Shares which will be held by Shareholders who hold their Existing Ordinary Shares in certificated form are expected to be dispatched to relevant Shareholders by 1 July 2015. Share certificates in respect of Existing Ordinary Shares will cease to be valid on 24 June 2015 and, pending delivery of share certificates in respect of Ordinary Shares, transfers will be certified against the register.

Following the Share Consolidation the Company's new ISIN code will be GB00BXDZL105.

#### **18. TAXATION**

Further information regarding UK taxation is set out in paragraph 12 of Part VII of this document. These details are intended as a general guide only to the position under the relevant taxation law as at the date of this document. If a Shareholder is in any doubt as to his or her position, he or she should consult his or her own independent financial adviser immediately.

## **19. GENERAL MEETING**

The notice convening the General Meeting is set out at the end of this document. The General Meeting has been convened for 11.00 a.m. on 23 June 2015 at the offices of Eversheds LLP, Bridgewater House, Water Lane, Leeds LS11 5DR at which the following Resolutions will be proposed (in the case of Resolutions 1 to 7 (inclusive) as ordinary resolutions, with resolution 2 to be conducted on a poll of Independent Shareholders, and in the case of Resolutions 8, to 11 as special resolutions):

1. the Acquisition for the purposes of Rule 14 of the AIM Rules;
2. the Rule 9 Waiver;
3. the appointment of Neil Campbell as a director of the Company;
4. the appointment of Toby Foster as a director of the Company;
5. the appointment of Brook Nolson as a director of the Company;
6. the Share Consolidation;
7. the authorisation of the Directors to allot Ordinary Shares;
8. the removal of the concept of authorised share capital from the Company's memorandum and articles of association;
9. the authorisation of the Directors to make market purchases of the Consideration Shares on behalf of the Company;
10. the authorisation of the Directors to disapply statutory pre-emption rights in respect of the allotment of Ordinary Shares; and
11. the change of name of the Company to Inspiration Healthcare Group plc.

## **20. FURTHER INFORMATION**

**Your attention is drawn to the further information set out in Parts II to VII of this document, including the risk factors set out in Part II. You are advised to read the whole of this document.**

## **21. ACTION TO BE TAKEN**

A form of proxy is enclosed for use by Shareholders in connection with the General Meeting. Whether or not you intend to be present at the General Meeting, Shareholders are asked to complete, sign and return the Form of Proxy to the Registrars at PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU as soon as possible but in any event so as to arrive no later than 11.00 a.m. 21 June 2015. The completion and return of a Form of Proxy will not preclude Shareholders from attending the General Meeting and voting in person should they wish to do so. Accordingly, whether or not you intend to attend the General Meeting, you are urged to complete and return the Form of Proxy as soon as possible.

## **22. RECOMMENDATION AND VOTING INTENTIONS**

**The Independent Directors, who have been so advised by WH Ireland, consider that the Proposals are fair and reasonable and in the best interests of the Independent Shareholders and the Company as a whole. Furthermore the Independent Directors, who have been so advised by WH Ireland, consider that the Rule 9 Waiver is fair and reasonable and in the best interests of the Independent Shareholders and the Company as a whole. In providing advice to the Independent Directors, WH Ireland has taken into account the Independent Directors' commercial assessment of the transaction.**

**Accordingly, the Independent Directors recommend that Independent Shareholders vote in favour of the Resolutions to be proposed at the General Meeting, as they have irrevocably undertaken to do in respect of their own beneficial holdings of 335,356 Existing Ordinary Shares, representing 0.66% of the Company's issued share capital. Furthermore the Independent Directors recommend that Independent Shareholders vote in favour of Resolution 2 to approve the Rule 9 Waiver.**

Yours faithfully

**Mark Abrahams**  
*Chairman*

## **PART II**

### **RISK FACTORS**

**In addition to all other information set out in this document, the following specific risk factors should be considered carefully by potential investors in evaluating whether or not to make an investment in the Company. The investment described in this document may not be suitable for all those who receive it. Before making a final decision, investors who are in any doubt are advised to consult their stockbroker, bank manager, solicitor or accountant or other independent professional adviser authorised under the FSMA who specialises in advising on the acquisition of shares and other securities in the United Kingdom.**

**You should carefully consider the risks described below and ensure that you have read this document in its entirety before making a decision to invest in the Company.**

**Investing in Ordinary Shares involves a high degree of risk. Prospective investors should carefully consider all the information in this document, including the risk factors, set out in this Part II before investing in Ordinary Shares. Additional risks and uncertainties not presently known to the Company, the Directors and the Proposed Directors (or that the Company, the Directors and the Proposed Directors currently consider to be immaterial) may also adversely affect the Enlarged Group's business, operations and financial condition and prospects. If any events or circumstances giving rise to any of the following risks, together with possible additional risks and uncertainties of which the Company, the Directors and the Proposed Directors are currently unaware or which the Company and the Directors consider not to be material in relation to the Enlarged Group's business, actually occur, the Enlarged Group's business, financial condition and prospects and results of future operations could be materially and adversely affected. In such circumstances, the value of the Ordinary Shares could decline due to any of these risks occurring and investors could lose part or all of their investment in the Company. In particular, the Company's performance may be affected by changes in market or economic conditions and in legal, regulatory and tax requirements.**

**There can be no certainty that the Company will be able to implement successfully the strategy set out in this document. No representation, whether express or implied, is or can be made as to the future performance of the Enlarged Group and there can be no assurance that the Company will achieve its objectives.**

**The risks listed below do not necessarily comprise all those faced by the Enlarged Group and are not intended to be presented in any order of priority.**

#### **RISKS RELATING TO THE ENLARGED GROUP'S BUSINESS**

##### **Loss of key distribution agreements**

As set out in Part I of this document, the Enlarged Group will have diversified sources of revenue without substantial dependence on any one customer or supplier. However, the loss of any of Inspiration's three largest distribution agreements to sell medical devices on behalf of third parties, which are described in paragraph 5 of Part I of this document, may have a material impact on the Enlarged Group's business, prospects, financial condition or results of operations. The New Board believe that any such impact would be temporary and replacement agreements could be sourced.

##### **Dependence on supply by third parties**

The Enlarged Group's business depends on products and services provided by third parties. If there is any interruption to the supply of products or services by third parties or those products or services are not as scalable as anticipated or at all, or there are problems maintaining quality standards and delivering product to specification, or there are problems in upgrading such products or services, the

Enlarged Group's business will be adversely affected, and the Enlarged Group may be unable to find adequate replacement services on a timely basis, or at all.

### **Competition**

The Enlarged Group operates in a highly competitive market with potential competitors including companies which may have substantially greater resources than those of the Enlarged Group. The Enlarged Group's products may face competition from products designed, manufactured, marketed and supplied by companies that have greater research, development, marketing, financial and personnel resources. Increased competition could reduce turnover or negatively impact anticipated margins of the Enlarged Group.

### **Technology**

The Enlarged Group operates in a field where medical practice can change through third party research. New technologies and pharmaceutical applications may receive regulatory approval which could reduce the desirability of the Enlarged Group's products and subsequently negatively impact sales.

### **Retention of the Enlarged Group's certificates and other licences**

Regulatory approvals are required to market and sell medical devices into both the UK and export markets. The Enlarged Group has stringent internal controls in order to comply with the relevant legal and regulatory conditions in the UK and in its export markets and has a Regulatory Affairs and Quality Department dedicated to liaising with the regulatory authorities to monitor any changes in the conditions and ensure continuing compliance with the existing and new conditions. However, there can be no guarantee that the Enlarged Group will be able to retain its certificates and other licences required to sell its products into its markets. If such loss were to occur, it would restrict the Enlarged Group's ability to service its customers or sell certain medical devices which would have a material adverse impact on its business, prospects, financial condition and results of operations.

### **Changes in legislation and regulation**

The medical industry is highly regulated and each territory in which the Enlarged Group operates will be subject to that territory's own stringent legal and regulatory regime. Whilst the New Board believes that the Enlarged Group is compliant with its regulatory and legal obligations, no assurance can be given that the Enlarged Group will be compliant in the future. If the Enlarged Group was not compliant, this may affect the Enlarged Group's ability to operate in that territory which could materially reduce forecast revenues or require additional cost and time to ensure it became fully compliant.

### **Reliance on key individuals**

The success of the Enlarged Group will depend largely upon the expertise and relationships of the New Board and other senior employees. The loss of any of the key individuals could have an adverse effect on the Enlarged Group.

### **Influence of principal shareholders**

Following the completion of the Proposals, the members of the Concert Party will beneficially own 83.3% of the Enlarged Share Capital. Whilst two members of the Concert Party have signed the Relationship Agreement, further details of which are set out in paragraph 11(e) of Part VII this document, this significant concentration of share ownership may adversely affect the market value of the Ordinary Shares because investors may believe that there are disadvantages in owning shares in a company with controlling shareholders. If the Concert Party acts collectively for so long as they hold (together) interests in the Enlarged Share Capital in excess of 50% (or in respect of certain matters only, 75%), they would have the ability to determine the outcome of matters requiring Shareholder approval, including significant corporate transactions and appointments to the board of directors. In addition, the interests of the Concert Party may be different to the interests of the Enlarged Group or Shareholders as a whole. This control could also have the effect of delaying or preventing an acquisition or other change of control of the Enlarged Group.

## **Litigation**

Legal proceedings may arise from time to time in the course of the Enlarged Group's business, including through potential product failure which may lead to claims. The New Board believes that the Company has sufficient product and public liability insurance to comply with the requirements of the NHS in the UK. In addition, the Company seeks protection of IP and does not intentionally infringe the IP of others but there can be no guarantee that legal proceedings will not arise from a potential conflict in areas of key intellectual property.

## **Foreign exchange risk**

As the Enlarged Group operates globally, it is exposed to foreign exchange gains and losses which may have an adverse effect on the Enlarged Group's profits.

## **Supply and distribution network**

The Enlarged Group will be supplied by and distribute to several geographic locations. From time to time, there may be disputes with employees of the Enlarged Group's suppliers or distributors, potentially involving trade unions, over which the Enlarged Group has little or no influence. There can be no guarantee or assurance that any such disputes would not materially and adversely affect the future prospects, financial condition or results of operation of the Enlarged Group.

## **GENERAL RISKS RELATING TO AN INVESTMENT IN THE ORDINARY SHARES**

An investment in the Ordinary Shares is only suitable for investors capable of evaluating the risks (including the risk of capital loss) and merits of such an investment and who have sufficient resources to sustain a total loss of their investment. An investment in the Ordinary Shares should be seen as long-term in nature and complementary to investments in a range of other financial assets and should only constitute part of a diversified investment portfolio. Accordingly, typical investors in the Company are expected to be institutional investors, private client fund managers and private client brokers, as well as private individuals who have received advice from their professional advisers regarding investment in the Ordinary Shares and/or who have sufficient experience to enable them to evaluate the risks and merits of such an investment themselves.

## **Share price volatility and liquidity**

The share prices of publicly quoted companies can be volatile and the market price of the Ordinary Shares may be subject to wide fluctuations in response to many factors, including stock market fluctuations and general economic conditions or changes in political sentiment. This may substantially affect the market price of the Ordinary Shares irrespective of the progress the Enlarged Group may make in terms of developing and expanding its services or its actual financial, trading or operational performance. These factors could include the performance of the Enlarged Group, purchases or sales of the Ordinary Shares (or the perception that the same may occur, as, for example in the period leading up to the expiration of the restrictions contained in certain lock-in and orderly marketing arrangements), legislative changes and market, economic, political or regulatory conditions or price distortions resulting from limited liquidity in the Company's shares. Admission to AIM should not be taken as implying that a liquid market for the Ordinary Shares will either exist, develop or be sustained following Admission. Active, liquid trading markets generally result in lower price volatility and more efficient execution of buy and sell orders for investors. The liquidity of a securities market is often a function of the volume of the underlying shares that are publicly held by unrelated parties. If a liquid trading market for the Ordinary Shares does not develop, the price of the Ordinary Shares may become more volatile and it may be more difficult to complete a buy or sell order even for a relatively small number of such Ordinary Shares.

## **There is no guarantee that the Ordinary Shares will continue to be traded on AIM**

The Company cannot assure investors that the Ordinary Shares will always continue to be traded on AIM or on any other exchange. If such trading were to cease, certain investors may decide to sell their

shares, which could have an adverse impact on the price of the Ordinary Shares. Additionally, if in the future the Company decides to obtain a listing on another exchange in addition or as an alternative to AIM, the level of liquidity of the Ordinary Shares traded on AIM could decline.

### **Investment in AIM traded securities**

The Ordinary Shares will be traded on AIM rather than admitted to the Official List of the UK Listing Authority. AIM is designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. The rules of AIM are less demanding than the rules for companies admitted to the Official List and an investment in shares traded on AIM may carry a higher risk than an investment in shares admitted to the Official List. In addition, the market in shares traded on AIM may have limited liquidity, making it more difficult for an investor to realise its investment on AIM than to realise an investment in a company whose shares are admitted to the Official List. Investors should therefore be aware that the market price of the Ordinary Shares may be more volatile than that of shares admitted to the Official List, and may not reflect the underlying value of the Company. Investors may, therefore, not be able to sell at a price which permits them to recover their original investment and they could lose their entire investment in the Company.

### **Future sales of Ordinary Shares could adversely affect the price of the Ordinary Shares**

Each of the Concert Party has signed a lock-in agreement that, save in certain circumstances, they will not, until twelve months following Admission, dispose of the legal or beneficial ownership of, or any other interest in, Ordinary Shares. There can be no assurance that such parties will not affect transactions upon the expiry of the lock-in or any earlier waiver of the provisions of their lock-in.

The sale of a significant number of Ordinary Shares in the public market, or the perception that such sales may occur, could materially adversely affect the market price of the Ordinary Shares.

### **Issuance of additional Ordinary Shares**

An additional issue of Ordinary Shares by the Company, or the public perception that an issue may occur, could have an adverse effect on the market price of Ordinary Shares and could dilute the proportionate ownership interest, and hence the proportionate voting interest, of Shareholders. This will particularly be the case if and to the extent that, such an issue of Ordinary Shares is not effected on a pre-emptive basis or Shareholders do not take up their rights to subscribe for further Ordinary Shares structured as a pre-emptive offer.

### **Dividends**

There can be no assurance as to the level of future dividends, if any. The declaration, payment and amount of any future dividends of the Company are subject to the discretion of the New Board and will depend on, among other things, the Enlarged Group's earnings, financial position, cash requirements, availability of profits, as well provisions for relevant laws or generally accepted accounting principles from time to time.

### **Taxation**

The attention of potential investors is drawn to paragraph 12 of Part VII headed "Taxation". The tax rules and their interpretation relating to an investment in the Enlarged Group may change during its life.

Any change in the Company's tax status or in taxation legislation or its interpretation could affect the value of the investments held in the Company or the Company's ability to provide returns to Shareholders or alter the post-tax returns to Shareholders. Any discussion in this document concerning the taxation of the Company and its investors are based upon current tax law and practice which is subject to change.

## PART III

### ADDITIONAL INFORMATION REQUIRED BY THE TAKEOVER CODE

#### 1. Responsibility statements

- 1.1 Each Director and Proposed Director, whose names are set out on page 4 of this document, and the Company accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors, Proposed Directors and the Company (each of whom has taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 1.2 Each individual member of the Concert Party, whose names are set out in paragraph 2 of this Part III, accepts responsibility for the information contained in this document relating to himself. To the best of the knowledge and belief of the members of the Concert Party (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.

#### 2. Composition of the Concert Party

The composition of the Concert Party and a brief biography of each of the members of the Concert Party is set out below.

The Concert Party members, all of whose address is Gildor House, West Street, Earl Shilton, Leicestershire LE9 7EJ, UK, are as follows:

Neil James Campbell  
Toby Foster  
Simon Guy Motley  
Malcolm John Oxley  
William Graham Walls

A biography of each of the members of the Concert Party is set out below:

##### **Neil Campbell (aged 47)**

After beginning his career in medical devices at Smiths Medical, Neil held several sales and marketing positions including regional International Sales Manager at Eschmann. He subsequently joined Electro Medical Equipment Limited (“EME”) as Marketing Manager for the global neonatal company. In 2003, Neil became CEO and founding director of Inspiration. In total Neil has spent 23 years in the medical device sector in each of critical care, neonatal intensive care and the operating theatre. Neil’s commitment to perinatology has been recognised by him being invited to be an industry and scientific board member at the Infant Centre in Ireland. Neil is also a Non-Executive Director of Neuroprotexon Limited, a drug-discovery and biotechnology company, in which Inspiration is a shareholder.

##### **Toby Foster (aged 43)**

Toby joined EME in 1992 having previously run his own small business in the construction/property industry. During his time at EME, he was instrumental in launching new products including neonatal ventilators, neonatal nCPAP, adult high frequency oscillation and developmental care. He then moved to international sales management before heading up the UK sales team. In 2003 he was a founding director of Inspiration, responsible for all sales and sales recruitment, the 24/7 clinical support service and patient first philosophy, launching several new technologies including the Novalung extracorporeal lung assist into the UK critical care market.

**Simon Motley (aged 47)**

Simon began his career in the medical device sector in 1988 at EME, initially covering the sales area of northern England, specialising in neonatal intensive care. After several years in UK sales, Simon's focus was directed to the International Sales area with particular emphasis on Europe, the Middle East, Japan and North America. In 2003 Simon was a founding director of Inspiration, initially developing the sales effort in northern England, Wales and Scotland and in that time has been involved in the selection, promotion, sales and after-sales support for a variety of types of equipment in the critical care field encompassing adult, paediatric and neonatal intensive care device as well as infusion products and operating theatre equipment.

**Malcolm Oxley (aged 58)**

Malcolm began his career in the medical device industry as a field service engineer in 1984 for EME and became the service manager in 1989. He was a founding director of Inspiration in 2003 leading the technical service team, responsible for repair and planned preventative maintenance of life support systems in the UK and the Republic of Ireland. Malcolm's extensive experience also ensures overseas distributors are adequately trained by running training courses for engineers around the world.

**Graham Walls (aged 60)**

Having commenced his career with Grant Thornton, Graham moved into commerce as Chief Financial Officer and Company Secretary at a leading provider of electronic control instrumentation. Having spent a period as Finance Director and Company Secretary of a construction and development group servicing the South of England, he joined an international medical device company as Chief Financial Officer and following an acquisition by a US quoted medical group was appointed Chief Financial Officer for all UK operations. In 2004 Graham started at Inspiration as Non-Executive Chairman and has since taken responsibility for the finance function.

**3. Further disclosure required by the Takeover Code**

- 3.1 As at the close of business on the Disclosure Date, none of the Concert Party members nor any members of their immediate families, any related trust, nor any connected persons (within the meaning of section 252 of the Act), nor any person acting in concert with such persons, owns or controls, or has borrowed or lent, or is interested in, or has any right to subscribe for, or any arrangement concerning, directly or indirectly, any of the relevant securities, nor has any such person dealt therein during the disclosure period or has any short position (whether conditional or absolute and whether in the money or otherwise), including a short position under a derivative, any agreement to sell or any delivery obligation in respect of any right to require any person to purchase or take delivery of, any of the relevant securities.
- 3.2 Save as disclosed in paragraph 7 of Part VII of this document, as at the close of business on the disclosure date, none of the Company, the Directors, the Proposed Directors, nor any members of their immediate families, any related trust, nor any connected persons (within the meaning of section 252 of the Act), nor any person acting in concert with such persons, owns or controls, or has borrowed or lent, or is interested in, or has any right to subscribe for, or any arrangement concerning, directly or indirectly, any of the relevant securities, nor has any such person dealt therein during the disclosure period or has any short position (whether conditional or absolute and whether in the money or otherwise), including a short position under a derivative, any agreement to sell or any delivery obligation in respect of any right to require any person to purchase or take delivery of, any of the relevant securities.
- 3.3 Save as disclosed in this document, there are no other agreements, arrangements or understandings (including compensation arrangements) between the Concert Party and any of the Directors, the Proposed Directors, Shareholders, recent Shareholders or any person interested or recently interested in Existing Ordinary Shares, connected with or dependent upon the Acquisition other than any relating to the Acquisition process.

- 3.4 There is no agreement, arrangement or understanding between any of the members of the Concert Party and any other person pursuant to which any Ordinary Shares proposed to be allotted to the members of the Concert Party pursuant to the Acquisition Agreement will be transferred to any other person.
- 3.5 The Concert Party has confirmed to the Company that they have no current intention to change the Company's current plans with respect to:
- (i) the future business of the Company, save as disclosed in paragraph 6 of Part I of this document;
  - (ii) the continued employment of the employees and management of the Company or its subsidiaries, including any material changes in conditions of employment, save as disclosed in this paragraph 3.5 and paragraph 8(d) of Part VII of this document;
  - (iii) its strategic plans for the Company, or their likely repercussions on employment or the location of the Company's place of business;
  - (iv) employer contributions into personal pension plans on behalf of employees;
  - (v) the redeployment of the fixed assets of the Company; or
  - (vi) maintenance of the admission of the Ordinary Shares to trading on AIM.

The Concert Party anticipates that the overall number of employees within the Enlarged Group will be materially the same as the aggregate of the two companies at present. However, in the process of integrating the companies, the Concert Party anticipates that there will be changes to certain roles and responsibilities within the Enlarged Group and this may result in a small number of redundancies from the combined workforce.

- 3.6 The payment of interest on, repayment of, or security for, any liability (contingent or otherwise) will not depend to any significant extent on the business of the Company.
- 3.7 Save as disclosed in paragraph 10 of Part VII, no Director or Proposed Director has any interest, direct or indirect, in any assets which have been or are proposed to be acquired or disposed of by, or leased to, the Company and no contract or arrangements exists in which a Director or Proposed Director is materially interested and which is significant in relation to the business of the Company.
- 3.8 Save as disclosed in this document, there are no outstanding loans made or guarantees provided by any member of the Company or its subsidiary undertakings for the benefit of any of the Directors or Proposed Directors, nor are there any guarantees provided by any of the Directors or Proposed Directors for any member of the Company or its subsidiary undertakings.
- 3.9 There are no personal, financial or commercial relationships, arrangements or understandings between any member of the Concert Party and any of the Shareholders or any person who is, or is presumed to be, acting in concert with such Shareholder.
- 3.10 There are no financing arrangements in place in relation to the Proposals whereby repayment or security is dependent on the Company.
- 3.11 No incentivisation arrangements have been entered into and there are no proposals as to any incentivisation arrangements between the Company and the Directors or the Proposed Directors.

In this Part III the following expressions mean:

“acting in concert” has the meaning attributed to it in the Takeover Code; persons acting in concert comprise persons who, pursuant to an agreement or understanding (whether formal or informal), co-operate to obtain or

consolidate control (as defined below) of a company or to frustrate the successful outcome of an offer for a company. A person and each of its affiliated persons will be deemed to be acting in concert all with each other. Without prejudice to the general application of this definition, the following persons will be presumed to be persons acting in concert with other persons in the same category unless the contrary is established:

- (1) a company, its parent, subsidiaries and fellow subsidiaries, and their associated companies, and companies of which such companies are associated companies, all with each other (for this purpose ownership or control of 20% or more of the equity share capital of a company is regarded as the test of associated company status);
- (2) a company with any of its directors (together with their close relatives and related trusts);
- (3) a company with any of its pension funds and the pension funds of any company covered in (1) above;
- (4) a fund manager (including an exempt fund manager) with any investment company, unit trust or other person whose investments such fund manager manages on a discretionary basis, in respect of the relevant investment accounts;
- (5) a connected adviser with its client and, if its client is acting in concert with an offeror or with the offeree company, with that offeror or with that offeree company respectively, in each case in respect of the interests in shares of that adviser and persons controlling, controlled by or under the same control as that adviser (except in the capacity of an exempt fund manager or an exempt principal trader); and
- (6) directors of a company which is subject to an offer or where the directors have reason to believe a *bona fide* offer for their company may be imminent;

|                      |   |
|----------------------|---|
| “arrangement”        | includes any indemnity or option arrangements, and any agreement or understanding, formal or informal, of whatever nature, relating to relevant securities which may be an inducement to deal or refrain from dealing;                                      |
| “connected adviser”  | has the meaning attributed to it in the Takeover Code;  |
| “connected person”   | has the meaning attributed to it in sections 252 to 255 of the Act;   |
| “control”            | means an interest in relevant securities carrying 30% or more of the voting rights attributable to the share capital of a company which are currently exercisable at a general meeting, irrespective of whether the interest gives <i>de facto</i> control; |
| “dealing” or “dealt” | Includes the following: <ol style="list-style-type: none"> <li>(a) the acquisition or disposal of relevant securities, of the right (whether conditional or absolute) to exercise or direct the</li> </ol>  |

|  |  |
|--|--|
|  | exercise of the voting rights attaching to relevant securities, or of general control of relevant securities;  |
|  | (b) the taking, granting, acquisition, disposal, entering into, closing out, termination, exercise (by either party) or variation of an option (including a traded option contract) in respect of any relevant securities;   |
|  | (c) subscribing or agreeing to subscribe for relevant securities;  |
|  | (d) the acquisition of, disposal of, entering into, closing out, exercise (by either party) of any rights under, or variation of, a derivative referenced, directly or indirectly, to relevant securities;   |
|  | (e) entering into, terminating or varying the terms of any agreement to purchase or sell relevant securities; and  |
|  | (f) any other action resulting, or which may result, in an increase or decrease in the number of relevant securities in which a person is interested or in respect of which he has a short position;   |
| “derivative”                                       | includes any financial product whose value in whole or in part is determined directly or indirectly by reference to the price of an underlying security;   |
| “disclosure date”                                  | means 25 May 2015, being the latest practical date prior to the posting of this document;  |
| “disclosure period”                                | means the period commencing on 26 May 2014, being the date 12 months prior to the posting of this document and ending on the disclosure date;  |
| “exempt principal trader” or “exempt fund manager” | has the meaning attributed to it in the Takeover Code;   |
| “interest”   | being “interested” in relevant securities includes where a person has long economic exposure (whether absolute or conditional) to changes in the price of those securities. A person who only has a short position in securities will not be treated as interested in those securities. In particular, a person will be treated as having an interest in securities if: <ul style="list-style-type: none"> <li>(a) owns relevant securities;</li> <li>(b) has the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to relevant securities or has general control of them;</li> <li>(c) by virtue of any agreement to purchase, option or derivative, has the rights or option to acquire relevant securities or call for their delivery or is under an obligation to take delivery of them, whether the right, option or obligation is conditional or absolute and whether it is in the money or otherwise;</li> <li>(d) is party to any derivative whose value is determined by reference to its price and which results, or may result, in his having a long position in it;</li> </ul> |

(e) has received an irrevocable commitment in respect of the relevant securities;

“relevant securities” means ordinary shares (or derivatives referenced thereto) and securities convertible into or rights to subscribe for ordinary shares, options in respect of ordinary shares (including traded options) or short positions in ordinary shares in the Company; and

“short position” means any short position (whether conditional or absolute and whether in the money or otherwise) including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery.

#### **4. Middle Market Quotations**

| <i>Date</i>     | <i>Price per Ordinary Share</i> |
|-----------------|---------------------------------|
| 1 December 2014 | 3.75p                           |
| 2 January 2015  | 3.38p                           |
| 2 February 2015 | 3.25p                           |
| 2 March 2015    | 3.50p                           |
| 1 April 2015    | 3.50p                           |
| 1 May 2015      | 2.875p                          |
| 22 May 2015     | 2.75p                           |

## **PART IV**

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

The following financial information on the Company is available at [www.inditherm.co.uk/investor-relations/annual-reports/\(up to Admission\)](http://www.inditherm.co.uk/investor-relations/annual-reports/(up%20to%20Admission)) and [www.inspiration-healthcare.co.uk/investor-relations/annual-reports/\(following Admission\)](http://www.inspiration-healthcare.co.uk/investor-relations/annual-reports/(following%20Admission)), and is incorporated by reference into this document:

- Annual consolidated accounts for the year ended 31 December 2014
- Annual consolidated accounts for the year ended 31 December 2013
- Annual consolidated accounts for the year ended 31 December 2012

Shareholders, persons with information rights or other recipients of this document may request a copy of each of the accounts referred to above in hard copy. Hard copies have been sent to Shareholders and will not be resent unless requested from Ian Smith (01709 761000) at Inditherm plc, Inditherm House, Houndhill Park, Bolton Road, Rotherham S63 7LG.

## PART V

### FINANCIAL INFORMATION ON INSPIRATION



The Directors  
Inditherm plc  
Inditherm House  
Houndhill Park  
Bolton Road  
Rotherham  
S63 7LG

The Directors  
W H Ireland Limited  
24 Martin Lane  
London  
EC4R 0DR

26 May 2015

Dear Sirs

#### **Accountant's report on Inspiration Healthcare Limited (“Inspiration”)**

We report on the financial information set out below which comprises the Statements of comprehensive income, the Statements of financial position, the Statements of cash flows, the Statements of changes in equity and the related notes 1 to 26 for the years ended 31 January 2015, 2014 and the 18 month period ended 31 January 2013. This financial information has been prepared for inclusion in the AIM Admission Document dated 26 May 2015 on the basis of the accounting policies set out in Note 2. This report is required by Paragraph (a) of Schedule Two of the AIM Rules and is given for the purpose of complying with that paragraph and for no other purpose.

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

#### **Responsibility**

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

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

#### **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 judgements made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate, consistently applied and adequately disclosed.

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

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

### **Opinion**

In our opinion, the financial information gives, for the purposes of the AIM Admission Document, a true and fair view of the state of affairs of Inspiration as at the dates stated and of its profits and losses, cash flows and changes in equity for the periods then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

### **Declaration**

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

Yours faithfully

### **Mazars LLP**

*Chartered Accountants and Registered Auditor*

## Statements of comprehensive income

|   |              | <i>18 month<br/>period ended<br/>31 January<br/>2013</i> | <i>Year ended<br/>31 January<br/>2014</i> | <i>Year ended<br/>31 January<br/>2015</i> |
|---|--------------|--|---|---|
|   | <i>Notes</i> | <i>£</i>   | <i>£</i>                                  | <i>£</i>                                  |
| <b>Revenue</b>  | 4            | 11,141,983   | 8,837,441                                 | 9,538,290                                 |
| Other income  |              | 10,941   | 21,212                                    | —   |
|   |              | <u>11,152,924</u>  | <u>8,858,653</u>                          | <u>9,538,290</u>                          |
| Cost of sales   |              | (6,588,900)  | (5,635,383)                               | (5,507,294)                               |
| <b>Gross profit</b>   |              | 4,564,024  | 3,223,270                                 | 4,030,996                                 |
| Administrative expenses   |              | (2,848,182)  | (2,396,940)                               | (2,806,991)                               |
| Research and development  |              | (200,239)  | (161,167)                                 | (245,932)                                 |
| Exceptional items   | 6            | (347,179)  | —   | —   |
| <b>Operating profit before financing</b>  | 4,6          | 1,168,424  | 665,163                                   | 978,073                                   |
| Finance income  | 7            | 1,296  | 1,491                                     | 1,731                                     |
| Finance costs   | 8            | —  | (6)                                       | (21)                                      |
| <b>Profit before tax</b>  |              | 1,169,720  | 666,648                                   | 979,783                                   |
| Tax   | 9            | (281,095)  | (104,658)                                 | (228,880)                                 |
| <b>Total comprehensive income for the period/year</b>   |              | <u>888,625</u>   | <u>561,990</u>                            | <u>750,903</u>                            |
| Earnings per share attributable to the owners<br>of the company during the period/year –<br>basic and diluted | 21           | 1,777.25   | 1,123.98                                  | 1,501.81                                  |

All recognised gains and losses are included in the Statements of comprehensive income. As such there is no other comprehensive income.

All operations are continuing operations.

**Statements of changes in equity**

|   | <i>Issued<br/>capital</i><br>£ | <i>Retained<br/>earnings</i><br>£ | <i>Total</i><br>£ |
|---|--------------------------------|-----------------------------------|-------------------|
| <b>At 1 August 2011</b>                   | 500                            | 526,933                           | 527,433           |
| Total comprehensive income for the period | —                              | 888,625                           | 888,625           |
| Dividends                                 | —                              | (432,566)                         | (432,566)         |
| <b>At 31 January 2013</b>                 | 500                            | 982,992                           | 983,492           |
| Total comprehensive income for the year   | —                              | 561,990                           | 561,990           |
| Dividends                                 | —                              | (348,746)                         | (348,746)         |
| <b>At 31 January 2014</b>                 | 500                            | 1,196,236                         | 1,196,736         |
| Total comprehensive income for the year   | —                              | 750,903                           | 750,903           |
| Dividends                                 | —                              | (407,847)                         | (407,847)         |
| <b>At 31 January 2015</b>                 | 500                            | 1,539,292                         | 1,539,792         |

## Statements of financial position

|  |              | <i>As at 31 January</i> |                         |                         |
|--|--------------|-------------------------|-------------------------|-------------------------|
|  |              | <i>2013</i>             | <i>2014</i>             | <i>2015</i>             |
|  |              | <i>£</i>                | <i>£</i>                | <i>£</i>                |
| <b>ASSETS</b>                                      | <i>Notes</i> |                         |                         |                         |
| <b>Non-current assets</b>                          |              |                         |                         |                         |
| Intangible assets                                  | 10           | 155,178                 | 109,170                 | 136,096                 |
| Property, plant and equipment                      | 11           | 37,378                  | 63,735                  | 89,632                  |
| Investments  | 12           | 1                       | 1                       | 3                       |
|  |              | <u>192,557</u>          | <u>172,906</u>          | <u>225,731</u>          |
| <b>Current assets</b>                              |              |                         |                         |                         |
| Inventories  | 13           | 508,352                 | 479,328                 | 664,239                 |
| Trade and other receivables                        | 14           | 929,555                 | 1,164,052               | 2,142,720               |
| Cash and cash equivalents                          | 15           | 536,912                 | 556,185                 | 342,097                 |
|  |              | <u>1,974,819</u>        | <u>2,199,565</u>        | <u>3,149,056</u>        |
| <b>Total assets</b>                                |              | <u><u>2,167,376</u></u> | <u><u>2,372,471</u></u> | <u><u>3,374,787</u></u> |
| <b>LIABILITIES</b>                                 |              |                         |                         |                         |
| <b>Current liabilities</b>                         |              |                         |                         |                         |
| Trade and other payables                           | 16           | 742,179                 | 912,639                 | 1,368,255               |
| Deferred income                                    | 16           | 149,310                 | 152,826                 | 250,935                 |
| Current tax liability                              | 16           | 286,783                 | 102,841                 | 190,600                 |
|  |              | <u>1,178,272</u>        | <u>1,168,306</u>        | <u>1,809,790</u>        |
| <b>Non-current liabilities</b>                     |              |                         |                         |                         |
| Deferred tax liability                             | 17           | 5,612                   | 7,429                   | 25,205                  |
|  |              | <u>5,612</u>            | <u>7,429</u>            | <u>25,205</u>           |
| <b>Total liabilities</b>                           |              | <u>1,183,884</u>        | <u>1,175,735</u>        | <u>1,834,995</u>        |
| <b>Net assets</b>                                  |              | <u><u>983,492</u></u>   | <u><u>1,196,736</u></u> | <u><u>1,539,792</u></u> |
| <b>Equity attributable to owners of the parent</b> |              |                         |                         |                         |
| Issued capital                                     | 19           | 500                     | 500                     | 500                     |
| Retained earnings                                  |              | 982,992                 | 1,196,236               | 1,539,292               |
| <b>Total equity</b>                                |              | <u>983,492</u>          | <u>1,196,736</u>        | <u>1,539,792</u>        |
| <b>Total liabilities and equity</b>                |              | <u><u>2,167,376</u></u> | <u><u>2,372,471</u></u> | <u><u>3,374,787</u></u> |

## Statements of cash flows

|   | <i>18 month<br/>period ended<br/>31 January<br/>2013<br/>£</i> | <i>Year ended<br/>31 January<br/>2014<br/>£</i> | <i>Year ended<br/>31 January<br/>2015<br/>£</i> |
|---|--|---|---|
| <b>Cash flows from operating activities</b>                 |  |   |   |
| Profit before taxation                                      | 1,169,720  | 666,648   | 979,783   |
| Adjustments for:  |  |   |   |
| Depreciation, amortisation and impairment                   | 223,635  | 68,480  | 66,803  |
| Loss on disposal of non-current assets                      | 180,301  | —   | —   |
| Net interest receivable                                     | (1,296)  | (1,485)   | (1,710)   |
| Changes in working capital:                                 |  |   |   |
| (Increase)/decrease in inventories                          | (86,662)   | 29,024  | (184,911)                                       |
| Increase in trade and other receivables                     | (324,520)  | (234,497)                                       | (978,668)                                       |
| (Decrease)/increase in trade and other payables             | (216,812)  | 173,976   | 553,723   |
| Taxes paid  | (162,212)  | (286,783)                                       | (123,345)                                       |
| <b>Net cash flows from operating activities</b>             | <u>782,154</u>   | <u>415,363</u>                                  | <u>311,675</u>                                  |
| <b>Cash flows from investing activities</b>                 |  |   |   |
| Interest received   | 1,296  | 1,491   | 1,731   |
| Purchase of non-current assets                              | (264,761)  | (48,829)  | (119,626)                                       |
| <b>Net cash flow used in investing activities</b>           | <u>(263,465)</u>   | <u>(47,338)</u>                                 | <u>(117,895)</u>                                |
| <b>Cash flows from financing activities</b>                 |  |   |   |
| Equity dividends paid                                       | (432,566)  | (348,746)                                       | (407,847)                                       |
| Interest paid   | —  | (6)   | (21)  |
| <b>Net cash used in financing activities</b>                | <u>(432,566)</u>   | <u>(348,752)</u>                                | <u>(407,868)</u>                                |
| <b>Net increase/(decrease) in cash and cash equivalents</b> | 86,123   | 19,273  | (214,088)                                       |
| Cash and cash equivalents at the beginning of the period    | 450,789  | 536,912   | 556,185   |
| <b>Cash and cash equivalents at the end of the period</b>   | <u><u>536,912</u></u>  | <u><u>556,185</u></u>                           | <u><u>342,097</u></u>                           |

## Notes to the financial information

### 1 General information

Inspiration Healthcare Limited (“Inspiration” or the “Company”) is a company incorporated in England and Wales and domiciled in the UK. The functional and presentational currency of the Company is pounds sterling. The address of the registered office is Gildor House, West Street, Earl Shilton, Leicestershire, LE9 7EJ and the registered company number is 04753818. The principal activities of the Company continued to be the sale, service and support of critical care equipment to hospitals.

### 2 Significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements, which have been applied consistently to all periods presented, are set out below.

#### *Basis of preparation*

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU), International Financial Reporting Interpretations Committee (IFRIC) interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The standards used are those published by the International Accounting Standards Board (IASB) and endorsed by the EU effective as at 31 January 2015. The financial statements are prepared under the historical cost convention, except for share based payments which are measured at fair value.

#### *Basis of consolidation*

The financial information presents the Company as an individual undertaking and not as a group. The subsidiaries of the Company are immaterial and were dormant during the financial periods presented.

The company has therefore taken advantage of the exemptions provided by section 405 of the Companies Act 2006 not to prepare group financial statements.

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. Consistent accounting policies are used by all subsidiaries.

#### *Going concern*

The Company is required to assess whether it has sufficient resources to continue its operations and to meet its commitments for the foreseeable future. The directors have prepared the financial information on a going concern basis, as in their opinion the Company is able to meet its obligations as they fall due. This opinion is based on detailed forecasting for the following 12 months based on current and expected market conditions together with current performance levels. Should the going concern assumption no longer remain valid the carrying value of the Company’s assets will need to be assessed for impairment and the balance sheet will need to be prepared on a break-up basis.

#### *Foreign currency transactions and balances*

Foreign currency transactions are translated using exchange rates prevailing at the date of the transactions. Monetary assets and liabilities are translated at exchange rates ruling at the end of each financial period. Gains and losses on retranslation are recognised in the Statements of comprehensive income.

#### *Employee benefits*

The Company contributes to personal pension schemes of certain employees and to the personal SIPP schemes of the directors on a defined contribution basis. Contributions are charged to the Statements of comprehensive income in the period in which they become payable. The company has no further payment obligations once the contributions have been paid.

### *Research and development*

Research expenditure is written off to the Statements of comprehensive income in the year in which it is incurred. Development expenditure on an individual project is recognised as an intangible asset when the Company can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use of sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in administrative expenses. During the period of development, the asset is tested for impairment annually.

### *Product development costs*

When the criteria for capitalisation in IAS 38 'Intangible assets' are met, costs incurred after this date are capitalised and amortised over their useful economic lives which is initially considered to be 3 years from the point the products are launched to market.

### *Revenue recognition*

Revenue comprises the fair value of the consideration received or receivable from the sale of goods, maintenance contracts and licence fee income. Revenue is shown net of value added tax, returns, rebates and discounts. Revenue is recognised when the title of the goods passes to the customer or when the services have been provided.

The revenue on maintenance contracts and licence fees is assessed at the commencement of the contract and provided the outcome of the contract can be assessed with reasonable certainty, the income is recognised over the life of the contract on a straight-line apportioned basis. Provisions for costs are charged to the income statement when incurred. Due to uncertainty, no provision is made for future costs on these contracts. Provision is made in full for any losses as soon as they can be foreseen. Any provisions for foreseeable losses in excess of contract balances are included in current liabilities.

### *Intangible assets*

Intangible assets are recognised if it is possible to demonstrate that there will be future economic benefits attributable to the asset, the cost of the asset can be measured reliably, the asset is separately identifiable and there is control over the use of the asset. The cost of assets is amortised over the period over which the Company expects to benefit from these assets, and included with administrative expenses. Provision is made for any impairment in value if applicable.

Purchased intellectual property rights and licences are capitalised and amortised equally over the term of the contract. Computer software is amortised over the directors' estimate of their useful life of 4 years.

### *Property, plant and equipment*

Property, plant and equipment is stated at cost net of accumulated depreciation and any provision for impairment. Cost comprises purchase cost together with any incidental costs of acquisition. Depreciation is provided to write off the cost less the estimated residual value of the tangible fixed assets by equal instalments over their estimated useful economic lives. The assets residual values and useful economic lives are reviewed, and adjusted as appropriate, at each balance sheet date. The following rates are applied:

|                                       |                            |
|---------------------------------------|----------------------------|
| Leasehold improvements                | over the term of the lease |
| Plant, machinery and office equipment | 15-33% on cost per annum   |
| Motor vehicles                        | 25% on cost per annum      |

### *Impairment of non-financial assets*

Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

### *Investments*

Investments held as non-current and current assets are stated at cost less provision for any impairment in value.

### *Trade and other receivables*

Trade and other receivables are initially recognised at fair value and subsequently at amortised cost, stated at cost less provisions for impairment, where appropriate. Provision for impairment of trade receivables is established where there is evidence that the Company will not be able to collect all the amounts due. The amount of the provision is the difference between the asset's carrying amount and the cash flows expected to be received.

### *Inventories*

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct material and, where applicable, direct labour costs and those overheads that have been incurred in bringing inventories to their present location and condition, on a first in first out basis.

Net realisable value is based on estimated selling price less additional costs to completion or disposal. Allowance is made for obsolete, defective and slow moving items based on estimated future usage.

### *Cash and cash equivalents*

Cash and cash equivalents include cash in hand, deposits held on call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts.

### *Trade and other payables*

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

### *Grants*

Revenue based grants are credited to the Statements of comprehensive income against related expenditure while grants of a capital nature are treated as deferred income and are transferred to the Statements of comprehensive income over the expected useful lives of the relevant assets.

### *Provisions*

Provisions for liabilities are made where the timing or amount of settlement is uncertain. A provision is recognised when: the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Provisions are not discounted on the grounds of materiality as permitted under IAS 37 'Provisions, Contingent Liabilities and Contingent Assets'.

### *Taxation*

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date, together with any adjustment in respect of previous years.

Deferred taxation is recognised, using the full liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amount in the consolidated financial statements. Deferred taxation is determined using tax rates (and laws) that have been enacted, or substantially enacted, by the balance sheet date, and are expected to apply when the related deferred taxation asset is realised or deferred taxation liability is settled.

Deferred taxation assets are recognised only to the extent that it is probable that within a reasonable future timescale taxable profit will be available against which the temporary differences can be utilised.

### *Share capital*

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

### *Leases*

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

### *New and amended standards in issue but not yet adopted*

At the date of authorisation of these financial statements, the following Standards and Interpretations affecting the Company, which have not been applied in these financial statements, were in issue but are not yet effective:

- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contracts with Customers
- IFRS 11 (amendments) Accounting for Acquisitions of Interests in Joint Operations
- IAS 16 and IAS 38 (amendments) Clarification of Acceptable Methods of Depreciation and Amortisation
- IAS 16 and IAS 41 (amendments) Agriculture: Bearer Plants
- IAS 19 (amendments) Defined Benefit Plans: Employee Contributions
- IAS 27 (amendments) Equity Method in Separate Financial Statements
- IFRS 10 and IAS 28 (amendments) Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Annual Improvements to IFRSs: 2010-2012 Amendments to IFRS 2: Share-based Payments, IFRS 3 Business Combinations, IFRS 8 Operating Segments, IFRS 13 Fair Value Measurement, IAS 16 Property, Plant and Equipment, IAS 24 Related Party Disclosures and IAS 38 Intangible Assets

- Annual Improvements to IFRSs: 2011-2013 Amendments to: IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 3 Business Combinations, IFRS 13 Fair Value Measurement and IAS 40 Investment Property
- Annual Improvements to IFRSs: 2012-2014 Cycle Amendments to: IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, IFRS 7 Financial Instruments: Disclosures, IAS 19 Employee Benefits and IAS 34 Interim Financial Reporting

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Company in future periods. Beyond the information above, it is not practicable to provide a reasonable estimate of the effect of the amendments to IFRS until a detailed review has been completed.

### 3 Critical accounting estimates and judgements

The preparation of these financial statements requires management to make estimates and judgements that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of costs and revenue during the reporting period. Actual results could differ from these estimates. Information about such judgements and estimates is contained in individual accounting policies.

Key sources of estimation uncertainty that could cause an adjustment to be required to the carrying amount of assets or liabilities within the next accounting period are:

- *Revenue recognition*

The key area where management have to make estimates in order to determine the revenue to be recognised in respect of maintenance contracts and licence fee income where revenue is recognised on a straight line basis over the life of the contract. The future income to be recognised on maintenance and licence fee contracts was £250,935 at 31 January 2015 (2014: £152,826) (2013: £149,310). Further details of estimates of when this income will be recognised are contained in note 16. The potential impact on profitability in the next 12 months could be £250,935.

- *Allowances against the valuation of inventories*

Where stock has become obsolete or is slow moving a provision is made to write the value of stock down to management's estimate of net realisable value. Slow moving stock is identified by reference to historic usage and sales projections. When products are made obsolete, the appropriate components are identified at the time and are fully provided against.

### 4 Segmental analysis

Inspiration Healthcare Limited's activities are organised into four segments: three trading segments, being Critical care, Operating Theatre and Other; and Central and Unallocated costs which are not allocated to trading segments.

There is no inter-segmental trading.

The Company's operations are based in the United Kingdom and it operates in a worldwide market.

The Company's Chief Operating Decision Maker is the Board of Directors.

The financial information presented to the Chief Operating Decision Maker, including the financial information of the Company's reportable segments, is presented in accordance with International Financial Reporting Standards (IFRS).

## Critical care

Critical care encompasses different Intensive Care Units: ie Neonatal Intensive Care (NICU), Paediatric Intensive Care (PICU) and Adult Intensive Care (sometimes referred to as ITU – Intensive Therapy Unit). Products that we identify in this segment are products that provide life and respiratory support and monitoring that are predominantly used in this clinical area, along with longer term (more than 6 hours) thermo-regulation products for cooling or warming patients, positioning aids.

Products that Inspiration supplies in this area are: Life/respiratory support/Ventilators (Inspire, Fabian, Vision Alpha, iLA/ActiVVe, Blenders), Thermo-regulation (Tecotherm Neo), positioning aids (DandleLion, Neotech) etc.

## Operating Theatre

In the Operating Theatre our products are used in conjunction with specialised surgical procedures. There is an overlap with critical care as in the Operating Theatre the products we supply are to support the anaesthetist such as a Jet ventilator during ENT or Thoracic surgery and to support the perfusionist such as extra-corporeal oxygenation systems during cardiac surgery. Additionally we have recently launched a range of pumps to help with post operative pain management.

## Other

We sell other products that encompass pumps for parenteral nutrition, as well as chemotherapy and other applications. We also sell products for emergency medicine such as Emox and devices that regulate gas supplies.

| <i>Year to 31 January 2015</i> | <i>Critical<br/>Care</i> | <i>Operating<br/>Theatre</i> | <i>Other</i>     | <i>Central and<br/>Unallocated<br/>costs</i> | <i>Total</i>     |
|--------------------------------|--------------------------|------------------------------|------------------|--|------------------|
|                                | <i>£</i>                 | <i>£</i>                     | <i>£</i>         | <i>£</i>                                     | <i>£</i>         |
| <b>Revenue</b>                 | <b>7,253,166</b>         | <b>737,070</b>               | <b>1,548,054</b> | <b>—</b>                                     | <b>9,538,290</b> |
| Depreciation and amortisation  | (32,565)                 | —                            | —                | (34,238)                                     | (66,803)         |
| Impairment                     | —                        | —                            | —                | —  | —                |
| Operating profit               | 2,092,168                | 116,342                      | 385,860          | (1,616,297)                                  | 978,073          |
| Financing income               |                          |                              |                  |  | 1,731            |
| Financing cost                 |                          |                              |                  |  | (21)             |
| Profit before tax              |                          |                              |                  |  | 979,783          |
| Tax                            |                          |                              |                  |  | (228,880)        |
| Profit after tax               |                          |                              |                  |  | <u>750,903</u>   |

|  | <i>Critical<br/>Care</i> | <i>Operating<br/>Theatre</i> | <i>Other</i>     | <i>Central and<br/>Unallocated<br/>costs</i> | <i>Total</i>     |
|--|--------------------------|------------------------------|------------------|--|------------------|
| <i>Year to 31 January 2014</i>         | £                        | £                            | £                | £  | £                |
| <b>Revenue</b>                         | <b>7,644,577</b>         | <b>127,166</b>               | <b>1,065,698</b> | <b>—</b>                                     | <b>8,837,441</b> |
| Depreciation and amortisation          | (46,010)                 | —                            | —                | (22,470)                                     | (68,480)         |
| Loss on disposal of non-current assets | —                        | —                            | —                | —  | —                |
| Impairment                             | —                        | —                            | —                | —  | —                |
| Operating profit                       | 1,614,203                | 42,797                       | 67,135           | (1,058,972)                                  | 665,163          |
| Financing income                       |                          |                              |                  |  | 1,491            |
| Financing cost                         |                          |                              |                  |  | (6)              |
| Profit before tax                      |                          |                              |                  |  | 666,648          |
| Tax                                    |                          |                              |                  |  | (104,658)        |
| Profit after tax                       |                          |                              |                  |  | 561,990          |

|   | <i>Critical<br/>Care</i> | <i>Operating<br/>Theatre</i> | <i>Other</i>   | <i>Central and<br/>Unallocated<br/>costs</i> | <i>Total</i>      |
|---|--------------------------|------------------------------|----------------|--|-------------------|
| <i>18 month period to 31 January 2013</i> | £                        | £                            | £              | £  | £                 |
| <b>Revenue</b>                            | <b>10,256,002</b>        | <b>102,955</b>               | <b>783,026</b> | <b>—</b>                                     | <b>11,141,983</b> |
| Depreciation and amortisation             | (28,501)                 | —                            | —              | (28,256)                                     | (56,757)          |
| Loss on disposal of non-current assets    | (180,301)                | —                            | —              | —  | (180,301)         |
| Impairment                                | (166,878)                | —                            | —              | —  | (166,878)         |
| Operating profit                          | 2,294,586                | 36,180                       | 86,014         | (1,248,356)                                  | 1,168,424         |
| Financing income                          |                          |                              |                |  | 1,296             |
| Financing cost                            |                          |                              |                |  | —                 |
| Profit before tax                         |                          |                              |                |  | 1,169,720         |
| Tax                                       |                          |                              |                |  | (281,095)         |
| Profit after tax                          |                          |                              |                |  | 888,625           |

### Significant categories of revenue

|            | <i>18 month<br/>period ended<br/>31 January<br/>2013</i> | <i>Year ended<br/>31 January<br/>2014</i> | <i>Year ended<br/>31 January<br/>2015</i> |
|------------|--|---|---|
|            | £  | £   | £   |
| Goods sold | 9,355,171  | 7,435,252                                 | 7,886,203                                 |
| Services   | 1,786,812  | 1,402,189                                 | 1,652,087                                 |
| Total      | 11,141,983   | 8,837,441                                 | 9,538,290                                 |

## Geographical analysis of revenue

|                                | <i>Critical<br/>Care</i> | <i>Operating<br/>Theatre</i> | <i>Other</i>     | <i>Central and<br/>Unallocated<br/>costs</i> | <i>Total</i>     |
|--------------------------------|--------------------------|------------------------------|------------------|--|------------------|
| <i>Year to 31 January 2015</i> | £                        | £                            | £                | £  | £                |
| UK                             | 4,378,308                | 736,055                      | 1,548,054        | —  | 6,662,417        |
| Europe                         | 1,785,204                | 1,015                        | —                | —  | 1,786,219        |
| Asia Pacific                   | 322,685                  | —                            | —                | —  | 322,685          |
| Middle East & Africa           | 533,733                  | —                            | —                | —  | 533,733          |
| Americas                       | 233,236                  | —                            | —                | —  | 233,236          |
|                                | <u>7,253,166</u>         | <u>737,070</u>               | <u>1,548,054</u> | <u>—</u>                                     | <u>9,538,290</u> |

  

|                                | <i>Critical<br/>Care</i> | <i>Operating<br/>Theatre</i> | <i>Other</i>     | <i>Central and<br/>Unallocated<br/>costs</i> | <i>Total</i>     |
|--------------------------------|--------------------------|------------------------------|------------------|--|------------------|
| <i>Year to 31 January 2014</i> | £                        | £                            | £                | £  | £                |
| UK                             | 5,503,009                | 125,954                      | 1,065,698        | —  | 6,694,661        |
| Europe                         | 1,660,956                | 1,212                        | —                | —  | 1,662,168        |
| Asia Pacific                   | 156,063                  | —                            | —                | —  | 156,063          |
| Middle East & Africa           | 286,698                  | —                            | —                | —  | 286,698          |
| Americas                       | 37,851                   | —                            | —                | —  | 37,851           |
|                                | <u>7,644,577</u>         | <u>127,166</u>               | <u>1,065,698</u> | <u>—</u>                                     | <u>8,837,441</u> |

  

|   | <i>Critical<br/>Care</i> | <i>Operating<br/>Theatre</i> | <i>Other</i>   | <i>Central and<br/>Unallocated<br/>costs</i> | <i>Total</i>      |
|---|--------------------------|------------------------------|----------------|--|-------------------|
| <i>18 month period to 31 January 2013</i> | £                        | £                            | £              | £  | £                 |
| UK  | 7,464,363                | 102,955                      | 783,026        | —  | 8,350,344         |
| Europe                                    | 2,222,800                | —                            | —              | —  | 2,222,800         |
| Asia Pacific                              | 122,676                  | —                            | —              | —  | 122,676           |
| Middle East & Africa                      | 407,798                  | —                            | —              | —  | 407,798           |
| Americas                                  | 38,365                   | —                            | —              | —  | 38,365            |
|   | <u>10,256,002</u>        | <u>102,955</u>               | <u>783,026</u> | <u>—</u>                                     | <u>11,141,983</u> |

No single customer accounted for more than 10% of revenue in any of the periods reported on.

No analysis of the Statements of financial position by reporting segment has been included as this information is not reported on internally.

## 5 Directors and employees

|   | <i>18 month<br/>period ended<br/>31 January<br/>2013<br/>£</i> | <i>Year ended<br/>31 January<br/>2014<br/>£</i> | <i>Year ended<br/>31 January<br/>2015<br/>£</i> |
|---|--|---|---|
| Wages and salaries                          | 1,357,593  | 1,067,826                                       | 1,330,033                                       |
| Social security costs                       | 151,850  | 116,974   | 152,935   |
| Pension costs – defined contribution scheme | 34,700   | 35,357  | 36,350  |
|   | <u>1,544,143</u>   | <u>1,220,157</u>                                | <u>1,519,318</u>                                |

The average number of employees during the period was:

|                               |           |           |           |
|-------------------------------|-----------|-----------|-----------|
| Directors                     | 4         | 4         | 5         |
| Management and administration | 4         | 5         | 4         |
| Sales                         | 17        | 22        | 22        |
| Development and quality       | 4         | 6         | 7         |
| Logistics                     | 3         | 2         | 2         |
|                               | <u>32</u> | <u>39</u> | <u>40</u> |

Details of emoluments (including pension) paid to the directors, who are the key management personnel, are as follows:

|  | <i>18 month<br/>period ended<br/>31 January<br/>2013<br/>£</i> | <i>Year ended<br/>31 January<br/>2014<br/>£</i> | <i>Year ended<br/>31 January<br/>2015<br/>£</i> |
|--|--|---|---|
| Total emoluments paid to:                            |  |   |   |
| Directors  | 42,000   | 28,000  | 122,045   |
| Contributions to defined contribution pension scheme | 20,000   | 24,000  | 24,000  |
|  | <u>62,000</u>  | <u>52,000</u>                                   | <u>146,045</u>                                  |
| Emoluments of highest paid director                  | 10,500   | 7,000   | 92,045  |
| Contributions to defined contribution pension scheme | 5,000  | 6,000   | —   |
|  | <u>15,500</u>  | <u>13,000</u>                                   | <u>92,045</u>                                   |
| Dividends paid to directors                          | <u>432,566</u>   | <u>348,746</u>                                  | <u>407,847</u>                                  |

Number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 4 (2014: 4) (2013: 4)

## 6 Profit on ordinary activities before financing and taxation

Profit before financing and taxation is arrived at after charging:

|   | <i>18 month<br/>period ended<br/>31 January<br/>2013<br/>£</i> | <i>Year ended<br/>31 January<br/>2014<br/>£</i> | <i>Year ended<br/>31 January<br/>2015<br/>£</i> |
|---|--|---|---|
| Amortisation of intangible assets included within administrative expenses | 28,501   | 46,008  | 32,548  |
| Impairment of intangible assets included in exceptional items             | 166,878  | —   | —   |
| Loss on disposal of intangible assets included in exceptional items       | 180,301  | —   | —   |
| Depreciation of property, plant and equipment                             | 28,256   | 22,472  | 34,255  |
| Foreign exchange losses   | 7,214  | 4,081   | 21,494  |
| Impairment of trade receivables   | 4,390  | 8,788   | (16,188)  |
| Inventories recognised as an expense                                      | 6,239,461  | 5,402,491                                       | 5,288,645                                       |
| Operating lease rentals for land and buildings                            | 39,117   | 36,107  | 46,669  |
| Other operating lease rentals   | 86,376   | 68,664  | 66,698  |
| Auditors remuneration:  |  |   |   |
| – audit of the annual accounts of the Company                             | —  | —   | 21,500  |
| – corporation tax services  | —  | —   | 3,500   |

During the period ended 31 January 2013 a licence was written off having a net book value of £180,301 due to the licence being cancelled by mutual consent.

In addition, following a first year impairment review using a 7% discount rate, intellectual property was also written down by an additional £166,878 to its value in use of £72,073 due to the significantly lower than expected performance of the product with an expectation that this is likely to continue.

## 7 Finance income

|                 | <i>18 month<br/>period ended<br/>31 January<br/>2013<br/>£</i> | <i>Year ended<br/>31 January<br/>2014<br/>£</i> | <i>Year ended<br/>31 January<br/>2015<br/>£</i> |
|-----------------|--|---|---|
| Interest income | 1,296  | 1,491   | 1,731   |

## 8 Finance costs

|   | <i>18 month<br/>period ended<br/>31 January<br/>2013<br/>£</i> | <i>Year ended<br/>31 January<br/>2014<br/>£</i> | <i>Year ended<br/>31 January<br/>2015<br/>£</i> |
|---|--|---|---|
| Interest payable on bank loans and overdrafts | —  | 6   | 21  |

## 9 Taxation

|   | <i>18 month<br/>period ended<br/>31 January<br/>2013<br/>£</i> | <i>Year ended<br/>31 January<br/>2014<br/>£</i> | <i>Year ended<br/>31 January<br/>2015<br/>£</i> |
|---|--|---|---|
| <b>Domestic current period tax</b>  |  |   |   |
| UK corporation tax  | 286,783  | 149,464   | 190,600   |
| Adjustments in respect of prior periods   | —  | (46,623)  | 20,504  |
| Total current tax   | <u>286,783</u>   | <u>102,841</u>                                  | <u>211,104</u>                                  |
| <b>Deferred tax</b>   |  |   |   |
| Origination and reversal of temporary differences                                       | (5,688)  | 1,817   | 17,776  |
|   | <u>281,095</u>   | <u>104,658</u>                                  | <u>228,880</u>                                  |
| <b>Factors affecting the tax credit for the period</b>                                  |  |   |   |
| Profit before tax   | <u>1,169,720</u>   | <u>666,648</u>                                  | <u>979,783</u>                                  |
| Profit before tax multiplied by standard rate of<br>UK corporation tax of 24%, 23%, 21% | 280,733  | 153,329   | 205,754   |
| Effects of:   |  |   |   |
| Non-deductible expenses   | 4,111  | 3,669   | 2,558   |
| Adjustments for prior periods   | —  | (46,623)  | 20,504  |
| Other tax adjustments   | (3,749)  | (5,717)   | 64  |
| Total tax charge  | <u>281,095</u>   | <u>104,658</u>                                  | <u>228,880</u>                                  |

## 10 Intangible assets

|                        | <i>Intellectual<br/>property and<br/>licences</i> | <i>Computer<br/>software</i> | <i>Total</i> |
|------------------------|---|------------------------------|--------------|
|                        | £   | £                            | £            |
| <b>Cost</b>            |   |                              |              |
| At 1 August 2011       | 360,712   | —                            | 360,712      |
| Additions              | 256,831   | —                            | 256,831      |
| Disposals              | (222,725)   | —                            | (222,725)    |
| At 31 January 2013     | 394,818   | —                            | 394,818      |
| Additions              | —   | —                            | —            |
| At 31 January 2014     | 394,818   | —                            | 394,818      |
| Additions              | —   | 59,474                       | 59,474       |
| At 31 January 2015     | 394,818   | 59,474                       | 454,292      |
| <b>Amortisation</b>    |   |                              |              |
| At 1 August 2011       | 86,685  | —                            | 86,685       |
| Charge for the period  | 28,501  | —                            | 28,501       |
| Eliminated on disposal | (42,424)  | —                            | (42,424)     |
| Impairments            | 166,878   | —                            | 166,878      |
| At 31 January 2013     | 239,640   | —                            | 239,640      |
| Charge for the year    | 46,008  | —                            | 46,008       |
| At 31 January 2014     | 285,648   | —                            | 285,648      |
| Charge for the year    | 32,548  | —                            | 32,548       |
| At 31 January 2015     | 318,196   | —                            | 318,196      |
| <b>Carrying value</b>  |   |                              |              |
| At 31 January 2013     | 155,178   | —                            | 155,178      |
| At 31 January 2014     | 109,170   | —                            | 109,170      |
| At 31 January 2015     | 76,622  | 59,474                       | 136,096      |

During the period ended 31 January 2013 some of the intellectual property was impaired. Details of this impairment can be found in note 6.

## 11 Property, plant and equipment

|                       | <i>Leasehold<br/>Improvements</i> | <i>Plant,<br/>machinery<br/>and office<br/>equipment</i> | <i>Motor<br/>vehicles</i> | <i>Total</i> |
|-----------------------|-----------------------------------|--|---------------------------|--------------|
|                       | £                                 | £  | £                         | £            |
| <b>Cost</b>           |                                   |  |                           |              |
| At 1 August 2011      | 5,347                             | 98,024   | —                         | 103,371      |
| Additions             | —                                 | 7,930  | —                         | 7,930        |
| Disposals             | —                                 | (1,391)  | —                         | (1,391)      |
| At 31 January 2013    | 5,347                             | 104,563  | —                         | 109,910      |
| Additions             | —                                 | 25,717   | 23,112                    | 48,829       |
| At 31 January 2014    | 5,347                             | 130,280  | 23,112                    | 158,739      |
| Additions             | —                                 | 60,152   | —                         | 60,152       |
| At 31 January 2015    | 5,347                             | 190,432  | 23,112                    | 218,891      |
| <b>Depreciation</b>   |                                   |  |                           |              |
| At 1 August 2011      | 1,694                             | 43,973   | —                         | 45,667       |
| Charge for the period | 802                               | 27,454   | —                         | 28,256       |
| Disposals             | —                                 | (1,391)  | —                         | (1,391)      |
| At 31 January 2013    | 2,496                             | 70,036   | —                         | 72,532       |
| Charge for the year   | 534                               | 17,123   | 4,815                     | 22,472       |
| At 31 January 2014    | 3,030                             | 87,159   | 4,815                     | 95,004       |
| Charge for the year   | 535                               | 27,582   | 6,138                     | 34,255       |
| At 31 January 2015    | 3,565                             | 114,741  | 10,953                    | 129,259      |
| <b>Carrying value</b> |                                   |  |                           |              |
| At 31 January 2013    | 2,851                             | 34,527   | —                         | 37,378       |
| At 31 January 2014    | 2,317                             | 43,121   | 18,297                    | 63,735       |
| At 31 January 2015    | 1,782                             | 75,691   | 12,159                    | 89,632       |

## 12 Non-current asset investments

|                                       | £ |
|---------------------------------------|---|
| <b>Cost</b>                           |   |
| At 1 August 2011 & at 31 January 2013 | 1 |
| At 31 January 2014                    | 1 |
| Additions                             | 2 |
| At 31 January 2015                    | 3 |
| <b>Carrying value</b>                 |   |
| At 31 January 2013                    | 1 |
| At 31 January 2014                    | 1 |
| At 31 January 2015                    | 3 |

The directors are satisfied that no impairment has occurred in the carrying value of the non-current asset investments at 31 January 2015. Details of the investments are as follows:

| <i>Name of entity</i>                | <i>Principal activity</i> | <i>Country of Incorporation</i> | <i>% of Ordinary Shares held</i> | <i>Capital and reserves £</i> |
|--------------------------------------|---------------------------|---------------------------------|----------------------------------|-------------------------------|
| Anaesthetic Services Systems Limited | Dormant                   | Northern Ireland                | 100                              | 100                           |

Inspiration is also a shareholder in, and supplies technology to, Neuroprotexon Limited, a drug device technology company which is pioneering the use of the inert gas, xenon, as a neuro-protectant.

In the year ended 31 January 2015 Inspiration subscribed for 1,750 ordinary shares of £0.001 each in Neuroprotexon Limited for an aggregate amount of £1.75, giving Inspiration 17.5% of the issued share capital of Neuroprotexon Limited. Subsequent to 31 January 2015, Inspiration has invested a further £100,000 in Neuroprotexon Limited to give a shareholding on an undiluted basis of 21.26% (15.53% on a fully diluted basis, taking into account share options and loan conversion rights). Inspiration will provide intellectual property and technology to Neuroprotexon Limited.

In addition to the above, until 22 May 2015 N J Campbell and W G Walls jointly owned the entire share capital of a non trading company, Inspiration Homecare Limited. The directors held those shares for and on behalf of Inspiration Healthcare Limited. The company was incorporated in the United Kingdom and had net liabilities of £17,000 at each of the period ends being reported on.

### 13 Inventories

|                | <i>As at 31 January</i> |             |             |
|----------------|-------------------------|-------------|-------------|
|                | <i>2013</i>             | <i>2014</i> | <i>2015</i> |
|                | <i>£</i>                | <i>£</i>    | <i>£</i>    |
| Finished goods | 508,352                 | 479,328     | 664,239     |

Inventories are presented net of provisions to write down the values to management's estimate of net realisable value.

The amount credited to the Statements of comprehensive income in respect of the writing down of inventories was £35,378 (2014: £7,693 debit) (2013: £67,741) mainly arising from the utilisation of provisions as the related goods were sold.

### 14 Trade and other receivables

|                                | <i>As at 31 January</i> |             |             |
|--------------------------------|-------------------------|-------------|-------------|
|                                | <i>2013</i>             | <i>2014</i> | <i>2015</i> |
|                                | <i>£</i>                | <i>£</i>    | <i>£</i>    |
| Trade receivables              | 829,213                 | 1,021,933   | 2,024,302   |
| Other receivables              | 24,694                  | 42,194      | 107,549     |
| Prepayments and accrued income | 75,648                  | 99,925      | 10,869      |
|                                | 929,555                 | 1,164,052   | 2,142,720   |

All of the trade receivables were non-interest bearing and receivable under normal commercial terms. The directors consider that the carrying value of trade and other receivables approximates to their fair value.

There was a provision relating to trade receivables of £5,547 (2014: £16,613) (2013: £6,982) for the current period. Other receivable balances do not contain impaired assets.

The ageing profile of non-related party trade receivables that were not impaired is as follows:

|                        | <i>Total</i> | <i>&lt; 30 days</i> | <i>30 – 60 days</i> | <i>60 – 90 days</i> | <i>&gt; 90 days</i> |
|------------------------|--------------|---------------------|---------------------|---------------------|---------------------|
|                        | £            | £                   | £                   | £                   | £                   |
| <b>31 January 2013</b> | 829,213      | 745,078             | 44,664              | 18,629              | 20,842              |
| <b>31 January 2014</b> | 1,021,933    | 867,401             | 112,426             | 20,749              | 21,357              |
| <b>31 January 2015</b> | 2,024,302    | 1,555,287           | 223,199             | 120,919             | 124,897             |

At 31 January 2015 the trade receivables which were past due but not impaired amounted to £462,542 (2014: £116,874) (2013: £84,115). These receivable balances have not been impaired because the balances have been acknowledged as payable by the customers or have been settled since the year end.

The carrying amounts of the Company's receivables that are denominated in foreign currencies are as follows:

|                 | <i>As at 31 January</i> |             |             |
|-----------------|-------------------------|-------------|-------------|
|                 | <i>2013</i>             | <i>2014</i> | <i>2015</i> |
|                 | £                       | £           | £           |
| Pounds sterling | 549,818                 | 679,170     | 1,636,095   |
| Euro            | 279,395                 | 342,763     | 324,243     |
| US Dollars      | —                       | —           | 63,964      |
|                 | 829,213                 | 1,021,933   | 2,024,302   |

## 15 Cash and cash equivalents

As at 31 January 2013, 2014 and 2015 cash and cash equivalents balances for the Company were as follows.

|                          | <i>As at 31 January</i> |             |             |
|--------------------------|-------------------------|-------------|-------------|
|                          | <i>2013</i>             | <i>2014</i> | <i>2015</i> |
|                          | £                       | £           | £           |
| Cash at bank and in hand | 536,912                 | 556,185     | 342,097     |

## 16 Current liabilities

|                                       | <i>As at 31 January</i> |             |             |
|---------------------------------------|-------------------------|-------------|-------------|
|                                       | <i>2013</i>             | <i>2014</i> | <i>2015</i> |
|                                       | £                       | £           | £           |
| Trade payables                        | 497,405                 | 694,205     | 921,626     |
| Other taxes and social security costs | 107,470                 | 148,491     | 210,965     |
| Directors' current accounts           | 465                     | 465         | 76,479      |
| Other payables                        | 2,735                   | 1,338       | 1,417       |
| Accruals                              | 134,104                 | 68,140      | 157,768     |
| Trade and other payables              | 742,179                 | 912,639     | 1,368,255   |
| Corporation tax                       | 286,783                 | 102,841     | 190,600     |
| Deferred income                       | 149,310                 | 152,826     | 250,935     |
|                                       | 1,178,272               | 1,168,306   | 1,809,790   |

The fair value of trade and other payables approximates to book value at each period end. Trade payables are non-interest bearing. Accruals and deferred income are normally settled monthly throughout the financial year.

Security has been provided over the company's banking facilities by way of fixed and floating charges over all of the company assets.

All deferred income is expected to be recognised in the following year.

## 17 Provisions for liabilities

### Deferred taxation

The deferred tax provision of the company is as follows:

|                                | <i>As at 31 January</i> |             |             |
|--------------------------------|-------------------------|-------------|-------------|
|                                | <i>2013</i>             | <i>2014</i> | <i>2015</i> |
|                                | £                       | £           | £           |
| Accelerated capital allowances | 5,612                   | 7,429       | 25,205      |

## 18 Financial risk management

The Company's financial instruments comprise cash and various items such as trade receivables, trade payables and other payables that arise directly from its operations. The main purpose of these financial instruments is to finance the Company's operations. The policies to address the risks associated with the Company's financial instruments are reviewed and approved by the Board. A summary of the risks is set out below.

### *Liquidity risk*

In the normal course of business the Company is exposed to liquidity risk. The Company's objective is to ensure that sufficient resources are available to fund short term working capital and longer term strategic requirements. The company also has access to a £650,000 invoice discounting facility.

The ageing of the company's financial and other liabilities and cash and cash equivalents is as follows:

|                                 | <i>As at 31 January</i> |             |             |
|---------------------------------|-------------------------|-------------|-------------|
|                                 | <i>2013</i>             | <i>2014</i> | <i>2015</i> |
|                                 | £                       | £           | £           |
| Cash and cash equivalents       | 536,912                 | 556,185     | 342,097     |
| Trade receivables               | 829,213                 | 1,021,933   | 2,024,302   |
|                                 | 1,366,125               | 1,578,118   | 2,366,399   |
| Financial and other liabilities | (742,179)               | (912,639)   | (1,368,255) |
| Net liquidity surplus           | 623,946                 | 665,479     | 998,144     |

All of the above are due or mature in under three months.

### *Credit risk*

Credit risk principally arises on cash deposits and trade receivables. The credit risk arising on cash deposits is limited because the counterparties are financial institutions with high credit ratings assigned by international credit rating agencies.

The Board's investment strategy for its cash investments in all institutions should be rated A1 for Short term investments. The Board keeps this situation under review in light of new developments.

Trade receivables consist of a large number of customers, spread across diverse geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit guarantee insurance cover is purchased.

The Company does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Company defines counterparties as having similar characteristics if they are related entities.

The carrying value of financial assets recorded in the financial statements, which is net of impairment losses, represents the Company's maximum exposure to credit risk as no collateral or other credit enhancements are held.

*Interest rate risk*

The Company does not believe that its financial stability is threatened because of an exposure to interest rate risk and consequently does not hedge against it. The Board keeps this risk under regular review.

*Foreign currency risk*

It is recognised that the Company has an exposure to foreign currency risks however the Board consider this to be an acceptable level of risk which does not threaten the financial stability of the Company, however the Board keeps this risk under regular review. At the year end the exposure in the Statements of financial position amounts to £173,396 (2014: 46,039) (2013: 110,069).

The fair values of the financial assets and liabilities are not materially different from their book values.

*Capital risk management*

The Company establishes credit limits for all financial instruments taking into account independent ratings, past experiences and other factors. The Company's investment policy is to invest in fixed rate/low risk investments where the capital element is not at risk to market changes.

**19 Share capital**

|   | <i>As at 31 January</i> |             |             |
|---|-------------------------|-------------|-------------|
|   | <i>2013</i>             | <i>2014</i> | <i>2015</i> |
|   | <i>£</i>                | <i>£</i>    | <i>£</i>    |
| <b>Authorised share capital</b>           |                         |             |             |
| Ordinary shares of £1 each                | 500                     | 500         | 500         |
| <b>Allotted, called up and fully paid</b> |                         |             |             |
| Ordinary shares of £1 each                | 500                     | 500         | 500         |

## 20 Financial commitments

The lease expenditure charged to the Statement of comprehensive income during the year is disclosed in note 6.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

|                           | <i>As at 31 January</i> |                |               |
|---------------------------|-------------------------|----------------|---------------|
|                           | <i>2013</i>             | <i>2014</i>    | <i>2015</i>   |
|                           | £                       | £              | £             |
| <b>Land and buildings</b> |                         |                |               |
| Within 1 year             | 19,845                  | 39,845         | 39,845        |
| Within 2 – 5 years        | 77,000                  | 92,496         | 53,246        |
| Beyond 5 years            | 4,061                   | —              | —             |
|                           | <u>100,906</u>          | <u>132,341</u> | <u>93,091</u> |
| <b>Other</b>              |                         |                |               |
| Within 1 year             | 31,326                  | 10,066         | 50,436        |
| Within 2 – 5 years        | 25,306                  | 83,105         | 40,336        |
| Beyond 5 years            | —                       | —              | —             |
|                           | <u>56,632</u>           | <u>93,171</u>  | <u>90,772</u> |

## 21 Earnings per share

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

Diluted earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

|   | <i>18 month</i>   | <i>Year to</i>    | <i>Year to</i>    |
|---|-------------------|-------------------|-------------------|
|   | <i>period to</i>  | <i>31 January</i> | <i>31 January</i> |
|   | <i>31 January</i> | <i>2014</i>       | <i>2015</i>       |
|   | 2013              | 2014              | 2015              |
|   | £                 | £                 | £                 |
| Profit attributable to the equity holders of the Company    | 888,625           | 561,990           | 750,903           |
| Weighted average number of basic ordinary shares in issue   | 500               | 500               | 500               |
| Weighted average number of diluted ordinary shares in issue | 500               | 500               | 500               |
| Earnings per share:   |                   |                   |                   |
| Basic   | 1,777.25          | 1,123.98          | 1,501.81          |
| Diluted   | 1,777.25          | 1,123.98          | 1,501.81          |

## 22 Dividends

|                       | <i>18 month</i>   | <i>Year to</i>    | <i>Year to</i>    |
|-----------------------|-------------------|-------------------|-------------------|
|                       | <i>period to</i>  | <i>31 January</i> | <i>31 January</i> |
|                       | <i>31 January</i> | <i>2014</i>       | <i>2015</i>       |
|                       | 2013              | 2014              | 2015              |
|                       | £                 | £                 | £                 |
| Ordinary interim paid | 432,566           | 348,746           | 407,847           |
| Dividend per share    | <u>865.13</u>     | <u>697.49</u>     | <u>815.69</u>     |

Since 31 January 2015, the company has paid further dividends on equity of £77,551 on 30 April 2015. A further dividend totalling £100,000 was approved by the board on 20 April 2015, but has not yet been paid.

### 23 Capital commitments

There were no capital commitments as at the years ended 31 December 2015, 2014 and the period ended 2013.

### 24 Related parties

W G Walls, a director of the Company, invoiced £42,343 in the year ended 31 January 2014 and £53,171 in the period ended 31 January 2013 to the Company for providing consultancy services prior to becoming a director.

Rental charges totalling £19,250 (2014: £19,250) (2013: £19,250) were payable on the property at Earl Shilton. The property is owned by a pension scheme company whose beneficiaries are the directors of Inspiration Healthcare Limited and the rent is provided at a market rate.

The following advances and creditors to directors subsisted;

|  | <i>As at 31 January</i> |             |             |
|--|-------------------------|-------------|-------------|
|  | <i>2013</i>             | <i>2014</i> | <i>2015</i> |
|  | £                       | £           | £           |
| <b>WG Walls</b>                        |                         |             |             |
| Balance outstanding at start of period | —                       | —           | —           |
| Dividends payable to director          | (2,966)                 | (4,746)     | (15,447)    |
| Bonus payable to director              | —                       | —           | (15,254)    |
| Amounts repaid                         | 2,966                   | 4,746       | 8,172       |
| Balance outstanding at end of period   | —                       | —           | (22,529)    |
| <b>T Foster</b>                        |                         |             |             |
| Balance outstanding at start of period | 55                      | (15)        | (15)        |
| Dividends payable to director          | (107,400)               | (86,000)    | (98,100)    |
| Amounts repaid                         | 107,330                 | 86,000      | 97,115      |
| Balance outstanding at end of period   | (15)                    | (15)        | (1,000)     |
| <b>M J Oxley</b>                       |                         |             |             |
| Balance outstanding at start of period | —                       | (177)       | (177)       |
| Dividends payable to director          | (107,400)               | (86,000)    | (98,100)    |
| Amounts repaid                         | 107,223                 | 86,000      | 77,600      |
| Balance outstanding at end of period   | (177)                   | (177)       | (20,677)    |
| <b>N J Campbell</b>                    |                         |             |             |
| Balance outstanding at start of period | 31                      | (244)       | (244)       |
| Dividends payable to director          | (107,400)               | (86,000)    | (98,100)    |
| Amounts repaid                         | 107,125                 | 86,000      | 86,600      |
| Balance outstanding at end of period   | (244)                   | (244)       | (11,744)    |
| <b>SG Motley</b>                       |                         |             |             |
| Balance outstanding at start of period | 49                      | (29)        | (29)        |
| Dividends payable to director          | (107,400)               | (86,000)    | (98,100)    |
| Amounts repaid                         | 107,322                 | 86,000      | 77,600      |
| Balance outstanding at end of period   | (29)                    | (29)        | (20,529)    |

Information relating to key personnel employment costs is included in note 5.

**25 Control**

During the period, the company was under the control of the directors with no director having complete control.

**26 Transition to IFRS**

In restating the company information into IFRS from UK GAAP as of 1 August 2011 there have been no adjustments to the profit after tax or cash flows. The only adjustments to the financial statements have been certain reclassifications and disclosures.

**PART VI**  
**UNAUDITED PROFORMA STATEMENT OF NET ASSETS**  
**OF THE ENLARGED GROUP**

Set out below is an unaudited proforma statement of net assets for the Enlarged Group based on the balance sheet for Inditherm as at 31 December 2014 and the balance sheet for Inspiration as at 31 January 2015 together with other adjustments described in the notes below. It has been prepared on the basis set out in the notes to illustrate the effect of the Acquisition in this document, as if it had occurred at 31 December 2014.

The unaudited proforma statement of net assets has been prepared for illustrative purposes only. Because of its nature, it addresses a hypothetical situation and does not therefore represent the Enlarged Group's actual financial position or results. It is based on the audited net assets of Inditherm at 31 December 2014 as referenced in Part IV of this document and the audited net assets of Inspiration as at 31 January 2015 as shown in Part V of this document. It does not constitute statutory accounts within the meaning of section 434 of the Act, and no adjustment has been made to take account of trading, expenditure or other movements subsequent to 31 December 2014, being the date of the last published balance sheet for Inditherm or subsequent to 31 January 2015 in respect of Inspiration.

|                                | <i>Inditherm</i><br><i>31 December</i><br><i>2014</i><br><i>£000</i><br><i>Note 1</i> | <i>Inspiration</i><br><i>31 January</i><br><i>2015</i><br><i>£000</i><br><i>Note 2</i> | <i>Impact</i><br><i>of the</i><br><i>Acquisition</i><br><i>£000</i><br><i>Note 3</i> | <i>Proforma</i><br><i>Net Assets</i><br><i>of the</i><br><i>Enlarged</i><br><i>Group</i><br><i>£000</i><br><i>Note 4</i> |
|--------------------------------|---|--|--|--|
| <b>ASSETS</b>                  |   |  |  |  |
| <b>Non-current assets</b>      |   |  |  |  |
| Intangible assets              | 36  | 136  | 446  | 618  |
| Property, plant and equipment  | 3   | 90   | —  | 93   |
|                                | <u>39</u>   | <u>226</u>   | <u>446</u>   | <u>711</u>   |
| <b>Current assets</b>          |   |  |  |  |
| Inventories                    | 189   | 664  | —  | 853  |
| Trade and other receivables    | 284   | 2,143  | —  | 2,427  |
| Tax recoverable                | 36  | —  | —  | 36   |
| Cash and cash equivalents      | 1,165   | 342  | —  | 1,507  |
|                                | <u>1,674</u>  | <u>3,149</u>   | <u>—</u>   | <u>4,823</u>   |
| <b>Total assets</b>            | <u><u>1,713</u></u>   | <u><u>3,375</u></u>  | <u><u>446</u></u>  | <u><u>5,534</u></u>  |
| <b>LIABILITIES</b>             |   |  |  |  |
| <b>Current liabilities</b>     |   |  |  |  |
| Trade and other payables       | 220   | 1,368  | 700  | 2,288  |
| Deferred income                | 87  | 251  | —  | 338  |
| Current tax liability          | —   | 191  | —  | 191  |
|                                | <u>307</u>  | <u>1,810</u>   | <u>700</u>   | <u>2,817</u>   |
| <b>Non-current liabilities</b> |   |  |  |  |
| Deferred income                | 124   | —  | —  | 124  |
| Deferred tax liability         | —   | 25   | —  | 25   |
|                                | <u>124</u>  | <u>25</u>  | <u>—</u>   | <u>149</u>   |
| <b>Total liabilities</b>       | <u><u>431</u></u>   | <u><u>1,835</u></u>  | <u><u>700</u></u>  | <u><u>2,966</u></u>  |
| <b>Net assets</b>              | <u><u>1,282</u></u>   | <u><u>1,540</u></u>  | <u><u>(254)</u></u>  | <u><u>2,568</u></u>  |

## Notes

1. The balance sheet of Inditherm as at 31 December 2014 has been extracted without adjustment from the historical financial information referenced in Part IV of this document.
2. The balance sheet of Inspiration as at 31 January 2015 has been extracted without adjustment from the historical financial information contained in Part V of this document.
3. The impact of the Acquisition reflects the issue of 25,556,290 ordinary shares in Inditherm as consideration for the acquisition of all of the issued ordinary share capital of Inspiration. The Acquisition has been treated as a reverse acquisition.

The value of goodwill/other separable intangible assets arising on the reverse acquisition has been estimated by deriving a deemed consideration for the transaction of £1,728,000, based on a share price for Inditherm of 3.38p as at 31 December 2014, applied to the net asset value of £1,282,000 at that date. Estimated costs of acquisition of £700,000 have been charged in the income statement in accordance with IFRS.

4. This column comprises the sum of the preceding columns and represents the proforma net assets of the Enlarged Group as if the Acquisition had completed as at 31 December 2014.

## PART VII

### ADDITIONAL INFORMATION

#### 1. Responsibility

- (a) The Company, the Inditherm Directors and the Proposed Directors, whose names and functions are set out in Part I of this document, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Company, the Inditherm Directors and the Proposed Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.
- (b) Mazars LLP whose registered address is at Tower Bridge House, St. Katherine's Way, London EW1 1DD accepts responsibility for its letter set out in Part V of this document. To the best of the knowledge and belief of Mazars LLP (who have taken all reasonable care to ensure that such is the case), the information contained in their report is in accordance with the facts and does not omit anything likely to affect the import of such information.

#### 2. The Company and the Enlarged Group

2.1 The Company was incorporated in England on 25 June 1998 under the name of P.J.O. Industrial (Inditherm) Limited with registered number 03587944 as a private company with limited liability under the Companies Act 1985 Act. The Company was re-registered as a public company on 7 December 2001 under the name Inditherm plc. On or shortly after Admission the Company will change its name to Inspiration Healthcare Group plc. Its registered office is at Inditherm House, Houndhill Park, Bolton Road, Wath Upon Dearne, Rotherham, South Yorkshire S63 7LG. The telephone number is 01709 761000. It is domiciled in the United Kingdom.

2.2 As at the date of this document the Company has the following subsidiaries:

| <i>Name</i>                    | <i>Registered Office</i>             | <i>Activity</i>                                  | <i>Percentage of issued share capital or interest held</i> | <i>Total issued share capital</i> |
|--------------------------------|--------------------------------------|--|--|-----------------------------------|
| Inditherm (Medical) Limited    | The registered office of the Company | Holding company for intellectual property rights | 100%   | £2.00                             |
| Inditherm (UK) Limited         | The registered office of the Company | Dormant  | 100%   | £2.00                             |
| Inditherm Construction Limited | The registered office of the Company | Dormant  | 100%   | £100.00                           |

2.3 On Completion, the Company will hold the following additional subsidiaries:

| <i>Name</i>                    | <i>Registered Office</i>   | <i>Activity</i>                       | <i>Percentage of issued share capital or interest held</i> | <i>Total issued share capital</i> |
|--------------------------------|--|---------------------------------------|--|-----------------------------------|
| Inspiration Healthcare Limited | Gildor House<br>West Street<br>Earl Shilton<br>Leicestershire<br>LE9 7EJ | Sale of medical and orthopaedic goods | 100%   | £1,000.00                         |

| <i>Name</i>                          | <i>Registered Office</i>  | <i>Activity</i> | <i>Percentage of issued share capital or interest held</i> | <i>Total issued share capital</i> |
|--------------------------------------|---|-----------------|--|-----------------------------------|
| Anaesthetic Services Systems Limited | C10 Stangford Park<br>Ards Business Centre<br>Jubilee Road<br>Newtownards<br>Co. Down<br>BT23 4YH | Dormant company | 100%   | £100.00                           |
| Inspiration Homecare Limited         | Gildor House<br>West Street<br>Earl Shilton<br>Leicestershire<br>LE9 7EJ                          | Dormant company | 100%   | £2.00                             |

### 3. Share capital

- (a) As at 31 December 2014, being the most recent balance sheet date in financial information referenced in Part IV of this document, the authorised and issued and fully paid share capital of the Company was:

|                                   | <i>Authorised</i> |               | <i>Issued</i> |               |
|-----------------------------------|-------------------|---------------|---------------|---------------|
|                                   | <i>£</i>          | <i>Number</i> | <i>£</i>      | <i>Number</i> |
| Existing Ordinary Shares of 1p    | 780,000           | 78,000,000    | 511,125.81    | 51,112,581    |
| Inditherm Preference Shares of £1 | 220,000           | 220,000       | —             | —             |

- (b) No alterations in the share capital of the Company have taken place in the three years preceding the date of this document.
- (c) On Completion the issued share capital will be:

|                        | <i>Issued</i> |               |
|------------------------|---------------|---------------|
|                        | <i>£</i>      | <i>Number</i> |
| Ordinary Shares of 10p | 3,066,754.80  | 30,667,548    |

- (d) As at the date of this document, the following options to subscribe for Ordinary Shares have been granted to two of the Inditherm Directors under the Enterprise Management Incentive Scheme and the Share Incentive Plan for nil consideration and remain outstanding:

| <i>Scheme</i>                          | <i>Number of Ordinary Shares under option</i> | <i>Date of grant</i> | <i>Exercisable from</i> | <i>Exercisable until</i> | <i>Exercise price</i> |
|--|---|----------------------|-------------------------|--------------------------|-----------------------|
| Enterprise Management Incentive Scheme | 600,000                                       | 9 May 2008           | 9 January 2010          | 8 May 2018               | £0.10                 |
| Enterprise Management Incentive Scheme | 1,250,000                                     | 18 January 2012      | 18 January 2015         | 17 January 2022          | £0.05                 |

- (e) Pursuant to the terms of the Acquisition Agreement the Consideration Shares in the capital of the Company will be issued to the Vendors on Completion. If there is a shortfall in the net assets of Inspiration or a breach of warranty (subject to certain thresholds and limited) under the Acquisition Agreement the Company will be entitled to purchase shares from the Vendors for the aggregate consideration of £1.00.
- (f) Save as disclosed in paragraph (d) above, no share or loan capital of the Company or any of the Enlarged Group is under option or agreed conditionally or unconditionally to be put under option.

- (g) (i) Pursuant to an ordinary resolution passed at the annual general meeting on 1 May 2014, the Directors were generally and unconditionally authorised in accordance with section 551 of the 2006 Act to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for or to convert securities into such shares up to an aggregate nominal amount of £25,000 (representing approximately 5% of the authorised but unissued share capital) such authority to expire on the conclusion of the next annual general meeting of the Company; and
- (ii) Pursuant to a special resolution passed at the annual general meeting on 1 May 2014 the Directors were empowered (pursuant to section 571 of the 2006 Act) to allot equity securities (as defined in section 560 of the 2006 Act) for cash pursuant to the authority described in paragraph 3(g)(i) above as if section 561(1) of the 2006 Act did not apply to such allotment up to an aggregate nominal amount of £25,000.
- (h) Since 1 January 2012 no capital of the Company has been allotted for cash or for a consideration other than cash.
- (i) Save for the Consideration Shares and the grant of options under the Share Option Schemes, no capital of the Company is proposed to be issued or is under option or is agreed conditionally or unconditionally to be put under option.
- (j) The Ordinary Shares rank *pari passu* in all respects and will rank in full for all dividends and other distributions thereafter declared, made or paid on the ordinary share capital of the Company.
- (k) The Ordinary Shares are in registered form and are capable of being held in uncertificated form. None of the Ordinary Shares are being marketed or made available in whole or in part to the public in conjunction with the applications for Admission.
- (l) The currency of the issue is pounds sterling.

#### **4. Articles**

The Articles contain, *inter alia*, provisions to the following effect:

(a) *Objects*

The principal objects of the Company are to act as a general commercial company and to carry on any business or trade whatsoever and to do all such things as are incidental or conducive to the carrying on of any trade or business by it. Those objects are set out in clause 4 of its Memorandum (which is deemed to form part of its Articles by virtue of section 28 of the 2006 Act).

(b) *Voting rights*

Subject to paragraph (g) below, and to any special terms as to voting upon which any shares may for the time being, be held, on a show of hands every member who (being an individual) is present in person or by proxy (being a corporation) is present by a duly appointed representative shall have one vote and on a poll every member present in person or by a representative or proxy shall have one vote for every ordinary share in the capital of the Company held by him. A proxy need not be a member of the Company.

(c) *Variation of rights*

If at any time the capital of the Company is divided into different classes of shares all or any of the rights or privileges attached to any class of shares in the Company 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 written consent of the holders of three quarters in nominal of the issued

shares of the class or sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. At every such separate general meeting (except an adjourned meeting), the quorum shall be two persons holding or representing by proxy one-third in nominal value of the issued shares of that class.

(d) *Alteration of capital*

The Company may by ordinary resolution increase its share capital, consolidate and divide all or any of its share capital into shares of a larger nominal value, sub-divide all or any of its shares into shares of a smaller nominal value and cancel any shares not taken, or agreed to be taken, by any person.

The Company may, subject to the 2006 Act, by special resolution reduce or cancel its share capital or any capital redemption reserve or share premium account.

Subject to and in accordance with the provisions of the 2006 Act, the Company may purchase its own shares (including any redeemable shares), provided that the Company shall not purchase any of its shares unless such purchase has been sanctioned by a special resolution passed at a separate meeting of the holders of any class of shares convertible into equity share capital of the Company.

(e) *Transfer of shares*

A member may transfer all or any of his shares (1) in the case of certificated shares by instrument in writing in any usual or common form or in such other form as may be approved by the Directors and (2) in the case of uncertificated shares, through CREST in accordance with and subject to the CREST Regulations and the facilities and requirements of the relevant system concerned. The instrument of transfer of a certificated share shall be executed by or on behalf of the transferor and, if the share is not fully paid, by or behalf of the transferee. The Directors may in their absolute discretion refuse to register a transfer of any share held in certificated or uncertificated form which is not fully paid, provided that dealings in the shares are not prevented from taking place on an open and proper basis. In the case of uncertificated shares, the Directors may also refuse to register a transfer in accordance with the Uncertificated Securities Regulations. The Directors may also refuse to register a transfer of shares (whether fully paid or not) if the transfer is, to any entity which is not a natural or legal person, to a minor or in favour of more than four persons jointly. Subject to that and to paragraph (g) below, the Articles contain no restrictions on the free transferability of fully paid shares provided that the transfer is in respect of only one class of share and is accompanied by the share certificate and any other evidence of title required by the Directors and that the provisions in the Articles relating to the deposit of instruments for transfer have been complied with. The registration of transfers in respect of shares may be suspended by the Directors for any period not exceeding 30 days in a year.

(f) *Dividends*

(i) The Company may by ordinary resolution in general meeting declare dividends provided that no dividend shall exceed the amount recommended by the Directors. The Directors may from time to time pay such interim dividends as appear to the Directors to be justified.

(ii) Subject to the rights of persons, if any, holding shares with special dividend rights, and subject to paragraph (f) below, all dividends shall be apportioned and paid *pro rata* according 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. No amount paid or credited as paid in advance of calls shall be regarded as paid on shares for this purpose.

(iii) All dividends unclaimed for a period of 12 years after the payment date for such dividend shall if the Directors so resolve be forfeited and shall revert to the Company.

(iv) The Directors may, if authorised by an ordinary resolution of the Company, offer the holders of shares the right to elect to receive additional shares, credited as fully paid, instead of cash in respect of any dividend or any part of any dividend. The Directors may at their discretion make the right to participate in any such elections subject to restrictions necessary or expedient to deal with legal, regulatory or other difficulties in respect of overseas shareholders.

(g) *Suspension of rights*

If a member or any other person appearing to be interested in shares held by such shareholder has been duly served with notice under section 793 of the 2006 Act and is in default in supplying to the Company within 14 days (or such longer period as may be specified in such notice) the information thereby, required, then (if the Directors so resolve) such member shall not be entitled to vote or to exercise any right conferred by membership in relation to meetings of the Company in respect of the shares which are the subject of such notice. Where the holding represents more than 0.25% of the issued shares of that class the payment of dividends may be withheld.

(h) *Return of capital*

Subject to any preferred, deferred or other special rights, or subject to such conditions or restrictions to which any shares in the capital of the Company may be issued, on a winding-up or other return of capital, the holders of ordinary shares are entitled to share in any surplus assets *pro rata* to the amount paid up or ought to have been paid up on their ordinary shares. A liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the 2006 Act, divide amongst the members in specie or in kind the whole or any part of the assets of the Company, those assets to be set at such value as he deems fair. A liquidator with the sanction of a special resolution may also vest the whole or any part of the assets of the Company in trustees on trusts for the benefit of the members.

(i) *Pre-emption rights*

There are no rights of pre-emption under the articles of association of the Company in respect of transfers of issued Ordinary Shares.

In certain circumstances, the Company's shareholders may have statutory pre-emption rights under the 2006 Act in respect of the allotment of new shares in the Company. These statutory pre-emption rights would require the Company to offer new shares for allotment by existing shareholders on a *pro rata* basis before allotting them to other persons. In such circumstances, the procedure for the exercise of such statutory pre-emption rights would be set out in the documentation by which such shares would be offered to the Company's shareholders.

(j) *Shareholder Meetings*

Annual general meetings should be held within the time periods specified by the 2006 Act. Other general meetings may be called whenever the directors think fit or when one has been requisitioned in accordance with the 2006 Act. Three members present in person or by proxy (or, being a corporation, present by a duly appointed representative) at the meeting and entitled to vote shall be a quorum for all purposes.

Annual general meetings, a meeting at which it is proposed to pass a resolution requiring special notice or at a meeting at which it is proposed to pass a special resolution are called on at least 21 days' notice in writing, exclusive of the day of which the notice is served or deemed to be served and of the day on which the meeting is to be held. Other general meetings are to be called on 14 days' notice in writing exclusive of the day on which the notice is served or deemed to be served and the day on which the meeting is to be held. The annual general meeting may be called on shorter notice providing all members entitled to attend and vote agree and a general meeting, other than the annual general meeting, can be called on shorter notice if a majority in number of

the members having a right to attend and vote at the general meeting, being a majority together holding not less than 95% in nominal value of the shares giving that right, consent. Notice is to be given to all members on the register at the close of business on a day determined by the Company, such day being not more than 21 days before the day that the notice of meeting is sent.

The Company may specify in the notice of meeting a time, not more than 48 hours before the time fixed for the meeting, by which a person must be entered into the register in order to have the right to attend or vote at the meeting. In every notice calling a meeting of the Company there shall appear with reasonable prominence a statement that a member entitled to attend and vote is entitled to appoint one or more proxies to attend and, on a poll vote instead of him/her, and that a proxy need not be a member.

(k) *Directors*

Save as provided in the Articles, a director shall not vote as a director in respect of any contract, transaction or arrangement or proposed contract, transaction or arrangement or any other proposal whatsoever in which he (or any person connected with him) has a material interest (otherwise than by virtue of an interest in shares or debentures or other securities of or otherwise in or through the Company) and if he shall do so his vote shall not be counted, nor in relation thereto shall he be counted in the quorum present at the meeting.

A director shall (in the absence of some other interest than is indicated below) be entitled to vote (and be counted in the quorum) in respect of any resolution relating to any of the following matters namely:

- (i) the giving of any security, guarantee or indemnity to him in respect of money lent or obligations incurred by him or by any other person at the request of, or for the benefit of, the Company or any of its subsidiaries;
- (ii) the giving of any security, guarantee or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;
- (iii) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any of its subsidiaries for subscription or purchase in which offer he is or is to be interested as a participant in the underwriting or sub-underwriting thereof;
- (iv) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any of its subsidiaries for subscription or purchase in which offer the Director is or may be entitled to participate as a holder of shares or debentures or other securities of the Company;
- (v) 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 of one per cent. or more of the issued shares of any class of such company or of the voting rights available to members of the relevant company (and such interest being deemed for the purpose of this article to be a material interest in all circumstances);
- (vi) any arrangement for the benefit of the employees of the Company or any of its subsidiary undertakings which does not award the Director any privilege or benefit not generally awarded to the employees to whom such arrangement relates; and
- (vii) any arrangements concerning insurance for the benefit of Directors or for the benefit of employees of the Company or any of its subsidiaries under which the Director benefits in a similar manner as the employees and does not accord to any Directors as such any privilege or advantage not generally accorded to the employees to whom such arrangement relates.

Fees may be paid out of the funds of the Company to Directors who are not managing or executive directors at such rates as the Directors may from time to time determine provided that such fees do not in the aggregate exceed the sum of £100,000 per annum (exclusive of value added tax if applicable) or such other figure as the Company may by ordinary resolution from time to time determine.

Any director who devotes special attention to the business of the Company, or otherwise performs services which in the opinion of the Directors are outside the scope of the ordinary duties of a director, may be paid such additional remuneration as the Directors may determine.

The Directors (including alternate Directors) are entitled to be paid out of the funds of the Company all their travelling, hotel and other expenses properly incurred by them in connection with the business of the Company, including their expenses of travelling to and from meetings of the Directors, committee meetings or general meetings. The Directors may also be paid reasonable additional remuneration and expenses as determined by the Directors should the Directors decide it is desirable for him to make any special journeys or perform any special services on behalf of the Company or its business.

A director may hold any other office or employment with the Company (other than the office of auditor) in conjunction with his office of director for such period and on such terms (as to remuneration and otherwise) as the Directors may determine. No director shall be disqualified by his office from entering into any contract or arrangement with the Company either with regard to his tenure of any other such office or place of profit, nor shall any such contract, arrangement, transaction or proposal or any contract or arrangement entered into by or on behalf of the Company in which any director is in any way interested be liable to be avoided, nor shall any director who enters into any such contract or arrangement or who is so interested be liable to account to the Company for any profit realised from any such contract, arrangement, transaction or proposal by reason of such director holding that office or of the fiduciary relationship thereby established, if the director has disclosed his interest in accordance with the 2006 Act.

Save as provided by the Articles, a director shall not vote as a director or be counted in the quorum in respect of any contract, transaction or arrangement or proposed contract, transaction or arrangement in which he has any interest which conflicts or may conflict with the interests of the Company. If he does vote, his vote shall not be counted.

The remuneration and other terms and conditions of appointment of a director appointed as a managing director or to any other executive office or employment under the Company shall from time to time (without prejudice to the provisions of any agreement between him and the Company) be fixed by the Directors and may (without limitation) be by way of fixed salary, lump sum, commission on the dividends or profits of the Company.

## **5. Existing Share Option Schemes**

The Company has adopted two share option schemes, the principal provisions of which are summarised below.

### **(a) *Enterprise Management Incentive Scheme***

On 10 December 2001 the Company adopted an EMI scheme under which certain employees of the Group may be granted options over Existing Ordinary Shares at the discretion of the Company. The Company has the power to grant options over Existing Ordinary Shares as long as the value of such shares does not exceed £3,000,000 in total at any one time. At the date of the grant the right to exercise an option may be made conditional upon one or more objectively verifiable performance conditions at the discretion of the Company. Options are granted subject to a restriction period which is a period specified by the Company of not more than 5 years from

the date of grant. During the applicable restriction period the option holder cannot exercise the option.

Any option must be granted at a price which represents the market value of the option which has been agreed with HMRC.

Options lapse immediately at the end of the option period, the option holder becoming bankrupt or the first anniversary of the death of the option holder. Options also lapse unless they are exercised within 40 days of the occurrence of certain other events including but not limited to the member of the Group which employs the option holder ceasing to be part of or controlled by the Group or the option holder ceasing to be an employee otherwise than by reason of death.

Options are exercisable within 40 days of the acquisition of the entire share capital of the Company following an offer to all holders of Existing Ordinary Shares. Options are also exercisable within 40 days of a compromise or arrangement between the Company and its members or creditors for the purposes of or in connection with a scheme of reconstruction or amalgamation with any other company or companies, sanctioned by the court, or in the event of a voluntary winding up of the Company.

If the Company's share capital is varied by way of capitalisation, rights issue, reduction, subdivision or consolidation, the option price and number of shares subject to the option may be adjusted as appropriate by the Company. The New Board intend to adjust the option price and number of Ordinary Shares under the existing options following the Share Consolidation.

The Company may vary the terms of the scheme as it thinks fit, subject to the authorisation of HMRC where applicable, apart from if the amendment would materially prejudice the interests of option holders unless at least 75% of them have consented to the amendment or if the amendment would make the terms of the scheme materially more generous, unless the amendment is authorised by an ordinary resolution of the Shareholders.

(b) *Share Incentive Plan*

On 10 December 2001 the Company adopted a share incentive plan under which certain employees of the Group may be granted an award of free shares, upon entry into a free share agreement with the Company, such free shares to be awarded by the trustees of the plan with the consent of the Company. The values of the award of free shares to an employee may not exceed £3,000 in any tax year. An award may be subject to one or more performance allowances which must apply to all participating employees and also to performance targets which may apply to units of one or more employees.

The Company may also invite employees to enter into a partnership share agreement with the Company whereby up to £125 or 10% of the employee's salary, whichever is the lower, is deducted by the Company on a monthly basis. Partnership shares can then be acquired by the trustees of the plan on behalf of the participants by reference to the market value of such shares on the date of acquisition where there is no accumulation period or the lower of the market value at the start of the accumulation period or the market value on the date of acquisition where there is an accumulation period.

The partnership share agreement may specify an entitlement to matching shares, the ratio of which may not exceed 2:1 in respect of matching shares to partnership shares. The Company must specify a holding period for the matching shares, during which time they cannot be disposed of or charged, which must be more than three years but less than five years beginning with the award date.

The Company may direct that any cash dividend in respect of free shares, partnership shares or matching shares be applied in acquiring dividend shares on behalf of the participant. The amount of dividend shares acquired by the trustees of the plan must not exceed more than £1,500 in each

tax year. Dividend shares are subject to a holding period of three years beginning on the date of acquisition.

In the case of a rights issue the trustees of the plan may sell as many of the rights they are granted in order to obtain sufficient funds to exercise the remaining rights.

## **6. New Share Option Scheme**

### *(a) Status of the Share Option Scheme*

The Share Option Scheme is designed to allow the grant of both EMI options (under Schedule 5 of ITEPA) and “unapproved” options that have no beneficial tax status.

The Share Option Scheme is to be adopted by the Company with effect from Admission.

### *(b) Eligibility*

All employees (including executive directors) of the Company and any of its subsidiaries may be granted options over Ordinary Shares under the Share Option Scheme.

### *(c) Grant*

The Remuneration Committee has absolute discretion to select the persons to whom options are to be granted and, subject to the limits set out below, in determining the number of Ordinary Shares subject to each option.

Options may be granted during the period of 42 days commencing on: (a) the date the Share Option Scheme is adopted by the Company; (b) the Dealing Day immediately following the date of the preliminary announcement of the Company’s annual results or the announcement of its half-yearly results in any year; or (c) any other time fixed by the Remuneration Committee where, in its discretion, circumstances are considered to be exceptional so as to justify the grant of options.

If the grant of an option on any of the above days would be prohibited by virtue of the AIM Rules or any statute or regulation or any order made pursuant to such statute, then such option may be granted during the period of 40 days commencing immediately after the second Dealing Day following the time that such prohibition shall cease to have effect.

No consideration is payable for the grant of an option.

### *(d) Scheme Limits*

On any date after Admission, no option may normally be granted under the Share Option Scheme if, as a result, the aggregate nominal value of ordinary shares in the capital of the Company issued or issuable pursuant to options granted during the previous ten years under the Share Option Scheme or any other discretionary employees’ share scheme (which excludes any Save As You Earn Scheme satisfying the requirements of Schedule 3 to ITEPA, a share incentive plan satisfying the requirements of Schedule 2 to ITEPA or any other share option scheme of the Company which is linked to a contractual savings scheme) adopted by the Company would exceed five per cent. of the nominal value of the ordinary share capital of the Company in issue on that date. The Remuneration Committee shall however have an absolute discretion to exceed this five per cent. limit in exceptional circumstances provided always that the exercise of such discretion shall not result in the ten per cent. limit described in the following paragraph being breached.

On any date after Admission, no option may be granted under the Share Option Scheme if, as a result, the aggregate nominal value of ordinary shares in the capital of the Company issued or issuable pursuant to options granted during the previous ten years under the Share Option Scheme or any other employees’ share scheme, profit sharing scheme or employee share

ownership plan adopted by the Company would exceed 10% of the nominal value of the ordinary share capital of the Company in issue on that date.

For the avoidance of doubt, any ordinary shares in the capital of the Company issued or then capable of being issued pursuant to any options granted on or prior to the date of Admission (whether under the Share Option Scheme or any other employees' share scheme adopted by the Company, including the Existing Share Option Schemes) shall not count towards the limits set out above and any ordinary shares in the capital of the Company already in issue when placed under option or subject to an option which has lapsed or been surrendered shall be disregarded for the purpose of the above limits.

(e) *Individual Limit*

In general, each individual's participation is limited so that, in any one financial year of the Company, the aggregate market value of Ordinary Shares subject to all options (calculated as at the date of grant of each option) granted to the individual under the Share Option Scheme in that financial year, will not exceed one times the individual's basic salary at the date of grant.

The individual limit does not apply to options granted to an individual on or before the date of Admission and options granted to an individual on or before the date of Admission or which have lapsed or been surrendered do not count towards the limit. The individual limit can also be exceeded in circumstances which the Remuneration Committee considers to be exceptional.

(f) *Exercise Price*

The exercise price per Ordinary Share under an option is determined by the Remuneration Committee at the time of grant but may not be less than the greater of (i) the market value of an Ordinary Share as at the date of grant and (ii) in the case of an option to subscribe for Ordinary Shares, the nominal value of an Ordinary Share.

The exercise price (as well as the number of Ordinary Shares under option and their nominal value) may be adjusted by the Remuneration Committee in the event of any capitalisation issue or rights issue (other than an issue of Ordinary Shares pursuant to the exercise of an option given to the shareholders of the Company to receive shares in lieu of a dividend) or rights offer or any other variation in the share capital of the Company including (without limitation) any consolidation, subdivision or reduction of capital.

(g) *Performance Conditions*

The exercise of options granted under the Share Option Scheme will, in normal circumstances, be conditional upon the achievement of an objective performance target set at the time of grant. Such performance target shall be measured over a performance period (determined by the Remuneration Committee at the time of grant but which shall not be less than three years) ("Performance Period"). The option will become capable of exercise following a date ("Vesting Date") specified at the time of grant which occurs after the expiry of the relevant Performance Period. The Vesting Date for an option may not occur before the third anniversary of the date of grant.

At the present time the Company does not intend to grant any options under the Share Option Scheme on Admission and it is anticipated that the initial grant of options will be granted after the announcement of either the Company's interim or final results following Admission. The Remuneration Committee will determine the appropriate performance target to apply to the initial grant of options under the Share Option Scheme shortly before such options are to be granted.

If events occur after the grant of an option which cause the Remuneration Committee reasonably to consider that a different or amended target would be a fairer measure of performance or that the target should be waived, the Remuneration Committee may waive or amend the original

performance target in such manner as it deems fit provided that any such amended target is not materially more difficult to achieve than the original performance target.

It should also be noted that a performance target, applying to an option, may be measured over an abbreviated period less than the Performance Period in circumstances where an option holder ceases to be an employee of the Company or any of its subsidiaries before the end of the relevant Performance Period or certain corporate events occur (such as a change of control of the Company) before the end of the relevant Performance Period. In these circumstances such performance target may be modified in such manner as the Remuneration Committee thinks fit so as to be applied over such abbreviated period.

(h) *Exercise of Options*

Normally, an option may only be exercised following the occurrence of the Vesting Date to the extent that the performance target has been satisfied and the participant is still an employee of the Company or any subsidiary of the Company.

No option is capable of exercise more than ten years after its date of grant and will lapse on the tenth anniversary of its date of grant.

Options may not be exercised during any prohibited period specified by the AIM Rules.

In certain circumstances, options may be exercised earlier than the Vesting Date if the option holder ceases to be an employee of the Company or any subsidiary of the Company. In particular, options may be exercised for a period of six months after the option holder ceases to be such an employee by reason of injury, ill health or disability (evidenced to the satisfaction of the Remuneration Committee), redundancy or retirement or upon the sale or transfer of the company or undertaking employing him outside of the group of which the Company is a member. In the event of cessation of employment of the option holder by reason of his death, his personal representatives will be entitled to exercise the option within twelve months following the date of his death. Where an option holder ceases to be employed by the Company or any subsidiary of the Company for any other reason, options may also become exercisable for a limited period at the discretion of the Remuneration Committee.

Exercise of options is also possible earlier than the Vesting Date in the event of a takeover, a scheme of arrangement under Part 26 of the Companies Act 2006 being sanctioned by the court or the voluntary winding up of the Company. In the case of a takeover of the Company or the transfer of the undertaking employing the option holder concerned outside the group of which the Company is a member, the Remuneration Committee may allow the option to be exercised immediately before, but with effect from, the takeover or the transfer of the undertaking concerned.

In all of these circumstances allowing for early exercise of an option prior to the Vesting Date, the option may not be exercised unless (subject to any modification of the performance target in accordance with the rules of the Share Option Scheme) the performance condition, if any, to which it is subject has been satisfied. Where an option is exercised before the occurrence of the Vesting Date, the maximum number of Ordinary Shares over which any option is capable of exercise shall, subject to the discretion of the Remuneration Committee, be pro-rated down on a time apportioned basis by reference to the time that has elapsed from the relevant date of grant to the relevant event giving rise to the early exercise of the option.

In relation to the pro-rating mechanism outlined above, the Remuneration Committee has a discretion, having full regard to all the circumstances surrounding the early exercise of an option, to ignore the prescribed pro-rating of the Ordinary Shares over which such option may be exercised or to reduce the number of Ordinary Shares over which the option may be exercised on some other basis.

(i) *Other Option Terms and Issues of Shares*

The Share Option Scheme provides the facility for the exercise of an option to be satisfied by either the issue of Ordinary Shares, the transfer of Ordinary Shares held by an existing shareholder who has agreed to satisfy the exercise of the option or by the transfer of Ordinary Shares held in treasury.

Options are not capable of transfer or assignment.

Until options are exercised, option holders have no voting or other rights in relation to the Ordinary Shares subject to those options.

Ordinary Shares allotted pursuant to the exercise of an option will rank *pari passu* in all respects with the Ordinary Shares already in issue but shall not rank for any dividends or other distribution payable by reference to a record date preceding the date of such allotment. Ordinary Shares transferred on the exercise of an option shall be transferred without the benefit of any rights attaching to the Ordinary Shares by reference to a record date preceding the date of that exercise. For so long as the Ordinary Shares are listed on AIM, the Company will make an application for the Ordinary Shares issued following exercise of any options to be admitted to AIM as soon as practicable after allotment.

Benefits obtained under the Share Option Scheme are not pensionable.

(j) *Administration and Amendment*

The Share Option Scheme is administered by the Remuneration Committee. The Remuneration Committee may amend the provisions of the Share Option Scheme.

(k) *Termination*

The Share Option Scheme may be terminated at any time by resolution of the New Board and shall in any event terminate on the tenth anniversary of its adoption so that no further options can be granted under the Share Option Scheme after such termination. Termination shall not affect the outstanding rights of existing option holders.

## 7. Directors', Proposed Directors' and other interests

The names of the Inditherm Directors and Proposed Directors of the Company are set out under "Directors, Secretary and Advisers" in Part I of this document.

- (a) The interests of each Inditherm Director and Proposed Director all of which are beneficial, in the share capital of the Company will be as follows at the date of this document and immediately following Completion:

|               | <i>Present</i>                          |          | <i>On Admission</i>        |          |
|---------------|---|----------|----------------------------|----------|
|               | <i>Existing<br/>Ordinary<br/>Shares</i> | <i>%</i> | <i>Ordinary<br/>Shares</i> | <i>%</i> |
| Mark Abrahams | 301,546                                 | 0.59     | 30,154                     | 0.10     |
| Neil Campbell | Nil                                     | Nil      | 5,999,339                  | 19.56    |
| Ian Smith     | 54,444                                  | 0.11     | 5,444                      | 0.02     |
| Toby Foster   | Nil                                     | Nil      | 5,999,339                  | 19.56    |
| Brook Nolson  | Nil                                     | Nil      | Nil                        | Nil      |
| Nick Bettles  | 4,444                                   | 0.01     | 444                        | 0.00     |
| John Markham  | 29,366                                  | 0.06     | 2,936                      | 0.01     |

- (b) Two Inditherm Directors are also interested in unissued Ordinary Shares under share options held by them pursuant to the Share Option Schemes, all of which were granted for nil consideration, as follows:

|              | <i>Exercise Price<sup>(1)</sup></i> | <i>Existing Ordinary Shares<sup>(1)</sup></i> | <i>Latest exercise date</i> |
|--------------|-------------------------------------|---|-----------------------------|
| Nick Bettles | £0.10                               | 400,000                                       | 8 May 2018                  |
| Nick Bettles | £0.05                               | 900,000                                       | 17 January 2022             |
| Ian Smith    | £0.10                               | 200,000                                       | 8 May 2018                  |
| Ian Smith    | £0.05                               | 350,000                                       | 17 January 2022             |

<sup>(1)</sup> To be adjusted on a 10:1 basis under the Share Consolidation

- (c) Save as disclosed above, no Inditherm Director or Proposed Director has any interest in the share capital or loan capital of the Company or any of its subsidiaries nor does any person connected (within the meaning of section 252 of the 2006 Act) with the Inditherm Directors or Proposed Directors nor any members of their family have any such interests (including, for the avoidance of doubt, “related financial products” as defined in the AIM rules), whether beneficial or non-beneficial.
- (d) The Inditherm Directors and Proposed Directors have held the following directorships and/or been a partner in the following partnerships within the five years prior to the date of this document:

**Mark Simon Abrahams, aged 60**

Current Directorships/partnerships:

- Fenner plc
- Fenner Pension Scheme Trustee Limited

Previous directorships/partnerships over the last five years:

- Fenner Advanced Sealing Technologies Limited
- Fenner International Limited
- J.H. Fenner & Co. Limited
- James Dawson & Son Limited
- Leeds Teaching Hospitals Trust

Mark Abrahams was a director of Coloroll Carpets Limited (a subsidiary of Coloroll Group plc) which was placed in administrative receivership on 7 June 1990 and against which a compulsory winding up order was granted on 16 January 1991.

**Neil James Campbell, aged 47**

Current Directorships/partnerships:

- Anaesthetic Services Systems Limited
- Inspiration Healthcare Limited
- Inspiration Homecare Limited
- Neuroprotexon Limited

No previous directorships/partnerships over the last five years.

**Ian Douglas Smith, aged 58**

Current Directorships/partnerships:

- Inditherm Construction Limited
- Inditherm (Medical) Limited
- Inditherm (UK) Limited

No previous directorships/partnerships over the last five years.

**Toby Foster, aged 43**

Current directorships/partnerships:

- Inspiration Healthcare Limited

No previous directorships/partnerships over the last five years.

**William Norman Brook Nolson, aged 51**

Current Directorships/partnerships:

- Deciduous Limited
- DNA Enterprise Solutions Limited

Previous directorships/partnerships over the last five years:

- Nollis Automotive Detailing Services Limited

On 12 January 2004 Brook Nolson was appointed a director of Parkland Lodge Limited, which had been the subject of a creditors' voluntary arrangement since 28 November 2003. Administrative receivers were appointed on 24 May 2005, on which date his appointment as a director ceased, and the company was liquidated on 23 April 2013 with an estimated deficiency to creditors of £1.5 million.

**Nicholas David Bettles, aged 60**

Current Directorships/partnerships

- Inditherm Construction Limited
- Inditherm (Medical) Limited
- Inditherm (UK) Limited

No previous directorships/partnerships over the last five years.

**John Henry Markham, aged 68**

Current directorships/partnerships:

- Blackwell Golf Club Limited
- Northamptonshire Enterprise Partnership
- Unity Leisure

Previous directorships/partnerships over the last five years:

- Ennovor Biofuels Limited
- Uniwarm Limited

John Markham was a director of C6 Solutions Limited when administrative receivers were appointed on 27 April 2005. He was also a director of Synthesis Group Limited which was subject to a creditors' voluntary liquidation on 14 October 2005 with an estimated deficiency to creditors of £3.3 million.

- (e) Save as disclosed above, no Inditherm Director or Proposed Director:
- (i) has any unspent convictions in relation to indictable offences; or
  - (ii) has been bankrupt or the subject of an individual voluntary arrangement, or has had a receiver appointed to any asset of such director; or
  - (iii) has been a director of any company which, while he was a director or within 12 months after he ceased to be a director, had a receiver appointed or went into compulsory liquidation, creditors' voluntary liquidation, administration or company voluntary arrangement, or made any composition or arrangement with its creditors generally or with any class of its creditors; or
  - (iv) has been a partner of any partnership which, while he was a partner or within 12 months after he ceased to be a partner, went into compulsory liquidation, administration or partnership voluntary arrangement, or had a receiver appointed to any partnership asset; or
  - (v) has had any public criticism and/or sanction by statutory or regulatory authorities (including recognised professional bodies); or
  - (vi) has been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.
- (f) On completion the Vendors collectively will own 83.32% of the Ordinary Shares and will be able to exercise control over the Company. Neil Campbell and Toby Foster, the Vendors who are Proposed Directors, have therefore entered into the Relationship Agreement with the Company governing, amongst other things, their conduct in the case of a breach of warranty or indemnity claim under the Acquisition Agreement.
- (g) So far as the Inditherm Directors and the Proposed Directors are aware, there are no arrangements the operation of which may at a later date result in a change of control of the Company, other than the Acquisition Agreement.
- (h) Save as disclosed in paragraph 7(a) above, and as set out below, the Company is not aware of any person who is directly or indirectly interested in 3% or more of the issued share capital or voting rights of the Company as at the date of this document or immediately following Completion:

|                  | <i>Present</i>                  |          | <i>Following Completion</i> |          |
|------------------|---------------------------------|----------|-----------------------------|----------|
|                  | <i>Existing Ordinary Shares</i> | <i>%</i> | <i>Ordinary Shares</i>      | <i>%</i> |
| Simon Motley     | Nil                             | Nil      | 5,999,339                   | 19.56    |
| Malcolm Oxley    | Nil                             | Nil      | 5,999,339                   | 19.56    |
| Graham Walls     | Nil                             | Nil      | 1,558,934                   | 5.08     |
| Dion Steward*    | 15,050,000                      | 29.40    | 1,505,000                   | 4.91     |
| Patrick O'Grady  | 4,847,936                       | 9.50     | 484,793                     | 1.58     |
| Stuart Hawthorne | 2,500,000                       | 4.90     | 250,000                     | 0.82     |
| Spreadex Limited | 2,350,000                       | 4.60     | 235,000                     | 0.77     |

\* Held through an account with Quilter Nominees Limited. 10,700,000 Existing Ordinary Shares are beneficially owned by Dion Steward himself and the remaining 4,350,000 Existing Ordinary Shares are owned by a bare trust of which Dion Steward is the sole trustee.

- (i) None of the Company's major holders of shares listed in paragraph 7(a) or in paragraph 7(h) has voting rights which are different from other holders of Existing Ordinary Shares.
- (j) There are no loans made or guarantees granted or provided by any member of the Enlarged Group to or for the benefit of any Inditherm Director or Proposed Director.
- (k) No Inditherm Director or Proposed 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 Enlarged Group and which was effected by the Company or any other member of the Enlarged Group during the current or immediately preceding financial year or which was effected by the Company or any other member of the Enlarged Group during any earlier financial year and remains in any respect outstanding or unperformed.

## **8. Directors' service contracts**

- (a) Neil Campbell will enter into a service agreement with the Company on or just after Admission subject to termination upon six months' notice by either party. The agreement will provide for an annual salary of £120,000, a car allowance of £8,000 per annum, permanent health insurance, life assurance cover and pension contributions of 5% of his salary.
- (b) Ian Smith entered into a service agreement with the Company on 30 March 2004 subject to termination upon twelve months' notice by either party subsequently amended to six months on 30 March 2011. Under the agreement his annual salary is £90,250 and he receives a car allowance of £12,000 per annum, permanent health insurance, life assurance cover and pension contributions of 5% of his salary. On Admission Ian Smith will enter into a new service agreement with the Company subject to termination upon six months' notice by either party. The agreement will provide for an annual salary of £100,000, a car allowance of £8,000 per annum, permanent health insurance, life assurance cover and pension contributions of 5% of his salary.
- (c) Toby Foster will enter into a service agreement with the Company on or just after Admission subject to termination upon six months' notice by either party. The agreement will provide for an annual salary of £100,000, a car allowance of £8,000, membership of a private medical scheme, permanent health insurance, life assurance cover and pension contributions of 5% of salary.
- (d) Nick Bettles entered into a service agreement with the Company on 19 November 2007 subject to termination upon twelve months' notice by either party, following the first six calendar months of his appointment. The agreement provides for an annual salary of £110,000, a car provided by the Company for business and reasonable private use, permanent health insurance, life assurance cover and pension contributions of 5% of his salary.

### *Settlement Agreement with Nick Bettles*

On 22 May 2015 Nick Bettles entered into a settlement agreement with the Company with the effect of terminating his service agreement, conditional upon Admission. Under the terms of the agreement Nick Bettles will be paid his usual salary and provided with his benefits for the first three months following Admission, after which his employment will terminate. On termination he will be paid £112,500.

- (e) The services of Mark Abrahams as Non-Executive Director and Chairman are provided under the terms of an agreement dated 23 February 2015 between the Company and Mark Abrahams for a period of twelve months at a fee of £35,000 per annum. This agreement provides for a notice period of twelve months, to be reduced to six months with effect from Admission. Prior to 23 February 2015 the services of Mark Abrahams were provided under the terms of an agreement dated 5 December 2011 for a period of three years from 10 December 2011 at a fee of £35,000 per annum.

- (f) The services of Brook Nolson as Non-Executive Director will be provided under the terms of an agreement between the Company and Brook Nolson to be entered into on or shortly after Admission subject to termination upon six months' notice, at an initial fee of £24,000 per annum.
- (g) The services of John Markham as Non-Executive Director are provided under the terms of an agreement dated 23 February 2015 between the Company and John Markham for a period of twelve months from 14 March 2015 at a fee of £22,500 per annum. On Admission this agreement will be terminated. Prior to 14 March 2014 the services of John Markham were provided under the terms of an agreement dated 9 March 2012 for a period of three years from 14 March 2012 at a fee of £22,500 per annum.
- (h) Save as set out in this paragraph 8, there are no service agreements in existence between any of the Directors or Proposed Directors and the Company or any of its subsidiaries which cannot be determined by the employing company without payment of compensation (other than statutory compensation) within one year.

## **9. Corporate Governance**

The Inditherm Directors and Proposed Directors support the highest standards of corporate governance and recognise the importance of the UK Corporate Governance Code (compliance with which is not mandatory for companies admitted to AIM). Following Admission, the New Board intends to comply with its principles so far as it is practicable and appropriate given the nature and size of the Company and the size and constitution of the New Board. The New Board also intends to comply with the principles of the Corporate Governance Guidelines for AIM companies published by the Quoted Companies Alliance in 2010.

The Inditherm Board has established an Audit Committee, a Nomination Committee and a Remuneration Committee. The current composition of those committees is set out below:

- (a) The Audit Committee is chaired by Mark Abrahams and also includes John Markham;
- (b) The Nomination Committee is chaired by Mark Abrahams and also includes John Markham and Nick Bettles; and
- (c) The Remuneration Committee is chaired by John Markham and also includes Mark Abrahams.

Following Admission it is intended that the composition of the above committees will be as follows:

- (a) The Audit Committee will be chaired by Mark Abrahams (pending the appointment of a further Non-Executive Director) and will also include Brook Nolson;
- (b) The Nomination Committee will be chaired by Mark Abrahams and will also include Neil Campbell and Brook Nolson; and
- (c) The Remuneration Committee will be chaired by Brook Nolson and will also include Mark Abrahams.

## **10. Related party transaction**

Inspiration entered into a lease in respect of Gildor House in Leicester for an annual rent of £19,250 on 8 April 2008. The lease term is for ten years from April 2008. The last rent review date in the term has already passed. The landlord of the property is a self-invested pension plan ("SIPP") controlled by Neil Campbell, Toby Foster, Simon Motley, Malcolm Oxley and Graham Walls. The annual charge was deemed to be at a market rate by Standard Life Trustee Limited on 18 April 2008. This was reviewed on 6 August 2013, with the market rate remaining unchanged.

## 11. Material contracts

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

(a) *Acquisition Agreement*

A conditional share purchase agreement was entered into on 22 May 2015 between (1) the Vendors and (2) the Company for the sale and purchase of the entire share capital of Inspiration in consideration for the issue and allotment of the Consideration Shares to the Vendors. The agreement is conditional upon approval by Shareholders.

The Vendors have given warranties to the Company regarding their title to the share capital of Inspiration and their ability to effectively transfer it to the Company as well as warranties in relation to the business and affairs of Inspiration.

(b) *Nominated adviser and broker agreements*

On 28 March 2014 an agreement was entered into between (1) WH Ireland and (2) the Company appointing WH Ireland as nominated adviser and broker of the Company.

On 22 May 2015 a further agreement was entered into between (1) WH Ireland and (2) the Company appointing WH Ireland as nominated adviser and broker to the Company with effect from Admission.

(c) *Introduction Agreement*

On 22 May 2015 the Introduction Agreement was entered into, pursuant to which WH Ireland agreed to use its reasonable endeavours to procure Admission. The Introduction Agreement contains certain warranties and indemnities given by the Company in favour of WH Ireland. It also contains provisions entitling WH Ireland to terminate the agreement prior to Admission if, amongst other things, a breach of any of the warranties occurs or on the occurrence of an event fundamentally and adversely affecting the position of the Company.

(d) *Irrevocable Undertakings*

Irrevocable undertakings in favour of the Company dated 20 May and 22 May 2015 from Shareholders holding in aggregate 15,385,356 Existing Ordinary Shares being 30.1% of the Existing Ordinary Shares. The relevant Shareholders have undertaken to vote, or use all reasonable endeavours to procure that their nominee votes, in favour of the Acquisition and the Resolutions at the General Meeting.

(e) *Relationship Agreement*

On 22 May 2015 Neil Campbell and Toby Foster entered into the Relationship Agreement with the Company in respect of the Consideration Shares to be issued to them under the Acquisition Agreement. The Relationship Agreement governs the conduct of the Vendors in respect of their activities as Shareholders and as directors, in the cases of Neil Campbell and Toby Foster.

(f) *John Markham's Consultancy Agreement*

On 26 November 2013 the Company entered into a consultancy agreement with John Markham. The agreement runs on a twelve month rolling basis from 1 November 2013 with an annual fee of £8,000.

(g) *Inspiration Directors' Service Agreements*

On 10 March 2015 each of the Vendors entered into service agreements with Inspiration. The service agreements provide for salaries of £80,000, £75,000, £65,000, £65,000 and £60,000 to Neil Campbell, Toby Foster, Simon Motley, Malcolm Oxley and Graham Walls respectively. The agreements also provide for membership of a life assurance scheme and for a payment of one year's salary if there is a change of control of Inspiration and the Company terminates the employee or the employee serves notice to terminate the agreement.

On Admission each of the Vendors will enter into settlement agreements with Inspiration which will terminate the service agreements referred to above and settle any claims that the Vendors may have against Inspiration under the service agreements or any other arrangement prior to entry into the service agreements.

Neil Campbell and Toby Foster will enter into new service agreements with the Company as Proposed Directors. The terms of these new service agreements are summarised at paragraph 8 of this Part VII.

(h) *Technology Strategy Board Offer Letter*

Inspiration was offered a grant by the Technology Strategy Board pursuant to a letter dated 28 April 2014 in respect of the development of a ResusPAP generator and a portable driver for neonatal resuscitation. The Technology Strategy Board have agreed to fund 45% of the net cost of the project up to a maximum grant of £250,000. The grant can be suspended, withdrawn or required to be repaid in certain circumstances such as failure to maintain satisfactory progress on the project, overpayment of the grant or the provision of false information in the grant application.

(i) *Small Business Research Initiative ("SBRI") Grant*

Inspiration has a Small Business Research Initiative grant in respect of the development of a delivery system to conserve rare gases for acute brain injury. The value of such initiative granted to Inspiration is £80,000. This amount can be recovered (in whole or in part) from Inspiration in certain circumstances such as failure to achieve the deliverables, failure to use the payment for the purpose of the project or material breach of the agreement. The agreement under which the project is governed contains a change of control provision which allows Papworth Hospital NHS Foundation Trust to terminate the agreement if there is a change of control of Inspiration, which in the reasonable opinion of the Hospital, has affected or is likely to materially affect the performance by Inspiration of its obligations under the agreement.

(j) *Transfer of legal title to shares in Inspiration Homecare Limited*

On 22 May 2015 Neil Campbell and Graham Walls executed stock transfer forms in favour of Inspiration in respect of the entire share capital of Inspiration Homecare Limited for nil consideration. The shares had previously been legally held by Neil Campbell and Graham Walls but beneficially owned by Inspiration.

## 12. Taxation

The following comments are intended as a general guide to the position under current United Kingdom tax legislation and what is understood to be the current practice of HM Revenue and Customs in the United Kingdom, and may not apply to certain classes of people (such as dealers in securities). **Shareholders who are in any doubt about their tax position should consult their professional adviser immediately.**

(a) *UK Taxation*

The comments of this section are intended as a general guide for UK resident Shareholders as to their tax position under United Kingdom law and HMRC practice as at the date of this document. Such law and practice (including, without limitation, rates of tax) is in principle subject to change at any time. The comments apply to Shareholders who are resident and domiciled for tax purposes in the UK who will hold Ordinary Shares as an investment and will be the absolute beneficial owners of them.

Non-UK resident and non-UK domiciled shareholders should consult their own tax advisers.

The position of Shareholders who are officers or employees of the Company is not considered in this section, such Shareholders may be subject to an alternative tax regime and should therefore seek tax advice specific to their individual circumstances. The position of UK resident but non-domiciled individuals claiming the remittance basis of taxation is not considered in this section.

The tax position of certain Shareholders who are subject to special rules, such as dealers in securities, broker-dealers, insurance companies and collective investment schemes is not considered in this section. Any shareholder who has any doubt as to his or her tax position or who is subject to tax in a jurisdiction other than the United Kingdom should consult a professional adviser without delay.

(b) *Taxation of chargeable gains*

A disposal of Ordinary Shares may, depending on the circumstances of the relevant shareholder, give rise to a liability to UK taxation on chargeable gains. Shareholders will normally be subject to UK taxation of chargeable gains, unless such holders are neither resident nor, in the case of individuals, are treated as satisfying the “residence condition” for taxation on chargeable gains to apply.

*Individuals*

Where an individual Shareholder disposes of Ordinary Shares at a gain, capital gains tax will be levied to the extent that the gain exceeds the annual exemption (£11,100 for 2015/16) and after taking account of any capital losses available to the individual and other reliefs.

For individuals, capital gains tax will be charged at 18% where the individual’s taxable income and gains are less than the upper limit of the income tax basic rate band (for 2015/16 £31,785). To the extent that any chargeable gains, or part of any chargeable gain, aggregated with income arising in a tax year exceed the upper limit of the income tax basic rate band, capital gains tax may be charged at 28%.

For trustees and personal representatives of deceased persons, capital gains tax on gains in excess of the current annual exempt amount (for 2015/16, £11,100 for personal representative of deceased persons and trustees for disabled persons and £5,550 for other trustees) will be charged at a flat rate of 28% (being the current rate at the date of this document).

Where a Shareholder disposes of the Ordinary Shares at a loss, the loss should be available to offset against other current year gains or carried forward to offset against future gains. In certain circumstances the loss may be available to offset against taxable income in the current year (depending upon, *inter alia*, the circumstances of the Company and the Shareholder).

*Companies*

Where a Shareholder is within the charge to corporation tax, a disposal of Ordinary Shares may give rise to a chargeable gain (or allowable loss) for the purposes of UK corporation tax, depending on the circumstances and subject to any available exemption or relief. Corporation tax is charged on chargeable gains at the rate applicable to that company. Indexation allowance may

reduce the amount of chargeable gain that is subject to corporation tax but may not create or increase any allowable loss.

(c) *Taxation of dividends*

Under current United Kingdom legislation, there is generally no requirement for tax to be withheld from dividend payments by the Company.

*Individuals*

Shareholders (other than a company) receiving a dividend from the Company also receive a notional tax credit in respect of the dividend of an amount equal to one-ninth of the amount of the net dividend (which is 10% of the sum of the dividend and the tax credit). The liability to United Kingdom income tax is calculated on the gross dividend income (i.e. the net dividend received plus the notional 10% tax credit).

Individual Shareholders whose income is within the basic rate tax band will be subject to dividend income tax at the rate of 10%, so that (after taking into account the notional 10% credit) such Shareholders will have no further liability to income tax on that dividend income.

Individual Shareholders who are subject to the higher rate of income tax (broadly, where income exceeds £31,785) will be subject to dividend income tax at 32.5% (the rate as at the date of this document). After allowing for the 10% notional tax credit, a higher rate taxpayer suffers an effective rate of 25% on the net dividend received.

Individual Shareholders who are subject to the additional rate of income tax (broadly, where income exceeds £150,000) will be subject to dividend income tax at 37.5%. After allowing for the 10% notional tax credit, an additional rate taxpayer suffers an effective rate of 30.6% on the net dividend received.

Dividends payable to trustees and personal representatives of deceased persons will be subject to dividend income tax at 37.5%.

Shareholders who are not liable to income tax on the dividend income (or any part of it) may not claim repayment of the tax credit (or any part of it).

*Companies*

Shareholders within the charge to UK corporation tax which are “small companies” (for the purposes of UK taxation of dividends) will not generally expect to be subject to UK tax on dividends from the Company. Other Shareholders within the charge to UK corporation tax will not be subject to UK tax on dividends (including dividends from the Company) so long as the dividends fall within an exempt class and certain conditions are met. In general, dividends paid on shares that are “ordinary share capital” for UK tax purposes and are not redeemable, and dividends paid to a person holding less than 10% of the issued share capital of the payer (or any class of that share capital) are examples of dividends that fall within an exempt class. UK resident shareholders (including authorised unit trusts and open ended investment companies) and pension funds are not entitled to claim payment of the tax credit (or any part of it).

(d) *Stamp duty and Stamp Duty Reserve Tax (“SDRT”)*

Neither stamp duty nor SDRT will ordinarily arise on the issue of Consideration Shares.

The Finance Act 2014 introduced provisions that exempt shares admitted to trading on AIM from stamp duty and SDRT, applying with effect from 28 April 2014. As a result of the new provisions, transfers of securities admitted to trading on certain recognised growth markets (presently including AIM) are exempt from stamp duty and SDRT provided the securities are not “listed”

on a recognised stock exchange. As such, subsequent transfers of Ordinary Shares for value should also not give rise to either stamp duty or SDRT.

However for completeness, absent an exemption from stamp duty and SDRT, transfers of existing UK shares (being shares of a company that is incorporated in the UK or which maintains its share register here) will normally be subject to stamp duty or SDRT as described below.

Stamp duty at the rate of 0.5% (rounded up to the next multiple of £5, if necessary) of the amount or value of the consideration given by the purchaser is generally payable on an instrument transferring UK shares. However, an exemption from stamp duty is available on an instrument transferring UK 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, in respect of which the aggregate amount or value of the consideration exceeds £1,000.

An unconditional agreement to transfer UK shares will normally give rise to a charge to SDRT, at the rate of 0.5% of the amount or value of the consideration payable by the purchasers for such shares, but such liability will be cancelled, or any SDRT paid refunded, if the agreement is completed by a duly stamped (or exempt) instrument of transfer within six years of the date of the agreement or, if the agreement was conditional, the date on which the agreement became unconditional. Both stamp duty and SDRT will normally be the liability of the purchaser or transferee of the UK shares.

Under the CREST system for paperless share transfers, no stamp duty or SDRT will arise on a transfer of shares into the system, unless the transfer into CREST is itself for consideration in money or money's worth, in which case a liability to SDRT will arise, usually at the rate of 0.5% of the amount or value of consideration given. Transfers of shares within CREST are generally liable to SDRT at the rate of 0.5% of the amount or value of the consideration payable rather than stamp duty, and SDRT on relevant transactions settled within the system or reported through it for regulatory purposes will be collected and accounted for to HMRC. CREST is obliged to collect SDRT on relevant transactions settled within the CREST system.

The above statements are intended to be a general guide to the current stamp duty and SDRT 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. Special rules apply to agreements made by market intermediaries and to certain sale and repurchase and stock borrowing arrangements.

### **13. Investments**

Inspiration is an investor in Neuroprotexon Limited. The Company's initial investment is £100,000 in aggregate (fully invested as of May 2015) in return for a current shareholding of circa 15% on a fully diluted basis (including after options and loan conversion rights of other investors). Inspiration has the right, among other things, to appoint a director (and to appoint an observer) for as long as it holds at least 5% of the voting rights. Neil Campbell is currently appointed as a Non-Executive Director as Inspiration's representative and the appointment may rotate as agreed from time to time among the board of Inspiration. All non-executive director fees to be paid by Neuroprotexon Limited will be invoiced by Inspiration. Inspiration will also provide intellectual property and technology in order to aid research.

### **14. Intellectual Property**

Inspiration has the benefit of licences of intellectual property under two contracts, one with Viomedex Limited and the other with Tec Com GmbH, which relate to own-branded products which accounted for 37.6% of sales in the year ending 31 January 2016. The Viomedex Limited agreement is terminable upon 180 days' notice and the Tec Com GmbH agreement expires on 31 May 2017 at which time it

continues until terminated on three months' notice by either party. These licences are not of fundamental importance to the business or profitability of the Enlarged Group.

The Company has patents in various jurisdictions over the technology named Inditherm which forms the basis of most of the Company's products. On Admission these patents will not be of fundamental importance to the business or profitability of the Enlarged Group.

## 15. Property, plant and equipment/Environmental issues

The Enlarged Group's principal establishments (all of which are leasehold and are used for one or more of the management of the Enlarged Group, the storage of products and stock, provision of repair and maintenance services and research and development) are as follows:

| <i>Property</i>   | <i>Tenure</i> | <i>Lease expiry date</i>                     | <i>Current annual rent</i> | <i>Approx. area</i> |
|---|---------------|--|----------------------------|---------------------|
| Unit 9, Houndhill Park,<br>Dearne Valley,<br>Wath Upon Dearne,<br>Rotherham S63 7LG | Leasehold     | 10 March 2017                                | £71,460                    | 15,891 sq. ft       |
| Gildor House, West Street,<br>Earl Shilton,<br>Leicester LE9 7EQ                    | Leasehold     | 17 April 2018                                | £19,250                    | 5,500 sq. ft        |
| Unit 4A Albourne Court,<br>Henfield Road, Albourne,<br>West Sussex                  | Leasehold     | 14 August 2018                               | £20,000                    | 1,500 sq. ft        |
| Unit C10, Ards Business Centre,<br>Jubilee Road, Newtonards                         | Licence       | Indefinite, terminable on<br>30 days' notice | £4,941.60                  | 1,100 sq. ft        |

The Inditherm Directors and Proposed Directors are not aware of any environmental issues at any of the properties used or occupied by the Enlarged Group.

## 16. Working capital

In the opinion of the New Board, having made due and careful enquiry, and in the opinion of the Company, taking into account the bank facilities available to the Enlarged Group, the working capital available to the Enlarged Group is sufficient for its present requirements, that is for at least the next twelve months from the date of this document.

## 17. Litigation

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

## 18. General

- (a) Save as disclosed in paragraph 7 of Part I of this document, there has been no significant change in the financial or trading position of the Enlarged Group since 31 December 2014, the date to which the most recent audited accounts of the Company have been published.
- (b) Mazars LLP has given and has not withdrawn its written consent to the issue of this document with the inclusion in this document of its report and references thereto and to its name in the form and context in which it appears.

- (c) WH Ireland Limited has given and has not withdrawn its written consent to the inclusion in this document of its name in the form and context in which it appears.
- (d) SPARK Advisory Partners Limited has given and not withdrawn its written consent to the inclusion in this document of its name in the form and context in which it appears.
- (e) There are no patents or other intellectual property rights, licences or particular contracts which are of fundamental importance to the Enlarged Group's business.
- (f) There are no arrangements under which future dividends are waived or agreed to be waived.
- (g) The annual accounts of the Company have been audited in accordance with national law for the years ended 31 December 2012, 2013 and 2014 by PricewaterhouseCoopers LLP, Chartered Accountants, of Benson House, 33 Wellington Street, Leeds LS1 4JP. The annual report and financial statements of Inspiration for the 18 month period ended 31 January 2013, and the years ended 31 January 2014 and 31 January 2015 are not required to be audited in accordance with national law.
- (h) The financial information set out in this document does not constitute statutory accounts within the meaning of section 434 of the 2006 Act. Statutory accounts have been delivered to the registrar of companies for the periods ended 31 December 2012 and 2013. The statutory accounts for the year ended 31 December 2014 will be delivered to the registrar of companies following the annual general meeting on 11 June 2015 in respect of the Company and the Group and 31 January 2012, 2013 and 2014 in respect of Inspiration. Auditors' reports in respect of each statutory accounts of the Company have been made under section 495 of the 2006 Act and each such report was an unqualified report and did not contain any statement under section 498(2) or (3) of the 2006 Act.
- (i) The Ordinary Shares will only be traded on AIM.
- (j) The Company's registrar and paying agent for the payment of dividends is Capita IRG plc, Bourne House, 34 Beckenham Road, Beckenham, Kent BR3 4TU.
- (k) Except for fees payable to the professional advisers whose names are set out on pages 4 and 5 of this document, payments to trade suppliers, and except as set out below, no person has received any fees, securities in the Company or other benefit to a value of £10,000 or more, whether directly or indirectly, from the Company within the 12 months preceding the application for Admission, or has entered into any contractual arrangement to receive from the Company, directly or indirectly, any such fees, securities or other benefit on or after Admission.

On 26 September 2013 Inspiration entered into an agreement with Deciduous Limited, a company of which Brook Nolson is a director, for the provision of business consultancy services and strategic advice. In the twelve months prior to Admission, Inspiration has paid or agreed to pay £113,053 (excluding VAT) in respect of these services. The agreement is terminated on Admission, when Brook Nolson becomes a Non-Executive Director of the Company.

- (l) The estimated total costs of the Acquisition and issue of Consideration Shares is £700,000.

## **19. Documents available for inspection**

Copies of the following documents may be inspected at the offices of Eversheds LLP, One Wood Street, London EC2V 7WS during usual business hours on any weekday (excluding Saturdays and public holidays) and at [www.inditherm.co.uk/investor-relations/documents-on-display](http://www.inditherm.co.uk/investor-relations/documents-on-display) up to and including 24 June 2015:

- (a) the memorandum and articles of association of the Company;
- (b) the memorandum and articles of association of Inspiration;

- (c) the audited consolidated annual report and financial statements of the Company and its subsidiaries for the periods ended 31 December 2012, 2013 and 2014;
- (d) the report on the unaudited proforma statement of net assets set out in Part VI above;
- (e) the rules of the Existing Share Option Schemes and the Share Option Scheme referred to in paragraphs 5 and 6 of this Part VII;
- (f) the Directors' service agreements and agreements with Non-Executive Directors referred to in paragraph 8 of this Part VII;
- (g) the material contracts referred to in paragraph 11 of this Part VII;
- (h) the written consents referred to in paragraph 18 of this Part VII; and
- (i) the irrevocable undertakings referred to in paragraph 15 of Part I of this document.

The table below sets out the documents which are incorporated by reference into this document, so as to provide the information required pursuant to the Takeover Code. These documents are also available at the Company's website, [www.inditherm.co.uk](http://www.inditherm.co.uk), from the date of this document and available for inspection as set out in this paragraph 19.

| <i>Document</i>  | <i>Website location</i>   |
|--|---|
| Audited annual report and financial statements of the Company and its subsidiaries for the year ended 31 December 2012 | <a href="http://www.inditherm.co.uk/investor-relations/proposed-acquisition-may-2015">http://www.inditherm.co.uk/investor-relations/proposed-acquisition-may-2015</a> |
| Audited annual report and financial statements of the Company and its subsidiaries for the year ended 31 December 2013 | <a href="http://www.inditherm.co.uk/investor-relations/proposed-acquisition-may-2015">http://www.inditherm.co.uk/investor-relations/proposed-acquisition-may-2015</a> |
| Audited annual report and financial statements of the Company and its subsidiaries for the year ended 31 December 2014 | <a href="http://www.inditherm.co.uk/investor-relations/proposed-acquisition-may-2015">http://www.inditherm.co.uk/investor-relations/proposed-acquisition-may-2015</a> |

## **20. Availability of documents**

Copies of this document will be available free of charge to the public on the Company's website [www.inditherm.co.uk](http://www.inditherm.co.uk).

Dated: 26 May 2015

## DEFINITIONS

In this document, where the context permits, the expressions set out below shall bear the following meanings:

|   |  |
|---|--|
| <b>“2006 Act”</b>   | the Companies Act 2006, as amended   |
| <b>“Acquisition”</b>  | the proposed acquisition of Inspiration by the Company pursuant to the Acquisition Agreement   |
| <b>“Acquisition Agreement”</b>                                  | the conditional agreement dated 26 May 2015 between the Company and the Vendors in respect of the Acquisition, further details of which are set out in paragraph 10(a) of Part VII of this document  |
| <b>“Adjusted EBITDA”</b>  | earnings before interest, tax, depreciation and amortisation adjusted as if the non-discretionary aspects of the service agreements of the Inspiration Shareholders which were in place immediately before Admission had been in place for the whole of the period from 1 August 2011 to 31 January 2015 |
| <b>“Admission”</b>  | admission of the Enlarged Share Capital to trading on AIM and such admission becoming effective in accordance with Rule 6 of the AIM Rules   |
| <b>“Admission Document”</b>                                     | this document  |
| <b>“AIM”</b>  | the market of that name operated by the London Stock Exchange  |
| <b>“AIM Rules”</b>  | the AIM Rules for Companies published by the London Stock Exchange, as amended from time to time   |
| <b>“AIM Rules for Nominated Advisers”</b>                       | the AIM Rules for Nominated Advisers published by the London Stock Exchange, as amended from time to time  |
| <b>“Articles”</b>   | the articles of association of the Company   |
| <b>“Audit Committee”</b>  | the audit committee of the Board   |
| <b>“Business Day”</b>   | a day other than a Saturday, Sunday or other day when banks in the City of London are not generally open for business  |
| <b>“certificated” or “certificated form”</b>                    | is the description of a share or other security which is not in uncertificated form (that is not in CREST)   |
| <b>“Company” or “Inditherm”</b>                                 | Inditherm plc, a company registered in England and Wales with registered number 03587944   |
| <b>“Completion”</b>   | completion of the Acquisition in accordance with the terms of the Acquisition Agreement  |
| <b>“Concert Party”, “Inspiration Shareholders” or “Vendors”</b> | the shareholders of Inspiration who are deemed by the Panel to be acting in concert in relation to the Acquisition and whose names are set out in paragraph 2 of Part III of this document   |

|  |  |
|--|--|
| <b>“Connected Persons”</b>                 | connected persons as defined in section 252 of the 2006 Act  |
| <b>“Consideration Shares”</b>              | the 25,556,290 Ordinary Shares to be issued on Admission pursuant to the Acquisition Agreement   |
| <b>“CREST”</b>                             | the electronic systems for the holding and transfer of shares in dematerialised form operated by Euroclear   |
| <b>“CREST Regulations”</b>                 | the Uncertificated Shares Regulations 2001 (SI 2001 No. 3755) (as amended from time to time)   |
| <b>“Dealing Day”</b>                       | a day on which the London Stock Exchange is open for the transaction of business   |
| <b>“Disclosure and Transparency Rules”</b> | the Disclosure and Transparency Rules made by the FCA under Part VI of the FSMA  |
| <b>“EME”</b>                               | Electro Medical Equipment Limited  |
| <b>“Enlarged Group”</b>                    | the Company and Inspiration following the completion of the Acquisition  |
| <b>“Enlarged Share Capital”</b>            | the issued share capital of the Company on Admission following the Share Consolidation   |
| <b>“Euroclear”</b>                         | Euroclear UK & Ireland Limited   |
| <b>“European Union” or “EU”</b>            | has the meaning given to it in Article 299(1) of the Establishing the European Economic Community Treaty as amended by, among others, the Treaty on European Unity (the Maastricht Treaty), the Treaty of Amsterdam and the Treaty of Lisbon |
| <b>“Existing Share Option Schemes”</b>     | the EMI Scheme and Share Incentive Plan both adopted by the Company on 10 December 2001 by ordinary resolution   |
| <b>“Existing Ordinary Shares”</b>          | the 51,112,581 ordinary shares of 1 penny each in Inditherm with a nominal value of 1 penny in issue at the date of this document  |
| <b>“Existing Shareholders”</b>             | holders of the Existing Ordinary Shares  |
| <b>“FCA”</b>                               | the Financial Conduct Authority of the United Kingdom  |
| <b>“FCA Rules”</b>                         | the FCA Handbook of Rules and Guidance   |
| <b>“Form of Proxy”</b>                     | the form of proxy accompanying this document for use by Shareholders in connection with the General Meeting  |
| <b>“FSMA”</b>                              | the Financial Services and Markets Act 2000 (as amended)   |
| <b>“Enlarged Group”</b>                    | the Company and its subsidiaries on Admission  |
| <b>“General Meeting” or “GM”</b>           | the general meeting of the Company to be held at 11.00 a.m. on 23 June 2015, notice of which is set out at the end of this document  |

|   |   |
|---|---|
| <b>“Group”</b>                                    | the Company and its subsidiaries prior to the Acquisition   |
| <b>“HMRC”</b>                                     | Her Majesty’s Revenue & Customs   |
| <b>“IFRS”</b>                                     | International Financial Reporting Standards as adopted by the member states of the European Union   |
| <b>“Independent Directors”</b>                    | the Inditherm Directors, other than Ian Smith   |
| <b>“Independent Shareholders”</b>                 | the Existing Shareholders, other than Ian Smith   |
| <b>“Inditherm Directors”</b>                      | the directors of the Company at the date of this document whose names appear on page 4 of this document   |
| <b>“Irrevocable Undertakings”</b>                 | the irrevocable undertakings to vote in favour of the Resolutions given by Mark Abrahams, Nick Bettles, John Markham and Dion Steward   |
| <b>“Inditherm Directors” or “Inditherm Board”</b> | the directors of the Company whose names appear on page 4 of this document and “Director” shall mean any one of them  |
| <b>“Inspiration”</b>                              | Inspiration Healthcare Limited, a company registered in England and Wales with registered number 04753818   |
| <b>“Introduction Agreement”</b>                   | the agreement dated 22 May 2015 between (i) WH Ireland and (ii) relating to Admission, further details of which are set out in paragraph 11(c) of Part VII of this document                             |
| <b>“ITEPA”</b>                                    | Income Tax (Earnings and Pensions) Act 2003   |
| <b>“Lock-in Agreements”</b>                       | the conditional agreements dated 22 May 2015 between the Company, WH Ireland, Mark Abrahams, Ian Smith and each of the Vendors, details of which are set out in paragraph 14 of Part I of this document |
| <b>“London Stock Exchange”</b>                    | London Stock Exchange plc   |
| <b>“Memorandum”</b>                               | the memorandum of association of the Company  |
| <b>“Name Change”</b>                              | the proposed change of name of the Company to Inspiration Healthcare Group plc, subject to the passing of Resolution 11 at the GM   |
| <b>“New Board”</b>                                | the board of directors of the Company immediately following Admission   |
| <b>“NHS”</b>                                      | the National Health Service in the UK   |
| <b>“NICE”</b>                                     | National Institute for Health and Care Excellence in the UK   |
| <b>“Nomination Committee”</b>                     | the nomination committee of the Board   |
| <b>“Official List”</b>                            | the Official List of the UKLA   |
| <b>“Ordinary Shares”</b>                          | ordinary shares of 10p nominal value in the capital of the Company following the Share Consolidation  |

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|--|---|
| <b>“Proposals”</b>                               | means (i) the Acquisition; (ii) the Rule 9 Waiver; (iii) the Share Consolidation; (iv) the Name Change; and (v) Admission   |
| <b>“Proposed Directors”</b>                      | Neil Campbell, Toby Foster and Brook Nolson   |
| <b>“Prospectus Rules”</b>                        | the Prospectus Rules made by the FCA pursuant to sections 73(A)(1) and (4) of FSMA  |
| <b>“Record Date”</b>                             | close of business in the UK on 23 June 2015   |
| <b>“Register”</b>                                | the register of members of the Company  |
| <b>“Regulatory Information Service” or “RIS”</b> | one of the regulatory information services authorised by the London Stock Exchange to receive, process and disseminate regulatory information in respect of companies whose securities are admitted to trading on AIM   |
| <b>“Relationship Agreement”</b>                  | the agreement dated 22 May 2015 entered into between the Inspiration Shareholders and the Company governing, amongst other things, their conduct in the case of a breach of warranty or indemnity claim under the Acquisition Agreement   |
| <b>“Remuneration Committee”</b>                  | the remuneration committee of the New Board   |
| <b>“Resolutions”</b>                             | the resolutions set out in the Notice   |
| <b>“Rule 9 Waiver”</b>                           | the waiver (further details set out in Part I of this document) of the obligation to make a general offer under Rule 9 of the Takeover Code which may otherwise arise as a consequence of the issue of the Consideration Shares to the Concert Party, granted by the Panel conditional upon the approval of the independent Shareholders on a poll at the General Meeting |
| <b>“Share Consolidation”</b>                     | the consolidation of every one Existing Ordinary Share into ten Ordinary Shares to be proposed at the General Meeting   |
| <b>“Shareholder(s)”</b>                          | holder(s) of Existing Ordinary Shares or Ordinary Shares  |
| <b>“Share Incentive Plan”</b>                    | The Inditherm plc share incentive plan adopted by the Company, further details of which are set out in paragraph 5 of Part VII of this document   |
| <b>“Share Option Scheme”</b>                     | the Inditherm plc Executive Share Option Scheme 2015 adopted by the Company, further details of which are set out in paragraph 6 of Part VII of this document   |
| <b>“Takeover Code”</b>                           | the City Code on Takeovers and Mergers  |
| <b>“Takeover Panel” or “Panel”</b>               | the UK Panel on Takeovers and Mergers   |
| <b>“Technology Strategy Board”</b>               | The Technology Strategy Board, an executive non-departmental public body created under the Science and Technology Act 1965 and established by royal charter with registered number RC000818   |

|   |  |
|---|--|
| <b>“uncertificated” or “in uncertificated form”</b> | a share or shares recorded on the register of members as being held in uncertificated form on CREST, entitlement to which, by virtue of the Uncertified Securities Regulations, may be transferred by means of CREST |
| <b>“United Kingdom” or “UK”</b>                     | the United Kingdom of Great Britain and Northern Ireland   |
| <b>“UK Listing Authority” or “UKLA”</b>             | the United Kingdom Listing Authority, being the Financial Conduct Authority acting in its capacity as the competent authority for the purposes of the Financial Services and Markets Act 2000                        |
| <b>“Vendors”</b>                                    | Neil Campbell, Toby Foster, Simon Motley, Malcolm Oxley and Graham Walls   |
| <b>“WH Ireland”</b>                                 | WH Ireland Limited, nominated adviser and broker to the Company  |
| <b>“£” and “p”</b>                                  | United Kingdom pounds and pence sterling, respectively   |

All references to times in this document are to London time unless otherwise stated. References to the singular shall include references to the plural, where applicable, and vice versa.

## NOTICE OF GENERAL MEETING

# INDITHERM PLC

*(Registered in England No. 03587944)*

### NOTICE OF GENERAL MEETING OF SHAREHOLDERS

**NOTICE IS HEREBY GIVEN** that a general meeting of the Company will be held at the offices of Eversheds LLP, Bridgewater Place, Water Lane, Leeds LS11 5DR at 11.00 a.m. on 23 June 2015 for the purpose of considering and, if thought fit, passing the following resolutions (in the case of Resolutions 1 to 7 (inclusive) as ordinary resolutions, with Resolution 2 to be conducted on a poll of Independent Shareholders, and in the case of Resolutions 8 to 11 as special resolutions).

#### ORDINARY RESOLUTIONS

1. THAT, the proposed acquisition by the Company of the entire issued share capital of Inspiration Healthcare Limited (the “**Acquisition**”) pursuant to and on the terms and subject to the conditions contained in an agreement dated 22 May 2015 made between the Company, as purchaser, and Neil James Campbell, Simon Guy Motley, Malcolm John Oxley, Toby Foster and William Graham Walls as sellers (the “**Acquisition Agreement**”) as more particularly described in the admission document of the Company dated 26 May 2015 (the “**Admission Document**”) be and is hereby approved with such revisions and amendments (including as to price) of a non-material nature as may be approved by the directors of the Company (“**Directors**”) or any duly authorised committee thereof, and that all acts, agreements, arrangements and indemnities which the Directors or any such committee consider necessary or desirable for the purpose of or in connection with the Acquisition be and they are hereby approved.
2. THAT, the waiver by the Panel on Takeovers and Mergers of any requirement under Rule 9 of the City Code on Takeovers and Mergers (the “**Code**”) for Neil James Campbell, Simon Guy Motley, Malcolm John Oxley, Toby Foster and William Graham Walls and persons deemed to be acting in concert with them under the Code to make a general offer to shareholders of the Company as a result of the issue of shares to them pursuant to the Acquisition and is hereby approved.
3. THAT, subject to and conditional on the passing of the resolutions numbered 1 and 2 in this notice of meeting, Neil Campbell be appointed as a director of the Company.
4. THAT, subject to and conditional on the passing of the resolutions numbered 1 and 2 in this notice of meeting, Toby Foster be appointed as a director of the Company.
5. THAT, subject to and conditional on the passing of the resolutions numbered 1 and 2 in this notice of meeting, Brook Nolson be appointed as a director of the Company.
6. THAT, subject to and conditional on the passing of the resolutions numbered 1 and 2 in this notice of meeting, every 10 of the 51,112,581 ordinary shares of £0.01 each in the capital of the Company be and is hereby consolidated into 1 ordinary share of £0.10 each.
7. THAT, subject to and conditional on the passing of the resolutions numbered 1 and 2 in this notice of meeting and in accordance with Article 9 of the Articles of Association of the Company, the Directors are hereby generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (the “**Act**”) (in addition to any existing authority) to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for or to convert any security into shares in the Company up to a maximum nominal amount of £2,555,629 in connection with the Acquisition, provided that this authority shall expire on 21 May 2016 (unless and to the extent that such authority is revoked or extended prior to such date) but so that the Company may before the expiry of such period make an offer or agreement which would or might require such shares to be allotted and such rights to be granted after such expiry and the

Directors may allot such shares and grant such rights in pursuance of such offer or agreement as if the authority conferred by this resolution had not expired.

### **SPECIAL RESOLUTIONS**

8. THAT subject to and conditional on the passing of the resolution numbered 1, 2 and 7 in this notice of meeting the Articles of Association are amended:
  - a. by revoking the provision of the company's memorandum as to the amount of the company's authorised share capital (as altered by anything done by virtue of section 121 of the Companies Act 1985), which as from 1 October 2009 is treated as a provision of the company's articles setting a maximum amount of shares that may be allotted by the company with the intent and effect that such provision is deleted from the Articles; and
  - b. by deleting Article 3 from the articles of association of the Company.
9. THAT, subject to and conditional upon the passing of the resolutions numbered 1 and 2 in this notice of meeting and in accordance with article 8 of the articles of association of the Company, the Directors be empowered to section 701 of the Act to make market purchases (as defined in section 693(4) of the Act) of up to 25,556,290 ordinary shares of £0.10 held by the sellers in accordance with the terms of the Acquisition Agreement provided that the minimum and maximum price for such ordinary shares shall be £1.00 in aggregate and the authority contained herein shall expire on the conclusion of the next annual general meeting of the Company.
10. THAT, subject to and conditional on the passing of the resolutions numbered 1, 2 and 7 in this notice of meeting, the Directors be and they are hereby empowered pursuant to section 570 of the Act to allot equity securities (as defined in section 560 of the Act) for cash pursuant to the general authority conferred on the Directors pursuant to resolution 7 above as if section 561(1) of the Act did not apply to such allotment, provided that this power shall be limited to the allotment of equity securities up to an aggregate nominal amount of £2,555,629 pursuant to the Acquisition and such power shall expire on 21 May 2016 but so that the Company may before such expiry make an offer or arrangement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such offer or agreement as if the authority conferred by this resolution had not expired.
11. THAT, subject to and conditional on the passing of the resolutions numbered 1 and 2 in this notice of meeting, the name of the Company be and is hereby changed to "Inspiration Healthcare Group plc".

Dated: 26 May 2015

*Registered Office:*

Inditherm House  
Houndhill Park  
Bolton Road  
Wath Upon Dearne  
Rotherham  
South Yorkshire S63 7JY

By Order of the Board

**Ian Smith**  
*Company Secretary*

## NOTES:

1. Members entitled to attend and vote at the General Meeting are entitled to appoint one or more proxies to attend and, upon a poll, vote in their place. A proxy need not be a member of the Company. To appoint more than one proxy you may photocopy the Proxy Form. Please indicate next to the proxy holder's name, the number of shares in relation to which you authorise them to act as your proxy and complete all voting instructions. Please also indicate by ticking the box provided if the proxy is one of multiple instructions being given. All such Proxy Forms should be returned together in the same envelope.
2. To be valid the Proxy Form together with any power of attorney or other written authority under which it is signed or a duly certified copy of it (failing previous registration with the Company) must be lodged with the Company's registrar, Capita Asset Services, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU by 11.00 a.m. on 21 June 2015. Completion and return of proxy forms will not preclude shareholders from attending and voting at the General Meeting in person should they wish to do so.
3. Only holders of ordinary shares or their proxies are entitled to attend and vote at the General Meeting.
4. In the case of a corporation the Proxy Form must be given under its common seal, or signed by two directors or by a director and the secretary, or signed on its behalf by an attorney or a duly authorised officer of the corporation.
5. In the case of joint holders, any one of them may sign but the names of all joint holders should be stated. The vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority will be determined.
6. The withheld option on the Proxy Form is provided to enable you to abstain on any particular resolution. However, a "vote withheld" is not a vote in law and will not be counted in the calculation of the proportion of votes "For" and "Against" a resolution.
7. The CREST electronic proxy appointment service is available for this General Meeting. To use this service CREST members should transmit a CREST proxy instruction so as to reach Capita Asset Services, CREST participant ID RAIO, by not later than 11.00 a.m. on 21 June 2015 or in the case of any adjournment no later than 48 hours before the time fixed for the adjourned meeting.
8. In accordance with regulation 41 of the Uncertificated Securities Regulations 2001, only those members entered on the Company's register of members not later than close of business on 21 June 2015 or, if the meeting is adjourned, shareholders entered on the Company's register of members not later than 48 hours before the time fixed for the adjourned meeting shall be entitled to attend and vote at the meeting.



