

REX

BIONICS



Admission Document

Placing by Oriel Securities Limited

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This document, which comprises an admission document required by the rules of AIM, a market operated by the London Stock Exchange ("AIM"), has been drawn up in compliance with the AIM Rules. This document does not contain an offer of transferable securities to the public within the meaning of the Financial Services and Markets Act 2000 (as amended) ("FSMA") and therefore no prospectus within the meaning of s.85 FSMA is required. Accordingly this document has not been pre-approved by the Financial Conduct Authority ("FCA") pursuant to s.85 of FSMA and the document does not comprise a prospectus for the purposes of the EU Prospectus Directive (2013/71/EC) or for the purposes of the Prospectus Rules of the FCA.

Application has been made to the London Stock Exchange for the Ordinary Shares, issued and to be issued, to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings for normal settlement on AIM will commence in the Ordinary Shares on 8 May 2014.

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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. Your attention is drawn to the risk factors set out in Part III of this document but the whole of this document should be read. All statements regarding the Company's business, financial position and prospects should be viewed in light of the risk factors set out in Part III of this document.

Each AIM company is required pursuant to the AIM Rules for Companies to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers.

The London Stock Exchange has not itself examined or approved the contents of this document.

The Directors and the Proposed Directors of Union MedTech plc (the "Company"), whose names appear on page 6 of this document, and the Company accept responsibility for the information contained in this document, including individual and collective responsibility for the Company's compliance with the AIM Rules. To the best of the knowledge and belief of the Directors, Proposed Directors and the Company (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Union MedTech plc

(to be renamed Rex Bionics plc)

(Incorporated and registered in England and Wales with registered number 06425793)

Acquisition of Rex Bionics Limited

Placing of 5,555,556 new Ordinary Shares at 180p per Ordinary Share

Admission to trading on AIM



Oriel Securities Limited

Nominated Adviser and Broker

Share capital (immediately following Admission)

Issued and fully paid

<i>Amount</i>	<i>Number</i>
£14,289,360	14,289,360

This document does not constitute or form part of any offer or invitation to sell, or any solicitation of any offer to purchase, any securities other than the shares to which it relates, or any offer or invitation to sell, or any solicitation of any offer to purchase, such shares by any person in any circumstances or jurisdiction in which such offer or solicitation is unlawful.

This document is not for publication or distribution in Australia, New Zealand, Canada, Japan or the United States. The Ordinary Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or jurisdiction in the United States or under the applicable securities laws of Australia, New Zealand, Canada or Japan and may not be offered, sold or otherwise transferred, directly or indirectly, in or into Australia, New Zealand, Canada, Japan or the United States or for the account or benefit of citizens or residents of Australia, New Zealand, Canada, Japan or the United States, subject to certain exceptions determined by the Company in its sole discretion and pursuant to the applicable laws. Potential investors with registered addresses in overseas territories are required by the Company and Oriel Securities Ltd ("Oriels Securities") to inform themselves about and observe any restrictions on the offer, sale or transfer of the shares and the distribution of this document.

Oriel Securities, which is authorised and regulated in the United Kingdom by the FCA, is acting as nominated adviser and broker to the Company in connection with the Placing and Admission and is advising no one else in relation to the Placing and Admission and will not be responsible to any person other than the Company for providing the protections afforded to its clients or for advising any other person in relation to the Placing or Admission or otherwise.

The responsibilities of Oriel Securities, as nominated adviser under the AIM Rules and the AIM Rules for Nominated Advisers, are owed solely to the London Stock Exchange and are not owed to the Company or any Director of the Company or to any other person in respect of their decision to acquire Ordinary Shares in the Company in reliance on any part of this document. No representation or warranty, express or implied, is made by Oriel Securities as to the contents of this document, or for the omission of any material from this document.

Oriel Securities has not authorised the contents of, or any part of, this document and no liability whatsoever is accepted by Oriel Securities for the accuracy of any information or opinions contained in this document or for the omission of any information from this document.

IMPORTANT INFORMATION

Forward looking Statements

All statements other than statements of historical fact included in this Document, including, without limitation, those regarding the Group's financial position, business strategy, plans and objectives of management for futures operations or statements relating to expectations in relation to Shareholder returns, dividends or any statements preceded by, followed by or that include the words "targets", "estimates", "envisages", "believes", "expects", "aims", "intends", "plans", "will", "may", "anticipates", "would", "could" or similar expressions or the negative thereof, are forward looking statements. Such forward looking statements involve known and unknown risks, uncertainties and other important factors beyond the Group's control that could cause the actual results and performance to be materially different from future results and performance expressed or implied by such forward looking statements. Such forward looking statements are based on numerous assumptions regarding the Group's present and future business strategies and the environment in which the Group will operate in the future.

These forward looking statements speak only as of the date of this document. The Group expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward looking statements contained herein to reflect any change in the Group's expectations with regard thereto, any new information or any change in events, conditions or circumstances on which any such statements are based, unless required to do so by law or any appropriate regulatory authority.

Defined Terms

Certain terms used in this document are defined in the "Definitions" section of this document.

Sources

Various market data and forecasts used in this document have been obtained from independent industry sources. Neither the Company nor Oriel has verified the data, statistics, or information obtained from these sources and cannot give any guarantee of the accuracy or completeness of the data. Forecasts and other forward looking information obtained from these sources are subject to the same qualifications, risks and uncertainties as above.

Various figures and percentages in tables in this document have been rounded and accordingly may not total. Certain financial data has also been rounded. As a result of this rounding, the totals of data presented in this document may vary slightly from the actual arithmetical totals of such data. All times referred to in this document are, unless otherwise stated, references to London time.

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KEY STATISTICS

Existing Share Capital

Ordinary Shares of £1 each in issue	339,550
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Placing Shares

Number of Placing Shares	5,555,556
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Placing Price	180p
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Gross proceeds of the Placing	£10.0m
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Estimated net proceeds of the Placing	£8.8m
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Acquisition

Number of Consideration Shares	7,121,698
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Pre-IPO refinancing: APH Consideration Shares	546,632
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Loan note conversion

Number of Ordinary Shares issued on conversion of the UMT Loan Notes	725,924
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Upon Admission

Number of Ordinary Shares in issue at Admission	14,289,360
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Number of Warrants in issue at Admission	142,014
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Approximate market capitalisation of the Company at Admission	£25.7m
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TIDM	RXB
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ISIN number	GB00BLRLQM66
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EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Withdrawal of Ordinary Shares from trading on ISDX	4.30 p.m. on 7 May
Publication of this Admission Document	2 May
Admission and commencement of dealings in the Enlarged Share Capital on AIM	8.00 a.m. on 8 May
CREST accounts credited (where applicable)	8 May
Despatch of definitive share certificates (where applicable)	15 May

Notes

- 1 References to time in this document are to British Summer Time
- 2 If any of the above times or dates should change at the absolute discretion of the Company and Oriel Securities, the revised times and/or dates will be notified by way of an RIS announcement

DIRECTORS, PROPOSED DIRECTORS AND ADVISERS

Directors	David Macfarlane (<i>Chairman</i>) Jeremy Curnock Cook (<i>Chief Executive Officer</i>) William Hunter (<i>Non-executive Director</i>) Peter Worrall (<i>Chief Financial Officer</i>)
Proposed Directors	Richard Little (<i>Chief Technical Officer</i>) John Plimmer (<i>Non-executive Director</i>) Victoria Provis (<i>Non-executive Director</i>)
Company Secretary	Keith Robinson c/o Sherrards Solicitors LLP 7 Swallow Place London W1B 2AG
Registered Office	Union MedTech plc 7 Swallow Place London W1B 2AG
Nominated Advisor and Broker	Oriel Securities Limited 150 Cheapside London EC2V 6ET
Reporting Accountants	Grant Thornton UK LLP 30 Finsbury Square London EC2P 2YU
Auditors	Price Bailey LLP Richmond House Broad Street Ely Cambridgeshire CB7 4AH
Solicitors to the Company	Simmons & Simmons LLP CityPoint 1 Ropemaker Street London EC2Y 9SS
Solicitors to the Nominated Advisor and Broker	Stephenson Harwood LLP 1 Finsbury Circus London EC2M 7SH

Financial PR

Consilium Strategic Communications Limited
41 Lothbury
London
EC2R 7HG

Registrars

Share Registrars Limited
Suite E First Floor
9 Lion and Lamb Yard
Farnham
Surrey
GU9 7LL

DEFINITIONS

“Act”	the Companies Act 2006
“Acquisition”	the proposed acquisition by UMT of the entire issued share capital of RBL to be implemented through the Acquisition Agreement and the APH Sale Agreement
“Acquisition Agreement”	the agreement dated 17 October 2013 (as amended) between (1) the Vendors (2) the RBL directors (at the time of signing) and (3) the Company under which the Company has conditionally agreed to acquire the then entire issued share capital of RBL, further details of which are contained in paragraph 10.1 of Part VI of this document
“Admission”	admission of the Enlarged Share Capital to trading on AIM becoming effective in accordance with rule 6 of the AIM Rules
“AIM”	the market of that name operated by the London Stock Exchange
“AIM Rules”	the AIM Rules for Companies published by the London Stock Exchange from time to time (including, without limitation, any guidance notes or statements of practice) which govern the rules and responsibilities of companies whose shares are admitted to trading on AIM
“APH Consideration Shares”	Ordinary Shares which will be issued to the APH Fund pursuant to the APH Sale Agreement to complete the acquisition of the APH Rex Shares
“APH Rex Shares”	the Shares in RBL to which APH Fund will become entitled to upon completion of the APH Sale Agreement
“APH Fund”	the Asia Pacific Healthcare Fund II
“APH Sale Agreement”	the share sale agreement dated 19 December 2013 (amended and restated on 23 January 2014) between the Company and trustees for the APH Fund, to acquire certain shares in RBL to which the APH Fund will become entitled to on completion of the Acquisition Agreement
“Bioscience Managers”	Bioscience Managers Pty Limited (formerly Octa Phillip Bioscience Managers Pty Limited)
“Board”	the Directors of the Company from time to time, including, with effect from Admission, the Proposed Directors
“certificated” or “in certificated form”	recorded on the relevant register of the share or security concerned as being held in certificated form (that is not in CREST)
“Company” or “UMT”	Union MedTech plc

“Consideration Shares”	the 7,121,698 new Ordinary Shares of £1.00 each being issued to the Vendors pursuant to the Acquisition Agreement at a minimum price of £1.25 per share
“Consolidation”	the consolidation of each 100 Previous Ordinary Shares into 1 new Ordinary Share which became effective on 29 April 2014
“CREST”	the computer based system and procedures which enable title to securities to be evidenced and transferred without a written instrument, administered by Euroclear UK & Ireland
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001/3755) (as amended from time to time)
“Directors”	the directors of the Company as at the date of this document, whose names are set out on page 6 of this document
“EIS”	Enterprise Investment Scheme under the provision of Part 5 of the Income Tax Act 2007 (as amended)
“Enlarged Group”	The Company and all its subsidiaries including RBL, following the Acquisition
“Enlarged Share Capital”	the entire Ordinary Share capital of the Company as then enlarged by: <ul style="list-style-type: none"> – the issue of the Consideration Shares; – the issue of the APH Consideration Shares; – the conversion of the UMT Loan Notes; and – the issue of the Placing Shares;
“Euroclear UK & Ireland”	Euroclear UK & Ireland Limited, a company incorporated under the laws of England and Wales with registered number 02878738 and the operator of CREST
“FCA”	Financial Conduct Authority
“FSMA”	the Financial Services and Markets Act 2000 (as amended)
“Group”	the Enlarged Group
“ISDX”	the ICAP Securities & Derivatives Exchange operated by ICAP plc, which allows trading of shares in companies
“Loan Note Conversion Shares”	the new Ordinary Shares to be issued to the holders of UMT Loan Notes consequent upon completion of the Acquisition
“Lock up Deeds”	the various deeds referred to in paragraph 10.7 of Part VI on page 130 of this document
“London Stock Exchange”	London Stock Exchange plc

“No. 8 Ventures”	an investor in RBL
“OFM”	One Funds Management Limited
“Ordinary Shares”	ordinary shares of £1.00 each in the capital of the Company
“Ordinary Shareholder”	a holder of Ordinary Shares
“Oriel Securities”	Oriel Securities Limited
“Panel”	the Panel on Takeovers and Mergers, the regulatory body that administers the Takeover Code
“Placees”	the subscribers for Placing Shares (other than the Subscription Shares) pursuant to the Placing
“Placing”	the conditional placing of the Placing Shares by Oriel Securities as agent for the Company pursuant to the Placing Agreement, and the subscription for the Subscription Shares by certain subscribers pursuant to standalone subscription agreements with the Company
“Placing Agreement”	the conditional agreement dated 2 May between (1) the Company, (2) the Directors, (3) the Proposed Directors and (4) Oriel Securities relating to the Placing (but not including the Subscription Shares)
“Placing Price”	180p per Placing Share
“Placing Shares”	the 5,555,556 new Ordinary Shares (including the Subscription Shares) to be placed in the Placing
“Previous Ordinary Shares”	the 33,955,000 ordinary shares of 1 pence each in issue before the Consolidation
“Proposed Directors”	Richard Little, John Plimmer and Victoria Provis
“Prospectus Rules”	the Prospectus Rules made by the FCA pursuant to sections 73(A)(1) and 4 of FSMA
“RBL”	Rex Bionics Limited, a company incorporated in New Zealand with company number 1914045
“Registrars”	Share Registrars Ltd
“RIS”	Regulatory Information Service
“Shareholder(s)”	holders of Ordinary Shares
“Subscription Shares”	means up to 808,148 Ordinary Shares as may conditionally be agreed to be subscribed for at the Placing Price, by certain exempt investors, under the various subscription agreements described in paragraph 10.6 of Part VI
“Takeover Code”	the City Code on Takeovers and Mergers, published by the Panel

“UMT Loan Notes”	the Convertible Loan Notes issued by the Company pursuant to the Loan Note Instrument dated 17 December 2013 which will convert into Ordinary Shares upon completion of the Acquisition
“UK”	the United Kingdom of Great Britain and Northern Ireland
“uncertificated” or “in uncertificated form”	recorded on the relevant register of the share or security concerned as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST
“US”	the United States of America and all of its territories and possessions
“Vendors”	the vendors of shares in RBL under the Acquisition Agreement
“VCT”	a Venture Capital Trust under the provisions of Part 6 of the Income Tax Act 2007 (as amended)
“Warrants”	the warrants over Ordinary Shares, further details of which are set out in paragraph 3.4(D) of Part VI of this document
“Warrant Holders”	the holders of Warrants
“Warrant Record Date”	17 October 2013
“2012 Warrants”	warrants over 45,714 Ordinary Shares, further details of which are set out in paragraph 3.3 of Part VI of this document
“£” or “Sterling”	British pounds sterling
“€”	Euro
“NZ\$”	New Zealand Dollar
“US\$”	US Dollar
Exchange Rate as at 7 April 2014	
£ – NZ\$	£1 = NZ\$1.9253
£ – US\$	£1 = US\$1.6610

GLOSSARY

“CAD”	Computer Aided Design
“CARF”	Commission on Accreditation of Rehabilitation Facilities
“Complete SCI”	a SCI where all function below the injured area is lost
“Exoskeleton”	a mechanical structure which provides support to the human body
“FDA”	Food and Drug Administration
“MS”	Multiple Sclerosis
“REX Personal”	an exoskeleton for use by individual wheelchair users in their daily life
“REX Rehab”	an adjustable exoskeleton for use by wheelchair users in a rehabilitation setting
“SCI”	Spinal Cord Injury

PART I

INFORMATION ON UNION MEDTECH PLC

1. Introduction

Union MedTech was established as an investment company on 27 February 2012, when the Board considered that the Company should seek to position itself to execute a “buy and build” strategy and create a high quality international group operating in the medical technology arena, supported by a management team with significant experience in the healthcare sector. After evaluating several investment opportunities, the Board decided to acquire the then entire share capital of RBL. On 18 October 2013 the Company announced that it had entered into a conditional agreement to acquire RBL’s then entire issued share capital. The Acquisition was conditional *inter alia* on the Company raising additional funds for the continued development of the RBL business and on the transfer of trading in UMT shares from the ISDX Growth Market to AIM. As the Acquisition constituted a reverse takeover under the ISDX Growth Market rules, trading in the Company’s shares was suspended immediately following that announcement. The Company accordingly acknowledges that, following the Acquisition, it will no longer be an investment company. As at 30 November 2013, the date to which the last report and accounts were prepared, the Company had total assets of £183,976 and had retained cash of £174,340.

2. The Placing

Pursuant to the Placing, the Company will issue 5,555,556 Placing Shares at the Placing Price. The Placing Shares will represent 38.9 per cent. of the Enlarged Share Capital of the Company following Admission and are (other than in respect of the Subscription Shares) being placed by Oriel Securities with investors including certain EIS and VCT investors. The Placing of the Placing Shares will raise £10.0 million for the Company (before commissions and expenses). The Placing Agreement is conditional, *inter alia*, on Admission and on the Placing Agreement not being terminated in accordance with its terms prior to Admission. The Placing Shares will, when issued and fully paid, rank *pari passu* in all respects with the existing Ordinary Shares and the Consideration Shares, the APH Consideration Shares and the Loan Note Conversion Shares.

3. Background to RBL and the Acquisition

On completion of the Acquisition RBL will become a wholly-owned subsidiary of UMT, with the Company being renamed Rex Bionics plc. The Acquisition will provide the Group with a platform to roll-out the REX product on an international basis.

RBL was founded by Richard Little and Robert Irving in 2007 after initially starting work on a robotic exoskeleton in 2003. RBL is focussed on developing and marketing exoskeletons which allow the mobilisation of wheelchair users in an upright position. The multiple health and well-being benefits that can be derived from allowing wheelchair users to stand make it an attractive device for both the rehabilitation and the personal use market.

REX currently markets two devices: REX Personal for personal use and REX Rehab for use in rehabilitation centres. The REX product is a robotic exoskeleton made of mechanical legs linked by a strong hip girdle that enables a wheelchair user to stand up, walk and, in the case of REX Personal, go up and down stairs and ramps. The Company is currently growing its manufacturing and international sales capabilities to support anticipated demand for REX products, as well as developing the next generation of REX devices.

RBL’s near term objective is to grow sales of its REX Rehab product by targeting rehabilitation centres in the United States and Europe. In the medium term, the Directors and the Proposed Directors anticipate growth in sales of REX devices whilst also developing the next generation REX products.

Following Admission the Company's registered office will remain at 7 Swallow Place, London W1B 2AG but the Group's main place of business will be located in New Zealand, at address 6a Douglas Alexander Parade, Rosedale, Auckland 0632, New Zealand.

Following Admission, it is the Company's intention to ensure that, for the foreseeable future, RBL's head office, intellectual property and research and development functions remain in New Zealand, in accordance with the terms of RBL's funding agreements with the Foundation for Research Science & Technology (now part of Ministry of Science and Innovation).

More information about RBL and the REX product can be found in Part II on page 21.

Part IV of this document contains (i) audited financial information on Union MedTech plc for the three years ended 30 November 2013; and (ii) audited financial information on Rex Bionics Limited for the three years ended 31 March 2013 and (iii) unaudited interim financial information on Rex Bionics Limited for the 6 months to 30 September 2013.

Part V of this document contains *pro forma* consolidated statements of income and statements of financial position of the Enlarged Group.

4. Summary Financial Information – Union MedTech plc

The following financial information has been derived from the financial information contained in Part IV of this document and should be read in conjunction with the full text of this document. Investors should not rely solely on the summarised information.

	<i>Year ended</i> 30 November 2011 £	<i>Year ended</i> 30 November 2012 £	<i>Year ended</i> 30 November 2013 £
Revenue	—	—	—
Investment income	6,900	—	—
Operating expenses	(53,981)	(326,028)	(481,524)
Loss on disposal of investments	—	(110,718)	—
Operating loss	(47,081)	(436,746)	(481,524)
Finance income	—	90	—
Gain on foreign exchange	—	—	2,020
Loss before taxation	(47,081)	(436,656)	(479,504)
Tax expense	—	—	—
Loss for the year	(47,081)	(436,656)	(479,504)

Summary financial information on RBL can be found in paragraph 14 of Part II of this document.

5. Directors, Proposed Directors and Senior Management

The Board currently comprises David Macfarlane as Chairman, Jeremy Curnock Cook as Chief Executive Officer, Peter Worrall as Chief Financial Officer and William Hunter as Non-Executive Director. In addition Debra Leeves has been appointed as Vice-President, International Sales and Marketing.

Upon Admission Richard Little will be appointed Chief Technology Officer and John Plimmer and Victoria Provis will become Non-Executive Directors. Details of the Board, including the Proposed Directors to be appointed upon Admission, are set out below:

David Macfarlane (67), Non-executive Chairman

David was previously a partner at two of the City's most prominent law firms, Stephenson Harwood and Ashurst. David advised a number of high profile companies, banks and other institutions on

activities including M&A and capital raising. Whilst at Ashurst LLP, he became involved in management and was head of its corporate department until his retirement in 2002. David is currently Chairman of JZ Capital Partners, the quoted investment company and has previously held the position of Non-Executive Director at several companies including Platinum Investment Trust, Allied Healthcare, Turftrax, Mancal Energy UK and Prospekt Medical.

Jeremy Curnock Cook (64), Chief Executive Officer

Jeremy was formerly managing director of the Rothschild Bioscience Unit, then one of the U.K.'s largest and most established biotechnology investment managers, where he was responsible for managing over \$1bn invested in more than 160 companies. While at Rothschild, he was responsible for the conception and launch of the International Biotechnology Trust (IBT), as well as the first dedicated biotechnology fund for the Australian market, and a joint venture with Johnson & Johnson Development Corporation for the creation of Healthcare Ventures, an investment vehicle dedicated to seed stage investments in Europe.

Prior to joining Rothschild, Jeremy founded the International Biochemicals Group (IBG) in 1975, subsequently building an 80-person company focused on the development and commercialisation of products containing tailored microbial strains for application in industrial pollution control and agriculture. IBG's clients included multinationals such as McDonalds and Royal Dutch Shell and it was successfully sold to Royal Dutch Shell in 1985. Jeremy has served on more than 30 boards of directors in the healthcare and medical sciences sector in the UK, Europe, USA, Canada, Japan and Australia. He was previously chair of Biocompatibles International Ltd and is chair of AmpliPhi Biosciences Corporation.

As the managing director of Bioscience Managers, Jeremy is responsible for the IB Australian Bioscience Fund I as well as the Asia Pacific Healthcare Fund. Jeremy received his MA in Natural Sciences from Trinity College in Dublin in 1971, and was a research scientist at the Institute of Cancer Research from 1972 to 1973.

Peter Worrall (59), Chief Financial Officer

Peter was previously Chief Executive of Pharminox Limited, a company focussed on the discovery and development of drugs to treat cancer. Peter was formerly Corporate Development Director of Vernalis plc, a company formed from the merger of British Biotech plc and Vernalis Group plc (formerly Vanguard Medica Group plc). He joined Vanguard as Chief Financial Officer in 1993 as a venture capital backed start-up company, and saw it through a number of private and public funding rounds, including its IPO on the Main Market of the London Stock Exchange in May 1996, as well as the acquisition of Cerebrus Ltd in late 1999. He became acting Chief Executive in early 2003, and led the merger discussions with British Biotech later that year.

In 1981 he joined Imed Ltd, a manufacturer of intravenous infusion pumps, initially as Financial Controller, becoming Finance Director and subsequently General Manager. In 1988 he established his own company, Isys Medical Ltd, as the vehicle for a management buy-out of Imed's UK manufacturing and R&D operations and ran Isys for three years before selling out to Danby Medical Ltd, a venture capital backed infusion pump company, which he joined as Finance Director. Danby was sold to Baxter Healthcare in 1993.

Peter received a Masters degree in economics from the University of St Andrews in 1977, and qualified as a chartered accountant with Arthur Andersen & Co in 1980.

Dr William Hunter (51), Non-executive Director

Bill is currently the Interim President, Director and CEO of Cardiome Pharma Corporation, a commercial-stage NASDAQ and TSE listed healthcare company with an approved drug treatment (BRINAVESS™) for atrial fibrillation.

Prior to Cardiome, Bill co-founded Angiotech Pharmaceuticals in 1992 and was Chief Executive Officer in 1997 when Angiotech was a venture-stage, private, pre-clinical company with less than 50 employees. He led Angiotech through three rounds of private equity financing, its IPO and listing on the Toronto Stock Exchange and NASDAQ, totalling over \$1B in equity and debt financings, a debt restructuring and eight separate corporate acquisitions. During that time, Angiotech grew to become a profitable, diversified, healthcare company with over 1,400 employees, several thousand commercially available products, 12 facilities in five countries and worldwide annual revenues exceeding US\$250m.

Bill currently also serves as a director of Zalicus Inc (NASDAQ: ZLCS) and has served previously on the boards of Aspreva Pharmaceuticals, Anormed Pharmaceuticals, Active Pass Pharmaceuticals, Neuromed Pharmaceuticals and Angiotech Pharmaceuticals.

Proposed Directors

John Plimmer (56), Non-executive Director

John is a New Zealand citizen, resident in London, UK. He is a private equity investor and former corporate finance adviser. His main business interests today involve direct investing in and advising start-up and early-stage businesses.

From 1981 to 1998, John Plimmer had an extensive career in Corporate Finance with the Hambros Bank Group in Melbourne, Sydney and London. In 1995, he was appointed a Director of the Board of Hambros Bank Limited in London. From 1998 to 2012, he was the Managing Director JZ International (JZI), the London based European affiliate of The Jordan Company, a US\$6 billion private equity partnership. At JZI, he established the executive team and implemented the investment strategy; this entailed: investing, managing and realising a portfolio of private SME investments across a range of industry sectors in the UK, The Netherlands, Nordic countries, Italy and Spain. John is a Board member of all investee companies. During this period, JZI invested c.€125m across 11 investments. John continues to have responsibilities for realising the remaining portfolio companies.

John graduated in 1981 from Victoria University of Wellington, NZ with a Bachelor of Commerce and Administration (Economics).

Richard Little (47), Chief Technology Officer and Co-founder of RBL

Richard formed Rex Bionics Ltd in 2007 with fellow engineer Robert Irving to develop innovative medical robotic technology that could bring new-found mobility to many thousands of users worldwide. With an extensive career including marine engineering, research and development, contract programme management and information technology, Richard has held senior leadership roles in medical technology, automotive and military industries. These include a programme management role for Navman, finance manager for BAE Systems and Group Technical Director for Taisun (CIMC Raffles), based in Singapore, responsible for transitioning four manufacturing companies to Asia and the technical leadership for the group.

Victoria Provis (59), Senior Independent Non-executive Director

Victoria Provis has over 30 years' experience in the corporate communications, strategic consulting and human resources sectors. Victoria spent her early career in corporate communications, working with firms such as KPMG, Burson Marsteller and McKinsey & Company, before moving into the world of executive search in 1993. From 1995 to 2011, Victoria was a Partner with leading UK search firm Odgers Berndtson in London, building its specialist corporate communications practice as well as handling non-executive director appointments across a wide range of businesses. Victoria also opened and chaired the firm's Cardiff office from 2005.

Victoria now holds a portfolio of non-executive appointments. Since 2008, she has been a Trustee of Amgueddfa Cymru/National Museum Wales, where she chairs the Development Board and also sits

on the Appointments and Remuneration Committee. Victoria was appointed by the Welsh Government to be a member of the Wales Tourism Advisory Board with effect from January 2014. She is a member of Glas Cymru/Welsh Water and also sits on the Advisory Council of UWC Atlantic College, where she was Vice Chair of the Governing Board from 2002-8. Victoria received an MBA from INSEAD, Europe's leading business school, in 1984 and a BA (Hons) in Economics from the University of British Columbia in 1976.

Senior Management

Robert Irving (47), Senior Mechanical Engineer and Co-founder of RBL

Robert was the inspiration for REX and has led the mechanical aspects of REX since inventing the technology with Richard Little. Robert has an automotive engineering background with experience in taking technology from research to production.

Barry Herbison (49), Chief Financial Officer of RBL

Barry joined RBL in January 2014. He has 25 years' experience in senior financial roles across a range of companies of different sizes and in different industry sectors, including in his more recent career three quoted companies in New Zealand and Australia. Barry qualified as a chartered accountant with Ernst & Young in New Zealand.

Debra Leeves (51), Vice President International Sales and Marketing

Prior to joining UMT, Debra was General Manager for Avita Medical, a start-up biotechnology company. Debra led the sales drive across Europe and the Middle East, managing direct sales teams and distributors to launch the flagship product into new markets. During a career of over 20 years she has had a variety of positions in sales and marketing in major pharmaceutical companies such as Pfizer, GSK and Merck as well as leading the Medical Diagnostic division of GE Healthcare as Regional Marketing Leader for EMEA. Debra has previously managed businesses across Europe, Middle East, Canada and Russia as well as leading teams in the US and Asia. Debra has been involved in over 20 launches including the blockbuster pharmaceutical products Zocor, Imigran and Zantac as well as building markets for smaller products worldwide. Debra has a BSc in Pharmacy, gained an MBA from Warwick University and is part way through completing her accounting exams to become a fully qualified Management Accountant (CIMA).

6. Tax Reliefs Available to Investors

The Company has received notification from HM Revenue & Customs that the Placing Shares, to be issued to UK investors, should qualify for EIS relief. The Directors expect that VCT relief will also be available. The availability of tax relief will depend, *inter alia*, upon the investor and the Company continuing to satisfy various qualifying conditions. The Company cannot guarantee to conduct its activities in such a way as to maintain its status as a qualifying EIS or VCT investment but the Directors and Proposed Directors intend, as far as possible, to do so. Investors considering taking advantage of EIS relief or making a qualifying VCT investment are recommended to seek their own professional advice in order that they may fully understand how the relief legislation may apply in their individual circumstances.

Any Ordinary Shareholder who is in any doubt as to his taxation position under the EIS and VCT legislation, or who is subject to tax in a jurisdiction other than the UK, should consult an appropriate professional adviser.

7. Admission, Settlement and Dealings

Application has been made to the London Stock Exchange for the Enlarged Share Capital to be admitted to trading on AIM. Withdrawal from trading of the Ordinary Shares on ISDX will take place at 4.30 p.m. on 7 May 2014. Admission will become effective and dealings in the Ordinary Shares on AIM will commence at 8.00 a.m. on 8 May 2014.

The Ordinary Shares will be in registered form and will be capable of being held in either certificated or uncertificated form (i.e. in CREST).

CREST is a paperless settlement enabling securities to be evidenced otherwise than by certificate and transferred otherwise than by written instrument in accordance with the CREST Regulations.

8. Orderly Market Arrangements

The Directors and Proposed Directors will in aggregate direct interests of, 854,470 Ordinary Shares representing approximately 6.0 per cent. of the Enlarged Share Capital. Bioscience Managers will be interested in, directly, 12,500 Ordinary Shares, representing 0.1 per cent. of the Enlarged Share Capital. International Bioscience Managers Pty Ltd will be interested in, directly, 12,500 Ordinary Shares, representing 0.1 per cent. of the Enlarged Share Capital. APH Fund will be interested in, directly, 1,657,743 Ordinary Shares, representing 11.6 per cent. of the Enlarged Share Capital. The Vendors will be interested in, directly or indirectly, 7,493,920 Ordinary Shares, representing 52.4 per cent. of the Enlarged Share Capital. In addition, Christopher Stainforth, a former Director of the Company, will be interested in, directly or indirectly, 12,500 Ordinary Shares, representing 0.1 per cent. of the Enlarged Share Capital.

In order to assist in maintaining an orderly market in the Company's Ordinary Shares after Admission, each of the Directors and Proposed Directors, International Bioscience Managers Pty Ltd, Bioscience Managers, APH Fund, certain of the Vendors and Christopher Stainforth, has undertaken to Oriel Securities not to dispose of any of the Ordinary Shares in which they are interested at Admission within 12 months of Admission without the prior written consent of the Company and Oriel Securities. Each of the Directors and the Proposed Directors and certain of the Vendors has, except in certain circumstances, agreed to certain additional orderly market arrangements in relation to any Ordinary Shares in which they are interested at Admission for a further period of 12 months, up to the end of the 24 month period following Admission.

The effect of the arrangements is that 55.7 per cent. of the Enlarged Share Capital is subject to lock-up provisions, for at least 12 months following Admission.

Further details of these arrangements are set out in paragraph 10.5 and 10.8 of Part VI of this Document.

9. Corporate Governance

The Directors and Proposed Directors acknowledge the importance of the principles set out in the Corporate Governance Code. Although the Corporate Governance Code is not compulsory for AIM quoted companies, the Directors and Proposed Directors support high standards of corporate governance and confirm that, following Admission, they intend to comply, so far as practicable and having regard to the size and nature of the Company's business, with the good governance guidelines set out in the Corporate Governance Code for Small and Mid-Size companies (published in May 2013 by the Quoted Companies Alliance) ("QCA guidelines").

The Board will comprise a Chairman, three executive directors and three non-executive directors. The Board intends to meet regularly to consider strategy, performance and the framework of internal controls. To enable the Board to discharge its duties, arrangements will be designed for all Directors to receive appropriate and timely information. Briefing papers will be distributed to all Directors in advance of Board meetings. Additionally, special meetings take place or other arrangements are made when Board decisions are required in advance of regular meetings. Certain matters are reserved for consideration by the Board (with other matters delegated to Board committees).

The services of Jeremy Curnock Cook, as CEO, are provided by Bioscience Managers under the Bioscience Managers Agreement, on a non exclusive and part time basis and are terminable by Bioscience Managers or the Company on notice of 6 months. The other Directors and the Proposed Directors consider these arrangements, given the calibre of Jeremy Curnock Cook's experience and

his Australasian based activities, to be appropriate in the circumstances. Further details of the Bioscience Managers Agreement are contained in paragraph 10.9 of Part VI.

The Directors intend that the service contracts of the Executive Directors continue to comply with the QCA guidelines.

On Admission, David Macfarlane and each of the other Non-executive Directors has been awarded options over Ordinary Shares worth £15,000 and £10,000 respectively at the Placing Price, conditional on Admission. Exercise of these options will not be subject to performance conditions and would be at the Placing Price. They will vest in three equal tranches at the first, second and third anniversaries of the date of grant. The Executive Directors and Richard Little as a Proposed Director acknowledge that these options could appear to affect the independence of the Non-executive Directors but based on the individual calibre, character and experience of these Non-executive Directors and their financial independence from the Group, they consider each of the Non-executive Directors to be independent in character and judgement nonetheless. Further details of these options are contained in paragraph 6 of Part VI.

All Directors will have access to the advice and services of the Company Secretary and the Chief Financial Officer, who will be responsible for enabling proper Board procedures and ensuring applicable rules and regulations are complied with. In addition, procedures will be in place to enable the Directors to obtain independent professional advice in the furtherance of their duties, if necessary, at the Company's expense.

10. Board Committees

The Company will, upon Admission, have Audit and Risk, Nomination and Remuneration Committees.

The Audit and Risk Committee will have John Plimmer as Chairman, and will have primary responsibility for considering all matters relating to financial controls and reporting, internal and external audits, the scope and results of the audits, the independent and objectivity of the auditors and keeping under review the effectiveness of the Company's internal controls and risk management. The Audit and Risk Committee will meet at least twice a year. David Macfarlane and Victoria Provis will be the other members of the Audit Committee.

The Nomination Committee will have David Macfarlane as Chairman, and has responsibility for considering the size, structure and composition of the Board, and the retirement and appointment of Directors, and will make appropriate recommendations to the Board about these matters. The Nomination Committee will meet at least once a year. John Plimmer and Victoria Provis will be the other members of the Nomination Committee.

The Remuneration Committee will have Victoria Provis as Chairman, and has responsibility for making recommendations to the Board on the Company's policy for remuneration of senior executives, for reviewing the performance of Executive Directors and senior management and for determining, within agreed terms of reference, specific remuneration packages for each of the Executive Directors and members of senior management, including pensions rights, any compensation payments and the implementation of executive incentive schemes. Non-executive Directors' fees will be determined by the full Board. The Remuneration Committee will meet at least once a year. David Macfarlane and John Plimmer will be the other members of the Remuneration Committee.

The Directors and Proposed Directors understand the importance of complying with the AIM Rules relating to Directors' dealings and have established a share dealing code which is appropriate for an AIM quoted company.

11. Anti-bribery and anti-corruption policy

The Company has an anti-corruption policy. The Company has adopted systems and controls designed to support these policies and to be adequate procedures for the purposes of the Bribery Act.

12. Dividend Policy

The Company has not paid a dividend and the Board do not propose to pay a dividend for the foreseeable future. However, the Board, once it is commercially prudent to do so, intends to implement a progressive dividend policy.

13. Risk Factors

Your attention is drawn to the risk factors set out in Part III of this document and to the section at the front of the document entitled "Forward Looking Statements" therein. In addition to all other information set out in this document, potential investors should carefully consider the risks described in those sections before making a decision to invest in the Company.

14. Taxation

Information about taxation is set out in paragraph 9 of Part VI of this document. These details are intended only as a general guide to the current tax position in the UK. If an investor is in any doubt as to his or her tax position or is subject to tax in a jurisdiction other than the UK, he or she should consult his or her own independent financial adviser immediately.

15. Additional information

Your attention is drawn to the information set out in Parts II to VI (inclusive) of this document which contains further information on the Company.

PART II

INFORMATION ON REX BIONICS

1. Introduction

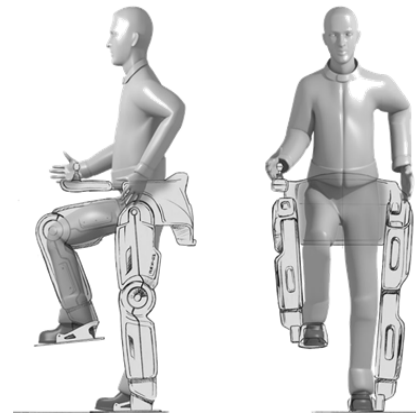
Rex Bionics Limited (“RBL”) is a developer and manufacturer of hands-free robotic exoskeletons for use by wheelchair users. The “REX” products are designed to enable a wheelchair user to stand and walk autonomously, without the aid of crutches or a walking frame. The Directors believe this mobility offers significant potential benefits to wheelchair users both in terms of health and quality of life.

The REX product is a robotic exoskeleton made of mechanical legs linked by a strong hip girdle that enables a wheelchair user to stand up and walk. Currently, there are two versions of the REX device: REX Personal (CE marked and for every day use by individuals) and REX Rehab (CE marked and Class 1 FDA registered which addresses the rehabilitation markets). Both products are based around the same technology with certain modifications made to the REX Rehab to accommodate the requirements of the rehabilitation market.

The REX device can be used by people who are mobility impaired including those with complete spinal cord injuries. The device was specifically designed for wheelchair users and supports users while also protecting the users’ shoulders from injury.

The REX device is controlled by a simple keypad and joystick and the power is provided by an on-board interchangeable battery pack. The functionality of REX enables a user to perform within a controlled environment (i.e. compliant with common accessible building standards) the following mobility functions:

- Standing
- Sitting
- Walking on flat surfaces
- Stepping in any direction
- Turning
- Walking on sloping surfaces (REX Personal only)
- Ascending and descending steps/stairs (REX Personal only)



2. Background and History

RBL was founded by Richard Little and Robert Irving, both of whom have an extensive background in engineering and robotics. They started working on the concept of a robotic exoskeleton in 2003 after Robert was diagnosed with multiple sclerosis (MS), a degenerative disease of the nervous system. Amongst other symptoms, MS sufferers typically experience a progressive loss of mobility, which commonly results in the need to use a wheelchair.

Wheelchair users can suffer from multiple health issues arising from lack of mobility and being constantly in a seated position. These can include urinary tract, bowel, cardiovascular, metabolic and skin related problems as well as psychological conditions which all contribute to significant morbidity, care costs and increased mortality rates amongst this population. The Directors consider that the market potential of a device that allows wheelchair users to be mobile, in an upright, standing position, such that users may benefit from the anticipated health benefits of walking and upright movement, is significant.

The key differentiator from a wheelchair (and other mobility devices) is that the REX device enables the user to stand hands-free and walk and, in the case of REX Personal, climb stairs, and navigate slopes found in buildings constructed to modern standards (or similar environments). By enabling the user to be in an upright position, the device enables the user to gain an enhanced sense of independence and the upright movement may reduce certain health problems created by long-term sitting (e.g. from wheelchair use) including potentially reducing the frequency of hospital stays. Overall therefore, the REX device has the capacity to contribute significantly to users' quality of life.

The Company plans to grow its manufacturing and international sales capabilities to support increasing demand for both current REX products as well as developing the next generation of REX devices.

The Company's production facilities are based in New Zealand and will continue to be based in New Zealand post Admission.

3. Wheelchair Use and Associated Issues

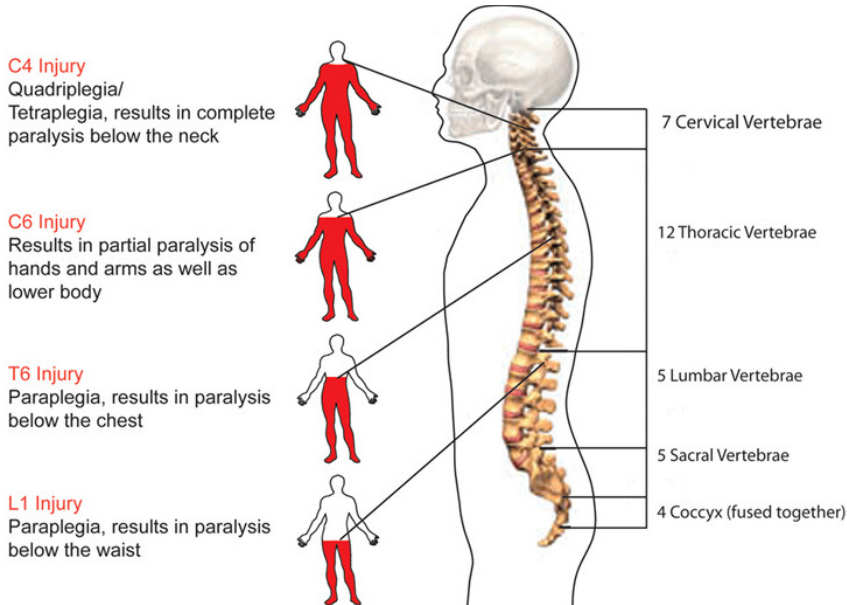
REX was developed to be used by people with any major mobility impairment due to causes such as Spinal Cord Injury ("SCI"), multiple sclerosis and muscular dystrophy as well as stroke and many other conditions. The Company's current strategy is to focus primarily on wheelchair users with SCI which represents a large and significant opportunity.

What is Spinal Cord Injury?

The spinal column refers to the group of bones (called vertebrae) that are more commonly known as the back bone. There are three main functions of the spinal column:

- To protect the spinal cord and its nerves
- To maintain the frame of the body in an upright position
- To provide a stable basis for movement

Spinal injuries are generally described as being as 'complete' or 'incomplete', with a complete spinal cord injury being the most severe. In such cases, the damage is across the whole width of the spinal cord resulting in a complete and permanent loss of function and sensation in the muscles and skin supplied with nerve impulses by the nerves below the level of injury. The higher up the spine a complete injury occurs, the more severe the loss of function and sensation. For instance, complete damage to the spinal cord in the neck region could result in complete tetraplegia.



Source: www.spinalinjuries.ie

Rehabilitation

A SCI resulting in complete paraplegia can require a stay in a specialist spinal hospital. During this time, extensive rehabilitation and physiotherapy at the hospital is undertaken.

SCI rehabilitation programmes can broadly be divided into three stages:

- Acute rehabilitation – in-hospital short-term treatment administered immediately after the injury
- In-patient rehabilitation – multiple intensive therapies conducted in hospital
- Out-patient rehabilitation – on-going therapy after leaving hospital, either at home or in a rehabilitation centre

Total annual lifetime cost

As shown below, the estimates for annual healthcare costs, living expenses and total lifetime costs that are directly attributable to SCI vary greatly according to the severity of the injury, the age of the individual and other individual factors. These annual estimates do not include any indirect costs such as losses in wages, fringe benefits and productivity. These indirect costs are estimated to average approximately \$70,000 per year in February 2013 but can vary substantially based on education, severity of injury and pre-injury employment history.

	Average yearly expenses (in February 2013 US\$)		Estimated lifetime costs by age at injury (discounted at 2%)	
	First year	Each subsequent year	25 years' old	50 years' old
High Tetraplegia (C1-C4) AIS ABC	\$1,044,197	\$181,328	\$4,633,137	\$2,546,294
Low Tetraplegia (C5-C8) AIS ABC	\$754,524	\$111,237	\$3,385,259	\$2,082,237
Paraplegia AIS ABC	\$508,904	\$67,415	\$2,265,584	\$1,486,835
Incomplete Motor Functional at Any Level AIS D	\$340,787	\$41,393	\$1,547,858	\$1,092,521

Source: National Spinal Cord Injury Statistical Centre, Birmingham, Alabama.

In the acute situation, studies show that length of stay in hospitals varies depending on geographies and the severity of the injury. The median length of stay of American patients with SCI is 12 days in acute care units and 38 days in initial rehabilitation. On average 29 per cent. of people with a SCI will spend an average of 21 days in hospital per year.

Following the initial discharge from the acute units, many secondary conditions can require frequent medical intervention and/or hospitalisation. It is estimated that between 33–50 per cent. of all people in the US with SCIs are re-admitted to hospital each year with condition related to their injury, with urinary tract and skin complications being the two main reasons for hospital re-admissions.

Complications of wheelchair use

The human body is designed to be upright with direct movement of the bones, muscles and joints as well as the internal organs remaining uncompressed for at least part of the day. As such, the extended use of a wheelchair can lead to multiple medical problems and a reduced quality of life. Common complications of extended wheelchair use normally affecting individual users can include:

- Contractures (joint stiffness) leading to seating, positioning and transferring difficulties
- Postural deformities leading to respiratory problems and difficulty with wheelchair propulsion

- Spasms which can affect a person's muscular function and ability to transfer or be transferred in or out of the wheelchair
- Development of pressure sores (the annual cost in the US alone has been estimated at US\$1.2-1.3 billion per annum for SCI patients)
- Bladder infections and Urinary Tract Infections
- Shoulder injuries due to the repetitive use of the shoulders to propel the wheelchair
- Psychological problems; an estimated 20-30 per cent. of people with a spinal cord injury show significant signs of depression, which in turn has a negative impact on improvements in functioning and overall health
- Overall, people with SCIs are two to five times more likely to die prematurely than people without an SCI

Not surprisingly given these complications, the Directors believe there are strong grounds for the medical benefits of standing and walking including:

- Decreased bladder and urinary tract complications
- Maintenance of joint range
- Prevention of loss of bone density
- Reduction in spasms
- Prevention of pressure sores
- Psychological benefits of being at eye level

4. Products and Services

The REX products were designed specifically to be used by people with high levels of mobility impairment including paraplegics and tetraplegics (current users include people with severe spinal injuries as high as complete paralysis below the neck or partial paralysis of hands and arms as well as the lower body). Users transfer into the REX when in a seated position and are strapped in. The REX product can then be made to 'stand' without requiring strength or physical effort from the user. Once standing, the REX user has free use of their hands and arms to undertake normal activities of daily living with a high level of stability and support.

The REX devices incorporate a number of proprietary enabling technologies including:

- Batteries** High-energy-density, reliable lithium ion batteries have been customised to deliver the required power for the extended periods – in the case of REX Personal two hours plus of active operation and one hour in the case of REX Rehab.
- Actuators** Lightweight, powerful and reliable robotic actuators have been designed specifically for the demanding forces in REX
- Sensors** In REX Personal, elaborate sensor technologies determine balance and detect obstacles as well as slopes, stair height and depth
- Controller** REX has an on-board network of computer processors that controls the walking and safety functions of the product

REX Rehab has been adapted to focus exclusively on providing a time and cost effective ambulatory device for rehabilitation clinics. Currently, rehabilitation clinics offer a number of alternatives to provide disabled people with the medical benefits of standing and moving their lower body. These

devices range from standing machines and exoskeletons to large and complex treadmill based devices.

Key features incorporated into REX Rehab specifically to meet the needs of the rehabilitation market include:

- **Easy fitting:** It can, after an initial measurement assessment, be fitted to each user in less than five minutes. Most other exoskeleton devices do not align to specific users and/or take significant time to configure
- **Highly adjustable:** It can be adjusted to suit the height, weight and location of joints of each individual whilst maintaining the appropriate gait and balance
- **Highly adaptable:** It offers 25 different 'gaits' to suit as wide as possible a range of users, in particular the distance between their hips and knees and knees and ankles. It is very important that the device joints are aligned with those of the user. This helps prevent injury and enable greater benefit from use of the device

5. Market Opportunity

The estimated cost to the US healthcare industry of spinal cord injuries is c. US\$40.5bn. It was estimated that there were over 2,800,000 wheelchair users in the US in 2002⁽¹⁾ and around 5.6 million people in the US living with some degree of paralysis. It is estimated that there are 12,000 new cases of SCI each year in the US alone⁽²⁾ with a similar estimated number of SCI cases in Europe. The average age of a spinal cord injured person in the US is estimated to be 42.6 years, with most SCIs caused by vehicle accidents (36.5 per cent.), violence (14.3 per cent.) and falls (28.5 per cent.). The average life expectancy post injury is 30 years, leading to the potential for multiple sales⁽³⁾.

US

- In the US there were over 5,700 hospitals in 2012, of which over 550 have CARF (Commission on Accreditation of Rehabilitation Facilities) accreditation which provide services for in-patient rehabilitation. In addition, there are 104 SCI specific specialty care clinics.
- Additionally in the US, there were approximately 26,000 military veterans with SCI and disorders in 2008 cared for by the Veterans Affairs (VA) system (for ex-military personnel), including around 13,000 veterans that received speciality SCI care in part through the 24 VA SCI units.
- Aside from the market formed by these facilities, there are also estimated to be a larger number of rehabilitation/fitness centres, outpatient services and general hospitals, all of which provide some form of treatment for patients with spinal cord injuries.

Europe

- There are around 10,280 accredited and trained physical and rehabilitation medical practitioners across the 28 full members of the EU plus Switzerland, Norway and Iceland.
- In addition to the major regional units there are three to five times as many smaller rehabilitation centres where patients with SCI, strokes, muscular dystrophy and MS undergo some form of rehabilitation.

⁽¹⁾ www.newdisability.com/wheelchairstatistics.html

⁽²⁾ NSCISC Spinal Cord Injury ~Facts and Figures at a Glance (Feb 2013)
Department of Veterans Affairs Factsheet VA and Spinal Cord Injury (Jan 2009)

⁽³⁾ www.ncbi.nlm.nih.gov/pubmed/8363444 Samsa GPI, Patrick CH and Feussner JR. Long-term survival of veterans with traumatic spinal cord injury. Arch Neurol 1993 Sep; 50(9):909-14

6. Strategy

While the Company believes there is strong market for a product of the REX type, in order to service the demand optimally and to grow its operations it will seek to significantly bolster its international executive management team and increase its sales and marketing and manufacturing capabilities.

To date, RBL has adopted a lean start-up model, manufacturing products to order and initiating the process of market acceptance. Going forward, a key part of the Group's commercialisation strategy for both products is to expand the market by increasing affordability through reductions in the cost of goods. The Group also expects to retain some of this cost benefit and thereby potentially improve its margins.

To support sales and marketing across international markets new offices are being set up in the UK (which will cover Europe), Australia and importantly the US, which represents the largest target market for REX devices. The European office was opened in Thame, Oxfordshire in February 2014 and this will be followed by the opening of a small office in Australia and a US office shortly.

The Company has already appointed Debra Leeves as Vice-President of International Sales and Marketing. In advance of the completion of the Acquisition she has already started working with RBL on marketing actions. Debra will be responsible for the hiring of sales managers, reps, trainers and technicians as well as marketing and customer service staff. The recruitment process has commenced and it is anticipated that between 15 and 20 staff will initially be recruited, of which approximately seven will be sales managers and the remainder will be a combination of technicians, trainers and support staff.

In February 2014, RBL recommenced its sales and marketing activity with a trade show in the US and demonstrations of the REX devices at three SCI rehabilitation centres in the UK. These demonstrations have been well received and the Group is in advanced discussions with a number of parties who have indicated an interest in purchasing a REX device. The Group will be making sales visits to additional spinal units in the UK and Ireland during April and May before marketing commences in the US in May and June. It will also be attending trade shows in Germany and the UK during that period. In addition, RBL is in advanced discussions with significant philanthropic funding sources who are seeking to support the donation of a REX Rehab to each of the two major spinal units in New Zealand.

REX Rehab

The Group expects to undertake a marketing strategy focussing on key geographical areas within which it will target potential customers, advocates and funders of the product, including hospital buyers, insurance companies, charitable foundations and end users.

The first opportunity for most individuals to benefit from a REX is as they are receiving the initial treatment for their spinal cord injuries as part of the rehabilitation process. For that reason, initially the sales force will directly focus on hospitals and their affiliated rehabilitation centres as the primary targets to purchase the REX Rehab device. Once they have completed a rehabilitation programme, wheelchair users will leave the rehabilitation centre but are encouraged to continue their therapy either directly through the hospital, rehab centre or through 'buddy systems'. 'Buddy systems' are well structured social and support groups for wheelchair users providing advice and encouragement, often funded through charitable and/or hospital programmes. The Group expects that key advocates within the 'buddy system' would encourage others to return to make use of the REX.

In addition, the Group also proposes to take a broader approach to raise the profile of the product by exhibiting at select international trade shows and sponsoring and attending events such as wheelchair basketball and wheelchair rugby events. The Group expects this form of marketing would support both sales of the REX Personal device and the demand for REX Rehab products in rehabilitation centres.

REX Personal

While REX Rehab has a target market which is more readily accessible, the Company anticipates that the Group will continue to receive enquiries from individuals looking to purchase a REX product for personal use. The Company plans that these sales will be pursued predominantly in Europe through publicity generated by conventional and social media channels and by participation in trade events.

REX 3

REX 3, which is under development, is the platform for the next generation of both REX Personal and REX Rehab.

The REX 3 product is conceptually a smaller and lighter device, with the potential for substantially increased robotics capacity allowing add-ons and upgrades post launch. REX 3 is expected to have a more fluid and faster gait. It is being developed to comply with FDA and EU regulatory requirements throughout the development process and will undergo a clinical trial covering human factors as a part of the Pre-Market Approval (PMA) process for FDA Class 2/3 medical device compliance, enabling the device (upon approval) to be sold for at-home use in the US.

In summary, REX 3 will be the result of 10 years of experience gained in the design, development and use of exoskeletons: part of this experience will allow reduced material weight, component count and simpler design for manufacture all of which may reduce material and manufacturing costs giving RBL potentially an opportunity to lower the retail price point while improving margins. More details regarding REX 3 are provided in the Research and Development section on page 32.

7. Regulatory Status and Re-imburement

RBL considers that REX Rehab is a Class 1 medical device in both the US and the EU. It is specifically for use in a controlled environment under supervision by medical/clinical professionals. REX Rehab has achieved FDA registration in the US (February 2013) and CE mark in Europe (August 2013). REX Rehab does not have terrain sensors in its feet and as such is only for use on flat, clear surfaces, such as those found in rehabilitation facilities.

RBL is currently working with regulatory consultants in Australia to complete the listing of the REX devices on the Australian Register of Therapeutic Goods, anticipated to be completed Q2 2014. In addition RBL is finalising its NZ product registration on the WAND database.

The Directors understand that the cost of rehabilitation for SCI patients in Europe is funded through national and regional state healthcare schemes in the form of an annual budget granted to the regional SCI units and local rehab centres. It is understood that the purchase by an SCI rehab unit will usually be covered by existing funds and no additional funding or permissions should need to be sought. The price of a REX is within the range of other rehabilitation exoskeletons and mobility devices currently purchased by European SCI rehab units while, in the view of the Directors, providing superior functionality for this market.

8. Intellectual Property

The current RBL patent portfolio consists of two patent families. The first family, entitled 'Mobility Aid', is directed towards the mechanical structure of the device. The second family, entitled 'Control System for a Mobility Aid', is directed towards the electronics and control system for the device. Both families started as PCT applications and then entered national phase in selected countries.

The current country coverage for both patent families is the same, namely: Australia, Europe, USA, China, South Korea, Canada, New Zealand and Japan.

The Mobility Aid patent family was filed before the Control System patent family and is in a more advanced stage of prosecution. The key claims of this patent are that the device 'fully supports' the

user and that the length of upper and/or lower leg portions are adjustable. The European patent for the Mobility Aid has been granted, as have the New Zealand and Chinese patents. The remainder of this patent family are at various stages of prosecution.

The Control System patent applications have been drafted to cover four different inventions namely:

- Detecting terrain change
- Updating instructions based on terrain state
- Balancing
- Combination of balance and terrain

The Control System patent has been granted in Japan with the remainder of the filings in other jurisdictions pending. In most countries it is likely that divisional applications will need to be filed so that each application covers only one invention.

9. Competition and Competitive Strengths

The REX device was designed and developed specifically to be used by the widest possible range of wheelchair users. By contrast, several competitor devices have been adapted from apparatus originally focused for the military rather than the specific needs of wheelchair users. Notably, the main competitors, the Ekso device and the ReWalk device, both require the user to use crutches or a walking frame in order to be able to balance and remain upright. By comparison, the REX device is designed to be self-supporting, highly stable and allow for autonomous use by the large majority of SCI wheelchair users with injuries up to C4/5 spinal injury level.

In summary, the REX device differs from the competition by being among the first robotic exoskeletons available which:

- Is designed specifically to aid wheelchair users
- Is hands free and does not require crutches or a walking frame to provide stability
- Can be used by people with a complete spinal cord injury or who are severely paralysed
- Enables (in the case of REX Personal) the user to navigate stairs and slopes safely
- Is designed to specifically help protect the user's shoulders from injury

10. Manufacturing

The manufacture of the REX device can be broken down into six major areas:

- Hip structure
- Electronics and power
- Mechanical
- Software
- Plastic parts and other components
- Assembly

Hip structure

The REX hip is made of carbon fibre and is a complex composite structure. The manufacture of this component requires experienced personnel and specialised equipment, which RBL accesses via third

party providers who have manufactured parts for RBL for the last seven years. It is expected that third party providers have additional capacity to manage the increased requirements from RBL as sales increase. There is a large carbon fibre industry in New Zealand that manufactures and supplies marine, industrial, automotive and aeronautical components world-wide and additional capacity is expected to be readily accessible.

Electronics and power

The electronics for REX are manufactured by a local New Zealand manufacturer of electronic circuitry which has a large production facility near RBL's offices. The manufacturer has ISO quality accreditation and is expected to have additional capacity to manage RBL's component requirements going forward. The build of the REX electronics is carried out on a fully automated production line capable of producing assembled electronics for very large production runs. REX's power is provided by an on-board interchangeable battery pack. The REX battery pack is designed and built by RBL with approved lithium cells purchased from Taiwan. The battery pack, with many inbuilt safety features, provides in excess of two hours of walking in a REX Personal as well as logging data on its use.

Mechanical

The REX product is a complex device with approximately 8,000 total components. Previously the CAD of REX was outsourced to two separate subcontractors. RBL recognised that this outsourcing, relative to other areas of manufacturing, posed the most risk of delays and potential errors to REX production. RBL has now brought the control of the CAD data in-house; these in-house CAD capabilities now allow RBL to generate and control its own design assemblies, drawings, manufacturing data and bill of materials.

The engineered components of REX are a combination of various grades of high specification engineering plastics, aluminium and steel alloy components and require multiple manufacturing processes. Many of the mechanical components in REX are specially designed and built in three engineering machine facilities situated close by RBL's headquarters. RBL intends to bring a portion of this manufacturing in-house by establishing a small specialised machine and plastic moulding shop which will take control of the manufacture/scheduling/quality of these components under the guidance of the Head of Manufacturing.

By manufacturing these mechanical components RBL's Head of Manufacturing will have better visibility and control over the scheduling of in-house builds and the quality of the components. It will also increase efficiency and reduce the lead time for securing key components. Bringing component manufacturing in-house also reduces the risk of exposure to variability of external suppliers.

In future, once significant volumes are reached, it may become more cost effective to develop relationships with contract manufacturing organisations. This will be assessed on a case-by-case basis for parts and components. RBL intends to use suppliers that can provide the required traceability and quality requirements that it sees as critical to maintaining a high quality, resilient and safe product.

Software

Thoroughly commissioning and testing the software loaded onto the REX system is a critical, time consuming and manual process. To scale this process, separate pieces of hardware and software need to be built in-house to create a customised Automated Test Equipment designed specifically for REX. The REX software is written and owned by RBL.

Plastic parts and other components

To facilitate manufacture and reduce the cost of goods, investment in a number of production tools is required (particularly in the area of plastics). These tools will allow RBL to manufacture its special components in larger batches and at significantly lower costs. Currently a number of the plastic components for a REX are produced using 3D printing techniques which are very expensive and

suitable only for very low volumes. Others are made using silicone moulding which reduces the cost of the plastic components by approximately 60-70 per cent. compared with 3D printing. In scaling up manufacturing RBL will look to move to injection moulding of these parts. This would allow for costs to be reduced by up to 80-90 per cent. of the original 3D printed price (based on production runs of 100 units or more). The cost of committing to injection tooling is relatively high (depending on the complexity of the part) but has a pay back of approximately 20 units. Due to the large production runs of injection moulded parts, the Company sees this transition as occurring incrementally as sales increase.

Assembly

When a REX product is assembled a number of different disciplines are involved. The REX production area is therefore split into a number of sub-assembly and assembly work areas. The manufacturing process involves the majority of components being assembled and tested as separate sub-assemblies such as actuators, feet and frames before final assembly into a complete REX product.

RBL is currently able to produce two devices per week at its current premises. As production increases, RBL will need to move to a larger facility. It plans that the current sub-assembly and assembly work areas will be replicated in any new premises.

11. Sales and Marketing

REX Rehab

With RBL already gaining traction in its sales and marketing initiatives, the REX Rehab sales process will formally be launched internationally in Q2 2014 once the sales teams have been appointed. Sales teams will be deployed in the US and United Kingdom, with the United Kingdom team servicing the European target markets. Australia and New Zealand are also considered important territories on which the sales initiative will be focussed and a small office will be opened in Australia in April to support sales growth in ANZ. The teams will focus on converting initial sales enquiries and introductory meetings into a strong pipeline across the key territories.

Sales and marketing resources will be apportioned based on the revenue potential of each territory, with the US currently seen as the most attractive market. Within the territories, each sales team will be responsible for a number of clusters of hospitals and rehabilitation centres. Sales teams will be supported by technicians, specialist product trainers and administrative support. These teams are designed to be highly mobile and able to sell, deploy, service and support the devices within their sales clusters. It is anticipated that between 15 and 20 staff will be recruited by 2015 of which approximately seven will be sales managers and the remainder will be a combination of technicians, trainers and support staff.

REX Personal

The sales teams will also support REX Personal sales. For the personal product the sales and marketing process relies on broad based approach with a strong online presence to convert interest from potential buyers into sales. The Group intends to continue to sell and deliver REX Personal devices direct to individuals globally (ex-US). These sales are expected to be predominantly through direct enquires about purchasing a REX Personal device. The next generation REX Personal product (REX 3 Personal) will allow for in-market fitting and training. It is expected that the REX Personal devices will require two days of technician time and five days of in-home training support for each sale, the cost of which is charged separately to the customer.

12. Revenue Model

Sales

The primary revenue driver will be in the form of a sale of a REX product to an individual user, a rehabilitation centre or a hospital. The current price for a REX Rehab or a REX Personal product is

approximately US\$150,000 (depending on the type of REX and level of customisation) before training and servicing costs and which is currently payable at point of purchase. In the case of individual users (and some REX Rehab customers) RBL requests an upfront deposit of 50 per cent. of the price with the balance payable upon shipping of the REX product. Rehabilitation centres or hospitals often operate on different payment terms with an invoice sent at time of commissioning of the product and final payment typically made within six weeks from receiving the device. The REX device is fully insured when shipped to the customer with ownership transferred to the purchaser on receipt of the device. In certain instances, the cost of servicing and training, as detailed below, is included in the initial upfront cost.

Financing options

RBL is currently in discussions with finance providers to evaluate the potential for a leasing or financing package. The Company believes this would make the REX Personal product more attractive to potential users who cannot afford the current upfront cost of a REX product and allow rehabilitation centres to spread the cost over a number of years or treat it as an operational expense.

Servicing and spares

Servicing of REX products and provision of spare parts creates an additional and recurring revenue source for RBL. Servicing for each device is recommended to occur initially after three months and subsequently every six months after the initial service. Servicing is charged at a fixed hourly rate and service revenues are currently estimated as approximately 1.5 per cent. of the sale price each year.

Training

Training physiotherapists and clinicians to use the REX Rehab is a second additional source of recurring income. Once a REX Rehab product is purchased, a three to five day training programme is typically undertaken with the cost of labour charged out at a fixed hourly rate. REX Personal products require approximately 15 hours of training. This has been provided free to date if provided at a REX training centre or charged if the trainers go directly to the user.

13. Research and Development

REX 3 is a next generation device and is, in effect, a completely new REX product, applying the knowledge and experience gained with REX Personal and Rehab to deliver a lighter, quieter, faster and smaller device. The drive for the REX 3 project is to reduce weight and component count within the device and therefore cost, which allows more energy to be converted to smoother, faster movements with less effort and therefore less noise. REX 3 will aim to incorporate significant improvements in software, mechanical and electronic engineering including features such as:

- FDA compliant software operating system
- Improved sensor location and accuracy
- Greater fluidity of motion
- Greater robotics and software capacity
- Improvements in speed and quietness of the device
- Significantly lower number of components and lower cost of goods sold
- Potential for lower price point

The Company's vision for REX 3 is for a device that is smaller, lighter, quieter, faster, cheaper, and thus more accessible to its market.

Importantly, the device is being designed to comply with US FDA and other regulatory requirements and is expected to undergo a combined Safety, Efficacy and Human Factors trial involving 15 REX users over a six week period as part of the Pre-Market Approval (PMA) process for US Class 2/3 medical device compliance. On approval, the device will be able to be sold for at-home use in the US. By using an Operating System that is pre-approved by the FDA, the Group hopes to accelerate the meeting of the regulatory requirements faced by REX 3 in the US. Following on-going discussions, the final trial protocol will be agreed with the FDA early in the project.

In addition, REX 3 will be developed to have a much improved robotics and software capacity than the current REX Rehab and REX Personal products, allowing for additional upgrades and add-ons to be developed to improve the product.

REX 3 planned development milestones

- Proof of Concept Q4 2014
- Prototyping Q4 2014 – Q2 2015
- User Testing Q2 – 4 2015
- Product Validation Q4 2015 – Q2 2016
- FDA Trials Q2 – 4 2016
- CE Mark, European Release 2016 H2
- FDA Approval, USA Release 2017 H1

RBL has previously received financial grants and made use of funding arrangements through certain parts of the New Zealand government (equivalent to NZ\$2.9m) which require RBL's production to remain in New Zealand until 2017. The Group hopes to be able to make use of similar funding agreements where advantageous for future R&D activities.

14. Summary Financial Information – RBL

The following financial information has been derived from the financial information contained in Part IV of this document and should be read in conjunction with the full text of this document. Investors should not rely solely on the summarised information.

	Year ended 31 March 2011 NZ\$	Year ended 31 March 2012 NZ\$	Year ended 31 March 2013 NZ\$	(unaudited) 6 months ended 30 September 2013 NZ\$
Revenue	150,000	293,229	393,513	975,911
Cost of sales	—	(60,095)	(226,424)	(723,160)
Gross profit	150,000	233,134	167,089	252,751
Other income	425,924	994,321	389,864	9,745
Operating expenses	(4,236,164)	(2,736,111)	(3,103,723)	(809,540)
Operating loss	(3,660,240)	(1,508,656)	(2,546,770)	(547,044)
Finance costs	(1,867)	(192,022)	(562,385)	(163,570)
Finance income	27,972	7,134	4,361	2,171
Foreign exchange translation gain/(loss)	—	—	32,067	(13,852)
Operating Loss before taxation	(3,634,135)	(1,693,544)	(3,072,727)	(722,295)

15. Current Trading and Prospects

Since receiving funding late in 2013, RBL has resumed production and commenced activities to scale up manufacturing. RBL is manufacturing certain major items to reduce lead times for anticipated sales orders as marketing progresses. RBL has also built two in house CAD stations and taken all the previous solid modelling data and converted these to its own common standard, giving greater control of the build processes.

RBL is in well progressed discussions with significant philanthropic funding sources who are seeking to support the donation of a REX Rehab to each of the two major spinal units in New Zealand. In February 2014, RBL recommenced its sales and marketing activity at a trade show in the US and has subsequently demonstrated REX devices at additional SCI rehabilitation centres in the UK as a result of which, it is in advanced discussions with a number of parties who have indicated a desire to purchase a REX device. The Group will be making sales visits to additional spinal units in the UK and Ireland during April and May before marketing commences in the US in May and June. It will also be attending trade shows in Germany and the UK as well as undertaking demonstrations in Sydney.

16. Reasons for Admission and Use of Proceeds

The Company intends that the Placing proceeds will be used in connection with the scale up of sales and marketing staff, manufacturing operations and corresponding working capital requirements. In addition, the international launch of REX Rehab in the US, Europe and Australia will also incur upfront expenses. The Company plans that part of the REX 3 R&D programme will be funded from the Placing proceeds, with the remainder funded from future sales of REX products.

The Company's estimate of its use of the net Placing proceeds is as follows:

Use of funds

Sales & marketing of REX (including US and UK sales offices)	£1.9m
Scale up of manufacturing operations (including capital expenditure)	£1.7m
REX 3 R&D programme (including capital expenditure)	£1.6m
General & administrative	£1.4m
Increase in working capital	£2.2m
	<hr/>
	£8.8m

PART III

RISK FACTORS

The market for exoskeletons for wheelchair users is new and there is no certainty of demand

The market for exoskeletons for use by wheelchair users is not established and, while there has been considerable interest to date, RBL (and its competitors, as far as the Directors are aware) have sold limited numbers of product to individuals or rehabilitation centres. There are no guarantees that a market will develop either for products for use by individuals or for rehabilitation centres.

In relation to products the Group is developing or intends to develop for the healthcare market, rehabilitation centres will use RBL's products only if, based on experience, clinical and other data, safety and efficacy profiles and other factors, they determine that they are preferable to other products currently in use or beneficial in combination with other products. Similarly, changes in attitudes towards rehabilitation using exoskeletons amongst doctors or potential REX users may adversely affect the commercial prospects and success of the Group's products. Many other factors influence the adoption of new products, including marketing and distribution restrictions, adverse publicity, product pricing and reimbursement by third-party payers, as well as the introduction of competing products. Any restriction on the Group's ability to advertise or otherwise promote claims of superiority, or requirements to conduct additional clinical trials to provide proof of such claims, could negatively affect the sales of its products and/or its costs.

Rehabilitation centres may consider that there is limited cost benefit to purchasing exoskeleton based equipment and individual users may not consider the functionality and utility of exoskeleton products justify the costs. To develop the market, developers of exoskeletons will need to ensure that the price point will be sufficiently low to be acceptable to the widest potential market of individual users. There are no guarantees that the price point can be reduced to that level.

Injuries caused by the malfunction or misuse of human exoskeleton devices, even where such malfunction or misuse occurs with respect to one of the products of the competitors to REX, could cause wheelchair users and rehabilitation communities to take up the product at a slower rate or reject exoskeletons as a mobility and rehabilitation product. Regulatory agencies implementing more conservative regulations on the medical human exoskeleton industry could significantly increase operating costs and/or adversely impact the market for exoskeletons.

RBL has a limited operating history

The Group is at a relatively early stage of its commercial development. RBL was incorporated in 2007, and has spent the last 7 years developing its business. It commenced its first commercial operations in 2010, selling its REX product in New Zealand. Therefore, RBL has limited operating history upon which an evaluation of its business plan or performance and prospects can be made. The Group's future success will depend on the ability of the Directors to implement their objectives and strategy. The business and prospects of the Group must be considered in the light of the potential problems, delays, uncertainties and complications encountered in connection with a newly established business. The risks include, but are not limited to, the possibility that Group will not be able to develop functional and scalable products and services, or that although functional and scalable, the products and services will not be economical to market; that the competitors hold proprietary rights that preclude the Group from marketing such products; that the competitors market a superior or equivalent product; that the Group is not able to upgrade and enhance its technologies and products to accommodate new features and expanded service offerings; or the failure to receive necessary regulatory clearances for its products. To introduce and market the products successfully at a profit, RBL must establish brand name recognition of its REX products and competitive advantages for its products.

As a result, the Group could experience budgeting and cash flow management problems, unexpected fluctuations in its results of operations and other difficulties, any of which would make it difficult for the Group to gain and maintain profitability. Potential investors should be aware of the risks associated with an investment in companies with limited trading histories. There can be no assurance that the Group will operate profitably, produce a reasonable return, if any, on investment, or remain solvent. If the Group's strategy proves unsuccessful, Ordinary Shareholders could lose all or part of their investment.

Given the limited existing market and RBL's short operating history, Management has little basis on which to forecast future demand for its products from its existing customer base, much less new customers. If the forecasts for the Group prove incorrect, the business, financial condition and operating results of the Group will be materially and adversely affected. The Group may be unable to adjust its spending in a timely manner to compensate for any unanticipated reduction in revenue. As a result, any significant reduction in revenues would immediately and adversely affect the business, financial condition and operating results of the Group.

RBL is required to keep certain operations in New Zealand in the medium term

RBL has previously received financial grants and made use of funding arrangements through certain parts of the New Zealand government which require RBL's production to remain in New Zealand until 2017. The Group hopes to be able to make use of similar funding agreements where advantageous for future R&D activities. While this has the potential to be beneficial from a funding perspective, further grants could impose similar restrictions and the Group may be unable to move its operations or may incur a financial penalty for doing so.

RBL's REX products are expected to have long and variable sales cycles

Although the market for exoskeleton devices is new and the full sales cycle not fully understood, RBL expects its REX products will be subject to a lengthy sales and purchase order cycle because it is a major capital item and, where sold to a rehabilitation centre, generally requires the approval of senior management at purchasing institutions, which may contribute to substantial fluctuations in its operating results. Other factors that may cause operating results to fluctuate include:

- General economic uncertainties and political concerns
- The development, timing and introduction of new products or product lines in particular REX 3
- Product modifications
- The level of market acceptance of new products
- The timing of R&D and other expenditures
- Timing of the receipt of orders from, and product shipments to, distributors and customers
- Changes in the distribution arrangements for REX products
- Manufacturing or supply delays
- The time needed to educate and train additional sales and manufacturing personnel
- Costs associated with defending intellectual property claims and/or infringements

In addition to these factors, expenditures are based, in part, on expected future sales. If sales levels in a particular quarter do not meet expectations, RBL and the Group may be unable to adjust operating expenses quickly enough to compensate for the shortfall of sales, and its operations may be adversely affected.

Protection of Intellectual property

The Group's success and ability to compete effectively are in large part dependent upon exploitation of proprietary technologies that the Group has developed internally, the Group's ability to protect and enforce its intellectual property rights so as to preserve its exclusive rights in respect of its technologies, and its ability to preserve the confidentiality of its know-how. The Group relies primarily on patent laws to protect its intellectual property rights. Worldwide, the Group has over 25 patents filed or issued.

There can be no assurance that patents pending or future patent applications will be issued, nor that the lack of any such patents will not have a material adverse effect on the Group's ability to develop and market its proposed products, or that, if issued, RBL would have the resources to protect any such issued patent from infringement. Also, no assurance can be given that the Group will develop products which are patentable or that patents will be sufficiently broad in their scope to provide protection for the Group's products against third parties. Nor can there be any assurance as to the ownership, validity or scope of any patents which have been, or may in the future be, issued to the Group or that claims with respect thereto would not be asserted by other parties.

Once granted, a patent can be challenged both in the patent office and in the courts by third parties. Third parties can bring material and arguments which the patent office granting the patent may not have seen. Therefore, issued patents may be found by a court of law or by the patent office to be invalid or unenforceable or in need of further restriction.

To date, the Group has also relied on copyright, trademark and trade secret laws, as well as confidentiality procedures, non-compete and/or invention assignment agreements and licensing arrangements with its employees, consultants, contractors, customers and vendors, to establish and protect its rights to its technology and, to the best extent possible, control the access to and distribution of its technology, software, documentation and other proprietary information. Despite these precautions, it may be possible for a third party to copy or otherwise obtain and use its technology without authorisation.

A third party may infringe the Group's intellectual property rights

Policing unauthorised use of this technology is difficult and expensive. There can be no assurance that the steps the Group takes will prevent misappropriation of, or prevent an unauthorised third party from obtaining or using, the technologies RBL relies on. In addition, effective protection may be unavailable or limited in some jurisdictions. Any misappropriation of the Group's proprietary technology and intellectual property could have a negative impact on the Group's business and its operating results. Litigation may be necessary in the future to enforce or protect the Group's rights or to determine the validity or scope of the proprietary rights of others.

The Group may inadvertently infringe a third party's intellectual property rights

Although the Group believes that its technologies do not currently infringe patents held by others (or that where there is the potential for infringements, where it is possible to design around its patents), no assurance can be given that such infringements do not exist or will not exist in the future. The Group may be unaware of filed patent applications and issued patents that could include claims covering RBL's products. There is a risk that the Group may inadvertently infringe a patent held by another party. In order to mitigate this risk, RBL engages external patent attorneys when appropriate. Further, there can be no assurances that others have not developed or will not develop similar or competing products, duplicate any of the products of the Group or design around any pending patent application or patents (if any) subsequently granted in favour of the Group. Parties making claims of infringement may be able to obtain injunctive or other equitable relief that could effectively block Group's ability to sell or supply its products or licence its technology in a particular jurisdiction and could cause the Group to pay substantial royalties, licensing fees or damages or incur substantial costs in redesigning those products that contain the allegedly infringing intellectual property or in

obtaining alternative technology. There can be no assurance that the Group will be able to obtain alternative technology on a timely basis or, if any licences are required, that the Group will be able to obtain any such licence on commercially reasonable terms, if at all. This may have a material adverse effect on the Group and its ability to compete.

Litigation could divert management's efforts and attention from ordinary business operations and result in time-consuming and expensive litigation, regardless of the merits of such claims, which could materially and adversely affect the Group's business, results of operations and financial condition. There can be no guarantees as to the outcome of any such litigation. Any potential intellectual property litigation could also force the Group to lose the opportunity to licence its technology to others or to collect royalty payments based upon successful protection and assertion of its intellectual property against others. In addition, the Group may be required to develop alternative non-infringing solutions that may require significant time and substantial unanticipated resources.

Any claims may have a material adverse effect on the Group's business, financial condition or results.

The Group is dependent on technology and product development

Although the Group has successfully completed the initial development of the REX products and has sold a number of units to date, continued research and development of additional products will be required. There can be no assurance that any of the Group's products under development – and in particular REX 3 – will be successfully developed. The Group may encounter delays and incur additional development and production costs and expenses, over and above those expected by the Directors, in order to develop products at sufficient quality and low enough cost. If the Group's development programme is curtailed due to any of the above issues, this may have an adverse material effect on the Group's business and financial condition.

The REX products are subject to extensive governmental regulations relating to the manufacturing, labelling and marketing

The REX products and operations are subject to regulation by the U.S. Food and Drug Administration (the "FDA") in the United States, to relevant competent authority in the European Union (to date the Medicines and Healthcare products Regulatory Agency in the UK) and other governmental authorities both inside and outside of the United States. These agencies enforce laws and regulations that govern the development, testing, manufacturing, labelling, advertising, marketing and distribution, and market surveillance of REX products.

Regulations regarding the manufacture and sale of medical devices are subject to future changes. The complexity, timeframes and costs associated with obtaining marketing clearances are unknown.

Following the introduction of a product, these agencies may also periodically review RBL's manufacturing processes and product performance. The process of complying with the applicable good manufacturing practices, adverse event reporting, clinical trial and other requirements can be costly and time consuming, and could delay or prevent the production, manufacturing or sale of the products. In addition, if RBL or the Group fails to comply with applicable regulatory requirements, it could result in fines, delays or suspensions of regulatory clearances, closure of manufacturing sites, seizures or recalls of products and damage to the Group, RBL and REX's reputation. Recent changes in enforcement practice by the FDA, the competent authority in the European Union and other agencies have resulted in increased enforcement activity, which increases the compliance risk for RBL and other companies in the industry. In addition, governmental agencies may impose new requirements regarding registration, labelling or prohibited materials that may require the Group or RBL to modify or re-register products already on the market or otherwise impact the ability to market the products in those countries. Once clearance or approval has been obtained for a product, there is an obligation to ensure that all applicable FDA and other regulatory requirements continue to be met.

The FDA and non-U.S. regulatory authorities require that REX products be manufactured according to rigorous standards. Changes to these regulatory requirements may increase the production costs and may even prevent the Group from making its products in amounts sufficient to meet market demand. If RBL changes its approved manufacturing process, the FDA may need to review the process before it may be used. Failure to comply with applicable regulatory requirements discussed could subject the Group or RBL to enforcement actions, including warning letters, fines, injunctions and civil penalties against it, recall or seizure of the products, operating restrictions, partial suspension or total shutdown of the production, and criminal prosecution.

U.S.

Under the U.S. Federal Food, Drug, and Cosmetic Act medical devices are classified into one of three classes — Class I, Class II or Class III — depending on the degree of risk associated with each medical device and the extent of control needed to ensure safety and effectiveness.

The Group believes that the REX Rehab, which is used in a supervised rehabilitation or clinical setting, has been classified a Class I medical device. Class I devices are those for which safety and effectiveness can be assured by adherence to a set of guidelines, which include compliance with the applicable portions of the FDA's Quality System Regulation, facility registration and product listing, reporting of adverse medical events, and appropriate, truthful and non-misleading labelling, advertising, and promotional materials. However, the FDA has not made any determination about whether the REX Rehab product is a Class I medical device. Such a determination is not necessary in order for REX to list a Class I device with the FDA and bring that device to the U.S. market. However, from time to time, the FDA may disagree with the classification of a new Class I medical device and require the manufacturer of that device to apply for approval as a Class II or Class III medical device. If the FDA determines that the REX Rehab should be reclassified as Class II or Class III medical devices, REX could be precluded from marketing the devices for clinical use within the United States for months or even years depending on the specific change of the classification. Reclassification of the REX Rehab as Class II or Class III medical devices could significantly increase REX's regulatory costs, including the timing and expense associated with required clinical trials and other costs.

The current REX Personal, which is for use by individuals unsupervised outside of the rehabilitation centre, has been classed in the United States as a Class II/III product and so does not currently have approval for direct sale in the United States. The Group will seek approval from the FDA for the latest version of its REX 3 Personal product as a Class II/III product so that it may be sold directly to individuals in the United States. Robotic exoskeletons are a new area for approval by the FDA, and the approval processes and mechanisms at the FDA are not as clearly defined as other medical devices. This increases the risk that agreed process may change, timelines be extended or additional work may be required. There is therefore no certainty that the Group will receive approval for REX Personal and failure to receive approval from the FDA for the new REX Personal will result in a material adverse effect on the Group's business, financial condition or results.

Although it is not possible to predict the impact, if any, these changes might have on the business, the impact could be material.

Europe

Medical devices are regulated in the EU under a number of directives, including the Medical Devices Directive 93/42/EEC, which are implemented into national laws by legislation. These Directives place obligations on manufacturers to ensure that their devices are safe and fit for their intended purpose before they are CE marked and placed on the market in any EU member state. Under these laws, medical devices are classified as Class I, Class IIa, Class IIb, or Class III devices depending on the degree of risk associated with each medical device and the extent of control needed to ensure safety. For Class I devices, the manufacturer can assess and self-declare whether its device conforms with the requirements of the Directives; the device can then be CE marked, placed on the EU market and the competent authority notified accordingly. There is no need to obtain pre-marketing approval from

the competent authority. For Class II and III devices, a “notified body” will need to review the devices to confirm that the requirements of the Directives are satisfied, after which it may issue an EC Certificate of Conformity permitting the manufacturer to apply a CE mark to its product and to place it on the market.

RBL has assessed the REX products to be Class I devices and has self-declared their compliance with the requirements of the Directives and notified the MHRA that it has placed the REX products on the EU market with CE marking. The MHRA has not made any determination about whether the REX products are Class I medical devices. From time to time the MHRA may disagree with the classification of a Class I device and require the manufacturer of that device to have the device assessed as a Class II or Class III device. A key aspect of RBL’s assessment of the REX products as Class I devices is that the devices do not “*support, modify, replace or restore biological functions or structures with a view to treatment or alleviation of an illness, injury or handicap*”. If the MHRA adopts a different view, the REX products may be reclassified, perhaps as a Class IIa or Class IIb device, and RBL’s marketing of the REX products could be delayed, its regulatory costs increased and existing products potentially recalled.

The EU Directives referred to above are currently in the process of being replaced by two new EU regulations with new requirements. Accordingly, the regulatory landscape for the REX products in the EU may be subject to change and could require increased scrutiny of the devices increasing RBL’s costs and delaying launch times or may require further work to comply with any changes in requirements during a transitional period.

Clinical outcome studies regarding exoskeleton products may not provide sufficient data either to cause third-party payers to approve reimbursement or to make human exoskeletons a standard of care

The Group’s future product sales rely in part on the broad adoption of human exoskeletons to provide rehabilitation for wheelchair users. Initial research and anecdotal evidence indicates that being upright and mobile provides significant health benefits for mobility impaired users. It may be necessary for the Group to provide outcome studies with mobilisation using exoskeletons directly in order to demonstrate their effectiveness. Such studies have not been concluded at this time. Third parties research organisations may undertake their own studies either using the REX or a competitor exoskeleton, the results of which may not provide evidence of benefits or may demonstrate a negative reaction which could have a material adverse effect on sales of REX products.

Dependence on key executives and personnel

The robotics industry (both in New Zealand and globally) has a limited pool of engineers and programmers with the relevant skills and experience. The Group’s development and prospects are dependent upon training and retaining qualified engineering, programming and technical operating staff. In particular, the Group’s success depends to a significant degree on upon the vision, technical and specialist skills, experience, performance, and continued service of Richard Little, the Chief Technical Officer, senior management and other key personnel.

Whilst the Group has entered into contractual arrangements with these individuals with the aim of securing the services of each of them, retention of these services cannot be guaranteed and there is a risk that other companies including competitors to RBL may seek to hire its staff on terms that the Group may not be able to match. The loss of the services of any of Richard Little, senior management or key personnel may have a material adverse effect on the Group and its commercial and financial performance, and damage the value of an investment in the Ordinary Shares. The Group plans to mitigate this risk by implementing key man insurance in respect of Richard Little and relevant Directors. However, there is no certainty that key man insurance will be or remain available to the Group on commercially acceptable terms.

The ability to continue to attract and retain employees with the appropriate expertise and skills in New Zealand cannot be guaranteed. Finding and hiring any additional personnel and replacements

could be costly and might require the Group to grant significant equity awards or other incentive compensation, which could adversely impact its financial results, and there can be no assurance that the Group will have sufficient financial resources to offer such compensation. Effective product development and innovation, upon which REX's success is dependent, is in turn dependent upon attracting and retaining talented technical, engineering and marketing personnel, who represent a significant asset and serve as the source of REX's technological and product innovations. In addition, to expand the Group's customer base and increase sales, the Group will need to hire additional qualified sales personnel. If the Group is unable to hire, train and retain such personnel in a timely manner, the development and introduction of the Group's products could be delayed and its ability to sell its products and otherwise to grow its business will be impaired and the delay and inability may have a detrimental effect upon the performance of the Group.

The Group is exposed to potential product liability and warranty claims

The Group's activities expose it to potential product liability, warranty claims and professional indemnity risks, as well as litigation and reputational risks, which are inherent in the development and manufacture of medical devices.

Manufacturing or design defects, unanticipated use of REX products, or inadequate disclosure of risks relating to the use of the products can lead to injury or other adverse events. These events could lead to recalls or safety alerts relating to the products (either voluntary or required by the FDA or similar governmental authorities in other countries), and could result, in certain cases, in the removal of a product from the market. A recall could result in significant costs, as well as negative publicity and damage to the Group and REX's reputation that could reduce demand for its products. Personal injuries relating to the use of REX's products could also result in product liability claims being brought against it.

Any product liability claim brought against the Group, with or without merit, or marketing in specific jurisdictions could result in the increase of the Group's product liability insurance rates or the inability to secure coverage in the future. There can be no assurance that the necessary insurance cover will be or remain available to the Group at a commercially acceptable cost or that, in the event of any claim, the level or extent of insurance carried by the Group now or in the future will be adequate, or that a product liability or other claim would not materially and/or adversely affect the business of the Group.

RBL currently provides warranties on parts and labour to its customers for a period of one year. To date, RBL has not sold sufficient numbers of its REX products to be able to assess the likely levels of warranty claims. Many of the components of REX are high value and, while RBL makes provision in its accounts for potential warranty claims, a significant failure rate would adversely impact on the revenues and profitability of the Group.

Reimbursement of healthcare treatments

The commercial success of REX's products may depend, in part, on the extent to which reimbursement for treatment using the Group's products will be available from government and health administration authorities, private health insurers, managed care programmes and other third-party payers.

Healthcare providers and related facilities are generally reimbursed for their services through payment systems managed by various governmental agencies worldwide, private insurance companies, and managed care organisations. The manner and level of reimbursement in any given case may depend on the site of care, the procedure(s) performed, the final patient diagnosis, the device(s) utilised, available budget, or a combination of these factors, and coverage and payment levels are determined at each payer's discretion. The coverage policies and reimbursement levels of these third-party payers may impact the decisions of healthcare providers and facilities regarding which medical products they purchase and the prices they are willing to pay for those products. Thus,

changes in reimbursement levels or methods may either positively or negatively impact sales of REX's products.

The Group has no direct control over payer decision-making about coverage and payment levels for the REX products. Additionally, it is expected that many payers will continue to explore cost-containment strategies (e.g., comparative and cost-effectiveness analyses, so-called "pay-for-performance" programs implemented by various public and private payers, and expansion of payment bundling schemes and other such methods that shift medical cost risk to providers) that may potentially impact coverage and/or payment levels for the current products or products RBL may develop.

As the product offerings are diverse across healthcare settings, they are affected to varying degrees by the many payment systems. Therefore, individual countries, product lines or product classes may be impacted by changes to these systems.

The Group's competitors may take actions which adversely affect its financial condition

RBL currently faces competition from certain known specialised companies targeting the exoskeleton markets. There may also be products and competitors (including products acquired or developed by potentially larger multi-national companies) that the Group is currently unaware of that could have a detrimental effect on the business performance of the Group following the Placing. There is no assurance that the Group's current and future competitors will not develop superior technology, offer superior products to the Group, sell products at a lower price to the Group, or achieve greater market acceptance in the Group's target markets, or precede the Group in receiving any necessary regulatory approval, which may render one or more of the Group's technologies or products obsolete and/or otherwise uncompetitive. The entry into the market of manufacturers located in low-cost manufacturing locations may also create pricing pressure, particularly in developing markets.

Technologies and products developed by RBL and the Group may have a shorter commercial life than anticipated, if any, due to the invention or development of more successful technologies or products by competitors. Competitors of the Group may have longer operating histories, greater name recognition, access to larger customer bases and significantly greater financial, research, development, sales and marketing, operational, manufacturing, training, servicing, spares provision, distribution and personnel resources than the Group. As a result, the competitors may be able to respond more quickly to changing customer demands or to devote greater resources to the development, promotion and sale of their products than RBL can, giving them a competitive advantage. While the Directors are confident that the Group's technologies and products are generally well protected by its patent portfolio and by RBL's proprietary know-how and expertise, there can be no assurance that new technology and new competitive products or solutions will not emerge, or that they will not be equally or more attractive than the Group's products or solutions and therefore threatening the Group's market position. There is no assurance that the Group is able to compete successfully with existing or new competitors, and if not this may have an adverse effect on the Group's business, financial condition, and results.

Poor customer service or quality problems with the Group's goods could significantly and adversely affect its reputation

The community surrounding wheelchair users is highly networked, close knit and vocal on social media, sharing views and opinions on products and services between the users. It is critical to the marketing success of its goods that REX wins the wheelchair community's trust that it can supply high-quality goods and services on a consistent basis. If REX products fail to satisfy its quality standards even infrequently or on a limited basis its reputation could be significantly harmed, resulting in the loss of customers and market share and significantly and adversely affecting the business, financial condition, results of operations and cash flows.

The Group's disaster recovery plans may not be sufficient

The Group has manufacturing operations located in Auckland, New Zealand. If that facility is severely damaged or destroyed as a result of a natural or man-made disaster, the Group would be forced to shift production to other facilities. The Group also depends on the performance, reliability and availability of its manufacturing equipment and information technology systems. Any damage to or failure of its equipment and/or systems could result in disruptions to the Group's research and operations. The Group's disaster recovery plans may not adequately address every potential event and its insurance policies may not cover any loss in full or in part (including losses resulting from business interruptions) or damage that it suffers fully or at all, which could have a material adverse effect on the Group's business, financial position results or prospects.

The Group has a history of accumulated tax losses

Since its incorporation, RBL has recorded significant tax losses for New Zealand tax purposes attributable to R&D. The Directors believe these tax losses may be offset against future profits, if and when such profits arise. The losses are not currently recognised in the balance sheet of the Group. Profits attributable to the R&D activities in RBL may be offset by the R&D losses. RBL may not be able to satisfy such tests in the future, or indeed the availability of the losses and the tests may be altered by future legislation or tax authority practice. Any New Zealand tax losses may be impacted by the Acquisition and thus may not be able to be utilised.

Management of the Group's growth strategy

There can be no certainty that the Group will be able to implement successfully the strategy set out in this document. The ability of the Group to implement its strategy in rapidly evolving and competitive markets will require effective management planning and operational controls. The Directors anticipate that significant expansion will be required to respond to market opportunities. The Group's growth plans may place a significant strain on the Group's management, operational, financial and personnel resources as well as on the Group's ability to resource adequately from key third parties, such as suppliers. If the market's response to the REX products exceeds the Group's capacity to provide products and related services (such as training and servicing) in a timely and efficient manner, then the Company may need to expand its operations swiftly. The Directors believe that, in order to be able to expand operations in a cost-effective and timely manner, and to increase the overall market acceptance of the REX products, the Group may need additional capital and technical and managerial human resources. These additional resources may not be available to the Group within the necessary timescales. There is a risk that on scale-up of manufacturing it may be challenging to maintain the quality, volume, timeliness and cost control required. The Group's future growth and prospects will depend on its ability to manage growth and to continue to expand and improve operational and financial performance, whilst at the same time maintaining effective cost controls. Any failure to expand and improve operational, financial and quality control systems in line with the Group's growth could have a material adverse effect on the Group's business, financial condition and results of operation.

The Group may not be able to reduce the cost to manufacture its REX products as planned

The business plan assumes that exoskeletons can be marketed to customers at a reduced rate in the future and accordingly manufactured more cheaply than they are currently. RBL has implemented a number of value engineering measures to reduce the cost of its products. However, achieving substantial reductions may prove more difficult than expected or even impossible, and this may have a material adverse effect on the Group's financial performance.

Anti-corruption risk

The Group must comply with various anti-corruption regulations in the UK, New Zealand, the US, Europe and other places where it carries on its activities, including such legislation with extra-territorial effect. Unless the Group has adequate policies and procedures against corruption in place,

it may be required but unable to prove that the Group's approach to anti-corruption is adequate in order to defend itself from prosecution. If the Group infringes anti-corruption legislation it may face fines, costs, remuneration, loss of staff, debarment from public contracts, termination of customer contracts, civil recovery orders and other sanctions including loss of reputation and damage to brand.

Many of the healthcare personnel that the Group deals with at rehabilitation centres and hospitals may be public officials and making those dealings the subject of even more stringent or extensive anti-corruption legislation.

The Group has an anti-corruption policy and procedures in place, has assumed a zero-tolerance approach to corruption and intends to review its policy and procedures regularly and as necessary.

Exchange rate fluctuations

As a consequence of the international nature of its business, the Group is exposed to risks associated with changes in foreign currency exchange rates on both sales and operations. The Group is based in the United Kingdom and presents its financial statements in Pounds Sterling. However, its main cost for manufacturing are incurred at its facility in New Zealand. It initially expects to sell the products in the United States and Europe and therefore earn revenues in United States Dollars, Pounds Sterling and Euros. Therefore, fluctuations in exchange rates between currencies in which the Group operates and Pounds Sterling may have a significant impact on the Group's reported financial results, financial condition and cash-flows.

Financial risk

There are a number of financial risks which are outside the control of the Group and which can affect revenues and/or costs. The Group does not fully hedge against such risks currently. These include varying international exchange rates, interest rates, world commodity prices, energy prices and supplies, raw materials prices and supplies, inflation and international trends in trade, tariffs and protectionism and changes in the legal and regulatory framework. The Group's operations, business and profitability are affected by these factors, which are beyond the control of the Group.

Cross-country economic, political, judicial, administrative, and taxation matters (or other)

The Group's existing and potential customers operate in numerous countries, each of which has its own national characteristics in terms of how business is regulated and conducted in terms of economic, political, judicial, administrative, taxation or other regulatory matters. The Group could therefore be affected by any one of these factors, as well as other unforeseen matters, which could have a material adverse effect on its business, operating results or financial condition.

The Group's counterparties may become insolvent

There is a risk that parties with whom the Group trades or has other business relationships (including partners, customers, suppliers and other parties) may become insolvent. This may be as a result of general economic conditions or factors specific to that company. In the event that a party with whom the Group trades becomes insolvent, this could have an adverse impact on the revenues and profitability of the Group.

Tax risk

Any change in the Group's tax status or in taxation legislation in the UK could affect the Group's ability to provide returns to Ordinary Shareholders. Statements in this document concerning the taxation of investors in shares are based on current law and practice, which is subject to change. The taxation of an investment in the Group depends on the individual circumstances of investors.

The nature and amount of tax which members of the Group expect to pay and the reliefs expected to be available to any member of the Group are each dependent upon a number of assumptions, any one of which may change and which would, if so changed, affect the nature and amount of tax

payable and reliefs available. In particular, the nature and amount of tax payable is dependent on the availability of relief under tax treaties and is subject to changes to the tax laws or practice in any of the jurisdictions affecting the Group. Any limitation in the availability of relief under these treaties, any change in the terms of any such treaty or any changes in tax law, interpretation or practice could increase the amount of tax payable by the Group

If the Group is unable to obtain additional financing on acceptable terms when required, it may have to scale back its development plans and operations

The operation of the Group's business and growth efforts may require significant capital outlays. The Group will be largely dependent on capital raised through the Placing to implement its business plan. The Directors believe that the net proceeds of the Placing will be sufficient to fund the Group for at least 12 months. Other than the Placing, at the present time, the Group has not made any arrangements to raise additional capital and does not anticipate the need to raise additional capital in the short term. There is a risk that, in the future, the Group will need to raise additional capital through investments to fund its operations and growth. The Group may not be able to raise such additional capital on acceptable terms. If the Group is unable to raise additional capital when needed, the Group may need to reduce the scope of its business development activities, which could harm the business plans, financial condition and operating results of the Group, or, ultimately, cease its operations entirely in which case Ordinary Shareholders may lose all investments. Any capital financing, if obtained, may be on terms that are dilutive to Ordinary Shareholders and the prices at which new investors would be willing to purchase the Group's shares may be lower than the Placing Price.

Potential investors should be aware that the value of an investment in the Group may go down as well as up. In addition, there can be no certainty that the market value of an investment in the Group will fully reflect its underlying value.

PART IV

HISTORICAL FINANCIAL INFORMATION

SECTION A – Accountant’s Report on Union MedTech plc

SECTION B – Historical Financial Information on Union MedTech plc

SECTION C – Accountant’s Report on Rex Bionics Limited

SECTION D – Historical Financial Information on Rex Bionics Limited

SECTION A – Accountant’s Report on Union MedTech plc



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2 May 2014

Dear Sirs

Union MedTech plc (the Company)

We report on the financial information of Union MedTech plc set out in Part IV Section B, for the three years ended 30 November 2013. This financial information has been prepared for inclusion in the AIM Admission Document dated 2 May 2014 of Union MedTech plc on the basis of the accounting policies set out in the notes to the financial information.

This report is required by Paragraph (a) of Schedule Two of the AIM Rules for Companies and is given for the purpose of complying with that paragraph and for no other purpose.

Responsibilities

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

The Directors of Union MedTech plc 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 the significant estimates and judgements made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity’s circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion, the financial information gives, for the purposes of the AIM Admission Document dated 2 May 2014, a true and fair view of the state of affairs of the Company as at 30 November 2011, 2012 and 2013 and of its losses, cash flows and changes in equity for the three years ended 30 November 2013 in accordance with International Financial Reporting Standards adopted by the European Union.

Declaration

For the purposes of Paragraph (a) of Schedule Two of the AIM Rules for Companies we are responsible for this report as part of the 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 Rules for Companies.

Yours faithfully

GRANT THORNTON UK LLP

SECTION B – Historical Financial Information on Union MedTech plc for the years ended 30 November 2013, 2012 and 2011

Statement of Comprehensive Income

	<i>Notes</i>	<i>Year ended 30 November 2011 £</i>	<i>Year ended 30 November 2012 £</i>	<i>Year ended 30 November 2013 £</i>
Revenue		—	—	—
Investment income		6,900	—	—
Operating expenses		(53,981)	(326,028)	(481,524)
Loss on disposal of investments		—	(110,718)	—
Operating loss	3	<u>(47,081)</u>	<u>(436,746)</u>	<u>(481,524)</u>
Finance income		—	90	—
Gain on foreign exchange		—	—	2,020
Loss before taxation		<u>(47,081)</u>	<u>(436,656)</u>	<u>(479,504)</u>
Tax expense	7	—	—	—
Loss for the year		<u>(47,081)</u>	<u>(436,656)</u>	<u>(479,504)</u>
Basic and diluted loss per share (pence)	8	<u>(0.48)</u>	<u>(1.69)</u>	<u>(1.41)</u>
Loss for the financial year		(47,081)	(436,656)	(479,504)
Items that may be reclassified subsequently to profit and loss				
Available for sale financial assets losses during the period	9	(28,750)	—	—
Reclassification adjustments for losses included in profit		—	66,250	—
Other comprehensive income for the year		<u>(28,750)</u>	<u>66,250</u>	<u>—</u>
Total comprehensive loss for the year		<u>(75,831)</u>	<u>(370,406)</u>	<u>(479,504)</u>

Statement of Financial Position

		<i>As at</i> <i>1 December</i> <i>2010</i> £	<i>As at</i> <i>30 November</i> <i>2011</i> £	<i>As at</i> <i>30 November</i> <i>2012</i> £	<i>As at</i> <i>30 November</i> <i>2013</i> £
	<i>Notes</i>				
Non-current assets					
Available for sale investments	9	173,089	144,339	—	—
Current assets					
Trade and other receivables	10	1,287	5,749	3,621	9,636
Unpaid share capital		—	1,672	—	—
Cash and cash equivalents	11	336	—	381,890	174,340
		<u>1,623</u>	<u>7,421</u>	<u>385,511</u>	<u>183,976</u>
Total Assets		<u><u>174,712</u></u>	<u><u>151,760</u></u>	<u><u>385,511</u></u>	<u><u>183,976</u></u>
Shareholders' equity					
Called up share capital	13	89,259	103,577	339,549	339,549
Share premium		1,030,553	1,047,135	1,246,711	1,246,711
Warrant equity reserve		10,632	10,632	92,230	92,230
Investment revaluation reserve	15	(37,500)	(66,250)	—	—
Retained earnings		(931,817)	(978,898)	(1,404,922)	(1,884,426)
		<u>161,127</u>	<u>116,196</u>	<u>273,568</u>	<u>(205,936)</u>
Equity attributable to the owners of the Company		<u><u>161,127</u></u>	<u><u>116,196</u></u>	<u><u>273,568</u></u>	<u><u>(205,936)</u></u>
Current liabilities					
Trade and other payables	12	13,585	35,564	111,943	389,912
		<u>13,585</u>	<u>35,564</u>	<u>111,943</u>	<u>389,912</u>
Total Equity and Liabilities		<u><u>174,712</u></u>	<u><u>151,760</u></u>	<u><u>385,511</u></u>	<u><u>183,976</u></u>

Statement of changes in equity

	<i>Share capital</i> £	<i>Share premium</i> £	<i>Warrant Equity Reserve</i> £	<i>Investment Revaluation Reserve</i> £	<i>Retained Earnings</i> £	<i>Total</i> £
At 1 December 2010	89,259	1,030,553	10,632	(37,500)	(931,817)	161,127
Loss for the period	—	—	—	—	(47,081)	(47,081)
Market value adjustment to investments	—	—	—	(28,750)	—	(28,750)
Total comprehensive loss for the period	—	—	—	(28,750)	(47,081)	(75,831)
Issue of share capital	14,318	16,582	—	—	—	30,900
As at 30 November 2011	<u>103,577</u>	<u>1,047,135</u>	<u>10,632</u>	<u>(66,250)</u>	<u>(978,898)</u>	<u>116,196</u>
Loss for the period	—	—	—	—	(436,656)	(436,656)
Market value adjustment to investments	—	—	—	66,250	—	66,250
Total comprehensive loss for the period	—	—	—	66,250	(436,656)	(370,406)
Issue of share capital	235,972	199,576	—	—	—	435,548
Warrants issued	—	—	92,230	—	—	92,230
Warrants lapsed	—	—	(10,632)	—	10,632	—
As at 30 November 2012	<u>339,549</u>	<u>1,246,711</u>	<u>92,230</u>	<u>—</u>	<u>(1,404,922)</u>	<u>273,568</u>
Total comprehensive loss for the period	—	—	—	—	(479,504)	(479,509)
Issue of share capital	—	—	—	—	—	—
Share based payment	—	—	—	—	—	—
Warrants issued	—	—	—	—	—	—
As at 30 November 2013	<u>339,549</u>	<u>1,246,711</u>	<u>92,230</u>	<u>—</u>	<u>(1,884,426)</u>	<u>(205,936)</u>

Statement of cash flows

	<i>Year ended</i> 30 November Notes 2011 £	<i>Year ended</i> 30 November 2012 £	<i>Year ended</i> 30 November 2013 £
Cash flows from operating activities			
Loss before taxation	(47,081)	(436,656)	(479,504)
Investment income	(6,900)	—	—
Shares issued in settlement of expenses	18,184	46,915	—
Share based payments	—	92,230	—
Loss on disposal of investments	—	110,718	—
Accrued interest written off	—	(2,700)	—
Changes in working capital			
Decrease/(increase) in trade and other receivables	(4,462)	3,800	(6,015)
Increase in trade and other payables	21,979	76,995	277,969
Net cash flows from operating activities	<u>(18,280)</u>	<u>(108,698)</u>	<u>(207,550)</u>
Cash flow from investing activities			
Proceeds from investments	—	101,956	—
Investment income	6,900	—	—
Net cash flows from investing activities	<u>6,900</u>	<u>101,956</u>	<u>—</u>
Cash flow from financing activities			
Proceeds from issue of shares	11,044	425,000	—
Cost of issue of shares	—	(36,368)	—
Net cash flows from financing activities	<u>11,044</u>	<u>388,632</u>	<u>—</u>
(Decrease)/increase in cash and cash equivalents	(336)	381,890	(207,550)
Cash and cash equivalents at beginning of period	<u>336</u>	<u>—</u>	<u>381,890</u>
Cash and cash equivalents at end of period	<u><u>—</u></u>	<u><u>381,890</u></u>	<u><u>174,340</u></u>

Notes to the financial information

1 General information

Union MedTech Plc is a limited company incorporated and domiciled in the United Kingdom. The principal activity of the company was that of investment in the medical technology and products field.

2 Principal Accounting Policies

The Principal Accounting Policies applied in the preparation of these Historical Financial Information Statements are set out below. These Policies have been consistently applied to all the periods presented, unless otherwise stated.

Basis of Preparation of Historical Financial Information Statements

The Historical Financial Information of Union MedTech plc for the years ended 30 November 2011, 30 November 2012 and November 2013, as set out in this Part IV, has been prepared by the Directors of Union MedTech plc.

The Historical Financial Information does not constitute statutory accounts within the meaning of section 434 of Companies Act 2003. The Directors of the Union MedTech plc are solely responsible for preparation of this Historical Financial Information.

The Historical Financial Information Statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and IFRIC interpretations as adopted by the European Union applicable to companies reporting under IFRSs. The Historical Financial Information Statements have also been prepared under the historical cost convention.

For all periods up to and including the year ended 30 November 2012, the Company prepared its Historical Financial Information Statements in accordance with UK GAAP. These Historical Financial Information Statements for the year ended 30 November 2013 are the first the Company has prepared in accordance with IFRS.

The preparation of Historical Financial Information Statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information Statements are disclosed later in these accounting policies.

The Historical Financial Information Statements are presented in sterling (£), rounded to the nearest pound.

Going Concern

The Directors have assessed the current financial position of the Company, along with future cash flow requirements to determine if the Company has the financial resources to continue as a going concern for the foreseeable future. The Directors have concluded that the ability of the Company to continue in operational existence is dependent upon raising of funds as detailed in Part 1 and Part II of this document. In order to achieve this, Shareholder approval has been obtained and receipt of proceeds is subject to Admission. The Directors consider that Admission will occur. For this reason the Directors continue to adopt the going concern basis in preparing the Historical Financial Information. The Historical Financial Information does not include any adjustments that would result in the going concern basis of preparation being inappropriate.

Statement of Compliance

The Historical Financial Information Statements comply with International Financial Reporting Standards as adopted by the European Union. The following standards have been amended or

became effective during the year. The Historical Financial Information Statements have been prepared in accordance with these changes where relevant.

- IAS 12 (Amendment): Amendment to IAS 12: Deferred tax – Recovery of Underlying Assets
- IAS 19 (Revised): IAS 19 Employee Benefits (Revised June 2011)
- IFRS 7 (Amendment): Disclosures – Offsetting Financial Assets and Financial Liabilities – Amendments to IFRS 7
- IFRS 13: Fair Value Measurement

IFRS 13 Fair Value Measurement (IFRS 13)

IFRS 13 clarifies the definition of fair value and provides related guidance and enhanced disclosures about fair value measurements. It does not affect which items are required to be fair-valued. The scope of IFRS 13 is broad and it applies for both financial and non-financial items for which other IFRSs require or permit fair value measurements or disclosures about fair value measurements except in certain circumstances.

The Company has applied IFRS 13, in the preparation of this Historical Financial Information. See note 9.

At the date of authorisation of these Historical Financial Information Statements, the following Standards and Interpretations affecting the Company, which have not been applied in these Historical Financial Information Statements, were in issue but not yet effective:

		<i>Effective for accounting periods beginning on or after:</i>
IFRS 7	Deferral of mandatory effective date of IFRS 7 and amendments to transition disclosures	1 January 2015
IFRS 9	Deferral of mandatory effective date of IFRS 9 and amendments to transition disclosures	1 January 2015
IFRS 10	Consolidated Financial Statements – Amendments for investment entities	1 January 2014
IFRS 11	Joint arrangements	1 January 2014
IFRS 12	Disclosure of Interests in Other Entities – Amendments for investment entities	1 January 2014
IAS 27	Amendments for investment entities	1 January 2014
IAS 28	Investment in associates	1 January 2014
IAS 32	Financial Instruments: Presentation – Amendments to application guidance on the offsetting of financial assets and financial liabilities	1 January 2014
IAS 36	Impairment of assets	1 January 2014
IAS 38	Amendments resulting from Annual improvements 2010-2012 Cycle	1 July 2014
IAS 39	Financial Instruments: Recognition and Measurement – Amendments for novation of derivatives	1 January 2014

The Directors anticipate that the adoption of the above Standards and Interpretations in future periods will have little or no impact on the Historical Financial Information Statements of the Company.

Key Estimates And Assumptions

The preparation of the Historical Financial Information Statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the Historical Financial Information Statements and the reported amounts of revenue and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amounts, events or actions, actual results ultimately may differ from these estimates.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Fair Value Of Financial Instruments

The Company holds other investments that have been designated as available for sale and recognised through other comprehensive income. The Company determines the fair value of these financial instruments that are not quoted, using valuation techniques such as Black Scholes option pricing. These techniques are significantly affected by certain key assumptions, such as discount rates. Other valuation methodologies such as discounted cash flow analysis assess estimates of future cash flows and it is important to recognise that in that regard, the derived fair value estimates cannot always be substantiated by comparison with independent markets and, in many cases, may not be capable of being realised immediately.

In certain circumstances, where fair value cannot be readily established, the Company is required to make judgements over carrying value impairment, and evaluate the size of any impairment required.

Share Based Payments

The calculation of the fair value of equity-settled share based awards and the resulting charge to the statement of comprehensive income requires assumptions to be made regarding future events and market conditions. These assumptions include the future volatility of the Company's share price. These assumptions are then applied to a recognised valuation model in order to calculate the fair value of the awards.

Current and Deferred Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the Historical Financial Information Statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be realised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Segmental Reporting

The accounting policy for identifying segments is now based on internal management reporting information that is regularly reviewed by the chief operating decision maker, which is identified as the Board of Directors.

In identifying its operating segments, management generally follows the Company's service lines which represent the main products and services provided by the Company. The Directors believe that the Company's continuing investment operations comprise one segment.

Investment Income

Investment income relates to other income received as a result of a cancellation fee from an investment during the year.

Financial Assets

The Company classifies its financial assets into one of the categories: loans and receivables or available for sale investments, depending on the purpose for which the asset was acquired. The Company has not classified any of its financial assets as held to maturity, held for trading or fair value through profit and loss.

Impairment of Financial Assets

Financial assets, other than those classified as available for sale, are assessed for indicators of impairment at each balance sheet date. Provision against financial assets is made where there is objective evidence that the Company will not be able to collect all amounts due to it in accordance with the original terms of those receivables.

The amount of the write down is determined as the difference between the assets carrying amount and the present value of the future cash flows.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash at hand and current and deposit balances at banks, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Loans and Receivables

Loans receivable from third parties are initially recognised at fair value and subsequently carried at amortised cost using the effective interest rate method.

Available for Sale Investments

Investments are initially measured at fair value plus incidental acquisition costs. Subsequently, they are measured at fair value in accordance with IAS 39. In respect of quoted investments, this is either the bid price at the period end date or the last traded price, depending on the convention of the exchange on which the investment is quoted, with no deduction for any estimated future selling cost.

Unquoted investments are valued by the directors using primary valuation techniques such as recent transactions, last price or net asset value.

Investments are recognised as available-for-sale financial assets. Gains and losses on measurement are recognised in other comprehensive income except for impairment losses and foreign exchange gains and losses on monetary items denominated in a foreign currency, which are recognised directly in profit or loss. Where the investment is disposed of or is determined to be impaired the cumulative gain or loss previously recognised in other comprehensive income is reclassified to profit or loss.

The Company assesses at each period end date whether there is any objective evidence that a financial asset or group of financial assets classified as available-for-sale has been impaired. An impairment loss is recognised if there is objective evidence that an event or events since initial recognition of the asset have adversely affected the amount or timing of future cash flows from the asset. A significant or prolonged decline in the fair value of a security below its cost shall be considered in determining whether the asset is impaired.

When a decline in the fair value of a financial asset classified as available-for-sale has been previously recognised in other comprehensive income and there is objective evidence that the asset is impaired, the cumulative loss is removed from other comprehensive income and recognised in profit or loss. The loss is measured as the difference between the cost of the financial asset and its current fair value less any previous impairment.

Equity

An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received net of direct issue costs.

The share premium account represents premiums received on the initial issuing of the share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

The share capital account represents the amount subscribed for shares at nominal value.

The warrant equity reserve represents the fair value, calculated at the date of grant, of warrants unexercised at the balance sheet date.

The investment revaluation reserve represents the difference between the purchase cost of the available for sale investments less any impairment charge and the market value of those investments at the accounting date.

Retained earnings include all current and prior period results as disclosed in the statement of comprehensive income.

Financial Liabilities

Financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument. All interest related charges are recognised as an expense in finance cost in the income statement using the effective interest rate method.

The Company's financial liabilities comprise trade and other payables.

Trade payables are recognised initially at their fair value and subsequently measured at amortised cost less settlement payments.

Share Based Payments

All services received in exchange for the grant of any share based remuneration are measured at their fair values. These are indirectly determined by reference to the fair value of the share options/warrants

awarded. Their value is appraised at the grant date and excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets).

Share based payments are ultimately recognised as an expense in the Statement of Comprehensive Income with a corresponding credit to the retained earning reserve in equity, net of deferred tax where applicable. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options/warrants expected to vest. Non-market vesting conditions are included in assumptions about the number of options/warrants that are expected to become exercisable. Estimates are subsequently revised, if there is any indication that the number of share options/warrants expected to vest differs from previous estimates. No adjustment is made to the expense or share issue cost recognised in prior periods if fewer share options ultimately are exercised than originally estimated.

Upon exercise of share options, the proceeds received net of any directly attributable transaction costs up to the nominal value of the shares issued are allocated to share capital with any excess being recorded as share premium.

Where share options are cancelled, this is treated as an acceleration of the vesting period of the options. The amount that otherwise would have been recognised for services received over the remainder of the vesting period is recognised immediately within the Statement of Comprehensive Income.

Shares issued in settlement of creditors are issued at the fair value of the outstanding liability.

3 Operating Loss

	<i>Year ended</i> <i>30 November</i> <i>2011</i> £	<i>Year ended</i> <i>30 November</i> <i>2012</i> £	<i>Year ended</i> <i>30 November</i> <i>2013</i> £
Loss from operations has been arrived at after charging:			
Loss on disposal of investments	—	110,718	—
Auditors remuneration	6,300	3,900	3,900
Share based payment expense	—	92,230	—

4 Auditors Remuneration

During the year the Company obtained the following services from the Company's auditor:

	<i>Year ended</i> <i>30 November</i> <i>2011</i> £	<i>Year ended</i> <i>30 November</i> <i>2012</i> £	<i>Year ended</i> <i>30 November</i> <i>2013</i> £
Fees payable to the Company's auditor for the audit of the Company accounts	6,300	3,900	3,900
Fees payable to the Company's auditor for other services	—	—	—

5 Directors' Remuneration

The average monthly number of employees (including directors) during the year was:

	<i>Year ended 30 November 2011</i>	<i>Year ended 30 November 2012</i>	<i>Year ended 30 November 2013</i>
Administration	2	2	3
	<i>Year ended 30 November 2011 £</i>	<i>Year ended 30 November 2012 £</i>	<i>Year ended 30 November 2013 £</i>
Directors' remuneration – fees	13,000	51,167	63,268
<i>Name of director</i>	<i>2011 £</i>	<i>2012 £</i>	<i>2013 £</i>
C Stainforth	—	24,334	19,820
P Worrall	—	—	28,448
J Curnock Cook	—	20,833	15,000
J Bradley-Hoare	10,000	6,000	—
R Darvill	3,000	—	—
	<u>13,000</u>	<u>51,167</u>	<u>63,268</u>

6 Segmental Reporting

There is considered to be one class of business; the investment in the medical technology and products field. As a result there is considered to be only one reportable class of business.

7 Taxation

	<i>Year ended 30 November 2011 £</i>	<i>Year ended 30 November 2012 £</i>	<i>Year ended 30 November 2013 £</i>
Taxation components			
Loss on ordinary activities before tax	(47,081)	(436,656)	(479,504)
Tax effects			
Loss on ordinary activities multiplied by rate of corporation tax of 20% in the UK (2011: 21%)	(9,887)	(87,331)	(95,901)
Expenses not deductible for tax purposes	—	—	—
Unutilised tax losses carried forward	9,887	87,331	95,901
Total current tax	<u>—</u>	<u>—</u>	<u>—</u>
Total deferred tax	<u>—</u>	<u>—</u>	<u>—</u>

The unutilised tax losses of the Company available for set off against future taxable profits are estimated to be £838,276 (2012: £358,772, 2011: £220,898). The Company has not recognised a deferred tax asset in respect of these losses as there is insufficient evidence of future taxable profits. The potential deferred tax on losses is £167,655 (2012: £71,754, 2011: £71,754).

8 Loss Per Share

The basic and diluted earnings per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

	<i>Year ended 30 November 2011 £</i>	<i>Year ended 30 November 2012 £</i>	<i>Year ended 30 November 2013 £</i>
Earnings			
Loss on ordinary activities for the purposes of basic and fully diluted loss per share	(47,081)	(436,656)	(479,504)
	<i>2011</i>	<i>2012</i>	<i>2013</i>
Number of Shares			
Weighted average number of shares for calculating basic and fully diluted earnings per share	9,748,664	25,852,153	33,954,938
	<i>2011 pence</i>	<i>2012 pence</i>	<i>2013 pence</i>
Loss per share			
Basic and diluted loss per share	<u>(0.48)</u>	<u>(1.69)</u>	<u>(1.41)</u>

9 Available For Sale Investments

	<i>As at 1 December 2010 £</i>	<i>As at 30 November 2011 £</i>	<i>As at 30 November 2012 £</i>	<i>As at 30 November 2013 £</i>
Investments at fair value brought forward	34,028	173,089	144,339	—
Cost of share purchases	176,561	—	—	—
Proceeds from disposal of investments	—	—	(101,956)	—
Loss on disposal	—	—	(110,718)	—
Market value adjustments to investment	(37,500)	(28,750)	66,250	—
Write off of interest	—	—	2,085	—
Market value of investments carried forward	<u>173,089</u>	<u>144,339</u>	—	—
Categorised as:				
Level 1	62,500	33,750	—	—
Level 3	110,589	110,589	—	—
	<u>173,089</u>	<u>144,339</u>	<u>—</u>	<u>—</u>

The table above sets out the fair value measurements using the IFRS 7 fair value hierarchy. Categorisation within the hierarchy has been determined on the basis of the lowest level of input that is significant to the fair value measurement of the relevant asset as follows:

Level 1 – valued using quoted prices in active markets for identical assets.

Level 2 – valued by reference to valuation techniques using observable inputs other than quoted prices included within Level 1.

Level 3 – valued by reference to valuation techniques using inputs that are not based on observable market data.

The valuation techniques used by the company are explained in the accounting policy note, "Available For-Sale Investments".

10 Trade And Other Receivables

	<i>As at</i> <i>1 December</i> <i>2010</i> £	<i>As at</i> <i>30 November</i> <i>2011</i> £	<i>As at</i> <i>30 November</i> <i>2012</i> £	<i>As at</i> <i>30 November</i> <i>2013</i> £
Other receivables	—	1,722	2,898	9,636
Prepayments	1,287	4,027	723	—
	<u>1,287</u>	<u>5,749</u>	<u>3,621</u>	<u>9,636</u>

The fair value of trade and other receivables is considered by the directors not to be materially different to the carrying amounts.

11 Cash And Cash Equivalents

The Directors consider that the carrying amount of cash and cash equivalents represents their fair value:

	<i>As at</i> <i>1 December</i> <i>2010</i> £	<i>As at</i> <i>30 November</i> <i>2011</i> £	<i>As at</i> <i>30 November</i> <i>2012</i> £	<i>As at</i> <i>30 November</i> <i>2013</i> £
Cash at bank and on hand	<u>336</u>	<u>—</u>	<u>381,890</u>	<u>174,340</u>

12 Trade And Other Payables

	<i>As at</i> <i>1 December</i> <i>2010</i> £	<i>As at</i> <i>30 November</i> <i>2011</i> £	<i>As at</i> <i>30 November</i> <i>2012</i> £	<i>As at</i> <i>30 November</i> <i>2013</i> £
Trade payables	5,686	23,387	92,383	211,248
Taxes and social security costs	—	—	1,584	—
Other payables	—	616	1,493	922
Accruals and deferred income	7,899	11,561	16,483	177,742
	<u>13,585</u>	<u>35,564</u>	<u>111,943</u>	<u>389,912</u>

Trade and other payables comprise amounts outstanding for trade purchases and ongoing costs. The fair value of trade and other payables is considered by the directors not to be materially different to the carrying amounts.

13 Issued Share Capital

	<i>Number of shares</i>	<i>Nominal value £</i>	<i>Share premium £</i>
Issued and fully paid:			
At 1 December 2010:			
Ordinary shares of 1p each	8,925,900	89,259	1,030,553
Shares issued for cash	1,431,817	14,318	16,582
At 30 November 2011	10,357,717	103,577	1,047,135
Shares issued in settlement of fees	1,097,221	10,972	7,278
Shares issued for cash	22,500,000	225,000	192,298
At 30 November 2012	33,954,938	339,549	1,246,711
Shares issued for cash	—	—	—
At 30 November 2013	33,954,938	339,549	1,246,711

On 13 January 2012, 363,888 ordinary shares of 1p each were allotted at a premium of 2p each to a creditor as settlement for fees owed by the company.

On 30 March 2012, 22,500,000 ordinary shares of 1p each were allotted at a premium of 1p per share to institutional and private investors.

On 27 November 2012, 733,333 ordinary shares of 1p each were allotted at a premium of 0.5p each in lieu of director and professional fees.

On 7 February 2011 589,459 warrants were exercised and a further 660,541 were exercised on 20 July 2011, resulting in a total of 1,250,000 1p ordinary shares being issued at a premium of 0.672p per share. 489,459 of these shares were offset against fees and 100,000 shares remain unpaid at the year end.

In addition, 181,818 ordinary shares of 1p each were allotted on 13th May 2011 at a premium of 4.5p each in lieu of directors' fees.

14 Warrants

For the year ended 30 November 2013, the company had one share-based payment arrangement.

On 31 January 2012, 4,571,428 warrants were issued, exercisable at 3.5p per share at any time from five years beginning on 1 March 2015, provided the following criteria were satisfied:

- the company must have completed an acquisition in the medical technology field
- the middle market price of the ordinary shares as traded on the PLUS quoted market having increased from the level as at 31 January 2012, by not less than 50% or prior to the commencement of the exercise period (being five years beginning 1 March 2015) and having been maintained at such level for a period of not less than 30 days. There are no service conditions attached to the warrants. Consequently the above conditions are non-vesting options.

There are no service criteria attached to the warrants, consequently the above conditions are non-vesting conditions.

The directors have assessed the effect of the non-vesting conditions on the fair value of the warrants.

On 13 July 2012, the exercise price of the warrants was adjusted to 2.48p. In accordance with the requirements of IFRS 2 'Share based payments' The modification to the fair value of the warrants has been assessed and deemed not to have had a material effect on the fair value.

The directors have used the Black-Scholes option pricing model to estimate the fair value of the warrants applying the assumptions below. The full warrant fair value expense of £92,230 has been recognised on 31 January 2012.

Original option pricing model

Grant date share price	3.5p
Exercise share price	3.5p
Risk free rate	3.0%
Expected volatility	50%
Option life	8 years
Calculated fair value per share	2.02p
Vesting period	3 years

Adjusted option pricing model

Grant date share price	2.00p
Exercise share price	2.48p
Risk free rate	3.0%
Expected volatility	50%
Option life	7.5 years
Calculated fair value per share	1.02p
Vesting period	3 years

	<i>Weighted average exercise price for the year ended 30 November 2011 pence</i>	<i>Number of shares to be issued in respect of exercise price for the year ended 30 November 2011</i>	<i>Weighted average exercise price for the year ended 30 November 2012 pence</i>	<i>Number of shares to be issued in respect of exercise price for the year ended 30 November 2012</i>	<i>Weighted average exercise price for the year ended 30 November 2013 pence</i>	<i>Number of shares to be issued in respect of exercise price for the year ended 30 November 2013</i>
Outstanding at beginning of period	1.672	1,250,000	—	—	2.480	4,571,428
Granted during the period	—	—	2.480	4,571,428	—	—
Exercised during the period	0.672	(1,250,000)	—	—	—	—
Outstanding at end of period	—	—	2.480	4,571,428	2.480	4,571,428
Exercisable at end of period	—	—	2.480	4,571,428	2.480	4,571,428

15 Investment Revaluation Reserve

	<i>Reserve £</i>
At 1 December 2010	(37,500)
Market value adjustments to investments	(28,750)
At 30 November 2011	(66,250)
Market value adjustments to investments	66,250
At 30 November 2012	—
At 30 November 2013	—

16 Risk Management Objectives And Policies

The Company is exposed to a variety of financial risks which result from both its operating and investing activities. The Company's risk management is coordinated by the board of directors, and focuses on actively securing the Company's short to medium term cash flows by minimising the exposure to financial markets.

Capital Risk Management

The Company's objectives when managing capital are:

- to safeguard the Company's ability to continue as a going concern, so that it continues to provide returns and benefits for shareholders;
- to support the Company's growth; and
- to provide capital for the purpose of strengthening the Company's risk management capability.

The Company actively and regularly reviews and manages its capital structure to ensure an optimal capital structure and equity holder returns, taking into consideration the future capital requirements of the Company and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. Management regards total equity as capital and reserves, for capital management purposes.

Credit Risk

The Company's financial instruments, that are subject to credit risk, are cash and cash equivalents and other receivables. The credit risk for cash and cash equivalents is considered negligible since the counterparties are reputable financial institutions.

The Company's maximum exposure to credit risk is £183,703 (2012: £384,788, 2011: £1,722, 2010: £336) comprising cash and cash equivalents and other receivables

Liquidity Risk

Liquidity risk is managed by means of ensuring sufficient cash and cash equivalents are held to meet the Company's payment obligations arising from administrative expenses. The cash and cash equivalents are invested such that the maximum available interest rate is achieved with minimal risk.

Market Price Risk

The Company's exposure to market price risk mainly arises from potential movements in the fair value of its investments. The Company manages this price risk within its long-term investment strategy to manage a diversified exposure to the market. If each of the Company's equity investments were to experience a rise or fall of 10% in their fair value, this would result in the Company's net asset value increasing or decreasing by £nil (2012: £nil, 2011: £14,400, 2010: £17,309).

17 Financial Instruments

Financial Assets By Category

The IAS 39 categories of financial assets included in the balance sheet and the headings in which they are included are as follows:

	<i>As at 1 December 2010 £</i>	<i>As at 30 November 2011 £</i>	<i>As at 30 November 2012 £</i>	<i>As at 30 November 2013 £</i>
Financial assets				
Available for sale investments	173,089	144,339	—	—
Loans and receivables	336	1,722	384,788	183,976
	<u>173,425</u>	<u>146,061</u>	<u>384,788</u>	<u>183,976</u>

Financial Liabilities By Category

The IAS 39 categories of financial liabilities included in the balance sheet and the headings in which they are included are as follows:

	<i>2010</i>	<i>2011</i>	<i>2012</i>	<i>2013</i>
Financial liabilities at amortised cost				
Trade and other payables	13,585	24,003	95,460	212,170

18 Contingent Liabilities

There were no contingent liabilities as at 30 November 2013 (2012, 2011 & 2010: £Nil).

19 Capital Commitments

There were no capital commitments authorised by the directors or contracted for at 30 November 2013 (2012, 2011 & 2010: £Nil).

20 Post Balance Sheet Events

On 19 February 2014, the Company raised £980,000 before expenses from institutional and private investors, through the issue of £980,000 Convertible Secured Loan Notes 2015 at par (the "UMT Loan Notes"). The UMT Loan Notes are constituted by a Loan Note instrument dated 19 December 2013 and secured by a debenture issued by the Company in favour of Keith Bayley Rogers & Co Limited as Trustee for the UMT Loan Note Holders.

The UMT Loan Notes are interest-free until 30 June 2014 and thereafter will carry interest at 7% per annum. The UMT Loan Notes will convert into ordinary shares of 1p in the Company ("Ordinary Shares") upon completion of the acquisition of Rex Bionics Limited ("RBL"), in respect of which an announcement was made by the Company in October 2013, and the Admission of the Ordinary Shares to listing on the AIM Market. The UMT Loan Notes will convert at a price which represents a discount of 25% to the subscription price at which Ordinary Shares are issued to investors on Admission or at par whichever is the greater. The Company has used the proceeds of the UMT Loan Note Issue to provide financial support to RBL by subscribing for up to £980,000 in nominal amount of Secured B Loan Notes being issued by RBL ("Rex B Loan Notes").

In conjunction with the agreement by the Company to subscribe for Rex B Loan Notes, Asia Pacific Healthcare Fund II (an Australian based investment fund established by BioScience Managers to invest in life science companies that are built upon advances in medical and life science research, ("APH") also subscribed for approximately NZ\$ 1.42 million in nominal amount of Rex Secured A Loan Notes which will also convert into Rex Shares on completion of the acquisition by the Company of RBL. Thereupon by virtue of an agreement dated 19 December 2013 between APH and the

Company, the holders of those RBL shares will receive Ordinary Shares upon the same basis as the holders of the UMT Loan Notes on completion of the RBL acquisition.

21 Related Party Transactions

During the period 30 November 2013, the Director Mr J Curnock Cook charged consultancy fees of £15,000 through a company he is a director of JLCC Limited. The amount owed to JLCC Limited at period end is £19,100.

During the period 30 November 2013, BioScience Managers Pty Ltd, a company in which Mr J Curnock Cook is a Director, charged consultancy fees of £119,989. The amount owed to BioScience Manager Pty Ltd at year end is £119,989.

During the period 30 November 2013, Welbeck Associates, a company in which Mr J Bradley-Hoare is a Director, charged accountancy fees of £750 up to his resignation on 20 February 2013. The amount owed to Welbeck Associates is £4,000.

During the period 30 November 2012, the directors Mr. J. Bradley-Hoare and Mr. C. Stainforth charged consultancy fees of £6,000 and £20,834 respectively. The director Mr. J. Curnock Cook charged the company £22,551 through his company, JLCC Limited, for consultancy services and expenses.

During the period 30 November 2012, accountancy and company secretarial fees of £11,355 were charged by Welbeck Associates, a company in which Mr. J. Bradley-Hoare is a director.

During the period 30 November 2011, consultancy fees of £3,000 were charged by the director Mr. R. Darvill. Mr. J. Bradley-Hoare, a non-executive director, was issued ordinary shares worth £10,000 in lieu of directors fees.

During the period 30 November 2011, Rivington Street Corporate Finance Limited, in which Mr. R. Darvill is a director of one of the immediate holding companies, charged professional fees of £11,979. At the year end, the company owed Rivington Street Corporate Finance Limited £7,958.

During the period 30 November 2011 the company was advanced funds of £8,799 by Rivington Street Holdings Limited, a company in which Mr. R. Darvill is a director. At the year end the balance owed to Rivington Street Holdings Limited was £616.

During the period 30 November 2011, accountancy and company secretarial fees of £4,800 were charged by Welbeck Associates, a partnership in which Mr. J. Bradley-Hoare is a partner. At the year end the balance owed to Welbeck Associates was £6,695.

In respect of the periods for which historical financial information appears in this document and in respect of the periods from the end of such financial periods to 1 May, being the latest practicable date prior to the publication of this document, neither the Company nor any other member of the Group has entered into any transactions with related parties except the informal licence entered into in respect of the premises at Thame Park, Thame a company owned by Paul Matthews. Paul Matthews will have a 12.4 per cent. interest in the Company following completion of the Acquisition.

22 Ultimate Controlling Party

The Company considers that there is no ultimate controlling party.

23 Reconciliation of Net Assets and Profits for the Period Under UK GAAP to IFRS

This is the Company's first financial information prepared in accordance with IFRSs.

The accounting policies have been applied in preparing the financial information for the years ended 30 November 2013, 2012 and 2011, and in the preparation of an opening IFRS statement of financial position at 1 December 2010 (the Company's date of transition).

In preparing its opening IFRS statement of financial position the Company has adjusted amounts previously reported in financial statements prepared with UK GAAP. An explanation of how the transition from UK GAAP to IFRS has affected the Company's statement of financial position, income statement and statement of cash flows is set out in the following notes and tables:

a) Reconciliation of UK GAAP to IFRS

IFRS 1 requires the Company to reconcile comprehensive income and cash flows for prior periods. The Company's first-time adoption did not have an impact on the total operating, investing or financing cash flows. The following tables represent the reconciliations from UK GAAP to IFRS for the respective periods noted for equity, earnings and comprehensive income

		<i>As at</i>		
		<i>1 December</i>		
		<i>2010</i>		
	<i>Notes</i>	<i>UK GAAP</i>	<i>Adjustment</i>	<i>IFRS</i>
Available for sale investments	A	210,589	(37,500)	173,089
Investment valuation reserve	A	—	(37,500)	(37,500)
Equity reserve	B	—	10,632	10,632
Administrative expenses		58,716	10,632	69,348
Profit and loss account current year		45,979	(10,632)	35,347
Total Comprehensive income		45,979	(48,132)	(2,153)
Total equity		171,759	(10,632)	161,127
Retained earnings		<u>(921,185)</u>	<u>(10,632)</u>	<u>(931,817)</u>

		<i>Year ended</i>		
		<i>30 November</i>		
		<i>2011</i>		
	<i>Notes</i>	<i>UK GAAP</i>	<i>Adjustment</i>	<i>IFRS</i>
Available for sale investments	A	148,089	(3,750)	144,339
Investment valuation reserve	A	—	(66,250)	(66,250)
Written off investments	A	62,500	(62,500)	—
Profit and loss account current year		(109,581)	62,500	(47,081)
Total comprehensive income		(109,581)	33,750	(75,831)
Total equity		119,946	(3,750)	116,196
Retained earnings		<u>(1,030,766)</u>	<u>51,868</u>	<u>(978,898)</u>

		<i>Year ended</i>		
		<i>30 November</i>		
		<i>2012</i>		
	<i>Notes</i>	<i>UK GAAP</i>	<i>Adjustment</i>	<i>IFRS</i>
Accounts payable	C	31,335	80,608	111,943
Equity reserve	B	—	92,230	92,230
Loss on disposal	A	48,218	62,500	110,718
Profit and loss account current year		(232,061)	(204,595)	(436,656)
Total equity		354,176	(80,608)	273,568
Retained earnings		<u>(1,232,084)</u>	<u>(172,838)</u>	<u>(1,404,272)</u>

A Available For Sale Investments

Under UK GAAP, the Company accounted for investments in equity shares as financial instruments measured at cost less impairment. Under IFRS, the Company has designated such investments as available-for-sale investments. IFRS requires available-for-sale investments to be measured at fair value. At the date of transition to IFRS, the fair value of these assets is £nil (2011: £144,339, 2010:

£173,089) and their previous UK GAAP carrying amount was £nil (2011: £148,089, 2010: £210,589). The (2011: £3,750, 2010: £37,500) difference between the instruments fair value and UK GAAP carrying amount has been recognised as a separate component of equity, in the available-for-sale reserve, net of related deferred taxes. Under UK GAAP investments that were temporarily written down were charged to the profit and loss account of £62,500. Under IFRS, changes in fair value were recognized through the investment valuation reserve of £66,250.

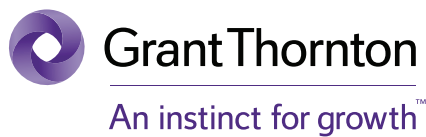
B Share Based Payments

IFRS requires the fair value of the share options to be determined using an appropriate pricing model recognised over the vesting period. An additional expense of £92,230 has been recognised in profit or loss for the year ended 30 November 2012 to correct the share based payment expense.

C Prior Year Adjustment

In the year to 30 November 2013, it was identified that £80,608 of consultancy expenses relating to the 30 November 2012 period had been recorded in 2013. An adjustment has been made to the 2012 period to accrue for these costs in the correct period.

SECTION C – Accountant’s Report on Rex Bionics Limited



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2 May 2014

Dear Sirs

Rex Bionics Limited

We report on the financial information of Rex Bionics Limited set out in Part IV Section D, for the three years ended 31 March 2013. This financial information has been prepared for inclusion in the AIM Admission Document dated 2 May 2014 of Union MedTech plc on the basis of the accounting policies set out in the notes to the financial information.

We have not audited the financial information presented for the six months ended 30 September 2012 and the six months ended 30 September 2013 and accordingly do not express an opinion thereon.

This report is required by Paragraph (a) of Schedule Two of the AIM Rules for Companies and is given for the purpose of complying with that paragraph and for no other purpose.

Responsibilities

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

The Directors of Union MedTech plc 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 the significant estimates and judgements made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity’s circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion, the financial information gives, for the purposes of the AIM Admission Document dated 2 May 2014, a true and fair view of the state of affairs of Rex Bionics Limited as at 31 March 2011, 2012 and 2013 and of its losses, cash flows and changes in equity for the three years ended 31 March 2013 in accordance with International Financial Reporting Standards adopted by the European Union.

Declaration

For the purposes of Paragraph (a) of Schedule Two of the AIM Rules for Companies we are responsible for this report as part of the 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 Rules for Companies.

Yours faithfully

GRANT THORNTON UK LLP

SECTION D – Historical Financial Information on Rex Bionics Limited

Audited financial information for years ended 31 March 2011, 31 March 2012 and 31 March 2013 and the unaudited periods ended 30 September 2013 and 30 September 2012

Statement of Comprehensive Income

		<i>Year ended</i> <i>31 March</i> <i>2011</i> <i>NZ\$</i>	<i>Year ended</i> <i>31 March</i> <i>2012</i> <i>NZ\$</i>	<i>Year ended</i> <i>31 March</i> <i>2013</i> <i>NZ\$</i>	<i>(unaudited)</i> <i>Period</i> <i>ended</i> <i>30 September</i> <i>2012</i> <i>NZ\$</i>	<i>(unaudited)</i> <i>Period</i> <i>ended</i> <i>30 September</i> <i>2013</i> <i>NZ\$</i>
Revenue		150,000	293,229	393,513	15,367	975,911
Cost of sales		—	(60,095)	(226,424)	(56,855)	(723,160)
Gross profit		150,000	233,134	167,089	(41,488)	252,751
Other income	4	425,924	994,321	389,864	274,578	9,745
Operating expenses		(4,236,164)	(2,736,111)	(3,103,723)	(2,083,328)	(809,540)
Operating loss	5	(3,660,240)	(1,508,656)	(2,546,770)	(1,850,238)	(547,044)
Finance costs		(1,867)	(192,022)	(562,385)	(282,493)	(163,570)
Finance income		27,972	7,134	4,361	2,831	2,171
Foreign exchange translation gain / (loss)		—	—	32,067	23,317	(13,852)
Operating Loss before taxation		(3,634,135)	(1,693,544)	(3,072,727)	(2,106,583)	(722,295)
Tax expense	8	—	—	—	—	—
Loss for the year and total comprehensive income		<u>(3,634,135)</u>	<u>(1,693,544)</u>	<u>(3,072,727)</u>	<u>(2,106,583)</u>	<u>(722,295)</u>
Basic and diluted loss per share (NZ\$)	9	<u>\$(0.93)</u>	<u>\$(0.40)</u>	<u>\$(0.68)</u>	<u>\$(0.47)</u>	<u>\$(0.15)</u>

The results for the financial period are derived from continuing operations.

Statement of Financial Position

						(unaudited)	(unaudited)
		As at	As at	As at	As at	As at	As at
	Notes	1 April	31 March	31 March	31 March	30 September	30 September
		2010	2011	2012	2013	2012	2013
		NZ\$	NZ\$	NZ\$	NZ\$	NZ\$	NZ\$
Non-current assets							
Intangibles	10	144,430	255,902	370,353	404,110	383,364	444,589
Property, plant and equipment	11	72,303	160,808	101,612	86,469	97,607	83,755
Current assets							
Trade and other receivables	12	130,055	407,295	242,429	547,351	56,438	272,602
Cash and cash equivalents	13	1,587,229	547,540	242,053	111,939	322,107	20,347
		<u>1,717,284</u>	<u>954,835</u>	<u>484,482</u>	<u>659,290</u>	<u>378,545</u>	<u>292,949</u>
Total Assets		<u><u>1,934,017</u></u>	<u><u>1,371,545</u></u>	<u><u>956,447</u></u>	<u><u>1,149,869</u></u>	<u><u>859,516</u></u>	<u><u>821,293</u></u>
Shareholders' equity							
Called up share capital		—	—	—	—	—	—
Share premium account	17	5,311,600	7,311,273	7,948,273	9,283,297	8,583,295	9,283,297
Equity reserve		—	42,591	73,363	73,363	73,363	73,363
Share option reserve	18	125,000	563,750	536,250	624,506	544,089	483,843
Retained earnings		<u>(3,704,931)</u>	<u>(7,339,066)</u>	<u>(9,032,610)</u>	<u>(12,105,337)</u>	<u>(11,139,193)</u>	<u>(12,827,632)</u>
Equity/(Deficit) attributable to the owners of the Company		<u><u>1,731,669</u></u>	<u><u>578,548</u></u>	<u><u>(474,724)</u></u>	<u><u>(2,124,171)</u></u>	<u><u>(1,938,446)</u></u>	<u><u>(2,987,129)</u></u>
Current liabilities							
Trade and other payables	14	202,348	274,222	314,723	400,891	256,919	601,443
Short term borrowings	15	—	466,125	999,918	2,394,867	2,190,151	2,645,844
Embedded derivative	16	—	52,650	116,530	478,282	350,892	561,135
Total Liabilities		<u><u>202,348</u></u>	<u><u>792,997</u></u>	<u><u>1,431,171</u></u>	<u><u>3,274,040</u></u>	<u><u>2,797,962</u></u>	<u><u>3,808,422</u></u>
Total Equity And Liabilities		<u><u>1,934,017</u></u>	<u><u>1,371,545</u></u>	<u><u>956,447</u></u>	<u><u>1,149,869</u></u>	<u><u>859,516</u></u>	<u><u>821,293</u></u>

Statement of changes in equity

	Share capital NZ\$	Share premium NZ\$	Equity Reserve NZ\$	Share Option Reserve NZ\$	Retained Earnings NZ\$	Total NZ\$
At 1 April 2010	—	5,311,600	—	125,000	(3,704,931)	1,731,669
Share issuance	—	1,999,673	—	—	—	1,999,673
Total comprehensive loss for the period	—	—	—	—	(3,634,135)	(3,634,135)
Share based payment	—	—	—	438,750	—	438,750
Equity component of convertible loan	—	—	42,591	—	—	42,591
As at 31 March 2011	—	7,311,273	42,591	563,750	(7,339,066)	578,548
Share issuance	—	637,000	—	—	—	637,000
Total comprehensive loss for the period	—	—	—	—	(1,693,544)	(1,693,544)
Share based payment	—	—	—	26,250	—	26,250
Share options lapsed	—	—	—	(53,750)	—	(53,750)
Equity component of convertible loan	—	—	30,772	—	—	30,772
As at 31 March 2012	—	7,948,273	73,363	536,250	(9,032,610)	(474,724)
Movements for 6 months						
Share issuance	—	635,022	—	—	—	635,022
Total comprehensive loss for the period	—	—	—	—	(2,106,583)	(2,106,583)
Share based payment	—	—	—	7,839	—	7,839
As at 30 September 2012 (unaudited)	—	8,583,295	73,363	544,089	(11,139,193)	(1,938,446)
Movements for year						
Share issuance	—	1,335,024	—	—	—	1,335,024
Total comprehensive loss for the period	—	—	—	—	(3,072,727)	(3,072,727)
Share based payment	—	—	—	88,256	—	88,256
As at 31 March 2013	—	9,283,297	73,363	624,506	(12,105,337)	(2,124,171)
Total comprehensive loss for the period	—	—	—	—	(722,295)	(722,295)
Share based payment	—	—	—	—	—	—
Share options lapsed	—	—	—	(140,663)	—	(140,663)
As at 30 September 2013 (unaudited)	—	9,283,297	73,363	483,843	(12,827,632)	(2,987,129)

Statement of cash flows

				<i>(unaudited)</i>	<i>(unaudited)</i>
				<i>Period</i>	<i>Period</i>
	<i>Year ended</i>	<i>Year ended</i>	<i>Year ended</i>	<i>ended</i>	<i>ended</i>
	<i>31 March</i>	<i>31 March</i>	<i>31 March</i>	<i>30 September</i>	<i>30 September</i>
	<i>2011</i>	<i>2012</i>	<i>2013</i>	<i>2012</i>	<i>2013</i>
<i>Notes</i>	<i>NZ\$</i>	<i>NZ\$</i>	<i>NZ\$</i>	<i>NZ\$</i>	<i>NZ\$</i>
Cash flows from operating activities					
Loss before taxation	(3,634,135)	(1,693,544)	(3,072,727)	(2,106,583)	(722,295)
Depreciation	59,134	34,117	24,310	11,521	10,553
Share based payments	438,750	(27,500)	88,256	7,839	(29,331)
Finance costs	1,867	192,022	562,385	282,493	163,570
Interest received	(27,972)	(7,134)	(4,361)	(2,831)	(2,171)
(Gain) / loss on foreign exchange	—	—	(32,067)	(23,317)	13,852
Tax paid / (received)	—	—	1,372	(481)	(682)
Changes in working capital					
(Increase) / decrease in trade and other receivables	(277,240)	165,242	(305,298)	185,615	274,749
Increase / (decrease) in payables	115,365	39,148	(133,769)	(129,086)	(87,741)
Net cash flows from operating activities	<u>(3,324,251)</u>	<u>(1,297,649)</u>	<u>(2,871,899)</u>	<u>(1,774,830)</u>	<u>(204,014)</u>
Cash flow from investing activities					
Purchase of fixed assets	(147,639)	(5,740)	(9,167)	(11,348)	(7,839)
Disposal of fixed assets	—	19,435	—	—	—
Purchase of intangible assets	(111,472)	(114,451)	(33,757)	(13,011)	(40,479)
Net cash flows from investing activities	<u>(259,111)</u>	<u>(100,756)</u>	<u>(42,924)</u>	<u>(24,359)</u>	<u>(48,318)</u>
Cash flow from financing activities					
Proceeds from issue of shares	1,999,673	637,000	1,335,024	635,022	160,740
Short term borrowings	544,000	455,918	1,449,685	1,244,221	—
Net cash flows from financing activities	<u>2,543,673</u>	<u>1,092,918</u>	<u>2,784,709</u>	<u>1,879,243</u>	<u>160,740</u>
(Decrease)/ increase in cash and cash equivalents	(1,039,689)	(305,487)	(130,114)	80,054	(91,592)
Cash and cash equivalents at beginning of period	<u>1,587,229</u>	<u>547,540</u>	<u>242,053</u>	<u>242,053</u>	<u>111,939</u>
Cash and cash equivalents at end of period	13 <u>547,540</u>	<u>242,053</u>	<u>111,939</u>	<u>322,107</u>	<u>20,347</u>

Notes to the financial information

1 General Information

Rex Bionics Limited is a limited liability company incorporated and domiciled in New Zealand. The address of its registered office is 6A Douglas Alexander Parade, Rosedale, North Shore.

2 Principal Accounting Policies

The principal Accounting Policies applied in the preparation of these Historical Financial Information Statements are set out below. These Policies have been consistently applied to all the periods presented, unless otherwise stated.

Basis of Preparation of Historical Financial Information Statements

The Historical Financial Information of Rex Bionics Limited for the audited periods ended 31 March 2011, 31 March 2012, 31 March 2013 (and the unaudited periods ended 30 September 2013 and 30 September 2012), as set out in this Part IV, has been prepared by the Directors of Union MedTech plc.

The Historical Financial Information does not constitute statutory accounts within the meaning of section 434 of Companies Act 2003. The Directors of Union MedTech plc are solely responsible for preparation of this Historical Financial Information.

The Historical Financial Information Statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and IFRIC interpretations as adopted by the European Union applicable to companies reporting under IFRSs. The Historical Financial Information Statements have also been prepared under the historical cost convention.

For all period up to and including the year ended 31 March 2013, Rex Bionics Limited prepared its Historical Financial Information Statements in accordance with New Zealand GAAP. These Historical Financial Information Statements for the period of three years and six months to 30 September 2013 are the first for Rex Bionics Limited that have been prepared in accordance with IFRS, for the purposes of inclusion in the Admission Document.

The preparation of Historical Financial Information Statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information Statements are disclosed later in these accounting policies.

The Historical Financial Information Statements are presented in New Zealand dollars (NZ\$), the functional currency of Rex Bionics Limited, rounded to the nearest dollar.

The financial information for the periods ended 30 September 2013 and 30 September 2012 is unaudited.

Going Concern

The Directors have assessed the current financial position of Rex Bionics Limited, along with future cash flow requirements to determine if Rex Bionics Limited has the financial resources to continue as a going concern for the foreseeable future. The Directors have concluded that the ability of Rex Bionics Limited to continue in operational existence is dependent upon raising of funds as detailed in Part I of this document. In order to achieve this, Shareholder approval has been obtained and receipt of proceeds is subject to Admission. The Directors consider that Admission will occur. For this reason the Directors continue to adopt the going concern basis in preparing the Historical Financial Information. The Historical Financial Information does not include any adjustments that would result in the going concern basis of preparation being inappropriate.

Statement of Compliance

The Historical Financial Information Statements comply with International Financial Reporting Standards as adopted by the European Union. The following standards have been amended or became effective during the year. The Historical Financial Information Statements have been prepared in accordance with these changes where relevant.

- IAS 12 (Amendment): Amendment to IAS 12: Deferred tax – Recovery of Underlying Assets
- IAS 19 (Revised): IAS 19 Employee Benefits (Revised June 2011)
- IFRS 7 (Amendment): Disclosures – Offsetting Financial Assets and Financial Liabilities – Amendments to IFRS 7
- IFRS 13: Fair Value Measurement

IFRS 13 Fair Value Measurement (IFRS 13)

IFRS 13 clarifies the definition of fair value and provides related guidance and enhanced disclosures about fair value measurements. It does not affect which items are required to be fair-valued. The scope of IFRS 13 is broad and it applies for both financial and non-financial items for which other IFRSs require or permit fair value measurements or disclosures about fair value measurements except in certain circumstances.

Rex Bionics Limited has applied IFRS 13, in the preparation of this Historical Financial Information. See note 16.

At the date of authorisation of these Historical Financial Information Statements, the following Standards and Interpretations affecting Rex Bionics Limited, which have not been applied in these Historical Financial Information Statements, were in issue, but not yet effective:

		<i>Effective for accounting periods beginning on or after:</i>
IFRS 7	Deferral of mandatory effective date of IFRS 7 and amendments to transition disclosures	1 January 2015
IFRS 9	Deferral of mandatory effective date of IFRS 9 and amendments to transition disclosures	1 January 2015
IFRS 10	Consolidated Financial Statements – Amendments for investment entities	1 January 2014
IFRS 11	Joint arrangements	1 January 2014
IFRS 12	Disclosure of Interests in Other Entities	1 January 2014
IAS 27	Amendments for investment entities	1 January 2014
IAS 28	Investment in associates	1 January 2014
IAS 32	Financial Instruments: Presentation – Amendments to application guidance on the offsetting of financial assets and financial liabilities	1 January 2014
IAS 36	Impairment of assets	1 January 2014
IAS 39	Financial Instruments: Recognition and Measurement – Amendments for Novation of derivatives	1 January 2014

The Directors anticipate that the adoption of the above Standards and Interpretations in future periods will have little or no impact on the Historical Financial Information Statements of Rex Bionics Limited.

Key Estimates And Assumptions

The preparation of the Historical Financial Information Statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the Historical Financial Information Statements and the reported amounts of revenue and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amounts, events or actions, actual results ultimately may differ from these estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Impairment Of Intangibles

Intangible assets are assessed for impairment by determining if the related intangible asset is used to enable Rex Bionics Limited to sell its products. As such, Rex Bionics Limited has determined that if an intangible asset is needed in the process of generating sales it will not be impaired. If impairment indicators or reversal indicators exist, then the IAS 36 Impairment of Assets, impairment test should be performed and recoverable amount determined and impairment or impairment reversals recorded.

Share Based Payments

The calculation of the fair value of equity-settled share based awards and the resulting charge to the statement of comprehensive income requires assumptions to be made regarding future events and market conditions. These assumptions include the future volatility of the Company's share price. These assumptions are then applied to a recognised valuation model in order to calculate the fair value of the awards. Details of these assumptions are set out in note 17.

Fair Value Measurement

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date (see Note 15 and 16).

Current And Deferred Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. Liability for the Rex Bionics Limited's current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the Historical Financial Information Statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be recognised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is recognised based on tax laws and rates that have been enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and Rex Bionics Limited intends to settle its current tax assets and liabilities on a net basis.

Revenue

Revenue comprises the fair value of the consideration received or receivable for the sale of goods, excluding Goods and Services Tax, rebates and discounts. Revenue is recognised as follows:

- (i) Sales of goods
Sales of goods are recognised when Rex Bionics Limited has transferred the significant risks and rewards of ownership of the goods to the customer.
- (ii) Interest income
Interest income is accounted for as earned.

Other Income

Grants received are recognised in the statement of comprehensive income when the requirements under the grant agreement have been met. Any grants for which the requirements under the grant agreement have not been completed are carried as liabilities until all the conditions have been fulfilled.

Cash And Cash Equivalents

Cash and cash equivalents comprise cash at hand and current and deposit balances at banks, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Equity

An equity instrument is any contract that evidences a residual interest in the assets of a company after deducting all of its liabilities. Equity instruments issued by Rex Bionics Limited are recorded at the proceeds received net of direct issue costs.

The share premium account represents premiums received on the initial issuing of the share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

The called up share capital account represents the amount subscribed for shares at nominal value.

The equity reserve represents the fair value, of the equity component of the convertible loans, assessed at initial drawdown of the convertible loan.

The share option reserve represents the fair value, calculated at the date of grant, of options unexercised at the balance sheet date.

Retained earnings include all current and prior period results as disclosed in the statement of comprehensive income.

Financial Assets

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs.

Financial assets are classified into loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Impairment of Financial Assets

Financial assets, are assessed for indicators of impairment at each balance sheet date. Provision against financial assets is made where there is objective evidence that Rex Bionics Limited will not be able to collect all amounts due to it in accordance with the original terms of those receivables.

The amount of the write down is determined as the difference between the assets carrying amount and the present value of the future cash flows.

Financial Liabilities

Financial liabilities are recognised in the balance sheet when Rex Bionics Limited becomes a party to the contractual provisions of the instrument. All interest related charges are recognised as an expense in finance cost in the income statement using the effective interest rate method.

Financial liabilities comprise trade and other payables, short term borrowings, convertible loan notes and derivative financial instruments.

Trade payables are recognised initially at their fair value and subsequently measured at amortised cost less settlement payments.

Borrowings are recognised initially at their fair value and subsequently measured at amortised cost less settlement payments.

Convertible loans are accounted for as compound instruments. The fair value of the liability portion of the convertible loan notes is determined using a market interest rate for an equivalent non-convertible loan note. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the loan notes. The remainder of the proceeds is allocated to the conversion option, which is recognised and included in shareholders' equity, net of tax effects, and is not subsequently re-measured.

All derivative financial instruments that are not designated and effective as hedging instruments are accounted for at FVTPL.

Property, Plant And Equipment

All property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation of property, plant and equipment is calculated using diminishing value depreciation rates so as to expense the cost of the assets over their useful lives. The rates are as follows:

- Leasehold improvements: 9.6% – 12.0%
- Furniture and fixtures: 10.0% – 25.0%
- Plant and equipment: 12.0% – 80.4%
- Computer equipment: 36.0% – 80.4%

Intangibles

(i) *Research and development*

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when Rex Bionics Limited can demonstrate:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale
- Its intention to complete and its ability 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 cost model is applied requiring the asset to be carried at cost less any accumulated amortization 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 cost of sales. During the period of development, the asset is tested for impairment annually.

(ii) *Patents, trademarks and licences*

Rex Bionics Limited made upfront payments to purchase patents and licences. The patents have been granted for a period of 10 years by the relevant government agency with the option of renewal at the end of this period. Licences for the use of intellectual property are granted for periods ranging between five and 10 years depending on the specific licences. The licences may be renewed at little or no cost to Rex Bionics Limited. As a result, those licences are assessed as having an indefinite useful life.

Impairment testing

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result some assets are tested individually for impairment and some are tested at cash-generating unit level. All other individual assets or cash-generating units are tested for impairment annually.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use based on an internal discounted cash flow evaluation. Impairment losses recognised for cash-generating units to which goodwill has been allocated are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the cash generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

Foreign Currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of each transaction. Foreign currency monetary assets and liabilities are retranslated using the exchange rates at the statement of financial position date. Gains and losses arising from changes in exchange rates after the date of the transaction are recognised in profit and loss. Non monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated at the exchange rate at the date of the original transaction.

Share Based Payments

All services received in exchange for the grant of any share based remuneration are measured at their fair values. These are indirectly determined by reference to the fair value of the share options awarded. Their value is appraised at the grant date and excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets).

Share based payments are ultimately recognised as an expense in the statement of comprehensive income with a corresponding credit to retained earnings in equity, net of deferred tax where applicable. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised, if there is any indication that the number of share options expected to vest differs from previous estimates. No adjustment is made to the expense or share issue cost recognised in prior periods if fewer share options ultimately are exercised than originally estimated.

Upon exercise of share options, the proceeds received net of any directly attributable transaction costs up to the nominal value of the shares issued are allocated to share capital with any excess being recorded as share premium.

Where share options are cancelled, this is treated as an acceleration of the vesting period of the options. The amount that otherwise would have been recognised for services received over the remainder of the vesting period is recognised immediately within profit or loss.

3 Segmental Reporting

The Directors consider that internal sales reporting is organised by geographical location. The segmental analysis of sales, as set out below, was derived from Rex Bionics Limited's principal activities. All revenue is from external customers.

Sales for the below periods were derived from the following geographical locations:

	<i>Year ended</i>	<i>Year ended</i>	<i>Year ended</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
	<i>31 March</i>	<i>31 March</i>	<i>31 March</i>	<i>Period</i>	<i>Period</i>
	<i>2011</i>	<i>2012</i>	<i>2013</i>	<i>ended</i>	<i>ended</i>
	<i>NZ\$</i>	<i>NZ\$</i>	<i>NZ\$</i>	<i>30 September</i>	<i>30 September</i>
				<i>2012</i>	<i>2013</i>
				<i>NZ\$</i>	<i>NZ\$</i>
North America	—	258,229	—	—	335,633
Europe	—	—	205,676	—	430,284
Asia Pacific	150,000	—	15,367	15,367	209,994
India	—	35,000	172,470	—	—
	<u>150,000</u>	<u>293,229</u>	<u>393,513</u>	<u>15,367</u>	<u>975,911</u>

4 Other Income

	<i>Year ended</i>	<i>Year ended</i>	<i>Year ended</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
	<i>31 March</i>	<i>31 March</i>	<i>31 March</i>	<i>Period</i>	<i>Period</i>
	<i>2011</i>	<i>2012</i>	<i>2013</i>	<i>ended</i>	<i>ended</i>
	<i>NZ\$</i>	<i>NZ\$</i>	<i>NZ\$</i>	<i>30 September</i>	<i>30 September</i>
				<i>2012</i>	<i>2013</i>
				<i>NZ\$</i>	<i>NZ\$</i>
Grant income	<u>425,924</u>	<u>994,321</u>	<u>389,864</u>	<u>274,578</u>	<u>—</u>

The agreement with the Foundation for Research Science & Technology provides for Rex Bionics Limited to receive grant funding of NZ\$1,666,406 (incl. GST) for the 22 month period 2 September

2010 – 30 June 2012. The agreement with New Zealand Trade and Enterprise provides for the company to receive grant funding of NZ\$575,000 (incl. GST) for the 33 month period 1 June 2010 – 31 March 2013.

Both funding agreements are designed to reimburse Rex Bionics Limited for a portion of the costs it incurs in achieving specified performance criteria. Both funding agreements are contingent upon the achievement of the performance criteria.

5 Operating Loss

	<i>Year ended 31 March 2011 NZ\$</i>	<i>Year ended 31 March 2012 NZ\$</i>	<i>Year ended 31 March 2013 NZ\$</i>	<i>(unaudited) Period ended 30 September 2012 NZ\$</i>	<i>(unaudited) Period ended 30 September 2013 NZ\$</i>
Loss from operations has been arrived at after charging:					
Depreciation	59,134	34,117	24,310	11,521	10,553
Auditors' remuneration	28,694	28,250	60,329	7,500	7,500
Share based payment expense	438,750	(27,500)	88,256	7,839	(29,331)
Research and development expenditure	949,262	425,409	1,947,918	1,345,489	609,137
Unrealised loss on embedded derivative	—	63,380	361,752	234,632	82,853
Foreign exchange (gain)/loss	—	—	(32,067)	(23,317)	13,852

6 Auditors Remuneration

During the year Rex Bionics Limited obtained the following services from its auditor:

	<i>Year ended 31 March 2011 NZ\$</i>	<i>Year ended 31 March 2012 NZ\$</i>	<i>Year ended 31 March 2013 NZ\$</i>	<i>(unaudited) Period ended 30 September 2012 NZ\$</i>	<i>(unaudited) Period ended 30 September 2013 NZ\$</i>
Fees payable to the auditor for the audit of the accounts	16,194	15,750	15,750	7,500	7,500
Fees payable to the auditor for other services	12,500	12,500	44,579	15,000	20,000

7 Directors Remuneration

The average monthly number of employees (including directors of Rex Bionics Limited) during the year was:

	<i>Year ended 31 March 2011</i>	<i>Year ended 31 March 2012</i>	<i>Year ended 31 March 2013</i>	<i>(unaudited) Period ended 30 September 2012</i>	<i>(unaudited) Period ended 30 September 2013</i>
Administration	<u>27</u>	<u>23</u>	<u>22</u>	<u>20</u>	<u>20</u>
				<i>(unaudited) Period ended 30 September 2012</i>	<i>(unaudited) Period ended 30 September 2013</i>
Directors' remuneration – fees	<u>180,000</u>	<u>191,000</u>	<u>251,000</u>	<u>125,000</u>	<u>130,000</u>

Disclosure of key management remuneration has been included within the directors' remuneration and has not been disclosed separately.

8 Taxation

	<i>Year ended 31 March 2011</i>	<i>Year ended 31 March 2012</i>	<i>Year ended 31 March 2013</i>	<i>(unaudited) Period ended 30 September 2012</i>	<i>(unaudited) Period ended 30 September 2013</i>
Taxation components					
Loss on ordinary activities before tax	<u>(3,634,135)</u>	<u>(1,693,544)</u>	<u>(3,072,727)</u>	<u>(2,106,583)</u>	<u>(722,295)</u>
Tax effects					
Loss on ordinary activities multiplied by rate of corporation tax of 28% in New Zealand	(1,017,558)	(474,192)	(860,364)	(589,843)	(202,242)
Expenses not deductible for tax purposes	—	—	—	—	—
Unutilised tax losses carried forward	1,017,558	474,192	860,564	589,843	202,242
Total current tax	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total deferred tax	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

As at 31 March 2013 Rex Bionics Limited had NZ\$6,054,724 (2012: NZ\$5,992,398, 2011: NZ\$5,992,398) of losses available for carry forward and offset against future years taxable income, subject to satisfying the continuity of ownership provisions in the Income Tax Act 2007.

9 Loss Per Share

The basic and diluted earnings per share is calculated by dividing the loss attributable to owners of Rex Bionics Limited by the weighted average number of ordinary shares in issue during the year.

	<i>Year ended</i> <i>31 March</i> <i>2011</i> <i>NZ\$</i>	<i>Year ended</i> <i>31 March</i> <i>2012</i> <i>NZ\$</i>	<i>Year ended</i> <i>31 March</i> <i>2013</i> <i>NZ\$</i>	<i>(unaudited)</i> <i>Period</i> <i>ended</i> <i>30 September</i> <i>2012</i> <i>NZ\$</i>	<i>(unaudited)</i> <i>Period</i> <i>ended</i> <i>30 September</i> <i>2013</i> <i>NZ\$</i>
Earnings					
Loss on ordinary activities for the purposes of basic and fully diluted loss per share	<u>(3,634,135)</u>	<u>(1,693,544)</u>	<u>(3,072,727)</u>	<u>(2,106,583)</u>	<u>(772,295)</u>
Number of Shares					
Weight average number of shares for calculating basic and fully diluted earnings per share	<u>3,928,090</u>	<u>4,239,260</u>	<u>4,499,337</u>	<u>4,454,141</u>	<u>4,662,107</u>
	<i>2011</i> <i>NZ\$</i>	<i>2012</i> <i>NZ\$</i>	<i>2013</i> <i>NZ\$</i>	<i>2012</i> <i>NZ\$</i>	<i>2013</i> <i>NZ\$</i>
Loss per share					
Basic and diluted loss per share	<u>\$(0.93)</u>	<u>\$(0.40)</u>	<u>\$(0.68)</u>	<u>\$(0.47)</u>	<u>\$(0.15)</u>

10 Intangibles

	<i>Patents and</i> <i>Trademarks</i> <i>NZ\$</i>	<i>Technology</i> <i>and</i> <i>Intellectual</i> <i>Property Rights</i> <i>NZ\$</i>	<i>Total</i> <i>NZ\$</i>
Cost as at 1 April 2010	94,430	50,000	144,430
Additions	111,472	—	111,472
Net book value as at 31 March 2011	<u>205,902</u>	<u>50,000</u>	<u>255,902</u>
Cost as at 1 April 2011	205,902	50,000	255,902
Additions	107,429	7,022	114,451
Net book value as at 31 March 2012	<u>313,331</u>	<u>57,022</u>	<u>370,353</u>
Cost as at 1 April 2012	313,331	57,022	370,353
Additions	31,092	2,665	33,757
Net book value as at 31 March 2013	<u>344,423</u>	<u>59,687</u>	<u>404,110</u>
Cost as at 1 April 2013	344,423	59,687	404,110
Additions	32,129	8,350	40,479
Net book value as at 30 September 2013 (unaudited)	<u>376,552</u>	<u>68,037</u>	<u>444,589</u>
Movements in the period			
Cost as at 1 April 2012	313,331	57,022	370,353
Additions	10,356	2,665	13,011
Net book value as at 30 September 2012 (unaudited)	<u>323,687</u>	<u>59,687</u>	<u>383,364</u>

For the purpose of annual impairment testing, the operating segment is expected to generate sales from the intangible assets. Management’s key assumptions include exponential sales growth, based on past experience in the new formed market. The management of Rex Bionics Limited believes that this is the best available input for forecasting in the particular market.

	<i>March</i> <i>2012</i>	<i>March</i> <i>2013</i>	<i>September</i> <i>2013</i>
Sales growth	<u>195%</u>	<u>134%</u>	<u>248%</u>

The sales growth rate shows that Rex Bionics Limited has been increasing sales growth in its operating segment. As the sales growth rate continues to show growth it was assessed by management that the intangible assets are improving the sales growth of Rex Bionics Limited, as such has not been impaired in the annual impairment testing performed.

11 Property, Plant And Equipment

	<i>Plant and Equipment NZ\$</i>	<i>Fixtures and Fittings NZ\$</i>	<i>Leasehold Improvements NZ\$</i>	<i>Computer Equipment NZ\$</i>	<i>Motor Vehicles NZ\$</i>	<i>Total NZ\$</i>
Cost as at 1 April 2010	27,778	3,455	24,368	70,508	—	126,109
Additions	58,639	15,143	6,400	29,618	37,839	147,639
Cost as at 31 March 2011	86,417	18,598	30,768	100,126	37,839	273,748
Charge for the year	(16,413)	(1,557)	(2,806)	(29,844)	(8,514)	(59,134)
Accumulated depreciation	(26,670)	(2,035)	(5,017)	(70,704)	(8,514)	(112,940)
Net book value as at 31 March 2011	59,747	16,563	25,751	29,422	29,325	160,808
Cost as at 1 April 2011	86,417	18,598	30,768	100,126	37,839	273,748
Additions	1,649	4,091	—	—	—	5,740
Disposals	—	—	—	(1,494)	(37,839)	(39,333)
Cost as at 31 March 2012	88,066	22,689	30,768	98,632	—	240,155
Charge for the year	(13,941)	(2,287)	(2,907)	(14,982)	—	(34,117)
Disposal	—	—	—	—	8,514	8,514
Accumulated depreciation	(40,611)	(4,322)	(7,924)	(85,686)	—	(138,543)
Net book value as at 31 March 2012	47,455	18,367	22,844	12,946	—	101,612
Cost as at 1 April 2012	88,066	22,689	30,768	98,632	—	240,155
Additions	—	—	—	9,167	—	9,167
Cost as at 31 March 2013	88,066	22,689	30,768	107,799	—	249,322
Charge for the year	(10,175)	(2,063)	(2,576)	(9,496)	—	(24,310)
Accumulated Depreciation	(50,786)	(6,385)	(10,500)	(95,182)	—	(162,853)
Net book value as at 31 March 2013	37,280	16,304	20,268	12,617	—	86,469
Cost as at 1 April 2013	88,066	22,689	30,768	107,799	—	249,322
Additions	5,867	1,031	—	941	—	7,839
Cost as at 30 September 2013	93,933	23,720	30,768	108,740	—	257,161
Charge for the period	(4,417)	(896)	(1,118)	(4,122)	—	(10,553)
Accumulated depreciation	(55,203)	(7,281)	(11,618)	(99,304)	—	(173,406)
Net book value as at 30 September 2013 (unaudited)	38,730	16,439	19,150	9,436	—	83,755
Movement in the period						
Cost as at 1 April 2012	88,066	22,689	30,768	98,632	—	240,155
Additions	—	—	—	9,167	—	9,167
Cost as at 30 September 2012	88,066	22,689	30,768	107,799	—	249,322
Charge for the year	(5,087)	(1,461)	(1,876)	(4,748)	—	(13,172)
Accumulated Depreciation	(45,698)	(5,783)	(9,800)	(90,434)	—	(151,715)
Net book value as at 30 September 2012 (unaudited)	42,368	16,906	20,968	17,365	—	97,607

12 Trade and Other Receivables

	<i>As at</i>	<i>Year ended</i>	<i>Year ended</i>	<i>Year ended</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
	<i>1 April</i>	<i>31 March</i>	<i>31 March</i>	<i>31 March</i>	<i>Period</i>	<i>Period</i>
	<i>2010</i>	<i>2011</i>	<i>2012</i>	<i>2013</i>	<i>ended</i>	<i>ended</i>
	<i>NZ\$</i>	<i>NZ\$</i>	<i>NZ\$</i>	<i>NZ\$</i>	<i>30 September</i>	<i>30 September</i>
					<i>2012</i>	<i>2013</i>
					<i>NZ\$</i>	<i>NZ\$</i>
Trade receivables	—	231,016	66	75,794	1,024	152,782
Other receivables	47,070	15,315	29,585	53,566	36,395	100,816
Grant receivable	—	—	189,059	—	—	—
Unpaid share capital	—	—	—	400,005	—	—
Prepayments and accrued income	82,985	160,964	23,719	17,986	19,019	19,004
	<u>130,055</u>	<u>407,295</u>	<u>242,429</u>	<u>547,351</u>	<u>56,438</u>	<u>272,602</u>

The fair value of trade and other receivables is considered by the directors not to be materially different to the carrying amounts.

13 Cash and Cash Equivalents

The Directors consider that the carrying amount of cash and cash equivalents represents their fair value:

	<i>As at</i>	<i>Year ended</i>	<i>Year ended</i>	<i>Year ended</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
	<i>1 April</i>	<i>31 March</i>	<i>31 March</i>	<i>31 March</i>	<i>Period</i>	<i>Period</i>
	<i>2010</i>	<i>2011</i>	<i>2012</i>	<i>2013</i>	<i>ended</i>	<i>ended</i>
	<i>NZ\$</i>	<i>NZ\$</i>	<i>NZ\$</i>	<i>NZ\$</i>	<i>30 September</i>	<i>30 September</i>
					<i>2012</i>	<i>2013</i>
					<i>NZ\$</i>	<i>NZ\$</i>
Cash at bank and on hand	<u>1,587,229</u>	<u>547,540</u>	<u>242,053</u>	<u>111,939</u>	<u>322,107</u>	<u>20,347</u>

14 Trade And Other Payables

	<i>As at</i>	<i>Year ended</i>	<i>Year ended</i>	<i>Year ended</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
	<i>1 April</i>	<i>31 March</i>	<i>31 March</i>	<i>31 March</i>	<i>Period</i>	<i>Period</i>
	<i>2010</i>	<i>2011</i>	<i>2012</i>	<i>2013</i>	<i>ended</i>	<i>ended</i>
	<i>NZ\$</i>	<i>NZ\$</i>	<i>NZ\$</i>	<i>NZ\$</i>	<i>30 September</i>	<i>30 September</i>
					<i>2012</i>	<i>2013</i>
					<i>NZ\$</i>	<i>NZ\$</i>
Trade payables	134,472	114,040	193,652	171,990	24,557	427,320
Other payables	67,875	101,683	67,407	39,737	57,368	70,836
Accruals and deferred income	1	58,499	53,664	189,164	174,994	103,287
	<u>202,348</u>	<u>274,222</u>	<u>314,723</u>	<u>400,891</u>	<u>256,919</u>	<u>601,443</u>

Trade and other payables comprise amounts outstanding for trade purchases and ongoing costs. The fair value of trade and other payables is considered by the directors not to be materially different to the carrying amounts.

15 Borrowings

	<i>As at</i>	<i>Year ended</i>	<i>Year ended</i>	<i>Year ended</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
	<i>1 April</i>	<i>31 March</i>	<i>31 March</i>	<i>31 March</i>	<i>Period</i>	<i>Period</i>
	<i>2010</i>	<i>2011</i>	<i>2012</i>	<i>2013</i>	<i>ended</i>	<i>ended</i>
	<i>NZ\$</i>	<i>NZ\$</i>	<i>NZ\$</i>	<i>NZ\$</i>	<i>30 September</i>	<i>30 September</i>
					<i>2012</i>	<i>2013</i>
					<i>NZ\$</i>	<i>NZ\$</i>
Convertible loans	—	466,125	999,918	2,394,867	2,190,151	2,481,351
Other short-term loan	—	—	—	—	—	164,993
	<u>—</u>	<u>466,125</u>	<u>999,918</u>	<u>2,394,867</u>	<u>2,190,151</u>	<u>2,645,844</u>

Santé II L.P. convertible loan

On 10 July 2012, Rex Bionics Limited entered into a Senior Secured Promissory Note with Santé II L.P.

Under this loan note, Santé has been provided with a first ranking security interest over all present and after-acquired property of Rex Bionics Limited.

As at 31 December 2012, US\$1,000,000 had been loaned to Rex Bionics Limited under the Senior Secured Promissory Note.

The Santé loan accrues interest at 12% per annum and is payable on maturity being 30 September 2013. Accrued interest is included in the Santé loan. The terms of the loan include the following conversion options:

- automatically if an external funding round occurs where the company participates in an equity issuance (participating equity issuance). The conversion price will be at the price per share of the shares sold in equity issuance.
- optional conversion by Santé if an equity issuance occurs where the company does not participate (a non-participating equity issuance) at a price share of the shares sold in equity issuance, discounted by 20%.

Management have carried out an assessment of the terms of the Santé loan and have judged that the instrument consists of two components:

- a host loan instrument, held at amortised cost
- an embedded prepayment feature (payable on a conversion of the convertible loan to equity securities if a non-participating equity issuance occurs. The embedded derivative has been recognised separately as a derivative financial instrument at fair value through profit and loss (FVTPL)

A fair value exercise to determine the value of the three components was undertaken by the directors at the date the Santé loan was initially drawn down.

The fair value of the host loan instrument (including the embedded mandatory prepayment feature) been valued at the residual of:

- The fair value of the instrument as a whole discounted at a commercially applicable rate of 15%, less;

- b) The probability weighted embedded mandatory prepayment feature discounted at the same commercially applicable rate of 15%.

	<i>(unaudited)</i>	<i>(unaudited)</i>
<i>Year ended</i>	<i>Period ended</i>	<i>Period ended</i>
<i>31 March</i>	<i>30 September</i>	<i>30 September</i>
<i>2013</i>	<i>2013</i>	<i>2012</i>
<i>NZ\$</i>	<i>NZ\$</i>	<i>NZ\$</i>
Fair value of net issue proceeds		
Net proceeds of issue	1,256,200	—
Embedded derivative	176,765	—
Liability component	1,079,435	—
	<u>1,256,200</u>	<u>—</u>
Liability component at date of issue	1,079,435	1,241,826
Interest charge for the year	162,391	86,484
Liability component	<u>1,241,826</u>	<u>1,143,374</u>

Convertible bridge loan

Prior to 31 March 2011 Rex Bionics Limited entered into a convertible bridge loan agreement with four shareholders and JMS Enterprises LLC, a company associated with Jonathan Sackier, a director of Rex Bionics Limited.

During the year ended 31 March 2012, Rex Bionics Limited amended the convertible bridge loan agreement to include the Warratah Trust, Auriga Holdings and JMS Enterprises, a trust and companies associated with Paul Dyson, Jenny Morel and Jonathan Sackier respectively, all of whom are company directors. The agreement was also amended to include Cartmell Associates, a company associated with Simon Cartmell who was previously a consultant of Rex Bionics Limited.

During the year ended 31 March 2013, Rex Bionics Limited amended the convertible bridge loan agreement further to include David Flacks, a shareholder, and McCarthy Cook Ventures LLC and No 8 Ventures Management Limited, companies associated with Edward Cook and Jenny Morel respectively, whom are also shareholders of Rex Bionics Limited.

The agreement provided Rex Bionics Limited with a loan facility of up to NZ\$1 million, subject to the company meeting conditions specified in the loan agreements. At 31 March 2013 Rex Bionics Limited had received NZ\$999,918 from this facility (2012: NZ\$999,918, 2011: NZ\$544,000). The loans accrued interest at 15% per annum from 15 March 2012 until repayment date. Accrued interest is included in the convertible bridge loan.

Prior to the repayment date the loans automatically converted to equity securities (at the lowest issue price discounted by 20%) if an external funding round occurred where Rex Bionics Limited raised NZ\$2,000,000 through the issue of equity securities. Prior to the repayment date the lenders had the option of converting the loans to convertible preference shares at a price of NZ\$3.04 per share (2012: NZ\$3.04) if one of the following events occurred:

- The sale of all or substantially all of the business assets of Rex Bionics Limited;
- The sale of more than 50% of the shares in Rex Bionics Limited to a third party.

On 10 July 2012, the lenders under the convertible bridge loan entered into a Deed of Subordination and Priority with Sante Health Ventures II L.P. (Santé), under which all the debts owed by Rex Bionics Limited under the convertible bridge loan were subordinated to the debts owed by Rex Bionics Limited to Santé.

On 30 August 2013, Rex Bionics Limited communicated with all holders of the convertible bridge loan that Rex Bionics Limited had entered into an external funding round, in which Rex Bionics Limited raised in excess of NZ\$2,000,000 through the issue of equity securities. In line with the terms of the convertible bridge loan agreement, it was communicated that the loan was to be converted at an exercise price of NZ\$3.60 per share, with the value of the loan amount being converted, being the principal and interest amounts owed at 31 March 2013. The conversion took place on 27 February 2014.

Management assessment of the fair value of the convertible bridge loan

Management have carried out an assessment of the terms of the convertible bridge loan and have judged that the instrument consists of three components:

- a host loan instrument, held at amortised cost
- an equity conversion feature, recognised in the equity reserve
- an embedded mandatory prepayment feature (payable on an auto conversion of the convertible loan to equity securities if an external funding round occurs where Rex Bionics Limited raises NZ\$2,000,000 through the issue of equity securities). The embedded derivative has been recognised separately as a derivative financial instrument at fair value through profit and loss (FVTPL)

A fair value exercise to determine the value of the three components was undertaken by the directors at the date the convertible bridge loan was initially drawn down.

The fair value of the host loan instrument been valued at the residual of:

- a) The fair value of the instrument as a whole discounted at a commercially applicable rate of 15%, less;
- b) The probability weighted embedded prepayment feature discounted at the same commercially applicable rate of 15%.

A separate assessment has been undertaken for the convertible bridge loan drawdowns of NZ\$544,000 in the year to 31 March 2011 and NZ\$455,918 in the year to 31 March 2012. A summary of the fair value allocation is shown below.

	<i>Year ended</i> <i>31 March</i> <i>2011</i> <i>NZ\$</i>	<i>Year ended</i> <i>31 March</i> <i>2012</i> <i>NZ\$</i>	<i>Year ended</i> <i>31 March</i> <i>2013</i> <i>NZ\$</i>	<i>(unaudited)</i> <i>Period</i> <i>ended</i> <i>30 September</i> <i>2013</i> <i>NZ\$</i>	<i>(unaudited)</i> <i>Period</i> <i>ended</i> <i>30 September</i> <i>2012</i> <i>NZ\$</i>
Fair value of net issue proceeds					
Net proceeds of issue	544,000	455,918	—	—	—
Embedded derivative	52,650	30,772	—	—	—
Liability component	448,759	386,715	—	—	—
Equity component	<u>42,591</u>	<u>73,363</u>	<u>—</u>	<u>—</u>	<u>—</u>
Liability component at date of issue	448,759	835,464	999,918	1,153,041	999,918
Interest charge for the year	—	164,454	153,123	—	49,859
Liability component	<u>448,759</u>	<u>999,918</u>	<u>1,153,041</u>	<u>1,153,041</u>	<u>1,049,777</u>

Modifications made to the terms of the convertible bridge loan host debt liability

During the period of these Historical Financial Information Statements the following modifications were made to the terms of the convertible bridge loan host debt liability:

On 28 July 2011, the convertible bridge loan repayment date was extended from 30 September 2011 to 15 March 2012. The loan remained interest free. This modification to the terms of the agreement have been assessed by management and is deemed not significant.

On 14 March 2012, the convertible bridge loan repayment date was extended from 30 September 2011 to 30 June 2012. In addition, the convertible bridge loan interest rate was changed to accrue at 15% per annum from 15 March 2012 to the repayment date. This modification to the terms of the agreement have been assessed by management and is deemed not significant.

On 10 July 2012, the convertible bridge loan repayment date was extended from 30 June 2012 to 30 September 2012. No other terms of the agreement were changed. This modification to the terms of the agreement have been assessed by management and is deemed not significant.

On 30 September 2012, the convertible bridge loan repayment date was extended from 30 September 2012 to 31 March 2013. No other terms of the agreement were changed. This modification to the terms of the agreement have been assessed by management and is deemed not significant.

David Ross loan

From 24 June 2013, David Ross made advances to Rex Bionics Limited totalling \$160,000. At the date the advances were made, the loan was interest free and repayable on demand.

16 Fair Value Measurement

Fair value measurement of financial instruments

Financial liabilities measured at fair value in the statement of financial position are grouped into three Levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: unobservable inputs for the asset or liability.

The following table shows the levels within the hierarchy of financial assets and liabilities measured at fair value on a recurring basis as at each period end:

	<i>As at</i>	<i>Year ended</i>	<i>Year ended</i>	<i>Year ended</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
	<i>1 April</i>	<i>31 March</i>	<i>31 March</i>	<i>31 March</i>	<i>Period</i>	<i>Period</i>
	<i>2010</i>	<i>2011</i>	<i>2012</i>	<i>2013</i>	<i>ended</i>	<i>ended</i>
	<i>NZ\$</i>	<i>NZ\$</i>	<i>NZ\$</i>	<i>NZ\$</i>	<i>30 September</i>	<i>30 September</i>
					<i>2012</i>	<i>2013</i>
					<i>NZ\$</i>	<i>NZ\$</i>
Financial liabilities						
at FVTPL						
Embedded						
derivatives – Level 3	—	52,650	116,530	478,282	350,982	561,135
	—	52,650	116,530	478,282	350,982	561,135

Measurement of fair value of financial instruments

The management team of Rex Bionics Limited perform valuations of financial items for financial reporting purposes, including Level 3 fair values. Valuation techniques are selected based on the characteristics of each instrument, with the overall objective of maximising the use of market-based information.

The valuation techniques used for instruments categorised in Level 3 is described below:

Embedded derivative (Level 3)

The fair value of the embedded derivative recognised separately from the host convertible loans on both the convertible bridge loan and Santé loan (see Note 15) is estimated using a present value technique. The fair value at each date is estimated by probability-weighting the estimated mandatory prepayment liability, adjusting for risk and discounting at 15%. The probability-weighted prepayment cash flows before discounting reflect the management’s estimate of the probability of an external funding round occurring where Rex Bionics Limited raises NZ\$2,000,000 through the issue of equity securities, or probability of the Santé loan converting.

The discount rates on commercially applicable rates.

The effects on the fair value of risk and uncertainty in the future cash flows are dealt with by adjusting the estimated cash flows rather than adjusting the discount rate. The following table provides information about the sensitivity of the fair value measurement to changes in the most significant inputs:

<i>Significant unobservable input</i>	<i>Estimate of the input at each loan modification date</i>							
	<i>March 2011</i>	<i>April 2011</i>	<i>July 2011</i>	<i>March 2012</i>	<i>July 2012</i>	<i>September 2012</i>	<i>March 2013</i>	<i>September 2013</i>
Probability of external funding round occurring	40%	35%	56%	48%	55%	55%	97%	97%
Probability of Santé II LP Loan converting	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>60%</u>	<u>65%</u>	<u>75%</u>	<u>100%</u>

Level 3 fair value measurements

The reconciliation of the carrying amounts of financial instruments classified within Level 3 is as follows:

	<i>Convertible bridge loan NZ\$</i>	<i>Sante II LP loan NZ\$</i>
Cost		
Balance at 1 April 2010	—	—
Recognition of embedded derivative	52,650	
Loss recognised in profit and loss under: finance costs	—	—
Balance at 31 March 2011	52,650	—
Recognition of embedded derivative	38,441	
Loss recognised in profit and loss under: – finance costs	25,439	—
Balance at 31 March 2012	116,530	—
Loss recognised in profit and loss under: Recognition of embedded derivative – finance costs	— 40,655	174,765 27,166
Balance at 30 September 2012 (unaudited)	157,185	203,931
Loss recognised in profit and loss under: Recognition of embedded derivative – finance costs	89,900	90,000
Balance at 31 March 2013	247,085	293,931
Loss recognised in profit and loss under: Recognition of embedded derivative – finance costs	—	78,263
Balance at 31 September 2013 (unaudited)	<u>247,085</u>	<u>375,554</u>

17 Share Premium

	<i>As at 1 April 2010 NZ\$</i>	<i>Year ended 31 March 2011 NZ\$</i>	<i>Year ended 31 March 2012 NZ\$</i>	<i>Year ended 31 March 2013 NZ\$</i>	<i>(unaudited) Period ended 30 September 2012 NZ\$</i>	<i>(unaudited) Period ended 30 September 2013 NZ\$</i>
Issued and fully paid:						
1,150,000 ordinary shares at nil par value (2012: 1,150,000)	—	—	—	—	—	—
3,512,107 convertible preference shares (2012: 3,215,436) net of transaction costs of NZ\$50,000	<u>5,311,600</u>	<u>7,311,273</u>	<u>7,948,273</u>	<u>9,283,297</u>	<u>8,583,295</u>	<u>9,283,297</u>
	<u>5,311,600</u>	<u>7,311,273</u>	<u>7,948,273</u>	<u>9,283,297</u>	<u>8,583,295</u>	<u>9,283,297</u>

During the year to 31 March 2013 there were 296,671 convertible preference shares issued at NZ\$4.5 each.

During the period to 30 September 2013, there were no convertible preference shares issued.

In the year to 31 March 2013, there were 296,671 convertible preference shares issued at NZ\$4.50 each.

During the year to 31 March 2012, there were 141,556 convertible preference shares issued at NZ\$4.50 each.

During the year to 31 March 2011, there were 788,773 convertible preference shares issued at NZ\$2.54 each.

Ordinary shares carry the right to vote on the basis of one vote each share held. The shares carry no fixed dividend rights but are entitled to any surplus on winding up of the company subject to the prior payment of the convertible preference shares (refer below).

Convertible preference shares (CPS) carry the right to vote on a Special Resolution of the holders of convertible preference shares on the basis of one vote for each share held. They may also cast the same number of votes per CPS as may be cast for each ordinary share into which the CPS is convertible, except where the Resolution is limited to another class of shares. The shareholder of a CPS may convert each CPS into one ordinary share on written application. On winding up of the company, each convertible preference share ranks equally with each other convertible preference share, and in priority to the ordinary shares to the amount subscribed per CPS.

18 Share Options

	<i>As at 1 April 2010 NZ\$</i>	<i>Year ended 31 March 2011 NZ\$</i>	<i>Year ended 31 March 2012 NZ\$</i>	<i>Year ended 31 March 2013 NZ\$</i>	<i>(unaudited) Period ended 30 September 2012 NZ\$</i>	<i>(unaudited) Period ended 30 September 2013 NZ\$</i>
Employee share option expense						
Opening balance	68,750	125,000	563,750	536,250	536,250	624,506
Share option expense	56,250	438,750	26,250	88,256	7,839	—
Share options lapsed during the period	—	—	(53,750)	—	—	(140,663)
	<u>125,000</u>	<u>563,750</u>	<u>536,250</u>	<u>624,506</u>	<u>544,089</u>	<u>483,843</u>

During the year ended 31 March 2009 Rex Bionics Limited established the Rex Bionics Limited Employee Option Scheme to create incentives for, and enable Rex Bionics Limited to attract and/or retain key employees, by offering them a right to participate in Rex Bionics Limited by way of issue of options to enable an employee to subscribe for ordinary shares at an amount equal to the fair value of such shares on the date on which the options were issued. Rex Bionics Limited obtained an independent valuation of the value of the options for the purpose of determining the financial reporting consequences in the financial statements for the year ended 31 March 2010.

During the year ended 31 March 2013 no additional options were issued to employees (2012: 21,000 issued and 21,000 vested), however 400,000 options were added to the total pool during the year with 21,000 being released to pool upon resignation of Helen Robinson on 10 October 2012 and 379,000 being added to pool as per resolution at the Director's Annual General Meeting in December 2012.

The vesting period is 5 years

As at 31 March 2013 a total options pool exists of 880,000, from which 408,000 share options have been issued and 356,102 are vested (2012: 429,000, 429,000 and 333,902 respectively). During the year, no share options were terminated in relation to employees who ceased employment at Rex

Bionics Limited (2012: 43,000). On 11 November 2012, four employees were made redundant allowing them six months to exercise their options as per agreement. These options were not exercised by the expiry date of 12 May 2013 and therefore expired on this date. All other options expire if not exercised by 2015.

The Directors have estimated the fair value of each option to be NZ\$1.25 (2012: NZ\$1.25). This amount has been determined by the Directors based on their assessment that the factors impacting the value of the options have not changed materially since last year.

During the period ended 30 September 2013 no additional options were issued to employees.

As at 30 September 2013 a total options pool existed of 774,000 from which 374,000 share options have been issued and 354,750 were vested.

19 Risk Management Objectives and Policies

Rex Bionics Limited is exposed to a variety of financial risks which result from both its operating and investing activities. Risk management is coordinated by the board of directors, and focuses on actively securing short to medium term cash flows by minimising the exposure to financial markets.

Capital Risk Management

The objectives of Rex Bionics Limited when managing capital are:

- to safeguard the ability of Rex Bionics Limited to continue as a going concern, so that it continues to provide returns and benefits for shareholders;
- to support the growth of Rex Bionics Limited; and
- to provide capital for the purpose of strengthening the risk management capability of Rex Bionics Limited.

Rex Bionics Limited actively and regularly reviews and manages its capital structure to ensure an optimal capital structure and equity holder returns, taking into consideration the future capital requirements of Rex Bionics Limited and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. Management regards total equity as capital and reserves, for capital management purposes.

Credit Risk

The financial instruments of Rex Bionics Limited, that are subject to credit risk, are cash and cash equivalents and trade and other receivables. The credit risk for cash and cash equivalents is considered negligible since the counterparties are reputable financial institutions.

The maximum exposure of Rex Bionics Limited to credit risk is NZ\$273,945 at 30 September 2013 (unaudited) NZ\$37,419 30 September 2012 (unaudited) (March 2013: NZ\$641,304, March 2012: NZ\$460,763, March 2011: NZ\$793,871 all audited) comprising cash and cash equivalents and trade and other receivables.

Liquidity Risk

Liquidity risk is managed by means of ensuring sufficient cash and cash equivalents are held to meet payment obligations arising from administrative expenses. The cash and cash equivalents are invested such that the maximum available interest rate is achieved with minimal risk.

20 Financial Instruments

Financial Assets By Category

The IAS 39 categories of financial assets included in the balance sheet and the headings in which they are included are as follows:

	<i>As at 1 April 2010 NZ\$</i>	<i>Year ended 31 March 2011 NZ\$</i>	<i>Year ended 31 March 2012 NZ\$</i>	<i>Year ended 31 March 2013 NZ\$</i>	<i>Period ended 30 September (unaudited) 2012 NZ\$</i>	<i>Period ended 30 September (unaudited) 2013 NZ\$</i>
Financial assets						
Trade and other receivables	130,055	246,331	29,651	129,360	37,419	253,598
Cash and cash equivalents	1,587,229	547,540	242,053	111,939	322,107	20,347
	<u>1,717,284</u>	<u>793,871</u>	<u>271,704</u>	<u>241,299</u>	<u>359,526</u>	<u>273,945</u>

Financial Liabilities By Category

The IAS 39 categories of financial liabilities included in the balance sheet and the headings in which they are included are as follows:

	<i>2010</i>	<i>2011</i>	<i>2012</i>	<i>2013</i>	<i>2012</i>	<i>2013</i>
Financial liabilities at amortised cost						
Trade and other payables	202,348	215,723	261,059	211,729	81,925	498,156
Short term borrowings	—	406,125	999,918	2,394,867	2,114,156	2,645,844
	<u>202,348</u>	<u>681,848</u>	<u>1,260,977</u>	<u>2,606,596</u>	<u>2,196,081</u>	<u>3,144,000</u>
Financial liabilities at FVTPL						
Embedded derivatives	—	52,650	116,530	478,282	350,982	561,135
		<u>52,650</u>	<u>116,530</u>	<u>478,282</u>	<u>350,982</u>	<u>561,135</u>

21 Contingent Liabilities

There were no contingent liabilities as at 30 September 2013 (unaudited) (September 2012 (unaudited), March 2013, March 2012, March 2011, March 2010: NZ\$Nil).

22 Operating Lease Commitments

The lease agreement for the use of premises in Douglas Alexander Parade, Albany expired during the 2012 year. The landlord agreed to continue leasing the premises to the Company on a month by month basis, with a three month notice period which has continued over the entire period to date.

	<i>Year ended 31 March 2011 NZ\$</i>	<i>Year ended 31 March 2012 NZ\$</i>	<i>Year ended 31 March 2013 NZ\$</i>	<i>Period ended 30 September 2013 (unaudited) NZ\$</i>
Not later than one year	28,110	28,110	17,068	17,068
	<u>28,110</u>	<u>28,110</u>	<u>17,068</u>	<u>17,068</u>

23 Capital Commitments

There were no capital commitments authorised by the directors of Rex Bionics Limited or contracted for at 30 September 2013 (unaudited) (30 September 2012 (unaudited), 31 March 2013, March 2012, March 2011, March 2010: NZ\$Nil).

24 Post Balance Sheet Events

In a board resolution dated 18 March 2013 the Board resolved that Rex Bionics Limited would incentivise key employees to achieve completion of the REX Rehab by 30 June 2013. As a result of the successful completion of the REX Rehab, Rex Bionics Limited has issued 194,256 shares to nine employees i.e 21,584 shares to each employee.

Acquisition of Rex Bionics

On the 18 October 2013 Rex Bionics Limited announced that it had entered into agreement with the Union MedTech Plc, a UK based ISDX Growth Market company focused on medical technology, whereby Union MedTech will acquire the entire share capital of Rex Bionics Limited in exchange for new shares in Union MedTech. The sale and purchase agreement, which is conditional upon admission to trading on AIM and raising by Union MedTech of sufficient additional equity finance. Following the acquisition, Union MedTech plans to fund the launch and accelerated international commercialisation of REX Rehab, a rapidly adjustable exoskeleton devise for use by multiple users in rehabilitation clinics, as well as continuing the commercialisation of REX Personal, a first generation, fully-customised exoskeleton for personal use in the home and workplace. Led by the founding developer Richard Little, the company's team of robotics technology experts in Auckland, New Zealand, will remain with the company and will continue to focus on the development and commercialisation of the REX technology.

Santé Loan

On 18 October 2013, Santé II L.P sold the Senior Secured Promissory Note and all associated rights and obligations to Phillip Asset Management Limited, by way of Deed of Assignment.

On 19 December 2013, Rex Bionics Limited fully repaid the Senior Secured Promisory Note, held by Phillip Asset Management Limited, through the issue of Class A, convertible, redeemable loan notes with a face value of NZ\$1 for a total value of NZ\$1,420,782.

David Ross Loan

On 23 October 2013, the principle amount of the David Ross Loan totalling NZ\$160,000 was converted to 44,444 shares at a rate of NZ\$3.60 per share. The accrued interest was paid to David Ross on 12 November 2013.

Share subscription agreements

In October 2013 and November 2013 various subscription agreements were executed for a total of 238,901 shares at a price of NZ\$3.60 per share, raising NZ\$860,000 (including the David Ross loan). A further 78,854 shares in aggregate were issued on 27 February 2014 to these subscribers as a result of anti-dilution provisions contained in the subscription agreements. The subscription agreements contain a further provision that if the proposed transaction with Union MedTech has not settled by 30 June 2014, an additional 1 new share for every 2 shares will be issued.

Other share issues in the post balance sheet period include:

	<i>Number</i>
Shares issued on conversion of convertible bridge loan	322,405
Employee share incentive scheme	194,256
Exercise of share options by Paul Dyson	100,000
Shares issued under the anti-dilution of the share subscription agreements	62,577
Shares issued to directors in lieu of remuneration	40,000
	<u><u>719,238</u></u>

The number of shares in issue is therefore

	<i>Number</i>
As at 31 March 2013	4,662,107
Subsequent share issues	1,036,993
Total shares	<u><u>5,699,100</u></u>

Issue of Series B Loan Notes

Series B Loan Notes have been subscribed for by Union MedTech plc in various instalments since 19 December 2013 resulting in aggregate funds of NZ\$1,902,986 being received by Rex Bionics Limited.

There were no other events occurring after 30 September 2013 which would materially affect the accuracy of the historical financial information.

25 Ultimate Controlling Party

Rex Bionics Limited considers that there is no ultimate controlling party.

26 Related Party Transactions

The convertible bridge loan raised in 2012 was funded from three company shareholders, being Jonathan Sackier, Paul Matthews and David Flacks as well as the Warratah Trust, Auriga Holdings, No 8 Venture Management Limited and JMS Enterprises, a trust and companies associated with Paul Dyson, Jenny Morel and Jonathan Sackier respectively, all of whom are directors of Rex Bionics Limited. Funding was also provided by Cartmell Associates, a company associated with Simon Cartmell who was previously a consultant of Rex Bionics Limited and McCarthy Cook Ventures, a company associated with Edward Cook, a shareholder.

During the period to 30 September 2013, David Ross, a current shareholder of Rex Bionics Limited, made advances to Rex Bionics Limited totalling NZ\$160,000. Paul Dyson, also a current shareholder of Rex Bionics Limited, made advances totalling NZ\$123,274 which were repaid in full on 26 July 2013.

27 Reconciliation of Net Assets and Profits for the Period Under New Zealand GAAP to IFRS

This is the first financial information of Rex Bionics Limited prepared in accordance with IFRS for the purposes of inclusion in this Admission Document.

The accounting policies have been applied in preparing the financial information for the unaudited period ended 30 September 2013 and 30 September 2012 and the audited years ended 31 March 2013, 2012 and 2011, and in the preparation of an opening IFRS statement of financial position at 1 April 2010 (the date of transition for Rex Bionics Limited).

In preparing its opening IFRS statement of financial position Rex Bionics Limited has adjusted amounts previously reported in financial statements prepared with New Zealand GAAP. An explanation of how the transition from New Zealand GAAP to IFRS has affected the statement of financial position, income statement and statement of cash flows is set out in the following notes and tables:

a) **Reconciliation of New Zealand GAAP to IFRS**

IFRS 1 requires Rex Bionics Limited to reconcile comprehensive income and cash flows for prior periods. The first-time adoption did not have an impact on the total operating, investing or financing cash flows. The following tables represent the reconciliations from New Zealand GAAP to IFRS for the respective periods noted for equity, earnings and comprehensive income.

	<i>New Zealand</i> GAAP 2010 NZ\$	<i>Adjustment</i> 2010 NZ\$	<i>IFRS</i> 2010 NZ\$
Total comprehensive income	(2,190,783)	—	(2,190,783)
Total equity	<u>1,731,669</u>	<u>—</u>	<u>1,731,669</u>

	<i>New Zealand</i> GAAP 2011 NZ\$	<i>Adjustment</i> 2011 NZ\$	<i>IFRS</i> 2011 NZ\$
Total comprehensive income	(3,634,135)	—	(3,634,135)
Total equity	<u>535,957</u>	<u>42,591</u>	<u>578,548</u>

	<i>New Zealand</i> GAAP 2012 NZ\$	<i>Adjustment</i> 2012 NZ\$	<i>IFRS</i> 2012 NZ\$
Total comprehensive income	(1,503,651)	(189,893)	(1,693,544)
Total equity	<u>(358,194)</u>	<u>(116,530)</u>	<u>(474,724)</u>

	<i>New Zealand</i> GAAP 2013 NZ\$	<i>Adjustment</i> 2013 NZ\$	<i>IFRS</i> 2013 NZ\$
Total comprehensive income	(2,765,711)	(307,016)	(3,072,727)
Total equity	<u>(1,700,625)</u>	<u>(423,546)</u>	<u>(2,124,171)</u>

	<i>New Zealand</i> GAAP September 2012 (Unaudited) NZ\$	<i>Adjustment</i> 2012 (Unaudited) NZ\$	<i>IFRS</i> 2012 (Unaudited) NZ\$
Total comprehensive income	(1,926,210)	(180,372)	(2,106,583)
Total equity	<u>(1,641,543)</u>	<u>(296,903)</u>	<u>(1,938,446)</u>

	<i>New Zealand</i> GAAP September 2013 (Unaudited) NZ\$	<i>Adjustment</i> 2013 (Unaudited) NZ\$	<i>IFRS</i> 2013 (Unaudited) NZ\$
Total comprehensive income	(637,346)	(84,949)	(722,295)
Total equity	<u>(1,317,976)</u>	<u>(1,669,153)</u>	<u>(2,987,129)</u>

A Convertible loan and conversion option

Under NZ GAAP, Rex Bionics Limited did not account for an equity component when assessing its convertible loan. Under IFRS it is required to evaluate the fair value of the convertible loan and separate its equity and liability components. As such, under IFRS in 2011 an adjustment was made to equity of NZ\$42,591. The convertible loan also had a conversion option which resulted in an embedded derivative to be calculated. In 2011 the loan was reduced by NZ\$95,241 and the embedded derivative was recognised NZ\$52,650.

In March 2012 finance costs were adjusted in the amount of NZ\$189,893 which was not recognised under NZ GAAP. This is due to the evaluation of the convertible loan and embedded derivative. Under IFRS the equity component of the convertible loan was adjusted to NZ\$73,363. The conversion option evaluation resulted in an increase to the embedded derivative of NZ\$116,530. The net effect of these changes resulted in an adjustment to equity under IFRS of NZ\$116,530.

In March 2013 finance costs were adjusted in the amount of NZ\$224,069 which was not recognised under NZ GAAP. This is due to the evaluation of the convertible loan and embedded derivatives within the convertible loan and Sante loan. The conversion option evaluation resulted in an increase to the embedded derivative of NZ\$478,282 and a decrease to short term borrowings of NZ\$54,736. The net effect of these changes resulted in an adjustment to equity under IFRS of NZ\$423,546.

In September 2012 finance costs were adjusted in the amount of NZ\$180,323 which was not recognised under NZ GAAP. This is due to the evaluation of the convertible loan and embedded derivatives within the convertible loan and Sante loan. The conversion option evaluation resulted in an increase to the embedded derivative of NZ\$350,892 and a decrease to short term borrowings of NZ\$53,988. The net effect of these changes resulted in an adjustment to equity under IFRS of NZ\$296,903.

In September 2013 finance costs were adjusted in the amount of NZ\$89,949 which was not recognised under NZ GAAP. This is due to the evaluation of the convertible loan and embedded derivatives within the convertible loan and Sante loan. The conversion option evaluation resulted in an increase to the embedded derivative of NZ\$561,135 and an increase to short term borrowings of NZ\$1,108,018. The net effect of these changes resulted in an adjustment to equity under IFRS of NZ\$1,669,153.

PART V

PRO-FORMA FINANCIAL INFORMATION OF THE GROUP

Pro-forma consolidated balance sheet and income statement

Balance Sheet

Set out below is an unaudited *pro-forma* balance sheet for the Enlarged Group based on the statement of financial position for Union MedTech plc as at 30 November 2013 and the statement of financial position for Rex Bionics Ltd as at 30 September 2013 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 and the impact of the Placing in this document, as if they had occurred at 30 November 2013.

The unaudited *pro-forma* balance sheet 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 Union MedTech plc as at 30 November 2013 as shown in section B of Part IV of this document, and the unaudited net assets of Rex Bionics Ltd at 30 September 2013 as shown in section D of Part IV 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 30 November 2013, being the date of the last published balance sheet for the Company.

Potential subscribers for Placing Shares should read the whole of this document and not rely solely on the summarised financial information contained in this Part V.

	<i>Union MedTech plc as at 30 November 2013 £ Note 1</i>	<i>Rex Bionics Ltd as at 30 September 2013 £ Note 2</i>	<i>Impact of the Acquisition £ Note 3</i>	<i>Impact of the Placing £ Note 4</i>	<i>Pro forma balance sheet of the Enlarged Group £ Note 5</i>
Non-current assets					
Intangible assets	—	221,189	10,388,256		10,609,445
Property, plant and equipment	—	41,669			41,669
	—	262,858	10,388,256	—	10,651,114
Current assets					
Trade and other receivables	9,636	135,623			145,259
Cash and cash equivalents	174,340	10,123		10,000,001	10,184,464
	183,976	145,746	—	10,000,001	10,329,723
TOTAL ASSETS	183,976	408,603	10,388,256	10,000,001	20,980,837
Shareholders' equity					
Called up share capital	339,549	—	7,121,698	5,555,556	13,016,803
Share premium account	1,246,711	4,618,556	(2,838,131)	3,246,343	10,892,034
Share option reserve	—	240,718	(240,718)		—
Equity reserve	—	36,499	(36,499)		—
Warranty equity reserve	92,230	—			92,230
Retained earnings	(1,884,426)	(6,381,906)	(380,000)		(2,264,426)
Equity/(Deficit) attributable to the owners of the Company	(205,936)	(1,486,134)	10,008,256	8,801,899	17,118,086
Current liabilities					
Trade and other payables	389,912	299,225	380,000	1,198,102	2,267,239
Short term borrowings (Note 6)	—	1,316,340			1,316,340
Embedded derivative	—	279,172			279,172
	389,912	1,894,737	380,000	1,198,102	3,862,751
TOTAL EQUITY AND LIABILITIES	183,976	408,603	10,388,256	10,000,001	20,980,837

Notes

1. The balance sheet of Union MedTech plc as at 30 November 2013 has been extracted without adjustment from the historical financial information contained in section B of Part IV of this document.
2. The balance sheet of Rex Bionics Limited as at 30 September 2013 has been extracted without adjustment from the historical financial information contained in section D of Part IV of this document and converted into sterling at the exchange rate of £1 to NZ\$2.01 being the closing exchange rate on 30 November 2013, the financial year end of Union MedTech plc.
3. The impact of the Acquisition reflects the issue of 7,121,698 ordinary shares in Union MedTech plc at a price of 125 pence per share as consideration for the acquisition of all of the issued ordinary share capital of Rex Bionics Limited, the surplus of consideration over the net assets of Rex Bionics Limited as at 30 September 2013 being the net assets deemed to be acquired for the purposes of the pro forma balance sheet, and the elimination of the net assets of Rex Bionics Limited as at 30 September 2013

	NZ\$	£
Consideration payable		8,902,123
Net liabilities of Rex Bionics as at 30 September 2013(*)	2,987,129	<u>1,486,134</u>
Surplus of consideration over the net liabilities acquired		<u><u>10,388,256</u></u>

(* = converted at £1 to NZ\$2.01)

The surplus of consideration over the net liabilities of Rex Bionics Limited has been posted to intangible assets. The directors will assess the individual components of the intangible asset value arising on consolidation as part of the preparation of the Company's next set of consolidated audited financial statements for the Enlarged Group. Costs of acquisition of £380,000 have been written off to the income statement in accordance with IFRS3.

4. The impact of the Placing comprises the issue of 5,555,556 ordinary shares in Union MedTech plc at a price per share of 180 pence per share less costs of the issue of £1,198,102 which have been deducted from share premium.
5. This column comprises the sum of the preceding columns and represents the pro forma balance sheet of the Enlarged Group as if the Acquisition had completed as at 30 November 2013.
6.
 - a Short term borrowings include the Santé II L.P. convertible loan which was fully repaid after 30 September 2013 (see notes 15 and 24, section D, Part IV).
 - b Subsequent to the 30 November 2013, UMT secured convertible loan notes were issued for £980,000 cash and automatically convert to ordinary shares in the Company on Admission. This is not shown in the adjustments due to the the loan note issue being a non adjusting post balance sheet event occurring after 30 November 2013.

Income Statement

Set out below is an unaudited *pro-forma* income statement for the Enlarged Group based on the audited income statement of Union MedTech plc for the year ended 30 November 2013, the unaudited income statement of Rex Bionics Limited for the six months ended 30 September 2013 and the unaudited derived income statement of Rex Bionics Limited for the six months ended 31 March 2013 (see below), 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 and the impact of the Placing of this document, as if they had occurred at 1 December 2012.

The unaudited *pro-forma* income statement 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 income statement of Union MedTech plc as at 30 November 2013 as shown in section B of Part IV of this document, and the unaudited income statements of Rex Bionics Ltd for the six months ended 30 September 2012 and 2013 as shown in section D of Part IV of this document. It does not constitute statutory accounts within the meaning of section 434 of the Companies Act, and no adjustment has been made to take account of trading, expenditure or other movements subsequent to 30 November 2013 in respect of Union MedTech plc or subsequent to 30 September 2013 in respect of Rex Bionics Limited, being the date of the last published financial information for those companies.

Potential subscribers for Placing Shares should read the whole of this document and not rely solely on the summarised financial information contained in this Part V.

	<i>Union MedTech plc Year ended 30 November 2013 Note 7 £</i>	<i>Rex Bionics Ltd six months ended 30 September 2013 Note 8 £</i>	<i>Rex Bionics Ltd six months ended 31 March 2013 Note 9 £</i>	<i>Adjustments Note 10 £</i>	<i>Pro forma income statement of the Enlarged Group Note 11 £</i>
Revenue	—	510,948	197,982		708,930
Cost of sales	—	1,378,617	(88,780)		(467,396)
Gross profit	—	132,331	109,203	—	241,534
Other income	—	5,102	60,265		65,367
Operating expenses	(481,524)	(423,843)	(534,238)	(380,000)	(1,819,605)
Finance costs	—	(85,639)	(146,540)		(232,179)
Finance income	—	1,137	801		1,938
Gain/(loss) on foreign exchange	2,020	(7,252)	4,581		(651)
Operating loss before taxation	(479,504)	(378,164)	(505,929)	(380,000)	(1,743,597)
Tax expense	—	—	—		—
Total comprehensive loss for the year	<u>(479,504)</u>	<u>(378,164)</u>	<u>(505,929)</u>	<u>(380,000)</u>	<u>(1,743,597)</u>

Notes:

- The income statement of Union MedTech plc for the year ended 30 November 2013 has been extracted without adjustment from the historical financial information contained in section B of Part IV of this document.
- The income statement of Rex Bionics Limited for the six months ended 30 September 2013 has been extracted without adjustment from the unaudited financial information contained in section D of Part IV of this document and converted into sterling at the exchange rate of £1 to NZ\$1.91 being the average closing exchange rate for the year ended 30 November 2013, the financial year of Union MedTech plc.
- The derived income statement of Rex Bionics Limited for the six months ended 31 March 2013 has been derived from the audited income statement for the year ended 31 March 2013 as contained in section D of Part IV of this document less the unaudited income statement for the six months ended 30 September 2012 as contained in section D of Part IV of this document, converted into sterling at the exchange rate of £1 to NZ\$1.91, as set out below.

	<i>Rex Bionics Ltd Year ended 31 March 2013 £</i>	<i>Rex Bionics Ltd Six months ended 30 September 2012 £</i>	<i>Rex Bionics Ltd Six months ended 31 March 2013 £</i>
Revenue	206,028	8,046	197,982
Cost of sales	(118,547)	(29,767)	(88,780)
Gross profit	87,481	(21,721)	109,203
Other income	204,023	143,758	60,265
Operating expenses	(1,624,986)	(1,090,748)	(534,238)
Finance costs	(294,442)	(147,902)	(146,540)
Finance income	2,283	1,482	801
Gain/(loss) on foreign exchange	16,789	12,208	4,581
Operating loss before taxation	(1,608,852)	(1,102,923)	(505,929)
Tax expense	—	—	—
Total comprehensive loss for the year	<u>(1,608,852)</u>	<u>(1,102,923)</u>	<u>(505,929)</u>

Notes:

10. This column includes the exceptional charge to the income statement from the expected transaction costs in relation to the Acquisition.
- 11 This column comprises the sum of the preceding columns and represents the pro forma loss of the Enlarged Group for the year ended 30 November 2013 assuming the Acquisition had completed at the start of that period.

PART VI

ADDITIONAL INFORMATION

1. Responsibility

- 1.1 The Company, the Directors and Proposed Directors, whose names and functions appear on page 6 of this document, accept responsibility, individually and collectively, for the information contained in this document. To the best of the knowledge and belief of the Directors and Proposed Directors (having 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. Incorporation, registered office and website

- 2.1 The Company was incorporated in England and Wales on 13 November 2007, as a public limited company with the name of Africa Oil Exploration plc and with registered number 06425793.
- 2.2 The Company changed its name to In-Solve Plc on 18 January 2010 and to Union MedTech plc on 5 March 2012. On 29 April 2014 the Company resolved to change its name to Rex Bionics Plc, conditional only on Admission.
- 2.3 The Company's registered office and head office is at c/o Sherrards Solicitors LLP, 7 Swallow Place, London, W1B 2AG United Kingdom and the telephone number is +44 (0) 207 478 9010. It is domiciled in England.
- 2.4 The Company is the holding company of the Group and has the following subsidiary undertaking. This subsidiary undertaking is beneficially wholly-owned by the Company and the issued share capital is fully paid.

<i>Name and Registered Office</i>	<i>Country of incorporation</i>	<i>% of issued share capital held directly or indirectly by the Company</i>	<i>Principal activity</i>
Rex Bionics Limited, c/o Sherrards Solicitors LLP, 7 Swallow Place, London, W1B 2AG	England and Wales	100%	Dormant

- 2.5 Immediately following Admission, RBL will become a wholly-owned subsidiary of the Company.
- 2.6 The Company's corporate website, at which the information required by Rule 26 of the AIM Rules can be found, is www.rexbionics.com.

3. Share capital

- 3.1 During the three years before the date of this document, the following changes have been made to the issued share capital of the Company:
- (A) on 7 February 2011, the Company increased its share capital to £95,153.58 by the issue of an aggregate of 589,459 ordinary shares of 1p each credited as fully paid up at a price of 1.672 pence per share, of which 489,459 were issued to Rivington Street Holdings Limited and 100,000 to Worship Street Nominees Limited;
- (B) on 6 May 2011, the Company increased its share capital to £96,971.76 by the issue of 181,818 ordinary shares of 1p each, credited as fully paid up at a price of 5.5p per share

to Jonathan Bradley-Hoare pursuant to the terms of his employment contract (as then in force);

- (C) on 20 July 2011, the Company increased its share capital to £103,577.17 by the issue of 660,541 ordinary shares of 1p each at a subscription price of 1.672p each;
 - (D) on 13 January 2012, the Company increased its share capital to £107,216.05 by the issue of 363,888 ordinary shares of 1p each at a subscription price of 3p each;
 - (E) on 28 March 2012, the Company increased its share capital to £332,216.05 by the issue of 22,500,000 ordinary shares of 1p each at a subscription price of 2p each;
 - (F) on 28 November 2012, the Company increased its share capital to £339,549.38 by the issue of 733,333 ordinary shares of 1p each at a subscription price of 1.5p;
 - (G) on 8 April 2014, the Company allotted 62 ordinary shares of 1p each for cash at par in advance of Consolidation; and
 - (H) on 29 April 2014, the Company consolidated its share capital on a 100:1 basis into 339,550 Ordinary Shares of £1.00 each as part of the Consolidation.
- 3.2 Accordingly, as at the date of this document, the share capital of the Company is £339,550 divided into 339,550 Ordinary Shares of £1.00 each all of which have been issued.
- 3.3 Pursuant to a warrant instrument dated 31 January 2012, the Company issued 2,285,714 2012 Warrants (pre-Consolidation) to each of International Bioscience Managers Pty Limited and Christopher Stainforth in respect of an aggregate of 4,571,428 ordinary shares of 1p each (pre-Consolidation) which, will following the Consolidation, be converted into Warrants in respect of 45,714 Ordinary Shares. By an agreement dated 29 April 2014 both of the holders of the 2012 Warrants agreed, conditional upon Admission, that the 2012 Warrants will be cancelled and be replaced by 57,142 Warrants.
- 3.4 The following adjustments will be made to the share capital of the Company at Admission, following the requisite shareholder approvals granted at a general meeting of the Company on 29 April 2014:
- (A) pursuant to the terms of the Acquisition Agreement (see paragraph 10.1 below), the Company will issue 7,121,697 Ordinary Shares of £1.00 each to Vendors in consideration of its acquisition of RBL;
 - (B) pursuant to a loan note instrument dated 19 December 2013, RBL issued class A convertible loan notes ("Class A Notes") to the trustee for the APH Fund. The Class A Notes are secured by way of a fixed and floating charge over RBL in favour of the trustee. The Class A Notes will convert to ordinary shares in RBL, and will immediately be sold to the Company in consideration for the issue of new Ordinary Shares in the Company at Admission, pursuant to the APH Sale Agreement at the higher of a 25 per cent. discount to the Placing Price (being 180p per Placing Share), or £1.00. The number of Ordinary Shares to be issued by the Company for this sale depends on the NZD/GBP exchange rate (fixed for the purposes of the conversion at a rate of 1.9253 NZD per GBP); and
 - (C) pursuant to a loan note instrument dated 19 December 2013, the Company issued £980,000 of secured convertible loan notes to various pre-IPO investors (the "UMT Loan Notes"). The UMT Loan Notes will automatically convert to ordinary shares in the Company upon completion of the Acquisition at the higher of a 25 per cent. discount to the Placing Price per Placing Share (being 180p per Placing Share), or £1.00. If

conversion does not take place, the UMT Loan Notes are redeemable in full on 30 September 2015, together with accrued interest (7 per cent. p.a. from 1 July 2014);

- (D) pursuant to a warrant instrument dated 30 April 2014, the Company will allot 84,872 Warrants to existing shareholders of the Company. The Warrants are to be issued such that for every four hundred Previous Ordinary Shares held at the Warrant Record Date, one Warrant will be issued. The exercise price will be the Placing Price. The Warrants can be exercised between 1 April 2016 and 31 March 2024.
- 3.5 Following the Placing and Admission, the issued share capital of the Company will be £14,289,360 divided into 14,289,360 Ordinary Shares of £1.00 each, all of which will have been issued and 142,014 Warrants will remain outstanding.
- 3.6 Save in respect of the Placing, none of the Ordinary Shares or the Warrants have been marketed or are available in whole or in part to the public in conjunction with the application for the Ordinary Shares to be admitted to trading on AIM.
- 3.7 The Ordinary Shares are in registered form, freely transferable, are capable of being held in uncertificated form and will be admitted to CREST with effect from Admission.

Save as disclosed in paragraphs 3.3 and 3.4 of this Part VI there are no acquisition rights or obligations over any share capital of the Company and there is no undertaking to increase the share capital.

4. Articles of Association

4.1 The Articles of Association contain, among other matters, provisions to the following effect:

(A) *Objects*

The Articles contain no restrictions on the Company's objects.

(B) *Voting rights (Article 27)*

Subject to any rights or restrictions attached to any shares, and any restrictions on voting referred to under the Articles, on a show of hands every shareholder who is present in person at a general meeting of the Company (which includes a person present as the duly authorised representative of a corporate member acting in that capacity) has one vote and a duly appointed proxy has one vote (unless appointed by more than one shareholder and has been instructed by one or more of those shareholders to vote both for and against a resolution in which case the proxy has one vote for and one vote against the resolution) and on a poll every shareholder who is present in person, by proxy or by corporate representative has one vote for every Ordinary Share held by him. A shareholder may appoint more than one proxy in relation to a meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by the appointing member. A proxy need not be a member of the Company.

(C) *Variation of Rights (Article 7)*

Subject to the Act and whether or not the Company is being wound up, the rights attaching to any class of shares may be varied or abrogated either with the consent in writing of the holders of not less than three-quarters in nominal value of the issued shares of that class (excluding any shares of that class held as treasury shares) or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. These conditions are not more stringent than required by law.

(D) *Alteration of Capital*

The Company may by ordinary resolution increase its share capital, consolidate or sub-divide all or any of its shares or cancel any shares which have not been taken or agreed to be taken by any person.

The Company may by ordinary resolution, subject to the provisions of the Act, direct that any new shares shall be offered in the first instance to all the holders for the time being of shares of any class or classes in proportion to the number of such shares held by them respectively or may make any other provision as to the issue of the new shares.

The Company may by special resolution, subject to any consent or confirmation required by law, reduce its authorised and issued share capital, any capital redemption reserve, any share premium account or other undistributable reserve in any manner.

These conditions are not more stringent than required by law.

(E) *Transfer of Shares (Article 18)*

A member may transfer all or any of his shares:

- (1) in the case of certificated shares by transfer in writing in the usual or common form or in any other form which the Board may approve; and
- (2) in the case of uncertificated shares through CREST in accordance with and subject to the CREST Regulations and the requirements of CREST and in accordance with any arrangements made by the Board.

The instrument of transfer of a certificated share must be signed by or on behalf of the transferor and (in the case of a partly paid share) the transferee, and the transferor is deemed to remain the holder of the share until the name of the transferee is entered in the register.

The Board may, in its absolute discretion, decline to register a transfer of a share in certified form which is not fully paid or on which the Company has a lien, but such discretion may not be exercised to prevent dealings in listed shares or those admitted to trading on AIM from taking place on an open and proper basis.

In the case of uncertificated shares, the Board may refuse to register a transfer if the CREST Regulations do not allow it.

Save as provided above and subject to paragraph (G), 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, the number of jointholders does not exceed four and it is accompanied by the share certificate and any other evidence of title required by the Board and that the provisions in the Articles relating to the deposit of instruments for transfer have been complied with.

(F) *Dividends (Article 46)*

No dividend can be paid otherwise than out of profits available for that purpose in accordance with the Act.

Subject to the Act, the Company may by ordinary resolution declare dividends not exceeding an amount recommended by the Board.

The Board may pay such interim dividends as appear to the Board to be justified by the financial position of the Company. The Board may also pay any dividends on any class

of shares payable at a fixed rate on dates determined by the Board whenever the financial position of the Company justifies payment.

Unless, and to the extent that, the rights attaching to, or the terms of issue of, any shares provide otherwise, all dividends must be apportioned and paid *pro rata* according to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. For these purposes, no amount paid up in advance of calls upon the shareholders will be treated as paid up on the shares.

Any dividend unclaimed for a period of 12 years from the date on which the dividend became payable will be forfeited and revert to the Company.

(G) *Suspension of rights (Article 17)*

If a member or any other person appearing to be interested in shares of the Company has been served with a notice under section 793 of the Companies Act (a "793 Notice") and has not within the period specified in the 793 Notice, which must not be less than 14 days from the service or deemed service of the notice (or such further period as the Board may in its discretion allow), supplied to the Company the information required by the 793 Notice in respect of any shares (the "Relevant Shares") the Board may by notice in writing impose all or any of the sanctions set out in the Articles on the registered holder of the Relevant Shares (the "Relevant Member"). These sanctions include (i) if the Relevant Shares represent 0.25 per cent. or more of the issued shares of any class (calculated on the basis that treasury shares are ignored), that (a) the Relevant Members shall have no right to attend or vote at any general meeting, (b) the Relevant Member shall have no right to receive any dividend; and/or (c) the Board may decline to register any transfer of Relevant Shares other than a transfer through a recognised investment exchange or an overseas exchange or acceptance of a takeover offer; or in any case, that the Relevant Member shall have no right to attend or vote at a general meeting.

(H) *Return of Capital (Article 56)*

On a winding up or other return of capital, the holders of Ordinary Shares are entitled *pari passu* amongst themselves, in proportion to the number of shares held by them and to the amounts paid up or credited as paid up on them, to share in the whole of any surplus assets of the Company remaining after the discharge of its liabilities.

On a winding up a liquidator may, with the authority of a special resolution and subject to any sanction required by the Act, divide amongst the members *in specie* or in kind the whole or any part of the assets of the Company (whether they consist of property of the same kind or not) and may for such purpose set such value as he deems fair upon any assets and may determine how the division will be carried out between the members or different classes of members.

(I) *Pre-emption rights (Article 8)*

In certain circumstances, the Company's shareholders may have statutory pre-emption rights under the 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 to 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) *Borrowing Powers (Article 41)*

Subject to the paragraph below and to the Companies Act, the Board may exercise all the powers of the Company to (i) borrow money; (ii) indemnify and guarantee; (iii) mortgage or charge all or any part of the undertaking, property and assets (present and future) and uncalled capital of the Company; (iv) create and issue debentures and other securities; and (v) give security whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

The Board must restrict the borrowings of the Company and exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiary undertakings so as to secure but as regards subsidiary undertakings only (so far as the exercise of such rights or powers of control the Board can secure) that the aggregate principal amount outstanding of all borrowings of the Group (exclusive of borrowings owing by one member of the Group to another member of the Group) shall not, without the previous sanction of an ordinary resolution of the Company, at any time exceed an amount equal to five times the Adjusted Capital and Reserves (as defined in the Articles) or £10,000,000 whichever is the greater.

(K) *General meetings (Articles 22 and 23)*

An annual general meeting must be held each year, at such times and places as the Board must appoint, and must not be more than fifteen months apart. An annual general meeting must be called by not less than 21 clear days' written notice. All other general meetings may be called when the Board thinks fit (or when requisitioned to do so by the shareholders). Such meetings shall, subject to the Act, be called by not less than 14 clear days' written notice.

(L) *Directors (Articles 29-37)*

Unless otherwise determined by ordinary resolution of the Company, the Directors (disregarding alternate Directors) shall not be less than two and not more than 12 in number.

Subject to the provisions of the Articles at every annual general meeting all Directors holding office at the start of business on the day of the notice convening such meeting and who also held office at the time of both of the two immediately preceding annual general meetings and did not retire at either such meeting, must retire from office.

The remuneration of the Directors for their services as such (excluding any remuneration applicable to any employment, secondment or executive office) is determined by the Board but must not exceed in aggregate the sum of £500,000 per annum or such greater sum as the Company may determine by ordinary resolution.

Any Director who is appointed to an executive office is entitled to such remuneration (whether by way of salary, commission, participation in profits or otherwise) as the Board may determine and either in addition to or instead of his remuneration as a Director.

Any Director who, by request, goes or resides abroad for any purposes of the Company or who performs services which in the opinion of the Board go beyond the ordinary duties of a Director may be paid such extra remuneration (whether by way of salary, commission, participation in profits or otherwise) or may receive such other benefits as the Board may determine.

Each Director may also be paid all reasonable travelling, hotel and incidental expenses of attending and returning from meetings of the Board or committees on the Board or general meetings properly and reasonably incurred by him in the conduct of the Company's business or in the discharge of his duties as a Director.

A Director must not vote (or be counted in the quorum or vote) on any resolution of the Board in respect of any matter in which he is directly or indirectly interested (and if he does vote his vote will not be counted).

Subject to the provisions of the Act and the Articles, this prohibition does not apply to a matter the following matters:

- (i) where his interest cannot reasonably be regarded as likely to give rise to a conflict of interest;
- (ii) to the extent that it has been authorised under the Articles;
- (iii) where the interest arises only from one or more of:
 - (a) any guarantee, security or indemnity to such Director in respect of money lent or obligations undertaken by him for the benefit of the Company or any of its subsidiary undertakings;
 - (b) any guarantee, security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiary undertakings in respect of which such Director has himself given an indemnity or that he has guaranteed or secured in whole or in part;
 - (c) any subscription by such Director for shares, debentures or other securities of the Company or any of its subsidiary undertakings issued or to be issued pursuant to any offer or invitation to the members or debenture holders of the Company or any class thereof or to the public or any section thereof, or any underwriting or sub-underwriting by such Director of any such shares, debentures or other securities;
 - (d) such Director is interested by virtue only of his interest in shares or debentures or other securities of the Company;
 - (e) a matter or situation concerning any other company (not being a company in which such Director owns one per cent. or more of the equity shares or voting rights) in which he is interested, directly or indirectly, whether as an officer, shareholder, creditor or otherwise howsoever;
 - (f) the adoption, modification or operation of a superannuation fund or retirement, death or disability benefits scheme or share option scheme, share incentive scheme or profit sharing scheme that relates both to Directors and employees of the Company or of any of its subsidiary undertakings and that does not provide any Director as such any privilege or advantage not generally provided to the employees to whom such scheme or fund relates; or which has been approved by HM Revenue and Customs or, where permitted, self-certified for tax purposes;
 - (g) any insurance which the Company is empowered pursuant to the Articles to purchase and/or maintain for or for the benefit of any Directors or any group of persons consisting of or including Directors;
 - (h) (save in relation to any matter concerning or directly affecting his own participation therein) the adoption or modification of any other share option scheme share or incentive scheme of the Company.

5. **Mandatory bids and compulsory acquisition rules**

- 5.1 The Takeover Code applies to the Company. Under Rule 9 of the Takeover Code, if:
- (a) a person acquires an interest in shares in the Company which, when taken together with shares already held by him or persons acting in concert with him, carry 30 per cent. or more of the voting rights in the Company; or
 - (b) a person who, together with persons acting in concert with him, is interested in not less than 30 per cent. and not more than 50 per cent. of the voting rights in the Company acquires additional interests in shares which increase the percentage of shares carrying voting rights in which that person is interested,

the acquirer and, depending on the circumstances, its concert parties, would be required (except with the consent of the Panel on Takeovers and Mergers) to make a cash offer for the outstanding shares in the Company at a price not less than the highest price paid for any interests in the shares by the acquirer or its concert parties during the previous 12 months.

6. **Share Option Schemes and Share Plans**

6.1 **Union MedTech Share Option Plan (the “Plan”)**

The Company adopted the Plan on 8 April 2014. The main features of the Plan are:

(A) **General**

The Plan will be administered, as from Admission, by the Remuneration Committee (which before or on Admission will be the Board). The Plan will allow the grant of options to acquire fully paid Ordinary Shares to eligible employees (“Options”). Options are non-transferable, other than on death, and are non-pensionable.

(B) **Eligible employees**

Any employed director or employee of the Company or any member of the Group is eligible to receive grants under the Plan. Non-executive directors can be eligible to receive grants under the Plan.

(C) **Plan limits**

The maximum number of Ordinary Shares in respect of which options can be granted under the Plan is 10 per cent. of the Company’s issued ordinary share capital, including all awards made over the 10 years preceding the date of grant (or Admission if earlier). This limit also includes any rights granted under any other share incentive plan operated by the Company for employees or office holders but excludes rights that (i) have lapsed, been forfeited or released, (ii) will be met by the transfer of shares already in issue, (iii) are granted to replace an award over shares in a company acquired by the Company or any member of its Group or (iv) were granted before the date of Admission.

(D) **Grant of Options**

The Remuneration Committee has absolute discretion to grant Options to eligible employees. Grants of Options may normally be made within 42 days after (i) the date on which the Plan is adopted by the Company and (ii) the publication of the Company’s interim or final results in each year. Options may also be granted at other times to new eligible employees or in other circumstances determined by the Remuneration Committee to be exceptional. No Options may be granted more than 10 years after the date on which the Plan is adopted by the Company.

The grant of Options will be evidenced by an option agreement (an “Option Agreement”).

(E) **Exercise price**

The exercise price of Options will be set by the Remuneration Committee but, when the Ordinary Shares are admitted to trading on AIM, must not be less than the market value of the Company’s Ordinary Shares immediately preceding the date of grant.

(F) **Performance Conditions**

The Remuneration Committee can specify any performance based conditions which must be met before Options can be exercised. These performance conditions can be waived or amended if the Remuneration Committee fairly and reasonably considers that different performance conditions would be a fairer measure of performance. The new performance conditions must be no more or less difficult to achieve than the old performance conditions were when imposed.

The performance conditions applicable to Options granted at Admission will be determined by the Remuneration Committee before Admission and are likely to be based on certain milestones such as sales targets and REX 3 regulatory approvals.

(G) **Exercise of Options**

Options can be exercised in whole or in part once they have vested in accordance with any time vesting schedule and performance conditions specified in the Option Agreement. Options granted at or before Admission vest in three equal tranches on the first, second and third anniversaries of the date of grant.

(H) **Lapse of Options**

Options will lapse on the tenth anniversary of the date of grant, the bankruptcy of the optionholder, a non-voluntary winding-up of the Company or the optionholder committing any act or omission which would entitle the Company to terminate his office, secondment or employment without notice. Options also lapse following cessation of employment or a corporate transaction, as set out below.

(I) **Cessation of employment or office – “good leaver” reasons**

If an optionholder ceases to be an employee or officer of the Company or any Group company due to death, ill-health, injury, disability, retirement, redundancy, a sale of the employing company or undertaking outside the Group or (at the sole discretion of the Remuneration Committee) any other reason (the “Good Leaver reasons”), Options will:

- (1) cease to vest but the Remuneration Committee may permit unvested rights to vest in full or in part; and
- (2) lapse three months after the date of cessation or one year after cessation due to the employee’s death (unless, in either case, the Remuneration Committee exercises its discretion to permit the rights to be exercisable for a longer period).

(J) **Cessation of employment or office – other reasons**

If an optionholder ceases to be an employee or officer of the Company or a Group company for any reason other than those set out above, Options will lapse immediately.

(K) **Corporate actions**

Options are exercisable in full within a limited period in the event of a takeover of the Company, on a court sanctioning a compromise or arrangement of the Company or on the voluntary winding-up of the Company. Options will lapse if not so exercised.

The Remuneration Committee can also procure that the optionholder will be granted new rights in substitution for their existing Options, provided that the new rights are no more or less valuable overall than the prior rights.

(L) **Variation of share capital**

If there is any variation in the ordinary share capital of the Company, Options will be adjusted in such manner as the Board considers appropriate.

(M) **Alterations**

The Remuneration Committee may alter the Plan except that (apart from minor amendments to benefit the administration of the Plan, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for eligible employees, participants or the Group or to correct typographical or other minor errors) no alteration will be made without the previous sanction of the Company in general meeting which would be an alteration to the advantage of eligible employees and participants.

Additionally, no amendment can be made which would adversely affect the rights of optionholders without their consent unless it is required for regulatory reasons.

(N) **Tax withholding**

The Plan permits the employing company to withhold or collect from optionholders a sum equal to the income tax and employee and employer social security contributions (if any) for which the employing company must account under any withholding tax system. The Company has the right to sell ordinary shares acquired through the exercise of Options in order to obtain funds to operate withholding.

6.2 **Union MedTech Company Share Option Plan (the "CSOP")**

The Company adopted the CSOP on 8 April 2014. The CSOP will be administered by the Remuneration Committee. It is intended that options ("Qualifying Options") may be granted under the CSOP which satisfy HMRC's requirements, and enjoy tax-advantaged status, under Schedule 4 (*Approved CSOP Schemes*) of the Income Tax (Earnings and Pensions) Act 2003 ("Schedule 4").

The main features of the CSOP are in all respects the same as those of the Plan except:

(A) **Eligible employees**

Any employed directors or employees of any Group Company who devote at least 25 hours a week (or, if less, at least 75 per cent. of their working time) to the Group are eligible to participate in the CSOP.

(B) **Individual limits**

Under the CSOP, an optionholder may not at any time hold Qualifying Options which relate to ordinary shares having a market value (determined at the date of grant) exceeding £30,000 or such other amount as specified from time to time by Schedule 4.

(C) **Exercise price**

The exercise price of Qualifying Options must not be less than the market value of the Company's ordinary shares immediately preceding the date of grant.

(D) **Cessation of employment or office – “good leaver” reasons**

The Good Leaver reasons for the purposes of the CSOP are cessation of office or employment with the Group due to death, injury, disability, redundancy, retirement, the transfer of the option holder's employment in connection with a business sale, or the company with which the option holder holds office or employment ceasing to be a member of the Group. Participants may generally exercise their Qualifying Options within six months of ceasing employment (or 12 months in the case of death).

(E) **Corporate actions**

In the event of a change of control of the Company, Qualifying Options may be exercised for a period of up to six months and an acquiring company may offer a roll-over into an option over shares in the acquiring company, subject to complying with the statutory requirements.

(F) **Variation of share capital**

If there is any variation in the ordinary share capital of the Company, any adjustment to Qualifying Options will be subject to complying with the statutory requirements.

(G) **Alterations**

Any alteration or addition to the CSOP Rules which is necessary or desirable in order to ensure that the CSOP continues to qualify as a company share option plan under Schedule 4 or to comply with or take account of the provisions of Schedule 4 as amended by legislation (including, but without limitation, the Finance Act 2014) does not need prior approval of the Company in general meeting.”

6.3 **Options granted to non-executive directors**

Conditional on Admission, the Company also intends to grant options over Ordinary Shares to Non-executive Directors of the Company in addition to their fees. These options would be granted at the recommendation of the full Board outside of the Plan, but on the same terms (applying *mutatis mutandis*) as for Options granted under the Plan. Exercise of the options would not be subject to performance conditions.

The number of Ordinary Shares subject to options granted to Non-executive Directors of the Company shall be taken into account in determining the limits described in the paragraph 6.1(C) (“Plan limits”) above.

7. Directors' and other interests

7.1 The interests of each Director, including the interests of their spouse, civil partner, any infant child and any other person whose interests in shares the director is taken to be interested in pursuant to Part 22 of the Companies Act 2006, all of which, unless otherwise stated, are beneficial, in the issued share capital of the Company and the existence of which is known to, or could with reasonable diligence be ascertained by, the Director, (a) as at the date of this document and (b) as they are expected to be immediately following Admission, are as follows:

Name	As at the date of this document			Immediately following Admission		
	No. of shares	% of issued share capital	No. of Warrants	No. of shares	% of issued share capital	No. of Warrants
Existing Directors						
David Macfarlane	NIL	NIL	NIL	11,111	0.1	NIL
Jeremy Curnock Cook ^{1,2}	37,500	11.0%	22,857	1,709,132	12.0	28,571
Peter Worrall	NIL	NIL	NIL	5,556	0.04	NIL
William Hunter	31,600	9.31%	NIL	59,377	0.4	7,900
Proposed Directors						
Richard Little ³	NIL	NIL	NIL	724,259	5.1	NIL
John Plimmer	NIL	NIL	NIL	27,778	0.2	NIL
Victoria Provis	NIL	NIL	NIL	NIL	NIL	NIL

¹ Of these shares, 12,500 Ordinary Shares are held by International Bioscience Managers Limited, a company majority owned by Mr Curnock Cook, 12,500 Ordinary Shares are held by Bioscience Managers Pty Limited, a subsidiary of International Bioscience Managers Limited and 1,657,743 Ordinary Shares are held by OFM as the Trustee for APH Fund, a fund managed by Bioscience Managers Pty Limited.

² See paragraph 3.3 above. These Warrants have been issued to International Bioscience Managers.

³ These shares are registered in the name of the Richard Little Trust.

In addition, upon Admission, Directors and the Proposed Directors will hold the following shares under option:

	No of shares under option
Directors	
David Macfarlane	8,334
Jeremy Curnock Cook	71,446
Peter Worrall	142,893
William Hunter	5,556
Proposed Directors	
John Plimmer	5,556
Victoria Provis	5,556
Richard Little	107,170

These options will be exercisable at an exercise price equal to the Placing Price – see paragraph 6 of this Part VI.

7.2 Save as disclosed in paragraphs 3 and 6 of this Part VI, no share or loan capital of the Company is under option or immediately following Admission is or will be agreed conditionally or unconditionally to be put under option and no convertible or exchangeable securities of the Company are or will be in issue.

7.3 The Disclosure and Transparency Rules require a person who acquires or disposes of shares (or other financial instruments) carrying voting rights, and that acquisition or disposal results in the proportion of voting rights held by that person exceeding or falling below three per cent. (or any whole figure above three per cent), to disclose that interest to the Company. Save as set out in paragraph 7.1 above, and as set out below, the Company is not aware of any person who, at the date of this document, holds directly or indirectly three per cent. or more of the Company's voting rights:

<i>Name</i>	<i>As at the date of this document</i>		<i>Immediately following Admission</i>	
	<i>No. of Shares</i>	<i>% of issued share capital</i>	<i>No. of Shares</i>	<i>% of issued share capital</i>
Christopher Stainforth ¹	12,500	3.68	N/A	<3
Robert Iggulden	12,500	3.68	N/A	<3
Pershing Nominees Limited	50,000	14.73	N/A	<3
Jim Nominees Limited	30,603	9.01	N/A	<3
XCAP Nominees Limited	21,000	6.18	N/A	<3
Harewood Nominees Limited	20,681	6.09	N/A	<3
Lynchwood Nominees Limited	12,500	3.68	N/A	<3
No 8 Ventures Nominees	NIL	NIL	2,276,709	15.9
Robert Irving	NIL	NIL	714,262	5.0
Paul Matthews	NIL	NIL	1,772,504	12.4
OFM trustee for the Asia Pacific Holding II Fund ²	NIL	NIL	1,709,132	12.0
Hunter Hall	NIL	NIL	1,833,333	12.8
Fidelity Management & Research	NIL	NIL	1,428,936	10.0

¹ 1,185 of these Ordinary Shares are held by his wife Juliet Stainforth.

² Of these, 12,500 Ordinary Shares are held by Bioscience Managers Pty Limited, the fund manager of the APH Fund, 12,500 Ordinary Shares are held by International Bioscience Managers Limited, the parent company of Bioscience Managers Pty Limited and 12,500 Ordinary Shares are held by Jeremy Curnock Cook, the majority owner of International Bioscience Managers Limited.

None of the Company's major shareholders listed above has voting rights which are different from the voting rights of other holders of Ordinary Shares.

7.4 The Directors are not aware of any person who, directly or indirectly, jointly or severally, exercises at the date of this document, or could immediately following Admission exercise, control over the Company.

7.5 There are no outstanding loans or guarantees which have been granted or provided to or for the benefit of any Director by the Company or any of its subsidiaries.

8. Directors' and Senior Managers' agreements and letters of appointment

8.1 David Macfarlane

David Macfarlane has been appointed as Non-executive Chairman under a letter of appointment with the Company dated 3 March 2014. The appointment is for a term of 3 years terminable on 1 month's notice by either party. David Macfarlane receives a fee of £50,000 per annum payable monthly in arrears and reviewed by the Board annually.

Jeremy Curnock Cook

The services of Jeremy Curnock Cook are provided pursuant to an agreement with Bioscience Managers dated 6 August 2012, as varied on 8 April 2014 (the "Bioscience Managers Agreement") as described in paragraph 10.9 below. Jeremy Curnock Cook has also been appointed as a Director under a letter of appointment with the Company dated 8 April 2014.

The appointment is terminable on 6 months' notice by either party but will terminate automatically if the Bioscience Managers Agreement is terminated for whatever reason.

Peter Worrall

Peter Worrall has a service agreement with the Company dated 13 March 2014 (effective from 1 January 2014) to act as Chief Financial Officer. The appointment is until 31 December 2014 and continues thereafter terminable on 6 months' written notice by either party. The agreement provides for an annual salary of £100,000, and a discretionary annual bonus of up to 25 per cent. Peter Worrall is required to devote sufficient time to fulfil his obligations to any Enlarged Group company and spend not less than 25 hours' service per week for the proper performance of his duties. Any time spent by Peter Worrall in addition to these hours of service can be charged at a rate of £750.00 per day or on a *pro rata* basis where the time spent by him is less than a full day

William Hunter

William Hunter was been appointed as Non-executive Director under a letter of appointment with the Company dated 8 April 2014. Under the terms of which his appointment is effective for a term of 3 years, terminable on 1 month's notice by either party. William Hunter receives a fee of £25,000 per annum and reviewed by the Board annually.

Proposed Directors

Richard Little

Richard Little has been appointed as a Director of the Company under a letter of appointment with the Company dated 8 April 2014 which is effective on Admission, linked to his employment by RBL. The appointment will be terminable on 1 months notice by either party, but will terminate automatically if Richard Little ceases to be an employee of RBL. Currently, Richard's services are provided to RBL under an independent contractor agreement with Mechanical Wizards Limited ("MWL"), under which MWL carries out, for RBL, all tasks that would ordinarily be undertaken by a person in the role of Chief Executive Officer of RBL. Under this contract, MWL must ensure that Richard performs all of the services MWL is contracted to provide. This contract will terminate on completion of the Acquisition, and will be replaced by an employment agreement between Richard and RBL, dated 27 February 2014, under which Richard will be employed from the day after completion of the Acquisition by RBL as its Chief Technical Officer. Richard will not receive any additional Director's fees but will be entitled to a basic salary of NZ\$260,000 under his employee contract with RBL Richard's employment agreement with RBL. Richard's employment contract with RBL can be terminated on 3 months' written notice.

Victoria Provis

Victoria Provis has been appointed as a non-executive Director under a letter of appointment with the Company dated 8 April 2014. The appointment is for a term of 3 years and continues thereafter terminable on 1 month's notice by either party. Victoria receives a fee of £30,000 per annum and reviewed by the Board annually. Victoria will act as chairman of the remuneration committee and is required to devote such time as is necessary for the proper performance of her duties.

John Plimmer

John Plimmer has been appointed as a non-executive Director under a letter of appointment with the Company dated 8 April 2014. The appointment is for a term of 3 years and continues thereafter terminable on 1 month's notice by either party. John receives a fee of £30,000 per annum and reviewed by the Board annually. John will act as chairman of the audit committee and is required to devote such time as is necessary for the proper performance of his duties.

Senior Managers

Debra Leeves

Debra is employed by the Company as Vice President of International Sales and Marketing under an employment contract dated 4 March 2014, effective from 20 January 2014. Debra's appointment is terminable by either party on 6 months' notice. Debra receives a salary of £120,000 per annum payable monthly in arrears and is eligible for an annual performance related bonus of up to 25% of basic salary.

- 8.2 Save as set out in paragraph 8.1 above, there are no existing or proposed service agreements between any of the Directors and the Company or any of its subsidiaries.
- 8.3 In addition to being a director of the Company, the Directors have held or hold the following directorships (excluding subsidiaries of any company of which he or she is also a director) and/or have been/are a partner in the following partnerships within the five years immediately before to the date of this document:

<i>Director</i>	<i>Current directorships/ partnerships</i>	<i>Past directorships/ partnerships</i>
David Macfarlane	JZ Capital Partners Limited	Prospekt Medical Limited Arteon PLC (formerly Turfrax plc) Mancal Energy (UK) Limited (in liquidation) Duet India Group plc
Jeremy Curnock Cook	Bioscience Managers Excalibur Group Holdings Limited Arthurian Bioscience Managers Ltd Global Acord Ltd Avena Therapeutics Ltd Avita Medical Ltd SeaDragon Ltd AmpliPhi BioScience Corporation International Bioscience Managers Pty Ltd Bioxyne Ltd Phylogica Ltd Nexus 6 Ltd RBL	Biocompatibles International Limited Silence Therapeutics Plc Adprotech Limited Topigen Pharmaceuticals Inc Aegera Therapeutics Inc Virgin Health Bank QSTP LLC Oesteologix Inc Biocompatibles International Plc Eacom Timber Company Inc Q-Chip Ltd
Peter Worrall	Pharminox Limited	
William Hunter	Cardiome Pharma Corporation Zadicus Inc	Aspreva Pharmaceuticals Anormed Pharmaceuticals Active Pass Pharmaceuticals Neuromed Pharmaceuticals Angiotech Pharmaceuticals

<i>Director</i>	<i>Current directorships/ partnerships</i>	<i>Past directorships/ partnerships</i>
Richard Little	RBL Mechanical Wizards Limited	
John Plimmer	Adgistics Ltd European financial Solutions Ltd Every1Mobile Ltd Freedom Finance Holdings Ltd JRP Investments Ltd JZI Finance 1 Ltd JZI Finance 2 Ltd JZI Finance 3 Ltd JZI Finance 4 Ltd JZI Finance 5 Ltd Moneio Holdings Ltd Tower Hill Investment Partners Ltd Tower Hill Suffolk Ltd Tower Hill Investments LP Trusted Terminal Ltd Wilmslow Finance Holdings Ltd Orbitsound NZ Ltd Spaced NZ Ltd airSound Technologies NZ Ltd JZ Esphold BV JZ Mortgage Services BV JZ Financial Services BV JZ Insurance Services BV JZ Prevhold BV JZ Prevco BV JZ Italy srl Previnet SpA Previmedical SpA JZI Financial Holdings sl	JZ International Ltd Mortgage Intelligence Holding Ltd Virtual Mirrors Ltd (Dissolved) JZ Norhold BV Cannock Chase Capital BV Cannock Chase Purchase BV JZ Nord Ltd (Dissolved) Freedom Kreditservice AB Freedom Finance Holdings AB NewCent Finans AB Freedom Rahoitus Holdings OY Freedom Finance Holdings ApS (Dissolved) Freedom Finance AS Diagonal Gest sl Freedom Finance Espana sl (In administration) Pagaralia sl Gedesco Finance sl Collecta SA
Victoria Provis	Trustee of the National Museum of Wales Member Glas Cymru/Welsh Water	United World College of the Atlantic Ltd Christow Consultants

- 8.4 (A) David Macfarlane was a director of (i) Platinum Investment Trust plc, (ii) JZ Equity Partners plc and (iii) Mancal Energy UK Limited which were put into members' voluntary liquidation during David Macfarlane's directorship. Platinum Investment Trust plc was an investment holding company, which was placed into voluntary liquidation at investors' request. JZ Equity Partners plc was put into voluntary liquidation when the company's business was migrated to Guernsey and Mancal Energy UK Limited, an oil exploration company, was put into voluntary liquidation when the company failed to prospect suitable development opportunities.

- (B) John Plimmer was a director of (i) Virtual Mirrors Limited (“VML”), (ii) JZ Nord Limited, (iii) GA Information Services Ltd, (iv) GA Information Systems Ltd, and (v) Freedom Finance Holdings ApS, which were wound up during John Plimmer’s directorship. Freedom Finance Espana Sl (“Freedom Finance”) is currently being put into administration in Spain, and John Plimmer was a director of this entity until 21 March 2012. VML was an early-stage software business based in Glasgow which sought to develop 3D body scanning technology to enable mass-market tailored clothing. By mid-2010, VML was unable to raise further equity and had to cease trading. Administrators were appointed, and VML was dissolved in October 2011 (VML had creditors of less than £100,000 upon dissolution). Freedom Finance is a mortgage brokerage based in Madrid. As a result of the global financial crisis and the impact on the property and banking sectors in Spain, Freedom Finance became unviable as a business. Freedom Finance filed for administration in November 2012 and the dissolution of the company is expected in May 2014. Freedom Finance has outstanding creditors of c.€700,000. JZ Nord Limited, GA Information Services Ltd, GA Information Systems Ltd and Freedom Finance Holdings ApS were dissolved at the election of the directors without creditors.

8.5 No Director:

- (A) has any unspent convictions in relation to indictable offences;
- (B) has been adjudged bankrupt or been the subject of an individual voluntary arrangement or has had a receiver appointed to any asset of such director; or
- (C) save as disclosed in paragraph 8.4, has been a director of any company which, while he was a director or within twelve 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
- (D) 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 has had a receiver appointed to any partnership asset; or
- (E) has had any public criticism by statutory or regulatory authorities (including recognised professional bodies); or
- (F) 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 a company.

- 8.6 Save as disclosed in paragraph 10.12 none of the Directors is or has been interested in any transactions which is or was unusual in its nature or conditions or significant to the business of the Group and which was effected by the Company or any of its subsidiaries during the current or immediately preceding year or during any earlier financial year and which remains in any respect outstanding or unperformed.

9. Taxation

9.1 UK Taxation

The following statements are based on current UK law and the published practice of HM Revenue & Customs, which is subject to change at any time (possibly with retrospective effect). The information is given by way of general summary only and does not purport to be a comprehensive analysis of the tax consequences applicable to Shareholders and may not apply to certain classes of Shareholders, such as dealers in securities, or to Shareholders who are not absolute beneficial owners of their shares. In addition, except where the position of non-UK

residents is expressly referred to, the following statements relate solely to Shareholders who are either resident, or in the case of individuals, ordinarily resident in the United Kingdom for tax purposes.

Any Shareholder who is in doubt as to his or her tax position or who is or may be subject to tax in a jurisdiction other than the United Kingdom should consult an appropriate professional adviser without delay.

9.2 Taxation of dividends

Under current UK legislation, no tax is withheld from dividend payments by the Company. The Company assumes no responsibility for the withholding of tax at source.

A UK resident individual Shareholder will be entitled to a tax credit in respect of any dividend received from the Company and will be taxed on the aggregate of the dividend and the tax credit (the "Gross Dividend"). The value of the tax credit is one ninth of the dividend received (or ten per cent. of the Gross Dividend). The Gross Dividend will be treated as the top slice of the individual's income.

In the case of a UK resident individual who is liable to income tax at the starting, lower and basic rates only, there will be no further tax to pay on the dividend received. A UK resident individual who is liable to income tax at the higher rate will be subject to income tax on the Gross Dividend at 32.5 per cent., but will be able to set the tax credit off against part of this liability. As a result, such a Shareholder will be liable to pay further income tax equal to 22.5 per cent. of the Gross Dividend. A UK resident individual who is liable to income tax at the additional rate will be subject to income tax on the Gross Dividend at 37.5 per cent., but will be able to set the tax credit off against part of this liability. As a result, such a Shareholder will be liable to pay further income tax equal to 27.5 per cent. of the Gross Dividend. A UK resident Shareholder who is not liable to income tax on the dividend (or part of it) is not able to claim payment of the tax credit in cash from HM Revenue & Customs.

UK resident corporate Shareholders (including authorised unit trusts and open-ended investment companies) and pension funds will not normally be liable to UK taxation on any dividend received and are not entitled to payment in cash of the related tax credit.

Whether Shareholders who are resident for tax purposes in countries other than the UK are entitled to the whole or a proportion of the tax credit in respect of dividends on their Ordinary Shares depends in general upon the provisions of any double taxation convention or agreement which exists between such countries and the United Kingdom. In addition, individual Shareholders who are resident in countries other than the United Kingdom but who are nationals of member states of the European Economic Area or fall within certain other categories of person within section 56(3) Income Tax Act 2007 are entitled to the entire tax credit which they may set against their total UK income tax liability. Such Shareholders should consult their own tax advisers on the possible application of such provisions and any relief or credit which may be claimed in respect of such tax credit in their own jurisdictions. However, in general, cash payments are not recoverable from HM Revenue & Customs in respect of tax credits.

Non-UK resident Shareholders may also be subject to tax on dividends paid by the Company under any law to which they are subject outside the United Kingdom.

9.3 Capital Gains

Shareholders who are resident for tax purposes in the United Kingdom may be liable to UK taxation on chargeable gains on a disposal of Shares, depending upon their individual circumstances and subject to any available exemption or relief.

A shareholder who is not resident for tax purposes in the United Kingdom will not be liable to UK taxation on chargeable gains unless the shareholder carries on a trade, profession or vocation in the UK through a branch or agency (in the case of an individual shareholder) or through permanent establishment (in the case of a corporate shareholder) in the United Kingdom and the shares disposed of are, or have been, used, held or acquired for the purposes of such trade, profession or vocation or for the purposes of such branch, agency or permanent establishment. Such shareholders may also be subject to tax under any law which they are subject to outside the United Kingdom.

A shareholder who is an individual who, before 6 April 2013, has ceased to be resident or ordinarily resident for tax purposes for a period of less than five complete tax years of assessment and who disposes of shares during that period may also be liable, on his or her return to the United Kingdom, to UK taxation on chargeable gains on that disposal.

The UK tax rules around residence have changed for departures on or after 6 April 2013. The concept of ordinary residence has been abolished and the rules follow the new statutory residence test. The main changes to this are that the test relating to five complete tax years is now five years or less from the date the individual becomes non-resident, and the year of departure is now split – with any income or gains arising after becoming non-resident potentially becoming taxable in the year of return.

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 a loss. A lower rate of capital gains tax (10 per cent.) is available in certain circumstances should certain conditions apply (entrepreneurs relief).

9.4 **Inheritance Tax**

The Ordinary Shares are assets situated in the United Kingdom for the purposes of UK inheritance tax. A gift of Ordinary Shares by or the death of, an individual Shareholder may (subject to certain exemptions and reliefs, which in cases have restrictions around quoted shares) give rise to a liability to UK inheritance tax even if the Shareholder is neither domiciled nor deemed to be domiciled in the United Kingdom.

9.5 **Stamp Duty and Stamp Duty Reserve Tax**

The following comments are intended as a guide to the general UK stamp duty and stamp duty reserve tax (SDRT) position and do not apply to persons such as market makers, brokers, dealers or intermediaries or where the Shares are issued to a depositary or clearing system or its nominee or agent.

No stamp duty or SDRT will be payable on the issue of Shares, save to a person who issues depositary receipts or provides clearance services in respect of the Shares or to a nominee or agent of such person, in which case SDRT will be payable at the rate of 1.5 per cent. of the issue price. The Company will not be responsible for the payment of SDRT in any such case.

Where Shares are held in certificated form, no stamp duty or SDRT will arise on a transfer of such Shares into CREST unless such transfer is made for a consideration in money or money's worth, in which case a liability to SDRT (usually at a rate of 0.5 per cent.) will arise. Paperless transfers of Shares within CREST will be liable to SDRT rather than stamp duty.

Any transfer of, or agreement to transfer, Shares outside CREST made for a consideration in money or money's worth will give rise to a liability on the purchaser to stamp duty or SDRT, in the case of stamp duty usually at the rate of 0.5 per cent. of the consideration paid (and

rounded up to the next £5) and, in the case of SDRT, normally at the rate of 0.5 per cent. of the consideration paid.

New rules are proposed with effect from 28 April 2014 to relieve from stamp duty and stamp duty reserve tax (SDRT) trades made on a “recognised growth market”, which is anticipated to include AIM and ISDX.

9.6 **EIS Tax Relief and VCT Investment**

The following information provides an outline only of the EIS. The information in this section is based on current UK tax law and HM Revenue & Customs practice as at the date of this document. The conditions for EIS relief are complex and depend not only upon the qualifying status of the Company and its group but also upon certain factors and characteristics of the investor concerned. It is strongly recommended that potential investors obtain independent advice from a professional adviser to take into account the effect of the legislation in the context of their particular personal circumstances.

Neither the Company nor its advisers give any warranties or undertakings that EIS relief will be available or that, if given, such relief will not be withdrawn or that the Company will remain a qualifying holding for purposes of VCT investment.

Circumstances may arise where the Directors believe that the interests of the Company are not best served by acting in a way which preserves the relief. In such circumstances the Company cannot undertake to conduct its activities in such a way as to preserve any such relief.

The tax legislation in respect of the EIS income tax and EIS deferral relief is found in Part 5 of the Income Tax Act 2007 and schedule 5B of the Taxation of Chargeable Gains Act 1992. The following is a summary of the more common conditions and should not be construed as comprehensive.

EIS Relief

Income tax relief, CGT deferral relief, CGT exemption relief and loss relief may all be available to investors under the EIS legislation. EIS relief can be claimed only by a “qualifying investor” (see below) who subscribes for new “eligible shares” (see below) issued by a “qualifying company” (see below).

(i) Income tax relief

EIS relief is obtained at a rate of up to 30 per cent. The maximum investment per individual is £1 million per tax year. Spouses are also entitled to a maximum of £1 million.

For income tax purposes (but not CGT deferral, see below), the individual does not need to be a UK resident. However, income tax relief is only available where an investor has a UK income tax liability. The amount of income tax relief cannot exceed an individual’s tax liability. Relief is normally given in the tax year in which the individual invests, but can be carried back to the previous year (see below).

(ii) CGT exemption

To the extent that EIS income tax relief is given and not withdrawn, any capital gain accruing to an individual on a disposal of the shares three or more years after the date of issue (or, if later, three or more years after the anniversary of the date trading commences) is not chargeable to CGT. The exemption does not extend to any gain deferred by CGT deferral (see below).

(iii) Loss relief

Where an investor incurs a loss on the first disposal of their shares, the loss calculated after deducting EIS income tax relief from the base cost usually may be set against either chargeable gains or taxable income at the election of the investor.

“Qualifying Investor” for EIS Income Tax Relief

An individual must not be, nor have been within the previous two years prior to the date of issue of the shares, connected with the Company, or become connected with it within the next three years (or, if later, within the three years following the date of commencement of trading), if they are to retain the tax reliefs. The main rules relating to connection are that:

- (i) neither the individual nor their associates may be an employee, partner or paid director of the Company (subject to (iii) below) or its subsidiaries. An unpaid director is not disqualified if they are reimbursed travelling or subsistence expenses which would otherwise be allowable for taxation;
- (ii) neither the individual nor their associates may control the Company or possess more than 30 per cent. of the issued ordinary share capital or voting powers in the Company or rights carrying entitlements to 30 per cent. of the assets available for distribution to equity holders;
- (iii) an individual may become a paid director of the Company provided at the time he or she subscribes for eligible shares he or she is not, and had not previously been, otherwise connected with the Company nor with the trade carried on by the Company by reference to (i) or (ii) above. Any remuneration paid to a director must be reasonable.

There is also other anti-avoidance legislation, in particular the value received rules. Under these, EIS income tax relief may be reduced or withdrawn where the investor receives any value from the Company. Relief of the investor may also be withdrawn where other Shareholders of the Company are repaid capital or receive value from the Company.

Qualifying Company

For a period of three years following the issue of the shares (or, if later, three years following the date of commencement of the trade), the Company must only:

- (i) carry on a qualifying trade; and/or
- (ii) be the parent company of a group which exists wholly, or substantially wholly for the purposes of carrying on qualifying trades; and
- (iii) not be disqualified by anti-avoidance rules.

The money raised by the issue of qualifying shares must be employed wholly for the purpose of a qualifying business activity within 2 years of the date of the issue of the shares or, if later, the commencement of trade.

To be qualifying, the shares of the company must not be quoted on a recognised Stock Exchange at the time the eligible shares are issued (AIM is not regarded as recognised for this purpose) and no arrangements must exist at that time for the company to become quoted.

Eligible Shares

Eligible EIS shares are new ordinary shares which, throughout the period of 3 years beginning with the date on which they are issued or, if later, the date of commencement of the trade, carry no present or future preferential right to dividends where the rights are cumulative (that is, the right to receive the dividend rolls forward to future periods if the company has insufficient

profits to pay the dividend) or where the amount and timing of the dividends depend on a decision of the company, the holder of the share or any other person (see further note below) or to the company's assets on its winding up and carry no present or future right to be redeemed.

Limit of Investment

The total qualifying funds that can be invested in any one company in aggregate under the EIS, and VCT legislation and any other risk capital schemes subject to EU state aid approval is £5 million in a 12 month period.

Gross Assets

The Company and its group at the time of investment under the EIS must have gross assets of no more than £15 million immediately before investment and no more than £16 million immediately afterwards.

Employees

The Company and its group at the time of investment under the EIS must have fewer than 250 full time equivalent employees.

Advance assurance

The Company has received from HMRC advance assurance, based on information supplied, that the Company will be carrying on a qualifying trade and that the shares to be issued will be "eligible shares".

Advance assurance is indicative but is not binding on HMRC. The position could also be affected by acts or omissions of the Company during the 3 year period from the issue of the shares (or, if later, the date of commencement of the trade).

Claims

Investors claim income tax relief by submitting a tax relief certificate (Form EIS 3) issued to them by the Company to the Inspector of Taxes dealing with their own tax affairs. The claims for relief must be made no later than 5 years after the 31 January following the end of the tax year in which the shares are issued.

Carry Back of Relief

Investors may claim to have some or all of the relief in the year preceding that in which the shares were issued. There is no limit on the amount which may be carried back, but the relief available in the earlier year will be subject to the overriding limit for relief for that year.

Withdrawal of EIS Relief

If the conditions for EIS relief relating to a company cease to be satisfied during the period of three years from the issue of the shares (or, if later, three years from the date of commencement of trade), the relief will be withdrawn. EIS relief will also be wholly or partly withdrawn if, for example, the claimant receives significant value from the Company (other than dividends) or disposes of the shares within three years of the date of issue (or, if later, within three years of the date of commencement of the trade). EIS relief will also be lost if an investor takes out a loan under special terms connected in any way with the shares.

9.7 **CGT deferral**

CGT deferral enables investors to defer capital gains by reinvesting in qualifying investments. Provided a capital gain realised on any asset is reinvested in new "eligible shares" of a

“qualifying company” within 3 years of the disposal giving rise to the gain or not more than 1 year prior to a disposal giving rise to a gain, assessment to tax on the gain arising may be deferred until the qualifying investment is sold or (if within 3 years from subscription, or commencement of trade, if later) otherwise ceases to qualify. At this point, the deferred gain would come back into charge.

The legislation, conditions and anti-avoidance rules for deferral relief are broadly similar to those for EIS income tax relief outlined above, but there are some differences.

The information in this section is intended as a general summary of certain elements of the UK tax position and should not be construed as constituting advice. Potential investors should obtain advice from their own investment or taxation adviser.

10. Material Contracts

Set out below is a summary of contracts (other than contracts entered into in the ordinary course of business) entered into by any member of the Group (1) within the two years preceding the date of this document and which are or may be material to the Group; or (2) which contain any provision under which any member of the Group has any obligation or entitlement which is material to the Group as at the date of this document.

10.1 Acquisition Agreement

The sale and purchase agreement (“SPA”) dated 17 October 2013, and subsequently amended by the Amendment, Affirmation and Accession Agreement dated 4 December 2013 and a further Variation Agreement dated 18 March 2014 and made between the Company and:

- (i) Paul Dyson, Richard Little, Jennifer Morel, David Ross and Jonathon Sackier (the directors of RBL at the date of the Sale and Purchase Agreement); and
- (ii) No 8 Ventures Nominee Limited, Stephen Matthews, Richard Little and ML Trustees 2803 Limited as trustees of the Richard Little Trust, Robert Irving and ML Trustees 2806 as trustees of the Irving family trust, Alex Knowles, Davian Holdings, Grant Faber, McCarthy Cook Ventures LLC, Sam Knowles, Cure Kids Ventures Limited, Annah Stretton Trustees Limited as trustees of the Annah Stretton Family Trust, David Cohen, Shawn Garber and Stacy Garber, Greenwood Partners LLC, Angelaco NZ Trustee Limited, Angalaco Australia Pty Limited, Andrew Knowles, Sarah Natan and Yechezkel Natan as trustees of the Natan Family Trust, Mike Van Bellen, Marion Van Bellen and Delft Corporation as trustees of the Delft Trust, David Flacks, Paul Dyson and Shale Chambers, JMS Enterprises LLC *(profit Sharing Plan), Auriga Holdings Limited, Simon Cartmell, David Ross, NZVIF Investments Limited and David Smith and Graeme Smaill as trustees of the Logan Leith Trust (together, the “Vendors”),

under which the Vendors agreed to sell all the then share capital in the RBL. The SPA is conditional, among other things, upon Admission taking place and each substantial shareholder of the RBL entering into a lock-up agreement which requires that the Company’s shares are not to be sold in the year following Admission, and in the year following that, are not to be sold without the Company’s consent and as further described in paragraph 10.3 (A).

Under the SPA:

- (i) the consideration for the Company acquiring 100 per cent. of the then shares in RBL is the issue by the Company of shares in itself. The number of shares to be issued is calculated by a formula, based on a notional price for RBL of NZ\$17,139,255.60 (after various permitted adjustments have been made);

- (ii) the Company undertook not to pay any dividends or issue any securities prior to closing of the SPA (which will be triggered upon Admission) except for any fundraising arranged by the Company of up to £1,500,000;
- (iii) the Company gave certain customary representations and warranties;
- (iv) each Vendor has given certain warranties in relation to its capacity to sign the SPA and give clear title to his shares in RBL, as well as a number of commercial warranties about RBL and the due diligence information it has provided; and
- (v) the substantial shareholders and directors of RBL agree to a non-complete for two years from the date of closing.

The SPA may be terminated before closing by either party in certain circumstances, including the Company's right to terminate if it forms the view that any of Vendors' warranties are materially incorrect or likely to be unfulfilled.

10.2 The amended and restated APH Sale Agreement dated 23 January 2014 provides that, immediately upon completion of the Acquisition the APH Fund will sell the APH Rex Shares to the Company in consideration for the APH Consideration Shares, which are to be issued at the higher of a 25 per cent. discount to the Placing Price or £1.00. The APH Sale Agreement contains certain warranties from the Company to the APH Fund in relation to its ability to issue the APH Consideration Shares, and other customary terms.

10.3 The instrument dated 31 January 2012 constituting the 2012 Warrants described in paragraph 3.3 of Part VI.

10.4 The instrument dated 8 April 2014 consisting of the Warrants described in paragraph 3.4 of Part VI. The Ordinary Shares to be issued upon exercise of the Warrants will rank pari passu with the Ordinary Shares then in issue. The Warrants will be transferable but there is no intention of making any application for them to be traded on AIM or any other market.

10.5 **Placing Agreement**

The Placing Agreement dated 2 May 2014 between the Company, the Directors, the Proposed Directors and Oriel Securities, under which Oriel Securities has agreed to act as Nominated Adviser to the Company and as agent for the Company to use its reasonable endeavours to procure subscribers for the Placing Shares (other than the Subscription Shares) at the Placing Price. The Placing Agreement is conditional, among other matters, on Admission taking place not later than 8 May (or such later date as Oriel Securities and the Company may agree, but in any event no later than 29 May).

Under the Placing Agreement:

- (i) the Company has agreed to pay Oriel Securities an advisory fee of £200,000 due on Admission, and a placing commission of up to 4.25 per cent. of the value of any Placing Shares (other than the Subscription Shares) issued to investors on amounts up to and including £8 million, and 4.75 per cent. of the value of any Placing Shares (other than the Subscription Shares) issued to investors on amounts over £8 million;
- (ii) the Company has agreed to pay the Placing costs and related reasonable expenses;
- (iii) the Company, the Directors and the Proposed Directors have given certain representations and warranties to Oriel Securities as to the accuracy of the information in this document and as to other matters relating to the Group and its business. The Company has also given an indemnity to Oriel Securities for itself and as trustee for its associated companies, directors and employees in respect of certain liabilities arising out of or in connection with the Placing; and

- (iv) the Directors and Proposed Directors have agreed that, save in certain limited circumstances, they will not without the prior written consent of Oriel Securities and the Company effect any disposal of the Ordinary Shares in the Company during the year following Admission, and during the successive year may only effect a disposal with Oriel Securities' and the Company's prior written consent, or, exclusively via Oriel Securities.

The Placing Agreement may be terminated by Oriel Securities if certain circumstances occur before Admission including a material breach of the representations and warranties referred to above.

The Placing Agreement is governed by English law.

- 10.6 The Company has entered into various individual subscription agreements with certain investors in Australia and New Zealand in respect of the Subscription shares with each subscriber confirming that they can subscribe in compliance with local securities laws.

10.7 **Nominated Adviser Agreement**

The Company and Oriel Securities have entered into a nominated adviser agreement dated 2 May 2014, (the "Nominated Adviser Agreement") pursuant to which and conditional upon Admission, the Company has appointed Oriel Securities to act as its nominated adviser and broker for the purposes of the AIM Rules. The agreement contains certain undertakings and indemnities given by the Company in respect of, among other matters, compliance with all applicable laws and regulations. The Nominated Adviser Agreement may be terminated (i) summarily at any time on or after 30 June 2014, (ii) on 2 months' notice or (iii) otherwise in accordance with the terms of the agreement. Under the Nominated Adviser Agreement, following Admission, Oriel Securities is entitled to a £60,000 annual nominated adviser and broker fee, payable quarterly by the Company.

10.8 **Lock up Deeds**

(A) *Vendor Lock up Deeds*

By Lock up deeds dated on 2 May 2014 made between (1) certain named Vendors (the "Vendor Covenantors"), (2) the Company and (3) Oriel Securities each of the Vendor Covenantors has covenanted separately to the Company and to Oriel Securities that it will not without the prior written consent of Oriel Securities and the Company (save in certain limited circumstances) effect any disposal of the Ordinary Shares in the Company during the year following Admission and during the successive year may only effect a disposal with the Company's and Oriel Securities' prior written consent (not to be unreasonably withheld) and, if such consent is given, exclusively via Oriel Securities.

(B) *Bioscience Managers Lock up Deed*

By a Lock up deed dated 8 April 2014 made between (1) Bioscience Managers, (2) the Company and (3) Oriel Securities, Bioscience Managers has covenanted separately to the Company and to Oriel Securities that it will not without the prior written consent of Oriel Securities and the Company (save in certain limited circumstances) effect any disposal of the Ordinary Shares in the Company during the one year following Admission.

(C) *International Bioscience Managers Lock up Deed*

By a Lock up deed dated 8 April 2014 made between (1) International Bioscience Managers, (2) the Company and (3) Oriel Securities, International Bioscience Managers has covenanted separately to the Company and to Oriel Securities that it will not without the prior written consent of Oriel Securities and the Company (save in certain limited

circumstances) effect any disposal of the Ordinary Shares in the Company during the one year following Admission.

(D) *APH Fund Lock up Deed*

By a Lock up deed dated 28 April 2014 made between (1) Phillip Asset Management Limited for the APH Fund, (2) the Company and (3) Oriel Securities, APH Fund has covenanted separately to the Company and to Oriel Securities that it will not without the prior written consent of Oriel Securities and the Company (save in certain limited circumstances) effect any disposal of the Ordinary Shares in the Company during the year following Admission and during the successive year may only effect a disposal with the Company's and Oriel Securities' prior written consent (not to be unreasonably withheld) and, if such consent is given, exclusively via Oriel Securities.

(E) *Christopher Stainforth Lock up Deed*

By a Lock up deed dated 8 April 2014 made between (1) Christopher Stainforth (2) the Company and (3) Oriel Securities Christopher Stainforth has covenanted separately to the Company and to Oriel Securities that he will not without the prior written consent of Oriel Securities and the Company (save in certain limited circumstances) effect any disposal of the Ordinary Shares in the Company during the one year following Admission.

10.9 **Bioscience Managers Agreement**

The Company has entered into an agreement with Bioscience Managers on 6 August 2012, as varied on 8 April 2014 ("Bioscience Managers Agreement"). Under the Bioscience Managers Agreement, Bioscience Managers has agreed to provide the services of Jeremy Curnock Cook to the Company on a non-exclusive and part time basis. The services of Jeremy Curnock Cook are provided in relation to corporate advisory services:

Under the Bioscience Managers Agreement the Company has agreed to pay Bioscience Managers a retainer fee of £60,000 per annum paid quarterly in arrears for the services of Jeremy Curnock Cook, as CEO, and there is a provision for additional services to be provided to the Company at a level of remuneration to be agreed between the Company and Bioscience Managers from time to time.

Each party can terminate the Bioscience Managers Agreement on 6 months' notice, and the Company can terminate the Bioscience Managers Agreement with immediate effect if Bioscience Managers is guilty of any serious breach of the Bioscience Managers Agreement or if Bioscience Managers becomes insolvent or is put into administration or liquidation. Bioscience Managers can terminate the Bioscience Managers Agreement if the Company fails to pay or deliver to Bioscience Managers any fees when due, if the Company is guilty of any serious breach of the Bioscience Managers Agreement or if the Company becomes insolvent or is put into administration or liquidation.

10.10 **Oriel Securities Limited**

The Company has entered into an agreement with Oriel Securities dated 20 February 2014 ("Oriel Engagement Letter").

Under the Oriel Engagement Letter, Oriel Securities has agreed to provide various financial advisory, nominated adviser and brokerage services to the Company.

Oriel Securities is entitled to a break fee if its engagement with the Company is terminated before the completion of the Acquisition and Admission (other than due to Oriel Securities' negligence, wilful default or fraud, or as a result of a breach of the rules of the Financial

Conduct Authority), and in the event that an analogous fundraising is subsequently completed on or before 1 November 2014 and Oriel Securities is not used as nominated adviser, financial adviser or broker to the Company at that time.

The Oriel Engagement Letter can be terminated by either the Company or Oriel Securities summarily at any time on or after 30 June 2014 (or such later date as agreed between the parties), or on two months' written notice. Oriel Securities can terminate the Oriel Engagement Letter summarily in the event that, amongst other matters, (i) the Company fails to pay any sums due to Oriel Securities, (ii) the Company materially breaches any relevant regulatory rule or other legal or regulatory obligation (and fails to remedy such a breach within a reasonable period), (iii) the Company commits a material breach of the Oriel Engagement Letter, (iv) Oriel Securities is not satisfied that it can continue to advise the Company without defaulting on any of its responsibilities under the City Code on Takeovers and Mergers, the Listing Rules, Prospectus Rules and the Disclosure Rules and Transparency Rules of the UK Listing Authority, the AIM Rules for Nominated Advisers and the rules and any other regulations or standards of the London Stock Exchange or other legal or regulatory requirements, (v) the Company becomes insolvent or is placed into administration or liquidation, or (vi) the Company does not adhere to Oriel Securities' reasonable advice on a material matter.

10.11 Equity Development Limited

The Company entered into an agreement with Equity Development Limited ("Equity") on 19 February 2014 (the "ED Agreement"). Under the ED Agreement, Equity agrees to introduce the Company to prospective investors in relation to Admission, and subsequently to provide regular research coverage and manage on-going investor relations and meetings with investors, for an initial term of one year following Admission. The Company is to pay Equity £6,000 per quarter under the ED Agreement from Admission.

The ED Agreement can be terminated (amongst other provisions) on 30 days' written notice by the Company, subject to the Company paying Equity any amounts outstanding over the term at that point.

10.12 Related party transactions

In respect of the periods for which historical financial information appears in this document and in respect of the periods from the end of such financial periods to 1 May, being the latest practicable date prior to the publication of this document, neither the Company nor any other member of the Group has entered into any transactions with related parties except the informal licence entered into in respect of the premises at Thame Park, Thame with Paul Matthews who will have a disclosable interest in the Company following completion of the Acquisition. The Company intends to formalise this agreement on mutually acceptable terms.

The services of Jeremy Curnock Cook are provided by Bioscience Managers (of which Jeremy Curnock Cook is Managing Director) under the Bioscience Managers Agreement (see paragraphs 8.1 and 10.4). Bioscience Managers is part owned by International Bioscience Managers Limited Pty Ltd. Jeremy Curnock Cook is a majority shareholder of International Bioscience Managers Limited Pty Ltd, and is also chairman.

Richard Little is a Proposed Director of the Company and also a Vendor.

11. Working Capital

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

12. Significant Change

- 12.1 Save as disclosed in Note 20 in Part IV (Section B) of this document, there has been no significant change in the financial or trading position of the Company since 30 November 2013, the date at which the Company's last audited accounts were prepared.
- 12.2 Save as disclosed in Note 24 in Part IV (Section D) of this document, as far as the Company is aware there has been no significant change in the financial or trading position of Rex Bionics Limited since 30 September 2013, the date at which Rex Bionics Limited's last financial information was prepared.

13. Litigation

- 13.1 Neither the Company nor any of its subsidiaries is or has been engaged in any governmental, legal or arbitration proceedings, and the Company is not aware of any such proceedings, pending or threatened, by or against the Company, which may have, or has had during the 12 months preceding the date of this document, a significant effect on the Company's financial position or profitability.
- 13.2 RBL is not and has not been engaged in any governmental, legal or arbitration proceedings, and the Company is not aware of any such proceedings, pending or threatened, by or against RBL which may have, or has had during the 12 months preceding the date of this document, a significant effect on RBL's financial position or profitability.

14. General

14.1 Expenses

The total costs and expenses of, and incidental to, the Placing and Admission, are estimated to amount to £1.1m (excluding VAT) and are payable by the Company.

14.2 Nature of financial information

- (A) The financial information in this document relating to the Group does not comprise statutory accounts within the meaning of the Act. Statutory accounts for the Company for the period from incorporation have been delivered to the Registrar of Companies in England and Wales.
- (B) The statutory accounts of the Company for the years ended 30 November 2013 were audited by Price Bailey LLP which gave reports pursuant to section 495 of the Act in respect of these accounts and each such report was an unqualified report and did not contain a statement under section 498(2) or (3) of the Act.

14.3 Third-party information

Where information in this document has been sourced from a third party, this information has been accurately reproduced. So far as the Company, the Directors and the Proposed Directors are aware and are able to ascertain from information provided by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

14.4 Consents

- (A) Oriel Securities has given and has not withdrawn its written consent to the inclusion in this document of its name and of the references to its name in the form and context in which they respectively appear.
- (B) Grant Thornton UK LLP has given and has not withdrawn its written consent to the issue of this document with the inclusion in it of its report and references thereto in the form

and context in which they appear and has authorised the contents of those parts of this document for the purposes of the AIM Rules for Companies.

14.5 Benefits received from the Company

The Company has paid £260,000 to Simpson Grierson to act as its legal advisers for New Zealand law matters in relation to the Acquisition, £16,000 to Peterhouse Corporate Finance in relation to ISDX compliance and £16,000 to Bishopsgate Communications in relation to financial public relations services. In addition, the Company has made a payment of a £15,000 abort fee to Eden Corporate Finance Limited relating to financial advisory services. Save as disclosed above and in the other parts of this document, no person (excluding professional advisers named in this document and trade suppliers) has received, directly or indirectly, from the Company within the 12 months preceding the application for Admission; or entered into any contractual arrangement to receive, directly or indirectly, from the Company on or after Admission, any fees totalling £10,000 or more or securities in the Company with a value of £10,000 or more (calculated by reference to the Placing Price) or any other benefit to a value of £10,000.

14.6 Premises

RBL operates from a leased property at Unit A, 6 Douglas Alexander Parade, Albany, Auckland, New Zealand ("RBL Premises"). RBL's manufacturing, warehousing and office facilities are situated at the RBL Premises, and the Group intends for RBL to continue to occupy the RBL Premises in this manner after Admission.

The Company currently occupies a premises at Thame Park, Thame Park Road, Thame, Oxfordshire, United Kingdom under an informal licence.

14.7 Miscellaneous

- (A) The Ordinary Shares being placed pursuant to the Placing have a nominal value of £1.00 each and will be issued at a premium of 80p per share. The rights attaching to the new and existing Ordinary Shares will be uniform in all respects and they will form a single class for all purposes.
- (B) Directors' and Officers' liability insurance has been obtained by the Company in respect of each of the Directors for an aggregate sum assured of £3 million.
- (C) Directors' and Officers' Prospectus liability insurance has been obtained by the Company in respect of each of the Directors and Proposed Directors for an aggregate sum assured of £10 million.
- (D) There have not been any interruptions to the business of the Group which may have, or have had, a significant effect on the Company's financial position in the last 12 months.
- (E) The Directors are not aware of any arrangement under which future dividends are waived or agreed to be waived.
- (F) The ISIN number for the Ordinary Shares is GB00BLRLQM66.

15. Availability of documents

Copies of this document will be available, free of charge to the public, at the registered office of the Company's solicitors, Simmons & Simmons LLP, at CityPoint, One Ropemaker Street, London EC2Y 9SS during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) until the date falling one month after the date of Admission.

Dated: 2 May 2014

PART VII

TERMS AND CONDITIONS OF APPLICATION UNDER THE PLACING

1. Introduction

Each Placee which confirms its agreement to Oriel Securities to subscribe for Ordinary Shares under the Placing will be bound by these terms and conditions and will be deemed to have accepted them.

The Company and/or Oriel may require any Placee to agree to such further terms and/or conditions and/or give such additional warranties and/or representations as it (in its absolute discretion) sees fit and/or may require any such Placee to execute a separate placing letter.

2. Agreement to purchase Ordinary Shares

Conditional on: (i) Admission occurring and becoming effective by 8.00 a.m. on or before 8 May 2014 (or such later time and/or date, not being later than to 29 May 2014, as the Company and Oriel may agree); (ii) the Placing Agreement becoming otherwise unconditional in all respects and not having been terminated on or before Admission; and (iii) Oriel confirming to the Placees their allocation of Ordinary Shares, a Placee agrees to become a member of the Company and agrees to subscribe for those Ordinary Shares allocated to it by Oriel at the Placing Price. To the fullest extent permitted by law, each Placee agrees that its obligations are irrevocable and it will not be entitled to exercise any remedy of rescission at any time. This does not affect any other rights the Placees may have. If the conditions of the Placing that are required to be fulfilled on or before Admission are not satisfied or waived in full before Admission, or if Oriel, in its absolute discretion, terminates its obligations under the Placing Agreement before Admission, the Placee's rights and obligations in respect of the Placing terminate and neither Oriel nor the Company have any liability to the Placee in connection with such termination.

3. Payment for Ordinary Shares

Each Placee undertakes to pay the Placing Price for the Ordinary Shares issued to the Placee in the manner and by the time directed by Oriel. In the event of any failure by any Placee to pay as so directed and/or by the time required by Oriel, the relevant Placee shall be deemed to have appointed Oriel or any nominee of Oriel as its agent to use its reasonable endeavours to sell (in one or more transactions) any or all of the Ordinary Shares in respect of which payment has not been made as directed or required, and to indemnify Oriel and its respective affiliates on demand in respect of any liability for stamp duty and/or stamp duty reserve tax or any other liability whatsoever arising in respect of any such sale or sales. A sale of all or any of such Ordinary Shares shall not release the relevant Placee from the obligation to make such payment for relevant Ordinary Shares to the extent that Oriel or its nominee has failed to sell such Ordinary Shares at a consideration which, after deduction of the expenses of such sale and payment of such stamp duty and/or stamp duty reserve tax, exceeds the Placing Price per Ordinary Share.

4. Representations and Warranties

By agreeing to subscribe for Ordinary Shares, each Placee which enters into a commitment to subscribe for Ordinary Shares will (for itself and for any person(s) procured by it to subscribe for Ordinary Shares and any nominee(s) for any such person(s)) be deemed to undertake, represent and warrant to each of the Company and Oriel that:

- (a) in agreeing to subscribe for Ordinary Shares under the Placing, it is relying solely on this document and any supplementary admission document issued by the Company and not on any other information given, or representation or statement made at any time, by any person concerning the Company, the Ordinary Shares, the Placing or Admission. It agrees that neither

the Company nor Oriel, nor any of their respective officers, agents, employees or affiliates, will have any liability for any other information or representation. It irrevocably and unconditionally waives any rights it may have in respect of any other information or representation;

- (b) if the laws of any territory or jurisdiction outside the United Kingdom are applicable to its agreement to subscribe for Ordinary Shares under the Placing, it warrants that it has complied with all such laws, obtained all governmental and other consents which may be required, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with its application in any territory and that it has not taken any action or omitted to take any action which will result in the Company or Oriel or any of their respective officers, agents, employees or affiliates acting in breach of the regulatory or legal requirements, directly or indirectly, of any territory or jurisdiction outside the United Kingdom in connection with the Placing;
- (c) it has carefully read and understands this document in its entirety and acknowledges that it is acquiring Ordinary Shares on the terms and subject to the conditions set out in this Part VI and the Articles;
- (d) it has not relied on Oriel or any person affiliated with Oriel in connection with any investigation of the accuracy of any information contained in this document;
- (e) it acknowledges that the content of this document is exclusively the responsibility of the Company, its Directors, and Proposed Directors and neither Oriel nor any person acting on its behalf nor any of its affiliates are responsible for or shall have any liability for any information, representation or statement contained in this document or any information published by or on behalf of the Company and will not be liable for any decision by a Placee to participate in the Placing based on any information, representation or statement contained in this document or otherwise;
- (f) it acknowledges that no person is authorised in connection with the Placing to give any information or make any representation other than as contained in this document and, if given or made, any information or representation must not be relied upon as having been authorised by Oriel or the Company;
- (g) it is not applying as, nor is it applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in section 67, 70, 93 or 96 (depository receipts and clearance services) of the Finance Act 1986;
- (h) it accepts that none of the Ordinary Shares have been or will be registered under the laws of any Excluded Territory. Accordingly, the Ordinary Shares may not be offered, sold, issued or delivered, directly or indirectly, within any Excluded Territory unless an exemption from any registration requirement is available;
- (i) if it is within the United Kingdom, it is a person who falls within Articles 49 or 19(5) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 or is a person to whom the Ordinary Shares may otherwise lawfully be offered under such Order, or, if it is receiving the offer in circumstances under which the laws or regulations of a jurisdiction other than the United Kingdom would apply, that it is a person to whom the Ordinary Shares may be lawfully offered under that other jurisdiction's laws and regulations;
- (j) if it is a resident in the EEA States, it is a qualified investor within the meaning of the law in the relevant EEA State implementing Article 2(1)(e)(i), (ii) or (iii) of the Prospectus Directive;
- (k) in the case of any Ordinary Shares acquired by a Placee as a financial intermediary within the meaning of the law in the relevant EEA State implementing Article 2(1)(e)(i), (ii) or (iii) of the

Prospectus Directive: (i) the Ordinary Shares acquired by it in the Placing have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any relevant EEA State other than qualified investors, as that term is defined in the Prospectus Directive, or in circumstances in which the prior consent of Oriel has been given to the offer or resale; or (ii) where Ordinary Shares have been acquired by it on behalf of persons in any relevant EEA State other than qualified investors, the offer of those Ordinary Shares to it is not treated under the Prospectus Directive as having been made to such persons;

- (l) neither this document nor any other offering, marketing or other material in connection with the Placing constitutes an invitation, offer or promotion to, or arrangement with, it or any person whom it is procuring to subscribe for Ordinary Shares pursuant to the Placing unless, in the relevant territory, such offer, invitation or other course of conduct could lawfully be made to it or such person and such documents or materials could lawfully be provided to it or such person and Ordinary Shares could lawfully be distributed to and subscribed and held by it or such person without compliance with any unfulfilled approval, registration or other regulatory or legal requirements;
- (m) it does not have a registered address in, and is not a citizen, resident or national of, any jurisdiction in which it is unlawful to make or accept an offer of the Ordinary Shares and it is not acting on a non-discretionary basis for any such person;
- (n) if the Placee is a natural person, such Placee is not under the age of majority (18 years of age in the United Kingdom) on the date of such Placee's agreement to subscribe for Ordinary Shares under the Placing and will not be any such person on the date any such Placing is accepted;
- (o) it has not, directly or indirectly, distributed, forwarded, transferred or otherwise transmitted this document or any other offering materials concerning the Placing or the Ordinary Shares to any persons within the United States or to any US Persons, nor will it do any of the foregoing;
- (p) it acknowledges that none of Oriel nor any of their respective affiliates nor any person acting on its or their behalf is making any recommendations to it, advising it regarding the suitability of any transactions it may enter into in connection with the Placing or providing any advice in relation to the Placing and participation in the Placing is on the basis that it is not and will not be a client of Oriel and that Oriel does not have any duties or responsibilities to it for providing protection afforded to its clients or for providing advice in relation to the Placing nor, if applicable, in respect of any representations, warranties, undertaking or indemnities contained in this document;
- (q) save in the event of fraud on the part of Oriel, none of Oriel, its ultimate holding companies nor any direct or indirect subsidiary undertakings of such holding companies, nor any of their respective directors, members, partners, officers and employees shall be responsible or liable to a Placee or any of its clients for any matter arising out of Oriel's role as nominated advisor, broker and financial advisor or otherwise in connection with the Placing and that where any such responsibility or liability nevertheless arises as a matter of law the Placee and, if relevant, its clients, will immediately waive any claim against any of such persons which the Placee or any of its clients may have in respect thereof;
- (r) it acknowledges that where it is subscribing for Ordinary Shares for one or more managed, discretionary or advisory accounts, it is authorised in writing for each such account: (i) to subscribe for the Ordinary Shares for each such account; (ii) to make on each such account's behalf the representations, warranties and agreements set out in this document; and (iii) to receive on behalf of each such account any documentation relating to the Placing in the form provided by the Company and/or Oriel. It agrees that the provisions of this paragraph shall survive any resale of the Ordinary Shares by or on behalf of any such account;

- (s) it irrevocably appoints any director of the Company and any director of Oriel to be its agent and on its behalf (without any obligation or duty to do so), to sign, execute and deliver any documents and do all acts, matters and things as may be necessary for, or incidental to, its subscription for all or any of the Ordinary Shares for which it has given a commitment under the Placing, in the event of its own failure to do so;
- (t) it accepts that if the Placing does not proceed or the relevant conditions to the Placing Agreement are not satisfied or the Ordinary Shares for which valid application are received and accepted are not admitted to trading on AIM for any reason whatsoever then none of Oriel or the Company, nor persons controlling, controlled by or under common control with any of them nor any of their respective employees, agents, officers, members, stockholders, partners or representatives, shall have any liability whatsoever to it or any other person;
- (u) in connection with its participation in the Placing it has observed all relevant legislation and regulations, in particular (but without limitation) those relating to money laundering (“Money Laundering Legislation”) and that its application is only made on the basis that it accepts full responsibility for any requirement to verify the identity of its clients and other persons in respect of whom it has applied. In addition, it warrants that it is a person: (i) subject to the Money Laundering Regulations 2007 in force in the United Kingdom; or (ii) subject to the Money Laundering Directive (2005/60/EC of the European Parliament and of the EC Council of 26 October 2005 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing); or (iii) acting in the course of a business in relation to which an overseas regulatory authority exercises regulatory functions and is based or incorporated in, or formed under the law of, a country in which there are in force provisions at least equivalent to those required by that Money Laundering Directive;
- (v) it acknowledges that due to anti-money laundering requirements, Oriel and the Company may require proof of identity and verification of the source of the payment before the application can be processed and that, in the event of delay or failure by the applicant to produce any information required for verification purposes, Oriel and the Company may refuse to accept the application and the subscription monies relating thereto. It holds harmless and will indemnify Oriel and the Company against any liability, loss or cost ensuing due to the failure to process such application, if such information as has been requested has not been provided by it in a timely manner;
- (w) it is aware of, have complied with and will at all times comply with its obligations in connection with money laundering under the Proceeds of Crime Act 2002;
- (x) it acknowledges and agrees that information provided by it to the Company and the Company’s registrars, Share Registrars Limited (the “Registrars”) will be stored on the Company’s and/or the Registrars computer system(s). It agrees that for the purposes of the Data Protection Act 1998 and other relevant data protection legislation which may be applicable, (the “Data Protection Law”) the Company and the Registrars is required to specify the purposes for which it will hold personal data. The Company and the Registrars will only use such information for the purposes set out below (collectively, the “Purposes”), being to:
 - (i) process its personal data (including sensitive personal data) as required by or in connection with its holding of Ordinary Shares, including processing personal data in connection with credit and money laundering checks on it;
 - (ii) communicate with it as necessary in connection with its affairs and generally in connection with its holding of Ordinary Shares;
 - (iii) provide personal data to such third parties as the Company or the Registrars may consider necessary in connection with its affairs and generally in connection with its

holding of Ordinary Shares or as the Data Protection Law may require, including to third parties outside the United Kingdom or the European Economic Area;

- (iv) without limitation, provide such personal data to the Company or Oriel Securities and their respective associates for processing, notwithstanding that any such party may be outside the United Kingdom or the EEA States; and
- (v) process its personal data for the Company's or Registrars' internal administration;
- (y) in providing the Registrars and the Company with information, it represents and warrants to the Registrars and the Company that it has obtained the consent of any data subjects to the Registrars and the Company and their respective associates holding and using their personal data for the Purposes (including the explicit consent of the data subjects for the processing of any sensitive personal data for the purpose set out in paragraph (x) above). For the purposes of this document, "data subject", "personal data" and "sensitive personal data" have the meanings attributed to them in the Data Protection Law;
- (z) Oriel and the Company are entitled to exercise any of their rights under the Placing Agreement or any other right in their absolute discretion without any liability whatsoever to them;
- (aa) the representations, undertakings and warranties contained in this document are irrevocable. It acknowledges that Oriel and the Company and their respective affiliates will rely upon the truth and accuracy of the foregoing representations and warranties and it agrees that if any of the representations, undertakings or warranties made or deemed to have been made by its subscription of the Ordinary Shares are no longer accurate, it shall promptly notify Oriel and the Company. All representations, undertakings or warranties contained in this document will survive completion of the Placing and Admission;
- (bb) where it or any person acting on behalf of it is dealing with Oriel, any money held in an account with Oriel on behalf of it and/or any person acting on behalf of it will not be treated as client money within the meaning of the relevant rules and regulations of the FCA which therefore will not require Oriel to segregate such money, as that money will be held by Oriel under a banking relationship and not as trustee;
- (cc) any of its clients, whether or not identified to Oriel, will remain its sole responsibility and will not become clients of Oriel for the purposes of the rules of the FCA or for the purposes of any other statutory or regulatory provision;
- (dd) it accepts that the allocation of Ordinary Shares shall be determined by Oriel and the Company in their absolute discretion and that such persons may scale down any Placing commitments for this purpose on such basis as they may determine;
- (ee) time shall be of the essence as regards its obligations to settle payment for the Ordinary Shares and to comply with its other obligations under the Placing;
- (ff) authorises Oriel to deduct from the total amount subscribed under the Placing the aggregated commission (if any) (calculated at the rate agreed with the Company) payable on the number of Ordinary Shares allocated under the Placing;
- (gg) has the power and capacity to enter into and perform its obligations in relation to the Placing and has obtained all necessary consents and authorities to enable it to do the same and, if it is a body corporate, it is validly subsisting under the laws of the jurisdiction of its incorporation; and
- (hh) it has the funds available to pay the full amount for the Ordinary Shares allocated to it and shall pay the same when due.

5. United States Purchase and Transfer Restrictions

By participating in the Placing, each Placee acknowledges and agrees that it will (for itself and any person(s) procured by it to subscribe for Ordinary Shares and any nominee(s) for any such person(s)) be further deemed to represent and warrant to each of the Company and Oriel that:

- (a) it is not a US Person, is not located within the United States, is acquiring the Ordinary Shares in an offshore transaction meeting the requirements of Regulation S of the Securities Act and is not acquiring the Ordinary Shares for the account or benefit of a US Person;
- (b) it acknowledges that the Ordinary Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any State or other jurisdiction of the United States and may not be offered or sold in the United States or to, or for the account or benefit of, US Persons absent registration or an exemption from registration under the Securities Act;
- (c) unless the Company expressly consents in writing otherwise, no portion of the assets used to purchase, and no portion of the assets used to hold, the Ordinary Shares or any beneficial interest therein constitutes or will constitute the assets of: (i) an "employee benefit plan" as defined in Section 3(3) of ERISA that is subject to Title I of ERISA; (ii) a "plan" as defined in Section 4975 of the Internal Revenue Code, including an individual retirement account or other arrangement that is subject to Section 4975 of the Internal Revenue Code; or (iii) an entity which is deemed to hold the assets of any of the foregoing types of plans, accounts or arrangements that is subject to Title I of ERISA or Section 4975 of the Internal Revenue Code. In addition, if a Placee is a governmental, church, non-US or other employee benefit plan that is subject to any federal, state, local or non-U.S. law that is substantially similar to the provisions of Title I of ERISA or Section 4975 of the Internal Revenue Code, its purchase, holding, and disposition of the Ordinary Shares must not constitute or result in a non-exempt violation of any such substantially similar law;
- (d) that if any Ordinary Shares offered and sold pursuant to Regulation S are issued in certificated form, then such certificates evidencing ownership will contain a legend substantially to the following effect unless otherwise determined by the Company in accordance with applicable law:

"THE SECURITIES OF THE COMPANY REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. ACCORDINGLY, THIS SECURITY MAY NOT BE OFFERED, SOLD, PLEDGED, EXERCISED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, US PERSONS EXCEPT IN ACCORDANCE WITH THE SECURITIES ACT OR AN EXEMPTION THEREFROM AND IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS."
- (e) if in the future the Placee decides to offer, sell, transfer, assign or otherwise dispose of the Ordinary Shares, it will do so only in compliance with an exemption from the registration requirements of the Securities Act. It acknowledges that any sale, transfer, assignment, pledge or other disposal made other than in compliance with such laws and the above stated restrictions may be subject to any compulsory transfer provisions as provided in the Articles;
- (f) it is purchasing the Ordinary Shares for its own account or for one or more investment accounts for which it is acting as a fiduciary or agent, in each case for investment only, and not with a view to or for sale or other transfer in connection with any distribution of the Ordinary Shares in any manner that would violate the Securities Act or any other applicable securities laws;
- (g) it acknowledges that the Company reserves the right to make inquiries of any holder of the Ordinary Shares or interests therein at any time as to such person's status under the US federal

securities laws and to require any such person that has not satisfied the Company that holding by such person will not violate or require registration under the US securities laws to transfer such Ordinary Shares or interests in accordance with the Articles;

- (h) it acknowledges and understand the Company is required to comply with FATCA and that the Company will follow FATCA's extensive reporting and withholding requirements. The Placee agrees to furnish any information and documents which the Company may from time to time request, including but not limited to information required under FATCA;
- (i) it is entitled to acquire the Ordinary Shares under the laws of all relevant jurisdictions which apply to it, it has fully observed all such laws and obtained all governmental and other consents which may be required thereunder and complied with all necessary formalities and it has paid all issue, transfer or other taxes due in connection with its acceptance in any jurisdiction of the Ordinary Shares and that it has not taken any action, or omitted to take any action, which may result in the Company, Oriel or their respective directors, officers, agents, employees and advisers being in breach of the laws of any jurisdiction in connection with the Placing or its acceptance of participation in the Placing;
- (j) it has received, carefully read and understands this document, and has not, directly or indirectly, distributed, forwarded, transferred or otherwise transmitted this document or any other presentation or offering materials concerning the Ordinary Shares to or within the United States or to any US Persons, nor will it do any of the foregoing; and
- (k) if it is acquiring any Ordinary Shares as a fiduciary or agent for one or more accounts, the Placee has sole investment discretion with respect to each such account and full power and authority to make such foregoing representations, warranties, acknowledgements and agreements on behalf of each such account.

6. Supply and Disclosure of Information

If Oriel, the Registrars or the Company or any of their agents request any information about a Placee's agreement to subscribe for Ordinary Shares under the Placing, such Placee must promptly disclose it to them.

7. Miscellaneous

The rights and remedies of Oriel, the Registrars and the Company under these terms and conditions are in addition to any rights and remedies which would otherwise be available to each of them and the exercise or partial exercise of one will not prevent the exercise of others.

On application, if a Placee is an individual, that Placee may be asked to disclose in writing or orally, his nationality. If a Placee is a discretionary fund manager, that Placee may be asked to disclose in writing or orally the jurisdiction in which its funds are managed or owned. All documents provided in connection with the Placing will be sent at the Placee's risk. They may be returned by post to such Placee at the address notified by such Placee.

Each Placee agrees to be bound by the Articles once the Ordinary Shares, which the Placee has agreed to subscribe for pursuant to the Placing, have been acquired by the Placee. The contract to subscribe for Ordinary Shares under the Placing and the appointments and authorities mentioned in this document (and any non-contractual obligations arising out of or in connection with the same) will be governed by, and construed in accordance with, the laws of England and Wales. For the exclusive benefit of Oriel, the Company and the Registrars, each Placee irrevocably submits to the jurisdiction of the courts of England and Wales and waives any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum. This does not prevent an action being taken against Placee in any other jurisdiction.

In the case of a joint agreement to subscribe for Ordinary Shares under the Placing, references to a Placee in these terms and conditions are to each of the Placees who are a party to that joint agreement and their liability is joint and several.

Oriel and the Company expressly reserve the right to modify the Placing (including, without limitation, the timetable and settlement) at any time before allocations are determined). The Placing is subject to the satisfaction of the conditions contained in the Placing Agreement and the Placing Agreement not having been terminated. Further details of the terms of the Placing Agreement are contained in paragraph 10.5 of Part VI of this document.

8 Additional Definitions

“Excluded Territory” means the United States of America, Canada, Japan, New Zealand and Australia and any other jurisdiction where the extension or availability of the Placing would breach applicable law.

“EEA State” means any member state of the European Economic Area which has implemented the Prospectus Directive.

“Prospectus Directive” means EU Directive 2003/71/EC (as amended) and including any implementing measure in any EEA State.

“ERISA” means the United States Employee Retirement Income Security Act 1974, as amended.

“FATCA” means Foreign Account Tax Compliance Act 2010, as amended.

“US Person” has the meaning given to it in Regulation S under the Securities Act.

“Securities Act” the United States Securities Act of 1933, as amended

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