UP GLOBAL SOURCING HOLDINGS PLC

PROSPECTUS

WELCOME TO THE HOME OF BRANDS

UP ULTIMATE PRODUCTS

SHORE CAPITAL
CAPITAL MARKETS

CENKOS

IMPORTANT NOTICE

ELECTRONIC TRANSMISSION DISCLAIMER

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to this electronic transmission and the attached document, which comprises a prospectus (the "**Prospectus**") and which has been prepared and published by UP Global Sourcing Holdings Limited to be re-registered as UP Global Sourcing Holdings plc (the "**Company**"). You therefore must read this disclaimer carefully before accessing, reading or making any other use of the Prospectus. In accessing the Prospectus, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us as a result of such access. You acknowledge that this electronic transmission and the delivery of the Prospectus is confidential and intended for you only and you agree that you will not forward, reproduce, copy, download or publish this electronic transmission or the Prospectus, whether electronically or otherwise, to any other person.

The Prospectus has been prepared solely in connection with the proposed placing (the "**Offer**") of ordinary shares in the capital of the Company ("**Ordinary Shares**") and the proposed application for admission ("**Admission**") of the whole of the ordinary share capital of the Company to listing on the premium listing segment of the Official List of the Financial Conduct Authority (the "**FCA**") and to trading on the main market for listed securities of the London Stock Exchange plc. The Prospectus has been approved by the FCA as a prospectus prepared in accordance with the Prospectus Rules made under section 73A of the Financial Services and Markets Act 2000 (as amended) (the "**FSMA**"). The Prospectus has been published and is available from the Company's registered office and on the Company's website at www.upgs.com. Pricing information and other related disclosures have also been published on this website. Prospective investors are advised to access such information prior to making an investment decision.

THIS ELECTRONIC TRANSMISSION AND THE PROSPECTUS MAY ONLY BE DISTRIBUTED IN CONNECTION WITH "OFFSHORE TRANSACTIONS" AS DEFINED IN, AND IN RELIANCE ON, REGULATION S UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE "US SECURITIES ACT") ("REGULATION S") OR PURSUANT TO ANOTHER EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE US SECURITIES ACT. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE PROSPECTUS IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS NOTICE MAY RESULT IN A VIOLATION OF THE US SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. NOTHING IN THIS ELECTRONIC TRANSMISSION AND THE PROSPECTUS CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO.

THE SHARES REFERRED TO HEREIN HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US SECURITIES ACT OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE US SECURITIES ACT OR (2) IN AN "OFFSHORE TRANSACTION" AS DEFINED IN, AND IN ACCORDANCE WITH RULE 903 OR RULE 904 OF, REGULATION S, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES.

This electronic transmission, the Prospectus and the offer of Ordinary Shares, when made, pursuant to the Offer are being distributed only to and are only directed at persons in member states of the European Economic Area who are "qualified investors" within the meaning of article 2(1)(e) of the Prospectus Directive ("**Qualified Investors**"). In addition, in the United Kingdom, this electronic transmission and the Prospectus are being distributed only to and are only directed at Qualified Investors: (a) who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Order**") (investment professionals); or (b) who fall within Article 49(2)(a) to (d) of the Order (high net worth companies, unincorporated associations etc.), (all such persons referred to above being "Relevant Persons"). The term "Prospectus Directive" means Directive 2003/71/EC as amended and includes any relevant implementing measures in each member state of the European Economic Area. Any investment or investment activity to which this electronic transmission and the Prospectus relate is available only to Relevant Persons and will be engaged in only with Relevant Persons.

The Prospectus has been made available to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and, consequently, none of the Company, Shore Capital and Corporate Limited, Shore Capital Stockbrokers Limited and Cenkos Securities plc (together, the "**Banks**") nor any of their respective directors, officers, partners employees, agents, affiliates, representatives or advisers, or any other person, accepts any liability or responsibility whatsoever in respect of any difference between the Prospectus distributed to you in electronic format and the hard copy version available to you on request. Please ensure that your copy is complete. You are responsible for protecting against viruses and other destructive items. Your use of this e-mail is at your own risk, and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

Shore Capital and Corporate Limited has been appointed as sponsor and financial adviser to the Company. Shore Capital and Corporate Limited, which is authorised and regulated by the FCA, is acting exclusively for the Company and no one else in connection with the proposed Offer and Admission and will not be acting for any other person or otherwise responsible to any person other than the Company for providing the protections afforded to clients of Shore Capital and Corporate Limited or for advising any other person in respect of the Offer and Admission.

Shore Capital Stockbrokers Limited has been appointed as Global Co-ordinator and bookrunner to the Company. Shore Capital Stockbrokers Limited, which is authorised and regulated by the FCA, is acting exclusively for the Company and no one else in connection with the proposed Offer and Admission and will not be acting for any other person or otherwise responsible to any person other than the Company for providing the protections afforded to clients of Shore Capital Stockbrokers Limited or for advising any other person in respect of the Offer and Admission.

Cenkos Securities plc has been appointed as joint bookrunner to the Company. Cenkos Securities plc, which is authorised and regulated by the FCA, is acting exclusively for the Company and no one else in connection with the proposed Offer and Admission and will not be acting for any other person or otherwise responsible to any person other than the Company for providing the protections afforded to clients of Cenkos Securities plc or for advising any other person in respect of the Offer and Admission.

None of the Banks has authorised or approved the contents of, or any part of, this electronic transmission or the Prospectus and no representation or warranty, express or implied, is made by any Bank or any of their respective affiliates as to any of their contents. Apart from the responsibilities and liabilities, if any, which may be imposed on the Banks by the FSMA or the regulatory regime established thereunder, none of the Banks accepts any responsibility whatsoever for the contents of this electronic transmission and the Prospectus, including their accuracy, completeness or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company, the Ordinary Shares or the Offer. Each Bank, its subsidiaries, branches and affiliates accordingly disclaim all and any liability whether arising in tort, contract or otherwise (save as referred to above) in respect of this electronic transmission and the Prospectus or any such statement.

You have been sent the Prospectus by a Bank on the basis that you have confirmed to it that you are a person into whose possession the Prospectus may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver the Prospectus to any other person. You will not transmit the Prospectus (or any copy of it or part thereof) or disclose, whether orally or in writing, any of its contents to any other person except with the prior written consent of the relevant Bank.

You should not reply by e-mail to this electronic transmission, and you may not acquire any securities by doing so. Any reply e-mail communications will be ignored or rejected.

This electronic transmission does not constitute, or form part of, any offer or invitation to sell, allot or issue or any solicitation of any offer to purchase or subscribe for any securities, nor shall it (or any part of it) or the fact of its distribution form the basis of, or be relied upon in connection with, or act as any inducement to enter into, any contract or commitment for securities in any circumstances in which such offer or invitation to sell is unlawful.

Neither this electronic transmission nor the Prospectus constitutes an offer to issue or sell, or the solicitation of an offer to subscribe for or purchase, any Ordinary Shares to any person in the United States, Canada, Australia, the Republic of South Africa, New Zealand, Japan or any other jurisdiction outside of the United Kingdom where such distribution may lead to a breach of any applicable legal or regulatory requirements (each a "**Restricted Jurisdiction**").

Confirmation of your representation: this electronic transmission and the Prospectus is delivered to you on the basis that you are deemed to have represented to the Banks and the Company that (a) you are outside a Restricted Jurisdiction; (b) if you are in the United Kingdom, you are a Relevant Person; (c) if you are in any member state of the European Economic Area other than the United Kingdom, you are a Qualified Investor; and (c) you consent to delivery of the Prospectus by electronic transmission.

This Prospectus, which comprises a prospectus relating to UP Global Sourcing Holdings plc prepared in accordance with the Prospectus Rules made under section 73A of FSMA, has been approved by the FCA in accordance with section 87A FSMA and has been made available to the public in accordance with paragraph 3.2 of the Prospectus Rules.

Applications have been made: (i) to the FCA for all of the Ordinary Shares to be admitted to the premium listing segment of the Official List and (ii) to the London Stock Exchange for such Ordinary Shares to be admitted to trading on the London Stock Exchange's main market for listed securities. Admission to trading on the London Stock Exchange's main market for listed securities constitutes admission to trading on a regulated market. No application has been, or is currently intended to be, made for the Ordinary Shares to be admitted to listing or trading on any other stock exchange. Conditional dealings in the Ordinary Shares are expected to commence on the London Stock Exchange at 8.00 a.m. on 1 March 2017. It is expected that Admission will become effective, and that dealings will commence in the Ordinary Shares on the London Stock Exchange, at 8.00 a.m. on 6 March 2017. **Dealings on the London Stock Exchange before Admission will only be settled if Admission takes place. All dealings before the commencement of unconditional dealings will be on a "when issued" basis, and will be of no effect if Admission does not take place, and such dealings will be at the sole risk of the parties concerned.**

The Company and its Directors (whose names appear on page 38 of this Prospectus) accept responsibility for the information contained in this Prospectus. To the best of the knowledge and belief of the Company and the Directors (each of whom has taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and contains no omission likely to affect the import of such information.

Prospective investors are advised to examine all the risks that might be relevant in connection with an investment in the Ordinary Shares. Prospective investors should read the entirety of this Prospectus and, in particular, the section entitled Part 1 (Risk Factors), for a discussion of certain important risks and other factors that should be considered in connection with any investment in the Ordinary Shares. Prospective investors should be aware that an investment in the Company involves a degree of risk and that, if one or more of the risks described in this Prospectus were to occur, investors may find that their investment is materially and adversely affected. Accordingly, an investment in the Ordinary Shares is only suitable for investors who are knowledgeable in investment matters and who are able to bear the loss of part or, potentially the whole, of their investment.

UP Global Sourcing Holdings plc

(incorporated under the Companies Act 2006 and registered in England and Wales with registered number 05432142)

Prospectus

Offer of 41,084,800 Existing Shares at an Offer Price of 128 pence per Offer Share
Admission of all Ordinary Shares to the premium listing segment of the Official List and to trading on the main market for listed securities of the London Stock Exchange

SHORE CAPITAL CAPITAL MARKETS	CENKOS
Sponsor, Global Co-ordinator and Bookrunner	**Joint Bookrunner**

Ordinary share capital immediately following Admission

Number of Ordinary Shares	*Aggregate nominal value of the Ordinary Shares*
82,169,600	£205,424.00

The Selling Shareholders are offering 41,084,800 Existing Shares, in aggregate, for sale under the Offer.

Shore Capital has been appointed as Sponsor, Global Co-ordinator and Bookrunner to the Company. Shore Capital is authorised and regulated in the United Kingdom by the FCA and is acting exclusively for the Company and no one else in connection with the Offer and will not regard any other person (whether or not a recipient of this Prospectus) as a client in relation to the Offer and will not be responsible to anyone other than the Company for providing the protections afforded to its clients nor for giving advice in relation to the Offer, the contents of this Prospectus or any transaction or arrangement referred to in this Prospectus. Shore Capital and its affiliates may have engaged in transactions with, and provided various investment banking, financial advisory and other services to, the Company, for which they would have received customary fees. Shore Capital and its affiliates may provide such services to the Company or members of the Group in the future.

Cenkos has been appointed as Joint Bookrunner to the Company. Cenkos is authorised and regulated in the United Kingdom by the FCA and is acting exclusively for the Company and no one else in connection with the Offer and will not regard any other person (whether or not a recipient of this Prospectus) as a client in relation to the Offer and will not be responsible to anyone other than the Company for providing the protections afforded to its clients nor for giving advice in relation to the Offer, the contents of this Prospectus or any transaction or arrangement referred to in this Prospectus. Cenkos and its affiliates may have engaged in transactions with, and provided various investment banking, financial advisory and other services to, the Company, for which they would have received customary fees. Cenkos and its affiliates may provide such services to the Company or members of the Group in the future.

Apart from the responsibilities and liabilities, if any, that may be imposed on the Banks by FSMA or the regulatory regime established under it, or under the regulatory regime of any jurisdiction where the exclusion of liability under the relevant regulatory regime would be illegal, void or unenforceable, none of Shore Capital or Cenkos, or any of their affiliates or representatives, accepts any responsibility whatsoever for, and makes no representation or warranty, express or implied, as to the contents of, this Prospectus or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company, the Ordinary Shares or the Offer and nothing in this Prospectus will be relied upon as a promise or representation in this respect, whether or not relating to the past or future. The Banks, their affiliates and representatives accordingly disclaim, to the fullest extent permitted by applicable law, all and any responsibility or liability, whether arising in tort, contract or otherwise (save as referred to above), which it might otherwise have in respect of this Prospectus or any such statement.

The Ordinary Shares have not been and will not be registered under the United States Securities Act of 1933, as amended, (the "**U.S. Securities Act**") or under the applicable state securities laws of any state or other jurisdiction of the United States and may not be offered or sold directly or indirectly in or into or from the United States, or to or for the account or benefit of any U.S. Person (within the meaning of Regulation S under the U.S. Securities Act). In addition, the Company has not been, and will not be, registered under the United States Investment Company Act of 1940, as amended (the "**U.S. Investment Company Act**"), and investors will not be entitled to the benefits of the U.S. Investment Company Act.

Unless required to do so by law or regulation, the Company does not envisage publishing any supplementary prospectus.

Recipients of this Prospectus are authorised solely to use this Prospectus for the purpose of considering an acquisition of the Ordinary Shares, and may not reproduce or distribute this Prospectus, in whole or in part, and may not disclose any of the contents of this Prospectus or use any information in it for any purpose other than considering an investment in the Ordinary Shares. Recipients of this Prospectus agree to the foregoing by accepting delivery of this Prospectus. This Prospectus is personal to each recipient and does not constitute an offer to any other person or to the public generally to acquire Ordinary Shares.

This Prospectus does not constitute, or form part of, any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, any securities other than the securities to which it relates or any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, such securities by any person in any circumstances in which such offer or solicitation is unlawful or restricted by law and, in particular, is not for distribution in Australia, Canada, Japan, the Republic of South Africa, New Zealand 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 of the United States or under applicable securities laws in Australia, Canada, Japan, the Republic of South Africa or New Zealand. The Ordinary Shares offered by this Prospectus may not and will not be offered, sold, resold, pledged, delivered, distributed or transferred, directly or indirectly, in or into or from the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act. Ordinary Shares are being offered and sold outside the United States in "offshore" transactions exempt from the registration requirements of the Securities Act in reliance on Regulation S, or another exemption from, or in, a transaction not subject to the registration requirements of the US Securities Act. There will be no public offering of the Ordinary Shares in the United States.

The Ordinary Shares offered by this Prospectus have not been approved or disapproved by the SEC, any state securities commission in the United States or any other United States regulatory authority, nor have any such authorities passed upon, or endorsed the merits of, the Offer or the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the United States.

Prior to making any decision as to whether to invest in the Ordinary Shares, prospective investors should read this Prospectus in its entirety. In making an investment decision, each investor must rely on their own examination, analysis and enquiry of the Company, the Ordinary Shares and the terms of the Offer, including the merits and risks involved. Prospective investors also acknowledge that: (i) they have not relied on the Banks or any person affiliated with the Banks in connection with any investigation of the accuracy of any information contained in this Prospectus or their investment decision; and (ii) they have relied only on the information contained in this Prospectus.

No person has been authorised to give any information or make any representations other than those contained in this Prospectus and, if given or made, such information or representations must not be relied on as having been so authorised by, or on behalf of, the Company, the Selling Shareholders, the Banks, the officers or employees of the Company or any other person. Neither the delivery of this Prospectus nor any sale or purchase made under it shall, under any circumstances, create any implication that there has been no change in the business affairs of the Company or the Group since the date of this Prospectus or that the information in this Prospectus is correct as of any time subsequent to its date.

None of the Company, the Banks, the Selling Shareholders or any of their respective affiliates or representatives is making any representation to any prospective investor in the Ordinary Shares regarding the legality of an investment in the Ordinary Shares by such prospective investor under the laws applicable to such prospective investor. The contents of this Prospectus should not be construed as legal, financial or tax advice. Each prospective investor should consult his, her or its own legal, financial or tax adviser for legal, financial or tax advice.

In connection with the Offer, the Banks and any of their affiliates, acting as an investor for its or their own account(s), may purchase Ordinary Shares and, in that capacity, may retain, purchase, sell, offer to sell or otherwise deal for its or their own account(s) in the Ordinary Shares, any other securities of the Company or other related investments in connection with the Offer or otherwise. Accordingly, references in this Prospectus to the Ordinary Shares being offered, sold, purchased, acquired, placed or otherwise dealt with should be read as including any offer or sale to, or purchase, acquisition, placement or dealing by, the Banks and any of their affiliates acting as an investor for their own account(s). The Banks do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

The Ordinary Shares are subject to selling and transfer restrictions in certain jurisdictions. Prospective investors should read the restrictions described under paragraph 6 of Part 11 (Details of the Offer). Each investor in the Ordinary Shares will be deemed to have made the relevant representations described in that paragraph.

The date of this Prospectus is 1 March 2017.

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SUMMARY INFORMATION

Prospectus summaries are made up of disclosure requirements known as “Elements”. These Elements are numbered in Sections A to E (A.1 to E.7).

This summary contains all the Elements required to be included in a summary for this type of securities and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding that Element. In this case, a short description of the Element is included in the summary with the mention of “not applicable” under the heading “Disclosure requirement”.

Section A – Introduction and warnings		
A.1.	**Warnings**	This summary should be read as an introduction to this Prospectus. Any decision to invest in the ordinary shares of 0.25p each in the capital of UP Global Sourcing Holdings plc (the “**Company**) (“**Ordinary Shares**”) should be based on consideration of this Prospectus as a whole by the investor, including in particular the risk factors. Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the member states of the European Union, have to bear the costs of translating this Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus or it does not provide, when read together with the other parts of this Prospectus, key information in order to aid investors when considering whether to invest in such securities.
A.2.	**Resale by Financial Intermediaries**	Not applicable. The Company is not engaging any financial intermediaries and has not given consent to the use of this Prospectus for subsequent resale or final placement of Ordinary Shares by financial intermediaries.

Section B – Issuer		
B.1	**Legal and Commercial Name**	The Company’s legal and commercial name is UP Global Sourcing Holdings plc.
B.2.	**Domicile; Legal form; Legislation; Country of Incorporation**	The Company was incorporated as a private company limited by shares in England and Wales under the Companies Act 1985 on 21 April 2005 with registered number 05432142 and re-registered as a public company limited by shares on 13 February 2017. It is domiciled in the United Kingdom.
B.3.	**Issuer’s Current Operations and Principal Activities**	Ultimate Products, established in 1997 by Simon Showman (CEO) and Barry Franks (Non-executive Director) in Greater Manchester, is a fast growing owner, licencee, designer, developer and manager of a series of well-known brands focused on six product categories being: SDA, Housewares, Audio, Laundry, Heating & Cooling and Luggage.

		Branded, value-led, mass-market strategy The overarching strategy of the Group since 2013 has been to develop its portfolio of brands focused on the mass market, value-led, consumer goods for the home. Execution of this strategy has enabled the Group to increase materially both the size of orders, and the level of repeat orders, with its customer base. With an increase in the level of predictable, repeat orders, the Group has been able to negotiate improved terms with its manufacturing suppliers which, with operational efficiencies inherent in higher volumes, has benefited the Group's overall profitability at both gross margin and net margin level in the three year and three month period to 31 October 2016. **Brand portfolio** The Group's brand portfolio has been carefully assembled through opportunistic acquisitions coupled with entry into two long term licence agreements in relation to two of the Group's Premier Brands. The Executive Directors seek to identify and acquire brands where they believe the core skills of the Group can be utilised to revitalise them so that they appeal to the Group's customer base. The Group divides its sales into three brand categories: Premier Brands, Key Brands and Other Brands/Own Label across the six product categories. The Groups' Premier Brands are: • **Beldray**: a British heritage brand established in 1872 as the UK's first manufacturer of steel ironing boards, specialising in laundry, floor care, heating and cooling. • **Intempo**: a value-focused and innovative audio brand targeted at teenagers with a passion for music. • **Salter**: a British heritage kitchenware brand dating back to the 1760s, for which Ultimate Products has had licence for electrical and cookware lines since 2011. The current licence runs until 2024. • **Russell Hobbs**: a British heritage kitchenware brand, for which Ultimate Products has had the licence for cookware lines since 2011. The current licence runs until 2020. • **Constellation**: a British heritage luggage brand dating back to the 1960s which combines practical function, style and flair. • **Progress**: a Lancastrian heritage cookware and bakeware brand founded in 1931, which was acquired in 2015 by the Group and re-launched in 2016. The Group's Key Brands include American Originals, George Wilkinson, Giles & Posner, Inspire, Portobello, Prolectrix and ZFrame. **Key strengths** The Directors believe that one of the Group's key differentiators is its mass-market, value-led brand proposition. This proposition is enhanced by the Group's speed and flexibility in developing new products within these brands as a result of its heritage as a sourcing business and investment in its in-house design team. The Group's key capabilities to service its customers include:

		• **Product development** – An in-house development team of 44 enabling the Group to bring approximately 1,000 new SKUs to the market in FY 2016 with a total SKU count in FY 2016 of approximately 2,500. • **Extensive sourcing reach** – The Group has an experienced buying team, based in Oldham (Greater Manchester) and Guangzhou (China), with access to 231 suppliers in China and a further 44 in other territories. • **Design** – An in-house design team of 23 covering branding, product design, surface pattern, packaging and video content. • **Ethical and social compliance** – The Group is a member of SEDEX and audits key suppliers to the ETI Code of Conduct. • **On time delivery** – The Group has achieved over 98 per cent. on-time delivery since 2013. • **Quality assurance** – An in-house team of 29 based in China and the UK. • **Systems and IT** – A well invested IT infrastructure with bespoke buying and merchandising applications. **Broad customer base** The Group's products are sold to a broad cross-section of both large national and international multi-channel retailers as well as smaller national retail chains, many of whom with which the Group have long standing relationships, incorporating discount retailers, supermarkets, general retailers and online retailers. The Group sells to over 300 retail customers across 38 countries. Although the Company operates globally, its turnover is predominantly generated by sales to UK customers, accounting for over 70 per cent. of turnover in the 12M July 2016. Customers include Action, Aldi, Amazon, Argos, Asda, B&M, Matalan, Morrisons, Robert Dyas, Sainsbury's, Tesco and The Range. **Strong financial performance** The Group has a consistent track record of delivering significant organic growth in revenue and profits, driven by the Group's brand-led strategy. From the 12M July 2014 to the 12M July 2016 revenue increased at a CAGR of 22.3 per cent. to £79.0 million and Underlying EBITDA at a CAGR of 103.0 per cent. to £8.2 million. This strong rate of growth continued in Q1 2017 with the Group generating revenues of £33.0 million and Underlying EBITDA of £4.4 million, equating to revenue growth of 48.7 per cent. and Underlying EBITDA growth of 58.2 per cent. compared to Q1 2016. Over this period the Group's Underlying EBITDA margin increased from 3.8 per cent. in the 12M July 2014 to 10.4 per cent. in the 12M July 2016 and 13.5 per cent. in Q1 2017. **Well positioned for continued growth** The Directors believe that the Group is well positioned for future growth with recent investment made in the expansion of warehouse facilities in Oldham, Greater Manchester.

		The Directors believe that the three key areas for the continued growth of the Group are: • Benefit from store expansion and increased listings with existing discount retailer customers; • Increase penetration of UK supermarkets; and • Grow online sales with an ambition that online sales will represent 20 per cent. of Group sales, in line with overall UK online market for non-food retail. **Experienced and entrepreneurial management team** The Group has an experienced management team led by Simon Showman (CEO) who founded the Group in 1997, alongside Andrew Gossage (Managing Director), who has been with the business since 2005. The management team has overseen the Group's development and growth, including the adoption and implementation of the Group's branded strategy. The Board will retain a significant equity interest following Admission and will have incentive arrangements in-place based on ambitious growth targets. As at 31 October 2016 the Group employed a total of 216 staff (181 in the UK, 33 in China and one in Hong Kong and one in Belgium).
B.4a	**Significant Trends**	The Directors believe that demand for mass-market value-led branded consumer goods is driven by certain market factors and trends. In recent years, the retail market has experienced substantial structural change with discount retailers gaining significant traction throughout the UK and the rest of Europe. In 2016, British households spent over £4.9 billion in discount retailers such as Poundland, B&M and Home Bargains, an increase of 17 per cent. compared to the prior year.[1] Household, packaged grocery, confectionery and health & beauty products have proved the most popular items purchased at discount retailers, accounting for 63 per cent. of bargain store grocery sales.[1] As a consequence of their market traction, discount retailers have undertaken, and continue to execute, rapid store roll-out programmes, increasing the level of competitive pressure within the retail market. As a result, in 2016, approximately 31 per cent. of the increased annual amount Britons spent at discount retailers came from people shifting spend away from supermarkets and health & beauty retailers. The Big 4 supermarkets are the most affected by this switching, accounting for 73 per cent. of spend shifted away towards discount retailers.[1] The focus by discount retailers on a "value proposition" fits within the Group's strategy and product portfolio with discount retailers becoming a core, fast growing constituent of the Group's customer base. As such, the Group has benefited from their discount customers own store roll-out programmes. In addition, the Group's sales growth within this market segment has accelerated through the Group increasing its penetration within the customer base by providing a broader offering of its products through increased SKUs. The discounter customers own LFL growth within stores coupled with their roll-out programmes has accelerated revenue growth for the Group.

1 Source: "Britons" Spend at Bargain Stores Hits 5 Billion" (Nielsen, 26 August 2016).

		In response to the growth of the discount retailers, conventional retailers have been required to aggressively cut prices to stay competitive.[2] In addition, UK supermarkets have, in turn, begun to focus on the development of their "value proposition" in part through the adoption of branded products aimed at the mass-market in place of their existing "own brand" product to mitigate the requirement for price cuts and promotional strategies.[2] This change in focus has resulted in increased demand for the Group's products, resulting in increased sales to the Big 4 supermarkets between FY 2014 and FY 2016. In conjunction with the growth of discount retailers challenging the market, there has been a continued growth in online e-commerce. These two channels are expected to account for 80 per cent. of the UK retail market's growth in the next five years with online remaining the fastest growing channel.[3] This has been driven by a growing level of acceptance of online e-commerce by consumers as a means of concluding transactions, fuelling the growth of e-commerce retailers such as Amazon who are able to provide consumers with access to an extensive selection of products.[4] E-commerce retailers have provided a further retail distribution channel for the Group's products.
B.5	**Group Structure**	As at the date of this Prospectus, the Group comprises the Company and its two wholly-owned subsidiaries: UPGS UK and UPGS HK, which will form the Group following Admission.
B.6	**Notifiable Interests**	As at the date of this Prospectus, the following persons each hold, directly or indirectly, three per cent. or more of the Issued Share Capital of the Company: *Shareholder* — *Number of Ordinary Shares* — *Percentage of the Issued Share Capital* Simon Showman[1] — 37,061,200 — 45.1 Barry Franks — 20,540,800 — 25.0 Andrew Gossage — 16,104,800 — 19.6 **Note:** 1. Simon Showman's interest in Existing Shares in the Company includes 18,530,800 Existing Shares held by his wife Hayley Showman.

2 Source: "Can Grocery Retailers Fend Off The Discounters? Yes, Here's How." (Nielsen, 17 June 2015).

3 Source: The Institute of Grocery Distribution - Retail analysis "UK Channel Opportunities, UK Market and Channel Forecasts: 2016-2021 (June 2016).

4 Source: The Future of Grocery: E-Commerce, Digital Technology and Changing Shopping Preferences Around the World (Nielsen, April 2015).

Immediately following Admission, insofar as is known to the Company, the following parties will, directly or indirectly, hold three per cent. or more of the Issued Share Capital of the Company:

Shareholder	*Number of Ordinary Shares*	*Percentage of the Issued Share Capital*
Simon Showman[1]	18,530,600	22.55%
Barry Franks	10,270,400	12.50%
BlackRock Investment Management (UK) Limited	10,177,503	12.39%
Andrew Gossage[2]	8,052,400	9.80%
Henderson Global Investors	4,394,531	5.35%
Miton Asset Management Limited	3,320,313	4.04%
Schroder Investment Management Ltd	2,835,547	3.45%
Ennismore Fund Management	2,812,500	3.42%
M&G Investments	2,468,750	3.00%

Notes:

1. Simon Showman's interest in Existing Shares in the Company includes 9,265,400 Existing Shares held by his wife Hayley Showman.
2. Andrew Gossage's interest in Existing Shares in the Company includes 4,026,200 Existing Shares to be transferred to his wife Tracy Gossage immediately following Admission.

The Company, SCS and the Concert Party are parties to the Relationship Agreement that will become effective upon Admission.

Following Admission, no Shareholder will have any special voting rights over any Ordinary Shares and all Ordinary Shares will rank *pari passu* in all respects with all other Ordinary Shares.

B.7 **Historical Financial Information**

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

Selected Consolidated Income Statement Data

	Audited 9 months ended 30 April 2014 £'000	*Audited 15 months ended 31 July 2015 £'000*	*Audited Year ended 31 July 2016 £'000*	*Unaudited 3 months ended 31 Oct 2015 £'000*	*Audited 3 months ended 31 Oct 2016 £'000*
Revenue	40,141	76,756	79,028	22,203	33,013
Cost of sales	(30,398)	(56,652)	(58,364)	(16,506)	(24,761)
Gross profit	9,743	20,104	20,664	5,697	8,252
Distribution costs	(810)	(1,459)	(1,194)	(278)	(421)
Administration expenses	(7,632)	(13,498)	(12,784)	(3,157)	(4,320)
Other income	11	1	1	4	7
Profit from operations	1,312	5,165	6,700	2,266	3,519
Finance income	127	–	–	–	5
Finance costs	(1,615)	(760)	(441)	(85)	(139)
(Loss)/profit before taxation	(176)	4,405	6,259	2,181	3,385
Income tax	2	(832)	(1,361)	(459)	(725)
(Loss)/profit for the year	(174)	3,573	4,898	1,722	2,660

	Audited 9 months ended 30 April 2014 £'000	Audited 15 months ended 31 July 2015 £'000	Audited Year ended 31 July 2016 £'000	Unaudited 3 months ended 31 Oct 2015 £'000	Audited 3 months ended 31 Oct 2016 £'000
Items that may be re-classified subsequently to profit or loss					
Fair value movements on cash flow hedging instruments	–	–	441	–	204
Foreign currency retranslation	(37)	138	19	1	12
Other comprehensive income	(37)	138	460	1	216
Total comprehensive (expense)/income for period attributable to the owners of the Company	(211)	3,711	5,358	1,723	2,876
	pence	*pence*	*pence*	*pence*	*pence*
(Loss)/earnings per share – basic	(40)	1,713	2,652	929	1,444
(Loss)/earnings per share – adjusted	(0.1)	4.3	6.6	2.3	3.6

Selected Consolidated Statement of Financial Position

	Audited As at 30 April 2014 £'000	Audited As at 31 July 2015 £'000	Audited As at 31 July 2016 £'000	Audited As at 31 Oct 2016 £'000
Assets				
Property, plant and equipment	484	598	970	1,157
Deferred tax	502	252	209	178
Total non-current assets	986	850	1,179	1,335
Inventories	5,733	7,730	10,545	13,570
Trade and other receivables	7,668	11,036	16,231	22,899
Current tax	17	–	–	–
Cash and cash equivalents	82	58	136	49
Total current assets	13,500	18,824	26,912	36,518
Total assets	14,486	19,674	28,091	37,853
Liabilities				
Trade and other payables	(11,931)	(10,632)	(16,403)	(16,041)
Current tax	–	(468)	(478)	(899)
Borrowings	(2,455)	(3,055)	(7,132)	(13,973)
Total current liabilities	(14,386)	(14,155)	(24,013)	(30,913)
Net current (liabilities)/assets	(886)	4,669	2,899	5,605
Borrowings	(17,980)	(2,525)	(2,884)	(2,870)
Total non-current liabilities	(17,980)	(2,525)	(2,884)	(2,870)
Total liabilities	(32,366)	(16,680)	(26,897)	(33,783)
Net (liabilities)/assets	(17,880)	2,994	1,194	4,070
Equity				
Share capital	433	185	184	184
Share premium	20	12,322	2	2
Capital reserve	–	4,909	–	–
Hedging reserve	–	–	441	645
Retained earnings	(18,333)	(14,422)	567	3,239
(Deficit)/equity attributable to owners of the Company	(17,880)	2,994	1,194	4,070

Selected Consolidated Cash Flow Statement Data

	Audited 9 months ended 30 April 2014 £'000	*Audited 15 months ended 31 July 2015 £'000*	*Audited Year ended 31 July 2016 £'000*	*Unaudited 3 months ended 31 Oct 2015 £'000*	*Audited 3 months ended 31 Oct 2016 £'000*
Net cash flow from operating activities					
(Loss)/profit for the period	(174)	3,573	4,898	1,722	2,660
Adjustments for:					
Finance income	(127)	–	–	–	(5)
Finance costs	1,615	760	441	85	139
Gain on disposal of non-current assets	(10)	(1)	–	–	–
Income tax expense	(2)	832	1,361	459	725
Depreciation and impairment	213	317	280	62	72
Income taxes paid	(112)	(102)	(1,309)	(152)	(270)
Working capital adjustments					
Increase in inventories	(183)	(1,997)	(2,815)	(1,004)	(3,025)
Decrease/(increase) in trade and other receivables	2,681	(3,298)	(4,740)	(4,628)	(6,475)
(Decrease)/increase in trade and other payables	(411)	3,010	5,545	1,713	1,945
Net cash from operations	3,490	3,094	3,661	(1,743)	(4,234)
Cash flows from investing activities					
Purchase of property, plant and equipment	(261)	(450)	(652)	(153)	(259)
Proceeds from sale of property, plant and equipment	10	21	–	–	–
Finance income	127	–	–	–	–
Net cash used in investing activities	(124)	(429)	(652)	(153)	(259)
Cash flows from financing activities					
Purchase of own shares	(10)	(30)	(18)	(6)	–
Proceeds from borrowings	–	1,734	8,891	2,354	6,974
Repayment of borrowings	(3,170)	(2,037)	(3,294)	(414)	(159)
Issue of new loan notes	–	1,150	–	–	–
Repayment of loan notes	(7)	(3,010)	(6,059)	–	–
Debt issue costs paid	–	(109)	(142)	–	–
Dividends paid	–	–	–	–	(2,250)
Interest paid	(323)	(393)	(2,316)	(58)	(169)
Net cash (used in)/from financing activities	(3,510)	(2,695)	(2,938)	1,876	4,396
Net (decrease)/increase in cash and cash equivalents	(144)	(30)	71	(20)	(97)
Cash and cash equivalents brought forward	246	82	58	58	136
Exchange (losses)/gains on cash and cash equivalents	(20)	6	7	1	10
Cash and cash equivalents carried forward	82	58	136	39	49

The tables above have been extracted without material adjustment from the Historical Financial Information for the statutory accounting periods provided in Section B of Part 10 of this Prospectus. On 11 July 2014, the Group changed its accounting reference date from 31 July to 30 April. On 13 April 2015, the Group changed its accounting reference date back to 31 July. Therefore, the Directors believe that the income statements for the twelve month periods ending 31 July 2014 (unaudited), 2015 (unaudited) and 2016 (audited) are more helpful for investors and so have included additional disclosure for these periods.

The table below has been extracted without material adjustment from note 32 to the Historical Financial Information in Section B of Part 10 of this Prospectus.

The information in respect of the 12 months ended 31 July 2014 and the 12 months ended 31 July 2015 is unaudited and has been prepared from the Group's accounting records using the accounting policies set out in note 2 to the Historical Financial Information.

	Unaudited 12M July 2014 £'000	*Unaudited 12M July 2015 £'000*	*Audited 12M July 2016 £'000*	*Unaudited Q1 2016 £'000*	*Audited Q1 2017 £'000*
Revenue	52,797	64,100	79,028	22,203	33,013
Cost of sales	(39,764)	(47,286)	(58,364)	(16,506)	(24,761)
Gross profit	13,033	16,814	20,664	5,697	8,252
Distribution costs	(1,129)	(1,140)	(1,194)	(278)	(421)
Administration expenses	(10,208)	(10,922)	(12,784)	(3,157)	(4,320)
Other income	14	15	14	4	7
Profit from operations	1,710	4,767	6,700	2,266	3,519
Finance income	127	–	–	–	5
Finance costs	(1,904)	(471)	(441)	(85)	(139)
(Loss)/profit before taxation	(67)	4,296	6,259	2,181	3,385
Income tax	(92)	(738)	(1,361)	(459)	(725)
(Loss)/profit for the year	(159)	3,558	4,898	1,722	2,660
Fair value movements on cash flow edging instruments	–	–	441	–	204
Foreign currency retranslation	(33)	134	19	1	12
Total comprehensive (expense)/income for period attributable to the owners of the Company	(192)	3,692	5,358	1,723	2,876
	pence	*pence*	*pence*	*pence*	*pence*
(Loss)/earnings per share – basic	(40)	1,920	2,652	929	1,444
(Loss)/earnings per share – adjusted	(0.1)	4.8	6.6	2.3	3.6

Set out below are details of significant changes to the Group's financial condition and results of operations during the 12M July 2014, 12M July 2015 and 12M July 2016 and Q1 2017.

– Group revenue increased by £26.2 million, or 22.3 per cent. CAGR, from £52.8 million in the 12M July 2014 to £79.0 million in the 12M July 2016; and by £10.8 million, or 48.7 per cent., from £22.2 million in Q1 2016 to £33.0 million for Q1 2017. The Group's focus on branded, mass market consumer products for the home has found resonance with UK and international retailers which has been the primary driver of growth in revenue. In particular from the Group's discounter customers, both based in the UK and in continental Europe, as they increase the number of stores they trade from as well as increase the number and volume of SKUs bought from the Group. More recently the Group has seen increased level of interest and orders from the UK supermarkets as well as online, principally Amazon.

– Profit before taxation has increased from a loss of £(0.1) million for the 12M July 2014 to a profit of £6.3 million for the 12M July 2016 as the benefit of (i) increased revenue, (ii) improved terms with suppliers as volumes and repeat orders have grown over the period ended 31 July 2016, off-setting adverse pressure on cost of sales

		from the weakening of sterling against the US dollar since June 2014, (iii) tight cost control; and (iv) lower interest charges following new banking facilities being put in place in June 2014. – Since 31 July 2016, profit before taxation increased by £1.25 million, or 55.3 per cent., from £2.3 million for Q1 2016 to £3.5 million for Q1 2017. This increase reflected the net benefit of the increase in gross profit being higher than the corresponding increase in operating expenses. Operating margin increased by 0.5 percentage points, from 10.2 per cent. in Q1 2016 to 10.7 per cent. in Q1 2017 – Save as described above, there has been no significant change in the financial position or results of operations of the Group during the 12M July 2014, the 12M July 2015 and the 12M July 2016 and Q1 2017. The Group has continued to trade strongly since 31 October 2016 with the Group generating revenues of £57.9 million[5] for the five months to 31 December 2016, up from £35.6 million[5] for the comparable period last year, an increase of 62.9 per cent. As a result of the continued weakening of sterling over the period, the Group's gross margin was lower at 24.8 per cent. for the five months to 31 December 2016 (FY 2016: 26.0 per cent.). EBITDA for the five months to 31 December 2016 increased by 71.9 per cent. against the comparable period last year. Underlying EBITDA for the five months to 31 December 2016 increased by 77.7 per cent. against the comparable period last year. The Group continues to execute on its strategy, as set out in paragraph 4 of this Part 5, with continued strong revenue generation in January 2017 of £10.2 million[5] (January 2016: £6.4 million[5]). This is further underpinned by an order book for FY 2017 as at 31 January 2017 of £27.7 million[5] (£19.9 million[5] 31 January 2016) providing excellent visibility for the rest of the financial year. The Board remains confident about the future prospects of the Group. Save as described above, there has been no significant change in the financial position or results of operations of the Group since 31 October 2016, being the last date to which the Historical Financial Information of the Group was prepared.
B.8	**Unaudited Pro Forma Financial Information**	Not applicable. There is no unaudited pro forma financial information in this Prospectus.
B.9	**Profit Estimate**	Not applicable. There is no profit estimate included in this Prospectus.
B.10	**Audit Report Qualifications**	Not applicable. There are no qualifications in the accountant's report on the Historical Financial Information included in Section A of Part 10 this Prospectus.

5 Source: Unaudited financial information prepared from the Group's accounting records using the accounting policies set out in note 2 to the Historical Financial Information

B.11	**Insufficiency of Working Capital**	Not applicable. The Company is of the opinion that, taking into account the bank and other facilities available to the Group, the working capital available to the Group is sufficient for the Group's present requirements, that is, for at least the next 12 months following the publication of this Prospectus.

Section C – Securities		
C.1	**Securities Offered**	The Offer comprises an offering to certain institutional and other investors of 41,084,800 Offer Shares, in aggregate. The nominal value of the Issued Share Capital of the Company immediately following Admission will be £205,424 divided into 82,169,600 Ordinary Shares of 0.25p each, which will be issued fully paid. When admitted to trading, the Ordinary Shares will have an ISIN of GB00BYX7MG58, SEDOL number BYX7MG5 and will trade under the TIDM symbol UPGS.
C.2	**Currency**	The Ordinary Shares are denominated in UK pounds sterling.
C.3	**Issued Shares**	As at the date of this Prospectus, the Issued Share Capital of the Company is £205,424 divided into 82,169,600 Ordinary Shares of £0.25p each. On Admission, there will be 82,169,600 Ordinary Shares of 0.25p each. All Ordinary Shares in issue on Admission will be fully paid.
C.4	**Rights**	The Ordinary Shares will rank *pari passu* in all respects with each other, including for voting and dividend rights and rights on a return of capital. Subject to the provisions of the Companies Act, any equity securities issued by the Company for cash must first be offered to Shareholders in proportion to their holdings of Ordinary Shares. The Companies Act and the Listing Rules allow for the disapplication of pre-emption rights which may be waived by a special resolution of the Shareholders, either generally or specifically, for a maximum period not exceeding five years. Except in relation to dividends which have been declared and rights on a liquidation of the Company, the Shareholders have no rights to share in the profits of the Company. The Ordinary Shares are not redeemable. However, the Company may purchase or contract to purchase any of the Ordinary Shares on or off-market, subject to the Companies Act and the requirements of the Listing Rules.
C.5	**Restrictions on Transferability**	Not applicable. The Ordinary Shares are freely transferable and there are no restrictions on transfer.
C.6	**Application for Admission**	Application has been made to the FCA for the Ordinary Shares to be admitted to the premium listing segment of the Official List of the FCA and to the London Stock Exchange for the Ordinary Shares to be admitted to trading on the London Stock Exchange's main market for listed securities. No application has been made or is currently intended to be made for the Ordinary Shares to be admitted to listing or trading on any other exchange.

C.7	**Dividend Policy**	The Board intends to adopt a progressive dividend policy for the Company from Admission whilst maintaining the appropriate dividend cover and retaining sufficient capital to fund on-going operating requirements and to invest in the Company's long term growth. The Board's current intention is to target an initial payout ratio of 50 per cent. of the Company's adjusted profit after tax. Assuming there are sufficient distributable reserves available at the time, the Directors intend that the Company will pay an interim dividend and a final dividend in respect of each financial year in the approximate proportions of one-third and two-thirds, respectively, of the total annual dividend. The current intention of the Board is that the first dividend to be paid by the Company will be the interim dividend in respect of the six months ending 31 January 2017, payable in H2 2017.

Section D – Risks		
D.1	**Key Information on the Key Risks (Company and Industry)**	***The Group has a high concentration of key customers with whom it does not have long-term contracts*** The Group has a high concentration of key customers (with the Group's top 10 customers accounting for 58 per cent. of the Group's turnover in FY 2016 and the top two customers accounting for 32 per cent. in the same period). Customers (including B&M which represented 22 per cent. of the Group's turnover in FY 2016) are not contractually committed to purchase the Group's products on a long term basis. As a result, the Group's customers could choose to cease purchasing the Group's products, reduce their purchase levels or request reduced pricing structures on relatively short notice, which would have a material adverse effect on the Group's business, results of operations, financial condition or prospects. ***The Group's recent growth has been driven by discount retailers*** The Group has benefited from the store roll-out and product expansion programmes of discount retailers, with whom the Group has established relationships. Should the rate of growth of these customers diminish or cease, this could have a material adverse effect on the Group's rate of growth. Should the absolute number of discounter retailer stores decline, this could have a material adverse effect on the Group's business, financial condition, results of operations and prospects. ***The Group generates a significant proportion of its revenue in the United Kingdom and therefore its results of operations are affected by overall economic conditions and the level of customer confidence and spending in the United Kingdom*** In the 12M July 2016, 74 per cent. of the Group's revenue was generated from customers located in the United Kingdom. Any deterioration in the economic conditions in the United Kingdom could result in diminished customer confidence, leading to reduced spending and demand for the Group's products, which would have a material adverse effect on the Group's business, results of operations, financial condition or prospects.

		The Group operates in a highly competitive market where it must innovate to compete effectively The Group's ability to design new products which appeal to consumers has enabled the Group to increase its market share in a very competitive and challenging retail market. The failure to innovate or develop products with consumer appeal would have a material adverse effect on the Group's business, financial condition, results of operations and prospects. ***The Group is exposed to foreign currency exchange rate fluctuations*** The Group is exposed to exchange rate fluctuations and the continued weakening of sterling against any or all of the main currencies in which the Group is exposed will result in a continued pressure on the Group's gross margin and could, therefore, have a material adverse effect on the Group's business, financial condition, results of operations and prospects. ***The Group has a physical presence in China, is reliant on sourcing product from China and is therefore exposed to political risks in China*** The Group has a physical operation in China and the majority of its suppliers are based in China. As such, the Group's operations, prospects and financial condition could be adversely affected if there is any deterioration in or disruption to legal, political, economic or social conditions in China. The Chinese government has since 1978 pursued a policy of economic liberalisation, including the relaxation of private sector involvement in certain business sectors. The degree to which the Chinese government regulates industry is a key risk to business in China in the future. Although the Directors believe that political conditions in China are generally stable, China is a developing country with highly centralised decision making and therefore rapid or fundamental changes may occur in its political, fiscal and legal systems, which might affect the Group's ability to operate effectively and/or efficiently in China. The rate of economic liberalisation could change and laws and policies affecting the Chinese manufacturing sector, foreign investment, exchange rates, exchange control mechanisms and other matters affecting trade with China could change as well. Any such change may impose onerous obligations on the Group and could have a material adverse impact on the Group's business, financial condition, results of operations and prospects.
D.3	**Key Information on the Key Risks (Ordinary Shares)**	***The Concert Party will exercise significant influence over the Group*** The Concert Party will retain a significant interest in the Company and their interests may conflict with those of other Shareholders. In particular, the significant interest retained by the Concert Party may have the effect of delaying or preventing an acquisition or other change in control of the Company. Additionally, the trading price of the Group's Ordinary Shares could be materially adversely affected if potential new investors are disinclined to invest in the Group because they perceive disadvantages to such a large shareholding. The Company and SCS is a party to the Relationship Agreement with the Concert Party. The Relationship Agreement is intended to allow the Company to operate its business independently from the Concert Party

		and ensure that commercial transactions and relationships with the Concert Party are conducted on an arm's length basis. However, the Relationship Agreement may not contemplate all instances in which the interests of the Concert Party differ from those of minority Shareholders and/or may be difficult to enforce. If the Concert Party seeks to influence the Company's business in a manner that may not be in the interests of other Shareholders, the Company's business, results of operations, financial condition and prospects, and the trading price of the Shares could be adversely affected. ***Trading market for the Ordinary Shares*** The share prices of newly-listed companies can be highly volatile and shareholdings illiquid. The market price of the Ordinary Shares may be subject to wide fluctuations in response to many factors, some specific to the Group and its operations and others to the broader equity markets in general. In addition, stock markets have from time to time experienced extreme price and volume fluctuations which could adversely affect the market price of the Ordinary Shares. ***Future sales of Ordinary Shares could cause the share price to fall*** Sales of Ordinary Shares by significant investors could depress the market price of the Ordinary Shares. A substantial amount of Ordinary Shares being sold, or the perception that sales of this type could occur, could also depress the market price of the Ordinary Shares. Both scenarios may make it more difficult for Shareholders to sell the Ordinary Shares at a time and price that they deem appropriate. ***The Company may in the future issue new Ordinary Shares, which may dilute Shareholders' equity*** The Company has no current plans to issue more equity other than to satisfy awards and/or options granted over Ordinary Shares in accordance with the terms of the Share Incentive Scheme. It may, however, decide to do so in the future. If pre-emption rights in the Articles are disapplied, any additional equity financing may be dilutive to those Shareholders who cannot, or choose not to, participate in such fundraisings.

Section E – Offer		
E.1	**Net Proceeds and Expenses**	Through the sale of the Existing Shares pursuant to the Offer, the Company expects that the Selling Shareholders will receive gross proceeds of approximately £52.6 million before taking into account costs and expenses associated with the Offer. The aggregate placing commissions, amounts in respect of stamp duty or SDRT and certain other fees and expenses payable by the Selling Shareholders in connection with the Offer are expected to be approximately £2.4 million. The Company will not receive any proceeds from the Offer. The Company will bear one-off fees and expenses of approximately £1.25 million (including VAT) in connection with Admission and the Offer, which the Company intends to pay out of cash resources available to it (to the extent they have not already been paid prior to Admission).

		No expenses will be charged by the Company or the Selling Shareholders to any investor who purchases Ordinary Shares pursuant to the Offer (see E.7 below).
E.2a	**Reasons for Offer and Use of Proceeds**	The Directors believe that the Offer and Admission will be a positive step in the Company's progression, which will further enhance the Group's profile with both customers and suppliers and position the Group for its next stage of development. Admission will also assist in retaining and incentivising employees through the Share Incentive Scheme and provide a platform for future growth. Admission will also enable the Selling Shareholders partially to realise their investment in the Company. No proceeds from the sale of Existing Shares will be received by the Company.
E.3	**Terms and Conditions**	The Offer comprises 41,084,800 Existing Shares to be sold at an Offer Price of 128 pence each. Under the Offer, the Offer Shares are being offered for sale to certain institutional and other investors in the United Kingdom and elsewhere outside the United States in reliance on Regulation S under the US Securities Act, or another exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act. Admission is expected to become effective, and unconditionally dealings in the Ordinary Shares are expected to commence on the London Stock Exchange, at 8.00 a.m. on 6 March 2017. The Offer is subject to the satisfaction of conditions contained in the Sponsor and Placing Agreement. These conditions include conditions which are customary for transactions of this type (including Admission becoming effective by no later than 8.00 a.m. on 6 March 2017 (or such later time and/or date as the Company and the Banks may agree, not being later than 8.00 a.m. on 31 March 2017) and the Sponsor and Placing Agreement not having been terminated (in accordance with its terms) prior to Admission. The purchase of the Offer Shares to be offered under the Offer has been not been underwritten by the Banks. The Company, the Directors, the Selling Shareholders and the Banks have entered into the Sponsor and Placing Agreement pursuant to which the Banks have agreed, subject to certain conditions, to use their respective reasonable endeavours to procure purchasers for the Offer Shares. In the event that it is unable to procure subscribers and purchasers for the Offer Shares, the Banks will not be obliged to purchase the Offer Shares themselves. The Sponsor and Placing Agreement also provides for the Banks to be paid a commission in respect of the Offer Shares placed. Any commissions received by the Banks may be retained, and any Offer Shares acquired by the Banks may be retained or dealt in, by the Banks for their own benefit. Allocations of Offer Shares pursuant to the Offer will be determined in accordance with an allocation policy to be determined by the Banks after consultation (so far as is practicable) with the Company. None of the Ordinary Shares may be offered for subscription, sale or purchase or be delivered, or be subscribed, sold or delivered, and this Prospectus and any other offering material in relation to the Offer and

		the Ordinary Shares may not be circulated, in any jurisdiction where to do so would breach any securities laws or regulations of any such jurisdiction or give rise to an obligation to obtain any consent, approval or permission, or to make any application, filing or registration.
E.4	**Material Interests**	Not applicable. There are no interests known to the Company that are material to the Offer or Admission or which are conflicting interests.
E.5	**Selling Shareholders/ Lock-up arrangements**	41,084,800 Existing Shares will be sold by the Selling Shareholders pursuant to the Offer. The Offer will provide the Selling Shareholders with a partial realisation of their investment in the Company. ***Lock-up arrangements*** The Concert Party, which will hold 36,853,400 Ordinary Shares as at Admission, has agreed that, during the period following Admission and expiring on the date 12 months following Admission, subject to certain customary exceptions, he or she will not, directly or indirectly, offer, allot, issue, lend, mortgage, assign, charge, pledge, sell or contract to sell, issue or sell options in respect of, or otherwise dispose of, directly or indirectly, or announce an offering of any Ordinary Shares (or any interest therein or in respect thereof) or any other securities exchangeable for, or convertible into, or substantially similar to, Ordinary Shares or enter into any transaction with the same economic effect as the foregoing. In addition, the Concert Party, has agreed that, for a further period following the expiry of their lock-up periods (**Concert Party Expiry Date**) referred to above and expiring on the 12 months following the Concert Party Expiry Date, subject to certain customary exceptions, he or she will not, directly or indirectly, offer, allot, issue, lend, mortgage, assign, charge, pledge, sell or contract to sell, issue or sell options in respect of, or otherwise dispose of, directly or indirectly, or announce an offering of any Ordinary Shares (or any interest in therein or in respect thereof) or any other securities exchangeable for, or convertible into, or substantially similar to, Ordinary Shares or enter into any transaction with the same economic effect as the foregoing other than through the Banks with a view to maintaining an orderly market in the Company's securities. Each of the Selling Shareholders (excluding the Concert Party), who hold 4,231,400 Ordinary Shares as at Admission, have agreed that, during the period following Admission and expiring on the date 36 months following Admission, subject to certain exceptions, he or she will not, directly or indirectly, offer, allot, issue, lend, mortgage, assign, charge, pledge, sell or contract to sell, issue or sell options in respect of, or otherwise dispose of, directly or indirectly, or announce an offering of any Ordinary Shares (or any interest therein or in respect thereof) or any other securities exchangeable for, or convertible into, or substantially similar to, Ordinary Shares or enter into any transaction with the same economic effect as the foregoing. In addition, each of the Selling Shareholders (excluding the Concert Party) have agreed that for a further period following the expiry of their lock-up periods referred to above and expiring on the date 12 months later, subject to certain customary exceptions, he or she will not, directly

		or indirectly, offer, allot, issue, lend, mortgage, assign, charge, pledge, sell or contract to sell, issue or sell options in respect of, or otherwise dispose of, directly or indirectly, or announce an offering of more than 50 per cent. of the Ordinary Shares held by that Selling Shareholder at Admission (or any interest therein or in respect thereof) or enter into any transaction with the same economic effect as the foregoing.
E.6	**Dilution**	Not applicable. No new Ordinary Shares will be issued pursuant to the Offer, therefore there will be no dilution pursuant to the Offer.
E.7	**Expenses charged to investors**	Not applicable. Other than in respect of expenses of, or incidental to, Admission and the Offer which will be paid by the Company, there are no commissions, fees or expenses to be charged to investors by the Company or the Selling Shareholders under the Offer.

PART 1

RISK FACTORS

Investing in and holding Ordinary Shares involves financial risk. Investors in the Ordinary Shares should carefully review all of the information contained in this Prospectus and should pay particular attention to the following risks associated with an investment in the Ordinary Shares, the Group's business and the industries in which it operates which should be considered together with all other information contained in this Prospectus.

Prospective investors should note that the risks relating to the Group, its industries and the Ordinary Shares referred to below and summarised in the section of this Prospectus headed "Summary Information" are the risks that the Directors believe to be the most essential to an assessment by a prospective investor of whether to consider an investment in the Ordinary Shares. However, as the risks which the Group faces relate to events and depend on circumstances that may or may not occur in the future, prospective investors should consider not only the information on key risks summarised in the section of this Prospectus headed "Summary Information" but also, among other things, the risks and uncertainties described below.

The risks and uncertainties described below are not an exhaustive list, are not set out in any order of priority and do not necessarily comprise all, or explain all, of the risks associated with the Group, the industries within which it operates or an investment in the Ordinary Shares (but do comprise the material risks and uncertainties in this regard that are known to the Directors) and should be used as guidance only. Additional risks and uncertainties relating to the Group and/or the Ordinary Shares that are not currently known to the Directors, or which the Directors currently deem immaterial, may arise or become (individually or collectively) material in the future and may have a material adverse effect on the Group's business, financial condition, results of operations or prospects and, if any such risk or risks should occur, the price of the Ordinary Shares may decline and investors could lose part or all of their investment.

Investors should consider carefully whether an investment in the Ordinary Shares is suitable for them in light of the information in this Prospectus and their personal circumstances. Investors should consult a legal adviser, an independent financial adviser or a tax adviser for legal, financial or tax advice if they do not understand this Prospectus (or any part of it).

1. Risks Relating To The Group

1.1. The Group has a high concentration of key customers with whom it does not have long-term contracts

The Group has a high concentration of key customers. Two of the Group's customers accounted for more than 32 per cent. of the Group's turnover in FY 2016 and together account for £21.8 million of revenue growth of the Group between the 12M July 2014 and the 12M July 2016. The Group's largest customer, B&M, represented 22 per cent. of turnover in FY 2016 and sales to B&M have increased by 152 per cent. over the three year period from 1 August 2013 to 31 July 2016. The Group's top ten customers accounted for 58 per cent. of the Group's turnover in FY 2016. The Group typically contracts with its major customers on their standard terms and conditions and the customers are not contractually committed to purchase the Group's products on a long term basis (including B&M). As a result, the Group's customers could choose to cease purchasing the Group's products, reduce their purchase levels or request reduced pricing structures on relatively short notice. The Group's sourcing, pricing and marketing strategies must therefore respond to the demands of these major customers, who may seek lower prices or other concessions in return for their continued or increased business. A loss of one or more significant customers (and in particular the Group's two largest customers) or a meaningful reduction in their purchases could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

1.2. The Group's recent growth has been driven by discount retailers

The Group has benefited from the store roll-out and product expansion programmes of discount retailers, with whom the Group has established relationships. Should the rate of growth of these customers diminish or cease, this could have a material adverse effect on the Group's rate of growth. Should the absolute number of discounter retailer stores decline, this could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

1.3. The Group is dependent on key personnel

The Executive Directors, amongst other matters, play a key role in maintaining the Group's culture and in setting the Group's strategic direction. The Group's business is also dependent upon maintaining relationships with its customers and suppliers. These relationships are maintained through the Executive Directors and other senior personnel. The unexpected departure or loss of any key personnel could have a material adverse effect on the business, financial condition and results of operations of the Group. There is a risk that no suitable replacement with the requisite skills, contacts and experience would be found to replace such person. The Group may also incur significant additional costs in recruiting and retaining suitable replacements. The senior personnel have equity interests in the Group. In addition, the Group has taken out key man insurance in respect of Simon Showman and Andrew Gossage.

1.4. The Group generates a significant proportion of its revenue in the United Kingdom and therefore its results of operations are affected by overall economic conditions and the level of consumer confidence and spending in the United Kingdom

In FY 2016, 74 per cent. of the Group's revenue was generated from customers located in the United Kingdom. Its profitability is therefore directly influenced by the United Kingdom economic climate, including by negative developments in factors such as unemployment, exchange rates and inflation or deflation. An economic recession in the United Kingdom could impact on the level of sales, particularly as any down turn in the United Kingdom economy is likely to have an impact on consumer spending and the retail industry, which is a key area for the Group. Further, an economic downturn could cause customers to reduce the level or price of their purchases from the Group or to cease purchasing products from the Group entirely, because of insolvency, reduced trading levels or otherwise. Weaker trading conditions may also cause customers to extend their payment terms such that it takes longer for the Group's invoices to be settled which would have an adverse effect on the Group's working capital position.

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

1.5. The Group is exposed to foreign currency exchange rate fluctuations

The Group buys the majority of its products in US dollars and, in FY 2016, was a net buyer of approximately US$6.4 million currency. Since June 2014 sterling has been steadily weakening against the US dollar and this has increased pressure on the Group's gross margin. Whilst the Group has managed to mitigate such pressures by product innovation coupled with its hedging activity, there is no guarantee that such actions and activities will provide protection in the future. The Group also has a net exposure to buy Chinese Renminbi (RMB) of approximately £1.2 million per annum relating to the payment of the Guangzhou office and staff costs.

The Group receives payment from some of its customers in Euros and is therefore exposed to a weakening of Euro against sterling. The Group was a net seller of approximately EUR3.4 million in FY 2016. Whilst the Group again mitigates this exposure by its hedging activities in forward selling Euros, there is no guarantee the Group will be protected in the future. The Group also makes annual sales of approximately £0.2 million which are denominated in Canadian dollars.

The Group's exposure to exchange rate fluctuations and a continued weakening of sterling against any or all of the main currencies to which the Group is exposed will result in continued pressure on the Group's gross margin. The United Kingdom's decision to exit from the European Union has contributed to the weakening of sterling and the Company expects this will continue to be a risk. The Group's exposure to foreign exchange rates could, therefore, have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

1.6. The Group's licence agreements in respect of two of its Premier Brands may not be renewed

The Group currently has licence agreements in place with Spectrum Brands pursuant to which it was granted an exclusive licence to use the "Russell Hobbs" trademark and Salter Housewares pursuant to which it was granted an exclusive licence to use the "Salter" trademark. Both licences have fixed terms, expiring in 2020 and 2024 respectively, and may not be renewed upon expiry. In FY 2016, the Group generated revenues of £6.7 million under the "Russell Hobbs" trademark and revenues of £12.1 million under the "Salter" trademark. Whilst these licences have the benefit of long term fixed periods, if either or both of the licences are not renewed upon expiry, the Group will lose the right to use such key brands in its products sold and this would result in a material reduction in sales. This would have a material adverse effect on the Group's business, financial conditions, results of operations and prospects.

1.7. The Group's business is currently dependent on two warehouses in the UK and an office in China

The Group predominantly operates from two distribution centres and warehouses located in Oldham, Greater Manchester, England being at Manor Mill and Heron Mill (together the "**Mills**"). The majority of the Group's inventory is held at Heron Mill, with overflow being dealt with at Manor Mill. Manor Mill also houses the Group's IT infrastructure, the finance, design and marketing teams and customer showroom. The Group's business is, therefore, dependent on the continued efficient operation of the Mills and the ability of Heron Mill to continue to satisfy customer orders, including any increase in the number of customer orders. Any disruption to operations at either of the Mills may therefore have a material adverse effect on the Group's business, financial condition and results of operations.

The Mills may suffer prolonged power or equipment failures, failures in their information technology systems or networks or damage from fires, floods, other disasters or other unforeseen events which may not be covered by or may exceed the Group's insurance coverage. Damage resulting from any of these events may cause significant disruption to the Group's operations and take considerable time to repair. The direct effect of any such event and a prolonged period before rectification could have a material adverse effect on the Group's business, financial condition and results of operations. Moreover, the complete destruction of either Manor Mill or Heron Mill through a single catastrophic event, such as a fire, would have a material adverse impact on the operation of the Group's business, for a significant period of time.

In addition, UPGS UK leases (rather than owns) the Mills. Manor Mill is subject to a 7-year lease agreement to which Barry Franks, his son, Mark Franks and The Santhouse Pensioneer Trustee Company Limited (one of the trustees of Barry Franks' family pension scheme) are landlords. This lease is on arm's length terms and is scheduled to expire on 11 November 2023. Heron Mill is subject to a 7-year lease agreement to which Heron Mill Limited is the landlord, a company of which Barry Franks, Simon Showman and Andrew Gossage are directors and Barry Franks (15 ordinary shares of £1.00 each), his wife, Beryl Franks (15 ordinary shares of £1.00 each), Simon Showman (50 ordinary shares of £1.00 each) and A&T Property Investments Limited (20 ordinary shares of £1.00 each) are the shareholders. Andrew Gossage and, his wife, Tracy Gossage are directors of A&T Property Investments Limited and Tracy Gossage is the sole shareholder. This lease is on arm's length terms and is scheduled to expire on 13 April 2023. The Group could inadvertently breach the terms of either of the leases through the day-to-day operation of its business. Any breach of the terms of the leases could, if not waived or deemed waived by the landlord, result in the early termination of the lease.

If either of the leases were to be terminated early, alternative facilities would be required to be sought which would be disruptive to the supply of goods to customers (on a Landed basis), incur additional costs to secure and make fit alternative premises and potentially result in the requirement to enter into a lease on less attractive commercial terms than currently enjoyed.

The Group entered into a six year lease in July 2014 on a 12,650 sq. ft. office in China where its' sourcing and Far East merchandising team is based together with a customer showroom. The Group's Chinese office is an important component of its effective sourcing of products from manufacturers based in China or nearby, its relationships with local suppliers and its quality assurance, with the customer showroom providing customers travelling to China an opportunity to view the Group's product ranges. Any breach of the terms of the lease (if not waived or deemed waived by the landlord) could result in the early termination of the lease and, should the lease be terminated or not renewed, the Group would suffer some short-term disruption by having to find alternate premises. Furthermore, any disruption to operations at the Group's Chinese office, such as prolonged power outage, failures in their information technology systems or networks or damage from fires, floods, other disasters or other unforeseen events, or the Group's ability to enforce the terms of the lease under Chinese law, may have a material adverse effect on the Group's business, financial condition and results of operations.

1.8. The Group's growth may place significant demands on the Group's management and infrastructure and compromise the Group's customer service levels

The Group has experienced significant revenue growth in recent periods. The Group generated revenue of £52.8 million, £64.1 million and £79.0 million for the 12M July 2014, 12M July 2015 and 12M July 2016, respectively. Such growth rates may not be sustainable and may decrease or reverse in the future. The growth of the Group's business to date has placed, and any future growth is expected to continue to place, significant demands on the Group's management and its operational and financial infrastructure. As the Group's operations grow further, it will need to continue to improve and upgrade its systems and infrastructure. Such expansion will require the Group to commit substantial management, operational and other resources in advance of any increase in the size of the business, with no assurance that the volume of business will increase.

Continued growth could strain the Group's ability to maintain reliable service levels for its customers; attract, train, motivate and retain employees; and develop and improve its operational, financial and management controls. In addition, the Group's business and IT systems may be unable to accommodate a substantial increase in the number of customers or orders. If the Group is unable to accommodate a substantial increase in customer orders, or to maintain customer services levels while accommodating any such increase, the Group's business, financial condition, results of operations and prospects may be materially adversely affected.

1.9. The Group's intellectual property may be infringed by third parties or the Group may be subject to infringement claims by third parties in relation to individual products

The Group has a broad and growing range of products that are subject to on-going innovation and re-design. As a result of such innovation the Group may be subject to intellectual property rights claims against individual products which could be costly to defend and the Group may also be compelled to bring intellectual property rights claims which could be costly to instigate and pursue. Persons may enter into litigation based on allegations of infringement or other violations of intellectual property rights in order to enforce their patents, copyrights, databases or trade-marks. As the Group develops, the possibility of being subject to intellectual property rights claims grows.

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

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

1.10. Potential tax liability

The Company has noted a contingent tax liability of £1.8 million relating to a "debt for equity" swap undertaken in June 2014 by the Company. The Company has received advice from leading counsel that this tax liability is unlikely to crystallise and no provision has been made for it in the Group's accounts. If an enquiry is raised, the Group may incur additional costs in providing information to HMRC and, potentially, the payment of the tax liability, which could have an adverse effect on the Group's balance sheet and financial results. In addition, the Group has a potential tax credit of £2.1 million, which is expected to crystallise upon Admission, although there is no certainty that this tax credit will be received. This potential tax credit has not been recognised in the Group's accounts.

1.11. The Group may fail to maintain its culture, or may be unable to attract and motivate suitably qualified personnel

The Directors believe that the Group has a strong culture supported by its Graduate Development Scheme and that its culture has helped the Group to attract and retain high quality personnel and create a work force that is dedicated to delivering high quality customer service. If the Group fails to maintain its culture, the quality of its services may deteriorate and its brands and customer loyalty may be adversely affected.

The Group's Executive Directors and Senior Managers have extensive industry experience and the Group's success depends to a significant degree upon the continued contribution of those individuals. If the Group was to lose the services of any one or more of its Executive Directors or Senior Managers, its ability to implement successfully the Group's business strategy could be impaired.

The Group's ability to attract and motivate suitably qualified and experienced staff is important for the Group's on-going success. The Group may be unable to attract and retain sufficient personnel of the right calibre or may incur significant additional costs to attract and retain personnel, which may have a material adverse effect on the Group's business, financial condition and results of operations.

1.12. The Group operates in a competitive market

The Group operates in a competitive market across each of its product categories. Where an existing competitor or new entrant is successful in providing products of a similar or better capability and quality to the Group at a lower price point, or a more appealing brand, particularly in products where the Group has a strong market position, this could cause a decline in the Group's revenue and profitability. There can be no assurance that in the future the Group will be able to compete successfully against its current or future competitors or that the competitive pressures it faces will not result in reduced revenue, profitability or market share. Any reduction in the Group's revenue or market share due to increased competition could have a material adverse effect on the Group's results of the operations, financial condition or future prospects.

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

The Group is reliant on transport by road and ocean-going vessels for the transportation of, and the delivery of, its products to customers. The Group is subject to the risks associated with its ability to provide delivery services, particularly potential disruptions in the distribution chain, such as quality issues, supply shortages and disputes with suppliers, as well as international customs regulations which may be enforced inconsistently or which may change at short notice. In particular, the business is reliant on deliveries by sea and road from suppliers based in China to the Group's main warehouse in Oldham, Greater Manchester in the United Kingdom and from there on to customers. The Group is exposed to geographical and political risks associated with shipping from China to the United Kingdom, particularly any political instability, unrest and conflict currently occurring in several countries around the Arabian Peninsula and the Suez Canal. Whilst the Group's exposure to potential risk is mitigated by the fact that 59.4 per cent. of its products were sold on a FOB basis (where the Group's products are handed directly to customers in China before overseas transportation, therefore reducing transport risk) for the 12M July 2016, any significant continuing transportation disruption could nevertheless result in the Group incurring cost or damage that may not be covered by insurance and which may, therefore, have a material adverse effect on the Group's business. The Group is also subject to risks associated with manufacturing and transportation delays and interruptions, whether as a result of natural disasters, industrial action or other factors. Whilst the Group actively manages its transportation costs it has experienced recent cost inflation in the current financial year. The Board cannot rule out the possibility that, in the future, there may be significant increases in transportation costs, for example as a result of rising fuel prices or other reasons. Any of these developments could have a material adverse effect on the Group's business, financial condition and results of operations.

1.14. The Group may face unexpected increases in operating and other expenses, which may reduce the Group's profitability

The Group's operating and other expenses could increase without a corresponding increase in revenue. Factors which could increase operating and other expenses include unforeseen increases in:

- costs of products from the Group's suppliers due to input cost inflation and exchange rate pressures translating through to higher manufacturers' prices which the Group cannot fully pass on to customers;
- fuel costs, which increase the costs of deliveries;
- payroll expenses (for example, due to increases in the minimum wage or National Insurance);
- costs associated with the Company being listed;
- rental costs under property leases;
- business rates;
- property taxes and other statutory charges;
- insurance premiums;
- tax charges; and
- the rate of general inflation,

together with changes in laws, regulations or government policies (including those relating to health and safety, financial services, planning and environmental compliance) which increase the costs of compliance with such laws, regulations or policies.

Whilst the Group historically has been able to pass some costs onto its customers through product innovation, an increase in the Group's operating and other expenses without a corresponding increase in revenue could have an adverse impact on the Group's operating margins and therefore its business and financial condition.

To the extent that such increases in operating and other expenses exceed or are not in line with increases in the Group's revenue, the Group's profitability will be reduced.

1.15. The Group's development efforts for new products within its six product categories may not be successful

The Group may seek to expand its business by increasing the breadth of products offered to its customers within the Group's core product categories of SDA, Housewares, Audio, Laundry, Heating & Cooling and Luggage. The Group may be unable to expand its product range in these areas in a cost-effective or timely manner.

The Group's success depends in part upon its ability to design new products which appeal to the end consumer. To achieve its strategic objectives and remain competitive, the Group must continue to develop and enhance its products and ensure that such products have resonance with consumers or continue to ensure they have consumer appeal. Furthermore, any such product innovations may not be favourably received by customers which could damage the Group's reputation or the reputation of one or more of its brands.

Any such expansion of the Group's business would also be likely to require significant additional investment, together with operations and resources, which could strain the Group's management, financial and operational resources. The lack of market acceptance of such new products or the Group's inability to generate satisfactory revenue from new products to offset their costs could have a material adverse effect on the Group's business, financial condition and results of operations.

1.16. The Group's brands may not continue to receive positive market recognition and wide acceptance

Developing and maintaining the reputation of, and value associated with, the Group's brands is of central importance to the success of the Group. Brand identity is a critical factor in retaining existing, and attracting new, customers.

Any failure by the Group to offer high quality products with attractive price points, excellent customer service, efficient and reliable delivery could damage its reputation and that of the Group's brands and result in the loss of customer confidence and a reduction in purchases.

Unfavourable publicity concerning the Group or any of its products could also damage the Group's brands which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

1.17. The Group's expansion into new jurisdictions may not be successful

The Group has expanded its customer base to jurisdictions outside of the United Kingdom (for example, 22 per cent. of the Group's sales for FY 2016 derive from Europe) and may explore expansion opportunities in new markets. Such expansion into markets outside the United Kingdom exposes the Group to a variety of risks, including different regulatory requirements, variations in consumer behaviour, fluctuations in currency exchange rates, potential political and economic instability, potential difficulties in enforcing contracts and intellectual property rights, the potential for higher rates of fraud and adverse tax consequences.

There is also a risk that markets outside the United Kingdom may not develop as quickly as anticipated, or at all. The development of such markets is subject to political, social, regulatory and economic forces beyond the Group's control. The Group's estimates of the potential future interest in the Group's product offering in new geographic markets will be based on a variety of assumptions which may prove to be inaccurate. To the extent that the Group overestimates the potential of a new geographic market, incorrectly judges the timing of the development of a new geographic market or fails to anticipate the differences between a new geographic market and the United Kingdom, the Group's attempt to expand into new geographic markets may be unsuccessful and may have a material adverse effect on the Group's business, financial condition and results of operations.

1.18. The Group may be unable to manage its inventory levels effectively

Although a significant element of the Group's revenue is currently FOB and does not require the Group to hold inventory, the Group must, nevertheless, maintain sufficient inventory levels to operate its Landed business successfully. The Group must also avoid accumulation of excess inventory as it seeks to minimise out-of-stock levels and maintain in-stock levels across all product categories. The Group has strategically decided to increase the level of inventory held as part of its branded strategy to secure repeat business. Whilst the Group regularly monitors its inventory levels, if it does not accurately anticipate the future demand for a particular product or the time it will take to obtain new inventory, its inventory levels will not be appropriate and may result in lost orders and/or an increase in obsolete inventory which may have a material adverse effect on the Group's business, financial condition and results of operations.

1.19. The Group has a physical presence in China, is reliant on sourcing product from China and is therefore exposed to political risks in China

The Group has a physical operation in China and the majority of its suppliers are based in China (see below: *The Group relies on third party suppliers for its products*). As such, the Group's operations, prospects and financial condition could be adversely affected if there is any deterioration in or disruption to legal, political, economic or social conditions in China.

The Chinese government has since 1978 pursued a policy of economic liberalisation, including the relaxation of private sector involvement in certain business sectors. The degree to which the Chinese government regulates industry is a key risk to business in China in the future. Although the Directors believe that political conditions in China are generally stable, China is a developing country with highly centralised decision making and therefore rapid or fundamental changes may occur in its political, fiscal and legal systems which might affect the Group's ability to operate effectively and/or efficiently in China including its ability to source products from Chinese suppliers on commercially attractive terms or at all. The rate of economic liberalisation could change and laws and policies affecting the Chinese manufacturing sector, foreign investment, exchange rates, exchange control regulations and other matters affecting trade with China could change as well. Any such change may impose onerous obligations on the Group in terms of conducting business within China, have an adverse impact on the commercial terms on which it contracts with Chinese suppliers, impose tariffs or increased taxes on exporting goods from China thereby making such products more expensive or result in adverse movements between the US dollar and Renminbi (or restrict the movement of foreign currency) thereby increasing the cost of products sourced from Chinese manufacturers. Any such changes could have a material adverse impact on the Group's business, financial condition, results of operations and prospects.

1.20. The Group relies on third-party suppliers for its products

The Group purchases all of its products from third-party product suppliers of which 231 are based in China and 44 are based in other territories.

The Group's business depends on its ability to source a range of products on commercially reasonable terms. The relationships between the Group and its suppliers generally are not based on long-term supply contracts and are typically based on the Group's standard terms and conditions that do not specify any fixed period. The Group's suppliers may cease selling products to the Group on terms acceptable to it, fail to deliver sufficient quantities of products in a timely manner, have a material deterioration in product quality, encounter financial difficulties, terminate their relationship with the Group and enter into agreements with the Group's competitors. Any such issues may result in the Group being unable to fulfil customer orders, increased customer returns of product or additional costs in securing alternative suppliers. The Group's suppliers may experience raw material or labour shortages or increases in raw material or labour costs, and/or choose to take actions to reduce their credit exposure to the Group, including by seeking to change their credit terms or refusing to contract with the Group. Agreements with the Group's suppliers do not typically establish a fixed price for products and prices are negotiated on a regular basis by the Group's purchasing team. As a result, the

Group may be subject to price increases based on changes in its suppliers' businesses, cost structures or other factors.

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

- potential economic and political instability in countries where its suppliers are located, in particular, the Group predominantly relies on suppliers based in China where there is greater political risk (see above: *The Group has a physical presence in China, is reliant on sourcing product from China and is exposed to political risks in China*);
- increases in shipping or other transportation costs (see above: *The Group may not be able to deliver products to its customers*);
- manufacturing and transportation delays and interruptions, whether as a result of natural disasters, industrial action in the supply chain or other factors;
- supplier compliance with applicable laws, including labour and environmental laws;
- adverse fluctuations in currency exchange rates (see above: *The Group is exposed to foreign currency exchange rate fluctuations*); and
- changes in United Kingdom and foreign laws affecting the importation and taxation of goods, including duties, tariffs and quotas, or changes in the enforcement of those laws (see below: *The Group may be subject to additional duties on its imported goods.*)

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

1.21. The Group may suffer if taxation rates or law change

Changes in taxation rates or law (including in China), or misinterpretation of the law or any failure to manage tax risks adequately could result in increased charges, financial loss, including penalties, and reputational damage, which may have a material adverse effect on the Group's business, financial condition and results of operations.

Products sold by the Group are subject to varying types of taxes, including VAT. The level of VAT and other taxes can be changed by the United Kingdom government at very short notice. A material change in the level of taxes levied on these products could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

1.22. The Group may be adversely affected by an increase in governmental regulation of the internet or online retailing

Part of the Group's strategy for growth is to increase its online sales. The application or modification of existing laws or regulations, or the adoption of new laws and regulations relating to the internet and online retail operations, could adversely affect the manner in which the Group's strategy is implemented. The law of the internet remains largely unsettled, even in areas where there has been some legislative action. In addition, the growth and development of the market for online retail may lead to more stringent customer protection laws which may impose additional burdens on the Group and increase its costs of business, all of which may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

1.23. The Group may be subject to additional duties on its imported goods

Whilst the Group imports most of its goods from China directly into the European Union (such goods already being subject to WTO tariffs), the Group also imports products from China to the United Kingdom and then on to other countries in the European Union. It is unclear what tariffs such product imports will attract following the United Kingdom's exit from the European Union and, if additional duties are imposed which are more onerous than WTO, the Group's gross margin could be adversely impacted. This could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

1.24. The Group is required to comply with health and safety laws and regulations

A violation of health and safety laws or regulations relating to the Group's operations or a failure to comply with the instructions of the relevant health and safety authorities could lead to, amongst other things, negative publicity and reputational damage, fines, costly compliance procedures and, in extreme circumstances, a temporary shutdown of all or part of the Group's business. Such violations could, therefore, have a material adverse effect on the Group's business, financial condition and results of operations.

1.25. The Group is subject to strict regulations applicable to the delivery and recycling of small domestic appliances and consumer equipment and any changes to existing regulation or the introduction of new regulation may increase the Group's costs

The Group's distribution and logistics operations are subject to strict regulations, including but not limited to, the United Kingdom government's Waste Electronic and Electrical Equipment ("**WEEE**") directive and regulations applicable to the delivery of small domestic appliances and consumer equipment. For example, the Group is obliged to remain a member of a producer compliance scheme, failing which the Group is responsible for financing the costs of the collection, treatment, recovery and environmentally-sound disposal of WEEE. The Group is currently a member of the producer compliance scheme, "AVC Weeeco", pursuant to which its obligations relating to the collection, treatment, recovery and environmentally-sound disposal of WEEE are transferred to AVC Weeeco.

Modification of existing legislation or regulation, or the introduction of new legislative or regulatory initiatives may require the Group to make changes to its existing operations and increase the Group's compliance costs, which could have a material adverse effect on the Group's business, financial condition and results of operations.

1.26. The Group may be liable for the cost of repairing or replacing its products under the Consumer Rights Act 2015

Part of the Group's strategy for growth is to increase its online sales (including its sale direct to consumers). Such sales are subject to the Consumer Rights Act 2015 ("**CRA**") and other consumer rights legislation. Pursuant to the CRA, the Group may be held liable for the cost of repairing or replacing any products that the Group sells which do not meet the express terms of the contract for sale or the implied terms of satisfactory quality, fitness for purpose or correspondence with description. Any claims that a customer may have against the manufacturer of the products or under a warranty sold by the manufacturer or a third party are in addition to the rights that the customer has against the seller under the CRA. Accordingly, a customer who has purchased a product from the Group that allegedly does not meet an express or implied contractual term may choose to bring a claim against the Group as the seller of the product and, in particular, customers may choose to bring such a claim in circumstances where the manufacturer has entered administration or become insolvent. The Group could experience financial difficulties where there is an increase in such claims (for example, if one of its suppliers became insolvent) and this could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

1.27. The Group may face product recalls and product liability claims

Whilst the Directors believe that the Group's facilities and operations comply in all material respects with all applicable laws and regulations, it relies upon third party manufacturers for the production of its products. The actual or alleged sale of defective products by the Group could result in product recalls or product liability claims, the settlement or outcome of which could have a material adverse effect on the Group's reputation, business, financial condition, results of operations and prospects.

Even if an event causing a product recall proves to be unfounded or if a product liability claim against the Group is unsuccessful or is not fully pursued, the negative publicity surrounding any assertion that the products sold by the Group caused injury or damage, or any product recall or allegation that the products sold by the Group were defective, could adversely affect both the Group's reputation with existing and potential new customers and the Group's corporate and brand image. Any such event could, therefore, have a material adverse effect on the Group's reputation, business, financial condition, results of operations and prospects.

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

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

1.29. The sale of "Landed" products has a greater working capital requirement than products sold "Free on Board"

"Free on Board" invoicing arrangements accounted for 59.4 per cent. of the Group's sales for FY 2016. Such arrangements mean that the product supplier invoices the Group at the same time as the Group invoices the customer, creating a smaller working capital requirement for the Group. Such invoicing arrangements also reduce the risk of stock ownership whilst in transit. Conversely, "Landed" invoicing arrangements accounted for 40.6 per cent. of the Group's sales for FY 2016 which have a larger working capital requirement as the supplier invoices the Group upon shipment of goods and the Group is only able to invoice its customers upon despatch. The Group's customers determine whether products are purchased "Free on Board" or "Landed". If the Group's customer mix alters to an increased level of customers who require "Landed" products or if the Group's customers begin to insist on "Landed" arrangements the Group would be likely to experience an increase in its working capital requirements and increased risk in relation to inventory ownership. Amongst others, the Company's two largest customers (representing approximately 32 per cent. of the Group's turnover in FY 2016) are predominantly on the "Free on Board" basis.

2. Risks Relating To The Offer And The Ordinary Shares

2.1. The Concert Party will exercise significant influence over the Group

On Admission, the Concert Party will retain an aggregate shareholding of 36,853,400 Ordinary Shares, representing 44.85 per cent. of the Issued Share Capital. Accordingly, the Concert Party may be in a position to influence the outcome of matters relating to the Company, including appointments to the Board and the approval of significant transactions, including change of control transactions. The interests of the Concert Party may be different from the interests of the Company or the other Shareholders. In particular, this control may have the effect of making certain transactions more difficult without the support of the Concert Party, and may have the effect of delaying or preventing an acquisition or other change in control of the Company. The trading price of the Group's Ordinary Shares could also be materially adversely affected if potential new investors are disinclined to invest in the Group because they perceive disadvantages to such a large shareholding.

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

2.2. A liquid market may not develop in the Ordinary Shares

There is presently no public trading market for the Ordinary Shares and Admission should not be taken as implying that there will be a liquid market for the Ordinary Shares following Admission. The Company does not know the extent to which investor interest in the Ordinary Shares will lead to the development of a trading market following Admission, how liquid that market might be or, if a trading market does develop, whether it will be sustainable. If an active and liquid trading market does not develop or is not sustained, the liquidity and trading price of the Ordinary Shares could be materially adversely affected and investors may have difficulty selling their Ordinary Shares. Even if an active trading market develops, the market price for the Ordinary Shares may fall below the Offer Price, perhaps substantially and for a substantial period. As a result of fluctuations in the market price of the Ordinary Shares, investors may not be able to sell their Ordinary Shares at or above the Offer Price, or at all.

2.3. The market price of the Ordinary Shares may fluctuate significantly in response to a number of factors, many of which will be out of the Group's control

The Offer Price may not be indicative of the market price for the Shares following Admission. Publicly traded securities from time to time experience significant price and volume fluctuations that may be unrelated to the operating performance of the company that issued them. The market price of the Ordinary Shares may prove to be highly volatile and may fluctuate significantly in response to a number of factors, many of which are beyond the Group's control, including: variations in operating results in the Group's reporting periods; cyclical fluctuations in the performance of the Group's business; changes in financial estimates by securities analysts; changes in market valuations of similar companies; announcements by the Group of significant contracts, acquisitions, joint ventures or capital commitments; speculation, whether or not well-founded, regarding the intentions of the Group's major shareholders or significant sales of shares by any such shareholders or short selling of the Ordinary Shares; speculation, whether or not well-founded, regarding possible changes in the Group's management team; loss of one or more major customers; additions or departures of key employees; any shortfall in revenue or net profit or any increase in losses from levels expected by securities analysts; and future issues or sales of Ordinary Shares. Any or all of these events could result in a material decline in the price of the Ordinary Shares. Investors may not be able to sell their Ordinary Shares at or above the Offer Price, or at all.

2.4. Exchange rate fluctuation may impact on the price of the Ordinary Shares

The Ordinary Shares will be quoted and any dividends to be paid in respect of them will be in sterling. An investment in Ordinary Shares by an investor in a jurisdiction whose principal currency is not sterling exposes the investor to foreign currency exchange rate risk. Any depreciation of sterling in relation to such foreign currency will reduce the value of the investment in the Ordinary Shares or any dividends in foreign currency terms.

2.5. Shareholders may earn a negative or no return on their investment in the Company

The Company's ability to pay dividends to Shareholders will therefore depend on its existing distributable reserves, future Group profitability, the ability to distribute or dividend profits from its operating subsidiaries up the Group structure to the Company, general economic conditions and other factors the Directors deem significant from time to time. As a result, Shareholders may not receive any return on an investment in the Ordinary Shares unless they are able to sell the Ordinary Shares for a price greater than that which they paid for them.

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

Any changes in tax legislation or the interpretation of tax legislation could affect the Company's ability to provide returns to Shareholders. Statements in this Prospectus concerning the tax position of Shareholders are based on current tax law and practice in the UK, which is subject to change. The taxation of an investment in the Company depends on the individual circumstances of the relevant investor.

2.7. The issue of additional Ordinary Shares in the Company in connection with future growth opportunities and acquisitions, any share incentive or share option plans or otherwise may dilute all other shareholdings

The Directors' do not intend to undertake any material acquisitions as a core element of their growth strategy. However, should the Company elect to raise financing to fund future acquisitions and other growth opportunities, the Company may, for these and other purposes, such as in connection with share incentive and share option plans, issue additional equity or convertible equity securities. As a result, the Company's existing Shareholders may suffer dilution in their percentage ownership or the price of the Ordinary Shares may be adversely affected.

2.8. Substantial future sales of Ordinary Shares could affect the market price of the Ordinary Shares

The Company cannot predict what effect, if any, future sales of Ordinary Shares, or the availability of Ordinary Shares for future sale, will have on the market price of Ordinary Shares. Sales of substantial numbers of Ordinary Shares in the public market following the Offer, or the perception or any announcement that such sales could occur, following the expiry of any lock-up arrangements, could adversely affect the market price of the Ordinary Shares and may make it more difficult for investors to sell their Ordinary Shares at a time and price which they deem appropriate. Such sales may also make it more difficult for the Company to issue equity securities in the future at a time and at a price that it deems appropriate. During the periods immediately prior to and following the end of the periods of sales restriction provided for by these lock-up arrangements, the market price of the Ordinary Shares may fall in anticipation of a sale of Ordinary Shares. Following the expiry of these arrangements, there will be no contractual restriction on the sale of the Ordinary Shares owned by the Shareholders who were previously subject to them. The Group cannot predict whether a substantial number of Ordinary Shares in addition to those which will be available in the Offer will be sold in the open market following the expiration or waiver of these restrictions. In particular, there can be no assurance that after the restrictions expire, or at any time when any such restrictions have been waived, such Shareholders will not reduce their holdings of the Ordinary Shares.

PART 2

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

General

Prospective investors should only rely on the information in this Prospectus and any supplementary prospectus produced to supplement the information contained in this document. No person has been authorised to give any information or to make any representations other than those contained in this Prospectus in connection with the Offer and, if given or made, such information or representations must not be relied upon as having been authorised by or on behalf of the Company, the Directors, the Selling Shareholders or the Banks. No representation or warranty, express or implied, is made by the Banks as to the accuracy or completeness of such information and nothing contained in this Prospectus is, or shall be relied upon as, a promise or representation by the Banks as to the past, present or future. Without prejudice to any obligation of the Company to publish a supplementary prospectus pursuant to section 87G of FSMA and paragraph 3.4.1 of the Prospectus Rules, neither the delivery of this Prospectus nor any sale or purchase of Ordinary Shares pursuant to the Offer shall, under any circumstances, create any implication that there has been no change in the business or affairs of the Company or the Group since the date of this Prospectus or that the information contained in this Prospectus is correct as at any time subsequent to its date.

The Company does not accept any responsibility for the accuracy or completeness of any information reported by the press or other media, nor the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media or any other person regarding the Offer, the Company or the Group. The Company makes no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. As required by section 87G of FSMA and paragraph 3.4.1 of the Prospectus Rules, the Company will update the information provided in this Prospectus by means of a supplement to it if a significant new factor that may affect the evaluation by prospective investors of the Group and/or the Offer occurs prior to Admission or if this Prospectus contains any material mistake or inaccuracy. Any supplement to this Prospectus will be subject to approval by the FCA and will be made public in accordance with the Prospectus Rules.

The contents of this Prospectus are not to be construed as legal, business or tax advice. Each prospective investor should consult its, his or her own lawyer, financial adviser or tax adviser for legal, financial or tax advice in relation to any subscription or purchase, or proposed subscription or purchase, of Ordinary Shares. In making an investment decision, each prospective investor must rely on its, his or her own examination, analysis and enquiry of the Company and the terms of the Offer, including the merits and risks involved.

This Prospectus is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Company, the Directors, the Selling Shareholders, the Banks or any of their respective affiliates and representatives that any recipient of this Prospectus should purchase any of the Ordinary Shares. Prior to making any decision as to whether to purchase any of the Ordinary Shares, prospective investors should read the entirety of this Prospectus. Prospective investors should ensure that they read the whole of this Prospectus and not just rely on key information or information summarised within it.

Investors who purchase Ordinary Shares in the Offer will be deemed to have acknowledged that: (i) they have not relied on the Banks or any of their affiliates or representatives in connection with any investigation of the accuracy of any information contained in this Prospectus for their investment decision; and (ii) they have relied only on the information contained in this Prospectus, and no person has been authorised to give any information or to make any representation concerning the Company or the Ordinary Shares (other than as contained in this Prospectus) and, if given or made, any such other information or representation should not be relied upon as having been authorised by or on behalf of the Company, the Directors, the Banks or the Selling Shareholders or their respective affiliates or representatives.

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

In connection with the Offer, the Banks and any of their affiliates, acting as investors for their own accounts, may acquire Ordinary Shares, and in that capacity may retain, purchase, sell, offer to sell or otherwise deal for their own accounts in such Ordinary Shares and other securities of the Company or related investments in connection with the Offer or otherwise. Accordingly, references in this Prospectus to the Ordinary Shares being offered, acquired, placed or otherwise dealt with should be read as including any offer to, or acquisition, dealing or placing by, the Banks and any of their affiliates acting as investors for their own accounts.

The Banks do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligations to do so.

Presentation of financial information and non-financial operating data

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

Historical Financial Information

The Historical Financial Information has been prepared for FY 2014, FY 2015 and FY 2016 and for Q1 2016 and Q1 2017. The Historical Financial Information comprises the financial information of the Company and its subsidiaries as of and for the relevant period.

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

In order to show the Group's results of operations in this Prospectus in the most meaningful way, some of the financial information has been presented for the 12 month periods ended 31 July 2014 (unaudited), 2015 (unaudited) and 2016 (audited) respectively (as set out in note 32 of the Historical Financial Information in Part 10 of this Prospectus), rather than the statutory periods of 9 months ended 30 April 2014 (audited), 15 months ended 31 July 2015 (audited) and 12 months ended 31 July 2016 (audited) respectively. The information in Note 32 in respect of the 12 months ended 31 July 2014 and the 12 months ended 31 July 2015 is unaudited and has been prepared from the Group's accounting records using the accounting policies set out in note 2 to the Historical Financial Information.

Operating information and non-IFRS financial information

This document contains certain financial measures that are not defined or recognised under IFRS, including Gross Margin, EBITDA, Underlying EBITDA, EBITDA Margin and Operating Profit Margin. Information regarding these measures is sometimes used by investors to evaluate the efficiency of a company's operations and its ability to employ its earnings toward repayment of debt, capital expenditures and working capital requirements.

There are no generally accepted principles governing the calculation of these measures and the criteria upon which these measures are based can vary from company to company. These measures, by themselves, do not provide a sufficient basis to compare the Company's performance with that of other companies, and should not be considered in isolation or as a substitute for operating profit or any other measure as an indicator of operating performance, or as an alternative to cash generated from operating activities as a measure of liquidity.

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

The Board believes EBITDA and Underlying EBITDA to be useful supplemental tools to assist in evaluating operating performance because they eliminate depreciation, amortisation and, for Underlying EBITDA, Shareholder Bonuses. EBITDA and EBITDA-related measures are not a measurement of performance under IFRS and should not be considered by prospective investors in isolation or as a substitute for measures of profit, or as an indicator of the Group's operating performance or cash flows from operating activities as determined in accordance with IFRS.

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

Currency presentation

Unless otherwise indicated, all references in this document to:

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

The Company prepares its financial statements in pounds sterling.

Market, industry and economic data

Unless the source is otherwise identified, the market, economic and industry data sourced and statistics in this Prospectus constitute Directors' estimates, using underlying data from third parties. The Company obtained market and economic data and certain industry statistics from internal reports as well as from third party sources as described in the footnotes to such information. The Company confirms that all third party information set out in this Prospectus has been accurately reproduced and that, so far as the Company is aware and has been able to ascertain from information published by the third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. Where third party information has been used in this Prospectus, the source of such information has been identified. Such third party information has not been audited or independently verified. The third party information used herein includes: "Britons' Spend at Bargain Stores Hits 5 Billion" (Nielsen, 26 August 2016); "Can Grocery Retailers Fend Off The Discounters? Yes, Here's How." (Nielsen, 17 June 2015); The Institute of Grocery Distribution – Retail analysis "UK Channel Opportunities, UK Market and Channel Forecasts: 2016-2021 (June 2016); The Future of Grocery: E-Commerce, Digital Technology and Changing Shopping Preferences Around the World (Nielsen, April 2015); IFPI Global Music Report 2016; and "Global Blenders and Juicers Market will reach USD3,320.8 million by 2021" (Zion Market Research, 27 October 2016).

Information regarding forward-looking statements

This Prospectus includes statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements involve known and unknown risks and uncertainties, many of which are beyond the Group's control and all of which are based on the Directors' current beliefs and expectations about future events. Forward-looking statements are sometimes identified by the use of forward-looking terminology such as "believes", "expects", "may", "will", "could", "should", "shall", "risk", "intends", "estimates", "aims", "plans", "predicts", "continues", "assumes", "positioned", "targets" or "anticipates" or the negative of those terms, other variations on those terms or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Prospectus and include statements regarding the intentions, beliefs and current expectations of the Directors or the Group concerning, among other things, the results of operations, financial condition, prospects, growth, strategies and dividend policy of the Company and the industries in which it operates.

In particular, the statements under the following headings "Summary Information", Part 1 (Risk Factors), Part 5 (Information on the Company and the Group) and Part 8 (Operating and Financial Review) of this Prospectus regarding the Company's strategy and other future events or prospects are forward-looking statements. These forward- looking statements and other statements contained in this Prospectus regarding matters that are not historical facts involve predictions. No assurance can be given that such future results will be achieved: actual events or results may differ materially as a result of risks and uncertainties facing the Group. Such risks and uncertainties could cause actual results to vary materially from the future results indicated, expressed or implied in such forward-looking statements. Please refer to Part 1 of this Prospectus for further confirmation in this regard.

The forward-looking statements contained in this Prospectus are made only as of the date of this Prospectus. The Company, the Directors, the Selling Shareholders and the Banks expressly disclaim any obligation or undertaking to update these forward-looking statements contained in this Prospectus to reflect any change in their expectations or any change in events, conditions, or circumstances on which such statements are based unless required to do so by applicable law, the Prospectus Rules, the Listing Rules or the Disclosure and Transparency Rules. Investors should note that the contents of these paragraphs relating to forward-looking statements are not intended to qualify the statements made as to sufficiency of working capital in this Prospectus.

Information not contained in this Prospectus

No person has been authorised to give any information or make any representation other than those contained in this Prospectus and, if given or made, such information or representation must not be relied upon as having been so authorised. Neither the delivery of this Prospectus nor any subscription, sale, or purchase made under it shall, under any circumstances, create any implication that there has been no change in the affairs of the Company or the Group since the date of this Prospectus or that the information in this Prospectus is correct as of any time subsequent to the date of this Prospectus.

No incorporation of website information

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

Rounding

Certain data contained in this Prospectus, including financial information, have been subject to rounding adjustments. As a result of this rounding, the totals of data presented in this Prospectus may vary slightly from the actual arithmetic totals of such data. In certain statistical and operating tables contained in this Prospectus, the sum of numbers in a column or a row may not conform to the total figure given for that column or row. Percentages in tables and elsewhere in this Prospectus have been rounded and accordingly may not add up to 100 per cent.

Constitution

All Shareholders are entitled to the benefit of, and are bound by, and are deemed to have notice of, the provisions of the Articles.

Interpretation

Certain terms used in this Prospectus are defined in Part 14 (Definitions) of this Prospectus and certain technical and other items are defined and explained in Part 15 (Glossary) of this Prospectus.

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

PART 3

DIRECTORS, SECRETARY, REGISTERED OFFICE AND ADVISERS

Directors	James McCarthy *(Independent Non-Executive Chairman)* Simon Showman *(Chief Executive Officer)* Andrew Gossage *(Managing Director)* Graham Screawn (*Chief Financial Officer)* Barry Franks *(Non-Executive Director)* Alan Rigby *(Senior Independent Non-Executive Director)* Robbie Bell *(Independent Non-Executive Director)*
Company Secretary	Graham Screawn
Registered office	Manor Mill Victoria Street Chadderton Oldham, Greater Manchester, OL9 0DD
Sponsor	Shore Capital and Corporate Limited Bond Street House 14 Clifford Street London, W1S 4JU
Global Co-ordinator and Bookrunner	Shore Capital Stockbrokers Limited Bond Street House 14 Clifford Street London, W1S 4JU
Joint Bookrunner	Cenkos Securities plc 6.7.8 Tokenhouse Yard London, EC2R 7AS
Legal advisers to the Company	Hill Dickinson LLP 50 Fountain Street Manchester, M2 2AS
Legal advisers to the Sponsor and Joint Bookrunners	Osborne Clarke LLP One London Wall London, EC2Y 5EB
Reporting Accountant and Auditors	BDO LLP 3 Hardman Street Manchester, M3 3AT
Registrars	Equiniti Limited Aspect House Spencer Road Lancing Business Park West Sussex, BN99 6DA
Financial public relations advisers to the Company	Bell Pottinger Holborn Gate 330 High Holborn London, WC1V 7QD

PART 4

EXPECTED TIMETABLE OF PRINCIPAL EVENTS AND OFFER STATISTICS

The Offer statistics and dates and times in this Prospectus are subject to change at the determination of the Company, following consultation with the Banks. Any such change will be publicly announced by the Company through a RIS. All times are London, UK times.

Expected timetable of principal events

Event	*Time and date*
Announcement of Offer Price	7.00 a.m. on 1 March 2017
Announcement of the results of the Offer through a regulatory information system	7.00 a.m. on 1 March 2017
Commencement of conditional dealings in the Ordinary Shares on the London Stock Exchange	8.00 a.m. on 1 March 2017
Date of publication of this Prospectus	1 March 2017
Admission and commencement of unconditional dealings in the Ordinary Shares on the London Stock Exchange	8.00 a.m. on 6 March 2017
CREST accounts credited in respect of uncertificated Ordinary Shares	6 March 2017
Share certificates in respect of certificated Ordinary Shares despatched	16 March 2017

Offer Statistics

Offer Price (per Ordinary Share)	128 pence
Number of Ordinary Shares in issue immediately prior to Admission	82,169,600
Number of Ordinary Shares subject to the Offer to be sold by the Selling Shareholders	41,084,800
Percentage of the Existing Shares subject to the Offer	50 per cent.
Number of Ordinary Shares in issue immediately following Admission	82,169,600
Market capitalisation of the Company at the Offer Price[1]	Approx. £105.2 million
Estimated net proceeds of the Offer receivable by the Selling Shareholders[2]	Approx. £50.2 million
Ticker Symbol	UPGS
SEDOL	BYX7MGS

Notes:

1 The market capitalisation of the Company at any given time will depend on the market price of the Ordinary Shares at that time. There can be no assurance that the market price of an Ordinary Share will equal or exceed the Offer Price.

2 After deduction of the estimated commissions, other fees and expenses of the Offer and amounts in respect of stamp duty payable on the sale of the Existing Shares payable by the Selling Shareholders.

PART 5

INFORMATION ON THE COMPANY AND THE GROUP

Prospective investors should read this Part 5 in conjunction with the more detailed information contained in this Prospectus, including the financial and other information appearing in Part 8 (Operating and Financial Review). Where stated, financial information in this Part 5 has been extracted without material adjustment from Part 10 (Historical Financial Information) of this Prospectus.

1. Introduction

Ultimate Products is a fast growing owner, licencee, designer, developer and manager of a series of well-known brands focused on the home, selling to over 300 retailers across 38 countries. It develops, designs, sources and distributes a wide range of consumer products, focused on six product categories being: SDA, Housewares, Audio, Laundry, Heating & Cooling and Luggage. The Group has a broad portfolio of products sold under well-known proprietary brands coupled with a number of brands under licence.

The Group's brand portfolio has been carefully assembled through opportunistic acquisitions coupled with entry into two long term licence agreements in relation to two of the Group's Premier Brands. The Executive Directors seek to identify and acquire brands where they believe the core skills of the Group can be utilised to revitalise them so that they appeal to the Group's customer base. The Group divides its sales into three brand categories: Premier Brands, Key Brands and Other Brands/Own Label across the six product categories. The Groups' Premier Brands are:

- **Beldray**: a British heritage brand established in 1872 as the UK's first manufacturer of steel ironing boards, specialising in laundry, floor care, heating and cooling.
- **Intempo**: a value-focused and innovative audio brand targeted at teenagers with a passion for music.
- **Salter**: a British heritage kitchenware brand dating back to the 1760s, for which Ultimate Products has had licence for electrical and cookware lines since 2011. The current licence runs until 2024.
- **Russell Hobbs**: a British heritage kitchenware brand, for which Ultimate Products has had the licence for cookware lines since 2011. The current licence runs until 2020.
- **Constellation**: a British heritage luggage brand dating back to the 1960s which combines practical function, style and flair.
- **Progress**: a Lancastrian heritage cookware and bakeware brand founded in 1931, which was acquired in 2015 by the Group and re-launched in 2016.

The Group's Key Brands include American Originals, George Wilkinson, Giles & Posner, Inspire, Portobello, Prolectrix and ZFrame.

The Directors believe that one of the Group's key differentiators is its mass-market, value-led brand proposition. This proposition is enhanced by the Group's speed and flexibility in developing new products within these brands as a result of its heritage as a sourcing business and investment in its in-house design team. The Group's key capabilities to service its customers include:

- **Product development** – An in-house development team of 44 enabling the Group to bring approximately 1,000 new SKUs to the market in FY 2016 with a total SKU count in FY 2016 of approximately 2,500.
- **Extensive sourcing reach** – The Group has an experienced buying team, based in Oldham (Greater Manchester) and Guangzhou (China), with access to 231 suppliers in China and a further 44 in other territories.
- **Design** – An in-house design team of 23 covering branding, product design, surface pattern, packaging and video content.

- **Ethical and social compliance** – The Group is a member of SEDEX and audits key suppliers to the ETI Code of Conduct.
- **On time delivery** – The Group has achieved over 98 per cent. on time delivery since 2013.
- **Quality assurance** – An in-house team of 29 based in China and the UK.
- **Systems and IT** – A well invested IT infrastructure with bespoke buying and merchandising applications.

The Group's products are sold to a broad cross-section of both large national and international multi-channel retailers as well as smaller national retail chains, many of whom with which the Group have long standing relationships, incorporating discount retailers, supermarkets, general retailers and online retailers. As set out in figure 1 the Group's customers include:

Figure 1

Supermarket	*Discount*	*International*	*Catalogue*	*Online*
Aldi	B&M	Action (Netherlands)	Argos	Amazon
Asda	Factory Shop	AS Watson (Netherlands)	Avon	eBay
Coop	Home Bargains	Blokker (Netherlands)	Express Gifts	Groupon
Iceland	Poundland	Catch of the Day (Australia)	JD Williams	
Lidl	Poundworld	Gifi (France)	Shop Direct	
Morrisons	QD Stores	Modelo (Portugal)		
Sainsbury	The Works	Systeme U (France)		
Tesco	TK Maxx	TJ Maxx (USA)		
	Wilkinson			

Department Stores	*Home Stores*	*DIY*	*Chemists*	*Other Segments*
Debenhams	Dunelm	B&Q	Boots	Costco
Dunnes Stores	Home Store & More	Homebase	Lloyds Pharmacy	Dixons
House of Fraser	Matalan		Superdrug	Halfords
	The Range			Ideal Shopping
				JTF
				Primark
				Robert Dyas

The Group has a consistent track record of delivering significant organic growth in revenue and profits. From the 12M July 2014 to the 12M July 2016 revenue increased at a CAGR of 22.3 per cent. to £79.0 million and Underlying EBITDA at a CAGR of 103.0 per cent. to £8.2 million. This strong rate of growth continued in Q1 2017 with the Group generating revenues of £33.0 million and Underlying EBITDA of £4.4 million, equating to revenue growth of 48.7 per cent. and Underlying EBITDA growth of 58.2 per cent. compared to Q1 2016. Over this period the Group's Underlying EBITDA margin increased from 3.8 per cent. in the 12M July 2014 to 10.4 per cent. in the 12M July 2016 and 13.5 per cent. in Q1 2017.

The Group is well positioned for future growth with recent investment made in the expansion of warehouse facilities following the entry into of a seven year lease for Heron Mill, Oldham, Greater Manchester in April 2016, providing an additional 240,000 sq.ft. of capacity to complement its existing leased warehouse and head office at Manor Mill, Oldham, Greater Manchester. The Directors believe that the addition of Heron Mill will provide sufficient capacity to support turnover of up to £135 million per annum.

As at 31 October 2016 the Group employed a total of 216 staff (181 in the UK, 33 in China and one in Hong Kong and one in Belgium).

The Directors and Senior Managers have significant industry knowledge and experience and, along with certain other employees of the Group, will continue to have a material interest in the Company following Admission (approximately 48.25 per cent. of the Issued Share Capital of the Company immediately post Admission).

2. History and development

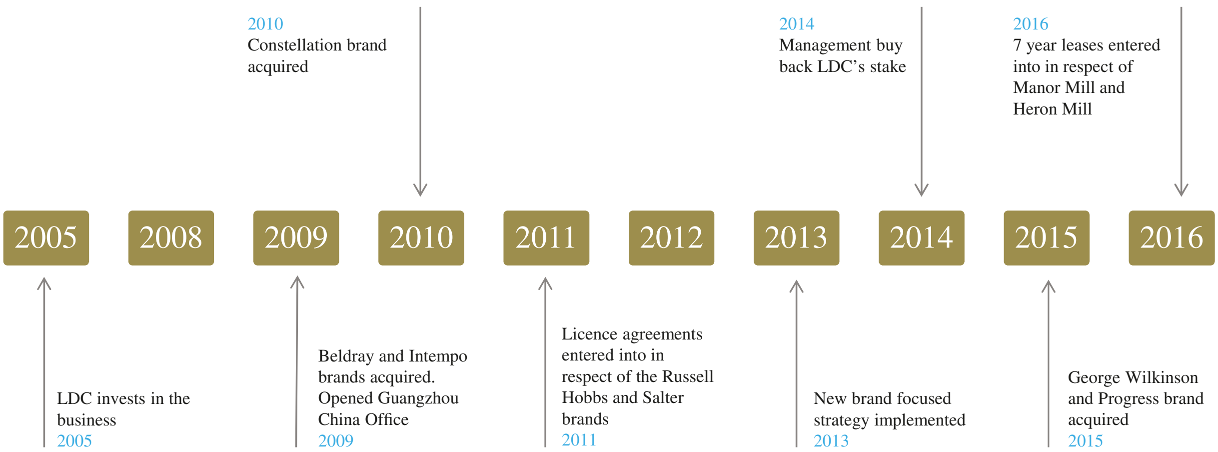
History

The Group was founded in Greater Manchester in 1997 by Simon Showman (CEO) and Barry Franks (Non-Executive Director), (together the "**Founders**") as a close-out business (the disposal of inventory acquired from third parties) before moving to a sourcing business, helping its customers source competitively priced own-brand goods from overseas (mainly China). At that time, Ultimate Products would manage the supply chain and ensure quality control of the products sourced for its customers.

In 2005, Lloyds Development Capital ("**LDC**") acquired a 46.96 per cent. interest in the Company. With the assistance of LDC, the Company acquired a number of consumer brands and opened a permanent office in China. After the global financial crisis in 2008 and associated downturn within the consumer market, in 2013, the Executive Directors elected to adopt a new business strategy focused on the sale of branded goods, leveraging off the brands the Company had acquired, or for which it had entered into licence agreements, over the previous few years. Following the adoption of the new business strategy and change of business model, the Founders, alongside Andrew Gossage, the Group's Managing Director, acquired LDC's interest in the Company in June 2014.

Key Milestones in the Group's recent history are set out in figure 2 below:

Figure 2



3. Key strengths

3.1 ***Strong track record of organic growth and financial performance***

Ultimate Products has a strong track record of growth with revenue and Underlying EBITDA increasing at a CAGR of 22.3 per cent. and 103.0 per cent. respectively from the 12M July 2014 to the 12M July 2016 (the "**Period**"). This strong track record has continued in Q1 2017 with revenue having increased by 48.7 per cent. and Underlying EBITDA having increased by 58.2 per cent. compared to Q1 2016.

This growth in revenues, Underlying EBITDA and profits has been achieved through organic means; driven by the Group's brand-led strategy, with the Premier Brands demonstrating significant growth throughout the Period. Across the six product categories Audio and Laundry experienced the most significant growth in revenue, contributing £13.0 million and £8.0 million of revenues respectively in the 12M July 2016 representing CAGR of 111 per cent. and 278 per cent. respectively during the Period. SDA and Housewares were the largest revenue contributors, generating £20.8 million and £15.6 million of revenues respectively in the 12M July 2016, a CAGR of approximately 24 per cent. during the Period in aggregate. The breakdown of revenues by product category during the Period are set out in figure 3 below:

Figure 3

	12M July 2014 £'000	12M July 2015 £'000	12M July 2016 £'000
Small Domestic Appliances	12,377	13,232	20,820
Housewares	11,446	11,597	15,633
Audio	2,932	8,582	13,048
Laundry	557	4,297	7,974
Luggage	4,573	4,454	4,561
Heating & Cooling	7,455	7,317	4,454
Others	13,457	14,621	12,538
Total	**52,797**	**64,100**	**79,028**

This growth has been driven by the Group's brand strategy, with a focus on a mass market value-led proposition. This strategy has enabled the Group to substantially increase its penetration into the discount retailers both in the UK and continental Europe. As such, the Group has benefited from their customers' own store roll-out programmes. In addition, the Group's sales growth within this market segment has accelerated through the Group increasing its penetration within each customer by providing a broader product offering within each product category, and offering those customers additional brands or product categories thereby increasing the total number of SKUs stocked by that customer over time. The LFL growth within stores coupled with the customers' own store roll-out programmes has accelerated revenue growth for the Group. During the Period, the Group's two largest customers (both in the discount retailer category), B&M and Action, accounted for, in aggregate, £21.8 million of the Group's revenue growth.

The two other key areas of growth for the Group are UK supermarkets and online (principally Amazon), where the Group is beginning to see a similar acceleration in sales.

The Group's Underlying EBITDA margins have continued to improve between the 12M July 2014 and the 12M July 2016, increasing from 3.8 per cent. in the 12M July 2014 to 10.4 per cent. in the 12M July 2016. This improvement has been possible due to the Group's brand strategy where customers have made larger and repeat orders, increasing volume and thereby enabling the Group to negotiate better terms with its factory suppliers as well as achieve operational efficiencies derived from greater scale. In particular, the increase in predictable, repeat orders has allowed Ultimate Products to negotiate lower factory prices, improved supplier rebates, extended credit terms and lower levels of supplier deposits. Increased volumes have also enabled the Group to achieve an increase in average revenue per SKU which, combined with better buying terms and certain operational efficiencies, has led to increased Group profitability at both gross margin and net margin level over the Period.

3.2 ***Ownership of brands coupled with long term agreements on the two licenced Premier Brands (Salter & Russell Hobbs), creating a strong platform for future market penetration***

The Group has focused on developing a portfolio of brands across six product categories within the consumer sector being: SDA, Housewares, Audio, Laundry, Heating & Cooling and Luggage. From the 12M July 2014 to the 12M July 2016 the Group's Premier Brands showed strong revenue growth and achieved CAGR of 49 per cent. generating revenues of £46.1 million in the 12M July 2016.

The breadth of the Group's offering, combined with the control provided by proprietary ownership and/or the security from long-term licence agreements, has enabled the Group to develop a strong, branded offering to its customers through continued product development and innovation.

3.3 ***Continuous and innovative new product developments and range enhancements***

One of the Group's key differentiators is its speed of product development and innovation to keep pace with consumer trends. As a result of the Group's heritage as a sourcing business, the Group has an extensive, in-house product development and design capability. The Group has maintained a focus on new product innovation and speed to market with new products typically brought to market within 180 days from inception.

The Group employs 44 people in its buying team who brought over 1,000 new SKUs to market in the 12M July 2016. In total, the Group had approximately 2,500 SKUs in FY 2016 and the Board anticipates the Group will refresh or replace around one third of these SKUs per annum. The buying team are supported by a design team of 23 who are responsible for the branding, product design, packaging and video content.

3.4 ***Efficient operating model centred on sourcing low-cost manufacturing, strong quality assurance practices and excellent customer service***

The Group has relationships with 231 suppliers based in China and a further 44 suppliers based in other territories that provide a low cost and flexible manufacturing source to the Group. No one supplier represents more than five per cent. of the Group's purchasing (for the 12M July 2016) and, where possible, the Group seeks to enter into exclusivity arrangements with each supplier. The Directors place a high importance on quality assurance with an in-house team of 29 undertaking quality assurance inspections of suppliers' manufacturing facilities and products. In addition, the Group is a member of SEDEX and audit their key suppliers to the ETI Code of Conduct.

The Group has invested in its IT infrastructure creating its own bespoke applications for buying and merchandising alongside systems to support tracking of stock and delivery. This has enabled the Group to achieve over 98 per cent. on-time delivery since 2013; a key element, the Directors believe, for customer satisfaction and retention.

3.5 ***Well invested IT and warehousing facilities providing excess capacity to support continued rapid growth***

The Group has invested in its IT systems and warehousing capacity. In April 2016 the Group entered into a seven-year lease for Heron Mill providing an additional 240,000 sq. ft. warehousing facility. Since then the Group has invested £0.7 million to upgrade Heron Mill to suit the requirements of the business, with a further £0.2 million expected to be invested in completing the upgrade prior to 31 July 2017. The Directors believe the Group's warehousing facilities will support revenues up to £135 million per annum.

IT plays an important part in the Group's ability to source, manage logistics and provide customers with accurate and timely information. To that end, the Group has invested in its IT infrastructure, in particular, Capture and Critical Path, two bespoke software applications:

- Capture is an iPad application tool used by the Group's buying and sourcing teams in the UK and Far East. It utilises cloud storage allows employees to find and review supplier and product information from its existing databases as well as capturing new supplier and product information.

- Critical Path is an order management system which is used across the Group. The Group's merchandisers and quality assurance technicians manage and control a personal "path" which integrates with the Group's Sage system. Its features allow such personnel to view "traffic light" risk assessments of purchase orders as well as tracking order status, shipping approval, factory inspections and supplier delivery performance.

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

Ultimate Products has a diversified customer base, many of whom the Group has a long standing relationship with. Customers include a number of large national and international blue-chip retailers with ten of the Group's 15 largest customers being retailers with whom the Group has had a trading relationship of over ten years. Major customers include Action, Aldi, Amazon, Argos, Asda, B&M, Matalan, Morrisons, Robert Dyas, Sainsbury's, Tesco and The Range.

As at 31 July 2016, the Group had 487 customers, with the largest 10 by revenue representing 58 per cent. of the 12M July 2016 Group revenue. The Group's largest customer is B&M representing 22 per cent. of turnover for the 12M July 2016. Sales to B&M have increased at a CAGR of 152 per cent. over the three year period from 1 August 2013 to the 31 July 2016 as Ultimate Products has increased its penetration within B&M, by increasing its product range stocked by B&M, coupled with B&M's own store roll-out programme where B&M has a publicly stated goal to grow to 850 stores in the UK from 533 UK stores (as at January 2017).

The Directors believe that the strength of the Group's relationship with its customers is due to the Group's strong alignment with customers on pricing, appeal of its brands, supply chain flexibility and product quality. The Group's track record of product innovation has also supported customer retention.

3.7 ***Experienced and high quality management team***

The Group has an experienced management team led by Simon Showman (CEO) who founded the Group in 1997, alongside Andrew Gossage (Managing Director), who has been with the business since 2005. The management team has overseen the Group's development and growth, including the adoption and implementation of the Group's branded strategy. The Board will retain a significant equity interest following Admission and will have incentive arrangements in-place based on ambitious growth targets.

The Group has an operating board which meets monthly to review the performance of the Group against both financial and non-financial measures; review certain management reports; and consider the Group's progress against its strategic objectives. The operating board consists of the Executive Directors and Senior Managers.

The Group also has a trading leadership team which meets weekly to review the prior week's orders; the current order pipeline; sales efforts; and any other relevant commercial matters. The trading leadership team consists of the CEO, the Managing Director, the Supply Chain Director, the Trading Directors, the Buying Directors and the Sales Directors.

Once a year, the Group has a strategy day which meets to review and discuss the business' strategy and set objectives for the short and medium term. The strategy day is attended by the Executive Directors, the Senior Managers, the members of the trading leadership team and other members of the Senior Management.

In November 2012, the Group commenced a Graduate Development Scheme to attract and retain talented graduates. The Executive Directors believe this has been a key component in developing a high quality and capable team, with some 74 employees in the UK coming through the Graduate Development Scheme since inception.

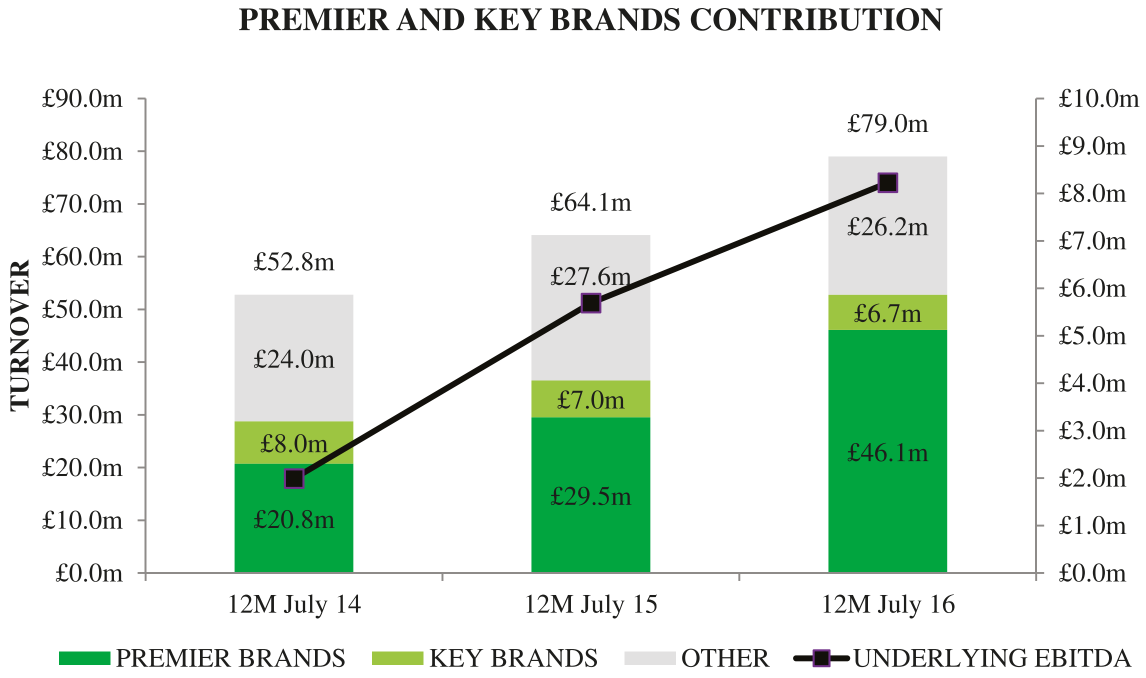
4. Strategy

4.1 ***Brand led strategy***

The overarching strategy of the Group since 2013 has been to develop its portfolio of brands focused on the mass market, value-led, consumer goods for the home. Execution of this strategy has enabled Ultimate Products to increase materially both the size of orders, and the level of repeat orders, with its customer base.

With an increase in the level of predictable, repeat orders, Ultimate Products has been able to negotiate lower prices from its manufacturing suppliers, achieve higher supplier rebates, extend supplier credit terms and lower levels of supplier deposits which, with operational efficiencies inherent in higher volumes, has benefited the Group's overall profitability at both gross margin and net margin level. The margin benefits of the brand-led strategy are shown in figure 4 below setting out the increase in revenue and Underlying EBITDA throughout the Period.

Figure 4



4.2 ***Benefit from store expansion and increased listings with existing discount retailer customers***

The Group's branded, mass-market and value-led proposition appeals to discounter retailers. The Group has established relationships with a number of these retailers which account for five of the Group's top 10 customers for the 12M July 2016. Discount retailers are currently the fastest growing segment in the UK, Ireland and continental European retail markets. The Group intends to increase its LFL sales to discount retailers through increasing its product listings and additionally benefiting from the continued store roll-out of those discount retailers, in particular, Action and B&M. B&M has a publicly stated goal of adding 50 stores to its store portfolio for its financial year ending March 2017 and ambition to grow its estate to 850 stores in the UK.[6] Action experienced a net store expansion of 141 stores in its year ended December 2015, has opened around 185 stores in 2016 and has publicly stated its intention to accelerate its store roll-out programme in existing geographies where Action currently operates.[7]

4.3 ***Increase penetration of UK supermarkets***

Whilst the Group supplies Aldi, Asda, Iceland, Lidl, Morrisons, Sainsbury's, Tesco and Waitrose, its market penetration of supermarket groups in the UK is currently low. As mass-market retailers, the Executive Directors believe that these customers should be attracted to the Group's mass-market, branded and value-led offering. This is supported by the Group's LFL sales and order book with the Big 4 supermarkets up by 139 per cent. as at the end of Q1 2017 against Q1 2016.

4.4 ***Grow online sales***

The Directors believe that online represents a significant market opportunity for the Group as online sales in the UK now account for over 20 per cent. of non-food retail. Online sales represented only 4 per cent. of the Group's revenue for the 12M July 2016. The Board believes that as a result of their brand led strategy, with core product lines being kept in stock, there is a significant opportunity to increase the Group's contribution of online sales through platforms such as Amazon; both direct to Amazon and as retailer through their marketplace proposition. The Directors intend over the medium term to grow online sales with an ambition that they come to represent 20 per cent. of Group revenue – in line with the overall UK online market for non-food retail.

6 Source: B&M European Value Retail SA Interim Results Presentation – 26 weeks to 24 September 2016.

7 Sources: "Action achieves sales growth of 32% and accelerates international expansion" (Action Press Release, 14 April 2016) and "3i-backed Action secures EUR1.675 billion refinancing" (Press Release, 16 December 2016).

4.5 ***Further opportunistic acquisitions***

The Board has a track record of making opportunistic acquisitions of brands, often from distressed sellers, and successfully re-launching them. The latest being the acquisition of the Lancastrian heritage cookware brand "Progress" from the administrators in 2015. The Directors intend to promote Progress as their proprietary Premier Brand within its housewares division alongside the existing licenced Premier Brands, Russell Hobbs and Salter. The Directors expect that over time further brand acquisitions will present themselves, as has been the case in the past, and that the Company is well placed to continue to take advantage of these opportunities.

4.6 ***International expansion***

The Group already sells into retailers based in 38 countries with international sales representing 26 per cent. of revenues in the 12M July 2016. The Directors believe there is the opportunity to leverage off the proprietary, predominantly British heritage, brands owned by the Group to expand international sales in territories such as USA, India, China and Australia. The channels for this expansion would be selling to international retailers on a FOB basis and rolling out across Amazon's various international platforms.

5. Current business and operations

5.1 ***Overview***

The Group's brands are broadly split across the following six product categories:

- SDA;
- Housewares;
- Audio;
- Laundry;
- Heating & Cooling; and
- Luggage.

The Group has multiple brands across each specialism allowing the Directors and the Senior Managers to have effective channel management through selling different brands within the same product category to different retailers.

Product is sold to the retailer with logistics and invoicing arrangements agreed on a customer by customer basis either as FOB or Landed:

Under FOB arrangements, the Group transfers ownership of the product to the customer when the freight is placed on-board cargo vessels on leaving the supplier's manufacturing site for onward transportation to the customer. The customer is then responsible for transporting the goods and utilising their own existing logistic network. This benefits the Group and the customer by reducing the overall supply chain costs. This arrangement has significant working capital benefits for the Group as it reduces the quantity of inventory the Group needs to hold albeit typically revenue under FOB has a lower gross margin. Sales fulfilled through FOB arrangements are invoiced in USD. This arrangement assists foreign exchange exposure as both purchasing and sales orders are in US dollars. It also allows international expansion by enabling the Group to avoid the requirement for local inventory build-up when it enters new territories and to fulfil orders in China regardless of the product's end destination. The percentage of FOB revenue for the 12M July 2016 was 59.4 per cent..

Under Landed arrangements the Group is responsible for shipping the products from the supplier to either the customer direct or, more typically, via Ultimate Products' warehousing facilities before onward shipment to the customer. Typically sales fulfilled through Landed are invoiced in sterling. The percentage of Landed revenue for the 12M July 2016 was 40.6 per cent..

5.2 ***Premier Brands***

The Group currently has six Premier Brands, as follows:

Beldray is a British heritage brand established in 1872, specialising in floor care, laundry, heating and cooling. Beldray was the first manufacturer of steel ironing tables in the UK and inventor of the adjustable ironing board. The Group acquired the brand in 2009. Following its re-launch Beldray now offers a wide range of products, including vacuum cleaners, steam cleaners, ironing boards, airers and pedal bins as well as fans, heaters and electric fires.

Customers include: Action, Amazon, Argos, Aldi, B&M, B&Q, Blokker, Dixons, Express Gifts, Homebase, Home Store, Jawoll, Morrisons, Robert Dyas, Sainsbury's, Systeme U, The Range, The Original Factory Group and Wilkinson.

	12M July 2014	*12M July 2015*	*12M July 2016*
Turnover (£'m)	11.0	14.3	19.1
Annual growth (%)	86.5	30.2	33.4

Intempo is a value-focused and innovative audio brand targeted at teenagers who have a passion for music. The brand was acquired out of administration in 2009. The Group aims to take up-to-date technology and create audio products that look and sound great. The range is designed to support a broad range of formats and applications including Apple and Android devices.

Customers include: A.S. Watson Group, B&M, Gifi, Iceland, Ideal Direct Shopping, Modelo, Matalan, Robert Dyas, Systeme U, The Range, The Works, The Original Factory Shop and Wilkinson.

	12M July 2014	*12M July 2015*	*12M July 2016*
Turnover (£'m)	1.5	2.7	5.8
Annual growth (%)	90.1	81.2	114.7

Salter is a British heritage kitchenware brand dating back to the 1760s. Ultimate Products has had the licence for electrical and cookware lines since 2011 and it runs until 2024. Details of the terms of the licence are set out in paragraph 13 of Part 13 of this Prospectus. Some of the Group's best-selling Salter products are: Health Fryers, Health Grills, Marblestone cookware, NutriPro, Spiralizers and Soup Makers.

Customers include: Aldi, Amazon, Argos, Asda, Avon, Dunnes Stores, Express Gifts, Home Store, Iceland, Lloyds Pharmacy, Matalan, Morrisons, Robert Dyas, TK Maxx, The Original Factory Shop, Sainsbury, Tesco, The Range, The Works and Wilkinson.

	12M July 2014	*12M July 2015*	*12M July 2016*
Turnover (£'m)	1.6	4.6	12.1
Annual growth (%)	291.8	189.9	165.3

Russell Hobbs is a household brand with a strong heritage for kitchenware products. Ultimate Products has had the licence for cookware lines since 2011 and it runs until 2020. Details of the terms of the licence are set out in paragraph 13 of Part 13 of this Prospectus. Some of the Group's best-selling Russell Hobbs products are: Bakeware, Cutlery Sets, Ironing Boards, Knife Blocks, Scales and Stainless Steel Cookware.

Customers include: Amazon, Argos, B&M, Homebase, Ideal Direct Shopping, Jawoll, Morrisons, Robert Dyas and Wilkinson.

	12M July 2014	*12M July 2015*	*12M July 2016*
Turnover (£'m)	4.6	5.1	6.7
Annual growth (%)	48.8	10.7	31.3

Constellation is a British heritage brand founded in Manchester in the 1960s which combines practical function with style and flair. The range covers all major luggage types including carry-on bags and large suitcases.

Customers include: Asda, Dunelm, Matalan, Sainsbury's, Tesco and The Range.

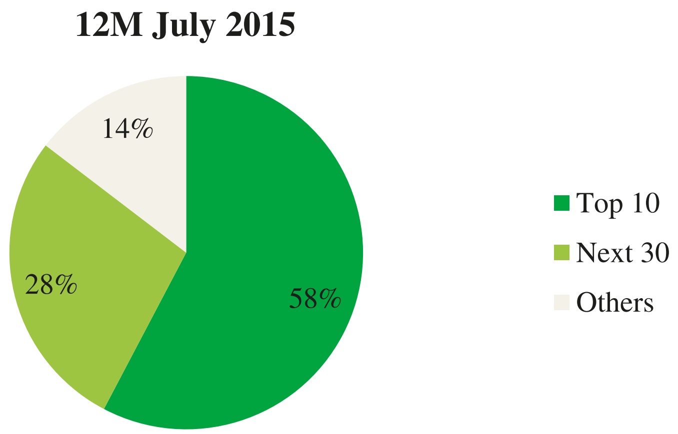
	12M July 2014	*12M July 2015*	*12M July 2016*
Turnover (£'m)	2.1	2.8	2.3
Annual growth (%)	426.9	37.6	(18.4)

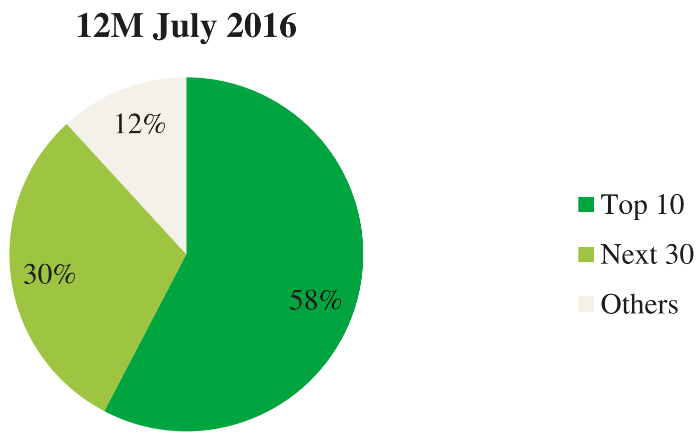
The Group acquired Progress, a Lancastrian heritage cookware and bakeware brand, in 2015 out of administration. The brand has since been re-launched in June 2016 and will act as the Group's proprietary brand in the cookware and bakeware segment alongside Russell Hobbs and Salter.

5.3 ***Customers***

The Group currently has a diversified and stable blue-chip customer base, underpinned by long-standing relationships. In the 12M July 2016, the Group's top three customers represented approximately 37 per cent. of total revenue and the top ten customers represented approximately 58 per cent. of revenue. Loyalty and long-term relationships with key customers is apparent with eight of the top ten customers (representing approximately 45 per cent. of revenue in the 12M July 2016) having a 10+ year trading relationship with the Group. The Group's customers include Action, Aldi, Amazon, Argos, B&M, B&Q, Morrisons, Robert Dyas, Sainsbury's, Tesco, TJ Maxx, The Factory Shop and Wilkinsons. A high level breakdown of customer concentration for the 12M July 2015 and the 12M July 2016 is set out in figure 5 below:

Figure 5





6. Operations

6.1 ***UK***

The Group's head office is at Manor Mill, Oldham, Greater Manchester. Manor Mill is a 200,000 sq. ft. facility that contains offices for the Group's sales, accounting and support functions, as well as housing the Group's Buying, Design and Marketing functions. Manor Mill also acts as an over flow facility to Heron Mill, the Group's 240,000 sq. ft. warehousing facility also in Oldham. The Group has entered into leases for Manor Mill and Heron Mill which both expire in 2023.

The Group employed a total of 181 staff located in the UK as at 31 October 2016.

6.2 ***China***

The Group has a 12,650 sq. ft. office and show room in Guangzhou. The Guangzhou facility houses the Group's Merchandising and Quality and Assurance teams. The Group has entered into a lease in respect of the Guangzhou facility which expires in 2020.

The Group employed a total of 33 staff located in China as at 31 October 2016.

6.3 ***Other (Belgium and Hong Kong)***

The Group additionally operates two small serviced offices, one in Hong Kong (with one employee providing quality and assurance) and one in Belgium (with one sales person).

7. Market Overview

The consumer retail sector in which the Group operates has and continues to undergo structural change with increased competition driven by the growth of discount retailers, such as B&M and Home Bargains, and discount supermarkets, such as Aldi and Lidl.

7.1 *The UK Market*

The IGD has highlighted a number of key themes around the UK retail market[8]:

- *Price deflation* – Retail multiples have continued to invest in price to defend their market share against the growth of discounters.
- *Store roll-outs* – The Big Six supermarkets are forecast to open 4 million sq. ft. of new space in the next five years, less than half of the new space opened in 2011-2016; in contrast, the discount supermarkets (Aldi and Lidl) are expected to open 3.9 million sq. ft. over the next five years.
- *Channel opportunities are changing* – The majority of sales are expected to continue through larger stores but the discount and online sales channels are expected to account for 80 per cent. of market growth in the next five years, with online remaining the fastest growing channel.

7.2 *A dynamic realignment in market share between discount retailers and multichannel retailers*

In recent years the retail market has experienced substantial change with discount retailers gaining significant traction throughout the UK and the rest of Europe. In 2016, British households spent over £4.9 billion in "bargain stores" such as B&M, Home Bargains and Poundland, an increase of 17 per cent. compared to the prior year[9]. Household, packaged grocery, confectionery and health & beauty have proved the most popular items purchased at bargain stores, accounting for 63 per cent. of bargain store grocery sales[10].

As a consequence of their market traction, discount retailers have and continue to execute a rapid store roll-out increasing the level of competitive pressure within the retail market. As a result, in 2016 around 31 per cent. of the increased annual amount Britons spent at bargain stores came from consumers shifting spend away from supermarkets and health & beauty retailers. Discount retailers are forecast to claim £1 in every £8 spent on grocery by 2021, up from £1 in £10 in 2016 as a result of their rapid store roll-out programmes[11]. The Big 4 supermarkets are the most affected by this switching, accounting for 73 per cent. of spend shifted away towards bargain stores.[12]

Conventional retailers have therefore been required to aggressively cut prices to stay competitive[13]. In addition UK supermarkets have begun to focus on development of their "value proposition" in part through the adoption of branded products aimed at the mass market in place of their existing "own brand" product to mitigate the requirement for price cuts and promotional strategies[11]. This change in focus benefited the Group with increased demand for its products resulting in higher revenue to the Big Four supermarkets over the period from 1 August 2013 to 31 July 2016.

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8 Source: The Institute of Grocery Distribution – Retail analysis "UK Channel Opportunities, UK Market and Channel Forecasts: 2016-2021 (June 2016)

9 Source: "Britons' Spend at Bargain Stores Hits 5 Billion" (Nielsen, 26 August 2016).

10 Source: "Britons' Spend at Bargain Stores Hits 5 Billion" (Nielsen, 26 August 2016).

11 Source: The Institute of Grocery Distribution – Retail analysis "UK Channel Opportunities, UK Market and Channel Forecasts: 2016-2021 (June 2016)

12 Source: "Britons' Spend at Bargain Stores Hits 5 Billion" (Nielsen, 26 August 2016).

13 Source: "Can Grocery Retailers Fend Off The Discounters? Yes, Here's How." (Nielsen, 17 June 2015).

7.3 *Online*

In conjunction with the growth of discount retailers, there has been a continued growth in online e-commerce. Consumer acceptance of e-commerce as a means of transaction, ease of use and the ability to readily compare pricing have driven the growth of e-commerce retailers such as Amazon, who are able to provide consumers with access to an extensive selection of products[14].

The Directors believe that online represents a significant market opportunity for the Group as online sales in the UK now account for over 20 per cent. of non-food retail. The Directors intend to grow online sales with an ambition that they come to represent 20 per cent. of Group revenue – in line with the overall UK online market for non-food retail.

7.4 *Competition*

Each of the Group's six product categories (SDA, Housewares, Audio, Laundry, Heating & Cooling and Luggage) trade in a different competitive environment, reflective of the underlying market trends. The Board does not believe that the Group has any single direct competitor across all its product categories. Competition resides within each category as well as individual product areas and is correspondingly fragmented. On the basis of the Group's value-led branded proposition, the Board are of the belief that the key competitor within each product category to the Group's branded offering are their customers "own label", and directly sourced, products.

8. Recent Developments, current trading and prospects

The Group has continued to trade strongly since 31 October 2016 with the Group generating revenues of £57.9 million[15] for the five months to 31 December 2016, up from £35.6 million[15] for the comparable period last year, an increase of 62.9 per cent.

As a result of the continued weakening of sterling over the period, the Group's gross margin was lower at 24.8 per cent. for the five months to 31 December 2016 (FY 2016: 26.0 per cent.). EBITDA for the five months to 31 December 2016 increased by 71.9 per cent. against the comparable period last year. Underlying EBITDA for the five months to 31 December 2016 increased by 77.7 per cent. against the comparable period last year.

The Group continues to execute on its strategy, as set out in paragraph 4 of this Part 5, with continued strong revenue generation in January 2017 of £10.2 million[15] (January 2016: £6.4 million[15]). This is further underpinned by an order book for FY 2017 as at 31 January 2017 of £27.7 million[15] (£19.9 million[15] 31 January 2016) providing excellent visibility for the rest of the financial year. The Board remains confident about the future prospects of the Group.

9. Trademarks

The Group seeks to protect its brands through trademark registrations in the relevant trademark classes in territories where there are at present significant sales in those brands or where significant sales are anticipated in the future. The Group keeps its trademark registrations under review and retains Mathys & Squire, Trademark Attorneys to assist with this ongoing process.

The trademark registrations for Russell Hobbs and Salter are maintained by those Licensors.

10. Employees

As at 31 October 2016, and as at 31 July 2016, the Group had 216 and 202 employees, respectively. The table below sets out the number of employees of the Group as at 31 July 2014, 31 July 2015, 31 July 2016 and 31 October 2016.

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14 Source: The Future of Grocery: E-Commerce, Digital Technology and Changing Shopping Preferences Around the World (Nielsen, April 2015).

15 Source: Unaudited financial information prepared from the Group's accounting records using the accounting policies set out in note 2 to the Historical Financial Information.

Function	*31 July 2014*	*31 July 2015*	*31 July 2016*	*31 October 2016*
Buying and Sourcing	40	41	43	44
Sales	20	25	25	26
Merchandising and Supply Chain	32	28	34	41
Warehouse	24	24	25	24
Quality Assurance	17	19	28	29
Design and Marketing	15	17	21	23
Administration and Support	29	28	26	29
TOTAL	**177**	**182**	**202**	**216**

11. Share Incentive Scheme

The Board recognises the importance of ensuring that employees of the Group are effectively and appropriately incentivised and their interests aligned with those of the Company. Similarly, the Board believes that the ongoing success of the Company depends to a high degree on retaining and incentivising the performance of key executive directors. To that end, the Company has adopted the Management Incentive Plan, to align the interests of Executive Directors and members of Senior Management, with those of the shareholders.

The UP Group Management Incentive Plan ("**MIP**") will reward the Executive Directors and certain members of Senior Management in the event that shareholder value is created.

A summary of the MIP is set out in paragraph 11 of Part 13 of this Prospectus.

12. Insurance

The Board believes the Group maintains insurance policies customary (including the terms of, and the coverage provided by, such insurance) for the industry in which it operates to cover certain risks. The Board considers the Group's insurance coverage to be adequate both as to risks and amounts for the business the Group conducts.

PART 6

DIRECTORS, SENIOR MANAGEMENT AND CORPORATE GOVERNANCE

1. Directors

The following table lists the names, dates of birth, positions and dates of appointment for each Director:

Name	*Date of birth*	*Position*	*Date appointed as a Director*	*Date joined the Group*
James McCarthy	16 January 1956	Independent Non-Executive Chairman	1 March 2017	1 March 2017
Simon Showman	14 August 1973	Chief Executive Officer	23 May 1997	23 May 1997
Andrew Gossage	13 August 1971	Managing Director	28 July 2005	28 July 2005
Graham Screawn	28 February 1967	Chief Financial Officer	16 December 2010	20 May 2010
Alan Rigby	25 September 1956	Senior Independent Non-Executive Director	1 March 2017	1 March 2017
Robbie Bell	6 May 1973	Independent Non-Executive Director	1 March 2017	1 March 2017
Barry Franks	29 August 1946	Non-Executive Director	23 May 1997	23 May 1997

The business address of all of the Directors is Manor Mill, Victoria Street, Chadderton, Oldham, Greater Manchester OL9 0DD.

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

James John McCarthy, (61), Non-Executive Chairman

James has more than 40 years' experience in the fast-moving retail industry and was previously Chief Executive of Poundland Group Plc ("**Poundland**"), a single price retailer, stepping down in July 2016 having joined in August 2006. During his tenure, Poundland's sales grew from £300 million to £1.3 billion a year and the number of stores increased from 146 to over 900. The business was floated on the London Stock Exchange in March 2014 and acquired by Steinhoff International in September 2016.

Prior to joining Poundland, James was managing director of Convenience, J Sainsbury plc and was a member of the operating, retail and investment boards. His experience includes 8 years as chief executive of T&S Stores plc (operated over 1000 stores and sold to Tesco plc in 2003), managing director of Neighbourhood Retailing (part of Next plc) and managing director of Birmingham Post & Mail Limited's retail estate. James is also non-executive chairman at Wynnstay Group plc.

Simon Adom Showman, (43), Chief Executive Officer

Simon began his career working for an auctioneer before founding Ultimate Products in 1997, initially as a clearance business buying discontinued and excess stock securing investment from Barry Franks who became the majority shareholder. In the early 2000s, Simon began to source regular product from countries such as Portugal, Vietnam and, in time, from China. The Company at this point had evolved from a clearance business to a full service sourcing and importing operation. In 2005, this led to an investment into the business by LDC and, at this point, Simon became Chief Executive and the largest management shareholder. In 2014, Simon changed the focus of the business away from own label/unbranded product to focus on its key brands and, at the same time, he led the buyout of LDC's shareholding with a mix of personal money and support from HSBC. Simon is directly responsible for the key trading functions of sales and buying as well as continuing to be the driving force behind the on-going development of the Group.

Andrew John Gossage, (45), Managing Director

Andrew is a chartered accountant and started his career with Arthur Andersen where he worked in audit and transaction support roles. In 1998 he transferred into industry as Finance Director & General Manager of Mersey Television, an independent television producer of continuing drama including Hollyoaks, Brookside and Grange Hill. He was a key member of the management team of Mersey Television which was backed by private equity investment from LDC in 2002 and then led the sale of the business to All3Media in 2005. Andrew joined Ultimate Products in 2005, initially as Finance Director, and was part of the management buyout team that year. In 2007 he was promoted to Chief Operating Officer and in 2014, together with Simon Showman, led the buyout of LDC with a mix of personal money and support from HSBC. At this point, Andrew was promoted to Managing Director. Andrew is responsible for the strategic direction of the Group and non-trading functions including finance, supply chain, human resources, IT and legal.

Graham Philip Screawn, (50), Chief Financial Officer

Graham is a chartered accountant and member of the Chartered Institute of Taxation. He started his career with KPMG where he worked in audit and latterly tax advisory roles. In 1995, he made his first move into industry with Hilti, the specialist power tools company, in various finance and business analysis roles before being promoted to Finance Director in 2006. He was also trustee of the Hilti defined benefit pension scheme. Graham joined Ultimate Products in 2010 as Finance Director with responsibility for the finance function and all external finance relationships. In 2013 and 2016, Graham led the successful renewal of the Group's bank facilities with HSBC.

Robbie Ian Bell, (43), Independent Non-Executive Director

Robbie has, since 2009, been the Chief Financial Officer of Screwfix Direct Limited; overseeing strong business growth, of more than £0.5 billion to over £1 billion, driven by thirteen consecutive quarters of double-digit LFL growth and a strong development program opening more than one store per week, the expansion into Germany of the multi-channel business which now has 477 sites in the UK (as at 31 July 2016). Screwfix is a subsidiary of Kingfisher Plc, a FTSE 100 constituent.

Robbie was previously the UK Finance Director of Travelodge between 2006 and 2008 with involvement in a number of Private Equity transactions. Robbie has a broad range of retail exposure having started his career at Whitbread Plc, with experience of a number of their formats / brands; before moving to Tesco Plc where he completed the acquisition and integration of a London based convenience retailer.

Alan Rigby, (60), Senior Independent Non-Executive Director

Alan has spent the majority of his working career at HSBC Plc, joining in 1975 and gaining broad experience through a range of management positions including credit and risk, retail, commercial, large corporate and global banking markets. Prior to his retirement from HSBC, he was head of corporate banking in Manchester between 2004 and 2014. Since 2014, Alan has provided independent consultancy services to private companies on strategy, corporate transactions and re-financings.

Barry Eric Franks, (70), Non-Executive Director

Barry Franks has 50 years' experience in the retail and wholesale trade. In the 1970s and 1980s, he was Managing Director of Parker & Franks, a North West based retailer and wholesaler with 35 stores and 500 employees at its peak. In 1990, Barry left Parker & Franks and founded Barimar, a clothing importer and supplier to UK and European retail. During the period Barry built up substantial experience in discount retailing and sourcing from China and South Asia. In 1997, Barry invested in Ultimate Products alongside Simon Showman, becoming the majority shareholder. This subsequently led to an investment into the business by LDC, in 2005, and at this point Barry became a non-executive Director. In 2014, Barry invested alongside Simon Showman and Andrew Gossage in the buyout of LDC's shareholding.

2. Senior Management

The Company's current Senior Managers, in addition to the Directors set out above, are as follows:

Name	*Date of birth*	*Position*	*Date appointed as an employee of the Group*
David Bloomfield	1 January 1966	Supply Chain Director	12 February 2007
Duncan Loch	21 September 1962	Trading Director (Housewares)	2 August 2004
Duncan Singleton	23 June 1974	Trading Director (Small Domestic Appliances)	8 May 2006
Peter Rawley	14 July 1972	Trading Director (Audio, Heating & Cooling)	17 April 2008
Craig Holden	2 August 1979	HR Director	24 July 2006

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

David Leonard Bloomfield, (51), Supply Chain Director

David joined the business in 2007 and joined the Company's board of directors as supply chain director in 2008. Prior to joining the business, David spent over 20 years working in the retail sector in various supply chain management roles.

Duncan Loch, (54), Trading Director (Housewares)

Duncan has over 25 years' experience in Housewares including several years working at Pimpernel. He joined the business in 2004 as a sales executive before moving to buying. Over time he has progressed to trading director for the entire Housewares area and has been instrumental in the launch of the Group's Salter product range and, more recently, the Progress brand.

Duncan James Singleton, (42), Trading Director (Small Domestic Appliances)

Duncan started a career in retail as a merchandiser before switching to the supply side and joined the business in 2006 as a buyer before progressing to buying director and now trading director. Duncan is responsible for the Small Domestic Appliances division.

Peter Rawley, (44), Trading Director (Audio, Heating & Cooling)

Peter joined the business in 2008 as a buyer with a background in furniture before switching to Heating & Cooling and latterly Audio which he now oversees as Trading Director. During his time at the business, he has also been international director and general manager of the Group's Hong Kong office where he was seconded for 2 years.

Craig Austin Holden, (37), HR Director

Craig joined the business in 2006 as a graduate before moving into human resources ("**HR**") becoming an HR assistant before progressing through to HR officer, HR manager and HR director. His expertise and experience extends into a number of areas of general management including site and health & safety matters. He also spent a year as general manager of the Hong Kong office.

3. Corporate governance

The Board is committed to the highest standards of corporate governance and to maintaining a sound framework for the control and management of the Group.

3.1 ***The Board***

The Board is responsible for leading and controlling the Group and has overall authority for the management and conduct of the Group's business, strategy and development. The Board is also responsible for ensuring the maintenance of a sound system of internal controls and risk management (including financial, operational and compliance controls) and for reviewing the overall effectiveness of systems in place as well as for the approval of any changes to the capital, corporate and/or management structure of the Group.

3.2 ***Compliance with corporate governance requirements***

Board and committee independence

The UK Corporate Governance Code recommends that, other than in the case of a UK listed company that is a "*smaller company*" (as defined in the UK Corporate Governance Code as being a company that is below the FTSE 350, as the Company is expected to be), at least half the board of directors of a UK listed company, excluding the chairman, should comprise non-executive directors determined by the Board to be independent in character and judgment and free from relationships or circumstances which may affect, or could appear to affect, this judgment. The UK Corporate Governance Code recommends that a "smaller company" should have at least two independent non-executive directors.

For the purposes of assessing compliance with the UK Corporate Governance Code, the Board considers that Alan Rigby and Robbie Bell are non-executive directors who are independent of management and free from any business or other relationship that could materially interfere with the exercise of their independent judgment, notwithstanding the arrangements further described in paragraph 9.9 of Part 13 (Additional Information) of this Prospectus. The Board also considers that James McCarthy, the Company's chairman, is independent. As the Board consists of the chairman, two independent non-executive directors, three executive directors and one non-executive director who is not regarded as independent for the purposes of the UK Corporate Governance Code by virtue of his historical involvement with the Company, the Company complies with this recommendation of the UK Corporate Governance Code.

As the Board will have two experienced independent non-executive directors as well as an independent chairman, the Board is satisfied that no individual will dominate the Board's decision taking, no undue reliance will be placed on particular individuals, there will be sufficient challenge of executive management in meetings of the Board and the Board will be capable of operating effectively from Admission.

The Company intends to become fully compliant with the UK Corporate Governance Code in the medium term. The Company also intends that each of the Directors will stand for re-election on an annual basis.

Senior Independent Non-Executive Director

The UK Corporate Governance Code recommends that the board of directors of a company with a premium listing on the Official List should appoint one of the non-executive directors to be the senior independent director to provide a sounding board for the chairman and to serve as an intermediary for the other directors when necessary. The Senior Independent Non-Executive Director has an important role on the Board in leading the Non-Executive Directors in monitoring and evaluating the performance of the Executive Directors, leading on corporate governance issues and being available to Shareholders if they have concerns which contact through the normal channels of the Chief Executive Officer or other Executive Directors has failed to resolve or for which such contact is inappropriate. Accordingly, Alan Rigby has been appointed as the Company's Senior Independent Non-Executive Director.

3.3 ***Board committees***

As envisaged by the UK Corporate Governance Code, the Board has established the following committees: an Audit and Risk Committee, a Remuneration Committee and a Nomination Committee, each of which is described in further detail below.

Audit and Risk Committee

The Audit and Risk Committee assists the Board in discharging its responsibilities with regard to financial reporting, external and internal controls, including reviewing and monitoring the integrity of the Group's annual and interim financial statements, reviewing and monitoring the extent of the non-audit work undertaken by the Group's external auditors, advising on the appointment of such external auditors, overseeing the Group's relationship with its external auditors, reviewing the effectiveness of the external audit process, and reviewing the effectiveness of the Group's internal control and review function. The ultimate responsibility for reviewing and approving the annual report and accounts and the half-yearly reports remains with the Board. The Audit and Risk Committee will give due consideration to laws and regulations, the provisions of the UK Corporate Governance Code and the requirements of the Listing Rules.

The UK Corporate Governance Code, as it applies to the Company, recommends that, in the case of "*smaller companies*", an audit committee should comprise at least two members who are independent non-executive directors (other than the chairman) and that at least one member should have recent and relevant financial experience. The Audit and Risk Committee will be chaired by Robbie Bell, and its other members will be Alan Rigby and James McCarthy. The Directors consider that Robbie Bell has recent and relevant financial experience. The Audit and Risk Committee will meet not less than four times a year.

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

Appointments to the Audit and Risk Committee will be made by the Board, on recommendation by the Nomination Committee. Appointments to the Audit and Risk Committee will be for a period of up to three years and may be extended for no more than two further periods of up to three years, provided the Director whose appointment is being considered still meets the criteria for membership.

The terms of reference of the Audit and Risk Committee state that the Audit and Risk Committee shall meet as frequently as the Audit and Risk Committee deems appropriate, and in any event not less than four times a year. The quorum for meetings of the Audit and Risk Committee will be two members. The terms of reference of the Audit and Risk Committee also set out the authority of the Audit and Risk Committee to investigate any matter within its terms of reference.

When appropriate, the Audit and Risk Committee will meet with the Group's senior managers in attendance. The Audit and Risk Committee will also meet separately at least once a year with the Group's external and internal auditors without management present. From Admission, the chair of the Audit and Risk Committee will be available at annual general meetings of the Company to respond to questions from Shareholders on the Audit and Risk Committee's activities.

Remuneration Committee

The Remuneration Committee will assist the Board in determining its responsibilities in relation to remuneration, including making recommendations to the Board on the Company's policy on executive remuneration (including setting the over-arching principles, parameters and governance framework of the Group's remuneration policy) and determining the individual remuneration and benefits packages of each of the Executive Directors and the Company Secretary. The Remuneration Committee will also ensure compliance with the UK Corporate Governance Code in relation to remuneration wherever possible.

The UK Corporate Governance Code, as it will apply to the Company on Admission, provides that, in the case of "*smaller companies*", a remuneration committee should comprise at least two members who are independent non-executive directors. The Remuneration Committee will be chaired by Alan Rigby and its other members will be Robbie Bell and James McCarthy. The Remuneration Committee will meet not less than twice a year.

Appointments to the Remuneration Committee will be made by the Board, on recommendation by the Nomination Committee. Appointments to the Remuneration Committee will be made for a period of up to three years, which may be extended for no more than two further periods of up to three years, provided the Director whose appointment is being considered still meets the criteria for membership.

The terms of reference of the Remuneration Committee state that the Remuneration Committee shall meet as frequently as the Remuneration Committee deems appropriate, and in any event not less than twice a year. The quorum for meetings of the Remuneration Committee will be two members. The terms of reference of the Remuneration Committee also set out the authority of the Remuneration Committee to investigate any matter within its terms of reference.

Nomination Committee

The function of the Nomination Committee is to provide a formal, rigorous and transparent procedure for the appointment of new directors to the Board. In carrying out its duties, the Nomination Committee is primarily responsible for identifying and nominating candidates to fill board vacancies; evaluating the structure and composition of the board with regard to the balance of skills, board diversity, knowledge and experience and making recommendations accordingly; reviewing the time requirements of non-executive directors; giving full consideration to succession planning; and reviewing the leadership of the Group.

The UK Corporate Governance Code, as it will apply to the Company on Admission, provides that a nomination committee should comprise a majority of members who are independent non-executive directors. The Nomination Committee will be chaired by James McCarthy, and its other members will be Robbie Bell, Alan Rigby and Barry Franks. The Nomination Committee will meet not less than once a year.

Appointments to the Nomination Committee will be made by the Board. Appointments to the Nomination Committee will be made for a period of up to three years, which may be extended for further periods of up to three years, provided the Director whose appointment is being considered still meets the criteria for membership.

The terms of reference state that the Nomination Committee shall meet as often as the Nomination Committee deems appropriate, and in any event not less than once a year. The quorum for meetings of the Nomination Committee will be two members, one of whom must be an independent non-executive director. The terms of reference of the Nomination Committee also set out the authority of the Nomination Committee to investigate any matter within its terms of reference.

4. Directors' and Senior Managers' interests

Details of the interests of each Director and Senior Manager in the voting rights of the Company, together with what their respective interests are expected to be immediately following Admission, are set out in paragraph 7.4 of Part 13 (Additional Information) of this Prospectus.

5. Share dealing code

The Company has adopted, with effect from Admission, a code on dealings in relation to the securities of the Group which requires full compliance with the requirements of the Market Abuse Regulation (596/2014/EU).

The Company shall require the Directors, persons discharging managerial responsibilities and other relevant employees of the Group to comply with the Company's securities dealing code, and shall take all proper and reasonable steps to secure their compliance.

6. Relationship Agreement

For the purposes of the Listing Rules and the Takeover Code, it is considered that Simon Showman, Andrew Gossage and Barry Franks (the "**Concert Party**") are deemed to be acting in concert following the execution of the MBO by the Concert Party in June 2014. Consequently, on 1 March 2017, the Company, SCS and the Concert Party entered into the Relationship Agreement, which takes effect from Admission. The principal purpose of the Relationship Agreement is to ensure that the Group is capable at all times of carrying on its business independently of each of the Concert Party, and their connected parties. Further information in respect of the Relationship Agreement is set out at paragraph 13.2 of Part 13 of this Prospectus.

PART 7

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

1. Reasons for the Offer and use of proceeds

The Directors believe that the Offer and Admission will be a positive step in the Company's progression, which will further enhance the Group's profile and brand recognition with both customers and suppliers, provide potential future access to capital to support the growth of the Group's business and aid in the recruitment, retention and incentivisation of management and employees at all levels of the Group.

Additionally, the Offer will provide liquidity for the Selling Shareholders, enabling them to realise part of the value of their interest in the Group.

The Company will not receive any proceeds from the Offer. The Company will bear one-off fees and expenses of approximately £1.25 million (including VAT) in connection with Admission and the Offer, which the Company intends to pay (to the extent they have not already been paid prior to Admission) out of cash resources available to it.

Through the sale of Offer Shares pursuant to the Offer, the Company expects the Selling Shareholders to sell £52.6 million before taking into account costs and expenses associated with the Offer. The aggregate placing commissions, amounts in respect of stamp duty or SDRT and certain other fees and expenses payable by the Selling Shareholders in connection with the Offer are estimated to be approximately £2.4 million. No expenses will be charged by the Company or the Selling Shareholders to any investor who purchases Offer Shares pursuant to the Offer.

2. Dividends and dividend policy

The Directors intend to adopt a progressive dividend policy whilst maintaining an appropriate level of dividend cover. This policy is intended to allow the Group to retain sufficient capital to meet both the working capital needs of the business and to fund the planned continued expansion of the Group in line with its growth strategy. The Board's current intention is to target an initial payout ratio of 50 per cent. of the Company's adjusted profit after tax. Assuming that there are sufficient distributable reserves available at the time, the Directors intend that the Company will pay an interim dividend and a final dividend in respect of each financial year in the approximate proportions of one-third and two-thirds, respectively, of the total annual dividend.

The current intention of the Board is that the first dividend to be paid by the Company will be the interim dividend in respect of H1 2017, payable in H2 2017.

The Company may revise its dividend policy from time to time.

The ability of the Company to pay dividends is dependent on a number of factors and there is no assurance that the Company will pay dividends or, if a dividend is paid, what the amount of such dividend will be. See Part 1 (Risk Factors) of this Prospectus. Consequently, investors may not receive any return on their investment unless they sell their Ordinary Shares for a price greater than that which they paid for them.

PART 8

OPERATING AND FINANCIAL REVIEW

The following is a discussion of the Group's results of operations and financial condition. Prospective investors should read the following discussion, together with the whole of this Prospectus, including Part 1 (Risk Factors) and Part 10 (Historical Financial Information) of this Prospectus and should not just rely on the key or summarised information contained in this Part 8.

*Unless otherwise stated, the financial information in this Part 8 has been extracted without material adjustment from Part 10 (Historical Financial Information) of this Prospectus. The financial information included in this document has been prepared on a basis consistent with International Financial Reporting Standards as adopted by the European Union and International Financial Reporting Interpretations Committee ("**IFRS**"). IFRS differs in certain aspects from international financial reporting standards as published by the International Accounting Standards Board.*

In order to show the Group's results of operations in this Part 8 in the most meaningful way, the financial information related to the Income Statement has been presented for the 12 month periods ended 31 July 2014 (unaudited), 31 July 2015 (unaudited) and 31 July 2016 (audited) respectively (as set out in note 32 of the Historical Financial Information in Part 10 of this Prospectus), rather than the statutory periods of 9 months ended 30 April 2014 (audited), 15 months ended 31 July 2015 (audited) and 12 months ended 31 July 2016 (audited) respectively.

This Part 8 contains "forward-looking statements". Those statements are subject to risks, uncertainties and other factors that could cause the Group's future results of operations or cash flows to differ materially from the results of operations or cash flows expressed or implied in such forward-looking statements. See Part 2 (Presentation of Financial and Other Information) of this Prospectus for further information.

1. Group Overview

1.1. ***Overview***

Ultimate Products is a fast growing owner, licensee, designer, developer and manager of a series of well-known brands focused on the home with a strong value proposition which are sold to a broad range of retailers, both in the UK and overseas, with a growing online proposition. The Group has increased revenue by £26.2 million, or 22.3 per cent. CAGR, from £52.8 million in the 12M July 2014 to £79.0 million in the 12M July 2016; and by £10.8 million, or 48.7 per cent., from £22.2 million in Q1 2016 to £33.0 million for Q1 2017.

The Group, established in 1997, is headquartered in Oldham, Greater Manchester where it has its design, sales, marketing, buying, quality assurance and support functions as well as approximately 460,000 sq. ft. of warehouse facilities across two sites, Manor Mill and Heron Mill. In addition, the Group has a 12,650 sq. ft. office in Guangzhou, China, with some 33 employees as at 31 October 2016, providing merchandising and quality assurance which provides a local contact point for the Group's Chinese based suppliers. The Guangzhou office also has a showroom for customers visiting the Far East, particularly at the time of any trade shows in Canton. In total the Group had 216 employees as at 31 October 2016.

1.2. ***Products***

Ultimate Products has a relatively broad customer base, selling to over 300 retailers across 38 countries, based around six core product specialisms:

- Audio (predominantly sold under the Intempo and Pulse brands) which includes headphones, stereos and accessories;
- Heating and Cooling (predominantly sold under the Beldray and Prolectrix brands) which includes portable radiators and fans;

- Housewares (predominantly sold under the Salter, Russell Hobbs and Progress brands) which includes cookware, bakeware, ovenware, kitchen utensils and tableware;
- Laundry (sold under the Beldray brand) which includes vacuum cleaners, steam cleaners, mops, ironing boards, airers and pedal pins;
- Luggage (predominantly sold under the Constellation, ZFrame and Sovereign brands); and
- Small Domestic Appliances (predominantly sold under the Beldray and Salter brands) which includes blenders, spiralizers, grills and juicers.

By revenue, SDA is the largest specialism with revenue of £20.8 million, or 26 per cent. of the Group's revenue for the 12M July 2016. Over the period from the 12M July 2014 to the 12M July 2016, SDA revenue increased significantly at CAGR of 30 per cent.

Housewares grew revenue from £11.4 million for the 12M July 2014 to £15.6 million for the 12M July 2016, a CAGR of 17 per cent., and represented 20 per cent. of Group sales for the 12M July 2016.

Audio represented approximately 17 per cent. of Group revenue for the 12M July 2016 at £13.0 million, having grown from £2.9 million for the 12M July 2014, a CAGR of 111 per cent.

Laundry, representing approximately 10 per cent. of Group sales for the 12M July 2016, has grown from £0.6 million revenue for the 12M July 2014 to £8.0 million for the 12M July 2016, a CAGR of 278 per cent.

The two smallest specialisms, Luggage and Heating & Cooling, each represented approximately 6 per cent. of Group revenue for the 12M July 2016. Luggage revenues were broadly flat, at around £4.6 million per year, over the three year period to 31 July 2016 with Heating & Cooling revenue declining from £7.5 million for the 12M July 2014 to £4.5 million for the 12M July 2016 as a result of a more competitive environment for this category.

Other categories represented 16 per cent. of Group revenue for the 12M July 2016, with revenue moderately down over the period to £12.5 million from £13.5 million for the 12M July 2014.

Growth in each of the six specialisms has continued in Q1 2017 against Q1 2016, with a corresponding decline in the other categories. With a continued strong growth in revenue, Audio for the Q1 2017 period is now the largest specialism by revenue, representing some 27.0 per cent. of Group turnover, with Housewares some 20.4 per cent. of Group turnover and SDA, historically the largest of the six specialisms, 19.4 per cent. of Group turnover for Q1 2017.

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

£'000	*Premier Brands*	*12M July 14*	*%*	*12M July 15*	*%*	*12M July 16*	*%*	*CAGR %*	*Q1 2016*	*%*	*Q1 2017*	*%*	*Growth %*
SDA	Beldray, Salter	12,377	*23*	13,232	*21*	20,821	*26*	30	5,386	*24*	6,405	*20*	19
Housewares	Salter, Russell Hobbs and Progress	11,446	*22*	11,597	*18*	15,633	*20*	17	4,368	*20*	6,727	*20*	54
Audio	Intempo	2,932	*6*	8.582	*13*	13,048	*16*	111	4,643	*21*	8,903	*27*	92
Laundry	Beldray	557	*1*	4,297	*7*	7,974	*10*	278	1,777	*8*	4,312	*13*	143
Luggage	Constellation	4,573	*9*	4,454	*7*	4,561	*6*	0	615	*3*	669	*2*	9
Heating & Cooling	Beldray	7,455	*14*	7,317	*11*	4,454	*6*	(23)	1,548	*7*	3,396	*10*	120
Sub-total		*39,430*	*75*	*49,479*	*77*	*66,490*	*84*	*30*	*18,337*	*83*	*30,412*	*92*	*66*
Other		13,457	*25*	14,621	*23*	12,538	*16*	(4)	3,866	*17*	2,601	*8*	(33)
Total		**52,797**	***100***	**64,100**	***100***	**79,028**	***100***	**22**	**22,203**	***100***	**33,013**	***100***	**49**

1.3. *Brands*

The Group has six Premier Brands, a number of other key brands and provides own label products to certain customers. The Premier Brands are as follows:

Beldray, which the Group acquired in 2009, by revenue is the largest Premier Brand with revenue of £19.1 million for the 12M July 2016, approximately 24.2 per cent. of the Group's revenue for that period, and has grown from revenue of £11.0 million for the 12M July 2014, a CAGR of 32 per cent., driven by an increase in SKUs over that period and greater penetration of product categories. Key customers include B&M, Factory Shop and Wilkinsons.

The Salter brand, which the Group has had under licence since 2011, generated revenue of £12.1 million for the 12M July 2016, a significant increase from the £1.6 million revenue for the 12M July 2014 (a CAGR of 177 per cent.) and now represents approximately 15.3 per cent. of the Group's revenue for the 12M July 2016. This increase in revenue over this period is principally from an increase in SKUs and greater penetration of product categories. Key customers include Amazon, Argos and Robert Dyas.

Russell Hobbs, which the Group has had under licence since 2011, generated revenue of £6.7 million for the 12M July 2016; representing 9 per cent. of the Group's revenue for that period. Russell Hobbs revenue has grown consistently over the last three years, from £4.6 million for the 12M July 2014 to £6.7 million for the 12M July 2016, a CAGR of 21 per cent., as a result of a broader product offering and increased orders from customers such as B&M.

Intempo, acquired from administration in 2009, has had strong growth over the three year period to 31 July 2016, delivering a CAGR of 97 per cent. with revenue up from £1.5 million for the 12M July 2014 to £5.8 million for the 12M July 2016 and now represents 7 per cent. of Group revenue for the 12M July 2016. A broader range with the introduction of a number of new products, the growth in the personal electronic market more generally and increased orders from customers such as B&M have all contributed to this growth.

Constellation, one of the Group's luggage brands which was acquired in 2010, has been a steady performer over the three year period to 31 July 2016, with revenue of £2.3 million for the 12M July 2016 from £2.1 million for the 12M July 2014, a CAGR of 6 per cent. Constellation represents approximately 3 per cent. of Group revenue for the 12M July 2016.

Progress was launched in June 2016 and made no material contribution to the Group for the 12M July 2016.

Key Brands, which include American Originals, George Wilkinson, Giles & Posner, Inspire, Portobello Prolectrix, and ZFrame, generated revenue of £6.7 million for the 12M July 2016, a decrease from the £8.0 million for the 12M July 2014. George Wilkinson, acquired with Progress in 2015 from administration, has been a recent focus for management with a new product range, new packaging and launched at the Exclusively Housewares trade fair in 2016 with first sales to B&M.

The Group continues to provide other brands and own-label products to certain retailers, with revenue up from £24.0 million for the 12M July 2014 to £26.2 million for the 12M July 2016 principally due to increased sales to Action, the Dutch based discounter, under the Pulse brand.

£'000	*Product group*	*12M July 14*	*%*	*12M July 15*	*%*	*12M July 16*	*%*	*CAGR%*
Beldray	SDA, Laundry	10,997	*20*	14,317	*22*	19,100	*24*	32
Salter	SDA, Homewares	1,571	*3*	4,555	*7*	12,086	*15*	177
Russell Hobbs	Homewares	4,623	*9*	5,119	*8*	6,720	*9*	21
Intempo	Audio	1,502	*3*	2,721	*4*	5,843	*7*	97
Constellation	Luggage	2,060	*4*	2,834	*5*	2,312	*3*	6
Sub-total		*20,753*	*39*	*29,546*	*46*	*46,061*	*58*	*49*
Key brands	n/a	8,017	*15*	6,984	*11*	6,726	*9*	(8)
Other brands and own-label		24,027	*46*	27,570	*43*	26,241	*33*	5
TOTAL		**52,797**	***100***	**64,100**	***100***	**79,028**	***100***	**22**

1.4. ***Customers***

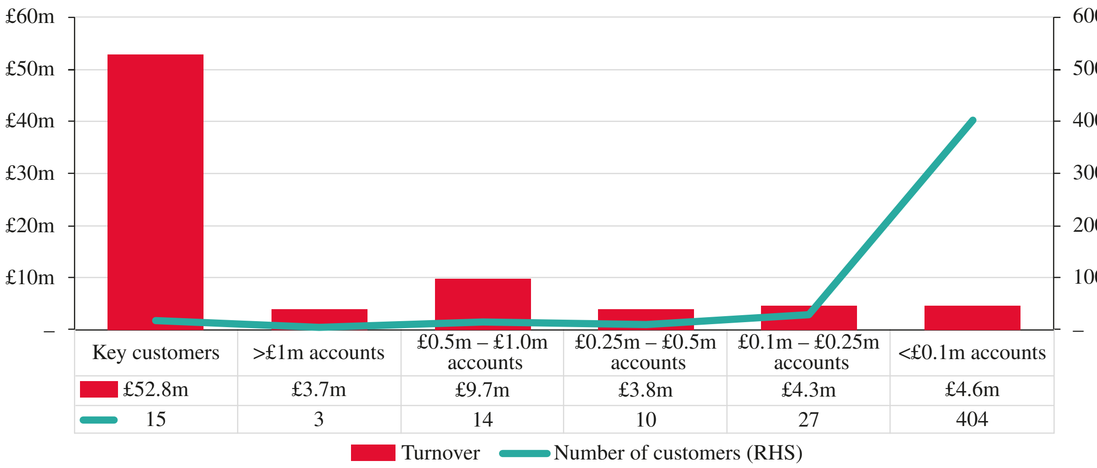
The Group has a diverse customer base with over 300 active accounts, both in the UK and overseas. Historically the Company has had limited sales through online channels, but as part of the Company's "three pillars for growth", online sales through channels such as Amazon are expected to become an important element for future revenue growth.

Growth from Ultimate Products existing customer base has been the largest contributor to reported turnover growth with B&M and Action together accounting for £21.8 million between the 12M July 2014 to the 12M July 2016. A further £5.4 million of revenue growth over this period was delivered by new customers.

In addition to developing its key customer accounts, part of the brand strategy of the Group has been to focus on smaller customer accounts where the strength of the Group's brand and broader product offering has been well received. To this end, the sales team has been expanded and an investment in building up core products in inventory has been made to service these customers.

By having a broad range of customers, from smaller accounts to large national or multinational chains, has also enabled the Group to trial new products to gauge customer interest before rolling out such new products to the Group's wider customer base.

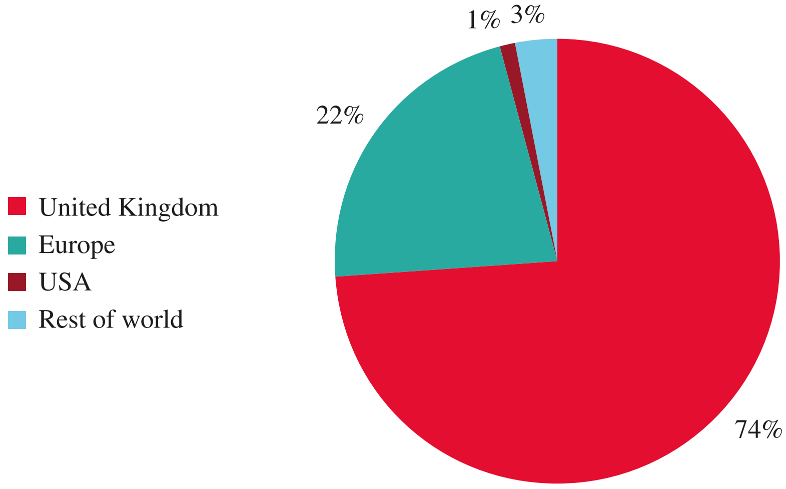
For the 12M July 2016, the Group's top 15 customers accounted for £52.8 million of Group turnover (66.8 per cent. of Group revenue for the 12M July 2016), increasing from £32.8 million for the 12M July 2014 (62.1 per cent. of Group revenue for that year). The Group's customer stratification is set out below:



Source: Management information (revenue by customer)

1.5. ***Geographies***

Ultimate Products sells its products in 38 countries and classifies revenue by geography based upon the location of the customer. Although operating within a global market, for the 12M July 2016, turnover was predominately generated by sales to UK customers (74 per cent. of Group revenue) with Europe representing a further 22 per cent. of Group turnover. The remaining 4 per cent. was derived from customers in Hong Kong, the United States of America and other countries.



Source: Historical Financial Information

2. Key Factors Affecting The Group's Results Of Operations And Financial Condition

The Board believe that the following factors, some of which are beyond the Group's control, have significantly affected the Group's results of operations and/or financial condition during the periods under review, and may continue to affect the Group's results of operations and financial condition in the future.

2.1. *Market share*

The UK retail market has and continues to be very challenging. Against this background, the Group has experienced strong revenue growth outperforming the UK retail market. The Directors believe this growth has been driven by its portfolio of branded, mass-market, value-led consumer products, which have resonated with consumers and have been successful in displacing competitor brands and products at the Group's customers.

2.2. *Consumer demand*

The success of the Group is dependent on consumer demand for its products. Consumer demand can be affected by a number of factors, particularly the general economic conditions in the United Kingdom and other territories in which the Group sells into. Consumer buying habits can be greatly affected by changes in the economic conditions, particularly when widespread and pronounced, such as rising taxation, higher levels of unemployment, lower real wages and higher interest rates which all impact consumer confidence and absolute level of disposal income. One or all of these changes can materially affect the Group's results and financial condition.

2.3. *Structural shift in consumer behaviour*

The onset of the global financial crisis in 2008 and its impact on macroeconomic development in the UK has provided the basis for a structural shift in consumer behaviour. A tightening of real disposable incomes has squeezed the consumer and propelled the demand for value across all elements of the consumer's non-discretionary and discretionary spend.

Responding to this demand for value, general merchandise discount retailers have expanded their operations through a rapid new store opening programme, both in the UK and elsewhere. Discount stores grew by some 52 per cent. in the UK between 2010 and 2015, a CAGR of 8.8 per cent. with some 1,487 units opened over that period (source: The Local Data Company). B&M, one of the UK's largest general merchandise discount retailers has stated it intends to open 50 stores in financial year ending March 2017, up from 519 stores it currently operates (as at September 2016), and Action, one of continental Europe's largest general merchandise discount retailers has experienced a net store expansion of 141 stores in the year ended December 2015, has opened around 185 stores in 2016, and has publicly stated its intention to accelerate its store roll-out programme.

Furthermore, this evolution has increasingly spread across all socio-demographic categories with discount retail increasingly being accepted by all consumers. Research by him! in 2015 found that 31 per cent. of shoppers at two of the largest food discounters were from the "AB" demographic and a further 28 per cent. were from the C1 socio-economic demographic category.

This structural shift in consumer behaviour has benefited the Group with its core proposition of value led, mass market appeal, branded products which compete against both own-label and higher priced branded products offered by competitors.

2.4. ***Market factors that affect revenue***

The Board believes that demand for its products is influenced by certain market factors and trends, particularly those related to price, quality and perceived appeal compared to competitor products which provide a similar benefit to the consumer, as well as general changes in consumer taste, fashion and lifestyle trends. The Directors believe brand awareness will drive future revenue as consumers recognise the benefits of the Group's branded products at competitive prices. Product innovation, the ability to control costs and develop innovative, low cost promotions around those products will all play an important role in the Group's future success. The ability for consumers to see and easily acquire the Group's products will also influence their buying decision, so the Group's ability to continue to be stocked by its customers and support the Group's brands through promotion, innovation and marketing will affect the Group's performance.

Key changes in consumer trends which the Directors believe have benefited the Group are:

- Over the last decade the UK has seen a renaissance in home cooking and baking, driven by the arrival of the celebrity chef, the popularity of television shows such as *The Great British Bake Off* and the rise of "*food journalism*". This has driven consumers' interest in cook and bakeware which has benefited the Group with its Salter, Russell Hobbs and Progress brands focused on kitchen products.

- A growing awareness by consumers in the UK to adopt a more health conscious lifestyle which has led to an increased interest in products which promote a healthy lifestyle. Government initiatives such as the soft drinks industry levy have generated significant press comment on obesity in the UK and how to address this issue. One particular product category that has benefited from this increased interest in a healthier lifestyle is the blender and juicer market, with research indicating the global market for blenders and juicers was US$2.3 billion in 2015 and was expected to reach US$3.3 billion in 2021. The Group sells a number of blenders and juicers under Salter and Prolectrix brands.

- In 2015 digital sales of music overtook sales of physical formats for the first time (source: IFPI Global Music report 2016). The relative affordability of digital devices for listening to music and the rapid rise in sales of digital music, either through download or streaming, has driven consumers' interest in portable music devices and accessories. Often purchases are made by a younger segment of the population where the Group's Intempo brand, with its competitive pricing structure and contemporary design, has benefited.

- Despite global political uncertainty and a heightened terror threat, the travel industry has continued to demonstrate robust growth. ABTA data noted that UK resident's visits abroad increased by 9 per cent. in the year to September 2015 against the corresponding period a year earlier and indicated that the number of overseas holidays booked in 2016 were up 9 per cent. year on year.[16] According to VisitEngland, 103 million overnight trips were recorded across England in 2015, an 11 per cent. increase compared with 2014.[17] The continued rise in travel, both domestic and international, has created demand for the Group's luggage products under the Constellation, Sovereign and ZFrame brands.

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16 Source: Travel Trends Report 2016 (ABTA, 27 December 2015).

17 Source: "New figures show increase in domestic tourism for 2015, with overnight trips up 11% and record breaking spending" (VisitEngland, 11 April 2016).

Management believe that these trends will continue to affect demand and revenue in the six specialisms in which the Group focuses.

2.5. ***Growth in key customers***

Approximately 66.8 per cent. of the Group's revenue for the 12M July 2016 was generated from 15 key customer accounts. The two largest customer accounts represented approximately 22.0 per cent. and 10.5 per cent. respectively of the Group's revenue for the 12M July 2016 and have represented a significant element of the increase in Group turnover over the historical period as those two customers themselves expand the number of stores under their respective facia as well as the Group increasing the range of products offered, increasing the number of units sold per store and increasing store penetration. If any of the Group's key customers were to materially reduce the level of purchases from the Group, or if the Group were to lose one of more of its key customers as accounts, whilst it would seek to mitigate such loss of revenue by approaching other customers to potentially increase their volume or new retail operators to stock the Group's products, any such loss would affect the financial performance of the Group.

2.6. ***Exchange rate fluctuations***

The Group's reported results of operations and financial condition are affected by exchange rate fluctuations. The Group has historically been exposed to translational and transactional fluctuations in foreign currency exchange rates. The Group is primarily exposed to movements in sterling against the US dollar, and, to a lesser extent, the Euro.

The Group's reporting currency is sterling, although it generates significant revenue, and the majority of its purchases, in other currencies, principally the US dollar. For the 12M July 2016 the Board estimates that approximately 59 per cent. of the Group's total revenue, and 91 per cent. of the Group's purchases, were denominated in US dollars.

Management has a well-established hedging policy and monitors its exposure to currency movements on a weekly basis. Management believe this policy protects the Group from short-term movements in foreign currencies (principally the US dollar and, to a lesser extent, the Euro).

Whilst the Group hedges certain transactional exposures by matching the currency of revenue to the relevant cost, and buys US dollars forward, fluctuations in currency exchange rates do affect the Group's reported results of operations. The Group buys the majority of its products in US dollars and, in the 12M July 2016, was a net buyer of approximately US$6.4 million currency and was also a net seller of approximately EUR3.4 million in the 12M July 2016.

2.7. ***Licences***

Two of the Group's Premier Brands are held under long term licenses. Through its design, product innovation and sourcing skills, the Group has been able to leverage off these brands' existing consumer awareness to develop and expand a range of products under the Russell Hobbs and Salter brands which have helped drive growth in the Group's revenue.

2.8. ***Product innovation and effective sourcing***

The Directors believe continued product innovation, through introducing new products with enhanced or improved features that appeal to consumers, is a key element in the Group's growth over the historic period and will continue to play an important part in its future growth plans. Such product innovation must be in conjunction with effective sourcing and cost control with the Group's suppliers to ensure the Group's pricing remains competitive against own-label or alternative competitor products to ensure the continuing success of the Group.

2.9. ***Gross margin***

A variety of factors affect the Group's gross margin such as the product types sold to each customer, pricing strategy, the balance between FOB and Landed sales, the effectiveness of the Group's sourcing from suppliers (including any supplier rebates), the ability to manage effectively sales returns and foreign exchange movements, principally sterling against US dollars.

The Group's gross margin increased by 1.5 percentage points between the 12M July 2014 and the 12M July 2015 and was flat between the 12M July 2015 and the 12M July 2016 (24.7 per cent., 26.2 per cent. and 26.1 per cent., respectively) despite adverse pressures of weakening sterling against the US dollar since June 2014. This stability was achieved primarily through product innovation as well as proactive management of gross margin, including the Group's foreign exchange hedging activities, negotiating improved supplier terms, more effective management of returned sales and the overall growth in volumes driven by the Group's branded strategy resulting in certain operational efficiencies.

Typically the Group realises a lower gross margin on FOB sales than Landed as certain costs associated with holding and delivering stock are borne by the customer rather than the Group. Approximately 59.4 per cent. of Group revenue for the 12M July 2016 was derived from FOB sales. The Directors believe that going forward the revenue mix between FOB and Landed will remain broadly similar as to that experienced in the 12M July 2016.

With approximately 91 per cent. of the Group's purchases and approximately 59 per cent. of Group revenue for the 12M July 2016 denominated in US dollars, the Group enjoys a natural partial hedge against fluctuations in the sterling and US dollar exchange rate which mitigates against any weakness in sterling against the US dollar as has been the case since June 2014.

The Board believes that, with continued innovation through new product development and projected increase in volumes will enable the Group to continue to effectively manage gross margins.

2.10. *Operating costs*

The Group's management of its cost base is an important driver of its operating margins. The Group's operating costs include wages and salaries, transport and distribution costs, travel, rent and administration costs. Whilst the number of employees has risen moderately over the three year period ended 31 July 2016, total staff costs as a percentage of revenue has declined over the 12M July 2014, 12M July 2015 and 12M July 2016 (13.3 per cent., 11.8 per cent. and 11.4 per cent. respectively) through operational efficiencies and the benefit of the Group's Graduate Development Scheme.

Transport and distribution costs have remained broadly flat over the historic period, but have declined as a percentage of revenue from 2.1 per cent for the 12M July 2014 to 1.5 per cent. for the 12M July 2016 as the level of FOB sales has increased over this period. Rent and administration costs have increased over the historical period, but have fallen as a percentage of sales from 5.5 per cent. for the 12M July 2014 to 4.4 per cent. for the 12M July 2016 as growth in revenue has enabled the Group to achieve greater operational efficiencies; a key element in the Group's low cost strategy.

2.11. *Global sourcing*

The Group sources its products from a broad range of third party manufacturers, principally based in China, with different suppliers generally being used for different specified products. As a consequence, there is a relatively low level of individual supplier concentration with no one supplier representing more than 5 per cent. of cost of sales for the 12M July 2016. Where possible, the Group puts in place exclusivity terms with its suppliers.

The Group has developed a strong in-house buying team, composed of 44 people as at 31 October 2016, who are dedicated to sourcing products directly from suppliers in China and elsewhere, with support from an in-house design team responsible for developing and merchandising the Group's brands and products. The Directors believe that the Group has a strong and experienced buying and merchandising team responsible for delivering excellent product quality and value whilst continuing to seek enhanced supplier terms to benefit both margin and cashflow.

2.12. ***Macroeconomic conditions***

Key macroeconomic drivers which has or may affect the Group's financial performance is increased manufacturing costs, sudden or prolonged changes in foreign exchange rates in currencies which the Group has an exposure to, in particular the US dollar, Euro and Chinese RMB, an increase in tariffs and the general level of administration required to import or export goods between the countries in which the Group operates.

3. Current Trading

The Group has continued to trade strongly since 31 October 2016 with the Group generating revenues of £57.9 million[18] for the five months to 31 December 2016, up from £35.6 million[18] for the comparable period last year, an increase of 62.9 per cent.

As a result of the continued weakening of sterling over the period, gross margin was lower at 24.8 per cent. for the five months to 31 December 2016 (FY 2016: 26.0 per cent.). EBITDA for the five months to 31 December 2016 increased by 71.9 per cent. against the comparable period last year. Underlying EBITDA for the five months to 31 December 2016 increased by 77.7 per cent. against the comparable period last year.

The Group continues to execute on its strategy, as set out in paragraph 4 of this Part 5, with continued strong revenue generation in January 2017 of £10.2 million[18] (January 2016: £6.4 million[18]). This is further underpinned by an order book for FY 2017 as at 31 January 2017 of £27.7 million[18] (£19.9 million[18] 31 January 2016) providing excellent visibility for the rest of the financial year. The Board remains confident about the future prospects of the Group.

4. Description of Key Income Statement Items

4.1. ***Revenue***

Revenue is recognised once the risks and rewards of ownership have transferred. This can vary depending on the method of dispatch. Revenue is recognised either on dispatch, receipt by customer or upon delivery to a transport company if appropriate insurance is in place. Revenue is measured as the fair value of the consideration received or receivable and represents the amount receivable for goods supplied and services rendered, net of returns, discounts and rebates given by the Group to customers.

Rebates payable to customers are recognised in line with relevant contractual terms. Rebates payable to customers are charged directly to the income statement over the period to which they relate and are recognised as a deduction from revenue.

4.2. ***Cost of sales***

The principal element of cost of sales is the cost of products sold by the Group including the purchase price from the Group's suppliers, duty, importation, royalty fees, product testing and inspection costs.

4.3. ***Transport and distribution expenses***

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

4.4. ***Administrative expenses***

Administrative expenses primarily consist of employment costs, motor and travel, advertising and exhibition costs, legal, professional and audit costs as well as depreciation and amortisation.

4.5. ***Finance income and expenses***

In the 12M July 2014, the Group's finance costs primarily related to interest on the LDC Loans and the Management Loan Notes. On 12 June 2014 the LDC Loans were settled by the Group and the interest on the Management Loan Notes ceased to accrue as part of the wider MBO arrangements.

18 Source: Unaudited financial information prepared from the Group's accounting records using the accounting policies set out in note 2 to the Historical Financial Information.

Subsequent to the MBO, finance expenses primarily related to interest and associated charges on the HSBC Banking Facilities.

4.6. *Taxation*

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

5. Results of Operations

On 11 July 2014 the Group changed its accounting reference date from 31 July to 30 April. On 13 April 2015 the Group changed its accounting reference date back to 31 July. Historical Financial Information prepared under IFRS for the statutory accounting periods is provided in Section B of Part 10 of this Prospectus. However the Company believes that the income statements for the twelve month periods ending 31 July 2014 (unaudited), 2015 (unaudited) and 2016 (audited) are more helpful for investors and so has included additional disclosure for these periods in note 32 to the Historical Financial Information in Section B of Part 10 of this Prospectus.

The following table sets out selected data from the Group's income statements for the periods indicated. The information in respect of the 12 months ended 31 July 2014 and the 12 months ended 31 July 2015 is unaudited and has been prepared from the Group's accounting records using the accounting policies set out in note 2 to the Historical Financial Information.

	Unaudited 12M July 2014 £'000	*Unaudited 12M July 2015 £'000*	*Audited 12M July 2016 £'000*	*Unaudited Q1 2016 £'000*	*Audited Q1 2017 £'000*
Revenue	52,797	64,100	79,028	22,203	33,013
Cost of sales	(39,764)	(47,286)	(58,364)	(16,506)	(24,761)
Gross profit	13,033	16,814	20,664	5,697	8,252
Distribution costs	(1,129)	(1,140)	(1,194)	(278)	(421)
Administration expenses	(10,208)	(10,922)	(12,784)	(3,157)	(4,320)
Other income	14	15	14	4	7
Profit from operations	1,710	4,767	6,700	2,266	3,519
Finance income	127	–	–	–	5
Finance costs	(1,904)	(471)	(441)	(85)	(139)
(Loss)/profit before taxation	(67)	4,296	6,259	2,181	3,385
Income tax	(92)	(738)	(1,361)	(459)	(725)
(Loss)/profit for the year	(159)	3,558	4,898	1,722	2,660

5.1. *Comparison of Q1 2016 and Q1 2017*

Revenue increased by £10.8 million, or 48.6 per cent., from £22.2 million in Q1 2016 to £33.0 million in Q1 2017, continuing the strong performance by the Group in the 12M July 2016. Growth in revenue was again driven by demand from the discounters as well as growing demand from UK supermarkets and online channels, particularly Amazon.

Cost of sales increased by £8.26 million, or 49.7 per cent., from £16.5 million in Q1 2016 to £24.8 million in Q1 2017 which was marginally higher than the growth in revenue largely due to the impact of weaker sterling against the US dollar in the period.

Gross profit increased by £2.6 million, or 45.6 per cent., from £5.7 million in Q1 2016 to £8.3 million in Q1 2017, benefiting from the significant increase in revenue over the period, offset by marginally higher cost of sales due to the impact of weaker sterling against the US dollar in the period.

Gross margin decreased marginally from 25.7 per cent. in Q1 2016 to 25.0 per cent. in Q1 2017 principally due to the adverse impact on cost of sales of weaker sterling against the US dollar in the period.

Operating expenses (comprising distribution costs and administrative expenses) increased by £1.3 million, or 38.0 per cent., from £3.4 million in Q1 2016 to £4.7 million in Q1 2017. This increase, which was less than the increase in revenue, was principally driven by Shareholder Bonuses, offset to a certain extent by an increased level of FOB sourced revenue which has a corresponding positive impact on distribution costs as the customer is liable for distribution and related costs from the factory.

Profit from operations increased by £1.25 million, or 55.3 per cent., from £2.3 million in Q1 2016 to £3.5 million in Q1 2017. This increase reflected the net benefit of the increase in gross profit being higher than the corresponding increase in operating expenses. Operating margin increased by 0.5 percentage points, from 10.2 per cent. in Q1 2016 to 10.7 per cent. in Q1 2017.

Finance costs remained broadly flat at £0.1 million, between Q1 2016 and Q1 2017.

Profit before taxation increased by £1.2 million, or 55.2 per cent., from £2.2 million in Q1 2016 to £3.4 million in Q1 2017. This increase reflected the net benefit of the above increases in profit from operations.

Taxation increased by £0.2 million, or 40 per cent., from £0.5 million in Q1 2016 to £0.7 million in Q1 2017.

Profit after taxation for the financial period increased by £1.0 million, or 54.5 per cent., from £1.7 million in Q1 2016 to £2.7 million in Q1 2017.

5.2. ***Comparison of the 12M July 2015 and the 12M July 2016***

Revenue increased by £14.9 million, or 23.3 per cent., from £64.1 million in the 12M July 2015 to £79.0 million in the 12M July 2016. This increase reflects increased volume of £13.6 million with existing customers (in particular B&M and Action which accounted for, in aggregate, £12.2 million of this increase). New account wins contributed £2.8 million of revenue growth, offset by account losses totalling £1.5 million in the period.

Cost of sales increased by £11.1 million, or 23.5 per cent., from £47.3 million in the 12M July 2015 to £58.4 million in the 12M July 2016. Cost of sales grew marginally faster than growth in turnover in the period. The benefits of higher sales volumes, increased repeat orders enabling improved terms with suppliers and operational efficiencies (particularly with respect to returned goods) were offset by adverse pressure of weakening sterling against the US dollar over the period where much of the cost of sales are denominated in US dollars. Whilst there is a natural partial hedge in the Company's business with approximately 59.4 per cent. of the Group's revenue for the 12M July 2016 denominated in US dollars (approximately 53.1 per cent. for the 12M July 2015), as well as the Group's own hedging strategy where it seeks to buy forward a certain level of US dollars, as a net purchaser of US dollars, weaker sterling, as has been experienced since June 2014, does have a negative impact on cost of sales.

Gross profit increased by £3.9 million, or 23.2 per cent., from £16.8 million in the 12M July 2015 to £20.7 million in the 12M July 2016, broadly tracking the growth in turnover and corresponding increase in cost of sales. Gross profit benefited from higher sales volumes, increased repeat orders (enabling improved terms with suppliers and operational efficiencies, particularly with respect to returned goods) offset by a higher percentage of FOB sales (which typically achieve a lower gross margin) and adverse pressure of weakening sterling against the US dollar over the period where much of the cost of sales are denominated in US dollars. As a consequence, gross margin stayed relatively constant at approximately 26 per cent. in the 12M July 2015 (26.2 per cent.) and the 12M July 2016 (26.1 per cent.).

Operating expenses (comprising distribution costs and administrative expenses) increased by £2.0 million, or 16.7 per cent., from £12.0 million in the 12M July 2015 to £14.0 million in the 12M July

2016. Distribution costs have declined as a proportion of revenue as a consequence of a higher percentage of revenue being from FOB sales in the period rather than Landed. On FOB sales, the customer takes responsibility for delivery from the manufacturer. The reduction in distribution costs due to the increase in FOB sales was offset by an increase in administration expenses, principally wages and salaries as a result of an increase in headcount to support the Group's growth over the period. All other operating costs have remained broadly flat over the period.

Profit from operations increased by £1.9 million, or 40 per cent., from £4.8 million in the 12M July 2015 to £6.7 million in the 12M July 2016 as the benefits of growth in revenue and improved margin from enhanced supplier terms was greater than the negative impact of foreign exchange pressures and increased administration expenses. Operating profit margin increased by 1.1 percentage points, from 7.4 per cent. in the 12M July 2015 to 8.5 per cent. in the 12M July 2016.

Finance costs decreased by £0.1 million, or 6.4 per cent., from £0.5 million in the 12M July 2015 to £0.4 million in the 12M July 2016. This decrease reflected the improved cash generation of the Group over the period.

Profit before taxation increased by £2.0 million, or 46.5 per cent., from £4.3 million in the 12M July 2015 to £6.3 million in the 12M July 2016. This increase reflects the benefit of the above increases in operational profit as well as the small decrease in financing costs.

Taxation increased by £0.7 million, or 100 per cent., from £0.7 million in the 12M July 2015 to £1.4 million in the 12M July 2016 reflecting the increase in the Group's profit before taxation in the period, offset to a certain extent by the reduction in UK corporation tax from 21 per cent. to 20 per cent. on 1 April 2015.

Profit for the financial year increased by £1.3 million, or 37.7 per cent., from £3.6 million in the 12M July 2015 to £4.9 million in the 12M July 2016.

The Company declared a dividend of £2.25 million for the 12M July 2016.

5.3. ***Comparison of the 12M July 2014 and the 12M July 2015***

Revenue increased by £11.3 million, or 21.4 per cent., from £52.8 million in the 12M July 2014 to £64.1 million in the 12M July 2015. This increase reflects increased volume of £11.8 million with existing customers (particularly B&M and Action which accounted for, in aggregate, £9.6 million of this increase). New customer wins contributed a further £2.6 million of revenue growth, offset by losses of £3.1 million of customer accounts in the period.

Cost of sales increased by £7.5 million, or 18.8 per cent., from £39.8 million in the 12M July 2014 to £47.3 million in the 12M July 2015. This increase, which was less than the increase in revenue, was driven by higher sales volumes, enhanced supplier terms and improved operational efficiencies offset to a certain extent by adverse pressures of weakening sterling against the US dollar over the period.

Gross profit increased by £3.8 million, or 29.2 per cent., from £13.0 million in the 12M July 2014 to £16.8 million in 12M July 2015. This increase reflected revenue increasing at a higher rate than cost of sales for the reasons set out above.

Gross margin increased by 1.5 percentage points, from 24.7 per cent. in the 12M July 2014 to 26.2 per cent. in the 12M July 2015. This increase was driven by higher sales volumes, product innovation, better supplier terms and higher supplier rebates, operational efficiencies and the benefit of the Group's hedging policies, off-set to a certain extent by the weakness in sterling against the US dollar over the period.

Operating expenses (comprising distribution costs and administrative expenses) increased by £0.7 million, or 6.3 per cent., from £11.3 million in the 12M July 2014 to £12.0 million in the 12M July 2015. Distribution costs remained broadly flat over the period, but declined as a proportion of revenue as a consequence of a higher percentage of revenue from FOB sales in the period (53.1 per cent.) against the 12M July 2014 (47.5 per cent.). Administration expenses increased moderately in the period with a small increase in wages and salaries as a result of the Shareholder Bonuses offsetting a small reduction in headcount. All other operating costs have remained broadly flat over the period. Operating margin increased by 4.3 percentage points from 3.2 per cent. in the 12M July 2014 to 7.5 per cent. in the 12M July 2015.

Profit from operations increased by £3.1 million, or 182.4 per cent., from £1.7 million in the 12M July 2014 to £4.8 million in the 12M July 2015. This increase reflected the higher increases in gross profit over comparably increase in operating expenses.

In the 12M July 2014 the Company received a £0.1 million repayment from historical bank charges arising from the Group's previous finance provider.

Finance costs decreased by £1.4 million, or 73.6 per cent., from £1.9 million in the 12M July 2014 to £0.5 million in the 12M July 2015. This decrease was largely due to the settlement of the LDC Loans and the interest on the Management Loan Notes ceasing to accrue as part of the MBO arrangements undertaken in June 2014. This was financed by an extension to existing banking facilities and £1.15 million of new loan notes which, in aggregate, incurred a materially lower level of interest charges than the LDC Loans.

Profit before taxation increased by £4.4 million from a loss of £0.1 million in the 12M July 2014 to a profit of £4.3 million in the 12M July 2015. This increase reflected the net benefit of the above increases in profit from operations and decrease in net financing costs.

Taxation expense increased by £0.6 million, or 697.8 per cent., from £0.1 million in the 12M July 2014 to £0.7 million in the 12M July 2015 reflecting the Group's move into profitability in the period, offset to a certain extent by the reduction in UK corporation tax from 23 per cent. to 21 per cent. on 1 April 2014.

Profit for the year increased by £3.8 million, from a loss of £0.2 million in the 12M July 2014 to a profit of £3.6 million in the 12M July 2015.

5.4. ***EBITDA and Underlying EBITDA***

EBITDA represents profit from operations before depreciation and amortisation. Underlying EBITDA represents EBITDA, as defined above, adjusted for Shareholder Bonuses which will cease to accrue on conclusion of FY 2017. The Directors use EBITDA and Underlying EBITDA as key performance indicators of the Group's business.

The following table sets forth a reconciliation of EBITDA and Underlying EBITDA to profits from operations for the periods indicated. The information in respect of the 12 months ended 31 July 2014 and the 12 months ended 31 July 2015 is unaudited and has been prepared from the Group's accounting records using the accounting policies set out in note 2 to the Historical Financial Information.

	Unaudited 12M July 2014 £000	*Unaudited 12M July 2015 £000*	*Audited 12M July 2016 £000*	*Unaudited Q1 2016 £000*	*Audited Q1 2017 £000*
Profit from operations	1,710	4,767	6,700	2,266	3,519
Depreciation	280	251	280	62	72
Amortisation	–	–	–	–	–
EBITDA	1,990	5,018	6,980	2,328	3,591
Shareholder Bonuses(1)	–	671	1,246	484	857
Underlying EBITDA	1,990	5,689	8,226	2,812	4,448
Underlying EBITDA margin	3.8%	8.9%	10.4%	12.7%	13.5%

(1) Shareholder Bonuses consist of bonus payments based on achievement of certain Group EBITDA performance targets set out following the MBO.

Underlying EBITDA was £4.5 million for Q1 2017, an increase of £1.7 million, or 58.2 per cent. from £2.8 million for Q1 2016. The increase reflected the positive impact from the 48.7 per cent. increase in revenue (up £10.8 million), offset in part by a corresponding increase in cost of sales (principally sales mix and adverse foreign currency movements) and moderately higher administrative costs, principally employment costs as well as lease costs associated with Heron Mill as the Group continued to scale up the business to support growth.

Underlying EBITDA margin was 13.5 per cent. for Q1 2017 compared to 12.7 per cent. for Q1 2016. The increase in Underlying EBITDA margin was principally due to the continued strength in trading with turnover up 48.7 per cent. against the corresponding period, offset by continued adverse currency movements and a modest increase in the Group's cost base, up £0.9 million, principally due to higher employment costs as headcount increased in the period and additional lease costs associated with Heron Mill.

Underlying EBITDA was £8.2 million for the 12M July 2016, an increase of £2.5 million, or 44.6 per cent. from £5.7 million for the 12M July 2015. The increase reflected the positive impact from the increase in revenue by 23.3 per cent (up £14.9 million), offset in part by a corresponding increase in cost of sales (principally adverse currency movements) and moderately higher administrative costs as the Group scaled up the business to support growth.

Underlying EBITDA margin was 10.4 per cent. for the 12M July 2016 compared to 8.9 per cent. for the 12M July 2015. The increase in Underlying EBITDA margin was principally due to the sharp increase in gross profits (up 22.9 per cent.) being correspondingly higher than the more modest increase in the Group's cost base, which grew at 11.8 per cent. for the 12M July 2016.

Underlying EBITDA was £5.7 million for the 12M July 2015, an increase of £3.7 million, or 185.9 per cent. from £2.0 million for the 12M July 2014. The increase reflected the positive impact from the increase in gross profits by 29.0 per cent (up £3.8 million) against the corresponding period as the Group was able to achieve improved supplier terms as volumes increased (off-set to a certain extent by negative currency pressures) and certain operational efficiencies against a relatively stable cost base of £11.1 million, up £0.1 million or 0.7 per cent. for the 12M July 2015.

Underlying EBITDA margin was 8.9 per cent. for the 12M July 2015 compared to 3.8 per cent. for the 12M July 2014. The increase in Underlying EBITDA margin was principally due to the positive benefit of the increase in gross profit margin from 24.7 per cent. for the 12M July 2014 to 26.2 per cent. for the 12M July 2015 as the Group was able to achieve improved supplier terms as volumes increased (off-set to a certain extent by negative currency pressures), without a corresponding increase in administrative costs as the Group was able to leverage its existing cost base to deliver higher volumes and revenue.

6. Liquidity and Capital Resources

6.1. *Overview*

The Group's liquidity requirements arise primarily for working capital, capital investment and to repay debt as it falls due. The Group's principal source of funding historically has been its cash from operations, cash and cash equivalents and borrowings (principally the LDC Loans until their settlement in June 2014, the Management Loan Notes until their settlement during the course of the 12M July 2016 and facilities with HSBC). In July 2016, the Group entered into the HSBC Bank Facilities.

As at 31 October 2016, the Group had current interest bearing loans and borrowings of £16.8 million and cash and cash equivalents of £49,000, resulting in total interest bearing loans and borrowings net of cash and cash equivalents of £16.8 million.

Summaries of the HSBC Bank Facilities can be found in paragraph 13.8 of Part 13 of this Prospectus.

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

6.2. ***Cash flows***

The following table sets out information on the Group's cash flows for the periods stated.

Consolidated Statement of Cash Flows

	Audited 9 months ended 30 April 2014 £'000	*Audited 15 months ended 31 July 2015 £'000*	*Audited Year ended 31 July 2016 £'000*	*Unaudited 3 months ended 31 Oct 2015 £'000*	*Audited 3 months ended 31 Oct 2016 £'000*
Net cash flow from operating activities					
(Loss)/profit for the period	(174)	3,573	4,898	1,722	2,660
Adjustments for:					
Finance income	(127)	–	–	–	(5)
Finance costs	1,615	760	441	85	139
Gain on disposal of non-current assets	(10)	(1)	–	–	–
Income tax expense	(2)	832	1,361	459	725
Depreciation and impairment	213	317	280	62	72
Income tax paid	(112)	(102)	(1,309)	(153)	(270)
Working capital adjustments					
Increase in inventories	(183)	(1,997)	(2,815)	(1,004)	(3,025)
Decrease/(increase) in trade and other receivables	2,681	(3,298)	(4,740)	(4,628)	(6,475)
(Decrease)/increase in trade and other payables	(411)	3,010	5,545	1,713	1,945
Net cash from operations	3,490	3,094	3,661	(1,743)	(4,234)
Cash flows used in investing activities					
Purchase of property, plant and equipment	(261)	(450)	(652)	(153)	(259)
Proceeds from sale of property, plant and equipment	10	21	–	–	–
Finance income	127	–	–	–	–
Net cash from used in investing activities	(124)	(429)	(652)	(153)	(259)
Cash flows from/(used in) financing activities					
Purchase of own shares	(10)	(30)	(18)	(6)	–
Proceeds from borrowings	–	1,734	8,891	2,354	6,974
Repayment of borrowings	(3,170)	(2,037)	(3,294)	(414)	(159)
Issue of new loan notes	–	1,150	–	–	–
Repayment of loan notes	(7)	(3,010)	(6,059)	–	–
Debt issue costs paid	–	(109)	(142)	–	–
Dividends paid	–	–	–	–	(2,250)
Interest paid	(323)	(393)	(2,316)	(58)	(169)
Net cash from/(used in) financing activities	(3,510)	(2,695)	(2,938)	1,876	4,396
Net (decrease)/increase in cash and cash equivalents	(144)	(30)	71	(20)	(97)
Cash and cash equivalents brought forward	246	82	58	58	136
Exchange (losses)/gains on cash and cash equivalents	(20)	6	7	1	10
Cash and cash equivalents carried forward	82	58	136	39	49

Net cash from operations

For Q1 2017, the Group's net cash from operations was an outflow of £4.2 million, compared to an outflow of £1.7 million in Q1 2016, an increased outflow of £2.5 million. This increase reflects higher level of turnover and Q1 being the seasonal peak working capital requirement period.

For the 12 months ended 31 July 2016, the Group's net cash from operations was an inflow of £3.7 million, compared to an inflow of £3.1 million for the 15 months ended 31 July 2015, an increased inflow of £0.6 million. This increased inflow reflects the improved trading performance of the Group in the 12 months ended 31 July 2016 (notwithstanding this was a 12 month period against the 15 month period to 31 July 2015), a higher proportion of revenue delivered by FOB sales (where timings between paying suppliers and receipt from customers is more favourable than Landed) and improved terms more generally with suppliers as a result of higher volumes. This was offset by the movement in net working capital increasing from £2.4 million in the 15 months ended 31 July 2015 to £3.3 million for 12 months ended 31 July 2016 to support the Group's growth in turnover in the period.

For the 15 months ended 31 July 2015, the Group's net cash from operations was an inflow of £3.1 million, compared to an inflow of £3.5 million for the nine months ended 30 April 2014, a decrease of £0.4 million. The benefit of much stronger trading and profitability in the 15 months ended 31 July 2015 compared to the loss incurred for the 9 months ended 30 April 2014, was more than offset by increases in working capital to support investment in the branded strategy and seasonal fluctuations in working capital requirements.

Please see paragraph 6.5 below for further discussion on the Group's investments in working capital.

6.3. ***Net cash used in investing activities***

Net cash used in investing activities principally consists of capital expenditure on leasehold property, fixtures and fittings.

For Q1 2017, the Group's net cash used in investing activities was £0.3 million, compared to £0.2 million for Q1 2016, an increase of £0.1 million. This increase was principally due to investment in property improvements at Heron Mill.

For the 12 months ended 31 July 2016, the Group's net cash used in investing activities was £0.7 million, compared to £0.4 million for the 15 months ended 31 July 2015, an increase of £0.3 million. This increase was principally due to investment in property improvements at Heron Mill.

Please see paragraph 6.6 below for a further discussion of the Group's capital expenditure.

6.4. ***Net cash from/(used in) financing activities***

For Q1 2017, the Group's net cash from financing activities was £4.4 million, compared to £1.9 million for Q1 2016, an increase of £2.5 million. This increase was principally due to increased borrowings to fund working capital.

For 12 months ended 31 July 2016, the Group's net cash used in financing activities was £2.9 million, compared to £2.7 million for the 15 months ended 31 July 2015, an increase of £0.2 million. Whilst only a modest net movement over the period, there were a number of more significant changes: (1) the repayment of the Management Loan Notes of £6.1 million; (2) interest paid of £2.3 million which included a £2.0 million payment of historical accrued interest on the Management Loan Notes; (3) the repayment of HSBC term loans; offset by (4) a £8.9 million draw-down from the HSBC Bank Facilities.

For the 15 month period ended 31 July 2015, the Group's net cash used in financing activities was £2.7 million, compared to net cash used in financing activities of £3.5 million for the 9 month period ended 30 April 2014, a decrease of £0.8 million. This decrease was primarily as a result of: (1) a reduction in the net repayment of borrowings of £2.9 million; and (2) the issue of new management loan notes of £1.2 million; offset by (3) the £3.0 million settlement of the LDC Loans.

6.5. ***Working capital***

The Group has increased materially its investment in working capital from the 9 months to 30 April 2014 to 31 July 2016 to support its branded strategy and corresponding increase in revenue. However, as much of the increase in revenue has been delivered by FOB sales (which do not require stock holding and the timing between payment to suppliers and receipt of monies from customers is less than that for Landed sales) which, combined with improved terms with suppliers, has reduced the relative requirement for working capital investment over that period.

The following table sets out information on the Group's working capital at the dates indicated.

Net working capital	*30 April 2014 £000*	*31 July 2015 £000*	*31 July 2016 £000*	*31 October 2016 £000*
Inventories	5,733	7,730	10,545	13,570
Trade receivables	6,425	10,060	14,686	20,967
Other receivables and prepayments	1,243	976	1,545	1,932
Trade and other receivables	7,668	11,036	16,231	22,899
Trade payables	(2,020)	(3,174)	(7,420)	(9,710)
Accruals and deferred income	(9,578)	(6,773)	(5,670)	(6,053)
Employee tax and social security	(333)	(667)	(1,063)	(278)
Other payables	–	(18)	(2,250)	–
Trade and other payables	(11,931)	(10,632)	(16,403)	(16,041)
Net working capital	1,470	8,134	10,373	20,428

As at 31 October 2016, the Group's net working capital was £20.4 million, compared to £10.4 million at 31 July 2016, an increase of £10.0 million. This increase was due to the continued increase in revenue and the Group's order book over the three month period ended 31 October 2016.

Inventories increased by £3.0 million, or 28.9 per cent., from £10.5 million as at 31 July 2016 to satisfy the higher order book in advance of Christmas trading.

Trade receivables increased by 42.8 per cent., from £14.7 million as at 31 July 2016 to £21.0 million as at 31 October 2016 as the level of Group sales increased over the period but benefitting from a higher level of FOB sales which accounted for 69.6 per cent. of revenue in the three month period to 31 October 2016.

Other receivables and prepayments (principally factory deposits) increased by £0.4 million in line with the increase in trading activity.

Trade payables increased by £2.3 million to £9.7 million, an increase of 30.9 per cent. over the three month period to 31 October 2016 as cost of sales increased over the period.

Accruals and deferred income increased marginally in the three month period to 31 October 2016, increasing from £5.7 million to £6.1 million (6.8 per cent.) principally relating to customer rebates.

Employee tax and social security was £0.3 million as at 31 October 2016 reflecting the three month period and timing of payment.

Other payables were zero as the accrued dividend was paid in October 2016 to Shareholders.

Comparison of 15 month period to 31 July 2015 and year ended 31 July 2016

Inventories increased by £2.8 million, or 36.4 per cent., from £7.7 million at 31 July 2015 to £10.5 million at 31 July 2016. This increase was higher than the 23.3 per cent. increase in revenue over the period 12M July 2016 compared to 12M July 2015 as the Group increased core stock lines in inventory to satisfy a higher order book in advance of Christmas trading.

Trade receivables increased by £4.6 million, or 46.0 per cent., from £10.1 million at 31 July 2015 to £14.6 million at 31 July 2016. This increase reflected the increase in revenue over the period but benefiting from an increase in FOB as a percentage of total revenue in the period.

Other receivables and prepayments increased by £0.5 million, or 58.3.per cent., from £1.0 million at 31 July 2015 to £1.5 million at 31 July 2016 due to an increase in the fair value of forward foreign exchange contracts.

Trade payables increased by £4.2 million, or 133.8 per cent., from £3.2 million at 31 July 2015 to £7.4 million at 31 July 2016. This increase was higher than the increase in cost of goods sold over the period due to the Board leveraging the buying power offered by higher and repeat orders to negotiate longer credit terms with certain suppliers.

Accruals and deferred income decreased by £1.1 million, or 16.3 per cent., from £6.8 million at 31 July 2015 to £5.7 million at 31 July 2016 reflecting a reduction in interest accruals following the repayment of the Management Loan Notes in the 12M July 2016.

Employee tax and social security increased by £0.4 million, or 59.4 per cent., from £0.7 million at 31 July 2015 to £1.1 million at 31 July 2016 reflecting amounts due on Shareholder Bonuses.

Other payables increased by £2.3 million from nil at 31 July 2015 to £2.3 million at 31 July 2016 reflecting the accrual for the dividend declared in respect of the 12M July 2016.

Comparison of 9 month period to 30 April 2014 and 15 month period to 31 July 2015

Inventories increased by £2.0 million, or 34.8 per cent., from £5.7 million at 30 April 2014 to £7.7 million at 31 July 2015. This increase reflected the strong growth in the order book and a requirement to hold more stock as part of the Group's branded strategy which requires it to hold a greater level of core stock.

Trade receivables increased by £3.6 million, or 56.6 per cent., from £6.4 million at 30 April 2014 to £10.1 million at 31 July 2015. This increase reflected the revenue growth over the period and seasonal trading variations.

Other receivables decreased by £0.3 million or 21.5 per cent., from £1.3 million at 30 April 2014 to £1.0 million at 31 July 2015 reflecting the Board leveraging the buying power offered by higher and repeat orders to negotiate reductions in deposits at suppliers and prepaid royalties.

Trade payables increased by £1.1 million, or 57.1 per cent., from £2.0 million at 30 April 2014 to £3.1 million at 31 July 2015. This increase was due to the Board leveraging the buying power offered by higher and repeat orders to negotiate longer credit terms with certain suppliers and seasonal trading variations.

Accruals and deferred income decreased by £2.8 million, or 29.3 per cent., from £9.6 million at 30 April 2014 to £6.8 million at 31 July 2015 reflecting reduced interest accruals following the debt for equity swap on 12 June 2014.

Employee tax and social security increased by £0.4 million, or 100 per cent., from £0.3 million at 30 April 2014 to £0.7 million at 31 July 2015 reflecting the impact of the introduction of the Shareholders Bonuses following the MBO.

6.6. ***Capital expenditure***

The Group's operations are not capital intensive and therefore its capital expenditure requirements are relatively modest, principally related around *ad hoc* expenditure on leasehold improvements as well as new computer equipment.

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

Capital expenditure	*9 months ended 30 April 2014 £000*	*15 months ended 31 July 2015 £000*	*12 months ended 31 July 2016 £000*	*3 months ended 31 October 2015 £000*	*3 months ended 31 October 2016 £000*
Purchase of property plant & equipment	261	450	652	153	259
Total	261	450	652	153	259

Capital expenditure was £0.3 million for the 3 months ended 31 October 2016 against £0.2 million in the corresponding period. Principal capital expenditure in this period was on certain improvements at Heron Mill.

Capital expenditure increased by £0.2 million, from £0.5 million for the 15 month period ended 31 July 2015 to £0.7 million for the 12 month period ended 31 July 2016. This increase primarily resulted from the completion of the Group's showroom at Manor Mill and certain improvements at the new leased property at Heron Mill.

Capital expenditure increased by £0.2 million, from £0.3 million for the 9 month period ended 31 July 2014 to £0.5 million for the 15 month period ended 31 July 2015. This increase primarily resulted from an investment in a new showroom at the Group's leasehold property, Manor Mill.

Management are not aware of any material capital expenditure for the remainder of the financial year ending 31 July 2017 and expect capital expenditure will total approximately £1.0 million in the year ending 31 July 2017 and approximately £0.7 million in the year ending 31 July 2018.

6.7. ***Indebtedness***

As at 31 October 2016, the Group's total indebtedness had the following maturity profile:

Indebtedness	*31 October 2016 £000*
Due within one year	13,973
Due after more than one year	2,870
Total indebtedness	**16,843**

As at 31 October 2016, the Group's total indebtedness was denominated in the following currencies:

Indebtedness	*31 October 2016 £000*
Sterling	5,549
USD	11,065
CAD	41
Euro	188
Total indebtedness	**16,843**

Below are summaries of the Group's finance facilities that were entered into in July 2016 and will continue to be in place following Admission.

HSBC Invoice Finance (UK) Limited Facility

The Group has an invoice financing ("**IF**") facility with HSBC of up to £17.0 million. The IF facility is committed until 30 June 2020. The IF facility offers an 85 per cent. coverage on eligible debts, which do not include any customer rebates or customary limits on individual customers. The terms and conditions of the IF facility include customary representations, information and financial covenants and undertakings. The undertakings under the IF facility are guaranteed by the Company and UPGS UK.

HSBC Revolving Credit Facility

The Group has a multicurrency revolving credit facility ("**RCF**") with HSBC. In June 2014, the Group extended this RCF to draw down £0.5 million which, in conjunction with £1.15 million of new loan notes was used for the purpose of settling the obligations under the LDC Loan Notes.

The RCF was amended and restated on 22 July 2016 with total facility of £6.2 million including an Ancillary Facility of net £1.0 million overdraft. The terms and conditions of the RCF include customary representations, information and financial covenants and undertakings. The undertakings under the RCF are guaranteed by the Company and UPGS UK.

HSBC Trade Credit Facilities

The Group has an import line facility, forward exchange contracts and currency options facility and a foreign bills facility (together, the "**Trade Credit Facilities**") with HSBC. As part of the LDC Loan Note settlement in June 2014, HSBC made available to the Group the sum of £4.0 million under the Trade Credit Facilities. The Trade Credit Facilities were extended to £4.75 million on 22 July 2016. The terms and conditions of the Trade Credit Facilities include customary representations, information and financial covenants and undertakings. The undertakings under the Trade Credit Facilities are guaranteed by the Company and UPGS UK.

Details of the HSBC Bank Facilities described above can be found at paragraph 13.8 of Part 13 of this Prospectus.

Operating Leases

The Group has certain operating leases in place for vehicles, computer equipment and forklifts and are expensed as incurred.

7. Significant Accounting Policies

The Group's significant accounting policies are described in note 2 to the Historical Financial Information presented in Section B of Part 10 of this Prospectus.

8. Critical Accounting Judgements and Key Sources Of Estimation Uncertainty

The Group's critical accounting judgements and sources of estimation uncertainty are described in note 5 to the Historical Financial Information presented in Section B of Part 10 of this Prospectus.

9. Quantitative and Qualitative Disclosures About Market Risk

9.1. *Market risk*

Competitive pressures remain a principal risk for the Group. The risk is managed through focus on quality of product and service levels, coupled with continuous development of new products to offer uniqueness to the customer. Furthermore, the Group's focus on offering its customers a branded product range provides some protection to its competitive position in the market. Stock obsolescence risk is managed through closely monitoring slow moving lines and prompt action to manage such lines through the various distribution channels available to the Group.

In addition, the Group's operations expose it to a variety of financial risks that include price risk, credit risk, liquidity risk, foreign currency risk and interest rate cash flow risk. The Group has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Group by regularly monitoring the financial risks referred to below.

9.2. ***Credit risk***

The Group's sales are primarily made with credit terms, exposing the Group to the risk of non-payment by customers. The Group has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual counterparty is subject to a limit, which is reassessed regularly by the Board. In addition, the Group maintains a suitable level of credit insurance against its debtor book.

9.3. ***Liquidity risk management***

The Group is funded by external banking facilities provided by HSBC. Within these facilities, the Group actively maintains a mixture of long-term and short-term debt finance that is designed to ensure the Group has sufficient available funds for operations and planned expansions.

9.4. ***Foreign currency risk management***

The Group's activities expose it to the financial risks of changes in foreign currency exchange rates. The Group's exposure to foreign currency risk is partially hedged by virtue of invoicing a proportion of its turnover in US Dollars. When necessary, the Group uses foreign exchange forward contracts to further mitigate this exposure. No transactions in derivatives of a speculative nature are undertaken.

9.5. ***Interest rate cash flow risk***

The Group's interest bearing liabilities relate to its variable rate banking facilities. The Group has a policy of maintaining a portion of its banking facilities under the protection of interest rate swaps and caps to ensure the certainty of future interest cash flows.

9.6. ***Price risk***

The Group's profitability is affected by price fluctuations in raw materials and labour used in the manufacture of its products by third party suppliers to the Group. The Group continually monitors the price and availability of materials and labour but the costs of managing the exposure to price risk exceed any potential benefits given the extensive range of products and suppliers.

9.7. ***Maturity of financial assets and liabilities***

All of the Group's non-derivative financial liabilities and its financial assets at the reporting date are either payable or receivable within one year, except for borrowings as disclosed in paragraph 6.7 of this Part 8.

PART 9

CAPITALISATION AND INDEBTEDNESS STATEMENT

Indebtedness

The tables below set out the Group's capitalisation and indebtedness. The gross financial indebtedness and the net financial indebtedness table has been prepared as at 31 December 2016. The information has been extracted without material adjustment from the Group's accounting records and is unaudited.

The shareholders' equity table below has been prepared as at 31 October 2016 and has been extracted without material adjustment from the Group's Historical Financial Information set out in Section B of Part 10 of this Prospectus.

There has been no material change in the capitalisation and indebtedness of the Group since 31 December 2016, save for the effects of the Pre-IPO Reorganisation referred to in paragraph 3 of Part 13 (Additional Information) of this Prospectus.

Capitalisation and Indebtedness

	As at 31 December 2016 *£'000*
Total current debt	
Guaranteed	–
Secured	5,529
Unguaranteed/unsecured	–
	5,529
Total non-current debt	
Guaranteed	–
Secured	5,458
Unguaranteed/unsecured	–
Total indebtedness	10,987

	As at 31 October 2016 *£'000*
Shareholders' Equity	
Share capital	184
Share premium account	2
Hedging reserve	645
	831

The following table shows the net financial indebtedness of the Group as at 31 December 2016:

	£'000
Cash	90
Cash equivalents	–
Trading securities	–
Liquidity	90
Current financial receivable	–
Current bank debt	(5,529)
Current portion of non-current debt	–
Other current financial debt	–
Current financial debt	(5,529)
Net current financial indebtedness	(5,439)
Non-current bank loans	(5,458)
Bonds Issued	–
Other non-current financial debt (letters of credit)	–
Non-current financial indebtedness	(5,458)
Net financial indebtedness	(10,897)

The statement of indebtedness has been prepared under IFRS using policies which are consistent with those used in the preparation of the Group's financial information for the three months ended 31 October 2016, as set out in Section B of Part 10, (Historical Financial Information) of this Prospectus.

The Group has no indirect or contingent indebtedness as at 31 December 2016.

The indebtedness information as of 31 December 2016 has been extracted without material adjustment from the Group's accounting records.

PART 10

HISTORICAL FINANCIAL INFORMATION

SECTION A: ACCOUNTANT'S REPORT

BDO LLP
3 Hardman Street
Manchester
M3 3AT

Private and Confidential

The Directors
UP Global Sourcing Holdings plc
Manor Mill
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Chadderton
Oldham
OL9 0DD

1 March 2017

Shore Capital and Corporate Limited
Bond Street House
14 Clifford Street
London
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Dear Sirs

UP Global Sourcing Holdings plc (the "Company") and subsidiary companies (together the "Group")

Introduction

We report on the financial information set out in Section B of Part 10. This financial information has been prepared for inclusion in the Prospectus dated 1 March 2017 of the Company (the "**Prospectus**") on the basis of the accounting policies set out in note 2 to the financial information. This report is required by item 20.1 of annex I of the Commission Regulation (EC) No. 809/2004 (the "**PD Regulation**") and is given for the purpose of complying with that item and for no other purpose. We have not audited or reviewed the financial information for the twelve months ended 31 July 2014 and the twelve months ended July 2015 set out in note 32 to the financial information and accordingly do not express an opinion thereon. Neither have we audited or reviewed the financial information for the three months ended 31 October 2015 which has been included for comparative purposes only and accordingly do not express an opinion thereon.

Responsibilities

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

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

Save for any responsibility arising under Prospectus Rule 5.5.3R(2)(f) to any person as and to the extent there provided, to the fullest extent permitted by the 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 item 23.1 of annex I of the PD Regulation consenting to its inclusion in the Prospectus.

Basis of opinion

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

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

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

Opinion

In our opinion, the financial information gives, for the purposes of the Prospectus, a true and fair view of the state of affairs of the Group as at 30 April 2014, 31 July 2015, 31 July 2016 and 31 October 2016 and of its results, cash flows, and changes in equity for the nine months ended 30 April 2014, the fifteen months ended 31 July 2015, the year ended 31 July 2016 and the three months ended 31 October 2016 in accordance with International Financial Reporting Standards as adopted by the European Union.

Declaration

For the purposes of Prospectus Rule 5.5.3R(2)(f) we are responsible for this report as part of the Prospectus and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Prospectus in compliance with item 1.2 of annex I of the PD Regulation.

Yours faithfully

BDO LLP

Chartered Accountants

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

SECTION B: HISTORICAL FINANCIAL INFORMATION OF THE GROUP

CONSOLIDATED HISTORICAL FINANCIAL INFORMATION ON UP GLOBAL SOURCING HOLDINGS PLC

Consolidated Statement of Comprehensive Income

	Note	*Audited 9 months ended 30 April 2014 £'000*	*Audited 15 months ended 31 July 2015 £'000*	*Audited Year ended 31 July 2016 £'000*	*Unaudited 3 months ended 31 Oct 2015 £'000*	*Audited 3 months ended 31 Oct 2016 £'000*
Revenue	6	40,141	76,756	79,028	22,203	33,013
Cost of sales	7	(30,398)	(56,652)	(58,364)	(16,506)	(24,761)
Gross profit		9,743	20,104	20,664	5,697	8,252
Distribution costs	7	(810)	(1,459)	(1,194)	(278)	(420)
Administration expenses	7	(7,632)	(13,498)	(12,784)	(3,157)	(4,320)
Other income		11	18	14	4	7
Profit from operations		1,312	5,165	6,700	2,266	3,519
Finance income	9	127	–	–	–	5
Finance costs	10	(1,615)	(760)	(441)	(85)	(139)
(Loss)/profit before taxation		(176)	4,405	6,259	2,181	3,385
Income tax	11	2	(832)	(1,361)	(459)	(725)
(Loss)/profit for the year		(174)	3,573	4,898	1,722	2,660
Items that may be reclassified subsequently to profit or loss:						
Fair value movements on cash flow hedging instruments		–	–	441	–	204
Foreign currency retranslation		(37)	138	19	1	12
Other comprehensive (expense)/income		(37)	138	460	1	216
Total comprehensive (expense)/income for period attributable to the owners of the Company		(211)	3,711	5,358	1,723	2,876
		pence	pence	pence	pence	pence
(Loss)/earnings per share – basic	12	(40)	1,713	2,652	929	1,444
(Loss)/earnings per share – adjusted	12	(0.1)	4.3	6.6	2.3	3.6

All the activities of the Group are from continuing operations.

Consolidated Statement of Financial Position

	Note	*Audited As at 30 April 2014 £'000*	*Audited As at 31 July 2015 £'000*	*Audited As at 31 July 2016 £'000*	*Audited As at 31 Oct 2016 £'000*
Assets					
Property, plant and equipment	14	484	598	970	1,157
Deferred tax	15	502	252	209	178
Total non-current assets		986	850	1,179	1,335
Inventories	16	5,733	7,730	10,545	13,570
Trade and other receivables	17	7,668	11,036	16,231	22,899
Current tax		17	–	–	–
Cash and cash equivalents	18	82	58	136	49
Total current assets		13,500	18,824	26,912	36,518
Total assets		14,486	19,674	28,091	37,853
Liabilities					
Trade and other payables	19	(11,931)	(10,632)	(16,403)	(16,041)
Current tax		–	(468)	(478)	(899)
Borrowings	20	(2,455)	(3,055)	(7,132)	(13,973)
Total current liabilities		(14,386)	(14,155)	(24,013)	(30,913)
Net current (liabilities)/assets		(886)	4,669	2,899	5,605
Borrowings	20	(17,980)	(2,525)	(2,884)	(2,870)
Total non-current liabilities		(17,980)	(2,525)	(2,884)	(2,870)
Total liabilities		(32,366)	(16,680)	(26,897)	(33,783)
Net (liabilities)/assets		(17,880)	2,994	1,194	4,070
Equity					
Share capital	22	433	185	184	184
Share premium	23	20	12,322	2	2
Capital reserve	25	–	4,909	–	–
Hedging reserve	23	–	–	441	645
Retained earnings	23	(18,333)	(14,422)	567	3,239
(Deficit)/equity attributable to owners of the Company		(17,880)	2,994	1,194	4,070

Consolidated Statement of Changes in Equity

	Share capital £'000	*Share premium £'000*	*Capital reserve £'000*	*Hedging reserve £'000*	*Retained earnings £'000*	*Total equity £'000*
Movements by year						
As at 1 August 2013	433	20	–	–	(18,112)	(17,659)
Loss for the period	–	–	–	–	(174)	(174)
Foreign currency translation	–	–	–	–	(37)	(37)
Total comprehensive expense for the period	–	–	–	–	(211)	(211)
Transactions with shareholders:						
Purchase of own shares	–	–	–	–	(10)	(10)
As at 30 April 2014	433	20	–	–	(18,333)	(17,880)
Profit for the period	–	–	–	–	3,573	3,573
Foreign currency translation	–	–	–	–	138	138
Total comprehensive income for the period	–	–	–	–	3,711	3,711
Transactions with shareholders:						
Issue of shares	1	12,302	–	–	–	12,303
Reclassification of debt to equity	–	–	4,909	–	–	4,909
Purchase of own shares	–	–	–	–	(49)	(49)
Capital reduction	(249)	–	–	–	249	–
As at 31 July 2015	185	12,322	4,909	–	(14,422)	2,994
Profit for the year	–	–	–	–	4,898	4,898
Foreign currency translation	–	–	–	–	19	19
Cash flow hedging movement	–	–	–	441	–	441
Total comprehensive income for the year	–	–	–	441	4,917	5,358
Transactions with shareholders:						
Dividends payable	–	–	–	–	(2,250)	(2,250)
Capital reduction	(1)	(12,320)	–	–	12,322	1
Repayment of loan notes	–	–	(4,909)	–	–	(4,909)
As at 31 July 2016	184	2	–	441	567	1,194
Profit for the period	–	–	–	–	2,660	2,660
Foreign currency translation	–	–	–	–	12	12
Cash flow hedging movements	–	–	–	204	–	204
Total comprehensive income for the period	–	–	–	204	2,672	2,876
As at 31 October 2016	184	2	–	645	3,239	4,070

Consolidated Statement of Cash Flows

	Note	*Audited 9 months ended 30 April 2014 £'000*	*Audited 15 months ended 31 July 2015 £'000*	*Audited Year ended 31 July 2016 £'000*	*Unaudited 3 months ended 31 Oct 2015 £'000*	*Audited 3 months ended 31 Oct 2016 £'000*
Net cash flow from operating activities						
(Loss)/profit for the period		(174)	3,573	4,898	1,722	2,660
Adjustments for:						
Finance income		(127)	–	–	–	(5)
Finance costs		1,615	760	441	85	139
Gain on disposal of non-current assets		(10)	(1)	–	–	–
Income tax expense		(2)	832	1,361	459	725
Depreciation and impairment	7	213	317	280	62	72
Income taxes paid						
Working capital adjustments		(112)	(102)	(1,309)	(152)	(270)
Increase in inventories		(183)	(1,997)	(2,815)	(1,004)	(3,025)
Decrease/(increase) in trade and other receivables		2,681	(3,298)	(4,740)	(4,628)	(6,475)
(Decrease)/increase in trade and other payables		(411)	3,010	5,545	1,713	1,945
Net cash from operations		3,490	3,094	3,661	(1,743)	(4,234)
Cash flows used in investing activities						
Purchase of property, plant and equipment	14	(261)	(450)	(652)	(153)	(259)
Proceeds from sale of property, plant and equipment		10	21	–	–	–
Finance income		127	–	–	–	–
Net cash used in investing activities		(124)	(429)	(652)	(153)	(259)
Cash flows (used in)/from financing activities						
Purchase of own shares		(10)	(30)	(18)	(6)	–
Proceeds from borrowings		–	1,734	8,891	2,354	6,974
Repayment of borrowings		(3,170)	(2,037)	(3,294)	(414)	(159)
Issue of new loan notes		–	1,150	–	–	–
Repayment of loan notes	20	(7)	(3,010)	(6,059)	–	–
Debt issue costs paid		–	(109)	(142)	–	–
Dividends paid		–	–	–	–	(2,250)
Interest paid		(323)	(393)	(2,316)	(58)	(169)
Net cash (used in)/from financing activities		(3,510)	(2,695)	(2,938)	1,876	4,396
Net (decrease)/increase in cash and cash equivalents		(144)	(30)	71	(20)	(97)
Cash and cash equivalents brought forward		246	82	58	58	136
Exchange (losses)/gains on cash and cash equivalents		(20)	6	7	1	10
Cash and cash equivalents carried forward	18	82	58	136	39	49

Notes to the Historical Financial Information

1. Basis of preparation

UP Global Sourcing Holdings Plc ("**the Company**") is domiciled in the UK. The principal activity is the supply of branded household products.

This historical financial information ("**Historical Financial Information**") has been prepared on a going concern basis under the historical cost convention; in accordance with International Financial Reporting Standards ("**IFRSs**") as adopted by the EU, the International Financial Reporting Interpretations Committee ("**IFRIC**") interpretations issued by the International Accounting Standards Boards ("**IASB**") that are effective or issued and early adopted as at the time of preparing this Historical Financial Information and in accordance with the provisions of the Companies Act 2006.

The preparation of Historical Financial Information requires the Directors to exercise their judgement in the process of applying 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 are disclosed in note 5.

The Historical Financial Information is presented in sterling and, unless otherwise stated, amounts are expressed in thousands, with rounding accordingly.

The Board and the Financial Director are, together, considered the chief operating decision maker.

2. Summary of significant accounting policies

The principal accounting policies adopted are set out below.

2.1. *Basis of consolidation*

The consolidated Historical Financial Information incorporates the assets, liabilities, income and expenses of the Company and entities controlled by the Company (its subsidiaries) made up to 30 April 2014, 31 July 2015, 31 October 2015, 31 July 2016 and 31 October 2016. Control is achieved when the Company has the power over the investee; is exposed, or has rights, to variable return from its involvement with the investee; and, has the ability to use its power to affect its returns. The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company losses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All intra Group assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

The results of overseas subsidiaries are translated at the monthly average rates of exchange during the period and their statements of financial position at the rates ruling at the reporting date. Exchange differences arising on translation of the opening net assets and on foreign currency borrowings or deferred consideration, to the extent that they hedge the Group's investment in such subsidiaries, are reported in the statement of comprehensive income.

2.2. *Going concern*

UP Global Sourcing Holdings Plc is funded by external banking facilities provided by HSBC. The Group refinanced on 22 July 2016, securing new facilities with HSBC for a period of four years.

Taking account of these facilities and having considered future trading and cash flow forecasts, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Directors continue to adopt the going concern basis in preparing the Historical Financial Information.

2.3. *Currencies*

Functional and presentational currency

Items included in the Historical Financial Information are measured using the currency of the primary economic environment in which the Group operates ("the functional currency") which is UK sterling (£). The Historical Financial Information is presented in UK sterling.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or at an average rate for a period if the rates do not fluctuate significantly. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

2.4. *Revenue recognition and rebates*

Revenue is recognised once the risks and rewards of ownership have transferred. This can vary depending on the method of dispatch. Revenue is recognised either on dispatch, receipt by customer or upon delivery to a transport company if appropriate insurance is in place. Revenue is measured as the fair value of the consideration received or receivable and represents the amount receivable for goods supplied and services rendered, net of returns, discounts and rebates given by the Group to customers.

Rebates payable to customers are recognised in line with relevant contractual terms. Rebates payable to customers are charged directly to the income statement over the period to which they relate and are recognised as a deduction from revenue.

2.5. *Property, plant and equipment*

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Such assets acquired in a business combination are initially recognised at their fair value at acquisition date. Depreciation is charged so as to write off the costs of assets over their estimated useful lives, on a straight-line basis starting from the month they are first used, as follows:

Fixtures, fittings and equipment – 20% – 50%

Motor vehicles – 25%

The gain or loss arising on the disposal of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of Comprehensive Income.

At each reporting date, the Group reviews the carrying amounts of its property, plant and equipment assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

2.6. ***Inventories***

Inventories are valued using a first in, first out method and are stated at the lower of cost and net realisable value. Cost includes expenditure incurred in the normal course of business in bringing the products to their present location and condition.

At the end of each reporting period inventories are assessed for impairment. If an item of inventory is impaired, the identified inventory is reduced to its selling price less costs to complete and sell and an impairment charge is recognised in the income statement. Where a reversal of the impairment is recognised the impairment charge is reversed, up to the original impairment loss, and is recognised as a credit in the income statement.

2.7. ***Income tax***

The tax expense or credit represents the sum of the tax currently payable or recoverable and the movement in deferred tax assets and liabilities.

(a) *Current income tax*

Current tax is based on taxable income for the year and any adjustment to tax from previous years. Taxable income differs from net income in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years or that are never taxable or deductible. The calculation uses the latest tax rates for the year that have been enacted or substantively enacted by the dates of the Statement of Financial Position.

(b) *Deferred tax*

Deferred tax is calculated at the latest tax rates that have been substantively enacted by the reporting date that are expected to apply when settled. It is charged or credited in the Statement of Comprehensive Income, except when it relates to items credited or charged directly to equity, in which case it is also dealt with in equity.

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 and the corresponding tax bases used in the computation of taxable income, and is accounted for using the liability method. Deferred tax liabilities and assets are not discounted.

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 income will be available against which the asset can be utilised. Such assets are reduced to the extent that it is no longer probable that the asset can be utilised.

Deferred tax assets and liabilities are offset when there is a right to offset current tax assets and liabilities and when the deferred tax assets and liabilities relate to taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.8. ***Operating leases***

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Rentals payable under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the term of the relevant lease.

2.9. ***Payroll expense and related contributions***

The Group provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined contribution pension plans.

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

2.10. ***Pension costs***

The Group operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the Group. The annual contributions payable are charged to the statement of comprehensive income.

2.11. ***Share-based compensation***

The Group issues share based payments to certain employees and Directors. Equity-settled share-based payments are measured at fair value at the date of grant and expensed on a straight-line basis over the vesting period, along with a corresponding increase in equity.

At each reporting date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market based vesting conditions. The impact of any revision is recognised in the statement of comprehensive income, with a corresponding adjustment to equity reserves.

The fair value of share options is determined using a Black-Scholes model, taking into consideration the best estimate of the expected life of the option and the estimated number of shares that will eventually vest.

2.12. ***Operating segments***

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of operating segments.

The Directors consider that there are no identifiable business segments that are subject to risks and returns different to the core business. The information reported to the Directors, for the purposes of resource allocation and assessment of performance is based wholly on the overall activities of the Group. The Group has therefore determined that it has only one reportable segment under IFRS 8.

The results and assets for this segment can be determined by reference to the statement of comprehensive income and statement of financial position.

The Directors have disclosed additional information in regards to revenue in order to enhance the information provided in relation to the one operating segment.

2.13. ***Dividends***

Dividends are recognised as a liability and deducted from equity at the time they are approved by the Board. Otherwise dividends are disclosed if they have been proposed or declared before the relevant financial statements are approved.

2.14. ***Accounting developments***

New standards, amendments and interpretations adopted in the preparation of the Historical Financial Information

The IASB and IFRIC have issued the following standards and interpretations which have been adopted by the Group. The adoption of these standards and interpretations has not had a material impact on the Group.

Standard	*Key requirements*
IFRS10, Consolidated Financial Statements	The standard's objective is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. It builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent Company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess.

Standard	*Key requirements*
IFRS 11, Joint Arrangements	IFRS 11 is a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement rather than its legal form. There are two types of joint arrangement: joint operations and joint ventures. Proportional consolidation of joint ventures is no longer allowed.
IFRS 12, Disclosures of interests in Other Entities	IFRS 12 includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.
IAS 27 (revised 2011), Separate Financial Statements	IAS 27 (revised 2011) includes the provisions on separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10.
IAS 28 (revised 2011), Associates and Joint Ventures	IAS 28 (revised 2011) includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11.
IAS 32, Offsetting Financial Assets and Financial Liabilities	The amendments clarify existing application issues relating to the offsetting requirements.

New standards, amendments and interpretations issued but not effective for the financial year beginning 1 August 2016 and not early adopted

The IASB and IFRIC have issued the following standards and interpretations with effective dates as noted below:

Standard	*Key requirements*	*Effective date (for annual periods beginning on or after)*
IFRS 9, Financial Instruments	The standard is the first standard issued as part of a wider project to replace IAS 39. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The classification depends on the entity's business model and the contractual cash flow characteristics of the instrument.	1 January 2018
IFRS 15, Revenue from Contracts with Customers	The standard specifies how and when a Company will recognise revenue as well as requiring such entities to provider users of financial statements with more informative, relevant disclosures. The standard provides a single, principles based five-step model to be applied to all contracts with customers.	1 January 2018
IFRS 16, Leases	The new standard recognises a leased asset and a lease liability for almost all leases and requires them to be accounted for in a consistent manner. This introduces a single lessee accounting model and eliminates the previous distinction between an operating lease and a finance lease.	1 January 2019

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

The group is in the process of assessing the potential impact these standards will have on the group's financial statements but it is not yet possible to accurately show the impact on the group.

3. Financial instruments

Financial assets and financial liabilities are recognised in the Group's Statement of Financial Position when the Group becomes party to the contractual provisions of the instrument. Financial assets are de-recognised when the contractual rights to the cash flows from the financial asset expire or when the contractual rights to those assets are transferred. Financial liabilities are de-recognised when the obligation specified in the contract is discharged, cancelled or expired.

3.1. *Trade and other receivables*

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment. Appropriate provisions for estimated irrecoverable amounts are recognised in the Statement of Comprehensive Income when there is objective evidence that the assets are impaired. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

3.2. *Cash and cash equivalents*

Cash and cash equivalents consist of cash on hand, demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

3.3. *Trade and other payables*

Trade and other payables are initially measured at their fair value and are subsequently measured at their amortised cost using the effective interest rate method; this method allocates interest expense over the relevant period by applying the "effective interest rate" to the carrying amount of the liability.

3.4. *Borrowings*

Interest-bearing overdrafts are classified as other liabilities. They are initially recorded at fair value, which represents the fair value of the consideration received, net of any direct transaction costs associated with the relevant borrowings. Borrowings are subsequently stated at amortised cost and finance charges are recognised in the Statement of Comprehensive Income over the term of the instrument using an effective rate of interest. Finance charges, including premiums payable on settlement or redemption, are accounted for on an accruals basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

3.5. *Classification as debt or equity*

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

During the 15 months ended 31 July 2015, the group completed a debt for equity swap, further details of which can be found in note 24.

3.6. ***Equity instruments***

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

3.7. ***Derivatives***

Derivatives are initially recognised at the fair value on the date the derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in the income statement within finance costs or income as appropriate, unless they are included in a hedging arrangement. Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

3.8. ***Hedging arrangements***

The Group applies hedge accounting in respect of forward foreign exchange contracts held to manage the cash flow exposures of forecast transactions denominated in foreign currencies. Forward foreign exchange contracts are held to manage exchange rate exposures and are designated as cash flow hedges of foreign currency exchange rates.

The Group applies hedge accounting for transactions entered into to manage the cash flow exposures of borrowings. Interest rate swaps are held to manage interest rate exposures and are designated as cash flow hedges of floating rate borrowings.

Changes in the fair values of derivatives designated as cash flow hedges, which are deemed to be effective, are recognised directly in equity within a cashflow hedging reserve. Any ineffectiveness in the hedging relationship (being the excess of the cumulative change of the fair value of the hedging instrument since inception of the hedge over the cumulative change in the fair value of the hedged item since inception of the hedge) is recognised in the Statement of Comprehensive Income.

The gain or loss recognised in other comprehensive income is reclassified to the income statement when the hedge relationship ends. Hedge accounting is discontinued when the hedging instrument expires, no longer meets the hedging criteria, the forecast transaction is no longer highly probable, the forecast debt instrument is derecognised or the hedging instrument is terminated.

4. Financial risk management

4.1. ***Financial risk factors***

The Group's activities expose it to certain financial risks: market risk, credit risk and liquidity risk. The overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by the Directors, who identify and evaluate financial risks in close co-operation with key staff.

(a) *Market risk*

Market risk is the risk of loss that may arise from changes in market factors such as competitor pricing, interest rates, foreign exchange rates.

(b) *Credit risk*

Credit risk is the financial loss to the Group if a customer or counterparty to financial instruments fails to meet its contractual obligation. Credit risk arises from the Group's cash and cash equivalents and receivables balances.

(c) *Liquidity risk*

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. This risk relates to the Group's prudent liquidity risk management and implies maintaining sufficient cash. The Directors monitor rolling forecasts of the Group's liquidity and cash and cash equivalents based on expected cash flow.

4.2. ***Capital risk management***

The Group is funded by equity and loans. The components of shareholders' equity are:

(a) The share capital and share premium account arising on the issue of shares.

(b) The hedging reserve reflecting gains and losses on derivative instruments which have been designated as a hedge for hedge accounting purposes.

(c) The retained reserve or deficit reflecting comprehensive income to date.

The Group's objective when managing capital is to maintain adequate financial flexibility to preserve its ability to meet financial obligations, both current and long term. The capital structure of the Group is managed and adjusted to reflect changes in economic conditions. The Group funds its expenditures on commitments from existing cash and cash equivalent balances, primarily received from issuances of shareholders' equity. There are no externally imposed capital requirements. Financing decisions are made based on forecasts of the expected timing and level of capital and operating expenditure required to meet the Group's commitments and development plans.

4.3. ***Fair value estimation***

The carrying value less impairment provision of trade receivables and payables are assumed to approximate to their fair values because of the short-term nature of such assets and the effect of discounting liabilities is negligible.

5. Critical accounting estimates and judgements

The preparation of this Historical Financial Information requires management to make judgements and estimates that affect the reported amounts of assets and liabilities at each Statement of Financial Position date and the reported amounts of revenue during the reporting periods. Actual results could differ from these estimates. Information about such judgements and estimations are contained in individual accounting policies. The key judgements and sources of estimation uncertainty that could cause an adjustment to be required to the carrying amount of an asset or liability within the next accounting period are outlined below:

5.1. ***Inventory provisioning***

The Group sources, imports and sells housewares, electrical products, luggage, memory foam and control wear and is subject to changing consumer demands and trends. As a result it is necessary to consider the recoverability of the cost of inventory and the associated provisioning required. When calculating the inventory provision, management considers the nature and condition of the inventory, as well as applying assumptions around anticipated saleability of finished goods.

5.2. ***Recoverability of receivables***

The Group makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the level of credit insurance, current credit worthiness of the debtor, the ageing profile of debtors and historical experience.

5.3. ***Customer rebates***

The Group makes estimates of the amounts likely to be paid to customers in respect of rebate arrangements. When making these estimates management takes account of contractual customer terms as well as estimates of likely sales volumes to determine the rates at which rebates should be accrued in the financial statements.

5.4. ***Customer returns and credit notes***

The Group makes provisions for potential returns and credit notes to be issued to customers. In making such estimates management takes account of known customer claims as well as potential claims based on historical trends and experience within the business.

5.5. ***Recognition of deferred tax assets***

The extent to which deferred tax assets can be recognised is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry forwards can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties.

5.6. ***Valuation of derivatives held at fair value through profit and loss***

In estimating the fair value of an asset or a liability, the Group uses market observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. The Group works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

6. Revenue

Analysis of revenue split by major products:

	Audited 9 months ended 30 April 2014 £'000	*Audited 15 months ended 31 July 2015 £'000*	*Audited Year ended 31 July 2016 £'000*	*Unaudited 3 months ended 31 Oct 2015 £'000*	*Audited 3 months ended 31 Oct 2016 £'000*
Small domestic appliances	10,317	15,292	20,821	5,386	6,405
Housewares	8,837	14,207	15,633	4,368	6,727
Audio	1,805	9,710	13,048	4,643	8,903
Laundry	366	4,488	7,974	1,777	4,312
Luggage	2,678	6,349	4,561	615	669
Heating & cooling	5,799	8,973	4,454	1,548	3,396
Others	10,339	17,737	12,537	3,866	2,601
	40,141	76,756	79,028	22,203	33,013

Geographical split by location:

	Audited 9 months ended 30 April 2014 £'000	*Audited 15 months ended 31 July 2015 £'000*	*Audited Year ended 31 July 2016 £'000*	*Unaudited 3 months ended 31 Oct 2015 £'000*	*Audited 3 months ended 31 Oct 2016 £'000*
United Kingdom	33,625	57,716	58,504	16,786	24,817
Europe	2,594	12,166	17,259	3,816	7,197
USA	1,883	625	628	176	187
Rest of World	2,039	6,249	2,637	1,425	812
	40,141	76,756	79,028	22,203	33,013

Included in revenue are sales to customers who individually account for over 10% of the Group's total sales and in total this amounted to approximately £25,713,000, being 2 customers, (2015: £9,752,000, being 1 customer), (2014: £nil, no customers). Approximately £15,287,000 being 2 customers, (2015: £4,850,000, 1 customer) arose in the 3 month periods shown.

7. Operating expenses

	Audited 9 months ended 30 April 2014 £'000	*Audited 15 months ended 31 July 2015 £'000*	*Audited Year ended 31 July 2016 £'000*	*Unaudited 3 months ended 31 Oct 2015 £'000*	*Audited 3 months ended 31 Oct 2016 £'000*
The profit/(loss) is stated after charging/(crediting) expenses as follows:					
Inventories recognised as an expense	28,031	53,295	55,461	15,494	23,682
Staff costs – note 8	5,258	9,323	8,999	2,317	3,143
Establishment and general:					
Foreign exchange loss/(gain)	417	(165)	(379)	–	8
Operating lease costs	349	428	480	93	174
Depreciation of owned property, plant and equipment	213	317	280	62	72
Gain on disposal of property, plant and equipment	(10)	(1)	–	–	–
Auditor's remuneration – audit of company	8	5	5	1	1
Auditor's remuneration – audit of subsidiaries	23	21	20	5	8
Auditor's remuneration – Other services	10	–	–	–	–
Other operating expenses	4,541	8,386	7,476	1,969	2,413
Total operating expenses	38,840	71,609	72,342	19,941	29,501

8. Staff and remuneration

8.1 *Number of staff*

	Audited 9 months ended 30 April 2014 No	*Audited 15 months ended 31 July 2015 No*	*Audited Year ended 31 July 2016 No*	*Unaudited 3 months ended 31 Oct 2015 No*	*Audited 3 months ended 31 Oct 2016 No*
Average number of employees (including Directors):					
Sales staff	48	37	41	40	46
Distribution staff	22	25	22	20	25
Administrative staff	109	106	118	114	140
	179	168	181	174	211

8.2 ***Remuneration***

	Audited 9 months ended 30 April 2014 £'000	*Audited 15 months ended 31 July 2015 £'000*	*Audited Year ended 31 July 2016 £'000*	*Unaudited 3 months ended 31 Oct 2015 £'000*	*Audited 3 months ended 31 Oct 2016 £'000*
Aggregate remuneration of staff (including Directors):					
Wages and salaries	4,788	8,441	7,961	1,993	2,841
Social security costs	432	775	767	198	280
Other pension costs	38	107	271	126	22
	5,258	9,323	8,999	2,317	3,143

8.3 ***Directors' remuneration***

The Directors' aggregate emoluments in respect of qualifying services were:

	Audited 9 months ended 30 April 2014 £'000	*Audited 15 months ended 31 July 2015 £'000*	*Audited Year ended 31 July 2016 £'000*	*Unaudited 3 months ended 31 Oct 2015 £'000*	*Audited 3 months ended 31 Oct 2016 £'000*
Short-term remuneration	551	1,595	2,088	652	984
Other pension costs	21	242	35	11	4
	572	1,837	2,123	663	988
Short-term remuneration of highest paid director	201	831	1,045	350	547

The number of Directors accruing benefits under money purchase schemes in the year ended 31 July 2016 are 3 (2015 – 4), (2014 – 1).

The number of Directors accruing benefits under money purchase schemes for the 3 month period ended 31 October 2016 are 3 (2015 – 3).

8.4 ***Share options***

On 12 June 2014, the Company established an enterprise management incentive scheme, the UP Global Sourcing Holdings EMI Share Option Plan ("Plan"), to grant certain employees options to acquire B ordinary shares of £1 each in the Company.

On and around 12 June 2014, the Company granted 21,157 options to certain senior managers within the business. The options have an exercise price of £1 each and can only be exercised in the event of a share sale or listing of the Company. Vesting of the options is subject to continued employment within the UP Global Sourcing Holdings Plc Group. At the grant date, the fair value of the options granted was deemed to be £Nil and as such no charge has been, or will be in future years, recognised in the income statement.

9. Finance income

	Audited 9 months ended 30 April 2014 £'000	Audited 15 months ended 31 July 2015 £'000	Audited Year ended 31 July 2016 £'000	Unaudited 3 months ended 31 Oct 2015 £'000	Audited 3 months ended 31 Oct 2016 £'000
Gain on interest rate caps	–	–	–	–	5
Interest on cash and cash equivalents	127	–	–	–	–
	127	–	–	–	5

10. Finance expense

	Audited 9 months ended 30 April 2014 £'000	Audited 15 months ended 31 July 2015 £'000	Audited Year ended 31 July 2016 £'000	Unaudited 3 months ended 31 Oct 2015 £'000	Audited 3 months ended 31 Oct 2016 £'000
Interest on bank loans and overdrafts	281	383	279	51	126
Loan note interest payable	1,251	210	6	4	–
Amortisation of debt issue costs	53	131	130	29	12
Other interest payable and similar charges	30	36	26	1	1
	1,615	760	441	85	139

11. Taxation

11.1. *Net tax (credit)/expense*

	Audited 9 months ended 30 April 2014 £'000	Audited 15 months ended 31 July 2015 £'000	Audited Year ended 31 July 2016 £'000	Unaudited 3 months ended 31 Oct 2015 £'000	Audited 3 months ended 31 Oct 2016 £'000
Current tax					
Current period – UK corporation tax	31	452	1,167	398	658
Adjustments in respect of prior periods	(40)	–	40	26	–
Foreign current tax expense	51	130	111	40	36
Total current tax	42	582	1,318	464	694
Deferred tax					
Origination and reversal of temporary differences	(68)	250	28	(20)	9
Impact of change in tax rate	24	–	15	15	22
Net tax (credit)/charge	(44)	250	43	(5)	31
Total tax (credit)/expense	(2)	832	1,361	459	725

11.2. ***Factors affecting the tax charge***

Tax is assessed for the period at a rate different to the UK corporation tax rate for the reasons below:

	Audited 9 months ended 30 April 2014	*Audited 15 months ended 31 July 2015*	*Audited Year ended 31 July 2016*	*Unaudited 3 months ended 31 Oct 2015*	*Audited 3 months ended 31 Oct 2016*
UK corporation tax rate	23%	21%	20%	20%	20%
	£'000	*£'000*	*£'000*	*£'000*	*£'000*
(Loss)/profit before taxation	(176)	4,405	6,259	2,181	3,385
Tax at the UK corporation tax rate	(40)	925	1,252	436	677
Adjustment to tax charge in respect of prior periods	(80)	(4)	(9)	(9)	–
Effects of expenses not deductible for tax purposes	38	56	52	13	16
Permanent tax differences	(25)	(164)	–	–	–
Impact of overseas tax rates	9	13	58	9	12
Effect of difference in corporation tax and deferred tax rates	37	(10)	11	13	20
Deferred tax not recognised	59	16	(3)	(3)	–
Total tax (credit)/expense	(2)	832	1,361	459	725

11.3. ***Factors that may affect future tax charges***

The rate of UK Corporation tax for the period to 30 April 2014 was 23 per cent to 31 March 2014, and 21 per cent with effect from 1 April 2014. A further reduction to 20 per cent with effect from 1 April 2015 was enacted.

Changes to the UK corporation tax rates were announced in the Chancellor's Budget on 8 July 2015. These included reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 18% from 1 April 2020. Further reductions were announced in the Chancellor's Budget on 16 March 2016, including a reduction in the main rate of corporation tax to 17% from 1 April 2020.

12. Earnings per share

Basic earnings per share is calculated by dividing the net income for the period attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the period.

There is no calculation of diluted earnings per share on the basis that the options in place will only vest upon a listing or sale of the company and are therefore not considered to be dilutive.

The calculations of earnings per share are based on the following:

	Audited 9 months ended 30 April 2014 £'000	*Audited 15 months ended 31 July 2015 £'000*	*Audited Year ended 31 July 2016 £'000*	*Unaudited 3 months ended 31 Oct 2015 £'000*	*Audited 3 months ended 31 Oct 2016 £'000*
(Loss)/profit for the period	(174)	3,573	4,898	1,722	2,660
	Number	*Number*	*Number*	*Number*	*Number*
Weighted average number of shares – basic	433,463	208,620	184,658	185,267	184,267
Weighted average number of shares – adjusted	108,365,750	52,155,000	46,164,500	46,316,750	46,066,750
	pence	*pence*	*pence*	*pence*	*pence*
(Loss)/profit per share – basic and diluted	(40)	1,713	2,652	929	1,444
(Loss)/profit per share – adjusted	(0.1)	4.3	6.6	2.3	3.6

13. Dividends

	Audited 9 months ended 30 April 2014 £'000	*Audited 15 months ended 31 July 2015 £'000*	*Audited Year ended 31 July 2016 £'000*	*Unaudited 3 months ended 31 Oct 2015 £'000*	*Audited 3 months ended 31 Oct 2016 £'000*
Interim declared	–	–	2,250	–	–
	pence	*pence*	*pence*	*pence*	*pence*
Per share – (unadjusted)	–	–	1,221	–	–
Per share (adjusted to reflect the subdivision described in note 30)	–	–	3.1	–	–

14. Property, plant and equipment

Movements by period

	Fixtures, fittings and equipment £'000	*Motor vehicles £'000*	*Total £'000*
Cost			
As at 1 August 2013	1,861	78	1,939
Additions	242	19	261
Disposals	–	(44)	(44)
Foreign exchange adjustment	(11)	–	(11)
As at 30 April 2014	2,092	53	2,145
Additions	412	38	450
Disposals	(124)	(31)	(155)
Foreign exchange adjustment	(1)	–	(1)
As at 31 July 2015	2,379	60	2,439
Additions	635	17	652
Disposals	–	–	–
As at 31 July 2016	3,014	77	3,091
Additions	259	–	259
Disposals	–	–	–
As at 31 October 2016	3,273	77	3,350

	Fixtures, fittings and equipment £'000	*Motor vehicles £'000*	*Total £'000*
Accumulated depreciation:			
As at 1 August 2013	1,448	51	1,499
Charge for the period	204	9	213
Disposals	–	(44)	(44)
Foreign exchange adjustment	(7)	–	(7)
As at 30 April 2014	1,645	16	1,661
Charge for the period	300	17	317
Disposals	(114)	(22)	(136)
Foreign exchange adjustment	(1)	–	(1)
As at 31 July 2015	1,830	11	1,841
Charge for the period	263	17	280
As at 31 July 2016	2,093	28	2,121
Charge for the period	68	4	72
As at 31 October 2016	2,161	32	2,193

	Fixtures, fittings and equipment £'000	Motor vehicles £'000	Total £'000
Carrying amount:			
As at 1 August 2013	413	27	440
As at 30 April 2014	447	37	484
As at 31 July 2015	549	49	598
As at 31 July 2016	921	49	970
As at 31 October 2016	1,112	45	1,157

The depreciation charge for the period has been included in Operating Expenses in the Statement of Comprehensive Income.

There is no residual value on any property, plant and equipment.

15. Deferred tax

15.1. *Deferred tax consists of the following timing differences*

	Audited 30 April 2014 £'000	*Audited 31 July 2015 £'000*	*Audited 31 July 2016 £'000*	*Audited 31 Oct 2016 £'000*
Excess of depreciation over taxable allowances	374	207	166	139
Other temporary differences	128	45	43	39
	502	252	209	178

15.2. *Movement in deferred tax in the period*

	Audited 9 months ended 30 April 2014 £'000	*Audited 15 months ended 31 July 2015 £'000*	*Audited Year ended 31 July 2016 £'000*	*Audited 3 months ended 31 Oct 2016 £'000*
Balance brought forward	458	502	252	209
Movement arising in the period	44	(250)	(43)	(31)
Balance carried forward	502	252	209	178

The Directors consider that the deferred tax assets in respect of timing differences and depreciation in excess of capital allowances are recoverable based on the forecast future taxable profits of the Group.

The Group also has unrecognised deferred tax assets of £673,000 at 31 October 2016, (July 2016 – £752,000, 2015 – £792,000, 2014 – £798,000) in respect of losses carried forward and £nil, (July 2016 – £nil, 2015 – £16,000, 2014 – £Nil) in respect of other timing differences.

16. Inventories

	Audited 30 April 2014 £'000	Audited 31 July 2015 £'000	Audited 31 July 2016 £'000	Audited 31 Oct 2016 £'000
Goods for resale	5,733	7,730	10,545	13,570
	5,733	7,730	10,545	13,570

Inventories at 31 October 2016 are stated after provisions for impairment of £368,000, July 2016 – £368,000, 2015 – £409,000, 2014 – £322,000.

17. Trade and other receivables

	Audited 30 April 2014 £'000	Audited 31 July 2015 £'000	Audited 31 July 2016 £'000	Audited 31 Oct 2016 £'000
Trade receivables	6,425	10,060	14,686	20,967
Other receivables and prepayments	1,243	976	1,545	1,932
	7,668	11,036	16,231	22,899

The Directors believe that the carrying value of trade and other receivables represents their fair value. In determining the recoverability of trade receivables, the Group considers any change in the credit quality of the receivable from the date credit was granted up to the reporting date.

Trade and other receivables at 31 October 2016 are stated after provisions for impairment of £74,000, (July 2016 – £70,000, 2015 – £71,000, 2014 – £65,000).

Trade receivables disclosed above include amounts (see below for aged analysis) which are past due at the reporting date but against which the Group has not recognised an allowance for doubtful receivables because there has not been a significant change in credit quality and the amounts are still considered recoverable. The average age of these receivables at 31 October 2016 is 52 days, (July 2016 52 days, 2015 – 50 days, 2014 – 59 days).

Ageing of past due but not impaired receivables

	Audited 30 April 2014 £'000	Audited 31 July 2015 £'000	Audited 31 July 2016 £'000	Audited 31 Oct 2016 £'000
Less than 30 days	15	8	81	349
31 – 60 days	281	471	969	480
61 – 90 days	110	198	131	523
91 – 120 days	73	80	171	454
	479	757	1,352	1,806

In determining the recoverability of a trade receivable the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Credit insurance is also in place.

Details of the Group's credit risk management policies are shown in note 21. The Group does not hold any collateral as security for its trade and other receivables.

Impairment losses recognised in relation to trade receivables were £4,000 at 31 October 2016, (July 2016 – £1,000 reversal, 2015 – £6,000, 2014 – £19,000).

The Group holds invoice discounting facilities which are secured against the group's trade receivables. Further information can be found in note 20.

18. Cash and cash equivalents

	Audited 30 April 2014 £'000	*Audited 31 July 2015 £'000*	*Audited 31 July 2016 £'000*	*Audited 31 Oct 2016 £'000*
Cash at bank	82	58	136	49

Bank overdrafts are in constant use by the Group, so on that basis are classed as finance provided to the Group, rather than cash and cash equivalents.

19. Trade and other payables

	Audited 30 April 2014 £'000	*Audited 31 July 2015 £'000*	*Audited 31 July 2016 £'000*	*Audited 31 Oct 2016 £'000*
Trade payables	2,020	3,174	7,420	9,710
Accruals and deferred income	9,578	6,773	5,670	6,053
Employee tax and social security	333	667	1,063	278
Other payables	–	18	2,250	–
	11,931	10,632	16,403	16,041

Trade payables principally consist of amounts outstanding for trade purchases and ongoing costs. They are non-interest bearing and are normally settled on 30 to 60 day terms.

The Directors consider that the carrying value of trade and other payables approximates their fair value. Trade and other payables are denominated in both Sterling and US Dollars. UP Global Sourcing Holdings Plc has financial risk management policies in place to ensure that all payables are paid within the credit timeframe and no interest has been charged by any suppliers as a result of late payment of invoices during the period.

20. Borrowings

	Audited 30 April 2014 £'000	*Audited 31 July 2015 £'000*	*Audited 31 July 2016 £'000*	*Audited 31 Oct 2016 £'000*
Current				
Bank overdraft and invoice discounting	1,775	1,482	3,198	9,778
Import loans	–	928	3,976	4,230
Bank term loan	750	750	–	–
	2,525	3,160	7,174	14,008
Less: Unamortised debt issue costs	(70)	(105)	(42)	(35)
	2,455	3,055	7,132	13,973

	Audited 30 April 2014 £'000	Audited 31 July 2015 £'000	Audited 31 July 2016 £'000	Audited 31 Oct 2016 £'000
Non-current				
Bank term loan	2,313	1,375	–	–
A loan notes	10,800	–	–	–
B loan notes	4,000	–	–	–
C loan notes	491	–	–	–
D loan notes	384	–	–	–
E loan notes	49	–	–	–
2014 A loan notes	–	1,000	–	–
2014 B loan notes	–	75	–	–
2014 C loan notes	–	75	–	–
Revolving credit facility	–	–	2,959	2,940
	18,037	2,525	2,959	2,940
Less: Unamortised debt issue costs	(57)	–	(75)	(70)
	17,980	2,525	2,884	2,870
Total borrowings	20,435	5,580	10,016	16,843
The earliest that the lenders of the above borrowings require repayment is as follows:				
In less than one year	2,525	3,160	7,174	14,008
Between two and five years	2,313	2,525	2,959	2,940
In more than five years	15,724	–	–	–
Less: Unamortised debt issue costs	(127)	(105)	(117)	(105)
	20,435	5,580	10,016	16,843

The Group is funded by external banking facilities provided by HSBC. On 22 July 2016, the Group refinanced and entered into new banking facilities with HSBC. The new facilities run to July 2020 providing the ongoing funding of the Group and comprise a revolving credit facility of £6.2m, an invoice discounting facility of £15m and an import loan facility of £4.75m.

Current bank borrowings includes a gross amount of £9,778,000 at 31 October 2016, (July 2016 – £3,198,000, 2015 – £313,000, 2014 – £1,412,000) due under invoice discounting facilities, which are secured by an assignment of, and fixed charge over the trade debtors of UP Global Sourcing UK Limited. Furthermore, current bank borrowings include an amount of £4,230,000 at 31 October 2016, (July 2016 – £3,976,000, 2015 – £928,000, 2014 – £nil) due under an import loan facility which are secured by a general letter of pledge providing security over the stock purchases financed under that facility.

At 31 October 2016 total bank borrowings are net of £105,000, (July 2016 – £117,000, 2015 – £105,000, 2014 – £127,000) of fees which are being amortised over the length of the relevant facilities.

The 2014 A, B and C loan notes were secured by a second fixed and floating charge over the assets of the Group. No interest was payable on the 2014 A loan notes and interest was charged at a fixed rate of 10% per annum on the 2014 B and C loan notes. During the year to 31 July 2016, the 2014 A, B and C loan notes were repaid in full along with any interest accrued to the date of repayment thereon.

On 12 June 2014 the Group entered into transactions to vary the terms of the A-E loan notes (notes 24 and 25 provide these details).

21. Financial instruments

The Group is exposed to the risks that arise from its financial instruments. The policies for managing those risks and the methods to measure them are described in notes 3 and 4. Further quantitative information in respect of these risks is presented below and throughout this Historical Financial Information.

21.1. *Capital risk management*

Details of the Group's capital are shown below as well as in the Statement of Changes in Equity.

21.2. *Principal financial instruments*

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

	Audited 30 April 2014 £'000	*Audited 31 July 2015 £'000*	*Audited 31 July 2016 £'000*	*Audited 31 Oct 2016 £'000*
Trade and other receivables	6,425	10,061	15,159	21,639
Trade and other payables	11,598	9,965	15,340	15,763
Borrowings	20,435	5,580	10,016	16,843
Cash and cash equivalents	82	58	136	49

21.3. *Financial assets*

The Group held the following financial assets at amortised cost:

	Audited 30 April 2014 £'000	*Audited 31 July 2015 £'000*	*Audited 31 July 2016 £'000*	*Audited 31 Oct 2016 £'000*
Cash and cash equivalents	82	58	136	49
Trade receivables	6,425	10,060	14,686	20,967
	6,507	10,118	14,822	21,016

21.4. *Financial liabilities*

The Group held the following financial liabilities, classified as other financial liabilities at amortised cost:

	Audited 30 April 2014 £'000	*Audited 31 July 2015 £'000*	*Audited 31 July 2016 £'000*	*Audited 31 Oct 2016 £'000*
Trade payables	2,020	3,174	7,420	9,710
Loans	20,435	5,580	10,016	16,843
Other payables	9,544	6,791	7,870	5,959
	31,999	15,545	25,306	32,512

21.5. ***Financial assets/(liabilities)***

The Group held the following financial assets/(liabilities), classified as fair value through profit and loss:

	Audited 30 April 2014 £'000	*Audited 31 July 2015 £'000*	*Audited 31 July 2016 £'000*	*Audited 31 Oct 2016 £'000*
Forward currency contracts	(34)	1	417	556
Interest rate caps	–	–	19	24
Interest rate swaps	–	–	(13)	(2)
	(34)	1	423	578

The following is a reconciliation of the financial instruments to the statement of financial position

	Audited 30 April 2014 £'000	*Audited 31 July 2015 £'000*	*Audited 31 July 2016 £'000*	*Audited 31 Oct 2016 £'000*
Trade receivables	6,425	10,060	14,686	20,967
Forward currency contracts	–	1	454	648
Interest rate caps	–	–	19	24
Prepayments and other receivables not classed as financial instruments	1,243	975	1,072	1,260
Trade and other receivables (note 17)	7,668	11,036	16,231	22,899

	Audited 30 April 2014 £'000	*Audited 31 July 2015 £'000*	*Audited 31 July 2016 £'000*	*Audited 31 Oct 2016 £'000*
Trade and other payables held at amortised cost	11,564	9,965	15,290	15,669
Forward currency contracts	34	–	37	92
Interest rate swaps	–	–	13	2
Employee tax and social security	333	667	1,063	278
Trade and other payables (note 19)	11,931	10,632	16,403	16,041

Derivative financial instruments – Forward contracts

The Group mitigates the exchange rate risk for certain foreign currency trade debtors and creditors by entering into forward currency contracts. At 31 October 2016, the outstanding contracts all mature within 8 months of the period end, (July 2016 – 10 months, 2015 – 11 months, 2014 – 3 months). At 31 October 2016 the Group was committed to buy $6,500,000, to sell €1,950,000 and to sell CA $150,000 paying and receiving respectively a fixed sterling amount (July 2016 – buy $10,000,000, to sell €850,000 and to sell CA$85,000, 2015 – buy $4,650,000, to sell €2,950,000 and to sell CA$Nil, 2014 – sell $5,050,000). The forward currency contracts are measured at fair value using the relevant exchange rates for GBP:USD, GBP:EUR and GBP:CA$. The fair value of the contracts at 31 October 2016 is an asset of £556,000, (July 2016 – £417,000 asset, 2015 – £1,000 asset, 2014 – £34,000 liability). During the period ended 31 October 2016, a hedging gain of £204,000, (July 2016 – £454,000 hedging gain, 2015 – £Nil, 2014 – £Nil) was recognised in other comprehensive income for changes in the fair value of the forward foreign currency contracts.

Forward currency contracts are valued using level 2 inputs. The valuations are calculated using the period end exchange rates for the relevant currencies which are observable quoted values at the period end dates. Valuations are determined using the hypothetical derivative method which values the contracts based on the changes in the future cashflows based on the change in value of the underlying derivative.

Derivative financial instruments – Interest rate swaps

The Company and Group have entered into an interest rate swap to hedge the Group's exposure to interest rate movements on the Group's revolving credit facility. The swap is based on a principal amount of £2,000,000 until 31 July 2018 and exchanges the exposure to a LIBOR interest rate to a fixed rate of 0.39%. The fair value of the swap at 31 October 2016 is a liability of £2,000, (July 2016 – £7,000 liability, 2015 – £Nil, 2014 – £Nil.)

In addition, the Group has entered into an interest rate swap to hedge the Group's exposure to interest rate movements on the Group's invoice discounting facility. The swap is based on a principal amount of £1,000,000 until 31 December 2019 and exchanges the exposure to Base Rate interest charges to a fixed rate of 0.31%. The fair value of the swap at 31 October 2016 is £nil, (July 2016 – £6,000 liability, 2015 – £Nil, 2014 – £Nil).

Interest rate swaps are valued using level 2 inputs. The valuations are based on the notional value of the swaps, the current available market borrowing rate and the swapped interest rate. The valuation is based on the current valuation of the present saving or cost of the future cashflow differences based on the difference between the swapped interest rate and the expected interest rate as per the lending agreement.

Derivative financial instruments – Interest rate caps

Along with the interest rate swaps referred to above, the Company and Group have entered into interest rate cap agreements to protect the exposure to interest rate movements on the Group's banking facilities. The interest rate caps are measured at fair value, being the market value of the cap at the balance sheet date. At 31 October 2016, the Company had entered into an agreement to cap LIBOR interest rates at 1% until 31 December 2019 on a principal amount of £2,000,000. The fair value of the interest rate cap at 31 October 2016 was an asset of £8,000, (July 2016 – £6,000 asset, 2015 – £Nil, 2014 – £Nil).

In addition, at 31 October 2016, the Group has entered into further agreements to cap LIBOR interest rates at 1% until 31 December 2019 on a principal amount of £2,000,000 and to cap LIBOR interest rates at 2% on a principal amount of £5,065,000, reducing to £4,045,000 by 31 December 2019. The fair value of the interest rate caps at 31 October 2016 was an asset of £16,000, (July 2016 – £13,000 asset, 2015 – £Nil, 2014 – £Nil).

Interest rate caps are valued using level 2 inputs. The valuations are based on the notional value of the caps, the current available market borrowing rate and the capped interest rate. The valuation is based on the current valuation of the present saving or cost of the future cashflow differences based on the difference between the capped interest rate and the expected interest rate as per the lending agreement.

21.6. ***Market risk***

Competitive pressures remain a principal risk for the Group. The risk is managed through focus on quality of product and service levels, coupled with continuous development of new products to offer uniqueness to the customer. Furthermore, the Group's focus on offering its customers a branded product range provides some protection to its competitive position in the market. Stock obsolescence risk is managed through closely monitoring slow moving lines and prompt action to manage such lines through the various distribution channels available to the Group.

In addition, the Group's operations expose it to a variety of financial risks that include price risk, credit risk, liquidity risk, foreign currency risk and interest rate cash flow risk. The Group has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Group by regularly monitoring the financial risks referred to above.

Given the size of the Group, the Directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the Board are implemented by the Group's finance department.

21.7. ***Credit risk***

The Group's sales are primarily made with credit terms, exposing the Group to the risk of non-payment by customers. The Group has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual counterparty is subject to a limit, which is reassessed regularly by the board. In addition, the Group maintains a suitable level of credit insurance against its debtor book.

21.8. ***Liquidity risk management***

The Group is funded by external banking facilities provided by HSBC. Within these facilities, the Group actively maintains a mixture of long-term and short-term debt finance that is designed to ensure the Group has sufficient available funds for operations and planned expansions.

21.9. ***Foreign currency risk management***

The Group's activities expose it to the financial risks of changes in foreign currency exchange rates. The Group's exposure to foreign currency risk is partially hedged by virtue of invoicing a proportion of its turnover in US Dollars. When necessary, the Group uses foreign exchange forward contracts to further mitigate this exposure.

The following is a note of the assets and liabilities denominated at each period end in US dollars:

	Audited 30 April 2014 $'000	*Audited 31 July 2015 $'000*	*Audited 31 July 2016 $'000*	*Audited 31 Oct 2016 $'000*
Trade receivables	3,376	6,453	11,730	16,321
Other receivables and prepayments	914	622	849	765
Net cash, overdrafts and revolving facilities	(91)	(566)	317	6,274
Import loans	–	(1,449)	(5,260)	(5,157)
Invoice discounting	(670)	(274)	(994)	(8,325)
Trade payables	(1,292)	(3,643)	(8,234)	(11,634)
	2,237	1,143	(1,592)	(1,756)

The effect of a 20 percent strengthening of Pound Sterling at 31 October 2016 on the foreign denominated financial instruments carried at that date would, all variables held constant, have resulted in an increase to total comprehensive income for the period and an increase to net assets of £192,000, (July 2016 – £160,000, 2015 – £98,000 decrease, 2014 – £177,000 decrease). A 20 percent weakening of the exchange rate on the same basis, would have resulted in a decrease to total comprehensive income and a decrease to net assets of £288,000, (July 2016 – £241,000, 2015 – £147,000 increase, 2014 – £265,000 increase).

The following is a note of the assets and liabilities denominated at each period end in Euros:

	Audited 30 April 2014 €'000	*Audited 31 July 2015 €'000*	*Audited 31 July 2016 €'000*	*Audited 31 Oct 2016 €'000*
Trade receivables	139	473	286	668
Net cash, overdrafts and revolving facilities	17	(23)	(448)	(87)
Invoice discounting	3	(130)	(208)	(212)
Trade payables	(74)	(154)	(28)	(45)
	85	166	(398)	324

The effect of a 20 percent strengthening of Pound Sterling at 31 October 2016 on the foreign denominated financial instruments carried at that date would, all variables held constant, have resulted in a decrease to total comprehensive income for the period and a decrease to net assets of £39,000, (July 2016 – £45,000 increase, 2015 – £16,000 decrease, 2014 – £9,000 decrease). A 20 percent weakening of the exchange rate on the same basis, would have resulted in an increase to total comprehensive income and an increase to net assets of £58,000, (July 2016 – £67,000 decrease, 2015 – £23,000 increase, 2014 – £14,000 increase).

The Directors have shown a sensitivity movement of 20% as due to the current uncertainty given the current economic environment this is deemed to be the largest potential movement in currency which could occur in the near future.

21.10. ***Interest rate cash flow risk***

The Group's interest bearing liabilities relate to its variable rate banking facilities. The Group has a policy of maintaining a portion of its banking facilities under the protection of interest rate swaps and caps to ensure the certainty of future interest cash flows.

21.11. ***Price risk***

The Group's profitability is affected by price fluctuations in raw materials and labour used in the manufacture of its products. The Group continually monitors the price and availability of materials and labour but the costs of managing the exposure to price risk exceed any potential benefits given the extensive range of products and suppliers. The Directors will revisit the appropriateness of this policy should the Group's operations change in size or nature.

21.12. ***Maturity of financial assets and liabilities***

All of the Group's non-derivative financial liabilities and its financial assets at the reporting date are either payable or receivable within one year, except for borrowings as disclosed in note 20.

22. Share capital

Number of shares in issue

	Audited 31 October 2016	
	Number	*£000*
Issued and fully paid:		
Ordinary A shares of £1	184,267	184
Total shares	184,267	184

	Audited 31 July 2016 Number	£000
Issued and fully paid:		
Ordinary A shares of £1	184,267	184
Total shares	184,267	184

	Audited 31 July 2015 Number	£000
Issued and fully paid:		
Ordinary A shares of £1	184,267	184
Ordinary C shares of £1	1,000	1
Total shares	185,267	185

	Audited 30 April 2014 Number	£000
Issued and fully paid:		
Ordinary A shares of £1	200,000	200
Ordinary B shares of £1	158,256	158
Ordinary C shares of £1	75,207	75
Total shares	433,463	433

Share movements in the periods presented:

9 months ended 31 April 2014

No movements in the period.

15 months ended 31 July 2015

On 12 June 2014 the Company entered into an arrangement with Lloyds Development Capital (Holdings) Limited relating to its interest in the share capital of the Company, along with its interests in loan notes issued by the Company together with the accrued interest thereon. On the same date, the Company entered into a number of other transactions in order to reorganise its share capital. The impact of all the transactions which took place on 12 June 2014 on the share capital of the Group and Company are set out below:

The Company completed a reduction of capital to cancel 200,000 £1 A ordinary shares and to cancel 49,196 £1 C ordinary shares.

After the above, the remaining share capital of the Company comprised 158,256 £1 B ordinary shares and 26,011 £1 C ordinary shares which were all reclassified as 184,267 £1 A ordinary shares. The Company issued 1,000 £1 C ordinary shares for a total deemed consideration of £12,303,466, of which £12,302,466 has been recognised in the share premium account.

Year ended 31 July 2016

On 21 December 2015, the Company completed a reduction of capital to cancel the entire 1,000 £1 C ordinary shares and to reduce the share premium account of the Company from £12,322,000 to £1,712.

3 months ended 31 October 2016

No movements in the period.

Rights of remaining share capital

A ordinary shares carry rights to dividends and other distributions from the Company as well as carrying voting rights.

23. Reserves

Share premium

Consideration received for shares issued above their nominal value net of transaction costs.

Hedging reserve

Gains and losses arising on fixed to floating interest rate swaps which have been designated as hedges for hedge accounting purposes.

Retained earnings

Cumulative profit and loss net of distributions to owners.

24. Debt for equity swap

15 months ended 31 July 2015

On 12 June 2014, the Company entered into an agreement with Lloyds Development Capital (Holdings) Limited relating to its interest in the Group which at 12 June 2014 comprised 200,000 £1 A ordinary shares, £10,800,000 of A loan notes and accrued interest thereon of £4,503,466. The agreement provided for the cancellation of the 200,000 £1 A ordinary shares and for payment of £3,000,000 together with the issue of 1,000 new £1 C ordinary shares in consideration of the release of the entire £10,800,000 A loan notes and accrued interest thereon of £4,503,466. The 1,000 new £1 C ordinary shares were issued for a total deemed consideration of £12,303,466, of which £12,302,466 has been recognised in share premium. The Group has considered the accounting treatment of this transaction and in particular reviewed whether IFRIC19 should be applied to this transaction. In the view of the directors the company was acting in its capacity as a shareholder and so IFRIC 19 should not be applied. As such it has adopted an accounting policy under which the difference between the liquidated debt amount and the fair value of equity issued is recognised in full in the share premium account, rather than through the income statement. After a review of the shares issued, in the view of the directors the fair value of the shares equates to their book value. The transaction was funded by a combination of existing and extended banking facilities and by the issue of new loan notes to existing shareholders totalling £1,150,000, being the 2014 A, B and C loan notes referred to in note 20 above.

On completion of the transaction, the Group was controlled collectively by the holders of the Company's A ordinary shares.

25. Capital reserve

15 months ended 31 July 2015

On 12 June 2014, the Company entered into deeds for variation to amend the terms of loan notes issued to certain loan note holders such that interest would no longer accrue on those loan notes. In accordance with IFRS, following the variation, the loan notes met the criteria to be recognised as equity items rather than financial liabilities due to there being no enforceable contractual obligation to repay the loan notes and have therefore been reclassified in the statement of financial position as a capital reserve. The loan notes for which deeds of variation were entered into are as follows:

	Total
	£000
B loan notes	4,000
C loan notes	491
D loan notes	384
E loan notes	34
	4,909

Year ended 31 July 2016

The loan notes for which deeds of variation were entered into were repaid during the year ended 31 July 2016, reducing the capital reserve to £Nil (2015 – £4,909,000).

26. Subsidiary companies

At 31 October the Company owned 100% of the following subsidiaries, which are incorporated in England and Wales, unless otherwise stated:

UP Global Sourcing UK Limited, UP Global Sourcing Europe Limited**, UP Global Sourcing 2009 Limited** and UP Global Sourcing Hong Kong Limited*

* – Incorporated in Hong Kong

** – Dissolved 29 November 2016.

27. Ultimate controlling party

In the opinion of the Directors there is no single controlling party.

28. Related party transactions

28.1. ***Remuneration of key personnel***

Remuneration of key management personnel, considered to be the Directors of the Group is as follows:

	Audited 9 months ended 30 April 2014 £'000	*Audited 15 months ended 31 July 2015 £'000*	*Audited Year ended 31 July 2016 £'000*	*Unaudited 3 months ended 31 Oct 2015 £'000*	*Audited 3 months ended 31 Oct 2016 £'000*
Short-term remuneration	884	2,150	2,598	757	1,094
Other pension costs	25	260	80	16	10
	909	2,410	2,678	773	1,104

28.2. ***Transactions and balances with key personnel***

	Audited 9 months ended 30 April 2014 £'000	*Audited 15 months ended 31 July 2015 £'000*	*Audited Year ended 31 July 2016 £'000*	*Unaudited 3 months ended 31 Oct 2015 £'000*	*Audited 3 months ended 31 Oct 2016 £'000*
Loan notes held by Directors:					
Balance outstanding	4,910	6,060	–	6,060	–
Interest charge during the period	490	110	–	4	–

During the period covered by the Historical Financial Information, certain Directors were indebted to the Group in respect of credit transactions. Interest was charged on these transactions at HM Revenue & Customs' official rate of interest.

	Audited 9 months ended 30 April 2014 £'000	Audited 15 months ended 31 July 2015 £'000	Audited Year ended 31 July 2016 £'000	Unaudited 3 months ended 31 Oct 2015 £'000	Audited 3 months ended 31 Oct 2016 £'000
Balances outstanding at each period end:					
S Showman	10	–	–	4	25
B Franks	4	–	–	4	–
Maximum balances outstanding:					
S Showman	13	19	35	4	25
B Franks	4	3	4	4	–

Additionally, Directors purchased goods from the Group during the 3 month period to 31 October 2016 and the total for all Directors amounted to £293 (year ended 31 July 2016 – £836, (3 months ended 31 October 2015 – £9, 15 months ended 31 July 2015 – £335, 9 months ended 30 April 2014 – £2,677).

28.3. ***Transactions and balances with related companies and businesses***

	Audited 9 months ended 30 April 2014 £'000	Audited 15 months ended 31 July 2015 £'000	Audited Year ended 31 July 2016 £'000	Unaudited 3 months ended 31 Oct 2015 £'000	Audited 3 months ended 31 Oct 2016 £'000
Transactions with related companies:					
Rent paid to Ultimate Apartments pension scheme	105	175	160	35	45
Rent paid to Heron Mill Limited	–	–	75	–	61
Rent paid to Ultimate Apartments Limited	–	–	3	–	3
Amounts owed by Simbar Properties Limited:	–	–	1	–	18

The above companies are related due to common control and Directors. Barry Franks (a member of the Concert Party) is a trustee and beneficiary of the Ultimate A partments pension scheme. Barry Franks, Andrew Gossage and Simon Showman (each members of the Concert Party) are directors of Heron Mill Limited. Barry Franks (15 ordinary shares of £1.00 each), Simon Showman (50 ordinary shares of £1.00 each) and A&T Property Investments Limited (20 ordinary shares of £1.00 each) are also shareholders of Heron Mill Limited. Andrew Gossage is a director of A&T Property Investments Limited.

29. Operating lease arrangements

	Audited 30 April 2014 £'000	*Audited 31 July 2015 £'000*	*Audited 31 July 2016 £'000*	*Unaudited 31 Oct 2015 £'000*	*Audited 31 Oct 2016 £'000*
Outstanding commitments for future minimum lease payments under non-cancellable operating leases were as follows:					
Within one year	368	141	199	149	197
In the second to fifth years inclusive	1,296	943	550	826	421
In greater than five years	–	–	1,817	–	1,751
	1,664	1,084	2,566	975	2,369

30. Subsequent events

On 29 November 2016 the subsidiary companies UP Global Sourcing Europe Limited and UP Global Sourcing 2009 Limited were struck off by the Registrar of Companies.

On 29 November 2016 the Company declared a final dividend in respect of the financial year ended 31 July 2016 of £199,000, which was paid on 30 November 2016.

On 28 February 2017 the Company divided each of its £1 ordinary shares into 82,169,600 shares with a nominal value of 0.25p.

31. Transition to IFRS

From 1 August 2013 the Group has adopted International Financial Reporting Standards (IFRS) in the preparation of this Historical Financial Information, other than as noted under 'Basis of Preparation' in note 1.

The main items contributing to the change in financial information compared with that reported under UK GAAP as at the transition date are shown below:

IAS 12 – Income taxes

In accordance with IAS 12 deferred tax assets are disclosed as non-current, which is contrary to FRS 102.

IAS 36 – Impairment

In accordance with IAS 36 the directors have assessed the carrying value of goodwill and determined it was fully impaired at 1 August 2013.

Statement of Comprehensive Income Reconciliations:

9 months ended 30 April 2014

	As previously reported – 30 April 2014 £'000	*IAS 36 £'000*	*IFRS – 30 April 2014 £'000*
Revenue	40,141	–	40,141
Cost of sales	(30,398)	–	(30,398)
Gross profit	9,743	–	9,743
Distribution costs	(810)	–	(810)
Administration expenses	(8,799)	1,167	(7,632)
Other income	11	–	11
Profit from operations	145	1,167	1,312
Finance income	127	–	127
Finance costs	(1,615)	–	(1,615)
Loss before taxation	(1,343)	1,167	(176)
Income tax	2	–	2
Loss for the year	(1,341)	1,167	(174)
Items that may be reclassified subsequently to profit or loss:			
Fair value movements on cash flow hedging instruments	–	–	–
Foreign currency retranslation	(37)	–	(37)
Other comprehensive income	(37)	–	(37)
Total comprehensive income for period attributable to the owners of the Company	(1,378)	1,167	(211)

15 months ended 31 July 2015

	As previously reported – 31 July 2015 £'000	*IAS 36 £'000*	*IFRS – 31 July 2015 £'000*
Revenue	76,756	–	76,756
Cost of sales	(56,652)	–	(56,652)
Gross profit	20,104	–	20,104
Distribution costs	(1,459)	–	(1,459)
Administration expenses	(16,262)	2,764	(13,498)
Other income	18	–	18
Profit from operations	2,401	2,764	5,165
Finance income	–	–	–
Finance costs	(760)	–	(760)
Profit before taxation	1,641	2,764	4,405
Income tax	(832)	–	(832)
Profit for the year	809	2,764	3,573
Fair value movements on cash flow hedging instruments	–	–	–
Foreign currency retranslation	138	–	138
Other comprehensive income	138	–	138
Total comprehensive income for period attributable to the owners of the Company	947	2,764	3,711

Year ended 31 July 2016

The transition to IFRS has had no impact on the Statement of Comprehensive Income as previously reported under UK GAAP.

Statement of Financial Position Reconciliations

9 months ended 30 April 2014

	As previously reported at 30 April 2014 £'000	*IAS 12 £'000*	*IAS 36 £'000*	*IFRS – At 30 April 2014 £'000*
Assets				
Intangible assets	2,764	–	(2,764)	–
Property, plant and equipment	484	–	–	484
Deferred tax	–	502	–	502
Total non-current assets	3,248	502	(2,764)	986
Inventories	5,733	–	–	5,733
Trade and other receivables	8,170	(502)	–	7,668
Current tax	17	–	–	17
Cash and cash equivalents	82	–	–	82
Total current assets	14,002	(502)	–	13,500
Total assets	17,250	–	(2,764)	14,486
Liabilities				
Trade and other payables	(11,931)	–	–	(11,931)
Current tax	–	–	–	–
Borrowings	(2,455)	–	–	(2,455)
Total current liabilities	(14,386)	–	–	(14,386)
Net current liabilities	(384)	(502)	–	(886)
Borrowings	(17,980)	–	–	(17,980)
Total non-current liabilities	(17,980)	–	–	(17,980)
Total liabilities	(32,366)	–	–	(32,366)
Net liabilities	(15,116)	–	(2,764)	(17,880)
Equity				
Share capital	433	–	–	433
Share premium	20	–	–	20
Capital reserve	–	–	–	–
Hedging reserve	–	–	–	–
Retained earnings	(15,569)	–	(2,764)	(18,333)
Deficit attributable to owners of the Company	(15,116)	–	(2,764)	(17,880)

15 months ended 31 July 2015

	As previously reported at 31 July 2015	*IAS 12*	*IAS 36*	*IFRS – At 31 July 2015*
	£'000	*£'000*	*£'000*	*£'000*
Assets				
Intangible assets	–	–	–	–
Property, plant and equipment	598	–	–	598
Deferred tax	–	252	–	252
Total non-current assets	598	252	–	850
Inventories	7,730	–	–	7,730
Trade and other receivables	11,288	(252)	–	11,036
Current tax	–	–	–	–
Cash and cash equivalents	58	–	–	58
Total current assets	19,076	(252)	–	18,824
Total assets	19,674	–	–	19,674
Liabilities				
Trade and other payables	(10,632)	–	–	(10,632)
Current tax	(468)	–	–	(468)
Borrowings	(3,055)	–	–	(3,055)
Total current liabilities	(14,155)	–	–	(14,155)
Net current assets	4,669	–	–	4,669
Borrowings	(2,525)	–	–	(2,525)
Total non-current liabilities	(2,525)	–	–	(2,525)
Total liabilities	(16,680)	–	–	(16,680)
Net assets	2,994	–	–	2,994
Equity				
Share capital	185	–	–	185
Share premium	12,322	–	–	12,322
Capital reserve	4,909	–	–	4,909
Hedging reserve	–	–	–	–
Retained earnings	(14,422)	–	–	(14,422)
Equity attributable to owners of the Company	2,994	–	–	2,994

Year ended 31 July 2016

The transition to IFRS has had no impact on the Statement of Financial Position as previously reported under UK GAAP

32. Comparative Consolidated Statement of Comprehensive Income for the three years ended 31 July 2016

The information in this Note 32 in respect of the 12 months ended 31 July 2014 and the 12 months ended 31 July 2015 is unaudited and has been prepared from the Group's accounting records using the accounting policies set out in note 2 to the Historical Financial Information.

	Unaudited 12 months ended 31 July 2014 £'000	*Unaudited 12 months ended 31 July 2015 £'000*	*Audited 12 months ended 31 July 2016 £'000*
Revenue	52,797	64,100	79,028
Cost of sales	(39,764)	(47,286)	(58,364)
Gross profit	13,033	16,814	20,664
Distribution costs	(1,129)	(1,140)	(1,194)
Administration expenses	(10,208)	(10,922)	(12,784)
Other income	14	15	14
Profit from operations	1,710	4,767	6,700
Finance income	127	–	–
Finance costs	(1,904)	(471)	(441)
(Loss)/profit before taxation	(67)	4,296	6,259
Income tax	(92)	(738)	(1,361)
(Loss)/profit for the year	(159)	3,558	4,898
Fair value movements on cash flow hedging instruments	–	–	441
Foreign currency retranslation	(33)	134	19
Other comprehensive income	(33)	134	460
Total comprehensive income for period attributable to the owners of the Company	(192)	3,692	5,358
	pence	*pence*	*pence*
(Loss)/earnings per share – basic	(40)	1,920	2,652
(Loss)/earnings per share – adjusted	(0.1)	4.8	6.6

32a. Revenue Analysis

Analysis of revenue split by major products:

	Unaudited 12 months ended 31 July 2014 £'000	*Unaudited 12 months ended 31 July 2015 £'000*	*Audited 12 months ended 31 July 2016 £'000*
Small domestic appliances	12,377	13,232	20,820
Housewares	11,446	11,597	15,633
Audio	2,932	8,582	13,048
Laundry	557	4,297	7,974
Luggage	4,573	4,454	4,561
Heating & cooling	7,455	7,317	4,454
Others	13,457	14,621	12,538
	52,797	64,100	79,028

Analysis of revenue split by geographical location:

	Unaudited 12 months ended 31 July 2014 £'000	*Unaudited 12 months ended 31 July 2015 £'000*	*Audited 12 months ended 31 July 2016 £'000*
United Kingdom	43,646	47,696	58,504
Europe	4,163	10,597	17,259
USA	3,007	5,281	628
Rest of World	1,981	526	2,637
	52,797	64,100	79,028

PART 11

DETAILS OF THE OFFER

1. Summary of the Offer

This Part 11 should be read in conjunction with Part 4 (Expected Timetable of Principal Events and Offer Statistics) of this Prospectus.

The Offer Price per Share is 128 pence and the Offer comprises an offer of, in aggregate, 41,084,800 Ordinary Shares. All of the Offer Shares are Existing Shares being offered by the Selling Shareholders to certain institutional and other investors in the United Kingdom and elsewhere outside the United States in accordance with Regulation S or another exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act.

The sale of the 41,084,800 Existing Shares will raise net proceeds for the Selling Shareholders of approximately £50.2 million (after the deduction of placing commissions, amounts in respect of tax and amounts in respect of estimated fees and expenses for which the Selling Shareholders are liable of approximately £2.4 million, in aggregate).

All Existing Shares sold or issued pursuant to the Offer will be sold or issued, payable in full, at the Offer Price. The Offer Price has been determined by the Banks in consultation with the Company.

The Offer is subject to satisfaction of the conditions set out in the Sponsor and Placing Agreement, including Admission occurring and becoming effective by no later than 8.00 a.m. on the Closing Date or such later time and/or date as the Company and the Banks may agree, being not later than 8.00 a.m. on 31 March 2017, and to the Sponsor and Placing Agreement not having been terminated in accordance with its terms.

If admitted to trading, the Ordinary Shares will be registered with ISIN GB00BYX7MG58 and SEDOL number BYX7MG5, and will trade under the TIDM symbol "UPGS". Admission is expected to take place and dealings in the Ordinary Shares are expected to commence on the London Stock Exchange on 6 March 2017.

Immediately following Admission, in excess of 25 per cent. of the Company's issued ordinary share capital will be held in 'public hands' (within the meaning of paragraph 6.1.19 of the Listing Rules).

The Existing Shares being offered for sale by Selling Shareholders will, on Admission, rank *pari passu* in all respects and will rank in full for all dividends and other distributions after that date declared, made or paid on the ordinary share capital of the Company. The Ordinary Shares will be freely transferable in accordance with the Articles and will be credited as fully paid and free from all liens, equities, charges, encumbrances and other interests.

The Ordinary Shares have not been, and will not be, registered under the US Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States. The Ordinary Shares offered pursuant to this Prospectus may not be offered or sold, directly or indirectly, in, into or from the United States or to or for the account or benefit of any persons within the United States except under an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act.

Certain restrictions that apply to the distribution of this Prospectus and the Ordinary Shares being sold under the Offer in jurisdictions outside the United Kingdom are described in paragraph 7 below.

The following table sets out the number of Ordinary Shares the Selling Shareholders are selling in the Offer and the interests of the Selling Shareholders following Admission:

	At the date of this Prospectus		*Immediately following Admission*	
Selling Shareholder	*No of Ordinary Shares*	*% of Issued Share Capital*	*No of Ordinary Shares*	*% of Issued Share Capital*
Simon Showman[1]	37,061,200	45.1	18,530,600[2]	22.6
Barry Franks	20,540,800	25.0	10,270,400	12.5
Andrew Gossage	16,104,800	19.6	8,052,400[3]	9.8
David Bloomfield	1,890,000	2.3	945,000	1.2
Graham Screawn	821,600	1.0	410,800	0.5
Duncan Loch	821,600	1.0	410,800	0.5
Duncan Singleton	821,600	1.0	410,800	0.5
Eddie Edwards	821,600	1.0	410,800	0.5
Peter Rawley	821,600	1.0	410,800	0.5
Tommy Singh	410,800	0.5	205,400	0.2
Craig Holden	410,800	0.5	205,400	0.2
Emma Greenhalgh	410,800	0.5	205,400	0.2
Alison Hadfield	410,800	0.5	205,400	0.2
Jenny Stewart	410,800	0.5	205,400	0.2
Anthony Pole	410,800	0.5	205,400	0.2

Notes:

1. Simon Showman's interest in Existing Shares in the Company at the date of this prospectus includes 18,530,800 Existing Shares held by his wife Hayley Showman.
2. Simon Showman's interest in Existing Shares in the Company immediately following Admission includes 9,265,400 Existing Shares held by his wife Hayley Showman.
3. Andrew Gossage's interest in Existing Shares in the Company includes 4,026,200 Existing Shares to be transferred to his wife Tracy Gossage immediately following Admission.

2. Bookbuilding and allocation under the Offer

The rights attaching to the Ordinary Shares will be uniform in all respects and they will form a single class for all purposes. All Shares sold or issued pursuant to the Offer will be sold or issued, payable in full, at the Offer Price. The purchase of the Offer Shares to be offered under the Offer has not been underwritten by the Banks.

The Banks have solicited indications of interest from prospective institutional and other investors to purchase Offer Shares in the Offer. On this basis, prospective investors have been asked to specify the number of Offer Shares that they are prepared to purchase at different prices.

Allocations under the Offer will be finally determined by the Banks in consultation with the Company in accordance with an allocation policy to be determined by the Banks.

Upon accepting any allocation, prospective investors will be contractually committed to acquire the number of Shares allocated to them at the Offer Price and, to the fullest extent permitted by law, will be deemed to have agreed not to exercise any rights to rescind or terminate, or otherwise withdraw from such commitment. A number of factors have been considered in determining the Offer Price and the basis of allocation, including the prevailing market conditions, the level and nature of demand for the Offer Shares, the prices bid to acquire the Offer Shares, the intentions of the Selling Shareholders and the objective of establishing an orderly and liquid after-market in the Ordinary Shares. The Offer Price and the number of Offer Shares have been established at a level determined in accordance with these arrangements, taking into account indications of interest received from prospective investors.

3. Dealings and Admission

The Offer is subject to the satisfaction of certain conditions contained in the Sponsor and Placing Agreement, which are typical for an agreement of this nature. Certain conditions are related to events which are outside the control of the Company, the Directors, the Selling Shareholders and the Banks. Further details of the Sponsor and Placing Agreement are described in paragraph 5 below and in paragraph 12 of Part 13 (Additional Information) of this Prospectus.

Application has been made to the FCA for the Ordinary Shares to be admitted to the premium listing segment of the Official List and to the London Stock Exchange for the Ordinary Shares to be admitted to trading on the London Stock Exchange's main market for listed securities.

It is expected that Admission will take place and dealings in the Ordinary Shares will commence on the London Stock Exchange at 8.00 a.m. (London time) on 6 March 2017. Settlement of dealings from that date will be on a two-day rolling basis.

Each investor in the Offer will be required to undertake to pay the Offer Price for the Offer Shares issued or sold to such investor in such manner as shall be directed by the Banks. It is expected that Ordinary Shares allocated to investors in the Offer will be delivered in uncertificated form and settlement will take place through CREST on Admission. No temporary documents of title will be issued. Dealings in advance of crediting of the relevant CREST stock account shall be at the sole risk of the persons concerned.

4. CREST

With effect from Admission, the Articles will permit the holding of Ordinary Shares in the CREST system. CREST is a paperless settlement system allowing securities to be transferred from one person's CREST account to another's without the need to use share certificates or written instruments of transfer. Settlement of transactions in the Ordinary Shares following Admission may take place within the CREST system if any Shareholder so wishes.

CREST is a voluntary system and holders of Ordinary Shares who wish to receive and retain share certificates will be able to do so. Investors applying for Ordinary Shares in the Offer may elect to receive Ordinary Shares in uncertificated form, if that investor is a system member (as defined in the CREST Regulations) with regard to CREST.

5. Placing arrangements

The Company, the Directors, the Selling Shareholders and the Banks have entered into the Sponsor and Placing Agreement pursuant to which the Banks have agreed, subject to certain conditions, to use their reasonable endeavours to procure subscribers and purchasers for the Offer Shares. In the event that they are unable to procure subscribers and purchasers for the Offer Shares, the Banks will not be obliged to purchase or subscribe for the Offer Shares themselves.

The Sponsor and Placing Agreement contains provisions entitling Shore Capital to terminate the Offer (and the arrangements associated with it) at any time prior to Admission in certain circumstances. If this right is exercised, the Offer (and the arrangements associated with it) will lapse and any monies received in respect of the Ordinary Shares will be returned without interest. This right of termination cannot be exercised after Admission.

Further details of the terms of the Sponsor and Placing Agreement are set out in paragraph 12 of Part 13 (Additional Information) of this Prospectus.

6. Lock-up arrangements

The Concert Party, who hold 36,853,400 Ordinary Shares as at Admission, has agreed that, during the period following Admission and expiring on the date 12 months following Admission, subject to certain customary exceptions he or she will not, directly or indirectly, offer, allot, issue, lend, mortgage, assign, charge, pledge, sell or contract to sell, issue or sell options in respect of, or otherwise dispose of, directly or indirectly, or announce an offering of any Ordinary Shares (or any interest therein or in respect thereof) or any other securities exchangeable for, or convertible into, or substantially similar to, Ordinary Shares or enter into any transaction with the same economic effect as the foregoing.

In addition, the Concert Party has agreed that, for a further period following the expiry of their lock-up periods ("**Concert Party Expiry Date**") referred to above and expiring on the 12 months following the Concert Party Expiry Date, subject to certain customary exceptions, he or she will not, directly or indirectly, offer, allot, issue, lend, mortgage, assign, charge, pledge, sell or contract to sell, issue or sell options in respect of, or otherwise dispose of, directly or indirectly, or announce an offering of any Ordinary Shares (or any interest in therein or in respect thereof) or any other securities exchangeable for, or convertible into, or substantially similar to, Ordinary Shares or enter into any transaction with the same economic effect as the foregoing other than through the Banks with a view to maintaining an orderly market in the Company's securities.

The Selling Shareholders (excluding the Concert Party), who hold in aggregate 4,231,400 Ordinary Shares as at Admission, have agreed that, during the period following Admission and expiring on the date 36 months following Admission, subject to certain customary exceptions, he or she will not, directly or indirectly, offer, allot, issue, lend, mortgage, assign, charge, pledge, sell or contract to sell, issue or sell options in respect of, or otherwise dispose of, directly or indirectly, or announce an offering of any Ordinary Shares (or any interest therein or in respect thereof) or any other securities exchangeable for, or convertible into, or substantially similar to, Ordinary Shares or enter into any transaction with the same economic effect as the foregoing.

In addition, the Selling Shareholders (excluding the Concert Party) have agreed that for a further period following expiry of their lock up periods referred to above and expiring on the date 12 months later, subject to certain customary exceptions, he or she will not directly or indirectly, offer, allot, issue, lend, mortgage, assign, charge, pledge, sell or contract to sell, issue or sell options in respect of, or otherwise dispose of, directly or indirectly, or announce an offering of more than 50 per cent. of the Shares held by that Selling Shareholder at Admission (or any interest therein or in respect thereof) or enter into any transaction with the same economic effect as the foregoing.

7. Selling and transfer restrictions

The distribution of this Prospectus and the Offer in certain jurisdictions may be restricted by law and therefore persons into whose possession this Prospectus comes should inform themselves about and observe any restrictions, including those set out in the paragraphs that follow. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

No action has been, or will be, taken in any jurisdiction that would permit a public offering of the Ordinary Shares, or possession or distribution of this Prospectus or any other offering material in any country or jurisdiction where action for that purpose is required. Accordingly, the Ordinary Shares may not be offered or sold, directly or indirectly, and neither this Prospectus nor any other offering material or advertisement in connection with the Ordinary Shares may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any and all applicable rules and regulations of any such country or jurisdiction.

This Prospectus does not constitute an offer to subscribe for or purchase any of the Ordinary Shares offered hereby to any person in any jurisdiction to whom it is unlawful to make such offer or solicitation in such jurisdiction.

7.1 *European Economic Area*

Other than in the United Kingdom, no Ordinary Shares have been offered or sold, or will be offered or sold, in any Relevant Member State, except that the Ordinary Shares may be offered to the public in that Relevant Member State at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

(a) to any legal entity which is a "qualified investor" (as defined in the Prospectus Directive);

(b) to any legal entity which has two or more of (i) an average of at least 250 employees during the last financial year; (ii) a total balance sheet of more than €43 million; and (iii) an annual turnover of more than €50 million as shown in its last annual or consolidated accounts;

(c) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 Prospectus Directive Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the Banks for any such offer; or

(d) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Ordinary Shares shall result in a requirement for the publication by the Company or the Banks of a prospectus pursuant to Article 3 of the Prospectus Directive and each person who initially acquires Ordinary Shares or to whom any offer is made will be deemed to have represented, warranted and agreed to and with the Banks and the Company that it is a "qualified investor" within the meaning of the law in that Relevant Member State implementing Article 2(1)(e) of the Prospectus Directive.

For the purposes of this provision, the expression "an offer to the public of any Ordinary Shares" in relation to any Ordinary Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Ordinary Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Ordinary Shares, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Relevant Member State.

In the case of Ordinary Shares being offered to a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive, such financial intermediary will also be deemed to have represented, acknowledged and agreed that the Ordinary Shares acquired by it in the Offer have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to persons in circumstances which may give rise to an offer of any Ordinary Shares to the public other than their offer or resale in a Relevant Member State to qualified investors as so defined or in circumstances in which the prior consent of the Banks has been obtained to each such proposed offer or resale.

The Company, the Banks and their respective affiliates, and others will rely upon the truth and accuracy of the representation, warranty and agreement referred to above. Notwithstanding the above, a person who is not a qualified investor and who has notified the Banks of such fact in writing may, with the consent of the Banks and the Company, be permitted to purchase Ordinary Shares in the Offer.

7.2 ***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 other jurisdiction of the United States and may not be, directly or indirectly, offered, sold, resold, transferred or delivered into or within the United States except pursuant to an exemption from or in a transaction not subject to the registration requirements of the US Securities Act. The Ordinary Shares are being offered and sold outside the United States in "offshore" transactions exempt from, the registration requirements of the Securities Act in reliance on Regulation S or another exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act.

Each purchaser of Ordinary Shares outside the United States in accordance with Regulation S will be deemed to have represented, agreed and acknowledged that it has received a copy of this Prospectus and such other information as it deems necessary to make an investment decision and that:

(a) it is authorised to consummate the purchase of the Ordinary Shares in compliance with all applicable laws and regulations;

(b) it acknowledges (or if it is a broker-dealer acting on behalf of a customer, its customer has confirmed to it that such customer acknowledges) that the Ordinary Shares have not been, and will not be, registered under the US Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States;

(c) it and the person, if any, for whose account or benefit the purchaser or subscriber is acquiring the Ordinary Shares is purchasing the Ordinary Shares in an offshore transaction, as such term is defined in Rule 902 of the US Securities Act meeting the requirements of Regulation S; and

(d) the Company, the Banks and others will rely upon the truth and accuracy of the acknowledgements, representations and agreements set out above and agrees that, if any of such acknowledgements, representations or agreements deemed to have been made by virtue of its purchase of Ordinary Shares are no longer accurate, it will promptly notify the Company, and if it is acquiring any Ordinary Shares as a fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the acknowledgements, representations and agreements set out above on behalf of each such account.

7.3 ***United Kingdom***

This Prospectus, any supplementary prospectus and any other material relating to the Ordinary Shares is only directed at persons who fall within the definition of 'qualified investor' within the meaning of Article 2(1)(e) of the Prospectus Directive ("**qualified investors**") and that are also (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended) (the "Order"); or (ii) high net worth entities or other persons falling within Articles 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons") or otherwise in circumstances which do not require the publication by the Company of a prospectus pursuant to section 85(1) of FSMA.

7.4 ***Australia***

This Prospectus does not constitute a disclosure document under Part 6D.2 of the Corporations Act 2001 of the Commonwealth of Australia, as amended (the "**Corporations Act**"), and will not be lodged with the Australian Securities and Investments Commission. The Ordinary Shares will not be offered to persons who receive offers in Australia other than with the prior approval of the Banks and on a basis that such offers of Ordinary Shares for issue or sale do not need disclosure to investors under Part 6D.2 of the Corporations Act. Any offer of Ordinary Shares received in Australia is void to the extent that it needs disclosure to investors under the Corporations Act. In particular, offers for the issue or sale of Ordinary Shares will only be made in Australia in reliance on various exemptions from such disclosure to investors provided by Section 708 of the Corporations Act. Any person to whom Ordinary Shares are issued or sold pursuant to an exemption provided by Section 708 of the Corporations Act must not (within 12 months after the issue or sale) offer those Ordinary Shares in Australia unless that offer is itself made in reliance on an exemption from disclosure provided by that section.

7.5 ***Japan***

The Ordinary Shares have not been, and will not be, registered under the Financial Instruments and Exchange Law, as amended (the "**FIEL**"). This Prospectus is not an offer of securities for sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or entity organised under the laws of Japan) or to others for reoffer or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan. No such offer of securities for sale will be made except with the prior approval of the Banks and unless made pursuant to an exemption from the registration requirements under the FIEL and otherwise in compliance with the FIEL and other relevant laws and otherwise in compliance with such law and any other applicable laws, regulations or ministerial guidelines of Japan.

7.6 ***Other jurisdictions***

The Ordinary Shares have not been and will not be registered under the applicable securities laws of the Republic of South Africa or New Zealand. Subject to certain exceptions, the Ordinary Shares may not be offered or sold in the Republic of South Africa or New Zealand or to or for the account or benefit of any resident of the Republic of South Africa or New Zealand.

8. Terms and Conditions of the Offer

8.1 ***Introduction***

These terms and conditions ("**Terms and Conditions**") apply to persons making an offer to acquire Offer Shares under the Offer.

Each person to whom these Terms and Conditions apply, as described above, who confirm their agreement to the Banks and the Company to acquire Offer Shares (which may include the Banks or their respective nominee(s)) (each an "**Investor**") hereby agrees with each of the Banks, the Company and the Selling Shareholders to be bound by these Terms and Conditions as being the terms and conditions upon which the Offer Shares will be issued and sold under the Offer. An Investor shall, without limitation, become so bound if the Banks confirm to the Investor (i) the Offer Price and (ii) its allocation of Offer Shares.

The Company and/or the Banks and/or the Selling Shareholders may require any Investor to agree to such further terms and/or conditions and/or give such additional warranties and/or representations as it (in its absolute discretion) considers necessary and/or may require any such Investor to execute a separate investor letter (an "**Investor Letter**").

8.2 ***Agreement to acquire Offer Shares***

Conditional upon: (i) Admission occurring and becoming effective by no later than 8.00 a.m. on the Closing Date (or such later time and/or date as the Company and the Banks may agree being not later than 8.00 a.m. on 31 March 2017); (ii) the Sponsor and Placing Agreement becoming otherwise unconditional in all respects and not having been terminated in accordance with its terms; and (iii) the Banks confirming to the Investors their allocation of Offer Shares, each Investor agrees to become a member of the Company and agrees to acquire at the Offer Price those Offer Shares allocated to it by the Banks. Each Investor acknowledges that its agreement to acquire the number of Offer Shares allocated to it is not by way of acceptance of a public offer made or to be made by the Company, or the Banks or the Selling Shareholders but is by way of a collateral contract and, accordingly, that section 87Q of the FSMA does not entitle it to withdraw its acceptance in the event that the Company publishes a supplementary prospectus in connection with Admission. To the fullest extent permitted by law, each Investor acknowledges and agrees that it will not be entitled to exercise any remedy of rescission at any time. This does not affect any other rights the Investor may have.

8.3 ***Payment for Offer Shares***

Each Investor undertakes to pay the Offer Price for the Offer Shares acquired by such Investor in the manner and by the time directed by Banks.

Each Investor is deemed to agree that, if it fails to pay the Offer Price for the Offer Shares acquired by such Investor, the Banks may sell any or all of the Offer Shares allocated to that Investor and which have not been paid for on such Investor's behalf and retain from the proceeds, for the relevant Banks' account and benefit (as agent for the Company and the Selling Shareholders (as the case may be)), an amount equal to the aggregate amount owed by the Investor plus any interest due. Any excess proceeds will be paid to the relevant Investor at its risk. The relevant Investor will, however, remain liable and shall indemnify each of the Banks, the Company and the Selling Shareholders on demand for any shortfall below the aggregate amount owed by it and may be required to bear any stamp duty or SDRT or securities transfer tax (together with any interest or penalties) which may arise upon the sale of such Offer Shares on such Investor's behalf. By agreeing to acquire Offer Shares, each Investor confers on the Banks all such authorities and powers necessary to carry out any such sale and agrees to ratify and confirm all actions which the Banks lawfully take in pursuance of such sale.

8.4 ***Representations and warranties***

By agreeing to acquire Offer Shares under the Offer, each Investor which enters into a commitment to acquire Offer Shares will (for itself and any person(s) procured by it to acquire Offer Shares and any nominee(s) for any such person(s)) be deemed to agree, represent and warrant to each of the Company, the Selling Shareholders and the Banks that:

(a) it has read this document in its entirety and it is relying solely on this document (and any supplementary prospectus published by the Company subsequent to the date of this document) and not on any other information given, or representation or statement made at any time, by any person concerning the Group or the Offer. It acknowledges that its participation in the Offer shall be made solely on the terms and conditions set out in these Terms and Conditions, the Sponsor and Placing Agreement and the Articles. It agrees that these Terms and Conditions and the contract note issued by the Banks to such Investor represent the whole and only agreement between the Investor, the Banks, the Selling Shareholders and the Company in relation to the Investor's participation in the Offer and supersedes any previous agreement between any such parties in relation to such participation. It agrees that none of the Company, the Selling Shareholders, the Banks or the Registrar, nor any of their respective directors, officers, partners, agents, consultants, advisers, affiliates, representatives or employees (each an "**affiliate**"), 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. This paragraph 8.4(a) shall not exclude any liability for fraudulent misrepresentation;

(b) it has the funds available to pay the Offer Price in respect of the Offer Shares for which it has given a commitment under the Offer;

(c) the contents of this document (and any supplementary prospectus published by the Company subsequent to the date of this document) are exclusively the responsibility of the Company and its Directors and apart from the responsibilities and liabilities, if any, which may be imposed on the Company, the Selling Shareholders or the Banks by FSMA or the regulatory regime established thereunder, or under the regulatory regime of any jurisdiction where the exclusion of liability under the relevant regulatory regime would be illegal, void or unenforceable, none of Banks, the Company, the Selling Shareholders nor any person acting on their behalf nor any of their respective affiliates accept any responsibility whatsoever for and makes no representation or warranty, express or implied, as to the contents of this document (or any supplementary prospectus published by the Company subsequent to the date of this document) or for any other statement made or purported to be made by it, or on its behalf, in connection with the Group, the Offer Shares or the Offer and nothing in this document (and any supplementary prospectus published by the Company subsequent to the date of this document) will be relied upon as a promise or representation in this respect, whether or not to the past or future. The Banks, the Company and the Selling Shareholders accordingly disclaim all and any responsibility or liability, whether arising in tort, contract or otherwise (save as referred to above), which they might otherwise have in respect of this document (or any supplementary prospectus published by the Company subsequent to the date of this document) or any such statement;

(d) if the laws of any territory or jurisdiction outside the United Kingdom are applicable to its agreement to acquire Offer Shares under the Offer, 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 offer commitment in any territory and that it has not taken any action or omitted to take any action which will result in the Company, the Selling Shareholders, the Banks, the Registrar or any of their respective 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 Offer;

(e) 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 Offer Shares and it is not acting on a non-discretionary basis for any such person;

(f) it agrees that, having had the opportunity to read this document, it shall be deemed to have had notice of all information and representations contained in this document, that it is acquiring Offer Shares solely on the basis of this document (and any supplementary prospectus published by the Company subsequent to the date of this document) and no other information and that in accepting a participation in the Offer it has had access to all information it believes necessary or appropriate in connection with its decision to acquire Offer Shares;

(g) it acknowledges that no person is authorised in connection with the Offer to give any information or make any representation other than as contained in this document (and any supplementary prospectus published by the Company subsequent to the date of this document) and, if given or made, any information or representation must not be relied upon as having been authorised by the Banks, the Company or the Selling Shareholders;

(h) 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 and no instrument under which it acquires Offer Shares (whether as principal, agent or nominee) would be subject to stamp duty or SDRT at the increased rates referred to in those sections and that it, or the person specified by it for registration as a holder of Offer Shares, are not participating in the Offer as nominee or agent for any person or persons to whom the allocation, transfer or delivery of Offer Shares would give rise to such a liability;

(i) it, or the person specified by it for registration as a holder of the Offer Shares, will be liable for any stamp duty or SDRT liability under any of sections 67, 70, 93 or 96 of the Finance Act 1986 (*depositary receipts and clearance services*), registration, documentary or other duties or taxes (including any interest, fines or penalties relating thereto), if any, payable on acquisition of any of the Offer Shares and acknowledge and agree that, save for the Selling Shareholders who have agreed to pay any stamp duty or SDRT under section 87 of the Finance Act 1986, none of the Banks, the Selling Shareholders nor the Company nor any of their respective affiliates nor any person acting on behalf of them will be responsible for any other liability to stamp duty or SDRT resulting from a failure to observe this requirement;

(j) it accepts that none of the Offer Shares have been or will be registered under the laws of any of the United States, Australia, Canada, Japan, the Republic of South Africa or New Zealand. Accordingly, the Offer Shares may not be offered, sold, issued or delivered, directly or indirectly, within any of the United States, Australia, Canada, Japan, the Republic of South Africa or New Zealand unless an exemption from any registration requirement is available;

(k) if it is receiving the details of 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 Offer Shares may be lawfully offered under that other jurisdiction's laws and regulations;

(l) if it is a resident in the EEA (other than the United Kingdom), it is a "qualified investor" within the meaning of the law in the Relevant Member State implementing Article 2(1)(e) of the Prospectus Directive;

(m) if it is outside the United Kingdom, neither this document nor any other offering, marketing or other material in connection with the Offer constitutes an invitation, offer or promotion to, or arrangement with, it or any person whom it is procuring to acquire Offer Shares pursuant to the Offer 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 Offer Shares could lawfully be distributed to and acquired by and held by it or such person without compliance with any unfulfilled approval, registration or other regulatory or legal requirements;

(n) it acknowledges that neither the Banks nor any of their respective affiliates nor any person acting on their behalf is making any recommendations to it, advising it regarding the suitability of any transactions it may enter into in connection with the Offer or providing any advice in relation to the Offer and that participation in the Offer is on the basis that it is not and will not be a client of the Banks or any of their respective affiliates, that the Banks are acting for the Company and no-one else and that none of the Banks nor any of their respective affiliates have any duties or responsibilities to it for providing protections afforded to its or their respective clients or for providing advice in relation to the Offer nor in respect of any representations, warranties, undertaking or indemnities contained in these Terms and Conditions or in any Investor Letter, where relevant;

(o) it acknowledges that it is not located within the United States, it is acquiring Offer Shares in an "offshore transaction" as defined in Regulation S promulgated under the US Securities Act ("**Regulation S**") and where it is acquiring Offer Shares for one or more managed, discretionary or advisory accounts, it is authorised in writing for each such account: (i) to acquire the Offer Shares for each such account; (ii) to make on each such account's behalf the representations, warranties and agreements set out in this document or in any Investor Letter, where relevant; and (iii) to receive on behalf of each such account any documentation relating to the Offer in the form provided by the Company and/or the Banks. It agrees that the provisions of this paragraph shall survive any resale of the Offer Shares by or on behalf of any such account;

(p) it is acting as principal only in respect of the Offer, or, if it is acting for any other person (i) it is and will remain liable to the Company and/or the Banks and/or the Selling Shareholders for the performance of all its obligations as an Investor in respect of the Offer (regardless of the fact that it is acting for another person) (ii) it is both an "authorised person" for the purposes of FSMA and a "qualified investor" within the meaning of article 2(1)(e) of the Prospectus Directive acting as agent for such person and (iii) such person is either (1) a qualified investor or (2) its "client" (as defined in section 86(2) of FSMA) that has engaged it to act as his agent on terms which enable it to make decisions concerning the Offer or any other offers of transferable securities on his behalf without reference to him;

(q) it confirms that any of its clients, whether or not identified to the Banks or any of their respective affiliates, will remain its sole responsibility and will not become clients of the Banks or any of its affiliates for the purposes of the rules of the FCA or for the purposes of any other statutory or regulatory provision;

(r) where it or any person acting on its behalf is dealing with the Banks, any money held in an account with the Banks on its behalf and/or any person acting on its behalf will not be treated as client money within the meaning of the relevant rules and regulations of the FCA which therefore will not require the Banks to segregate such money as that money will be held by the Banks under a banking relationship and not as trustee;

(s) it has not and will not offer or sell any Offer Shares to persons in the United Kingdom, except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their business or otherwise in circumstances which have not resulted and which will not result in an offer to the public in the United Kingdom within the meaning of section 102B of FSMA;

(t) it is an "eligible counterparty" or a "professional investor" within the meaning of Chapter 3 of the FCA's Conduct of Business Sourcebook and it is subscribing for or purchasing the Offer Shares for investment only and not for resale or distribution;

(u) it irrevocably appoints any Director and any director of the Banks 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 acquisition of all or any of the Offer Shares for which it has given a commitment under the Offer, in the event of its own failure to do so;

(v) it accepts that if the Offer does not proceed or the conditions to the Banks' obligations in respect of such Offer under the Sponsor and Placing Agreement are not satisfied or the Sponsor and Placing Agreement is terminated prior to Admission for any reason whatsoever or such Offer Shares are not admitted to listing on the premium listing segment of the Official List and/or to trading on the London Stock Exchange's main market for listed securities for any reason whatsoever, then neither the Banks nor the Company nor the Selling Shareholders nor any of their respective affiliates, 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;

(w) it has not taken any action or omitted to take any action which will or may result in the Banks, the Company, the Selling Shareholders or any of their respective affiliates being in breach of the legal or regulatory requirements of any territory in connection with the Offer or its acquisition of Offer Shares pursuant to the Offer;

(x) in connection with its participation in the Offer, it has observed all relevant legislation and regulations, in particular (but without limitation) those relating to money laundering and countering terrorist financing including under the Proceeds of Crime Act 2002, the Terrorism Act 2000, the Terrorism Act 2006 and the Money Laundering Regulations 2007 and that its offer commitment is only made on the basis that it accepts full responsibility for any requirement to identify and 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) (the "Money Laundering Directive"); 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 the Money Laundering Directive;

(y) due to anti-money laundering and the countering of terrorist financing requirements, the Banks, and/or the Company and/or the Selling Shareholders may require proof of identity of the Investor and related parties and verification of the source of the payment before the Offer commitment can be processed and that, in the event of delay or failure by the Investor to produce any information required for verification purposes the Banks, and/or the Company and/or the Selling Shareholders may refuse to accept the Offer commitment and the subscription and/or purchase moneys relating thereto. It holds harmless and will indemnify the Banks, and/or the Company and/or the Selling Shareholders against any liability, loss or cost ensuing due to the failure to process the Offer commitment, if such information as has been required has not been provided by it or has not been provided on a timely basis;

(z) it is aware of the obligations regarding insider dealing in the Criminal Justice Act 1993, the Market Abuse Regulation (596/2014/EU) and the Proceeds of Crime Act 2002 and confirms that it has complied and will continue to comply with those obligations;

(aa) it and each person or body (including, without limitation, any local authority or the managers of any pension fund) on whose behalf it accepts Offer Shares pursuant to the Offer or to whom it allocates such Offer Shares have the capacity and authority to enter into and to perform their obligations as an Investor of the Offer Shares and will honour those obligations;

(bb) as far as it is aware it is not acting in concert (within the meaning given in the Takeover Code) with any other person in relation to the Company and it is not a related party of the Company for the purposes of the Listing Rules;

(cc) the Banks are entitled to exercise any of their rights under the Sponsor and Placing Agreement or any other right in their absolute discretion, including the right to terminate the Sponsor and Placing Agreement, without any liability whatsoever to either of them (or any agent acting on their behalf) and the Banks shall not have any obligation to consult or notify Investors in relation to any right or discretion given to them or which they are entitled to exercise;

(dd) the Banks expressly reserve the right to determine, at any time prior to Admission, not to proceed with the Offer. If such right is exercised, the Offer (and the arrangements associated with it) will lapse and any monies received in respect of the Offer will be returned to Investors without interest;

(ee) the representations, undertakings and warranties given by an Investor as contained in this document or in any Investor Letter, where relevant, are irrevocable. It acknowledges that the Banks, the Selling Shareholders and the Company and their respective affiliates will rely upon the truth and accuracy of such representations, undertakings and warranties and it agrees that if any of the representations, undertakings or warranties made or deemed to have been made by its application for Offer Shares are no longer accurate, it shall promptly notify the Banks and the Company;

(ff) it confirms that it is not and at Admission will not be, an affiliate of the Company or a person acting on behalf of such affiliate and it is not acquiring Offer Shares for the account or benefit of an affiliate of the Company or of a person acting on behalf of such an affiliate;

(gg) nothing has been done or will be done by it in relation to the Offer that has resulted or could result in any person being required to publish a prospectus in relation to the Company or to any Ordinary Shares in accordance with FSMA or the Prospectus Rules or in accordance with any other laws applicable in any part of the EU or the EEA;

(hh) it will (or will procure that its nominee will) if applicable, make notification to the Company of the interest in its Ordinary Shares in accordance with Rule 5 of the Disclosure and Transparency Rules as they apply to the Company;

(ii) it accepts that the allocation of Offer Shares shall be determined by the Banks following consultation with the Company and that the Banks may scale down any Offer commitments on such basis as it may determine; and

(jj) time shall be of the essence as regards its obligations to settle payment for the Offer Shares and to comply with its other obligations under the Offer.

8.5 ***Indemnity***

Each Investor irrevocably agrees, on its own behalf and on behalf of any person on whose behalf it is acting, to indemnify and hold the Company, the Selling Shareholders and the Banks and their respective affiliates harmless from any and all costs, or claims, liabilities and expenses (including legal fees and expenses) arising out of any breach by it or any person on whose behalf it is acting, of the representations, warranties, undertakings, agreements and acknowledgements in these Terms and Conditions.

8.6 ***Supply and disclosure of information***

If the Banks, the Selling Shareholders, the Registrar or the Company or any of their agents request any information in connection with an Investor's agreement to acquire Offer Shares under the Offer or to comply with any relevant legislation, such Investor must promptly disclose it to them.

8.7 ***Miscellaneous***

(a) The rights and remedies of the Company, the Selling Shareholders, the Banks and the Registrar 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.

(b) On the acceptance of its Offer commitment, if an Investor is a discretionary fund manager, that Investor 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 Offer will be sent at the Investor's risk. They may be returned by post to such Investor at the address notified by such Investor.

(c) Each Investor agrees to be bound by the Articles (as amended from time to time) once the Offer Shares, which the Investor has agreed to acquire pursuant to the Offer, have been acquired by the Investor. The contract to acquire Offer Shares under the Offer and the appointments and authorities mentioned in this document will be governed by and construed in accordance with, the laws of England and Wales. For the exclusive benefit of the Company, the Selling Shareholders, the Banks and the Registrar, each Investor 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 an Investor in any other jurisdiction.

(d) In the case of a joint agreement to acquire Offer Shares under the Offer, references to an "Investor" in these terms and conditions are to each of the Investors who are a party to that joint agreement and their liability is joint and several.

(e) The Banks, the Selling Shareholders and the Company expressly reserve the right to modify the Offer (including, without limitation, its timetable and settlement) at any time before allocations are determined including the right of the Banks to notify to the Company the extension for the dates and times for satisfaction of any or all of the conditions in the Sponsor and Placing Agreement (provided that such conditions are not extended beyond 8.00 a.m. on 31 March 2017).

(f) The Offer is subject to the satisfaction of the conditions contained in the Sponsor and Placing Agreement and the Sponsor and Placing Agreement not having been terminated in accordance with its terms. For further details of the terms of the Sponsor and Placing Agreement please refer to paragraph 12 of Part 13 (Additional Information) of this Prospectus.

(g) The Banks may, and their respective affiliates acting as an investor for its or their own account(s) may, acquire Offer Shares and, in that capacity may retain, purchase, offer to sell or otherwise deal for its or their own account(s) in the Offer Shares, any other securities of the Company or other related investments in connection with the Offer or otherwise. Accordingly, references in these Terms and Conditions to the Offer Shares being offered, subscribed, sold, acquired or otherwise dealt with should be read as including any offer to, or subscription, acquisition or dealing by, the Banks and/or any of their respective affiliates acting as an investor for its or their own account(s). Neither the Banks nor the Company intend to disclose the extent of any such investment or transaction otherwise than in accordance with any legal or regulatory obligation to do so.

(h) The Selling Shareholders have agreed to pay any stamp duty chargeable on a transfer on sale of Offer Shares and/or stamp duty reserve tax chargeable on an agreement to transfer Offer Shares arising in the United Kingdom (currently at a rate of 0.5 per cent.) on the initial sale of Offer Shares under the Offer. Each Investor which acquires Offer Shares will be deemed to undertake that it agrees that it is liable for any capital duty, stamp duty, stamp duty reserve tax and all other stamp, issue, securities, transfer registration, documentary or other duties or taxes (including any interest, fines or penalties relating thereto) payable outside the United Kingdom by such Investor or any other person on the acquisition by such Investor of any Offer Shares or the agreement by such Investor to acquire any Offer Shares.

PART 12

TAXATION

The following statements are intended only as a general guide to certain UK tax considerations relevant to prospective investors in the Ordinary Shares. They do not purport to be a complete analysis of all potential UK tax consequences of acquiring, holding or disposing of Ordinary Shares. They are based on current UK tax law and what is understood to be the current published practice (which may not be binding) of HMRC as at the date of this Prospectus, both of which are subject to change, possibly with retrospective effect. The following statements relate only to Shareholders who are resident (and, in the case of individuals, resident and domiciled) for tax purposes in (and only in) the UK (except insofar as express reference is made to the treatment of non-UK residents), who hold their Ordinary Shares as an investment (other than under an individual saving account) and who are the absolute beneficial owners of both the Ordinary Shares and any dividends paid on them. The tax position of certain categories of Shareholders who are subject to special rules, such as persons who acquire (or are deemed to acquire) their Ordinary Shares in connection with their (or another person's) office or employment, traders, brokers, dealers in securities, insurance companies, banks, financial institutions, investment companies, tax-exempt organisations, persons connected with the Company or the Group, persons holding Ordinary Shares as part of hedging or conversion transactions, Shareholders who are not domiciled or not resident in the UK, collective investment schemes, trusts and those who hold 5 per cent. or more of the Ordinary Shares, is not considered. Nor do the following statements consider the tax position of any person holding investments in any HMRC-approved arrangements or schemes, including the enterprise investment scheme, venture capital scheme or business expansion scheme, able to claim any inheritance tax relief or holding Ordinary Shares in connection with a trade, profession or vocation carried on in the UK (whether through a branch or agency or, in the case of a corporate Shareholder, permanent establishment or otherwise).

Prospective Shareholders who are in any doubt as to their tax position, or who may be subject to tax in a jurisdiction other than the UK are strongly recommended to consult their own professional advisers.

1. Taxation of Dividends

The Company will not be required to withhold amounts on account of UK tax at source when paying a dividend.

As of 1 April 2016 the notional dividend tax credit system was abolished. Instead, as announced in Summer Budget 2015, and Budget 2016, UK individuals are given an annual tax-free allowance of £5,000 (which is taxed at 0 per cent.) on dividend income per tax year. Dividend income in excess of £5,000 will be taxed at the following rates: 7.5 per cent. (basic rate taxpayers); 32.5 per cent. (higher rate taxpayers); and 38.1 per cent. (additional rate taxpayers). The new legislation forms part of the Finance Act 2016.

Shareholders that are within the charge to corporation tax will be subject to corporation tax on dividends paid by the Company, unless (subject to special rules for such Shareholders that are small companies) the dividends fall within an exempt class and certain other conditions are met. Each Shareholder's position will depend on its own particular circumstances, although it would normally be expected that the dividends paid by the Company would fall within an exempt class.

A Shareholder tax resident outside the United Kingdom should not be subject to UK taxation but may be subject to foreign taxation on dividend income under local law. Shareholders who are not resident for tax purposes in the United Kingdom should obtain their own tax advice concerning tax liabilities on dividends received from the Company.

2. Taxation of Capital Gains

Individual and corporate Shareholders who are resident in the United Kingdom may, depending on their circumstances (including the availability of allowances, exemptions or reliefs) be liable to UK taxation on capital gains in respect of any gains arising from a sale or other disposal of shares.

An individual Shareholder who is taxed at the basic rate may be subject to capital gains tax at 10 per cent. Shareholders who are higher or additional rate tax payers may be subject to capital gains tax at 20 per cent. Corporate Shareholders who are resident in the United Kingdom may be subject to corporation tax on chargeable gains. The current rate of corporation tax is 20 per cent.

An individual Shareholder who is only temporarily resident outside the United Kingdom may, under anti-avoidance legislation, still be liable to UK tax on any capital gain realised (subject to available allowances, exemptions or reliefs) upon a sale or other disposal of Ordinary Shares.

Shareholders who are not tax resident in the United Kingdom and, in the case of an individual Shareholder, not temporarily non-resident, will not be liable for UK tax on capital gains realised on a sale or other disposal of their Ordinary Shares unless such Ordinary Shares are used, held or acquired for the purposes of a trade, profession or vocation carried on in the United Kingdom through a branch or agency or, in the case of a corporate Shareholder, through a permanent establishment. Shareholders who are not resident in the United Kingdom may be subject to foreign taxation on any gain under local law.

3. Inheritance Tax

Shares will be assets situated in the United Kingdom for the purposes of UK inheritance tax. A gift of such assets by, or upon the death of, an individual holder of such assets may (subject to certain exemptions and reliefs) give rise to a liability to UK inheritance tax, even if the holder is or was neither domiciled in the United Kingdom nor deemed to be domiciled there. Generally, UK inheritance tax is not chargeable on gifts to individuals if the transfer is made more than seven complete years prior to death of the donor. For inheritance tax purposes, a transfer of assets at less than full market value may be treated as a gift and particular rules apply to gifts where the donor reserves or retains some benefit. Special rules also apply to close companies and to trustees of settlements who hold Ordinary Shares bringing them within the charge to inheritance tax. Holders of Ordinary Shares should consult an appropriate professional adviser if they make a gift of any kind or intend to hold any Ordinary Shares through a trust or similar indirect arrangements. They should also seek professional advice in a situation where there is potential for a double charge to UK inheritance tax and an equivalent tax in another country or if they are in any doubt about their UK inheritance tax position.

4. Stamp Duty and Stamp Duty Reserve Tax ("SDRT")

The statements in this section are intended as a general guide to the current UK stamp duty and SDRT position. Investors should note that certain categories of person are not liable to stamp duty or SDRT and others may be liable at a higher rate or may, although not primarily liable for tax, be required to notify and account for SDRT under the Stamp Duty Reserve Tax Regulations 1986.

General

Except in relation to depositary receipt systems and clearance services (to which the special rules outlined below apply), no stamp duty or SDRT will arise on the issue of Ordinary Shares in registered form by the Company. An unconditional agreement to transfer shares will normally give rise to a charge to SDRT at the rate of 0.5 per cent. of the amount or value of the consideration payable for the transfer. SDRT is a liability of the purchaser. Instruments transferring Ordinary Shares will generally be subject to stamp duty at the rate of 0.5 per cent. of the consideration given for the transfer (the amount of duty to be rounded up to the next £5, if necessary). The purchaser normally pays the stamp duty. An exemption from stamp duty is available on an instrument transferring Ordinary Shares where the amount or value of the consideration is £1,000 or less, and it is certificated on the instrument that the transaction effected by the instrument does not form part of a larger transaction or series of transactions for which the aggregate consideration exceeds £1,000. If a duly stamped or exempt transfer completing an agreement to transfer Ordinary Shares is produced within six years of the date on which the agreement is made (or, if the agreement is conditional, the date on which the agreement becomes unconditional), any SDRT paid is generally repayable, normally with interest, and otherwise the SDRT is cancelled.

The Selling Shareholders will meet any liability to stamp duty and/or SDRT of initial purchasers of Existing Shares pursuant to the Offer at the normal rate that will arise on such sale under the Offer.

CREST

Paperless transfers of Ordinary Shares within the CREST system are generally liable to SDRT, rather than stamp duty, at the rate of 0.5 per cent. of the amount or value of the consideration payable. CREST is obliged to collect SDRT on relevant transactions settled within the CREST system. Deposits of Ordinary Shares into CREST will not generally be subject to SDRT or stamp duty, unless the transfer into CREST is itself for consideration.

Depositary receipt systems and clearance services

Following the European Court of Justice decision in C-569/07 HSBC Holdings plc and Vidacos Nominees Limited v The Commissioners for Her Majesty's Revenue & Customs and the First-tier Tax Tribunal decision in SBC Holdings Plc and The Bank of New York Mellon Corporation, v The Commissioners for Her Majesty's Revenue & Customs has confirmed that 1.5 per cent. SDRT is no longer payable when new shares are issued to a clearance service or depositary receipt system.

Where Ordinary Shares are transferred (as opposed to issued) (a) to, or to a nominee or an agent for, a person whose business is or includes the provision of clearance services or (b) to, or to a nominee or an agent for, a person whose business is or includes issuing depositary receipts, stamp duty or SDRT will generally be payable at the higher rate of 1.5 per cent. of the amount or value of the consideration given (rounded up in the case of stamp duty, if necessary, to the next £5) or, in certain circumstances, the value of the Ordinary Shares. Any liability for stamp duty or SDRT in respect of a transfer into a clearance service or depositary receipt system, or in respect of a transfer within such a service, which does arise, will strictly be accountable by the clearance service or depositary receipt system operator or their nominee, as the case may be, but will, in practice, be payable by the participants in the clearance service or depositary receipt system. There is an exception from the 1.5 per cent. charge on the transfer to, or to a nominee or agent for, a clearance service where the clearance service has made and maintained an election under section 97A(1) of the Finance Act 1986, which has been approved by HMRC. In these circumstances, SDRT at the rate of 0.5 per cent. of the amount or value of the consideration payable for the transfer will arise on any transfer or sale of Ordinary Shares into such an account and on subsequent agreements to transfer such Ordinary Shares within such account. The sale of Ordinary Shares by the Selling Shareholders will attract a liability to stamp duty and/or SDRT as described above. The Selling Shareholders will meet the liability to stamp duty and/or SDRT of initial purchasers of Ordinary Shares pursuant to the Offer at the normal rate of 0.5 per cent. that will arise on such sale under the Offer.

5. Close Company

It is likely that the Company and each member of the Group is a "close company" within the meaning of Part 10 of the Corporation Tax Act 2010 as at the date of this Prospectus. It is unlikely that the Company and each member of the Group will be a close company following the close of the Offer, however this is dependent on the voting power controlled by certain Shareholders, and cannot be definitively determined. If the Company is a close company following the close of the Offer, certain transactions entered into by the Company or other members of the Group may have tax implications for Shareholders. In particular, certain gifts, transfers of assets at less than market value or other transfers of value by the Company or other members of the Group may be apportioned to Shareholders for the purposes of UK inheritance tax, although the payment of a dividend to a Shareholder or the payment of dividends or transfers of assets between members of the Group will not normally attract such an apportionment. Any charge to UK inheritance tax arising from such a transaction will primarily be a liability of the relevant company, although in certain circumstances Shareholders may be liable for the tax if it is left unpaid by that company. In addition, any transfer of assets at less than market value by the company or other members of the Group may result in a reduction of a Shareholder's base cost in his Ordinary Shares for the purposes of UK taxation of capital gains, although transfers of assets between members of the Group will normally attract such treatment.

Shareholders should consult their own professional advisers on the potential impact of the close company rules.

THE DISCUSSION ABOVE IS A GENERAL SUMMARY. IT DOES NOT COVER ALL TAX MATTERS THAT MAY BE OF IMPORTANCE TO A PROSPECTIVE INVESTOR. EACH PROSPECTIVE INVESTOR IS URGED TO CONSULT ITS OWN TAX ADVISOR ABOUT THE TAX CONSEQUENCES TO IT OF AN INVESTMENT IN THE ORDINARY SHARES IN LIGHT OF THE INVESTOR'S OWN CIRCUMSTANCES.

PART 13

ADDITIONAL INFORMATION

1. Responsibility statement

The Company and the Directors, whose names appear on page 38 (Part 3) of this Prospectus, accept responsibility for the information contained in this Prospectus. To the best of the knowledge of the Company and the Directors (each of whom has taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and contains no omission likely to affect the import of such information.

2. History and development

2.1 The Company was incorporated and registered in England and Wales on 21 April 2005 as a private company limited by shares under the Companies Act 1985 with the name "Inhoco 3201 Limited" and with the registered number 05432142.

2.2 On 11 August 2005, pursuant to a special written resolution passed by the members of the Company, the Company changed its name to "Ultimate Products Holdings Limited". On 8 October 2012, pursuant to a special written resolution passed by the members of the Company, the Company changed its name to "UP Global Sourcing Holdings Limited".

2.3 On 13 February 2017, pursuant to special written resolutions passed by the members of the Company, the Company was re-registered as a public limited company, changed its name to "UP Global Sourcing Holdings plc" and adopted new articles of association.

2.4 The Company's registered office is at Manor Mill, Victoria Street, Chadderton, Oldham, Greater Manchester OL9 0DD. It is domiciled in the United Kingdom. The Company's telephone number is +44 (0)161 627 1400. The Company trades under the name "Ultimate Products".

2.5 The principal laws and legislation under which the Company operates and the Ordinary Shares have been created are the Companies Act and regulations made under that Act.

2.6 The business of the Company, and its principal activity, is to act as the holding company of the companies listed in paragraph 16 below.

3. Share capital

3.1 As at the date of this Prospectus, the issued share capital of the Company, all of which was fully paid up and held by the Company, is as follows:

	At the date of this Prospectus		*Immediately following Admission*	
Selling Shareholders	*No of Ordinary Shares*	*% of the Issued Share Capital*	*No of Ordinary Shares*	*% of the Issued Share Capital*
Simon Showman[1]	37,061,200	45.1	18,530,600[2]	22.6
Barry Franks	20,540,800	25.0	10,270,400	12.5
Andrew Gossage	16,104,800	19.6	8,052,400[3]	9.8
David Bloomfield	1,890,000	2.3	945,000	1.2
Graham Screawn	821,600	1.0	410,800	0.5
Duncan Loch	821,600	1.0	410,800	0.5
Duncan Singleton	821,600	1.0	410,800	0.5
Eddie Edwards	821,600	1.0	410,800	0.5
Peter Rawley	821,600	1.0	410,800	0.5
Tommy Singh	410,800	0.5	205,400	0.2
Craig Holden	410,800	0.5	205,400	0.2
Emma Greenhalgh	410,800	0.5	205,400	0.2
Alison Hadfield	410,800	0.5	205,400	0.2
Jenny Stewart	410,800	0.5	205,400	0.2
Anthony Pole	410,800	0.5	205,400	0.2

Notes:

1. Simon Showman's interest in Existing Shares in the Company includes 18,530,800 Existing Shares held by his wife Hayley Showman.
2. Simon Showman's interest in Existing Shares in the Company immediately following Admission includes 9,265,400 Existing Shares held by his wife Hayley Showman.
3. Andrew Gossage's interest in Existing Shares in the Company includes 4,026,200 Existing Shares to be transferred to his wife Tracy Gossage immediately following Admission.

3.2 On incorporation, the authorised share capital of the Company was £1,000 divided into 1,000 ordinary shares of £1.00 each. One ordinary share of £1.00 was allotted and issued, fully paid to the subscriber to the memorandum of association of the Company (the "Memorandum of Association"), namely Inhoco Formations Limited.

3.3 Since incorporation there have been the following changes to the Company's authorised and issued share capital:

3.3.1 By special resolution passed by the members of the Company on 28 July 2005, the authorised share capital of the Company as specified in the Memorandum of Association was increased to £433,463 (divided into 200,000 A ordinary shares of £1.00 each, 158,256 B ordinary shares of £1.00 each and 75,207 C ordinary shares of £1.00 each).

3.3.2 By ordinary resolution passed by the members of the Company on 12 June 2014, the issued share capital of the Company was re-designated as follows:

Existing class	*Re-designated class*
A ordinary shares of £1.00 each	C ordinary shares of £1.00 each
B ordinary shares of £1.00 each	A ordinary shares of £1.00 each
C ordinary shares of £1.00 each	A ordinary shares of £1.00 each

3.3.3 By special resolution passed by the members of the Company on 12 June 2014, the issued share capital of the Company was reduced from £433,463 to £184,267 by cancelling and extinguishing 249,196 C ordinary shares of £1.00 each. The Company also allotted 1,000 C ordinary shares of £1.00 each on 12 June 2014, meaning that the total issued share capital was £185,267.

3.3.4 By special resolution passed by the members of the Company on 21 December 2015, the issued share capital of the Company was reduced from £185,267 to £184,267 by the cancelling and extinguishing 1,000 C ordinary shares of £1.00 each.

3.3.5 By resolution passed by the Board on 28 February 2017, the Company resolved to issue 21,157 B ordinary shares of £1.00, increasing the issued share capital of the Company to £205,424.

3.3.6 By resolutions passed by the members of the Company on 28 February 2017, the Company resolved to convene a general meeting of the Company on 28 February 2017 at which the following resolutions in connection with the Pre-IPO Reorganisation were passed:

3.3.6.1 the 184,267 A ordinary shares of £1.00 each and the 21,157 B ordinary shares of £1.00 each, both in the capital of the Company, be redesignated into 205,424 ordinary shares of £1.00 each; and

3.3.6.2 the 205,424 ordinary shares of £1.00 each in the capital of the Company be sub-divided into 82,169,600 ordinary shares of 0.25p each.

3.4 Immediately following the Pre-IPO Reorganisation, the issued share capital of the Company, all of which was fully paid up, is set out below:

Number	*Class*	*Nominal Amount (£)*
82,169,600	Ordinary shares of 0.25p each	205,424

3.5 The Company has adopted the Share Incentive Scheme, as more fully described at paragraph 11 of this Part 13.

3.6 Save as disclosed in this paragraph 3 of this Part 13:

3.6.1 no share capital of the Company or any other member of the Group has, within three years of the date of this Prospectus, been issued or agreed to be issued, or is now proposed to be issued (other than pursuant to the Offer), fully or partly paid, either for cash or for a consideration other than cash, to any person;

3.6.2 there has been no change in the amount of the issued share capital of the Company and no material change in the amount of the issued share capital of any other member of the Group (other than intra-group issues by wholly-owned subsidiaries and pursuant to the Pre-IPO Reorganisation) within three years of the date of this Prospectus;

3.6.3 save in connection with the Offer, no commissions, discounts, brokerages or other special terms have been granted by the Company or any other member of the Group in connection with the issue or sale of any share or loan capital of any such company; and

3.6.4 no share capital of the Company is under option or agreed conditionally or unconditionally to be put under option.

3.7 The Company will be subject to the continuing obligations of the UK Listing Authority with regard to the issue of Ordinary Shares for cash. The provisions of section 561(1) of the Companies Act (which confer on Shareholders rights of pre-emption in respect of the allotment of equity securities which are, or are to be, paid up in cash other than by way of allotment to employees under an employees' share scheme as defined in section 1166 of the Companies Act) apply to the unissued share capital of the Company (in respect of which the Directors have authority to make allotments pursuant to section 551 of the Companies Act).

3.8 The Directors fully intend to comply with the guidelines on "Directors' Powers to Allot Share Capital and Disapply Shareholders' Pre-Emption Rights" as published by the Association of British Insurers.

3.9 As at 28 February 2017, being the latest practicable date prior to the publication of this Prospectus, the Company did not hold any Ordinary Shares in treasury.

3.10 There are no present plans to undertake a rights issue or to allot new Ordinary Shares other under the Share Incentive Scheme, as set out in this paragraph 3.

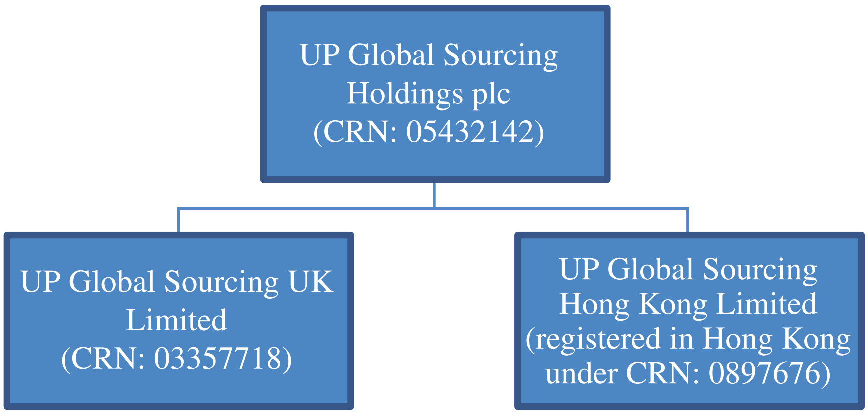
3.11 The issued share capital of the Company, all of which will be fully paid up, as it will be immediately following Admission, is as follows:

Number	*Class*	*Nominal Amount (£)*
82,169,600	Ordinary shares of 0.25p each	205,424

3.12 The Company has no convertible securities, exchangeable securities or securities with warrants in issue.

4. Group Structure

4.1 The diagram below sets out the Group structure as at the date of this Prospectus and as it will be at Admission.



5. Articles of Association

5.1 The Articles, which were adopted by virtue of a special resolution of the Company on 28 February 2017, contain certain provisions, the material provisions of which are set out below. This is a description of significant rights and does not purport to be complete or exhaustive.

5.1.1 *Voting rights*

Subject to paragraph 5.1.6 below, and to any special terms as to voting upon which any shares may for the time being, be held, on a show of hands every member who (being an individual) is present in person or by proxy (being a corporation) is present by a duly appointed representative shall have one vote and on a poll every member present in person or a representative or proxy shall have one vote for every ordinary share in the capital of the Company held by him. A proxy need not be a member of the Company.

5.1.2 *Variation of rights*

If at any time the capital of the Company is divided into different classes of shares, all or any of the rights or privileges attached to any class of shares in the Company may be varied or abrogated with the consent in writing of the holders of three-fourths in nominal value of the issued shares (excluding any shares of that class held as treasury shares) of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. At every such separate general meeting (except an adjourned meeting), the quorum shall be two persons holding or representing by proxy one-third in nominal value of the issued shares of that class.

5.1.3 *Alteration of capital*

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

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

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

5.1.4 *Transfer of Ordinary Shares*

A member may transfer all or any of his Ordinary Shares (1) in the case of certificated Ordinary Shares, by instrument in writing in any usual or common form or in such other form as may be approved by the Directors; and (2) in the case of uncertificated Ordinary Shares, through CREST in requirements of the relevant system concerned. The instrument of transfer of a certificated share shall be executed by or on behalf of the transferor and, if the share is not fully paid, by or behalf of the transferee. The Directors may in their absolute discretion refuse to register a transfer of any share held in certificated form which is not fully paid, provided that dealings in the Ordinary Shares are not prevented from taking place on an open and proper basis. In the case of uncertificated Ordinary Shares, the Directors may only refuse to register a transfer in accordance with the Uncertificated Securities Regulations. The Directors may also refuse to register a transfer of Ordinary Shares (whether fully paid or not) if the transfer is in favour of more than four persons jointly. Subject to that and to paragraph 5.1.6 below, the Articles contain no restrictions on the free transferability of fully paid Ordinary Shares provided that the transfer is in respect of only one class of share and is accompanied by the share certificate and any other evidence of title required by the Directors and that the provisions in the Articles relating to the deposit of instruments for transfer have been complied with.

5.1.5 *Dividends*

5.1.5.1 The Company may, by ordinary resolution, in general meeting declare dividends provided that no dividend shall be paid otherwise than out of profits and no dividend shall exceed the amount recommended by the Directors. The Directors may, from time to time, pay such interim dividends as appear to the Directors to be justified.

5.1.5.2 Subject to the rights of persons, if any, holding Ordinary Shares with special dividend rights, and subject to paragraph 5.1.6 below, all dividends shall be apportioned and paid *pro rata* according to the amounts paid or credited as paid on the Ordinary Shares during any portion or portions of the period in respect of which the dividend is paid. No amount paid or credited as paid in advance of calls shall be regarded as paid on Ordinary Shares for this purpose.

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

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

5.1.6 *Suspension of rights*

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

5.1.7 *Return of capital*

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

5.1.8 *Pre-emption rights*

There are no rights of pre-emption under the Articles in respect of transfers of issued shares.

In certain circumstances, Shareholders may have statutory pre-emption rights under the Companies 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 Shareholders.

5.1.9 *Shareholder Meetings*

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

Annual general meetings, or a meeting at which it is proposed to pass a resolution requiring special notice, are called on at least 21 days' notice in writing, exclusive of the day of which the notice is served or deemed to be served and of the day on which the meeting is to be held. Other general meetings are to be called on 14 days' notice in writing exclusive of the day on which the notice is served or deemed to be served and the day on which the meeting is to be held. Notice is to be given to all members on the register at the close of business on a day determined by the Company, such day being not more than 21 days before the day that the notice of meeting is sent.

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

5.1.10 *Directors*

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

The Directors may authorise a Director to be involved in a situation in which the Director has, or may have, a direct or indirect interest which conflicts, or may conflict, with the interests of the Company and may impose such terms or conditions on the grant of such authorisation as they think fit and, in doing so, will act in such a way, in good faith, as they consider will be most likely to promote the success of the Company.

There is a legal conflict of interest between the interests of the Company and that of the Concert Party in relation to their respective interests in Manor Mill and Heron Mill (their interests being fully detailed in paragraph 14 of Part 13 of this Prospectus). These conflicts of interest have been, and will continue to be, managed in accordance with the Companies Act, by the conflicted directors absenting themselves from any decision of the Board in relation to the leases for each of Manor Mill and Heron Mill respectively. Any such decision will be made by the directors who have no interest in the lease transaction. The Company will also be subject to the obligations set out in Chapter 11 of the Listing Rules in relation to related party transactions.

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

5.1.10.1 the giving of any security, guarantee or indemnity in respect of money lent or obligations incurred by him or by any other person at the request, or for the benefit, of the Company or any of its subsidiary undertakings; or

5.1.10.2 the giving of any security, guarantee or indemnity in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which the Director himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security; or

5.1.10.3 the granting of any indemnity or provision of funding pursuant to the Company's articles of association unless the terms of such arrangement confer upon such director a benefit not generally available to any other director; or

5.1.10.4 an offer of shares or debentures or other securities of or by the Company or any of its subsidiary undertakings for subscription or purchase in which offer he is or is to be or may be entitled to participate as a holder of securities or as an underwriter or sub-underwriter; or

5.1.10.5 any other company in which he or any person connected with him has a direct or indirect interest (whether as an officer or shareholder or otherwise) provided that he and any persons connected with him are not to his knowledge the holder (otherwise than as a nominee for the Company or any of its subsidiary undertakings of or beneficially interested in one per cent., or more of any class of the equity share capital of such company (or of any third company through which his interest is derived) or of the voting rights available to members of the relevant company (any such interest being deemed for the purpose of the relevant Article to be a material interest in all circumstances); or

5.1.10.6 an arrangement for the benefit of the employees of the Company or any of its subsidiary undertakings which does not award him any privilege or benefit not generally awarded to the employees to whom the arrangement relates; or

5.1.10.7 the purchase and/or maintenance of any insurance policy for the benefit of Directors or for the benefit of persons including Directors.

Fees may be paid out of the funds of the Company to Directors who are not managing or executive Directors at such rates as the Directors may from time to time determine provided that such fees do not, in the aggregate, exceed the sum of £300,000 per annum (exclusive of value added tax, if applicable) or such other figure as the Company may, by ordinary resolution from time to time, determine.

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

The Directors (including alternate Directors) are entitled to be paid out of the funds of the Company all their travelling, hotel and other expenses properly incurred by them in connection with the business of the Company, including their expenses of travelling to and from meetings of the Directors, committee meetings or general meetings.

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

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

The remuneration and other terms and conditions of appointment of a Director appointed as managing Director or to any other executive office or employment under the Company shall, from time to time (without prejudice to the provisions of any agreement between him and the Company), be fixed by the Directors, or by any committee appointed by the Directors, and may (without limitation) be by way of fixed salary, lump sum, commission on the dividends or profits of the Company (or of any other company in which the Company is interested) or other participation in any such profits or otherwise or by any or all or partly by one and partly by another or others of those modes.

Any statutory provision which, subject to the provisions of the Articles, would have the effect of rendering any person ineligible for appointment as a director or liable to vacate office as a director on account of his having reached any specified age or of requiring special notice or any other special formality in connection with the appointment of any director over a specified age shall not apply to the Company.

5.1.11 *Borrowing powers*

The Board may exercise all the powers of the Company to borrow money and to mortgage or charge all or any of its undertaking, property and assets (present and future) and uncalled capital and subject to any relevant statutes, to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligations of the Company or any third party provided that the Board shall restrict the borrowings of the Company, and exercise all powers of control exercisable by the Company in relation to its subsidiaries, so as to ensure (in relation to its subsidiaries so far as the Board is able) that the aggregate amount for the time being of all borrowings by the Group (excluding any money owed between members of the Group) shall not at any time without the previous sanction of an ordinary resolution of the Company exceed an amount equal to the higher of: (1) three times the adjusted capital and reserves of the Company; and (2) £100 million.

These borrowing powers may be varied by an alteration to the Articles which would require a special resolution of the Shareholders.

6. Notification of major holdings of Ordinary Shares

Whilst disclosure of shareholdings is not a requirement of the Articles, Chapter 5 of the Disclosure and Transparency Rules makes provision regarding notification of certain shareholdings and holdings of financial instruments.

Where a person holds voting rights in the Company as shareholder or through direct or indirect holdings of financial instruments, then the person has an obligation to make a notification to the FCA and the Company of the percentage of voting rights held where that percentage reaches, exceeds or falls below three per cent. or any whole percentage figure above three per cent.

The requirement to notify also applies where a person is an indirect Shareholder and can acquire, dispose of or exercise voting rights in certain cases.

7. Directors', Senior Management's and other interests

7.1 The Directors and members of Senior Management, their functions within the Group and brief biographies are set out in Part 6 (Directors, Senior Management and Corporate Governance) of this Prospectus.

7.2 Each of the Directors can be contacted at the Company's head office address at Manor Mill, Victoria Street, Chadderton, Oldham, Greater Manchester OL9 0DD.

7.3 As at 28 February 2017, being the latest practicable date prior to the date of this Prospectus, no Director or member of Senior Management (or persons connected with them) had any interest (beneficial or otherwise) in the share capital of the Company, save as set out in paragraph 7.4 below.

7.4 The table below sets out certain interests of the Directors and Senior Management (and of persons connected with them) in the share capital of the Company (all of which, unless otherwise stated, are beneficial) as at the date of this Prospectus and as they are expected to be immediately following Admission:

	At the date of this Prospectus		*Immediately following Admission*	
Name	*No of Ordinary Shares*	*% of Issued Share Capital*	*No of Ordinary Shares*	*% of Issued Share Capital*
Director				
Jim McCarthy	Nil	Nil	390,625	0.5
Simon Showman[1]	37,061,200	45.1	18,530,600[2]	22.6
Andrew Gossage	16,104,800	19.6	8,052,400[3]	9.8
Graham Screawn	821,600	1.0	410,800	0.5
Barry Franks	20,540,800	25.0	10,270,400	12.5
Robbie Bell	Nil	Nil	Nil	Nil
Alan Rigby	Nil	Nil	Nil	Nil
Senior Managers				
David Bloomfield	1,890,000	2.3	945,000	1.2
Duncan Loch	821,600	1.0	410,800	0.5
Duncan Singleton	821,600	1.0	410,800	0.5
Peter Rawley	821,600	1.0	410,800	0.5
Craig Holden	410,800	0.5	205,400	0.2

Notes:

1. Simon Showman's interest in Existing Shares in the Company includes 18,530,800 Existing Shares held by his wife Hayley Showman.
2. Simon Showman's interest in Existing Shares in the Company immediately following Admission includes 9,625,400 Existing Shares held by his wife Hayley Showman.
3. Andrew Gossage's interest in Existing Shares in the Company includes 4,026,200 Existing Shares to be transferred to his wife Tracy Gossage immediately following Admission.

Save as set out in this paragraph 7.4, paragraph 7.5 and paragraph 11 below, none of the Directors has, or will have on Admission, any interests in the share or loan capital of the Company or any of its subsidiaries.

7.5 Save as set out in paragraph 14 below, no Director has or has had any interest in any transaction which is or was unusual in its nature or conditions or is or was significant to the business of the Group and which was effected by the Company in the current or immediately preceding financial year or which was effected during an earlier financial year and remains in any respect outstanding or unperformed.

7.6 As at 28 February 2017, being the latest practicable date prior to the date of this Prospectus, there were no outstanding loans granted by any member of the Group to any Director or member of Senior Management, nor by any Director or member of Senior Management to any member of the Group, nor was any guarantee which had been provided by any member of the Group for the benefit of any Director or member of Senior Management, or by any Director or member of Senior Management for the benefit of any member of the Group, outstanding.

7.7 The companies and partnerships of which the Directors and members of Senior Management are, or have been, within the past five years, members of the administrative, management or supervisory bodies or partners (excluding the Company) are as follows:

Name of Director/Member of Senior Management	*Current or former Directorships/ Partnerships*	*Position still held (Y/N)*
Director		
James McCarthy	Poundland Group Plc	N
	Wynnstay Group Plc	Y
	99P Stores Limited	N
	Bargain Limited	N
	Family Bargains (Retail) Limited	N
	Homes & More Limited	N
	Poundland Group Holdings Limited	N
	Poundland Holdings Limited	N
	Poundland International Limited	N
	Poundland Limited	N
	Poundland Retail Limited	N
	Poundland Trustee Limited	N
	Poundland Value Retailing Limited	N
	Poundland Willenhall Limited	N
	Sheptonview Limited	N
	Watchbury FIC Limited	Y
Simon Showman	AJD Property Limited	Y
	BGSA Developments Ltd	Y
	BGSA Property Holdings Limited	Y
	BGSA Property Limited	Y
	DJA Property Limited	Y
	Heron Mill Limited	Y
	International Surplus (UK) Limited	Y
	Simbar Properties Limited	Y
	UP Global Sourcing 2009 Limited	N
	UP Global Sourcing Europe Limited	N
	UP Global Sourcing Trustees Limited	N
	UP Global Sourcing UK Limited	Y
	UP Global Sourcing USA Limited	N
Andrew Gossage	A&T Property Investments Limited	Y
	A&T Property Trading Limited	N
	BGSA Developments Ltd	Y
	BGSA Property Holdings Limited	Y
	BGSA Property Limited	Y
	Heron Mill Limited	Y
	UP Global Sourcing 2009 Limited	N
	UP Global Sourcing Europe Limited	N
	UP Global Sourcing Trustees Limited	N
	UP Global Sourcing UK Limited	Y
	UP Global Sourcing USA Limited	N
	UP Global Sourcing Hong Kong Limited	Y
Graham Screawn	UP Global Sourcing 2009 Limited	N
	UP Global Sourcing Europe Limited	N
	UP Global Sourcing UK Limited	Y
	UP Global Sourcing Hong Kong Limited	Y

Name of Director/Member of Senior Management	*Current or former Directorships/ Partnerships*	*Position still held (Y/N)*
Director (continued)		
Barry Franks	ABC Apartments Limited	Y
	Aplus Apartments Limited	Y
	Berbar Properties Limited	Y
	BGSA Property Holdings Limited	Y
	BGSA Property Limited	Y
	BGSA Developments Ltd	Y
	Heron Mill Limited	Y
	International Surplus (UK) Limited	Y
	Quality Apartments Limited	Y
	Simbar Properties Limited	Y
	Superior Apartments Limited	Y
	Ultimate Apartments Ltd	Y
	UP Global Sourcing Trustees Limited	N
	UP Global Sourcing UK Limited	Y
Alan Rigby	Allyn Consultancy Ltd	Y
Robbie Bell	Keyhale Limited	N
	Locke & Co Ltd	N
	National Energy Services Limited	N
	Sava BX Limited	N
	Screwfix Direct Limited	Y
Senior Management		
David Bloomfield	UP Global Sourcing Holdings Limited	N
	UP Global Sourcing UK Limited	Y
Duncan Loch	None	
Duncan Singleton	Small Electrical Appliance Marketing Association	Y
	Leading Edge Brands Limited	Y
Peter Rawley	UP Global Sourcing Hong Kong Limited	N
Craig Holden	None	

7.8 Save as set out in paragraph 7.7 above, none of the Directors or members of Senior Management has any business interests, or performs any activities, outside the Group which are significant with respect to the Group.

7.9 The Company and the Directors are not aware of any arrangements the operation of which may at a subsequent date result in a change in control of the Company.

7.10 As at the date of this Prospectus, none of the Directors or members of Senior Management has at any time within the last five years:

7.10.1 had any convictions in relation to fraudulent offences;

7.10.2 been associated with any bankruptcies, receiverships or liquidations acting in the capacity of any of the positions set out against the name of the Director or member of Senior Management in paragraph 7.7 above;

7.10.3 been subject to any official public incrimination and/or sanctions by any statutory or regulatory authorities (including designated professional bodies); or

7.10.4 been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer.

7.11 As at the date of this Prospectus there are:

7.11.1 no potential conflicts of interest between any duties to the Company of the Directors and members of Senior Management and their private interests and/or other duties (except as disclosed in paragraph 5.1.10 of Part 13 of this Prospectus); and

7.11.2 no arrangements or understandings with major shareholders, customers, suppliers or others pursuant to which any Director or member of Senior Management was selected as a Director or member of the Senior Management (respectively).

7.12 Save for the Company's code on dealings in securities and the lock-up arrangements described in paragraph 6 of Part 11 (Details of the Offer) of this Prospectus, there are no restrictions agreed by any Director or member of the Senior Management on the disposal within a certain time of their holdings in the Company's securities.

8. Interests of significant Shareholders

8.1 Immediately following Admission, the following persons will be interested (directly or indirectly) in three per cent. or more of the Company's issued ordinary share capital:

Shareholder	*Number of Ordinary Shares*	*% of the Issued Share Capital*
Simon Showman[1]	18,530,600	22.55%
Barry Franks	10,270,400	12.50%
BlackRock Investment Management (UK) Limited	10,177,503	12.39%
Andrew Gossage[2]	8,052,400	9.80%
Henderson Global Investors	4,394,531	5.35%
Miton Asset Management Limited	3,320,313	4.04%
Schroder Investment Management Ltd	2,835,547	3.45%
Ennismore Fund Management	2,812,500	3.42%
M&G Investments	2,468,750	3.00%

Notes:

1. Simon Showman's interest in Existing Shares in the Company includes 9,625,400 Existing Shares held by his wife Hayley Showman.

2. Andrew Gossage's interest in Existing Shares in the Company includes 4,026,200 Existing Shares to be transferred to his wife Tracy Gossage immediately following Admission.

8.2 Save as set out above, the Company is not aware of any person who has, or will immediately following Admission have, a notifiable interest of three per cent. or more of the issued share capital of the Company.

8.3 No Shareholder set out above has (nor will it have) different voting rights attached to the Ordinary Shares it holds to those held by the other Shareholders.

9. Directors' service agreements, letters of appointment, remuneration and other matters

9.1 The Directors and their functions are set out in Part 6 (Directors, Senior Management and Corporate Governance) of this Prospectus.

9.2 Set out below are summary details of the Company's terms of appointment with the Executive Directors:

9.2.1 Simon Showman has entered into a service agreement with the Company dated 28 February 2017, pursuant to which he is engaged by the Company to act as CEO, subject to termination upon 12 months' notice by the Company. The agreement provides for an annual salary of £328,125, a car allowance of £12,500, pension contributions of £39,375 per annum and medical expenses insurance for the Executive Director, his spouse and dependent children under the age of 18. Executive Directors are entitled to 30 days' holiday per annum in addition to normal public holidays. He will be entitled to participate in the Share Incentive Scheme following its adoption by the Group (described at paragraph 11 below). He will also be entitled to a bonus of 60 per cent., 70 per cent., 80 per cent., 90 per cent. or 100 per cent. of his salary subject to the Company's EBITDA forecast being met, exceeded by 7.5 per cent., exceeded by 15 per cent., exceeded by 22.5 per cent. or exceeded by 30 per cent. respectively;

9.2.2 Andrew Gossage has entered into a service agreement with the Company dated 28 February 2017, pursuant to which he is engaged by the Company to act as Managing Director, subject to termination upon 12 months' notice by the Company. The agreement provides for an annual salary of £227,366, a car allowance of £12,500, pension contributions of £27,284 per annum and medical expenses insurance for the Executive Director, his spouse and dependent children under the age of 18. Executive Directors are entitled to 30 days' holiday per annum in addition to normal public holidays. He will be entitled to participate in the Share Incentive Scheme following its adoption by the Group (described at paragraph 11 below). He will also be entitled to a bonus of 60 per cent., 70 per cent., 80 per cent., 90 per cent. or 100 per cent. of his salary subject to the Company's EBITDA forecast being met, exceeded by 7.5 per cent., exceeded by 15 per cent., exceeded by 22.5 per cent. or exceeded by 30 per cent. respectively; and

9.2.3 Graham Screawn has entered into a service agreement with the Company dated 28 February 2017, pursuant to which he is engaged by the Company to act as Chief Financial Officer, subject to termination upon 6 months' notice by the Company. The agreement provides for an annual salary of £110,000, a car allowance of £10,000, pension contributions of £13,200 per annum and medical expenses insurance for the Executive Director, his spouse and dependent children under the age of 18. Executive Directors are entitled to 30 days' holiday per annum in addition to normal public holidays. He will be entitled to participate in the Share Incentive Scheme following its adoption by the Group (described at paragraph 11 below). He will also be entitled to a bonus of 30 per cent., 35 per cent., 40 per cent., 45 per cent. or 50 per cent. of his salary subject to the Company's EBITDA forecast being met, exceeded by 7.5 per cent., exceeded by 15 per cent., exceeded by 22.5 per cent. or exceeded by 30 per cent. respectively.

The bonus arrangements referred to in paragraphs 9.2.1 to 9.2.3 above will commence in the Company's Financial Year 2018.

9.3 On 11 June 2014, the Company approved the Shareholder Bonuses arrangements, payable to Simon Showman and Andrew Gossage. The Shareholder Bonuses pool is calculated based on the achievement of the following agreed Group EBITDA targets for each of the financial years FY 2015, FY 2016 and Financial Year 2017:

9.3.1 if EBITDA is less than £2 million, the Shareholder Bonuses pool is nil;

9.3.2 if EBITDA is between £2 million and £3 million, the Shareholder Bonuses pool is 10 per cent. of the excess above £2 million;

9.3.3 if EBITDA is between £3 million and £4 million, the Shareholder Bonuses pool is £0.1 million plus 15 per cent. of the excess above £3 million; and

9.3.4 if EBITDA is over £4 million, the Shareholder Bonuses pool is £0.25 million plus 20 per cent. of the excess above £4 million.

In FY 2015 and FY 2016, Shareholder Bonuses were £0.7 million and £1.2 million respectively.

9.4 Any remuneration payment to an Executive Director (apart from the Shareholder Bonuses in respect of Financial Year 2017) is subject to the approval of the Company's remuneration policy by shareholder resolution from the date such requirement applies to the Company under the Companies Act.

9.5 Each Director is entitled to be covered by a policy of directors' and officers' insurance.

9.6 Each of the Executive Directors' service agreements contains post-termination restrictions, including a restriction on joining a competitor of the Company for 6 months, as well as a restriction on soliciting or dealing with customers for 6 months. There is also a confidentiality clause and intellectual property restrictions without limit in time.

9.7 Set out below are summary details of the Company's terms of appointment with the Non-Executive Directors.

9.8 The Non-Executive Directors are, subject to shareholder approval, appointed for an initial period of three years and will stand for re-election at each Annual General Meeting of the Company. Thereafter, the Board may invite them to serve an additional period of three years again subject to re-election at each Annual General Meeting. The appointment is terminable by either party on one month's written notice. Continuation of appointment is subject to satisfactory performance and each Non-Executive Director is expected to devote sufficient time to discharge their responsibilities effectively. Reasonable expenses incurred in the proper performance of their duties will be reimbursed. Non-Executive Directors are subject to confidentiality provisions without limit in time.

9.9 The specific details for each Non-Executive Director are below:

9.9.1 the services of James McCarthy as Independent Non-Executive Chairman and Chair of the Nomination Committee are provided under the terms of a letter of appointment between the Company and James McCarthy dated 9 February 2017 conditional on the approval of this Prospectus by the UK Listing Authority and subsequent publication of this Prospectus by the Company. The initial fee is £75,000 per annum in respect of services as Independent Non-Executive Chairman and in respect of services as Chair of the Nomination Committee;

9.9.2 the services of Alan Rigby as Senior Independent Non-Executive Director and Chair of the Remuneration Committee are provided under the terms of a letter of appointment between the Company and Alan Rigby dated 9 February 2017 conditional on the approval of this Prospectus by the UK Listing Authority and subsequent publication of this Prospectus by the Company. The initial fee is £40,000 per annum in respect of services as Senior Independent Non-Executive Director and £5,000 in respect of services as Chair of the Remuneration Committee;

9.9.3 the services of Robbie Bell as Non-Executive Director and Chair of the Audit and Risk Committee are provided under the terms of a letter of appointment between the Company and Robbie Bell dated 9 February 2017 conditional on the approval of this Prospectus by the UK Listing Authority and subsequent publication of this Prospectus by the Company. The initial fee is £40,000 per annum in respect of services as Non-Executive Director and £10,000 in respect of services as Chair of the Audit and Risk Committee; and

9.9.4 the services of Barry Franks as Non-Executive Director are provided under the terms of a letter of appointment between the Company and Barry Franks dated 9 February 2017 conditional on the approval of this Prospectus by the UK Listing Authority and subsequent publication of this Prospectus by the Company. The initial fee is £15,000 per annum in respect of services as Non-Executive Director with a time commitment of 1 day per week. From 6 April 2017, the initial fee and time commitment will increase to £40,000 and 2 days per week respectively.

9.10 The Non-Executive Directors are not entitled to receive any compensation on termination of their appointment and are not entitled to participate in the Company's share, bonus or pension schemes.

9.11 Save as set out in paragraphs 9.2 and 9.9 above, there are no existing or proposed service agreements or letters of appointment between the Directors and any member of the Group.

9.12 No amount has been set aside or accrued by the Group to provide pension, retirement or other benefits to the Directors.

10. Directors' and Senior Manager's remuneration in the financial year ended 31 July 2016

10.1 Under the terms of their service agreements and applicable incentive plans, in FY 2016, the aggregate remuneration and benefits paid to the Directors and Senior Managers who served during FY 2016, consisting of nine individuals, was £2,278,743 on the paid basis including employers national insurance contributions (of which £683,444 was paid to the Senior Managers).

10.2 Under the terms of their service contracts and letters of appointment, in FY 2016 the Directors were remunerated as set out below.

Director	*Salary/Fees & Allowances (£)*	*Bonus (£)*	*Pension Contribution and other benefits (£)*	*Total (£)*
James McCarthy	N/A	N/A	N/A	N/A
Simon Showman	380,000	173,160	188,215	741,375
Andrew Gossage	237,150	225,440	44,069	506,659
Graham Screawn	95,333	10,000	2,672	108,005
Barry Franks	82,500	NIL	3,384	85,884
Robbie Bell	N/A	N/A	N/A	N/A
Alan Rigby	N/A	N/A	N/A	N/A

10.3 There is no arrangement under which any Director has waived or agreed to waive future emoluments nor has there been any waiver of emoluments during the financial year immediately preceding the date of this Prospectus.

10.4 For the financial year ended 31 July 2016, the Group made pension contributions (and other retirement related benefits (if any)) on behalf of the Directors and members of Senior Management who served during FY 2016, consisting of eight individuals in an aggregate amount of £242,866.80.

11. Share Incentive Scheme – the MIP

11.1 Prior to Admission, the MIP Participants will subscribe for the MIP Shares. Subject to a number of provisions described below, the MIP Shares can in future be sold to the Company pursuant to the provisions of the articles of association of UPGS UK and the individual's subscription documentation for an aggregate value equivalent to a maximum of 15 per cent. of the increase in shareholder value ("**Relevant Percentage**") over the Hurdle.

11.2 The MIP Shares are not entitled to receive a dividend where a dividend is declared by UPGS UK only on the ordinary shares held by the Company. UPGS UK does have the flexibility to declare dividends on the MIP class of shares but there is no present intention to declare a dividend on the MIP Shares and any decision to declare a dividend on the MIP class of shares would be subject to the consent of the Board. Any MIP Participants who are members of the Board would not be able to vote on this matter.

11.3 The MIP Shares will have no voting rights.

11.4 MIP Participants have the right to sell all of their MIP Shares to the Company at the end of the Vesting Period.

11.5 The Company will also have a corresponding call right at the end of this Vesting Period. If the MIP Shares have not been purchased by the Company by the specified Long Stop Date, the Company has the ability to buy back the MIP Shares at nominal value.

11.6 The value of the MIP Shares, as a whole, at the Exercise Date will be the Relevant Percentage (i.e. 15 per cent.) multiplied by the amount by which the Ordinary Share price exceeds the Hurdle (based on the 90 day average share price of the Company's Ordinary Shares prior to the Exercise Date) multiplied by the number of issued Ordinary Shares in the Company at the date of Admission.

11.7 The Company may, at its discretion, purchase the MIP Shares for cash or by issuing Ordinary Shares in the Company. The number of Ordinary Shares which would be acquired would be based on the MIP Share value and the share price of the Ordinary Shares on the Exercise Date (calculated as set out above). The maximum number of Ordinary Shares which can be issued on exercise of MIP awards will be set at 6.25 per cent. of the Company's Issued Share Capital. If the MIP awards are settled in cash, the value of the cash amount paid to the MIP Participants will also be subject to this cap (i.e. it will be limited to the value of Ordinary Shares equating to 6.25 per cent. of the Company's Issued Share Capital and the value of the Ordinary Shares will be the Ordinary Share price at the Exercise Date (based on the 90 day average share price of the Ordinary Shares). If the Company chooses to settle the MIP Shares by issuing Ordinary Shares in the Company, the MIP Participants will be restricted from selling 50 per cent. of the Ordinary Shares they receive prior to the fourth anniversary of the date the MIP Shares were issued to the MIP Participant.

11.8 The table below sets out the MIP Participants who will be issued MIP Shares and the number of shares they will each receive. As set out in this paragraph 11, the MIP Shareholders are able to realise value from their MIP Shares by selling their MIP Shares to the Company after the Vesting Period, subject to the Hurdle having been exceeded. The Company may choose to issue Ordinary Shares in the Company to satisfy the consideration owed to the MIP Participants and, if it does, the maximum number of Ordinary Shares which can be issued on exercise of MIP awards will be set at 6.25 per cent. of the Company's Issued Share Capital.

MIP Participant	*Number of MIP Shares*
Simon Showman	48
Andrew Gossage	32
Graham Screawn	8
Jenny Stewart	4
Emma Greenhalgh	4
Yamina Khadri	4

Leavers

11.9 During the Vesting Period, if a MIP Participant ceases to be a director or employee of a member of the Group other than in certain "Good Leaver" circumstances, MIP Participants can be required to transfer their MIP Shares at nominal value.

11.10 A Good Leaver is someone who ceases employment as a result of death, ill health, injury or disability evidenced to the satisfaction of the Board with Company Consent; retirement at the normal retirement age in accordance with the Group's internal policies; or any other reason the Board (acting with Company Consent) permits.

11.11 If the MIP Participant is determined to cease employment in any of these "Good Leaver" circumstances, they will be permitted to retain their MIP Shares (subject to the pro-rating point below) until the expiry of the normal Vesting Period. They will then be able to transfer their MIP Shares to the Company at their fair value, pro-rated by reference to the period of employment as a proportion of the Vesting Period.

11.12 The Company will have flexibility to buy back the relevant proportion of MIP Shares that have not vested (based on the pro-rating above) at an earlier date following cessation of employment.

Dilution Limit

11.13 The number of Ordinary Shares that can be issued to current participants in the MIP cannot exceed 6.25 per cent. of the Company's Issued Share Capital (or such cash value as that represents at the time of the Exercise Date and, in the event of multiple Exercise Dates, including Ordinary Shares issued or cash amounts paid on earlier Exercise Dates).

11.14 In addition, no future award may be granted under the MIP or other employee share plan if, as a result, the number of Ordinary Shares issued or issuable pursuant to awards granted during the previous ten years under the MIP or any other employees' share scheme adopted by the Company would exceed ten per cent of the share capital of the Company in issue on that date.

11.15 For the purposes of the limits set out above:

- any Ordinary Shares which were subject to an award or other right (whether granted under the MIP or any other employees' share scheme) which has lapsed or been surrendered will not count towards the limits set out above;
- any Ordinary Shares issued or then capable of being issued pursuant to any awards or rights obtained prior to Admission shall not count towards the limits set out above;
- where an award (or other right granted under any other employees' share scheme operated by the Company) takes the form of a right to acquire Ordinary Shares from an employee benefit trust established by the Company, such Ordinary Shares will only be counted as "issued or issuable" to the extent to which they have been issued (or there is an intention for them to be issued) by the Company to the trust for the purposes of the MIP or any other employees' share scheme operated by the Company; and
- Ordinary Shares held in treasury which are used to satisfy awards or other rights (whether under the MIP or any other employees' share scheme) shall be taken into account unless and until treasury shares are no longer required by the Investment Management Association to be so included for the purposes of such limits.

Corporate events

11.16 MIP Shareholders would be permitted to sell all of their MIP Shares for fair value on a third party obtaining control of the Company (either to the Company or the third party purchaser). The MIP Shareholders would be entitled to receive fair value for their MIP Shares on an asset sale and on a return of assets on a liquidation. Fair Value would reflect the Hurdle and Relevant Percentage entitlement. On a third party obtaining control of the Company, in determining whether the Hurdle had been exceeded, the Ordinary Share price would be calculated based on the offer price per Ordinary Share.

Adjustments

11.17 The UPGS UK Board, acting with Company Consent, has the absolute discretion to rebase or adjust the Hurdle, the Relevant Percentage, and/or the definition of fair value on the occurrence of adjustment events (including a further issue of Ordinary Shares, any acquisition or disposal by or out of the Group of any company, a special dividend, business or assets or new financing or refinancing arrangements) provided that the adjustment is made on a just and reasonable basis and with a view to ensuring that the MIP Shares are not disadvantaged or benefited by the adjustment.

Administration and amendment

11.18 The MIP is administered by the Remuneration Committee. The Remuneration Committee may amend the provisions of the MIP. The rules of the MIP which relate to the limits on the number of Ordinary Shares which may be issued under the MIP cannot be amended to the advantage of any award holder or potential award holder without the prior approval of the Company in general meeting except for minor amendments to benefit the administration of the MIP, to take account of any change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for award holders or any Group company.

11.19 In addition no amendment may be made to subsisting awards which will have an adverse effect on such awards except with the written consent of the award holders who hold the majority, by number of Ordinary Shares subject to award, of awards affected by the amendment unless the amendment is a minor amendment to benefit the administration of the MIP, to take account of any change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for any award holder or any Group company.

Awards not pensionable

11.20 No awards or benefits under the MIP are pensionable.

12. Sponsor and Placing Agreement and Lock-up arrangements

On 1 March 2017, the Company, the Directors, the Selling Shareholders and the Banks entered into the Sponsor and Placing Agreement. Pursuant to the Sponsor and Placing Agreement:

12.1 the Company confirmed the appointment of Shore Capital as Sponsor, Global Co-ordinator and Bookrunner in connection with the applications for Admission and the Offer;

12.2 the Company confirmed the appointment of Cenkos as Joint Bookrunner in connection with the Offer;

12.3 allocations of the Offer Shares among prospective investors will be determined by the Banks in consultation with the Company in accordance with an allocation policy to be determined by the Banks;

12.4 the Selling Shareholders have agreed, subject to certain conditions, to sell, at the Offer Price, the Existing Shares to be sold in connection with the Offer;

12.5 the Banks have agreed, subject to certain conditions, to use their respective reasonable endeavours to procure purchasers for the Offer Shares at the Offer Price, provided that, in the event that they fail to procure such purchasers, they shall not be obliged itself to purchase such Existing Shares at the Offer Price;

12.6 in consideration for the services provided the Company has agreed to pay to Shore Capital an advisory fee of £300,000 (plus applicable VAT) for acting in its role as Sponsor. Cenkos will be paid an advisory fee of £50,000 (plus applicable VAT). These advisory fees are payable on Admission;

12.7 in consideration for the services provided the Selling Shareholders have agreed to pay to the Banks a commission of 4.0 per cent. of an amount equal to the Offer Price multiplied by the aggregate number of Offer Shares to be sold, split 75 per cent. as to Shore Capital and 25 per cent. as to Cenkos;

12.8 the obligations of the Banks to use their reasonable endeavours to procure purchasers for the Offer Shares are subject to certain conditions. These conditions include the absence of any breach of warranty or undertaking given by the Company, the Directors or the Selling Shareholders under the Sponsor and Placing Agreement and Admission occurring by no later than 8.00 a.m. (London time) on 6 March 2017 (or such later time and/or date as the Banks and the Company may agree but, in any event, no later than 8.00 a.m. on 31 March 2017). In addition, the Banks have the right to terminate the Sponsor and Placing Agreement, exercisable in certain circumstances, prior to Admission. The circumstances include, among others, the occurrence of certain material adverse changes in the condition (financial, operational, legal or otherwise) or in the earnings, business affairs, value, management, reputation of the Company and/or any other member of the Group, and certain changes in financial, political or economic conditions. If this right is exercised, the Offer will lapse, the Company will not seek Admission and any moneys received from investors in respect of the Offer will be returned without interest;

12.9 to the extent permitted by law, the Company has agreed to pay certain of the costs, charges, fees and expenses relating to the Offer (together with any related value added tax);

12.10 each of the Company, the Directors and the Selling Shareholders has given certain warranties and undertakings to the Banks. The liability of each of the Directors and the Selling Shareholders in respect of any breach of warranties and undertakings is limited as to time and amount. The liability of the Company in respect of any breach of warranties and undertakings is not limited as to time or amount;

12.11 the Company has given an indemnity covering certain customary matters to the Banks. The liability of the Company under the indemnity is not limited as to time or amount;

12.12 the parties to the Sponsor and Placing Agreement have given certain covenants to each other regarding compliance with laws and regulations affecting the making of the Offer in relevant jurisdictions;

12.13 the Company has given certain undertakings to the Banks including an undertaking that it will not, without the prior written consent of the Banks, directly or indirectly, offer, issue, lend, mortgage, assign, charge, pledge, sell or contract to sell, issue or sell options in respect of, or otherwise dispose of, directly or indirectly, or announce an offering or issue of, any Ordinary Shares (or any interest therein or in respect thereof) or any other securities exchangeable for, or convertible into, or substantially similar to, Ordinary Shares or enter into any transaction with the same economic effect as any of the foregoing during the period of 180 days from the date of Admission (except in connection with or pursuant to the Share Incentive Scheme);

12.14 the Concert Party who hold Ordinary Shares as at Admission has agreed that, during the period following Admission and expiring on the date 12 months following Admission, subject to certain customary exceptions, he or she will not, directly or indirectly, offer, allot, issue, lend, mortgage, assign, charge, pledge, sell or contract to sell, issue or sell options in respect of, or otherwise dispose of, directly or indirectly, or announce an offering of any Ordinary Shares (or any interest therein or in respect thereof) or any other securities exchangeable for, or convertible into, or substantially similar to, Ordinary Shares or enter into any transaction with the same economic effect as the foregoing;

12.15 in addition, the Concert Party who hold Ordinary Shares as at Admission have agreed that, for a further period following the expiry of their lock-up periods ("**Concert Party Expiry Date**") referred to above and expiring on the 12 months following the Concert Party Expiry Date, subject to certain customary exceptions, he or she will not, directly or indirectly, offer, allot, issue, lend, mortgage, assign, charge, pledge, sell or contract to sell, issue or sell options in respect of, or otherwise dispose of, directly or indirectly, or announce an offering of any Ordinary Shares (or any interest in therein or in respect thereof) or any other securities exchangeable for, or convertible into, or substantially similar to, Ordinary Shares or enter into any transaction with the same economic effect as the foregoing other than through the Banks with a view to maintaining an orderly market in the Company's securities;

12.16 the Selling Shareholders (excluding the Concert Party) who hold Ordinary Shares as at Admission have agreed that, during the period following Admission and expiring on the date 36 months following Admission, subject to certain customary exceptions, he or she will not, directly or indirectly, offer, allot, issue, lend, mortgage, assign, charge, pledge, sell or contract to sell, issue or sell options in respect of, or otherwise dispose of, directly or indirectly, or announce an offering of any Ordinary Shares (or any interest therein or in respect thereof) or any other securities exchangeable for, or convertible into, or substantially similar to, Ordinary Shares or enter into any transaction with the same economic effect as the foregoing; and

12.17 the Selling Shareholders (excluding the Concert Party) who hold Ordinary Shares at Admission have agreed that for a further period following the expiry of their lock-up periods referred to in paragraph 12.16 and expiring on the date 12 months later, subject to certain customary exceptions, he or she will not, directly or indirectly offer, allot, issue, lend, mortgage, assign, charge, pledge, sell or contract to sell, issue or sell options in respect of, or otherwise dispose of, directly or indirectly, or announce an offering of more than 50 per cent. of the shares held by that Selling Shareholder at Admission (or any interest therein or in respect thereof) or enter into any transaction with the same economic effect as the foregoing.

13. Material contracts

Set out below is a summary of (a) each material contract (other than a contract in the ordinary course of business) to which the Company or another member of the Group is a party which has been entered into within the two years immediately preceding the date of this Prospectus; and (b) any other contract (other than a contract in the ordinary course of business) entered into by the Company or another member of the Group which contains a provision under which any member of the Group has any obligation or entitlement which is material to the Group as at the date of this Prospectus.

13.1 Sponsor and Placing Agreement

Details of the Sponsor and Placing Agreement are set out in paragraph 12 above.

13.2 Relationship Agreement

On 1 March 2017, the Concert Party entered into the Relationship Agreement with SCS and the Company. The principal purpose of the Relationship Agreement is to ensure that the Company is capable at all times of carrying on its business independently of the Concert Party and their respective associates. The term 'associates' has the meaning given to it in the Listing Rules. If SCS ceases to act as corporate broker to the Company, the Relationship Agreement shall remain in full force and effect, except that SCS will cease to have any rights or obligations under the agreement (save for any prior rights or obligations which may have accrued). The Relationship Agreement has been signed by each member of the Concert Party and binds the Concert Party collectively and, in the event that a member of the Concert Party becomes a controlling shareholder, each member of the Concert Party is bound on an individual basis.

The Relationship Agreement takes effect from Admission.

Undertakings by the Concert Party

Under the Relationship Agreement, the Concert Party shall, and have agreed to procure that their respective associates shall, amongst other things:

- ensure that no contract or arrangement between any member of the Group and any member of Concert Party or any of their respective associates shall be entered into or varied following Admission unless it is approved by a majority of the independent Directors;
- conduct all transactions and arrangements with any member of the Group on an arm's length basis and on normal commercial terms;
- where any member of the Group has entered into an agreement or arrangement with any member of the Concert Party or any of their respective associates, ensure that decisions by that member of the Group as to implementation, amendment or enforcement of the agreement or arrangement are taken independently of the Concert Party and (so far as they are able) their associates;
- procure that any disputes between any member of the Group and any member of the Concert Party or any of their associates are exclusively dealt with on behalf of that member of the Group by the independent Directors;
- not take any action that would have the effect of preventing the Company or any other member of the Group from complying with its obligations under the Listing Rules;
- not propose or procure a shareholder resolution which is intended or appears to be intended to circumvent the proper application of the Listing Rules;

- not to hold or acquire a material shareholding in one or more significant subsidiary undertakings of the Company save in relation to the Share Incentive Scheme which may be approved by the Remuneration Committee from time to time;
- not to engage in, cause or authorise any conduct which prejudices any member of the Group from carrying on its business independently of the Concert Party and their respective associates;
- not to take any action which precludes or inhibits the Company or any member of the Group from operating independently of the Concert Party or their respective associates;
- not take or intentionally omit to take any action from time to time which would render the Company ineligible for listing on the premium segment of the Official List, without the prior consent of the independent Directors; and
- not to exercise (alone or together with their respective associates) their respective voting rights:
  - i. to control the appointment of directors who are able to exercise a majority of votes at meetings of the Board;
  - ii. to approve an amendment to the Articles which allows for the election or re-election of independent directors to be conducted in accordance with Listing Rules 9.2.2ER and 9.2.2FR;
  - iii. in relation to any transaction or relationship between any member of the Group and himself or any of his respective associates which would be to the detriment of the general body of shareholders of the Company; or
  - iv. to take any action which would be (a) inconsistent with the terms of the Relationship Agreement; (b) have the effect of preventing the Company from complying with its obligations under the Listing Rules; or (c) be intended, or appear to be intended, to circumvent the proper application of the Listing Rules.

13.3 **Shore Capital Engagement Letter**

The Company and the Board entered into a Financial Adviser and Broker Agreement dated 20 January 2017 with SCC and SCS, pursuant to which SCC agreed to act as the Company's Financial Adviser and SCS agreed to act as the Company's broker for a minimum period of 12 months from Admission ("**initial term**") and thereafter terminable by either party on three months' prior written notice after the expiry of the initial term.

13.4 **Cenkos Engagement Letter**

The Company entered into an engagement letter dated 1 December 2016 with Cenkos, pursuant to which Cenkos agreed to act as the Company's joint broker and placing agent. The agreement is terminable on the earlier of Cenkos receiving the fees payable by the Company or by either party giving one month prior written notice. Termination shall not affect any rights or liabilities that have accrued by the Company or Cenkos, in particular in relation to Cenkos' entitlement to the fees.

13.5 **Spectrum Brands**

On 30 April 2014, UPGS UK entered into a trade mark licence agreement with Spectrum Brands pursuant to which it was granted an exclusive licence to use the "Russell Hobbs" trademark ("**RH Mark**") in the United Kingdom and Ireland for the period to 31 March 2017. Under the terms of the licence UPGS UK pays a fixed royalty on revenue generated with a minimum guarantee of £125,000 per annum. Spectrum Brands indemnifies UPGS UK against all claims, liability and expenses arising out of any claim that its use of the RH Mark infringes the rights of any third party (excluding any lost profits). Subject to the foregoing indemnity, UPGS UK indemnifies Spectrum Brands against all claims, liabilities and expenses arising out of the Group's activities under the licence agreement (including any liability arising out of defects in any licensed products). Spectrum Brands may terminate the licence in the event that UPGS UK commits and fails to remedy any breach of the agreement within 14 calendar days of notified of such breach by Spectrum Brands or becomes insolvent. UPGS UK may terminate the licence on giving 90 days' notice in writing.

On 12 July 2016, UPGS UK entered into a trade mark licence agreement with Spectrum Brands pursuant to which it was granted an exclusive licence to use RH Mark in the United Kingdom and Ireland. The licence agreement commences on 1 April 2017 and continues for the period to 31 March 2020. Under the terms of the licence UPGS UK pays a fixed royalty on revenue generated with a minimum guarantee of £150,000 in 2017 rising to £200,000 by 2020. Spectrum Brands indemnifies UPGS UK against all claims, liability and expenses arising out of any claim that its use of the RH Mark infringes the rights of any third party (excluding any lost profits). Subject to the foregoing indemnity, UPGS UK indemnifies Spectrum Brands against all claims, liabilities and expenses arising out of the its activities under the licence agreement (including any liability arising out of defects in any licensed products). Spectrum Brands may terminate the licence in the event that UPGS UK commits and fails to remedy any breach of the agreement within 14 calendar days of notified of such breach by Spectrum Brands or becomes insolvent. UPGS UK may terminate the licence on giving 90 days' notice in writing.

13.6 **Salter Housewares**

On 4 March 2014, UPGS UK entered into a trade mark licence agreement with Salter Housewares pursuant to which it was granted an exclusive licence to use the "Salter" trademark in the United Kingdom and Ireland for a period of 5 years. Under the terms of the licence UPGS UK pays a fixed royalty on revenue generated on the sale of heating and cooling equipment and a higher fixed royalty on revenue generated on all other products. Salter Housewares indemnifies UPGS UK against all claims, liabilities and expenses arising out of its use of the mark that infringes the rights of any third party. UPGS UK indemnifies the Salter Housewares against all claims, liabilities and expenses arising out of any claim arising from defective design or manufactured licenced products. This licence has been subsequently extended and expires on 20 June 2024. Salter Housewares may terminate the licence on giving 90 days' notice in writing, provided aggregate royalties in any royalty year are less than £150,000. UPGS UK may terminate the licence on giving 90 days' notice in writing.

13.7 **B&M Agreement**

On 23 February 2016, UPGS UK entered into a vendor buying agreement with B&M for an initial term of 10 years pursuant to which UPGS UK has agreed to supply B&M with a limited range of products utilising the Group's "Beldray" brand replacing products that were previously sourced and sold under B&M's "own brand". Products sold under this agreement to B&M are sold at a fixed gross margin. Both parties may terminate the agreement on giving 24 months' notice in writing. All other products supplied to B&M are under normal commercial arrangements.

13.8 **HSBC Bank Facilities**

Revolving credit facility

On 22 July 2016, the Company and UPGS UK entered into a multicurrency revolving credit facility with HSBC pursuant to which HSBC makes available an aggregate amount of £6,200,000 for a four year period. The facility agreement also provides that HSBC will make available the following facilities, comprising of: (i) from within the aggregate £6,200,000 facility, an overdraft facility up to £1,000,000 and engagements (including bank guarantees) up to £400,000 ("**Ancillary Facility**"); and (ii) in addition to the aggregate £6,200,000 facility, an import line facility in the sum of £4,750,000 ("**Trade Credit Facility**"). Each drawing under the Ancillary Facility is treated as a drawing under the facility agreement and is subject to interest calculated on the same basis.

The Company and UPGS UK have jointly and severally guaranteed their obligations under the facility agreement. The Company and UPGS UK have each granted debentures comprising of fixed and floating charges over all of their assets and undertaking in favour of HSBC. The Company and UPGS UK have also each granted general pledges pursuant to which the documents referred to therein (e.g. bills of lading, negotiable instruments, dock warrants, bills of exchange) and the goods associated with such documents are pledged to HSBC. UPGS UK has also assigned the benefit of key man insurance policies over the lives of Andrew Gossage and Simon Showman to HSBC as security.

Invoice financing facility

On 27 January 2017, UPGS UK entered into an invoice financing facility with HSBC Invoice Finance (UK) Limited ("**HIF**") for a four year period pursuant to an agreement for the purchase of debts by way of a replacement schedule. The invoice financing facility is limited at £17,000,000 and provides finance available to UPGS UK of 85 per cent. of notified debts less retentions. The facility provides an automatic funding limit for customer accounts of £500,000 and limits above this may be applied for supported by a corresponding insured limit under the credit insurance policy of UPGS UK. Under the terms of the facility there is a customer concentration limit, where no one customer can represent over 40 per cent. of the total debt. Amounts financed under the facility are secured by an assignment of, and a fixed charge over, all debts purchased or purported to be purchased by HIF.

Trade Credit Facility

The revolving credit facility referred to above provides for a Trade Credit Facility to be made available to the Company and UPGS UK for £4,750,000. This facility is provided in the import line facility letter from HSBC executed on 22 July 2016 under which the Company and UPGS UK can draw import loans for a period of up to 120 days subject to a sub-limit of £4,550,000. HSBC may withdraw the Trade Credit Facility at any time and/or demand repayment of all sums owing under it. Subject to this, the Trade Credit Facility is due for review on 9 June 2017. Borrowings under the Trade Credit Facility are secured under the guarantees and securities referred to in revolving credit facility above.

Hedging activity

The Group is party to an ISDA 2002 Master Agreement and ISDA Schedule pursuant to which HSBC makes available a hedging facility relating to certain swaps and derivatives. The Group uses this facility to undertake its hedging activities, in particular, buying forward US dollars and forward selling Euros.

13.9 **Lease of Manor Mill**

UPGS UK is a party to a lease dated 11 November 2016 relating to Manor Mill, Victoria Street, Chadderton, Oldham, Greater Manchester (200,000 sq. ft.), which was entered into with the landlords, Barry Franks, his son, Mark Franks and the Santhouse Pensioneer Trustee Company Limited. The lease, on normal commercial terms, is for a term of 7 years from the 11 November 2016 to 10 November 2023 at a current rent of £180,000 per annum. The rent is subject to rent review provisions pursuant to which there may be an upwards or downwards adjustment based on the open market rent subject to agreement between the landlord and UPGS UK, or, in the absence of agreement, as determined by an independent surveyor, acting as an expert, in accordance with the valuation principles set out in the lease (for example, the rent is to be determined on the basis that it is the open market annual rent at which Manor Mill could reasonably be expected to be let as a whole on the review date by a willing landlord to a willing tenant, on the same terms as the existing lease (with the exception of rent) etc.). The next rent review is due on 11 November 2020. The landlord may unilaterally forfeit the lease if (1) UPGS UK breaches any condition or tenant covenant of the lease; (2) UPGS UK becomes insolvent; (3) a receiver or administrator is appointed in respect of UPGS UK; (4) UPGS UK enters into any arrangement with its creditors; or (5) UPGS UK does not pay the rent due within 21 working days (whether it has been formally demanded or not). This lease does not contain a break clause and has security of tenure under the provisions of the Landlord and Tenant Act 1954. It is deemed a related party transaction as Barry Franks is a director of the Company.

13.10 **Lease of Heron Mill**

UPGS UK is a party to a lease dated 14 April 2016 relating to Heron Mill, Heron Street, Oldham, Greater Manchester (240,000 sq. ft.), which was entered into with the landlord, Heron Mill Limited. The lease, on normal commercial terms, is for a term of 7 years from 14 April 2016 to 13 April 2023 at a current rent of £285,000 per annum. The rent is subject to rent review provisions pursuant to which there may be an upwards or downwards adjustment based on the open market rent subject to agreement between the landlord and UPGS UK, or, in the absence of agreement, as determined by an independent surveyor, acting as an expert, in accordance with the valuation principles set out in the lease (for example, the open market annual rent that Heron Mill could reasonably be expected to be let as a whole on the review date by a willing landlord to a willing tenant, on the same terms as the existing lease (with the exception of rent) etc.). The next rent review is due on 14 April 2020. The landlord may unilaterally forfeit the lease if (1) UPGS UK breaches any condition or tenant covenant of the lease; (2) UPGS UK becomes insolvent; (3) a receiver or administrator is appointed in respect of UPGS UK; (4) UPGS UK enters into any arrangement with its creditors; or (5) UPGS UK does not pay the rent due within 21 working days (whether it has been formally demanded or not). This lease does not contain a break clause and has security of tenure under the provisions of the Landlord and Tenant Act 1954. It is deemed a related party transaction as Heron Mill Limited is connected to Barry Franks, Simon Showman and Andrew Gossage, all directors of the Company.

13.11 **Lease of Guangzhou office**

UPGS UK is party to a municipal premises lease dated 15 July 2014 relating to No.9 Heping Middle Street, Guangzhou Avenue South, Guangzhou, China, which was entered into with the landlord, Mr Yuan Wei. The lease is for a term of 6 years from 21 July 2014 to 20 August 2020 at current rent of RMB 1.6 million per annum. There is provision that the rent shall increase by 6 per cent. per annum from 21 August 2016, with the rent for the final year commencing on 31 August 2019 totalling RMB 155,795. UPGS UK has also paid a rental deposit of RMB 370,215. The landlord may unilaterally terminate the lease if (1) UPGS UK changes the structure or purpose of the premises without the permission of the landlord that results in loss to the property; (2) payment of any rent by UPGS UK is overdue for more than 30 days; (3) UPGS UK conducts illegal business within the property; (4) UPGS UK transfers, lends or subleases the premises without consent; (5) UPGS damages the premises and fails to make repair within a reasonable time; (6) the use of the premises is changed without prior written consent; (7) UPGS UK ceases business for 40 consecutive days without prior consent; (8) UPGS UK ceases to exist, is declared bankrupt or ordered by government to suspend business due to illegal business operations; or (9) UPGS UK fails to pay all taxes or employee wages or social security expenses such that the landlord is held liable for such liabilities. There is provision for UPGS UK to apply to the landlord to end the lease by giving three months' notice in advance of 20 August 2018. Should this lease be terminated or not renewed, the Group would suffer some short-term disruption by having to find alternate premises. However, once such premises has been found, the Group would expect to have a functional office and showroom within 4 to 5 months.

14. Related party transactions

14.1 Save as set out below, there are no related party transactions that were entered into by members of the Group during the period covered by the financial information contained in Part 10 (Historical Financial Information) of this Prospectus and during the period from 1 November 2016 to 1 March 2017, being the date of this Prospectus:

14.1.1 The Group leases its head office premises at Manor Mill, Oldham (Greater Manchester) from Barry Franks, his son, Mark Franks and The Santhouse Pensioneer Trustee Company Limited (one of the trustees for Barry Franks' family pension scheme). The lease is on arm's length terms and the annual rent payable in respect of the premises has been determined based on an independent rental valuation. Please refer to paragraph 13.9 above for further details regarding this lease.

14.1.2 The Group leases Heron Mill, Oldham (Greater Manchester) from Heron Mill Limited, a company of which Barry Franks, Simon Showman and Andrew Gossage are directors. Barry

Franks (15 ordinary shares of £1.00 each), his wife, Beryl Franks (15 ordinary shares of £1.00 each), Simon Showman (50 ordinary shares of £1.00 each) and A&T Property Investments Limited (20 ordinary shares of £1.00 each) are the shareholders of Heron Mill Limited. Andrew Gossage's wife, Tracy Gossage, is the sole shareholder of A&T Property Investments Limited. The lease is on arm's length terms and the annual rent payable in respect of the premises has been benchmarked against equivalent properties in the local market. Please refer to paragraph 13.10 above for further details regarding this lease.

14.1.3 The Group provides accounting services at normal commercial rates to Heron Mill Limited, of which Barry Franks, Simon Showman and Andrew Gossage are directors and ultimate shareholders (as noted at paragraph 14.1.2 above).

14.1.4 The Group provides accounting services at normal commercial rates to BGSA Property Holdings Limited and its wholly-owned subsidiaries, BGSA Property Developments Ltd and BGSA Property Limited. Andrew Gossage, Simon Showman and Barry Franks are directors and shareholders of BGSA Property Holdings Limited.

14.1.5 UPGS UK sold its 100 ordinary shares of £1.00 each in the capital of International Surplus (UK) Limited to Simon Showman on 16 December 2016 in consideration for £100. International Surplus (UK) Limited was a dormant company and was not utilised by the Group.

15. Litigation

There are no governmental, legal or arbitration proceedings (including such proceedings which are pending or threatened of which the Company is aware) during the 12 months preceding the date of this Prospectus, which may have, or have had in the recent past, a significant effect on the Company's and/or the Group's financial position or profitability.

16. Principal subsidiaries

The Company will, on Admission, be the holding company of the Group. The following table shows details of all of the Company's subsidiaries, which are wholly-owned (directly or indirectly) by the Company. The issued share capital of each of these companies is fully paid and each will be included in the consolidated accounts of the Group.

Name of Subsidiary	*Incorporated and registered in*	*Proportion of share capital owned by the Group (%)*
UPGS UK	England and Wales	100[1]
UPGS HK	Hong Kong	100

1. Subject to the interests of the MIP Participants, as fully detailed in paragraph II of Part 13 of this Prospectus.

17. Investments and principal establishments

17.1 The Company currently has no principal investments (in progress or planned for the future on which the Directors have made firm commitments or otherwise) other than the subsidiary undertakings listed at paragraph 16 of this Part 13.

17.2 The principal establishments of the Group as at the date of this Prospectus are set out at paragraph 6 of Part 5 (Information on the Company and the Group) of this Prospectus.

18. Property, plant and equipment

Details of the Group's material existing tangible fixed assets and any major encumbrances thereon are set out in note 14 to the Historical Financial Information for the Group in Part 10 of this Prospectus.

19. Environmental issues

As far as the Directors are aware, there are no material environmental issues that may affect the Group or the Group's utilisation of its tangible fixed assets. The Company has undertaken an environmental search in relation to Manor Mill which indicated that the land has potential to be contaminated. The Company has arranged indemnity insurance in this regard to mitigate against the risk of contaminated land liabilities under the Environmental Protection Act 1998 and /or Water Resources Act 1991.

20. Working capital

The Company is of the opinion that, taking into account the bank and other facilities available to the Group, the working capital available to the Group is sufficient for the Group's present requirements, that is, for at least the next 12 months following the publication of this Prospectus.

21. Material interests

There are no interests known to the Company that are material to the Offer or Admission or which are conflicting interests.

22. Significant change

22.1 Save as set out in paragraph 8 of Part 5 and paragraph 3 of Part 8 which confirmed that the Group has continued to trade strongly since 31 October 2016, with both revenue and EBITDA increasing substantially despite a weakening in sterling causing a reduction in gross margin, there has been no significant change in the financial or trading position of the Group since 31 October 2016, being the latest date to which the audited consolidated financial information of the Group as set out in Section B of Part 10 of this Prospectus was prepared.

23. Consents

23.1 BDO LLP has given and has not withdrawn its written consent to the inclusion in this Prospectus of its report on the Historical Financial Information set out in Section A of Part 10 of this Prospectus in the form and context in which it appears and has authorised the content of that report solely for the purposes of Rule 5.5.3R(2)(f) of the Prospectus Rules.

23.2 Shore Capital has given and has not withdrawn its written consent to the inclusion in this Prospectus of its name and the references thereto in the form and context in which they appear.

23.3 Cenkos has given and has not withdrawn its written consent to the inclusion in this Prospectus of its name and the references thereto in the form and context in which they appear.

24. Statutory Auditors

The financial information contained in Section B of Part 10 of this Prospectus does not constitute statutory accounts within the meaning of section 434(3) of the Act. The auditors for the period covered by the financial information set out in Section B of Part 10 of this Prospectus were PricewaterhouseCoopers LLP for FY 2014 and FY 2015 and BDO LLP for FY 2016. PricewaterhouseCoopers LLP and BDO LLP are both member firms of the Institute of Chartered Accountants in England and Wales. Statutory accounts for FY 2014, FY 2015 and FY 2016 been delivered to the Registrar of Companies in England and Wales. PricewaterhouseCoopers LLP and BDO LLP have made respective reports in the statutory accounts for such periods. Such reports are unqualified and contained no statement under section 498(2) or 498(3) of the Act.

25. Miscellaneous

25.1 Whilst there are no provisions in the Articles that require disclosure of shareholding ownership, the Disclosure and Transparency Rules require a member to notify the Company if the voting rights held by such member (including by way of certain financial instruments) reach, exceed or fall below three per cent. and each one per cent. threshold thereafter up to 100 per cent.. Under the Disclosure and Transparency Rules, certain voting rights in the Company may be disregarded.

25.2 The total expenses of the Offer and Admission, whether incidental or otherwise, payable by the Company, including the London Stock Exchange fee, the FCA's listing fee, professional fees and the costs of preparation, printing and distribution of documents, are estimated to amount to approximately £1.25 million (inclusive of recoverable VAT).

25.3 Each Share will be offered at a premium of approximately £1.2775 to its nominal value of 0.25p each.

25.4 No Ordinary Shares have been marketed to, nor are available for purchase in whole or in part by, the public in the United Kingdom or elsewhere in conjunction with the Offer and this Prospectus does not constitute an offer, or the solicitation of an offer, to the public in the United Kingdom to subscribe for or buy any securities in the Company or any other entity.

26. Takeover bids

The Takeover Code is issued and administered by Takeover Panel. The Company is subject to the Takeover Code and therefore its Shareholders are entitled to the protections afforded by the Takeover Code.

27. Mandatory bids

Rule 9 of the Takeover Code provides that, except with the consent of the Takeover Panel, when: (a) any person acquires, whether by a series of transactions over a period of time or not, an interest in shares which (taken together with shares in which persons acting in concert with it are interested) carry 30 per cent. or more of the voting rights of a company; or (b) any person, together with persons acting in concert with it, is interested in shares which in the aggregate carry not less than 30 per cent. of the voting rights of a company but does not hold shares carrying more than 50 per cent. of such voting rights and such person, or any person acting in concert with it, acquires an interest in any other shares which increases the percentage of shares carrying voting rights in which it is interested, then, in either case, that person, together with the persons acting in concert with it, is normally required to extend offers in cash, at the highest price paid by it (or any persons acting in concert with it) for shares in the company within the preceding 12 months, to the holders of any class of equity share capital whether voting or non-voting and also to the holders of any other class of transferable securities carrying voting rights.

For the purposes of Rule 9 of the Takeover Code, the Takeover Panel has confirmed that it considers Simon Showman, Andrew Gossage and Barry Franks, being the parties that undertook the management buy-out of the LDC interest in the Company in June 2014, to be acting in concert for the purposes of the Takeover Code (the "**Concert Party**") .

Following Admission, the Concert Party will control approximately 44.85 per cent. of voting rights of the Company. In addition, certain members of the Concert Party will, on Admission, hold A ordinary shares in the capital of UPGS UK ("MIP Shares") under the Management Incentive Plan. On exercise of the Concert Party's rights to sell the MIP Shares the Company may, at its discretion, purchase the MIP Shares for cash or by issuing Ordinary Shares in the Company. The number of Ordinary Shares which would be acquired would be based on the MIP Share value (calculated as set out in paragraph 11 above). The maximum number of Ordinary Shares which can be issued on exercise of MIP awards will be set at 6.25 per cent. of the Company's Issued Share Capital. Assuming that the MIP awards for the Concert Party are fully exercised and settled wholly by the issue of Ordinary Shares and assuming no other new Ordinary Shares are issued, the Concert Party would, in aggregate, control a maximum of 47.48 per cent. of voting rights in the Company. As these MIP awards are granted conditional on Admission, the Panel has confirmed that any exercise of these MIP awards will not result in the Concert Party incurring an obligation to make an offer under Rule 9 of the Takeover Code.

The table below sets out the members of the Concert Party who will be MIP Participants and will be issued MIP Shares and the number of MIP Shares they will each receive. As set out at paragraph 11 above, the MIP Shareholders are able to realise value from their MIP Shares by selling their MIP Shares to the Company after the Vesting Period, subject to the Hurdle having been exceeded. The Company may choose to issue Ordinary Shares in the Company to satisfy the consideration owed to the MIP Participants and, if it does so, the maximum number of Ordinary Shares which can be issued will be set at 6.25 per cent. of the Company's Issued Share Capital. The maximum number of Ordinary Shares (by percentage) that can be issued to each MIP Participant is also shown in the table below:

Member of Concert Party	*Number of Ordinary Shares*	*% of Issued Share Capital*	*Number of MIP Shares*	*Maximum percentage of Issued Share capital in the Company issued under the MIP*	*Maximum holding of enlarged share capital*[3]
Simon Showman[1]	18,530,600	22.55%	48	3.00%	24.33%
Barry Franks	10,270,400	12.50%	Nil	Nil	11.90%
Andrew Gossage[2]	8,052,400	9.80%	32	2.00%	11.24%
Total	36,853,400	44.85%			47.48%

Notes:

1. Simon Showman's interest in Existing Shares in the Company includes 9,265,200 Existing Shares held by his wife Hayley Showman.
2. Andrew Gossage's interest in Existing Shares in the Company includes 4,026,200 Existing Shares to be transferred to his wife Tracy Gossage immediately following Admission.
3. Maximum holding calculated on the basis that the MIP awards for the Concert Party are fully exercised and settled wholly by the issue of Ordinary Shares and no other subscription rights are exercised.

28. Squeeze-out

Under the Companies Act, if a "takeover offer" (as defined in section 974 of the Companies Act) is made for the Ordinary Shares and the offeror were to acquire, or unconditionally contract to acquire, not less than 90 per cent. in value of the Ordinary Shares to which the takeover offer relates (the "**Takeover Offer Shares**") and not less than 90 per cent. of the voting rights attached to the Takeover Offer Shares within three months of the last day on which its offer can be accepted, it is able to acquire compulsorily the remaining 10 per cent. In order to do so, it would send a notice to Shareholders who had not, at such time, accepted the offer telling them that it will acquire compulsorily their Takeover Offer Shares and then, six weeks later, it would execute a transfer of the outstanding Takeover Offer Shares in its favour and pay the consideration to the Company, which would hold the consideration on trust for those Shareholders in the event that they had not accepted the offer at such time. The consideration offered to the Shareholders whose Takeover Offer Shares are acquired compulsorily under the Companies Act must, in general, be the same as the consideration that was available under the takeover offer.

29. Sell-out

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

30. Documents available for inspection

Copies of the following documents are available for inspection during usual business hours on any weekday (Saturdays, Sundays and English public holidays excepted) for a period of 12 months from Admission at the registered office of the Company (Manor Mill, Victoria Street, Chadderton, Oldham, Greater Manchester OL9 0DD) and at the offices of Hill Dickinson LLP (The Broadgate Tower, 20 Primrose Street, London EC2A 2EW):

30.1 the Articles;

30.2 the Historical Financial Information in respect of the Group for the three financial periods ended 30 April 2014, 31 July 2015 and 31 July 2016, and the three months ended 31 October 2016, which is set out in Section B of Part 10 of this Prospectus, together with the related report thereon from BDO LLP, which is set out in Section A of Part 10 of this Prospectus;

30.3 the letters of consent referred to in paragraph 23 above; and

30.4 this Prospectus.

For the purposes of PR 3.2.4 of the Prospectus Rules, copies of this Prospectus will be published in printed form and available free of charge during normal business hours on any weekday (Saturdays, Sundays and English public holidays excepted) until the close of business on the date of Admission at the registered office of the Company (Manor Mill, Victoria Street, Chadderton, Oldham, Greater Manchester OL9 0DD) and the offices of Hill Dickinson (The Broadgate Tower, 20 Primrose Street, London EC2A 2EW). In addition, the Prospectus will be published in electronic form and available on the Company's website (www.upgs.com), subject to access restrictions.

Dated: 1 March 2017

PART 14

DEFINITIONS

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

"**12M July 2014**"	the 12 month period ended 31 July 2014 (unaudited);
"**12M July 2015**"	the 12 month period ended 31 July 2015 (unaudited);
"**12M July 2016**"	the 12 month period ended 31 July 2016 (audited);
"**2010 PD Amending Directive**"	2010 EU directive (2010/73/EU) which amended the Prospectus Directive;
"**Action**"	Action Service & Distributie B.V.;
"**Admission**"	the admission of the Ordinary Shares to the premium listing segment of the Official List and to trading on the London Stock Exchange's main market for listed securities becoming effective in accordance with, respectively, the Listing Rules and the Admission and Disclosure Standards;
"**Admission and Disclosure Standards**"	the current edition of the Admission and Disclosure Standards published by the London Stock Exchange;
"**Articles of Association**" or "**Articles**"	the articles of association of the Company which were adopted by a special resolution passed on 28 February 2017 (and as amended from time to time after that date);
"**Audit and Risk Committee**"	the audit and risk committee of the Board;
"**B&M**"	B&M Retail Limited;
"**Banks**"	SCC, SCS and Cenkos;
"**Board**"	the board of Directors;
"**CAGR**"	compound annual growth rate;
"**Cenkos**"	Cenkos Securities plc, a company incorporated in England and Wales with company number 05210733;
"**CEO**"	Chief Executive Officer;
"**certificated**" or "**in certificated Form**"	a share or other security (as appropriate) not in uncertificated form (that is, not in CREST);
"**Chairman**"	the chairman of the Board;
"**Closing Date**"	6 March 2017, being the expected date of Admission;
"**Companies Act**"	the Companies Act 2006, as amended;
"**Company**" or "**Ultimate Products**"	UP Global Sourcing Holdings plc, a company incorporated in England and Wales with registered number 05432142;
"**Company Consent**"	the written consent of the Company's Remuneration Committee;
"**Concert Party**"	Simon Showman, Andrew Gossage and Barry Franks;

"**CREST**"	the relevant system (as defined in the CREST Regulations) for paperless settlement of sales and purchases of securities and the holding of shares in uncertificated form in respect of which Euroclear is the operator (as defined in the CREST Regulations);
"**CREST Regulations**"	the Uncertificated Securities Regulations 2001 (SI 2001/3755), as amended;
"**Directors**"	the Executive Directors and the Non-Executive Directors;
"**Disclosure and Transparency Rules**" or "**DTR**"	the disclosure guidance and transparency rules of the FCA made for the purposes of Part VI of FSMA in relation to the disclosure of information by an issuer whose financial instruments are admitted to trading on a regulated market in the UK;
"**division**"	an operating division of the Group;
"**EU**"	the European Union, first established by the treaty made at Maastricht on 7 February 1992;
"**Euroclear**"	Euroclear UK & Ireland Limited, the operator (as defined in the CREST Regulations) of CREST;
"**European Economic Area**" or "**EEA**"	together, the EU, Iceland, Norway and Liechtenstein;
"**Euros**" or "**EUR**"	the lawful currency of the European Monetary Union;
"**Executive Directors**"	Simon Showman, Andrew Gossage and Graham Screawn;
"**Exercise Date**"	the date on which the MIP Participant exercises its right to sell the MIP Shares or the Company exercises its corresponding right to purchase the MIP Shares;
"**Existing Shareholder**"	a holder of Ordinary Shares as at the date of this Prospectus;
"**Existing Shares**"	the 82,169,600 Ordinary Shares in issue following the Pre-IPO Reorganisation and immediately prior to Admission;
"**FCA**" or "**Financial Conduct Authority**"	the UK Financial Conduct Authority;
"**FCA Handbook**"	the FCA's handbook of rules and guidance as published by the FCA from time to time;
"**FSMA**"	the Financial Services and Markets Act 2000, as amended;
"**FY 2014**"	the financial year of the Group for the nine months ended 30 April 2014 (audited);
"**FY 2015**"	the financial year of the Group for the 15 months ended 31 July 2015 (audited);
"**FY 2016**"	the financial year of the Group for the 12 months ended 31 July 2016 (audited);
"**Good Leaver**"	a MIP Participant who ceases to be an employee of the Group as a result of death, ill-health, injury or disability (evidenced to the satisfaction of the Board with Company Consent), retirement at the normal retirement age (in accordance with the Group's internal

	policies) or any other reason the Board (acting with Company Consent) permits;
"**Graduate Development Scheme**"	the graduate development scheme of the Group;
"**Group**"	the Company and its Subsidiaries from time to time;
"**Group Company**"	a company within the Group;
"**H1 2017**"	the first half of the Company's 2017 financial year, being the period from 1 August 2016 to 31 January 2017;
"**H2 2017**"	the second half of the Company's 2017 financial year, being the period from 1 February 2017 to 31 July 2017;
"**Historical Financial Information**"	the historical financial information of the Group for the three year and three month period to 31 October 2016 set out in Section B of Part 10 of this Prospectus;
"**HMRC**"	HM Revenue and Customs;
"**Home Bargains**"	TJ Morris Ltd;
"**HSBC**"	HSBC Bank plc;
"**HSBC Bank Facilities**"	the Company's bank facilities with HSBC summarised at paragraph 13.8 of Part 13 of this Prospectus;
"**Hurdle**"	a 30 per cent. premium to the market capitalisation of the Company on Admission;
"**IDG**"	Institute of Grocery Distribution;
"**IFRS**"	International Financial Reporting Standards as adopted by the European Union;
"**Independent Non-Executive Directors**"	independent non-executive directors of the Company, within the meaning of the UK Corporate Governance Code;
"**Issued Share Capital**"	the 82,169,600 Ordinary Shares in issue as at the date of this Prospectus;
"**ITEPA**"	Income Tax (Earnings and Pensions) Act 2003;
"**Licensors**"	Salter Housewares and Spectrum Brands;
"**LDC Loans**"	the loans provided by LDC as part of the MBO;
"**LDC**"	Lloyds Development Capital (Holdings) Limited;
"**Listing Rules**"	the rules of the FCA relating to admission to the Official List made in accordance with section 73A(2) of FSMA;
"**London Stock Exchange**"	London Stock Exchange plc;
"**Long Stop Date**"	the date seven years from the date of award of MIP Shares under the MIP;
"**Management Loan Notes**"	together: (a) the unsecured fixed rate loan notes issued by the Company to Andrew Gossage, Simon Showman and others in July 2005; and

	(b) the loan notes issued by the Company to Simon Showman, Andrew Gossage and Barry Franks as part of the MBO;
"**MBO**"	the management buy-out of the LDC interest in the Company by Simon Showman, Andrew Gossage and Barry Franks in June 2014;
"**Member States**"	member states of the EEA;
"**MIP**"	the UP Group Management Incentive Plan under which shares in UPGS UK will be issued to the MIP Participants;
"**MIP Participants**"	the six participants, namely being Simon Showman, Andrew Gossage, Graham Screawn, Jennifer Stewart, Emma Greenhalgh and Yamina Khadri, who will subscribe for A ordinary shares in the capital of UPGS UK pursuant to the MIP;
"**MIP Shares**"	the A ordinary shares in UPGS UK pursuant to the MIP;
"**Money Laundering Regulations**"	the Money Laundering Regulations 2007 (SI 2007/2157), as amended;
"**Nomination Committee**"	the nomination committee of the Board;
"**Non-Executive Directors**"	the non-executive directors of the Company, being James McCarthy, Barry Franks, Robbie Bell and Alan Rigby;
"**Offer**"	the offer of the Offer Shares to certain institutional and other investors in the United Kingdom and elsewhere as described in Part 11 (Details of the Offer) of this Prospectus;
"**Offer Price**"	the price at which each Offer Share is to be sold under the Offer, being 128 pence;
"**Offer Shares**"	the Existing Shares to be purchased at the Offer Price pursuant to the Offer;
"**Official List**"	the Official List of the UK Listing Authority;
"**Ordinary Shares**"	ordinary shares of 0.25p each in the capital of the Company having the rights set out in the Articles;
"**PDMR**"	Person Discharging Management Responsibility;
"**Poundland**"	Poundland Limited;
"**Pre-IPO Options**"	any options granted by UP Global Sourcing Holdings Limited to a Director or a Selling Shareholders pursuant to a standalone agreement made between UP Global Sourcing Holdings Limited and the Director or Selling Shareholders concerned;
"**Pre-IPO Reorganisation**"	the share capital reorganisation of the Company more particularly described at paragraph 3 of Part 13 (Additional Information) of this Prospectus;
"**Prospectus**"	this document;
"**Prospectus Directive**"	EU Prospectus Directive (2003/71/EC) (and any amendments to it including the 2010 PD Amending Directive, to the extent implemented by the Relevant Member State) and any relevant implementing measure in each Relevant Member State;
"**Prospectus Directive Regulation**"	EU Prospective Directive Regulation (2004/89/EC);

"**Prospectus Rules**"	the rules of the FCA made for the purposes of Part VI of FSMA in relation to offers of securities to the public and the admission of securities to trading on a regulated market;
"**Q1 2016**"	the first quarter of the Company's 2016 financial year, being the period from 1 August to 31 October 2015;
"**Q1 2017**"	the first quarter of the Company's 2017 financial year, being the period from 1 August to 31 October 2016;
"**Register of Members**"	the register of members of the Company;
"**Registrars**"	Equiniti Limited;
"**Regulation S**"	Rules 901 to 905 (including Preliminary Notes) of Regulation S promulgated under the US Securities Act;
"**Relationship Agreement**"	the relationship agreement dated 1 March 2017 between Simon Showman, Andrew Gossage, Barry Franks, SCS and the Company, a summary of which is set out in paragraph 13.2 of Part 13 of this Prospectus;
"**Relevant Member State**"	a Member State which has implemented the Prospectus Directive;
"**Relevant Percentage**"	the percentage increase of shareholder value over the Hurdle, subject to a maximum of 15 per cent.;
"**Remuneration Committee**"	the remuneration committee of the Board;
"**Renminbi**" or "**RMB**"	the system of currency of the People's Republic of China, introduced in 1948;
"**Reporting Accountant**"	BDO LLP of 3 Hardman Square, Manchester M3 3AT;
"**RIS**"	any channel recognised as a channel for the dissemination of regulatory information by listed companies, as defined in the Listing Rules;
"**Salter Housewares**"	Salter Housewares Limited;
"**SCC**"	Shore Capital and Corporate Limited, a company incorporated in England and Wales with company number 02083043;
"**SCS**"	Shore Capital Stockbrokers Limited, a company incorporated in England and Wales with company number 01850105;
"**SEC**"	the United States Securities and Exchange Commission;
"**Securities Act**" or "**US Securities Act**"	U.S. Securities Act of 1933, as amended;
"**Selling Shareholders**"	those persons listed in the table in paragraph 1 of Part 11 (Details of the Offer) of this Prospectus as "selling shareholders", who are each selling Existing Shares in the Offer;
"**Senior Independent Non-Executive Director**"	the "senior independent director", as referred to in the UK Corporate Governance Code;
"**Senior Managers**" or "**members of the Senior Management**"	certain members of the Group's executive management team (other than the Directors), details of whom are set out in Part 6 (Directors, Senior Management and Corporate Governance) of this Prospectus;

"**Shareholders**"	the holders of Ordinary Shares from time to time;
"**Shareholder Bonuses**"	the bonus arrangements agreed by the Company on 11 June 2014 relating to Simon Showman and Andrew Gossage, more particularly detailed in paragraph 9 of Part 13 of this Prospectus;
"**Share Incentive Scheme**"	the MIP;
"**Shore Capital**"	SCC and/or SCS as the context permits;
"**Spectrum Brands**"	Spectrum Brands (UK) Limited;
"**Sponsor**"	SCC;
"**Sponsor and Placing Agreement**"	the conditional agreement dated 1 March 2017 entered into between (1) the Company; (2) the Directors; (3) the Selling Shareholders; (4) Shore Capital and (5) Cenkos, as described in paragraph 12 of Part 13 (Additional Information) of this Prospectus;
"**sterling**" or "**GBP**" or "**£**"	the lawful currency of the UK;
"**Subsidiary**"	has the meaning given to it in section 1159 of the Companies Act and includes group companies included in the consolidated financial statements of the Group from time to time;
"**Takeover Code**"	the UK Takeover Code published by the Takeover Panel, as amended;
"**Takeover Panel**"	the UK Panel on Takeovers and Mergers;
"**UK Corporate Governance Code**"	the UK Corporate Governance Code published by the Financial Reporting Council in April 2016, as amended;
"**UK Listing Authority**"	the FCA in its capacity as the competent authority for the purposes of Part VI of FSMA;
"**uncertificated**" or "**in uncertificated form**"	in relation to a share or other security, a share or other security title to which is recorded on the relevant register of the share or security concerned as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred through CREST;
"**Underlying EBITDA**"	earnings before interest, tax, depreciation and amortisation after adding back Shareholder Bonuses;
"**United Kingdom**" or "**UK**"	the United Kingdom of Great Britain and Northern Ireland;
"**United States**" or "**USA**" or "**US**"	the United States of America, its territories and possessions, any State of the United States of America, and the District of Columbia;
"**US SEDEX**"	a not for profit membership organisation dedicated to driving improvements in responsible and ethical business practices in global supply chains;
"**US$**" or "**USD**" or "**US dollar**"	the lawful currency of the USA;
"**UPGS UK**"	UP Global Sourcing UK Limited, a company incorporated in England and Wales with company number 03357718;
"**UPGS HK**"	UP Global Sourcing Hong Kong Limited (incorporated in Hong Kong under company number 0897676);

"**VAT**"	UK value added tax;
"**Vesting Period**"	the three year period from the date of the award of MIP Shares; and
"**WTO**"	World Trade Organisation.

PART 15

GLOSSARY OF TERMS

The following technical terms or other abbreviations (or variations of them) are used in this Prospectus:

"**Audio**"	the audio product specialism of the Group;
"**Big 4**"	the largest four supermarkets in the UK, being Asda, Morrisons, Tesco and Sainsbury's;
"**Big Six**"	being Asda, Morrisons, Tesco, Sainsbury's, The Co-Operative and Waitrose;
"**ETI Code of Conduct**"	Ethical Trading Initiative code based on the conventions of the International Labour Organisation;
"**Free on Board**" or "**FOB**"	the free on board contractual arrangements pursuant to which goods are imported in to the UK by the Group's customers;
"**Heating and Cooling**"	the heating and cooling product specialism of the Group;
"**Housewares**"	the housewares product specialism of the Group;
"**Key Brands**"	American Originals, George Wilkinson, Giles & Posner, Inspire, Portobello, Prolectrix and ZFrame;
"**Landed**"	the landed duty paid contractual arrangements pursuant to which the Group imports goods into the UK;
"**LFL**"	like-for-like;
"**Laundry**"	the laundry product specialism of the Group;
"**Luggage**"	the luggage product specialism of the Group;
"**Premier Brands**"	Beldray, Constellation, Intempo, Progress, Russell Hobbs and Salter;
"**Small Domestic Appliances**" or "**SDA**"	the small domestic appliances product specialism of the Group;
"**SKU**"	stock keeping unit; and
"**sq. ft.**"	Square feet.


constellation
SALTER
Beldray
PROGRESS