

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this Document or the action you should take, you are recommended to seek your own financial advice immediately from an appropriately authorised stockbroker, bank manager, solicitor, accountant or other independent financial adviser who, if you are taking advice in the United Kingdom, is duly authorised under the Financial Services and Markets Act 2000 (“FSMA”).

This Document comprises a prospectus relating to Flying Brands Limited (the “**Company**”) prepared in accordance with the Prospectus Rules of the Financial Conduct Authority (the “**FCA**”) made under section 73A of FSMA and approved by the FCA under section 87A of FSMA. This Document has been filed with the FCA and made available to the public in accordance with the Prospectus Rules. This document will be made available to the public in accordance with Prospectus Rule 3.2 by the same being made available, free of charge, at www.flyingbrands.co.uk and at the Company’s registered office at Forum 4, Grenville Street, St Helier, Jersey JE4 8TQ.

A copy of this document has been delivered to the registrar of companies in accordance with Article 5 of the Companies (General Provisions) (Jersey) Order 2002, and he has given, and has not withdrawn, his consent to its circulation. The Jersey Financial Services Commission has given, and has not withdrawn, its consent under Article 2 of the Control of Borrowing (Jersey) Order 1958 to the issue of securities in the Company. It must be distinctly understood that, in giving these consents, neither the registrar of companies nor the Jersey Financial Services Commission takes any responsibility for the financial soundness of the Company or for the correctness of any statements made, or opinions expressed, with regard to it. It should be remembered that the price of securities and the income from them can go down as well as up.

Applications will be made to the UK Listing Authority and to the London Stock Exchange for all of the Ordinary Shares in the Company (being the issued Ordinary Shares, the Placing Shares and the Consideration Shares) to be admitted to the Official List of the UK Listing Authority (the “**Official List**”) by way of a standard listing under Chapter 14 of the Listing Rules published by the UK Listing Authority under section 73A of FSMA as amended from time to time and 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**”).

It is expected that, subject to the conditions to the proposed acquisition of Stone Checker Software Limited being satisfied or, where appropriate, waived, Admission will become effective, and that unconditional dealings in the Ordinary Shares will commence, at 8.00 a.m. on 16 June 2017.

THE WHOLE OF THE TEXT OF THIS DOCUMENT SHOULD BE READ BY PROSPECTIVE INVESTORS. YOUR ATTENTION IS SPECIFICALLY DRAWN TO THE DISCUSSION OF CERTAIN RISKS AND OTHER FACTORS THAT SHOULD BE CONSIDERED IN CONNECTION WITH AN INVESTMENT IN THE ORDINARY SHARES, AS SET OUT IN THE SECTION ENTITLED “RISK FACTORS” BEGINNING ON PAGE 17 OF THIS DOCUMENT.

The Directors whose names appear on page 30, and the Company, accept responsibility for the information contained in this Document. To the best of the knowledge of the Company and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this Document is in accordance with the facts and contains no omission likely to affect its import.



Flying Brands Limited

(incorporated in Jersey under company number 2044)

Acquisition of Stone Checker Software Ltd, Issue of 28,041,667 New Shares and admission to the Official List of the Company’s issued Ordinary Shares (by way of a Standard Listing under Chapter 14 of the Listing Rules) and to trading on the London Stock Exchange’s main market for listed securities

Broker



Apart from the responsibilities and liabilities, if any, which may be imposed on Peterhouse Corporate Finance Limited ("**Peterhouse**") by FSMA or the regulatory regime established thereunder, Peterhouse does not accept any responsibility whatsoever for, or makes any representation or warranty, express or implied, as to the contents of this document or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company the Placing Shares, the Consideration Shares or the Acquisition and nothing in this document will be relied upon as a promise or representation in this respect, whether or not to the past or future. Peterhouse accordingly disclaims 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 document or any such statement.

Neither Peterhouse, nor any of its representatives, is making any representation to any prospective investor of 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 document 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.

Peterhouse is authorised and regulated by the FCA and is acting exclusively for the Company and is acting for no one else in connection with the production of this document, the Placing, the Acquisition and/or Admission. Peterhouse will not regard any other person as a client in relation to the production of this document, the Placing, the Acquisition and/or Admission and will not be responsible to anyone other than the Company for providing the protections afforded to its clients, nor for providing advice in connection with the production of this document, the Placing, the Acquisition and/or Admission or any other matter, transaction or arrangement referred to in this document.

This Document does not constitute an offer to sell or an invitation to subscribe for, or the solicitation of an offer or invitation to buy or subscribe for, Ordinary Shares in any jurisdiction where such an offer or solicitation is unlawful or would impose any unfulfilled registration, publication or approval requirements on the Company.

The directors of the Company whose names appear on page 30 have taken all reasonable care to ensure that the facts stated in this document are true and accurate in all material respects, and that there are no other facts the omission of which would make misleading any statement in the document, whether of facts or of opinion. All the directors accept responsibility accordingly.

The Ordinary Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), or the securities laws of any state or other jurisdiction of the United States or under applicable securities laws of Australia, Canada or Japan. Subject to certain exceptions, the Ordinary Shares may not be, offered, sold, resold, transferred or distributed, directly or indirectly, within, into or in the United States or to or for the account or benefit of persons in the United States, Australia, Canada, Japan or any other jurisdiction where such offer or sale would violate the relevant securities laws of such jurisdiction.

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

Application will be made for the Ordinary Shares to be admitted to a Standard Listing on the Official List. A Standard Listing will afford investors in the Company a lower level of regulatory protection than that afforded to investors in companies with Premium Listings on the Official List, which are subject to additional obligations under the Listing Rules.

It should be noted that the UK Listing Authority will not have authority to (and will not) monitor the Company's compliance with any of the Listing Rules which the Company has indicated herein that it intends to comply with on a voluntary basis, nor to impose sanctions in respect of any failure by the Company to so comply.

17 May 2017

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NOTICE TO INVESTORS – COMPANY SHARE STRUCTURE

In 1996 the Company created a “twinned” share structure to enable UK based shareholders to receive a UK dividend and thereby avoid double taxation on a Jersey dividend. This was done by amending the articles of association of the Company so that when the Company issued its Ordinary Shares of £0.01 each, an equivalent number of non-voting A Shares of £0.00005 each in Flying Brands Holdings (UK) PLC were required to be issued. Shareholders in the Company at the date on which the structure was implemented were therefore issued with such number of A Shares in Flying Brands UK as equalled their then holding of Ordinary Shares in the Company.

Consequentially, all shareholders hold, in addition to their shares in Flying Brands Limited, an equivalent number of shares in Flying Brands Holdings (UK) PLC, which are together known as “Units”.

It is these Units which are listed on the Main Market of the London Stock Exchange. However, for ease of reference, this Prospectus refers to Ordinary Shares in the Company and A Shares in Flying Brands Holdings (UK) PLC, rather than Units, save for where absolutely necessary.

Further, at the General Meeting of the Company (notice of which is contained in the Circular which accompanies this Prospectus) and at the Flying Brands UK General Meeting (notice of which is contained in the Flying Brands UK Circular which also accompanies this Prospectus), resolutions will be put to shareholders to enable the “de-stapling” of the Ordinary Shares from the A Shares. Further detail on the reasoning behind proposing the de-stapling is set out in the respective circulars.

Presuming that the shareholder resolutions are passed, the Company will apply for its Ordinary Shares only to be readmitted to trading on the Main Market of the London Stock Exchange and from the Company’s readmission, the only listed security will be the Ordinary Shares.

In the event that the shareholder resolutions are not passed, the Company will retain the Units structure and the existing Units, along with Units issued in connection with the Placing and the Acquisition will be subject to the application for readmission. A market announcement will be made in this regard.

SUMMARY

Summaries are made up of disclosure requirements known as “Elements”. These elements are numbered in Sections A - E (A.1 - 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 the Element. In this case a short description of the Element is included in the summary with the mention of “not applicable”.

SECTION A—INTRODUCTION AND WARNINGS

A.1. **Warning to investors**

This summary should be read as an introduction to this Document.

Any decision to invest in the Ordinary Shares should be based on consideration of this Document as a whole by the investor.

Where a claim relating to the information contained in this Document is brought before a court the plaintiff investor might, under the national legislation of the EEA States, have to bear the costs of translating this Document before legal proceedings are initiated.

Civil liability attaches only to those persons who have tabled this summary including any translation thereof but only if this summary is misleading, inaccurate or inconsistent when read together with the other parts of this Document or it does not provide, when read together with the other parts of this Document, key information in order to aid investors when considering whether to invest in such securities.

A.2. **Consent for intermediaries**

Not applicable; there will be no resale or final placement of securities by financial intermediaries.

SECTION B—ISSUER

B.1. **Legal and commercial name**

The legal and commercial name of the issuer is Flying Brands Limited.

B.2. **Domicile / Legal form / Legislation / Country of incorporation**

The Company was incorporated and registered in Jersey on 5 November 1965 as a registered public company under The Companies Act.

B.3. **Current operations / Principal activities and markets**

The Company

Conditional on completion of the Acquisition of the Target, the business carried on the Company will be that of a supplier of technology solutions in the field of kidney stone analysis and kidney stone prevention.

The Target is developing two technology solutions; StoneChecker which assists physicians to select in advance the patients whose kidney stones are less likely to break following first line lithotripsy treatment and StonePrevent which provides information on a patient's kidney stone, combined with dietary records, blood test results and 24 hour metabolic urine test results, to provide patients and their clinicians with evidence based advice regarding the risk of recurrent kidney stones (StoneChecker and StonePrevent being together, the **Products**).

B.4. Significant trends affecting the Enlarged Group

- There has been an increase in the overall number of kidney stone incidences caused by lifestyle factors, such as water intake and dietary habits.
- There has been an increase in the number of kidney stones sufferers who are adolescents.
- There has been a global increase in health care spending.

B.5. Group structure

On Admission and following the Acquisition, the Company's Group will consist of the Company and it's directly held wholly owned subsidiary, Stone Checker Software Ltd.

B.6. Major shareholders

As at 17 May 2017 (being the latest practicable date prior to publication of this Document), the following Shareholders had a notifiable interest in the issued Ordinary Shares of the Company:

<i>Shareholder</i>	<i>No. of Ordinary Shares</i>	<i>Percentage of issued Shares</i>
West Coast Capital Investments	7,559,934	24.45
Silenus Investments Limited (Stephen Cook)	1,615,000	5.23
Sunningdale Investments Limited	1,580,000	5.12
Leon Hogan	1,570,664	5.09
River & Mercantile Asset Management LLP	1,415,867	4.58
Artemis Investment Management	1,122,949	3.64
P Fraser	1,096,941	3.55
Trevor Hunt	1,010,655	3.27
Trevor Brown	483,364	1.57

B.7. Selected historical key financial information

The table below sets out a summary of the Company's historical financial information for the periods indicated. The financial information for the Company for each of the three years ended 31 December 2016, 2015 and 2014 has been extracted without material adjustment from the audited financial statements for the financial years ended 31 December 2016, 2015 and 2014. The financial statements have been prepared under the historic cost convention and in accordance with International Financial Reporting Standards as adopted by the European Union and IFRIC interpretations (together, "IFRS") and the Companies Act applicable to companies reporting under IFRS. These financial statements have been incorporated by reference in this prospectus.

The Company

Flying Brands Summary Consolidated Income Statement

	(audited)	(audited)	(audited)
	Year end 2014 £'000	Year end 2015 £'000	Year end 2016 £'000
Revenue	-	-	-
Cost of sales	-	-	-
Gross profit	-	-	-
Operating expenses	(284)	(126)	(272)
Finance costs	(91)	(27)	(31)
Loss from continuing operations	(375)	(153)	(303)
Loss from discontinued operations	(1,396)	-	-
Loss before tax	(1,771)	(153)	(303)
Tax	-	-	-
Unclaimed dividends	33	1	-
Total comprehensive loss attributable to the Group	(1,738)	(152)	(303)

Flying Brands Summary Consolidated Statement of Financial Position

	Year end 2014 £'000	Year end 2015 £'000	Year end 2016 £'000
ASSETS			
Non-current Assets	-	-	-
Trade and other receivables	12	4	14

Cash at bank	410	322	66
TOTAL ASSETS	422	326	80
EQUITY AND LIABILITIES			
Share capital	282	310	310
Share Premium	18,059	18,062	18,062
Other reserves and non-controlling interests	(43)	88	88
Treasury shares	(840)	(840)	(840)
Profit and loss	(17,447)	(17,664)	(17,967)
TOTAL EQUITY	11	(44)	(347)
Non-current liabilities	205	344	375
Trade and other payables	206	26	52
TOTAL LIABILITIES	411	370	427
TOTAL EQUITY AND LIABILITIES	422	326	80

Flying Brands Summary Consolidated Statement of Cash Flows

	Year end 2014 £'000	Year end 2015 £'000	Year end 2016 £'000
Cash flows from operating activities	(312)	(283)	(256)
Cash flows from investing activities	1,650	-	-
Cash flows from financing activities	(950)	195	-
Net increase in cash and cash equivalents	388	(88)	(256)
Cash and cash equivalents at the beginning of the period	22	410	322
Cash and cash equivalents at the end of the period	410	322	66

NOTES

Revenue

In the three financial years ending 31 December 2016 the Company has not generated any revenue.

Underlying Profit

In all three periods the Company has incurred an operating loss. Since disposing of the previous operations in 2014 the Company has been able to reduce the on-going loss to £153,000 and £303,000 in the years ended 31

December 2015 and 31 December 2016, respectively. A large portion of the costs incurred in the year to 31 December 2016 relate to the costs of the Admission and the Acquisition.

Net Assets

The Net Assets have steadily dropped from £11,000 at 31 December 2014 to a negative position of £347,000 by 31 December 2016.

No significant change

There has been no significant change in the financial condition or operating results of the Company since 31 December 2016, being the date to which the latest audited consolidated financial statements for the Company were prepared. In the period covered by the Company's historical financial information the Company disposed of its remaining trading assets, resulting in it no longer being a trading entity.

Stone Checker Software Ltd

The Target was incorporated on 24 June 2015 and the table below sets out a summary of the Target's historical financial information for the periods indicated. The financial information for the Target for the year ended 30 June 2016 has been extracted without material adjustment from the audited financial statements for the financial year ended 30 June 2016. The financial information for the Target for the six months ended 31 December 2016 has been extracted without material adjustment from the unaudited interim financial statement of the Target for the six month period ended 31 December 2016. The financial statements have been prepared under the historic cost convention and in accordance with International Financial Reporting Standards as adopted by the European Union and IFRIC interpretations (together, "IFRS") and the Companies Act applicable to companies reporting under IFRS.

Stone Checker Software Summary Income Statement

	(audited)	(unaudited)
	Year end 30 June 2016 £	Period to 31 December 2016 £
Operating expenses	(1,450)	(38,339)
Finance costs	-	-
Loss before tax	(1,450)	(38,339)
Tax	-	-
Total comprehensive loss attributable to the Group	(1,450)	(38,339)

Stone Checker Software Summary Statement of Financial Position

	(audited)	(unaudited)
	As at 30 June 2016 £	As at 31 December 2016 £
ASSETS		
Trade and other receivables	-	-

Cash at bank	4,550	1,211
TOTAL ASSETS	4,550	1,211
EQUITY AND LIABILITIES		
Share capital	2,000	2,000
Share Premium	-	-
Profit and loss	(1,450)	(39,789)
TOTAL EQUITY	550	(37,789)
Non-current liabilities	4,000	4,000
Trade and other payables	-	35,000
TOTAL LIABILITIES	4,000	39,000
TOTAL EQUITY AND LIABILITIES	4,550	1,211

Stone Checker Software Summary Statement of Cash Flows

	(audited)	(unaudited)
	Period end 30 June 2016 £	Period end 31 December 2016 £
Cash flows from operating activities	(1,450)	(3,339)
Cash flows from investing activities	-	-
Cash flows from financing activities	6,000	-
Net increase/(decrease) in cash and cash equivalents	4,550	(3,339)
Cash and cash equivalents at the beginning of the period	-	4,550
Cash and cash equivalents at the end of the period	4,550	1,211

NOTES

Revenue

The Target was incorporated on 24 June 2015 and is currently pre-Revenue and so is yet to generate any from its operations.

Underlying Profit

As mentioned above, the Target has yet to start its full operations. So for the period to 30 June 2016 and 31 December 2016 the only transactions were the accrual of £35,000 for the cost of the patient study fees to date and an immaterial amount of administrative expenses for the general administration of a Non-Trading business.

Net Assets

The Net assets for each of the periods set out above are simply the balance in the bank less the remaining balance outstanding on the loan from Purple Batch Limited and any accruals for patient studies, which are £35,000 as at 31 December 2016 (30 June 2016: £nil).

No significant change

There has been no significant change in the financial condition or operating results of the Target since 31 December 2016.

B.8. Selected key pro forma financial information

The unaudited consolidated pro forma net asset statement has been prepared to illustrate the impact of the Acquisition on the net assets of the Company as if it had taken place on 31 December 2016.

The unaudited consolidated pro forma net asset statement has been prepared for illustrative purposes only in accordance with Annex II of the Prospectus Rules and in a manner consistent with the accounting policies to be adopted by the Company in preparing its consolidated financial statements for the year ending 31 December 2016 and should be read in conjunction with the notes to the pro forma. By their nature, the pro forma addresses hypothetical situations and therefore do not represent the Enlarged Group's financial position as of 31 December 2016 and may not therefore give a true picture of the Enlarged Group's financial position or results, nor are they indicative of the results that may, or may not, be expected to be achieved in the future.

Pro forma balance sheet

The unaudited consolidated pro forma net assets as at 31 December 2016 are as set out below:

	Flying Brands Limited	Stone Checker Software Limited	Proposed Acquisition	Placing	Consolidated total
<i>31 December 2016</i>	£	£	£	£	£
	<i>Note 3</i>		<i>Notes 4, 5</i>	<i>Note 6</i>	
NON CURRENT ASSETS					
Goodwill	-	-	277,789	-	277,789
CURRENT ASSETS					
Trade & other receivables	14,190	-	-	-	14,190
Cash at bank	65,824	1,211	-	416,562	483,597
TOTAL ASSETS	80,014	1,211	277,789	416,562	775,576
CURRENT LIABILITIES					
Trade & other payables	(51,030)	(35,000)	-	-	(86,030)
NON CURRENT LIABILITIES					
Loan	(375,337)	(4,000)	-	-	(379,337)
TOTAL LIABILITIES	(426,367)	(39,000)	-	-	(465,367)
NET ASSETS	(346,353)	(37,789)	277,789	416,562	310,209

NOTES

1. The net assets of Flying Brands have been extracted without material adjustment from the consolidated financial statements of Flying Brands.

2. The Pro Forma Financial Information has been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS").
3. The net assets of the Company have been extracted without material adjustment from the combined consolidated historical financial information of the Company for the financial year ended 31 December 2016, which is included in Part IX of this Prospectus.
4. The goodwill figure is based on the carrying value of the net assets.
5. The total consideration of £240,000 is calculated as the total number of shares issued of 8,000,000 at a price of 3p per share.
6. The net proceeds of the proposed Placing of £416,562 are calculated on the basis that the Company issues 18,333,334 Ordinary Shares at a price of £0.03 per New Ordinary Share, giving gross proceeds of £550,000, net of estimated expenses of approximately £184,688, of which £51,250 is being satisfied by way of issue of New Shares.
7. The unaudited *pro forma* financial information has been prepared on the basis that the acquisition of the Target will be treated as a business combination in accordance with IFRS 3 Business Combinations. The *pro forma* financial information does not reflect the impact of any fair value adjustments to the acquired assets and liabilities of the Target. The fair value measurement of these items will only be performed subsequent to completion of the acquisition. For the purposes of the pro forma statement of net assets, the excess of the purchase consideration over the carrying amount of the net assets acquired has been attributed to intangible assets.

Pro forma income statement

The unaudited consolidated pro forma income statement is below.

	Flying Brands Limited	Stone Checker Software Limited	Placing expenses	Consolidated total
Year to 31 December 2016	£	£	£	£
Revenue	-	-	-	-
Administrative expenses	(272,000)	(39,789)	(184,688)	(496,477)
LOSS BEFORE INTEREST AND TAX	(272,000)	(39,789)	(184,688)	(496,477)
Interest payable	(31,000)	-	-	(31,000)
TAXATION	-	-	-	-
LOSS FOR THE PERIOD	(303,000)	(39,789)	(184,688)	(527,477)

NOTES

1. The results of the Company have been extracted without material adjustment from the consolidated financial statements of the Company for the financial year ended 31 December 2016, which are incorporated by reference into this document and are available for inspection as detailed in Part XIV of this document.
2. The results of the Target for the year to 31 December 2016 have been compiled from two sets of financial statements, each for a period of 6 months. This is because the Target and Company accounting year ends are not co-terminus. The results of the Target for the six month period from 1 January 2016 to 30 June 2016 have been extracted without material adjustment from the audited accounts of the Target for the period to 30 June 2016, which are included in Part X of this document. The results of the Target for the six month period ended 31 December 2016 have been extracted without material adjustment from the unaudited interim financials for the period, which are included in Part X of this document.
3. No adjustment has been made for future integration costs or synergies arising from the Acquisition.
4. With the exception of consolidating future trading results of the Target into the Group, the aforementioned adjustments are not expected to have a continuing impact on the Issuer.
5. No adjustment has been made to reflect the financial results of either the Company or the Target since 31 December 2016.

B.9. Profit forecast or estimate

Not applicable; no profit forecast or estimate is made.

B.10. Qualified audit report

The Company

Not applicable; the audit reports on the Company's historical financial information have not been qualified.

Stone Checker Software Ltd

Not applicable; the audit report on the Target's historical financial information has not been qualified.

B.11. Insufficient working capital

Not applicable; the Group's working capital, taking into account the Net Proceeds, is sufficient for its present requirements, that is for at least the 12 months from the date of this Document.

SECTION C—SECURITIES

C.1. Description of the type and the class of the securities being offered

The Company is proposing to issue 28,041,667 New Shares in aggregate, comprising 8,000,000 Consideration Shares in connection with the Acquisition, 18,333,334 Placing Shares in connection with the Placing and 1,708,333 Peterhouse Shares in respect of the commission and fees due to Peterhouse. As a result of the share twinning structure adopted by the Company, for each New Share issued by the Company, Flying Brands UK issues one A share and the resulting Unit is made subject to an application for listing but pursuant to resolutions to be passed by the Company and Flying Brands UK, this structure is to be unwound and only the Company's Ordinary Shares will be listed. The Units are registered with ISIN GB0003437059 and SEDOL number 043705.

C.2. Currency of the securities issue

The currency of the securities issue is Pounds Sterling.

C.3. Issued share capital

30,880,963 Ordinary Shares have been issued by the Company at the date of this Document.

Following the issue of the New Shares, there will be 58,922,630 Ordinary Shares in issue.

C.4. Rights attached to the securities

The New Shares, when issued and fully paid, will rank *pari passu* in all respects with the existing Ordinary Shares and will rank in full for all dividends and other distributions thereafter declared, made or paid on the share capital of the Company.

C.5. Restrictions on transferability

Subject to the terms of the Articles, any Shareholder may transfer all or any of his certificated Ordinary Shares. The Directors shall have power to implement and/or approve any arrangements they may, in their absolute discretion, think fit in relation to the evidencing of title to and transfer of interests in Ordinary Shares in the Company in uncertificated form.

C.6. Application for admission to trading on a regulated market

Application will be made for the admission of the Company's entire issued Share capital to the standard listing segment of the Official List maintained by the FCA and to trading on the main market for listed securities of the London Stock Exchange. It is expected that Admission will become effective, and that dealings in the Ordinary Shares will commence at 8.00 a.m. on 16 June 2017.

C.7. Dividend policy

The Company's current intention is to retain any earnings for use in its business operations, and the Company does not anticipate declaring any dividends in the foreseeable future. The Company will only pay dividends to the extent that to do so is in accordance with the Companies Act and all other applicable laws.

SECTION D—RISKS

D.1 Key information on the key risks that are specific to the issuer or its industry

The business of the Enlarged Group is unproven and the Target has yet to be profitable and so there is no guarantee that the business of the Enlarged Group will be successful or profitable.

The Enlarged Group operates within the medical technology sector which will result in the Enlarged Group being subject to risks which are specific to operators in the health care market and in the event of more onerous regulation being imposed, this may have an adverse effect upon the Company's results of operations.

The Company will be competing against other companies in the kidney stone treatment market, and increased competition in this market or decisions by end users to spend money on these alternative offerings could reduce the Company's market share and revenues. In addition, if health systems reduce their overall spend or decide to focus on other conditions, this could result in the Company's ability to increase its revenue being reduced.

The Patents Licence that the Target requires in order to develop and exploit the Products may be terminated in certain circumstances and in the event this occurs, the Company may not be able to use the TexRAD software which underpins its products.

D.3 Key information on the key risks that are specific to the securities

The Standard Listing of the Ordinary will afford investors a lower level of regulatory protection than a Premium Listing.

A market for the Ordinary Shares may not develop following Admission, which would adversely affect the liquidity and price of the Shares.

Investors may not be able to realise returns on their investment in Ordinary Shares within a period that they would consider to be reasonable.

Dividend payments on the Ordinary Shares are not guaranteed.

SECTION E—OFFER

E.1 Total net proceeds / expenses

The Net Proceeds of the Placing are approximately £416,562. The total expenses incurred (or to be incurred) by the Company in connection with Admission, the Acquisition and the Placing are approximately £184,688, however Peterhouse will be taking their commission of £41,250 and fees of £10,000 (which have been included in the total expenses figure) through the issue of Ordinary Shares at Admission.

E.2a Reasons for the offer and use of proceeds

The Net Proceeds will be used as part of the working capital requirements of the Enlarged Group including:

- developing and manufacturing the Products (£80,476 (\$100,000) for both Products);
- conducting further clinical trials (around £70,000);
- obtaining CE-marks certification for the Products (£56,333 (\$70,000) for both Products);
- starting the process to obtain FDA authorisation for the Products following penetration of the UK market (£96,556 (\$120,000) for both Products); and
- setting up a cloud services platform for the StoneChecker product (around £10,000).

E.3 Terms and conditions of the offer

The Placing is conditional, *inter alia*, on

- All conditions to the Acquisition (save for Admission) having been satisfied or waived by 30 June 2017; and
- Admission having become effective at or before 8.00 a.m. on 16 June 2017 (or such later time and date as the Company and broker may agree (being not later than 8.00 a.m. on 30 June 2017)).

The Placing Price under the terms of the Placing Agreement is £0.03.

The Directors have received irrevocable undertakings from new and current investors to subscribe for 18,333,334 Ordinary Shares in aggregate at the Placing Price. The undertakings are unconditional and may not be withdrawn other than on a failure of the Company to complete the Acquisition and achieve Admission.

E.4 Material interests

Not applicable.

E.5 Selling Shareholders / Lock-up agreements

Not applicable; no person or entity is offering to sell the relevant securities.

Each of the Sellers and the Directors have agreed that they shall not, offer, sell, contract to sell, pledge or otherwise dispose of any Ordinary Shares which they hold directly or indirectly in the Company (whether as a result of the issue of the Consideration Shares or otherwise), for a period of 12 months commencing on Admission.

The restrictions on the ability of those locked-in parties to transfer their Ordinary Shares are subject to certain usual and customary exceptions.

E.6 Dilution

The issue of the Placing Shares, the Consideration Shares and the Peterhouse Shares will result in the holdings of holders of Shares as at the date of this document (presuming such holders do not participate in the Placing) being diluted by c.52%.

E.7 Expenses charged to investors

Not applicable; no expenses will be charged to the investors.

RISK FACTORS

Investment in the Enlarged Group and the Ordinary Shares carries a significant degree of risk, including risks in relation to the Company's business strategy, potential conflicts of interest, risks relating to taxation and risks relating to the Ordinary Shares.

Investors and prospective investors should note that the risks relating to the Company, the Enlarged Group, its industry and the Ordinary Shares summarised in the section of this document headed "Summary" are the risks that the Directors as at the date of this Prospectus 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 Enlarged 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 the key risks summarised in the section of this document headed "Summary" but also, among other things, the risks and uncertainties described below.

The risks referred to below are those risks the Company and the Directors consider to be the material risks relating to the Enlarged Group as from Admission. However, there may be additional risks that the Company and the Directors do not currently consider to be material or of which the Company and the Directors are not currently aware that may adversely affect the Enlarged Group's business, financial condition, results of operations or prospects. Investors should review this Document carefully and in its entirety and consult with their professional advisers before acquiring any Ordinary Shares. If any of the risks referred to in this Document were to occur, the results of operations, financial condition and prospects of the Enlarged Group could be materially adversely affected. If that were to be the case, the trading price of the Ordinary Shares and/or the level of dividends or distributions (if any) received from the Ordinary Shares could decline significantly. Further, investors could lose all or part of their investment.

RISKS RELATING TO THE COMPANY'S BUSINESS STRATEGY

The business of the Enlarged Group is unproven and the Target has yet to be profitable

The Target has not yet commenced trading. The Net Proceeds will be used to continue developing the Target's Products with a view to commencing sales of the StoneChecker product from October 2017 and the StonePrevent product from January 2018.

In addition, the Net Proceeds will be used to complete a fourth, larger, patient study for StoneChecker. To date, three studies have been carried out.

Until this study has been completed it is uncertain whether the Target will be able to improve the accuracy of its results from the first two studies. In the event that the results from the fourth study are unsatisfactory the StoneChecker product may require further trials in order to prove whether or not it is capable of commercial sales which will impact on the timing of intended first sales and will adversely affect the Company's results operations.

The Enlarged Group operates within the medical technology sector which will result in the Enlarged Group being subject to risks which are specific to operators in the health care market

It is the Directors' intention that the Products will be used by health care professionals working in the NHS and other healthcare systems outside of the UK. NHS practices and other healthcare practices are subject to change. If practice changes such that health care professionals are not able to use the Products or funding is not available for the Products or overall budgetary spend on kidney stone

conditions is reduced in favour of other ailments, this will result in a loss of customers and could have a material effect on the Target's business, results of operations, financial condition and prospects.

The Company may be competing against other companies in the kidney stone treatment market, and increased competition in this market could reduce the Company's market share and revenues

The Company expects the market for the supply of kidney stone analysis and preventive solutions to become highly competitive. Some of the companies with which the Company may compete may be larger than the Company and have greater capital and other resources available to them. There is no assurance that the Company would be able to compete successfully against them. Increased competition could lead to a decrease in market share or revenues, which could have a material adverse effect on the Company's business, financial condition, results of operations and/or prospects.

The Company may be subject to medical regulatory compliance risk

The medical sector is heavily regulated and the compliance burden is likely to increase.

Non-compliance with such regulations could lead to fines, public reprimands, damage to reputation, increased regulatory requirements, enforced suspension of operations or, in extreme cases, withdrawal of authorisations to operate.

The Products will be medical devices under the Classification 1 (*medical software*), which is the lowest level of classification requiring the least regulatory oversight as they are non-invasive and non-sterile. Whilst the manufacture of the Products will be sub-contracted to a third party with a manufacturing system which has been approved by a notified body for self-certification, in the event that such third party loses the approved status, the Company will be required to seek new manufacturers. This could result in a delay in producing the Products which would have an adverse effect on the Company's results of operations.

In addition, any future regulatory changes within the medical technology sector may potentially restrict the operations of the Company and impose increased compliance and regulatory capital costs, restrict leverage/borrowing and dividend payments, reduce investment returns or increase associated fees, restrict the ability to hedge or off-set investment exposure, increase corporate governance/supervision costs, reduce the competitiveness of any business of the Company, reduce the ability of the Company to hire and retain key personnel or impose restrictions on whether individuals may be appointed or retained as directors of the Company and impose other restrictions and obligations which could adversely affect the Company's profitability.

Market factors

16.5

Although the Company expects demand for its kidney stone solutions to increase, demand for its products is subject to a variety of factors over which the Group has no control, including economic and regulatory developments in the United Kingdom, the United States, Europe, China and other jurisdictions in which the Company may seek to operate. A decrease in demand for its products could result in lower revenues which could have a material adverse effect on its business, results of operations, financial condition and prospects.

There is no assurance that any operating improvements made to the Enlarged Group will be successful or, that they will be effective in increasing the valuation of the Target

Following the Acquisition, the Company will endeavour to generate shareholder value through capital adequacy, operational improvements and economies of scale. However, there can be no assurance that the Company will be able to implement effective operational improvements for the Enlarged Group. General economic and market conditions or other factors outside the Company's control could make the Enlarged Group's operating strategies difficult or impossible to implement. Any failure to implement these operational improvements successfully and/or the failure of these operational

improvements to deliver the anticipated benefits could have a material adverse effect on the Enlarged Group's results of operations and financial condition.

The Company may be unable to hire or retain personnel required to support the Enlarged Group

The Company will evaluate the personnel requirements of the Enlarged Group and may determine that it requires increased support to operate and manage the acquired business in accordance with its overall business strategy. There can be no assurance that existing personnel of the Enlarged Group will be adequate or qualified to carry out such strategy, or that the Company will be able to hire or retain experienced, qualified employees to carry out such strategy.

The Products are closely interrelated and the success of one Product may cause a decline of the other

The success of one Product may directly affect the market for the other. This is particularly relevant if StonePrevent effectively reduces the number of kidney stone recurrences to such an extent that the market for StoneChecker decreases.

The Company's relationship with key individuals

The Target's research and development team consists of Dr Balaji Ganeshan and Nick Stevens. Dr Ganeshan is a medical imaging inventor/scientist and the CEO of TexRAD Limited. Nick Stevens has experience in start-up businesses involving the development and/or introduction of new medical technologies in the fields of diagnostic and therapeutic oncology and urology.

Although the intellectual property required by the Target to use the StoneChecker and StonePrevent software licenced from TexRAD Limited will subsist independently of these key individuals, the Products may not be capable of being brought to market as effectively without the support of such persons.

Intellectual property – Use of Patents Licence

I 6.4

The Target's ability to exploit the Products is reliant upon the terms of an exclusive licence from TexRAD Limited which grants the Target the right to use the Patents in the field of urolithiasis and to research, develop or have developed, make or have made, keep, use, import, export, sell and supply products based upon the TexRAD Plug-in pursuant to the terms of a licence agreement dated 20 August 2015 (the **Patents Licence**).

TexRAD Limited is entitled to terminate the Patents Licence if:

- (1) it is determined by an expert that the Target has without legitimate reason failed to use diligent and reasonable efforts to develop and commercially exploit the TexRAD Plug-in;
- (2) the Target is in material breach of the Patents Licence and such breach is not remedied, if capable of remedy, within 30 days; or
- (3) if the Target becomes insolvent.

The Patents Licence requires the Target to pay TexRAD Limited royalty payments. Accordingly, if the Target failed to meet these payments and failed to remedy this breach within 30 days, and this was determined to be a material breach of the Patents Licence, TexRAD would be entitled to terminate the Patents Licence.

Accordingly, a key risk is that the Patents Licence is terminated.

Intellectual property – Infringement of Patents Licence

Currently the Products are unique and it is anticipated that the Products will be the first of their type on the market. Other companies may seek to develop products which are similar or the same as the Products and compete with the Target's business. If this happens outside of the UK, it may be difficult for the Target together with TexRAD Limited to enforce the patents which are the subject of the Patents Licence and which are required for the Products.

Dependence on relationship with researches at Oxford University

The patient studies undertaken to date and the current patient study are conducted by urologists at Oxford Stone Group (formed out of the amalgamation of the clinical services of Oxford University Hospital and various research groups within the University of Oxford). The Target enjoys a good working relationship with the Oxford Stone Group which has enabled it to have the benefit of these studies without having incurred any costs to date. In addition, it is the intention of the Target that the University of Oxford will publish the results of the patient studies, which will give the Products credibility within the clinical and research kidney stone communities.

The Target does not have any written agreements with the Oxford Stone Group or the University of Oxford. Accordingly, the University may decide not to publish the results of the studies at all, which may have an adverse impact on the sales of the Products. However, the Directors believe that the University will publish the results as the research team at the University are currently in the process of writing two separate manuscripts to be published in peer reviewed journals.

Alternatively, if the University does decide to publish the results of the studies, as an academic institution and as the body that carried out the trials, the University will be free to publish the results of the studies independently of the Target. However, it is the shared understanding of the Target and the University that any submissions for publication of the results of the studies will be prepared jointly.

The Directors consider the risk of any adverse publicity arising as a consequence of the University or Oxford Stone Group publishing the results of the studies without the Target's permission to be relatively low because there is no data that could be published that shows the Products in a negative light. In addition, the Oxford Stone Group has a reputation for publishing interesting and innovative clinical research and has communicated the desire to have a long term relationship with the Target.

The lack of any written agreements between the Target and Oxford Stone Group controlling the use of the data generated from the patient studies is a commercial decision made by the Target because in order to have control over this data, the Target would have had to fully sponsor the trial which would have been cost prohibitive.

Information Technology

Information technology (IT) systems will be used extensively in order for the Products to be used. The Enlarged Group's operations therefore depend on the continued and uninterrupted performance of its IT systems and the IT systems of its customers. If the Enlarged Group or its customers experience significant or recurring IT problems, the use of the Products will be disrupted, which could adversely affect the Enlarged Group's reputation, result in a loss of customers and could have a material adverse effect on its business, results of operations, financial condition and prospects.

The Products require the use and transfer of patient related data in a secure environment. This type of information has been the subject to illegal hacking in order for misuse and sale. The Target will use all reasonable endeavours to safeguard patient data, but attacks are still possible and would lead to a loss in reputation if successfully carried out.

Customers

StoneChecker will be sold to lithotripsy clinicians (either urologists or radiologists) and StonePrevent will be sold to urologists and directly to patients. In order to commercialise the Products effectively, the Target will need to develop customer relationships with physicians and other healthcare professionals. Failure to develop and then maintain such relationships and/or sustain a professional reputation would result in a decrease in the number of patients referred and therefore a decrease in revenue.

The Target will be entering into contracts with, amongst others, private health insurers and hardware manufacturers. The Target may be unable to successfully negotiate and agree on terms that would be favourable to the Enlarged Group.

The Company will be a holding company whose principal source of operating cash will be income received from its operating subsidiary

Once the Net Proceeds have been exhausted, the Company will be dependent on the income generated by the Target and its business to meet the Company's expenses and operating cash requirements. The amount of distributions and dividends, if any, which may be paid from any operating subsidiary to the Company will depend on many factors, including the Target's results of operations and financial condition, limits on dividends under applicable law, its constitutional documents, documents governing any indebtedness of the Company, and other factors which may be outside the control of the Company. If StoneChecker is unable to generate sufficient cash flow, the Company may be unable to pay its expenses or make distributions and dividends on the Ordinary Shares.

The Company's risk management policies and procedures may prove inadequate following the Acquisition

The policies and procedure for managing market, regulatory and operational risk to be utilised by the Company and the Enlarged Group following the Acquisition may prove ineffective. Some of the methods used for managing risk may be based upon observations of historical market behaviour, and statistical techniques are applied to these observations to arrive at quantifications of its potential risk exposures. However, these methods may not accurately quantify risk exposures, especially in situations that cannot be identified based on its historical data. In particular, if the Enlarged Group enter into new lines of business, historical data may be incomplete. Following the global financial and economic crisis, models and techniques used to predict future conditions, behaviours and valuations have become less effective. As additional information becomes available, additional provisions may need to be made. If circumstances arise whereby the Enlarged Group did not identify, anticipate or correctly evaluate certain risks in developing its statistical models, losses could be greater than the maximum losses envisaged under its risk management system. In addition, certain risks may not be accurately quantified by risk management systems. Material deficiencies in risk management or other internal control policies or procedures may result in significant market, regulatory or operational risk, which may in turn have a material adverse effect on the Enlarged Group's business, financial condition, results of operations and prospects.

The Company may be subject to regulatory compliance risk

Following the Acquisition, the Company and Enlarged Group will be subject to rules and regulations of governing the licensing of medical products. Non-compliance with such regulations could lead to fines, public reprimands, damage to reputation, enforced suspension of operations or, in extreme cases, withdrawal of licence to operate its technologies.

Any future regulatory changes may potentially restrict the operations of the Enlarged Group, impose increased compliance and regulatory capital costs, reduce investment returns or increase associated fees, increase corporate governance/ supervision costs, reduce the competitiveness of any business

of the Enlarged Group, reduce the ability of the Enlarged Group to hire and retain key personnel or impose restrictions on whether individuals may be appointed or retained as directors of the Enlarged Group or any member of the Enlarged Group and impose other restrictions and obligations which could adversely affect the Enlarged Group's profitability.

In addition, changes could have an impact, other than those highlighted above, include:

- the monetary, interest rate and other policies of central banks and regulatory authorities;
- changes in government or regulatory policies that may significantly influence the regulatory landscape in particular markets in which the Company may have operations;
- changes in competition and pricing environments;
- developments in the financial reporting environment;
- new financial transaction related or other taxes;
- financial stability measures, fiscal budget controls, exchange controls and controls on the international movement of capital; and
- expropriation, nationalisation, confiscation of assets and changes in legislation relating to foreign ownership.

Regulations to which the Company may be subject may also be interpreted or applied differently than in the past, which could have an adverse effect on the Company's business, financial condition, results of operations and/or prospects.

The Company did not seek an independent valuation in respect of the Target

The Directors at the time when the Target was being considered as a potential acquisition target decided not to procure an independent valuation of the Target because of (i) the size of the transaction, (ii) the fact that the Target was at a particularly early stage of development making effective valuation more complex, and (iii) because the Directors felt that they had sufficient information from the discussions held with Vinod Kaushal, who has extensive experience in this area and has managed transactions involving similar products for large corporations. It was agreed between the Company and the Sellers that the Company would purchase the Target from the Sellers in consideration for the issue of 8,000,000 Consideration Shares. The share price of the Company at the time of suspension was £0.03 and accordingly the consideration payable by the Company for the Target will be the equivalent of £240,000.

As the Company did not procure an independent valuation, there is a risk that the consideration payable for the Target at the time of the Acquisition will not be the "market price".

RISKS RELATING TO THE SHARES

The Standard Listing of the Ordinary will afford investors a lower level of regulatory protection than a Premium Listing

Application will be made for the Company's entire issued share capital to be admitted to a Standard Listing on the Official List. A Standard Listing will afford investors in the Company a lower level of regulatory protection than that afforded to investors in a company with a Premium Listing, which is subject to additional obligations under the Listing Rules.

Further details regarding the differences in the protections afforded by a Premium Listing as against a Standard Listing are set out in the section entitled "Consequences of a Standard Listing" on page 25.

A market for the Ordinary Shares may not develop following Admission, which would adversely affect the liquidity and price of the Ordinary Shares

Prior to Suspension, there was a limited market for the Ordinary Shares. The price of the Ordinary Shares after Admission may also vary due to a number of factors, including but not limited to, general economic conditions and forecasts, the Enlarged Group's general business condition and the release of its financial reports. Although the Company's current intention is that its securities should continue to trade on the London Stock Exchange, it cannot assure investors that it will always do so. In addition, an active trading market for the Ordinary Shares may not develop or, if developed, may not be maintained. Investors may be unable to sell their Ordinary Shares unless a market can be established and maintained, and if the Company subsequently obtains a listing on an exchange in addition to, or in lieu of, the London Stock Exchange, the level of liquidity of the Ordinary Shares may decline.

Investors may not be able to realise returns on their investment in Ordinary Shares within a period that they would consider to be reasonable

Investments in Ordinary Shares may be relatively illiquid. There may be a limited number of Shareholders and this, together with the number of Shares to be issued pursuant to the Placing and Acquisition, may contribute both to infrequent trading in the Shares on the London Stock Exchange and/or to volatile Ordinary Share price movements. Investors should not expect that they will necessarily be able to realise their investment in Ordinary Shares within a period that they would regard as reasonable. Accordingly, the Shares may not be suitable for short-term investment. Admission should not be taken as implying that there will be an active trading market for the Shares. Even if an active trading market develops, the market price for the Ordinary Shares may fall below the Placing Price.

Dividend payments on the Ordinary Shares are not guaranteed

To the extent the Company intends to pay dividends on the Ordinary Shares, it will pay such dividends at such times (if any) and in such amounts (if any) as the Board determines appropriate and in accordance with applicable law, but will be entirely reliant upon dividends received from its operating subsidiaries in order to do so. Payments of such dividends will be dependent on the availability of free cash from such subsidiaries. The Company can therefore give no assurance that it will be able to pay dividends going forward or as to the amount of such dividends, if any.

Conversion of Convertible Loan Notes

The Company has £400,000 convertible loan notes in issue made up of £300,000 loan notes convertible into Ordinary Shares at a price of £0.011 per Ordinary Share and £100,000 loan notes convertible into Ordinary Shares at a price of £0.015 per Ordinary Share.

If the Convertible Loan Notes are redeemed and converted into Ordinary Shares each shareholder's holding of Ordinary Shares will be diluted. In addition, if the market value of the shares at the time of conversion is higher than the conversion price then the share price of the Ordinary Shares may decrease.

RISKS RELATING TO TAXATION

Changes in tax law and practice may reduce any net returns for investors

The tax treatment of shareholders of the Company, the Enlarged Group and any company which the Company may acquire are all subject to changes in tax laws or practices in England and Wales or any other relevant jurisdiction (including Jersey). Any change may reduce any net return derived by investors from a shareholding in the Company.

There can be no assurance that the Company will be able to make returns for Shareholders in a tax-efficient manner

It is intended that the Company will structure the Enlarged Group, to maximise returns for Shareholders in as fiscally efficient a manner as is practicable. The Company has made certain assumptions regarding taxation. However, if these assumptions are not correct, taxes may be imposed with respect to the Enlarged Group's assets, or the members of the Enlarged Group may be subject to tax on income, profits, gains or distributions (either on a liquidation and dissolution or otherwise) in a particular jurisdiction or jurisdictions in excess of taxes that were anticipated. This could alter the post-tax returns for Shareholders (or Shareholders in certain jurisdictions). The level of return for Shareholders may also be adversely affected. Any change in laws or tax authority practices could also adversely affect any post-tax returns of capital to Shareholders or payments of dividends (if any, which the Company does not envisage the payment of, at least in the short to medium term). In addition, the Company may incur costs in taking steps to mitigate any such adverse effect on the post-tax returns for Shareholders.

CONSEQUENCES OF A STANDARD LISTING

Application will be made for the enlarged issued share capital to be admitted to listing on the Official List pursuant to Chapter 14 of the Listing Rules, which sets out the requirements for Standard Listings. Listing Principles 1 and 2 as set out in Chapter 7 of the Listing Rules also apply to the Company, and the Company will comply at all times with such Listing Principles.

However, while the Company has a Standard Listing, it is not required to comply with the provisions of, among other things:

- Chapter 8 of the Listing Rules regarding the appointment of a sponsor to guide the Company in understanding and meeting its responsibilities under the Listing Rules in connection with certain matters. The Company has not and does not intend to appoint such a sponsor in connection with the Acquisition, the Placing or Admission;
- Chapter 10 of the Listing Rules relating to significant transactions;
- Chapter 11 of the Listing Rules regarding related party transactions;
- Chapter 12 of the Listing Rules regarding purchases by the Company of its Ordinary Shares; and
- Chapter 13 of the Listing Rules regarding the form and content of circulars to be sent to Shareholders.

It should be noted that the UK Listing Authority will not have the authority to (and will not) monitor the Company's compliance with any of the Listing Rules which the Company has indicated herein that it intends to comply with on a voluntary basis, nor to impose sanctions in respect of any failure by the Company so to comply.

IMPORTANT INFORMATION

In deciding whether or not to invest in New Shares, prospective investors should rely only on the information contained in this Document. No person has been authorised to give any information or make any representations other than as contained in this Document and, if given or made, such information or representations must not be relied on as having been authorised by the Company or the Directors. Without prejudice to the Company's obligations under the FSMA, the Prospectus Rules, Listing Rules and Disclosure and Transparency Rules, neither the delivery of this Document nor any subscription made under this Document shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this Document or that the information contained herein is correct as at any time after its date.

Prospective investors must not treat the contents of this Document or any subsequent communications from the Company or the Directors or any of their respective affiliates, officers, directors, employees or agents as advice relating to legal, taxation, accounting, regulatory, investment or any other matters.

The section headed "Summary" should be read as an introduction to this Document. Any decision to invest in the Ordinary Shares should be based on consideration of this Document as a whole by the investor. In particular, investors must read the section headed "Section D—Risks" of the Summary together with the risks set out in the section headed "Risk Factors" beginning on page 17 of this Document.

This Document does not constitute, and may not be used for the purposes of, an offer to sell or an invitation or the solicitation of an offer or invitation to subscribe for or buy, any Ordinary Shares by any person in any jurisdiction: (i) in which such offer or invitation is not authorised; (ii) in which the person making such offer or invitation is not qualified to do so; or (iii) in which, or to any person to whom, it is unlawful to make such offer, solicitation or invitation. The distribution of this Document and the offering of the Ordinary Shares in certain jurisdictions may be restricted. Accordingly, persons outside the United Kingdom who obtain possession of this document are required by the Company or the Directors to inform themselves about, and to observe any restrictions as to the offer or sale of Ordinary Shares and the distribution of, this Document under the laws and regulations of any territory in connection with any applications for Ordinary Shares, including obtaining any requisite governmental or other consent and observing any other formality prescribed in such territory. No action has been taken or will be taken in any jurisdiction by the Company, the Directors, or the Founder that would permit a public offering of the Ordinary Shares in any jurisdiction where action for that purpose is required, nor has any such action been taken with respect to the possession or distribution of this Document other than in any jurisdiction where action for that purpose is required. Neither the Company nor the Directors accepts any responsibility for any violation of any of these restrictions by any other person.

The Ordinary Shares have not been and will not be registered under the Securities Act, or under any relevant securities laws of any state or other jurisdiction in the United States, or under the applicable securities laws of Australia, Canada or Japan. Subject to certain exceptions, the Ordinary Shares may not be, offered, sold, resold, reoffered, pledged, transferred, distributed or delivered, directly or indirectly, within, into or in the United States, Australia, Canada or Japan or to any national, resident or citizen of the United States, Australia, Canada or Japan.

The Ordinary Shares have not been approved or disapproved by the SEC, any federal or state securities commission in the United States or any other regulatory authority in the United States, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Ordinary Shares or confirmed the accuracy or determined the adequacy of the information contained in this Document. Any representation to the contrary is a criminal offence in the United States.

Investors may be required to bear the financial risk of an investment in the Ordinary Shares for an indefinite period. The Shares are not transferable except in compliance with the restrictions described in Part XV (*Notices to Investors*).

Selling and transfer restrictions

Prospective investors should consider (to the extent relevant to them) the notices to residents of various countries set out in Part XV (*Notices to Investors*).

Investment considerations

In making an investment decision, prospective investors must rely on their own examination, analysis and enquiry of the Enlarged Group, this Document and the terms of the Acquisition and Placing, including the merits and risks involved. The contents of this Document are not to be construed as advice relating to legal, financial, taxation, investment decisions or any other matter. Prospective investors should inform themselves as to:

- the legal requirements within their own countries for the purchase, holding, transfer or other disposal of the Ordinary Shares;
- any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of the Ordinary Shares which they might encounter; and
- the income and other tax consequences which may apply in their own countries as a result of the purchase, holding, transfer or other disposal of the Ordinary Shares or distributions by the Company, either on a liquidation and distribution or otherwise. Prospective investors must rely upon their own representatives, including their own legal advisers and accountants, as to legal, tax, investment or any other related matters concerning the Company and an investment therein.

An investment in the Company should be regarded as a long-term investment. There can be no assurance that the Enlarged Group's objectives will be achieved.

It should be remembered that the price of the Ordinary Shares, and any income from such Ordinary Shares, can go down as well as up.

This Document should be read in its entirety before making any investment in the Ordinary Shares. All Shareholders are entitled to the benefit of, are bound by, and are deemed to have notice of, the provisions of the Articles of Association of the Company, which investors should review.

Forward-looking statements

This Document includes statements that are, or may be deemed to be, "forward-looking statements". In some cases, these forward-looking statements can be identified by the use of forward-looking terminology, including the terms "targets", "believes", "estimates", "anticipates", "expects", "intends", "may", "will", "should" or, in each case, their negative or other variations or comparable terminology. They appear in a number of places throughout the Document and include statements regarding the intentions, beliefs or current expectations of the Company and the Board of Directors concerning, among other things: (i) the Company's objective, acquisition and financing strategies, results of operations, financial condition, capital resources, prospects, capital appreciation of the Ordinary Shares and dividends; and (ii) future deal flow and implementation of active management strategies, including with regard to the Acquisition. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. The Company's actual performance, results of operations, financial condition, distributions to shareholders and the development of its financing strategies may differ materially from the forward-looking statements contained in this Document. In addition, even if the Company's actual performance, results of

operations, financial condition, distributions to shareholders and the development of its financing strategies are consistent with the forward-looking statements contained in this Document, those results or developments may not be indicative of results or developments in subsequent periods. Important factors that may cause these differences include, but are not limited to:

- the Company's ability to ascertain the merits or risks of the operations of the Enlarged Group;
- the Company's ability to use the Net Proceeds on a timely basis;
- the availability and cost of equity or debt capital for any future transactions;
- currency exchange rate fluctuations, as well as the success of the Company's hedging strategies in relation to such fluctuations (if such strategies are in fact used); and
- legislative and/or regulatory changes, including changes in taxation regimes.

Prospective investors and Shareholders should carefully review the "Risk Factors" section of this Document for a discussion of additional factors that could cause the Company's actual results to differ materially, before making an investment decision. For the avoidance of doubt, nothing in this paragraph constitutes a qualification of the working capital statement contained in paragraph 9 of Part XIV — *Additional Information*.

Forward-looking statements contained in this Document apply only as at the date of this Document. Subject to any obligations under the Listing Rules, the Disclosure and Transparency Rules and the Prospectus Rules, the Company undertakes no obligation to update or review any forward-looking statement, whether as a result of new information, future developments or otherwise.

Currency presentation

Unless otherwise indicated, all references to "British pound sterling", "sterling", "£" or "pounds" are to the lawful currency of the U.K.

No incorporation of website

The Company's corporate website as from Admission will be www.flyingbrands.co.uk. The contents of any website of the Company or any other person do not form part of this Document.

Definitions

A list of defined terms used in this Document is set out in Part XVI (*Definitions*).

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication of this Document	17 May 2017
General Meeting	11.15 a.m. on 15 June 2017
Flying Brands UK General Meeting	11.30 a.m. on 15 June 2017
Completion of Acquisition	16 June 2017
Admission and commencement of unconditional dealings in Ordinary Shares	8.00 a.m. on 16 June 2017
Crediting of New Shares to CREST Accounts	16 June 2017
Share certificates for New Shares dispatched	By 30 June 2017

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

ADMISSION AND PLACING STATISTICS

Total number of Units in issue on the date of this Document	30,880,963
Total number of Ordinary Shares to be issued in the Placing	18,333,334
Total number of Ordinary Shares to be issued to the Sellers	8,000,000
Total number of Ordinary Shares to be issued to Peterhouse	1,708,333
Total number of Ordinary Shares in issue following Admission	58,922,630
Placing Price per Share	£0.03
Estimated Net Proceeds receivable by the Company	Approximately £416,562

DEALING CODES

The dealing codes for the Ordinary Shares are as follows:

ISIN	JE00BD4H0R42
SEDOL	BD4H0R4
TIDM	FBDU

DIRECTORS AND ADVISERS

Directors	Trevor Brown Qu Li (non-executive) Vinod Kaushal (non-executive)
Company Secretary	Donald Reid Anglo Saxon Trust Limited Forum 4 Grenville Street St Helier, Jersey JE4 8TQ
Registered Office and business address of the Directors	Forum 4 Grenville Street St Helier Jersey JE4 8TQ
Broker and Placing Agent	Peterhouse Corporate Finance Limited New Liverpool House 15 Eldon Street London EC2M 7LD
Auditors and Reporting Accountants	Welbeck Associates 30 Percy Street London W1T 2DB
Registrar	Share Registrars Ltd Suite E First Floor 9 Lion & Lamb Yard Farnham Surrey GU9 7LL
Legal advisers to the Company as to English law	Charles Russell Speechlys LLP 5 Fleet Place London EC4M 7RD
Legal advisers to the Company as to Jersey law	MJ Hudson 2nd Floor Hilgrove House 10 Hilgrove Street St Helier Jersey JE2 4SL
Principal bankers	Barclays Bank plc PO Box 8 39-41 Broad Street St Helier Jersey JE4 8PU

PART I

INFORMATION ON THE ACQUISITION AND THE ENLARGED GROUP

Investors should read the whole of this Prospectus and the documents incorporated herein by reference and should not just rely on the information set out in this Part I (Information on the Acquisition and the Enlarged Group).

On 30 June 2016, Flying Brands Limited announced that it had commenced due diligence and was in negotiations in connection with the entire issued share capital of medical technology business Stone Checker Software Limited. The boards of the Company and Stone Checker Software Ltd have now reached agreement on the terms on the Acquisition.

As Flying Brands is considered by the UKLA to be a cash shell under the Listing Rules given that it is a non-trading entity (effectively a cash shell), the Acquisition is treated as a reverse takeover and so on completion of the Acquisition, the listing of the Company's listed Units will be cancelled and application will be made for the Company's Enlarged Issued Share Capital to be admitted to trading. It is expected that Admission will become effective, and that dealings in the Enlarged Issued Share Capital will commence at 8.00 a.m. on 16 June 2017.

At the same time as undertaking the Acquisition, the Company is re-organising the structure of its share capital so that its listed securities are the Company's Ordinary Shares only, rather than the Units (which each consist of one Ordinary Share in the Company and one A Share in Flying Brands UK). Further details of the Share Reorganisation are set out in this Part 1.

Reasons for the Acquisition

In November 2014, the Company disposed of the last remaining assets of its former trading operations, being the freehold property at Retreat Farm, Jersey. Since that sale, the Company has effectively been a special purpose acquisition vehicle and its directors have been evaluating various options and looking at opportunities in the technology and logistics sectors.

The Company became aware of the Target as a potential acquisition or investment target when AIM listed Feedback plc, the then 50 per cent. owner of the Target, decided that it would be willing to dispose of its interest in Stone Checker on the basis that it wished to concentrate its resources on a different unrelated product. Feedback's announcement of the disposal of its interest noted that Stone Checker was making good progress but was reaching the stage where it would require "substantial additional investment".

Trevor Brown, a director of the Company, is a non-executive director of Feedback plc and so introduced the Target to the board of the Company. The Company's evaluation of Stone Checker was that it would be a viable business to acquire with a good growth potential if investment was made into it. However, the Company was unable to structure a proposed initial investment and option structure in the way that it wished due to certain regulatory constraints and as Feedback was very keen to sell and had a number of other potential third-parties evaluating a purchase, Free Association Books Limited, a company with which Trevor Brown is connected, purchased Feedback's interest. The Company has now proposed the acquisition of the entire issued share capital of the Target pursuant to the terms of the SPA.

The Directors at the time when the Target was being considered as a potential acquisition target decided not to procure an independent valuation of the Target because of (i) the size of the transaction, (ii) the fact that the Target was at a particularly early stage of development making effective valuation more complex, and (iii) because the Directors felt that they had sufficient information from the discussions held with Vinod Kaushal, who has extensive experience in this area and has managed transactions involving similar products for large corporations.

It was agreed between the Company and the Sellers that the Company would purchase the Target from the Sellers in consideration for the issue of 8,000,000 Consideration Shares. At the time of this agreement, the price per Consideration Share was the market price, being £0.015, resulting in an aggregate purchase price for the Target of £120,000. Following this agreement, the Company's share price rose due to unrelated market factors and accordingly the aggregate purchase price for the Target, on the basis that 8,000,000 Consideration Shares would still be issued to the Sellers, is now £240,000 as the Company's share price at suspension was £0.03. Although the SPA has not yet been entered into, the Directors are not intending to re-negotiate the number of Consideration Shares to be issued to the Sellers due to the rise in the Company's share price as they feel this would open up negotiations and because a relatively long period of time has elapsed since the agreement and the date that the Target will be acquired, the Sellers may have an argument that the purchase price should be further increased as there have been numerous developments in the Target's business in this period. From the point of view of the Company's shareholders, the agreement that the Target would be acquired in return for an issue of 8,000,000 Consideration Shares has meant that the "price" has remained constant as the dilution of the shareholders remains the same.

In connection with the Acquisition, the Company is undertaking a placing to raise £550,000, before expenses. The sums raised, after payment of expenses connected with the Placing and Acquisition, will be primarily used to undertake further clinical trials of the StoneChecker product and to further develop and market both the StoneChecker and the StonePrevent product.

The Target

Stone Checker Software Ltd was incorporated on 24 June 2015 in accordance with the laws of England and Wales as a private limited company.

The Target was founded by Nick Stevens and Jeevan Virk, both of whom have an extensive background in medical technology and the adoption of new innovations within the UK healthcare market. Nick and Jeevan were approached by Balaji Ganeshan of TexRAD after a researcher from the University of Oxford started using the TexRAD algorithm to investigate kidney stones. Initially promising results generated the possibility of commercial development of a kidney stone based company. Nick and Jeevan recognised the size of the kidney stone market, and the relative paucity of any competitor companies working within this space. The Target has since been supporting the research team at the University of Oxford to continue their research with a view to commercialising the Products.

The Target provides innovative kidney stone solutions that address unmet healthcare needs using a patented software algorithm developed initially by the University of Sussex, commercialised by TexRAD Limited, and applied to the field of kidney stone treatment and prevention by kidney stone researchers at Oxford University. The Target has entered into the Patents Licence with TexRAD Limited to enable it to use TexRAD Limited's software algorithm specifically in the field of urolithiasis.

Obesity and lifestyle changes have made kidney stones a major public health problem with traditional healthcare systems having to invest in sophisticated and expensive stone treatment services and with emerging markets struggling to cope with the consequences of dietary changes which has seen a rise in kidney stone sufferers.

Kidney stone disease is a common malady¹, and a combination of diet, obesity and environmental factors are all thought to play a role in the rising incidence observable in most developing countries in

¹ *American Urology Association Guidance on the medical management of kidney stones*, March 2014 ("**AUAG Guidance**")

the world. Nearly ten per cent of the US population is estimated to be a kidney stone sufferer² and at least five per cent of the Chinese population are also estimated to be kidney stone sufferers³. Despite an estimated \$5 billion annual cost to the US economy arising from treatment costs⁴ and lost worker productivity, kidney stones remain a relatively low profile condition in terms of the attention received from the media, and inward investment by healthcare business. The number of kidney stone sufferers in the US alone is estimated at 27,000,000 with a total cost of around \$4.5bn in direct stone treatment costs and an indirect cost (such as lost workdays etc.) of US\$775m⁵. The UK has approximately 200 hospitals (120 NHS and 80 private and other) and the US has in excess of 1,000 hospitals treating patients with kidney stones, and it is estimated that China and India have over 2,000 hospitals accepting patients with kidney stones. Importantly, kidney stone have the greatest impact on the economically active between the ages of 25 and 65, unlike most of the developed world's health burdens.

In addition to the issues in respect of the rise of kidney stone sufferers, latest evidence suggests that at least 50 per cent of kidney stone patients have a recurrence of kidney stones within 10 years of their first occurrence⁶. There are a number of rare causes for kidney stones which can be treated medically, but a significant proportion of recurrent kidney stones are caused by lifestyle factors. The American Urology Association now recommends detailed metabolic screening for all patients diagnosed with a kidney stone in order to improve the number of recurrent stones but many insurance providers and public healthcare systems do not provide this service. Whilst clinicians are aware of the benefits of comprehensive metabolic screening, the process is time consuming and difficult to coordinate as it involves multiple laboratory tests and a thorough assessment of diet and patient lifestyle factors, which StonePrevent is designed to streamline.

Accordingly, there is a strong opportunity for a kidney stone focused businesses to provide solutions to the healthcare needs that patients and clinicians are demanding. The Target is developing two complementary products, StoneChecker and StonePrevent, which the Target hopes will enhance current clinical practice and help doctors to better manage and prevent this painful condition.

StoneChecker

The first product, StoneChecker, will be integrated into the clinical workflow for kidney stones and sold to lithotripsy clinicians (who are either urology surgeons or radiologists) to help them select in advance the patients whose kidney stones are less likely to break following expensive first line extracorporeal shockwave lithotripsy treatment. The alternative to lithotripsy is ureteroscopy, where a telescope is introduced into the upper urinary tract and micro-baskets and laser fibres manipulate and fragment kidney stones. Approximately 65% of patients diagnosed with a kidney stone undergo lithotripsy⁷.

² AUAG Guidance

³ *Risk factors for the kidney stones: a hospital-based case-control study in a district hospital in Beijing* by Wang J et al 2013. <https://www.ncbi.nlm.nih.gov/pubmed/24343084> and *Kidney Stones: A Global Picture of Prevalence, Incidence, and Associated Risk Factors*, Romero V et al 2010

⁴ AUAG Guidance

⁵ *Economic impact of urinary stones* Elias S Hyams and Brian Matlaga 2014

⁶ AUAG Guidance

⁷ *Comparison of retrograde intrarenal surgery, shockwave lithotripsy, and percutaneous nephrolithotomy for treatment of medium-sized radiolucent renal stones* Resorlu B et al 2013.

Lithotripsy is often preferred to ureteroscopy as it does not require a general anaesthetic and is non-invasive, making use of shockwaves from outside the body to fracture kidney stones. However, approximately 35-40% of these patients will have unsuccessful lithotripsy and then usually undergo ureteroscopy⁸. In order to ascertain whether lithotripsy will be successful, patients often undergo multiple failed treatments before a clinical decision is made that their kidney stone is not amenable to lithotripsy. This treatment plan results in discomfort for patients, wastes healthcare professionals' time which could be better spent on successful treatments, and incurs costs for clinic and machine time that fails to achieve the desired outcome as well as the costs incurred in carrying out surgery as well as the failed lithotripsies. Current lithotripsy success rates stand at approximately 60%, meaning many patients undergo inconvenient and uncomfortable procedures that fail, and many healthcare systems pay for time consuming and expensive staff and clinic resources that could be readily re-deployed.

StoneChecker uses an innovative, patented software plug-in (which is licenced from TexRAD for use in the field of urolithiasis) based on an algorithm comprising of TexRAD texture analysis, in addition to other important clinical markers such as stone volume and distance from skin surface, to automatically interrogate a patient's CT scan, providing important new diagnostic information for patients and their clinicians, allowing better decision-making regarding the optimal use of lithotripsy. This software has been developed further during the course of 2016 with the creation of a multi slice analysis tool. This has increased the speed of analysis of a patient's CT scan so that the edges of the stones are automatically recognised by the StoneChecker software.

This product manifests itself in a graphical user interface which "plugs-in" to existing hospital image viewing software. This plug-in will allow the reporting radiologist or urologist after the standard CT scan diagnosis to generate a 'likelihood of success' score via an intuitive three click process. One step will involve drawing a semi-automated region of interest around the kidney stone and another step will involve entering the location of the stone into the plug-in. This will generate the composite score, which the clinician can use to advise the patient more confidently whether they wish to undergo lithotripsy, or if ureteroscopy would be more appropriate. StoneChecker is not purporting to be able to successfully predict lithotripsy treatment outcomes but is a decision aid for clinicians and their patients and provides an additional discussion tool as to treatment options, which helps patients make a more informed treatment decision.

Based on the preliminary results in an initial 38 patient pilot feasibility study carried out in March 2015, it was possible using StoneChecker to predict whether lithotripsy treatment would be a success or failure based on the likelihood of kidney stone fracture in 62.7 per cent. of patients. A second 126 patient exploratory study was carried out in September 2015 (which included the data for the original 38 patient study). Using this data it was possible to improve accuracy and predict whether lithotripsy treatment would be a success or failure based on the likelihood of kidney stone fracture in approximately 71.9 per cent. of patients, due to the use of TexRAD texture variables (kurtosis and entropy at fine texture scales). The diagnostic accuracy is not however valid with such a small number of patients and as the results of these studies suggested that StoneChecker could predict successful lithotripsy with some confidence, this justified further study. Accordingly, the Target subsequently undertook further studies in 2016 of approximately 300 patients, creating a database by the end of 2016 of c.450 patients (including the 126 patient database) and, using clinical variables for the first time including age, skin to stone distance as well as adding volume and location as variables on top of TexRAD texture features, preliminary indications using basic statistical testing suggest a predictive

⁸ Ibid and <https://www.ncbi.nlm.nih.gov/pubmed/15879805>

Between 30 – 40 per cent is a generally accepted figure dependent on the location and size of the stone.

accuracy of greater than 70 per cent, although the Target has not yet involved specialist diagnostic statisticians to create a predictive model using all of the available variables.

In addition to the c.450 patient dataset from the Oxford Stone Group, a further 150 patient dataset has been generated from Peking Union Medical College Hospital in Beijing, which will provide an overall database of c.600 patients for analysis. It is expected that the clinical study being carried out on the overall database will be completed in summer 2017.

The Oxford Stone Group has a further 100 patient dataset from Denmark which will be used as a validation cohort once the predictive model has been produced from the current c.600 patient dataset.

The aggregate total cost of the studies is estimated to be £70,000.

Since the initial patient study carried out in March 2015, the StoneChecker software was developed further with the creation of a multi slice analysis tool. This has increased the speed of analysis of a patients' CT scan so that the edges of the stones are automatically recognised by the StoneChecker software.

These research studies were undertaken by urologists at Oxford Stone Group (formed out of the amalgamation of the clinical services of Oxford University Hospital and various research groups within the University of Oxford) and have demonstrated promising preliminary results demonstrating the ability of the StoneChecker software to identify and predict patients with subsequent unsuccessful lithotripsy using just conventional CT scans. These results were presented at a number of conferences including:

- Challenges in Endourology 2015 – Paris (where Stone Checker received an award for “Flagship Poster”)
- East meets West Urology meeting 2016 – Leicester (where Stone Checker received recognition for best presentation)
- European Association of Urology Annual Congress 2016 – Munich (where Stone Checker received an award for “Best poster in session” and was highlighted as an “exciting new technology”)
- Royal Society of Medicine prize session 2016 (at which Stone Checker won the Malcolm Coptcoat Prize)

The intention is for the Target to undertake a formal statistical analysis of its c.600 patient database to include relevant features in a model to develop a composite score including TexRAD texture features to generate a high diagnostic criteria pursuant to which it is hoped to achieve predictive accuracy of 70-80%. It is anticipated that this composite score will be validated using externally acquired databases from other countries to demonstrate the applicability of the TexRAD analysis and composite score across different healthcare systems and Oxford Stone Group has a further 100 patient dataset from Denmark which will be used for this purpose. In addition, Oxford Stone Group has agreed to collaborate with Peking Union Medical College Hospital in Beijing to validate the results of the StoneChecker product free of charge.

As the current prediction accuracy as to whether lithotripsy will be successful or unsuccessful is 50-65%, the Directors believe that if they can achieve a predictive success rate of 70-80% using the StoneChecker software, the Company will have a commercially viable product, as the benefit of using the software will result in a tangible improvement in success rates for lithotripsy.

The intention is that the studies that the Target will have carried out of c.600 patients will identify the combination of statistics which offers the highest predictive value. It is anticipated that the highest predictive value will be achieved by analysing 2 to 3 clinical variables (e.g. location of stone in kidney and age of patient) and 2 to 3 statistical parameters generated from the TexRAD algorithm. Once this

combination has been identified, the intention is then for a statistician to develop a composite score (comprising of textures and other clinical factors) which would provide the best diagnostic prediction/accuracy. The Target intends for this composite score to then be validated in a separate, independent and external dataset of 100 patients in a Danish study.

The formal process required to release non-confidential patient data to third parties such as Stone Checker has been significantly changed in 2016 by the NHS and so the researchers at Oxford have to make a centralised national application in order to release the findings. The change to the process has caused a backlog in dealing with release applications and so the results of the studies may be subject to delay. This delay will also have the effect of delaying payments to researchers and potentially create minor delays to the software manufacture process.

It is intended that the StoneChecker plug-in will be sold to hospitals, clinics and individual clinicians. The plug-in can either be installed locally using a server version or accessed on a web-based cloud system where the clinician uploads the anonymised scan to the cloud and uses this system to generate the composite score. The StoneChecker product will either be sold as a one-off item on a server, which will involve an upfront capital payment of approximately £15,000 and then maintenance and upgrade fees from the start of the second year of use onwards, or on a “pay per click” model at target price of £30 per click. This “pay per click” model can be accessed on a server or through the web-based cloud system, with a nominal fee charged upfront to install the pay-per-click server version and a fee of approximately £1,000 charged upfront to implement and service the cloud version.

As clinical experience grows with the use of the StoneChecker software, the Target's intention is to continually re-fine the composite texture and clinical algorithm to achieve higher levels of predictive certainty. To achieve this, anonymised data will be submitted to the Target by clinicians using the software in return for the clinicians being free to publish data examining the efficacy of the StoneChecker software.

Whilst TexRAD has a patent over its proprietary IP, its inclusion when combined with clinical/patient data in the composite score for StoneChecker may potentially result in the generation of new IP which the Company could potentially seek to patent and which would potentially add value to the Company.

StoneChecker is a Class I medical device, which is the lowest level of classification requiring the least regulatory oversight as it is non-invasive and non-sterile. The manufacture of the StoneChecker software will be sub-contracted to a third party contract manufacturer with a quality system which has been approved by a notified body for self-certification and who has the capability to register the product with healthcare regulators as a Class I medical device so that (i) the regulatory requirements are reduced, (ii) the approval process is faster and (iii) it is ensured that the StoneChecker product receives full CE marking and other regulatory approvals required. In addition, StoneChecker is non-diagnostic and healthcare professionals will continue to diagnose patients through existing processes (CT scans and clinical examinations) and StoneChecker does not assist with the decision about whether or not to treat a patient. Regulatory considerations are therefore minimal other than carrying out appropriate due diligence during the selection of the manufacturer to ensure that they are fully capable of conducting conformity assessment in line with EU and FDA directives and is working with a “full scope” notified body. The conformity assessment usually involved an audit of the manufacturer's quality system and, depending on the particular classification of the device, a review of the relevant technical documentation provided by the manufacturer in support of the safety and performance claims for the device. In addition, regulatory costs for Class I medical devices are less than compared to more invasive medical devices. The potential to fail in the regulatory processes with the FDA or EC is negligible. The regulatory burden in China and India is also minimal for this type of medical software so with “full scope” approval it is expected that it should be possible to trade in most of the higher value markets without additional cost or barriers.

The Target has had preliminary discussions with three specialist medical software manufacturers which suggest that the Products will be produced using simple and routine processes at a cost of around \$100,000 in aggregate.

There is currently no commercial product available to assist with predicting the likelihood of success of lithotripsy and all patients are treated blindly in the knowledge that approximately 35-40% of procedures will fail. Academic scoring systems to predict the likelihood of successful lithotripsy have been developed but these are not used widely as they require the reporting radiologist or urologist to carry out complex calculations and measurements outside of the usual reporting workflow for scans. As a result, it has been very difficult to adopt these into clinical practice. StoneChecker will automate and simplify the required measurement and would fit into the current clinical workflow with only a three-click process for the reporting clinician to generate an assessment of likelihood of lithotripsy success. So far as the Directors are aware, there no other known current commercial development programmes in process.

In addition to the uniqueness of the StoneChecker software, the Directors believe that the selling points are the convenience and avoidance of discomfort for patients, the reduction of the burden on health care professional's time, the improved success rates which avoids wasting time and resources on failed treatments and thereby creates a more cost effective treatment model.

StonePrevent

The second product being developed by the Target, StonePrevent, which is at an earlier stage of development than StoneChecker, uses the same patented TexRAD algorithm to provide information on the patient's stone which, combined with blood test results, 24 hour metabolic urine test results and an online dietary and lifestyle assessment, provides patients and their clinicians with evidence based advice to assist them with reducing the risk of recurrent kidney stones.

This is in line with the recent recommendations from the American Urology Association that patients with first time kidney stones should undergo metabolic screening. Despite this guidance, full metabolic screening is not always offered to patients and those that do undergo blood and urine testing may not receive complementary dietary and lifestyle testing, which has an important role in providing personalised on-going advice.

StonePrevent is a consumer facing product accessed via a website and a mobile platform that will be marketed to urologists and renal physicians as well as directly to patients. The novelty with the StonePrevent product lies in the use of automated reporting of the metabolic screening tests through a mobile and online platform to provide personalised diagnostic information about the reasons for kidney stone formation and fully personalised behaviour modification plans outlining dietary and fluid consumption to help prevent recurrence. A combination of lifestyle questions, blood and urine testing, and food/drink diaries are used to advise on the underlying cause of kidney stones. There is evidence that modification of dietary and lifestyle factors based on metabolic screening can reduce the risk of recurrent kidney stones.

Initially, StonePrevent staff will compile the results and feed back into an in-house report generated in conjunction with a leading chemical pathologist and urologist who currently offers this service in a specialist private stone clinic. It is intended that this process will become fully automated and reports will be available directly through the StonePrevent app. The report will be designed with leading metabolic stone experts to ensure that it provides relevant information to end users.

The StonePrevent website and mobile app will offer all patients free best practice advice in respect of reducing their risk of future kidney stones. A paywall will exist within these platforms enabling patients referred from their private clinician and self-referred patients to access the comprehensive metabolic screening programme once they have signed up and paid a subscription fee.

Once the patients have signed up to the product, they will complete a two week food and lifestyle diary which will provide detailed information regarding fluid intake, and the consumption of clinically significant compounds such as oxalate (which is found in a variety of common foodstuffs). These patients will also be sent a container for collecting 24 hour urine and a courier contact for sending these samples back to the laboratory. Patients will also be sent details of their local facility for blood testing. The Target is in preliminary discussions with a UK university to outsource the processing of urine and blood specimens to the university's laboratory at a cost of £25 per patient. The results of the urine samples, specialist blood tests and the diet and lifestyle questionnaire will be integrated into the StonePrevent report system and overseen by the Target's specialist clinicians. A detailed and personalised report will then be provided online or via the mobile app and in the post to patients and their named clinician. Within this report will be a series of recommendations regarding dietary modification and fluid intake.

The target price for StonePrevent is £500 for the full service including all elements of the prevention process. This gives a margin of around 60%. Patients using the online platform will be automatically subscribed to StonePrevent and prompted to undergo repeat screening in one year to re-evaluate their metabolic profile, and it is hoped that repeat business will form a significant part of the revenue from this product. Any abnormal test results requiring further intervention will be referred back to the patient's named clinician.

Unlike with the StoneChecker product, there is no immediate need for expenditure on clinical trials by the Company. Instead, data will be collected through the mobile and online platform over several years and analysed retrospectively and the intention is for this to be carried out in conjunction with a University in England. The metabolic screening tests that will form part of the StonePrevent product are all commercially available in many public and private laboratories in most countries in the world. There is the possibility of the Stone Prevent algorithm containing novel components which would enable to the Company to apply for relevant patents.

In the United Kingdom, StonePrevent services will be provided under the existing regulatory framework of the blood and urine testing contractors and the written report will be made by a General Medical Council registered physician working on behalf of the Target. Automation of physician approved tests is not new in medicine and there are many predicates. As with StoneChecker, StonePrevent is a Class I medical device and its manufacture will be sub-contracted to a third party contract manufacturer with a quality system which has been approved by a notified body for self-certification and with the capability to register the product as a Class I medical device with healthcare regulators and to ensure that the StoneChecker product receives full CE marking and other regulatory approvals. In addition, like StoneChecker, StonePrevent is non-diagnostic. Regulatory considerations are therefore minimal other than carrying out appropriate due diligence during the selection of the manufacturer to ensure that they are fully capable of conducting conformity assessment in line with EU and FDA directives and is working with a "full scope" notified body. The conformity assessment usually involved an audit of the manufacturer's quality system and, depending on the particular classification of the device, a review of the relevant technical documentation provided by the manufacturer in support of the safety and performance claims for the device. The potential to fail in the regulatory processes with the FDA or EC is negligible. The regulatory burden in China and India is also minimal for this type of medical software so with "full scope" approval it is expected that it should be possible to trade in most of the higher value markets without additional cost or barriers.

As noted above, initial discussions with three specialist medical software manufacturers suggest that the cost of producing the software plug-in for StoneChecker and StonePrevent will be around \$100,000 in aggregate for both Products.

A number of individual clinicians worldwide provide private metabolic screening assessments that also take into account diet and lifestyle. However, these are 1:1 patient clinician encounters and largely

rely on referrals from their local area. Despite the recommendations of the American Urology Association, there is no scaled-up commercial provider of this personalised patient advice. In addition, so far as the Directors are aware, there is no competitor selling services directly to patients. This presents a significant market opportunity for StonePrevent, which can be adapted for different circumstances and sold either to clinicians through distribution channels or directly to patients through web-based marketing performed in conjunction with local distributors.

Business strategy and execution

To achieve the objectives, the Enlarged Group's business strategy is to:

- Build out a company to support product maintenance and development, regulatory approvals, commercialisation including International Sales channel management
- Recruit a high quality hands-on Chief Operations Officer to further refine the business plan and oversee recruitment
- Recruit two clinical advisors (Q3 2017)
- Recruit one administrative support worker (Q4 2017)
- Complete the c.600 patient clinical study in summer 2017 and 100 patient validation study before the end of the first quarter of 2018.
- Complete the manufacture of the Products and coordinate product development using third party software and App manufacturers, likely in the USA (Target completion: Q4 2017)
- Obtain CE mark certification (Target completion: Q4 2017)
- Obtain FDA certification (Target completion: Q1 2018 if required as FDA authorisation will not be sought until the CE mark certification has been obtained and the Products have proved viable within the UK)
- Appoint a Business Development Manager immediately after the Products obtain regulatory approval to assist Balaji Ganeshan with marketing the Products around the UK, identifying further suitable sites and breaking the market down into key groups and drafting the global marketing plan (Q4 2017). Appoint a second person to the Business Development team 12 months after this initial appointment to assist in developing the business in Europe and beyond. Appoint a third person to the Business Development team three months after the second appointment to be responsible for the US and other markets.
- Design and manufacture a commercial version of the graphical user interface for StoneChecker software (Target completion: Q4 2017)
- Design and build online/mobile platform for StonePrevent which generates unique StonePrevent advisory report in an automated fashion. (Target completion: Q4 2017)
- Perform a pilot launch of the StonePrevent product for the UK market during Q4 2017
- Sell StoneChecker in the UK (Target completion: Q4 2017)
- Sell the first commercial StoneChecker license internationally by Q2 2018
- Launch both products commercially in the US, India and China. (Target completion: Q3/Q4 2018)
- Create a network of distributors worldwide

Business strategy and sales process – StoneChecker

UK market

Initially, StoneChecker will be sold into the UK market as the UK healthcare system has arguably the highest “evidence test” for any new technology⁹, it is a mature and heavily referenced territory and it is the market that the Directors are familiar with and have experience in. The research team at the University of Oxford have completed an “ex vivo” study which demonstrated the ability of the StoneChecker software to differentiate between kidney stones depending on the aetiology of the stone. These results are statistically significant and the directors of the Target believe that the success of the study will translate into an “in vivo” study. Following the completion of this “ex vivo” study, the research team have prepared two separate manuscripts to be published in the British Journal of Endourology. The intention is that these will provide the academic basis behind the StoneChecker composite score that will be produced by the software.

The Target has not entered into any written agreements with the University of Oxford and so, although it is the intention that the University and the Target will jointly publish any research results, the University may publish information without the Target’s input. The Directors believe that, even if this is the case, the fact that the research has been published will provide the Target with credibility in respect of the Products, as the results of the studies have yielded positive results.

The Target will focus its marketing strategies initially on approaching Dr Balaji Ganeshan’s contacts in the professional community of urologists who work in the kidney stone field and also “leading centres” where experienced kidney stone physicians operate and demonstrate the StoneChecker software to them. It is hoped that sales into the “leading centres” will encourage other hospitals in the UK who deal with kidney stones to purchase the StoneChecker product. The UK market is fairly straightforward in that at present there are around 120 NHS hospitals which offer lithotripsy treatment and of these 120 hospitals, around 80% are active in the kidney stone field, in that they will on average undertake more than one lithotripsy treatment per day.

In addition to approaching those performing kidney stone removal procedures, the Target intends to market its Products also to the patients on whom the procedures will be performed, using the results from research data. The intention is that this will create a “demand push” which will encourage hospitals to invest in the Products in order to achieve better outcomes for their patients.

The expectation is that through exploiting this network of key opinion leaders at the University of Oxford and at the “leading centres”, it will be possible to sell 30 units of the one-off server version of the software in the UK during the first twelve months of launching the StoneChecker product at a target price of £15,000 per licence per site. It is also hoped that the influence of these UK opinion leaders can be leveraged to achieve sales in key European markets such as Germany and France which, together with a penetration rate of 3 - 4% of the kidney stone market in the UK, amounts to a total of 20 units sold in the first twelve months from launch. The server system will be sold as one-off purchase whereas the cloud based system will be invoiced on a “pay per click” basis at a target price of £30 per use.

In the second year of sales, it is expected that the Target will sell around 80 server units which, whilst this still represents relatively low penetration rates in terms of the kidney stone market, will generate significant revenues.

⁹ see <http://www.abhi.org.uk/multimedia/docs/industry-recommendations/abhi-industry-recommendations.pdf>

European markets

It is expected that the influence of key opinion leaders in the UK can be leveraged to achieve sales in key European markets, such as Germany and France.

US and Chinese markets

In private healthcare markets such as the United States and China, the intention is to market StoneChecker as an opportunity for a differentiation strategy for early adopters to attract business to their clinics, as well as providing potential clinical advantages of avoiding unnecessary treatment and streamlining patient pathways. The Target has already been approached by a private imaging clinic in New York State enquiring about the expected availability of the product.

Revenue

The StoneChecker plug-in will be available either for purchase on a server with local unlimited access or on a server or cloud based system where access is on a charge per-use basis.

The upfront cost of purchasing the StoneChecker software so that it can be accessed locally an unlimited number of times is expected to be £15,000 with annual recurring revenues based on software maintenance and upgrades, which may include improvements to the TexRAD algorithm based on additional patient data. The intention is to charge a maintenance fee of between £1,500 and £2,000 per year depending on the updates offered. If no additional updates are offered then the maintenance fee may be lowered.

Discussions have taken place at length, both internally between the Directors, some of whom are already actively involved with other TexRAD software and as such are aware of the key pricing issues, and externally with advisors such as the Oxford Stone Group, as to what is a feasible price for a one-off purchase of the plug-in. Following these discussions, the Directors believe that £15,000 is an appropriate price, taking into account the potential cost saving that healthcare clinics may receive following installation of the plug-in as well as a reduction in clinician time.

The expected cost of accessing the StoneChecker software on a charge per-use basis is approximately £30 per use, with price levels based on volume bands. Fees will then be invoiced to those customers who have a pay per-use package on a quarterly basis.

If the pay-per-click software is accessed using a locally installed server version, a nominal amount will be paid upfront to install the software. If the pay-per-click software is accessed on the cloud based system, it is expected that upfront fees of £1,000 will be charged to include access to the web-based version and servicing of the software.

The lifecycle of the product is expected to be around 5 years before the product can be re-sold as a fully upgraded product.

Pricing is expected to vary in markets outside of the UK.

Distribution

Sales of the StoneChecker software in the UK will be managed directly through the Target as follows:

- the directors of the Target, and particularly Balaji Ganeshan, will attend conferences attended by urologists and radiologists and will exploit Balaji Ganeshan's existing network of professional urologists and radiologists;
- the Target will enter into agreements with manufacturers of lithotripter machines who wish to differentiate their product offering from other manufacturers in the lithotripter market;
- the directors of the Target will follow up with a demonstration and walk through of the software with key decision makers in the urology field; and

- the directors of the Target will undertake further follow up meeting and enter into further agreements if needed.

Access to other markets will be managed through local distributors of non-competing products into the kidney stone market. There are no pharmaceutical companies distributing kidney stone products but there are several medical equipment manufacturers who operate globally and have specialist teams working with kidney stone clinicians. The exact channels of distribution are still to be confirmed but certain of the Directors have experience in this area, most recently with regard to distributing TexRAD products internationally for research purposes.

One market leader in the manufacture and sale of lithotripsy solutions has expressed a high level of interest in the StoneChecker product subject to due diligence when the commercial product is available following completion of the patient studies. In the US, there are multiple opportunities to partner with niche companies in the radiology market, such as PCAs (personal care agency) providers, x-ray scanner companies and contract media pharmaceutical companies.

Where local companies are used to distribute the StoneChecker product, the Target expects that the ex-works price¹⁰ will be 70% of the end user price. Reimbursement is unlikely to be an issue in any of the high value markets because utilisable codes for additional manipulation of medical images with values from \$30 to \$100 exist in each of the main markets in Europe and the US.

Business strategy and sales process – StonePrevent

Direct sales to patients

As with StoneChecker, the initial focus for StonePrevent will be on the UK market. This will inform the optimum distribution channel as well as allowing iterative development of the online and mobile platforms alongside the logistical challenges of coordinating questionnaires and blood and urine testing

In the first year of sales, StonePrevent will be marketed and sold directly to patients and private urologists. It is expected that the window for attracting patients to use StonePrevent is likely to be “pre-acute” i.e. in the month or two after their acute diagnosis. Research suggests that patients often wait up to three months for definitive management of their kidney stone¹¹, and in that time searching the internet for information relating to kidney stones and how best to manage and prevent them is common.

Due to the lack of commercial activity in this market, it is currently cheap and easy to be prominent in internet searches relating to the topic. The Target will use social media to reach its target market, which may be especially effective because kidney stones are a problem in all age groups and particularly in the economically active population.

¹⁰ Ex-works price is an international trade term that describes an agreement in which the seller is solely required to make the goods available for pick-up at their place of business. The buyer is to cover all costs and risks of transport.

¹¹ Dependent on the patient and the relevant healthcare system. In the NHS for example it is fairly routine to wait 3 months before a patient are stone free. For example, extracorporeal lithotripsy is very rarely provided more frequently than twice a month for a patient. It can take several attempts of extracorporeal lithotripsy before knowing if it has been a success or failure. If it has been a failure then the patient will be required to undergo ureteroscopy, which will result in joining a waiting list.

Sales through urologists

The Target will also approach private urologists for patient referrals and there are estimated to be 20,000 stone clinics operating worldwide with an average of around 3,000 patients per year. StonePrevent stands to benefit these clinicians by providing the service of comprehensive metabolic screening efficiently and quickly and will also provide the opportunity for urologists to have follow up appointments with their patients to discuss the results of the report, including the recommended annual screening of patients to ensure appropriate lifestyle modifications continue.

Many private urologists have a database of stone patients who they have seen previously or who they see on an annual basis. The intention is for such urologists to become recognised referrers to enable the Target to tap in to this ready-made customer base. In the first year of sales (late 2017 to late 2018), the Target expects market penetration to be between 1 and 2%. If 1% of patients are referred from each kidney stone clinic that the Target approaches, this would equate to approximately 30 patients per clinic.

Revenue

The upfront cost to patients of subscribing to the StonePrevent service is expected to be £500. Patients who have signed up will then be prompted to undergo repeat screening in one year to re-evaluate their metabolic profile. If 30 patients are referred from each clinic this would equate to sales revenue of £15,000 per clinic per year.

Working out the fee for StonePrevent was not as clear as for StoneChecker as neither TexRAD Limited nor any other similar company has provided any software that is similar to the StonePrevent product, and the product is still at a very early stage of development. However, discussions have taken place internally between the Directors and as the manufacturing of the product nears completion, the Directors hope to have fixed a final price for the product. To reach this point, the Directors may undertake external market research, but this has not been planned for or factored in to the business plan as yet.

A referral fee per patient would be paid to all referring urologists to incentivise them to refer the StonePrevent software to patients.

Initially the majority of the Target's revenue from the StonePrevent software will come from patients referred by urologists but as the Target's online presence grows and the business develops, the Target expects a larger proportion of revenue to come from patients directly.

Distribution

Product development and testing will most likely be in the US and the expectation is that product development will be undertaken by the same US manufacturer which the Target may engage to manufacture the StoneChecker product.

It is expected that local distributors or agents will need to be appointed by the Target in order to meet the challenge of coordinating the test results which are required in order to produce reports for individual patients. Such tests are easily accessible but are often carried out with local variation and, as such, a local management team would be required in order to put in place the necessary logistics. Urine can be shipped without degradation fairly easily so could continue to be processed through one laboratory in the UK (the intention being to use a University laboratory in England). However, blood needs to be processed the same day and as such would need to be processed in a laboratory in the country where the sample was taken. The most probable partners will be other providers of software services to office urology and hospital urology clinics.

Due to the lack of commercial activity in this market, it is currently cheap and easy to be prominent in internet searches relating to the topic. The Target will use a variety of social media channels to reach

its target market, which may be especially effective because kidney stones are a problem in all age groups and particularly in the economically active population.

Enlarged Group's objectives

The principle objectives of the Enlarged Group for the coming three years are as follows:

- To build two separate but complementary kidney stone products which will meet unmet needs in the growing kidney stone niche market
- To build a company with passion and commitment to improving the lives of patients suffering with stones
- To create a network of distributors worldwide
- To launch StonePrevent services in Q4 2017 through a pilot UK business
- To break-even by Q1 2018
- To generate sales of more than £2.4 million in the UK in calendar year 2019

Assumptions and sensitivities

The key assumptions underlying this business plan are threefold; that the manufacturer will provide a market ready product by Q4 2017, that the price of £15,000 for a one-off server version of the StoneChecker product is at the right level to penetrate the UK market and beyond, and that a penetration rate of 27% of the UK market is achieved by the end of Q1 2019.

The main sensitivities analysed were: (a) date of first sale; (b) penetration rate; and (c) price of products. The key sensitivity is the date of the first sale as, once completed, the product has a high net profit margin, which even using the conservative model is 29% (the aggressive model is 63%). Lowering the price of the server version of the StoneChecker software from £15,000 to £10,000 and StonePrevent from £500 to £250 increases the Target's working capital requirement by only £42,000.

The TexRAD technology

Texture analysis of radiological images ("**TexRAD**") is a sophisticated imaging risk stratification research tool that analyses textures in existing radiological scans developed in the UK by TexRAD Limited. It is a non-invasive, imaging equivalent to invasive biopsy procedures where the "heterogeneity" (complexity) of the tissue/tumour under consideration is quantified objectively (removing the subjectivity associated with current radiological practice which is purely based on visual perception) from routinely acquired diagnostic images such as CT and MRI scans etc. without the need for additional imaging involving ionizing radiation and/or complex procedures.

TexRAD has been shown to predict prognosis, assess disease-severity and evaluate/predict response to conventional and novel therapies predominantly in the area of oncology (e.g. lung, bowel cancer etc.)¹². Through several years of research and development and validations (more than 100 scientific journal papers and conference presentations; numerous national and international awards/accolades amongst medical imaging community; customer-base of around 50 prestigious hospitals around the world), TexRAD is recognized as a pioneer of this niche area of medical imaging and leading commercially available texture analysis software to quantify heterogeneity from medical images for diagnosis and prognosis of cancer and other diseases.

Both the StoneChecker and StonePrevent products use the TexRAD software which has been patented by TexRAD Limited and developed by researchers at the University of Oxford. TexRAD

¹² Various papers can be found at <https://www.ncbi.nlm.nih.gov/pubmed/?term=ganeshan+b>

Limited is the only company at present using texture analysis as an imaging prognostic risk tool. The Target is party to a licence agreement with TexRAD Limited pursuant to which TexRAD Limited has granted the Target an exclusive licence to use its patents the field of urolithiasis and to research, develop or have developed, make or have made, keep, use, import, export, sell and supply products based upon the TexRAD Plug-in. The licence between the Company and TexRAD is further described at paragraph 14.1 of Part XIV of this document.

The StoneChecker software uses a patient's data to compile a composite score. The development of the score itself and the process undertaken to reach this score may also give rise to further intellectual property outside of that granted under the Patents Licence. In addition, the StonePrevent software will use a novel process in order to simplify comprehensive testing services through the use of an online and mobile platform and the generation of reports. It may be possible to protect intellectual property created by the Target in creating the simplified process and the reports.

Pursuant to the terms of the Patents Licence, the Target has the right to decide whether to incur any costs in pursuing the registration or creation of any new intellectual property rights created pursuant to the Target's work in this field. If the Target chooses to exercise this right, it is required to reimburse the costs incurred by TexRAD Limited for the filing and maintenance of such new intellectual property rights, and any such new intellectual property will be automatically included within the scope of the Patents Licence and therefore the Target will have the exclusive right to use it in the field of urolithiasis. However, if the Target elects not to incur such costs in registering the new intellectual property that it has created, then TexRAD Limited has the right to register such new intellectual property at its sole costs and such rights will not be included within the scope of the Patents Licence.

Regulatory Environment

The Products will be medical devices under the Classification 1 (medical software), which the lowest level of classification requiring the least regulatory oversight as they are non-invasive and non-sterile. The manufacture of the Products will be sub-contracted to a third party with a quality system which has been approved by a notified body for self-certification. The Products are non-diagnostic with healthcare professionals continuing to diagnose patients through existing processes (CT scans and clinical examinations) and the Products do not assist in the decision about whether or not to treat a patient, but rather about which treatment option may be the most successful. Regulatory considerations are therefore considered to be minimal; however, the Target will need to perform appropriate due diligence during the selection of the manufacturer to ensure that they are fully capable of conducting conformity assessment in line with EU and FDA directives and is working within a "full scope" notified body.

Related Party Transaction and conflicts of interest

As the Company has a Standard Listing under Chapter 14 of the Listing Rules, there are no specific Listing Rules relating to related party transactions which apply to the Company or to the Acquisition. However, the Company is putting in place procedures to ensure that certain known conflicts are dealt with transparently and in accordance with good corporate governance principles.

As the seller of 50 per cent of the issued share capital of the Target is Free Association Books Limited, a company with which Trevor Brown is connected, Mr Brown has not taken part in any of the process of the board of the Company in approving the Acquisition or the terms of the SPA as it constitutes a Related Party Transaction.

From Admission, Vinod Kaushal will be the Company's independent director. In the event of any dispute arising over the terms of the Acquisition or which to relate any issues with the Target's business prior to the Acquisition, Mr Kaushal and Dr Li will constitute a committee to review the issue. Mr Brown will not take part in any part of the proceedings or deliberations of that committee.

Dr Li is a director and shareholder of Peterhouse. Mr Brown has previously been a director and shareholder of Peterhouse and FAB was previously a shareholder of Peterhouse. The engagement of Peterhouse was undertaken on standard arms' length terms and on the basis that Peterhouse had previously undertaken successful fundraises for the Company and so had a pool of potential investors willing to invest in the Company.

From Admission, all transactions will need to be approved by at least Vinod Kaushal and one other director of the Company. This will ensure that any potential issues in respect of the historic relationship between Peterhouse and the Company and any further transactions with Peterhouse in the future will be reviewed by an independent director.

The Directors have agreed to engage an external firm to undertake the role of Finance Controller until such time as either a full time Finance Controller can be appointed by the Company or a new director can be appointed to the Board who has finance experience. The expectation is that the engagement of a Finance Controller should improve the internal control environment and strengthen the current systems which are in place to identify related party transactions and conflicts of interest.

In addition, the intention is that, from Admission, all material suppliers to the Enlarged Group will have to submit tenders for the provision of goods or services.

The Directors are seeking the approval of the shareholders of the Company in respect of the Acquisition, including the related party aspect of the Acquisition, the valuation of the Target and the Consideration Shares being issued as well as the lack of third party valuation. Such approval will be sought at the General Meeting.

Use of Net Proceeds and returns management

The Company expects to raise gross proceeds of £550,000 from the Placing which will be used for:

- Developing and manufacturing the Target's Products with a view to commencing sales of the StoneChecker product from October 2017 and the StonePrevent product from January 2018. It is expected that the cost of manufacturing a PACS compliant software plug-in for both Products in total will be £80,463 (\$100,000).
- Completing a c.600 patient study for StoneChecker. The total cost of this study (which includes the cost of the initial 126 patient study already undertaken) is around £70,000.
- Fees incurred in obtaining a CE-mark for both the Products of £56,333 (\$70,000) (£28,094 (\$35,000) for each Product). The CE mark is a certificate of conformity to confirm that the Products meet European safety standards.
- Fees incurred in starting the process to obtain FDA authorisation for the Products of £96,556 (\$120,000) (£48,161 (\$60,000) for each Product). FDA authorisation is a certificate of conformity to confirm that the Products meet US safety standards. Such costs will not be incurred until the viability of the Products has been proven within the UK market and the Group is generating revenue.
- Setting up a cloud services platform for the StoneChecker product with estimated costs of £10,000.
- Working capital of the Enlarged Group including:
 - payment of salaries (the salaries for the Directors and the directors of the Target will be paid in Ordinary Shares for such time until the Group is generating sufficient revenue to pay the salaries in cash, except for Qu Li whose salary will be paid in cash from Admission (including a payment for salary accrued from December 2015));

- payment of legal fees and accountancy fees in respect of the Acquisition, the Admission, the Placing and the “de-stapling” of the Flying Brands units;
- payment of commission and a corporate finance fee to Peterhouse, such fees to be satisfied by way of issue of the Peterhouse Shares;
- payment of fees to the UKLA and the London Stock Exchange relating to the Admission;
- payment of printing costs in respect of the publication of this prospectus and the circulars required in order to “de-staple” the Flying Brands units; and
- consultancy fees.

The Directors believe that further equity capital raisings may be required by the Company in the future to fully execute the Enlarged Group’s current business plan but no such fundraise is anticipated within at least the first 12 months from Admission.

The Company expects that any returns for Shareholders would derive primarily from capital appreciation of the Ordinary Shares and any dividends paid pursuant to the Company’s dividend policy set out below in this Part I.

Dividend policy

The Company intends to pay dividends on the Ordinary Shares at such times (if any) and in such amounts (if any) as the Board determines appropriate in its absolute discretion. The Company’s current intention is to retain any earnings for use in the Enlarged Group’s business operations, and the Company does not anticipate declaring any dividends in the foreseeable future. The Company will only pay dividends to the extent that to do so is in accordance with all applicable laws.

Corporate governance

The Company has adopted a corporate governance structure more fully outlined in Part IV - *The Company, Proposed Board and Corporate Governance*.

Share Reorganisation

On 14 March 1996, the then shareholders of the Company approved a proposal whereby one A Share in Flying Brands UK would be “stapled” to each Ordinary Share in the Company to form the Units. The reason for this was to allow holders to elect to receive dividends from either the Company (being Jersey based) or Flying Brands UK (being UK based).

The Company has decided to simplify its share structure so that its listed securities are just the Ordinary Shares as the taxation reasoning behind the decision to create the Units is no longer relevant. The change will also mean an administrative saving for the Company as currently the accounts for the Flying Brands UK need to be sent to all shareholders along with the accounts for the Company.

Whilst the A Shares in Flying Brands UK do not carry ordinary voting rights, as this is a matter affecting the rights attaching to the A Shares (because each A Share will no longer be connected to the Ordinary Shares) each holder of A Shares is entitled to vote on the shareholder resolutions. More detail on the shareholder resolutions and the Flying Brands UK General Meeting are contained in the Flying Brands UK Circular which accompanies this document.

PART II

INFORMATION ON THE COMPANY

The Company was incorporated on 5 November 1965 in accordance with the laws of Jersey as a registered public company and listed on the Main Market in 1993. It has undergone various iterations as a business, primarily the online selling of flowers and related goods (the Company was previously known as Flying Flowers) but since November 2014 has effectively been a special purpose acquisition vehicle following the disposal of its last remaining trading assets.

Trevor Brown is an executive director of the Company and Qu Li and Vinod Kaushal are non-executive directors of the Company.

Mr Brown has been a strategic investor in real estate and equities for more than 30 years and became a director of the Company in February 2015. He is CEO of Braveheart Investment Group plc and a director of AIM listed Feedback plc and was most recently a director of Advanced Oncotherapy plc and of Peterhouse.

Dr Qu Li became a non-executive director of the Company in November 2015. Dr Li has over 25 years of experience in international mergers, acquisitions and joint ventures and has completed transactions ranging from \$5m-\$200m and raised more than \$300 million over the last 10 years. Dr. Li is also the founder and Chairman of China Ventures Ltd, a leading consultancy and venture capital company, specialising in Sino/Western business and offering a wide range of skills associated with international business transactions. Dr. Li relocated to the UK over 20 years ago, where she obtained her Doctorate of Philosophy at Leeds University and then established her business base. She is a qualified engineer and a successful business entrepreneur who has worked on activities related to government, industry and commerce in China, South East Asia, South America, Europe and the US for over 20 years. In addition to her business commitments, Dr Li devotes great effort, interest and financial support to the development of young entrepreneurs across the globe. She is one of the Leaders in Resident for post graduates of Leeds University.

Since their respective appointments, Mr Brown and Dr Li have been assessing various potential acquisitions and investments for the Company in the technology and investment sectors.

Mr Kaushal has over 25 years' experience in predominantly commercial and general management roles in the healthcare industry and has worked nationally and internationally for a number of blue chip and SME companies. Mr Kaushal was part of the team that orchestrated the international launch of Losec®/Prilosec® at Astra Zeneca and also headed global strategic marketing of Novo Nordisk's diabetes business. In addition, he was Vice President of Amersham/GE Health's neurology business, became Vice President at Royal Numico/Danone, CEO of SPL in the UK and has been involved in a large number of important drug business acquisitions. Mr Kaushal has a BSc (Hons) in Biochemistry from Warwick University and an MBA from Henley Business School.

Company timeline and milestones

1980s	The Company (then called Flying Flowers Limited) started growing flowers in Jersey
July 1993	Company listed on the London Stock Exchange

September 2000	Demerger of Communitie.com Limited from the Company
April 2005	The Company acquired Silver Minds Direct, a music, CD, video and DVD home shopping retailer. At the same time, the Company signed a two year agreement with Thames Distributors to create, license and supply appropriate products for the Silver Minds' catalogues and web sites.
September 2005	The Company acquired Garden Bird Supplies Limited, one of the UK's leading providers of food and accessories for birds and other wildlife.
October 2009	Flying Flowers made strategic changes to its business by moving its flower packing and dispatch operations from Jersey to the UK and outsourcing these functions to Top Flora. The company also entered strategic partnership with Teleflorist to launch a range of local florist bouquets. This enabled the company to offer same day delivery for the first time.
May 2010	The Company acquired the customer base, goodwill and related assets of Flowers Direct, one of the UK's top flower delivery companies.
August 2010	The Company acquired Garden Centre Online, an Internet retailer selling gardening hardware products ranging from products to help you to "grow your own" to garden furniture.
September 2010	The Company sold the trade and assets of the Benham first day cover and collectibles business to Stanley Gibbons Limited.
January 2011	The Company acquired a 30% stake in Dealtastic Holdings Limited to bring its shareholding in DHL up to 80%.
December 2011	The Company disposed of certain properties at Retreat Farm and Meadow Springs.
February 2012	The Company announced its intention to dispose of the business and assets of the Gifts Division (comprising the Flying Flowers and Flowers Direct businesses, along with a small number of retail outlets trading under the Drake Algar brand) to Interflora British Unit. The sale effected the Company's full exit from the direct-to-consumer sale of gifts, including cut flowers and houseplants.
March 2012	The Company announced its intention to dispose of the Garden Bird Supplies, Garden Centre Online and Listen2 businesses to The Garden and Home Trading Company Limited and of certain intellectual property of Garden Centre Online to Williams Commerce Limited. Shareholder approval for these disposals

was obtained on 27 April 2012.

June 2012	The Company transferred its listing category from “premium listing (commercial company)” to “standard listing (shares)”.
July 2012	The Company disposed of the assets of the retail business of Gardening Direct to Jersey Choice Marketing Limited.
July 2012	The Company closed its Growing and Live Despatch Business.
November 2014	The Company disposed of its freehold property at Retreat Farm, Jersey. This marked the end of the Company as a trading business.
February 2015	The Company announced changes to the Board appointing Trevor Brown and Michael Murphy as directors and the resignations of Stephen Cook and Paul Davidson.
March 2015	£300,000 (before expenses) was raised by the issue of convertible loan notes.
November 2015	The Company appointed Dr Qu Li as a non-executive director and £100,000 convertible loan notes were issued.
30 June 2016	The Company announced that it was in negotiations in connection with the purchase of the entire issued share capital of the Target, conditional on the completion of legal and financial due diligence.
20 January 2017	Vinod Kaushal appointed as a non-executive director.

PART III

INFORMATION ON THE TARGET AND OPERATING AND FINANCIAL REVIEW

Background and Operating milestones

Stone Checker was incorporated on 24 June 2015 and therefore has a limited operating history.

It was established as a 50:50 joint venture company between AIM listed Feedback plc and UK Urology Associates Limited. Its principal activity has been to develop its software product for use in the field of kidney stones analysis however, it has not properly traded. It has organised the continuing trial program and enabled scientific papers to be published, but has not undertaken any sales activity nor had any proper capital investment to date.

In September 2015 Stone Checker entered into licence agreement with TexRAD Limited (a company in which Feedback plc is the major shareholder) for the use of TexRAD's intellectual property relating to novel medical imaging approaches in the field of urolithiasis. Stone Checker's entry into the licence agreement was to enable it to access this intellectual property with a view to exploit it in the development of diagnostic medical imaging techniques in the field of urolithiasis.

Using TexRAD's patented software algorithm, Stone Checker has developed a software package designed to assist lithotripsy clinicians (who are either urology surgeons or radiologists) to select in advance the patients whose kidney stones are less likely to break following expensive first line lithotripsy treatment.

A 38 patient pilot Feasibility Study was undertaken by an Oxford research group in 2015 on behalf of the Target using StoneChecker software, which produced a 62.7% accuracy rate.

Further to this, an 88 patient Exploratory Study was undertaken by an Oxford research group in 2015 on behalf of the Target using StoneChecker software, which produced a 71.9% accuracy rate. Additional product development is underway, including a study involving c. 450 patients (which includes the 126 patients from the initial studies).

More detail on Stone Checker's two products, StoneChecker and StonePrevent is set out at Part I of this document.

The Directors

The directors of Stone Checker Software Ltd are listed below.

Trevor Brown (CEO)

Mr Brown was initially appointed as a director of Stone Checker to look after Feedback plc's interest in Stone Checker. More information on Mr Brown is set out at Part I of this document.

Dr Balaji Ganeshan (CTO)

Dr. Balaji Ganeshan is a Medical Imaging Inventor/Scientist and Entrepreneur. He is the CEO of TexRAD Limited and Director of New Business at Feedback plc, a UK AIM listed company focused on developing innovative medical decision support imaging tools. He is one of the main inventors of the patented TexRAD texture analysis technology, an innovative quantitative imaging biomarker

(“Precision/Personalised-Medicine”) obtained from routinely acquired diagnostic images e.g. CT, MRI, PET, mammography etc. He has promoted TexRAD as a pioneering and leading texture analysis software and established a customer-base of around 50 university hospitals, imaging centres and pharmaceutical core labs around the world (USA, EU, UK and recently in Asia - Japan, China, South-Korea and India and Australia). He is also a Director of Prostate Checker Ltd which is developing a multi-parametric MRI based diagnostic imaging software platform for early and accurate detection and diagnosis of prostate cancer. He is also a Senior Imaging Scientist at the Institute of Nuclear Medicine, University College London. He has authored and co-authored more than 100 scientific publications (41 of which are journal publications). He completed his PhD in Biomedical Engineering (specializing in Medical Image Processing) from the University of Sussex. He currently also holds an Honorary position with the Brighton & Sussex Medical School, University of Sussex, UK.

Nicholas Stevens

Nick Stevens started his career in the UK as a Health Service Manager holding various posts in both the provision and procurement of healthcare before moving into the pharmaceutical industry where he worked in commercial roles for several Blue Chip pharmaceutical companies. At Glaxo SmithKline he was a Business Development Manager, and he worked with Pfizer UK in a range of sales and marketing posts. In 2003, he purchased a small medical device distribution company, Imaging Equipment Limited, and has since been involved with the creation of five new companies in the field of pharmaceuticals, medical devices and medical imaging software. All of these companies are still trading, with one having been reversed into an AIM listed shell company, and two others sold through trade sales. His experience covers the use of radiation in both diagnostic and therapeutic medicine, and he is a specialist in oncology. He has a particular interest in prostate cancer and kidney stones.

Prabhjeevan Virk

“Jeevan” Virk started his career in pharmaceutical sales organisations selling generic products into primary care providers. He later joined Nick Stevens at Imaging Equipment Limited where he was appointed to the board as Director of Business Development and then Commercial Director. He has worked on a number of successful start-ups, which have been acquired through trade sales and one has been a reverse listing onto an AIM listed shell company. He has been involved in launching more than a dozen technologies into the NHS, which are still being used routinely in the UK today, accounting for sales in excess of £12m per annum. He has a strong interest in disruptive healthcare innovation and re-modelling patient pathways around more accurate diagnostic procedures. He has international business experience through his previous roles.

Group structure

The Target has no subsidiaries.

Shareholders of Stone Checker Software Ltd

The shareholders of Stone Checker Software Ltd prior to the Acquisition are:

<i>Name of shareholder</i>	<i>Number of Shares</i>	<i>% of issued share capital</i>
Medtech Consultants Limited	500 ordinary shares	25%
Purple Batch Limited	500 ordinary shares	25%

Pursuant to the terms of the Share Purchase Agreement, the Company will purchase the entire issued share capital of the Target from each of the Target's shareholders.

Prior to Free Association Books acquiring 50 per cent. of the Target's shares in May 2016 for consideration of c. £46,000, AIM-listed Feedback plc (AIM:FDBK) was the holder of that equity interest in the Target.

Feedback's announcement of the transaction noted that Feedback had invested £1,000 in Stone Checker in July 2015 and subsequently licensed the TexRAD software to Stone Checker for exclusive use in urolithiasis (kidney stones). Feedback owns approximately 98 per cent. of TexRAD Limited.

On 28 September 2015, Feedback announced the intention to develop a product incorporating TexRAD for kidney stones. It was further stated that the vision of Stone Checker was to develop a composite risk stratification software product incorporating TexRAD CT texture analysis with other known clinical markers. This integrated product could potentially assist urologists and radiologists to provide better patient management and treatment decisions for improved patient outcomes.

Feedback noted that Stone Checker was making good progress and was reaching the stage where it will require substantial additional investment. As Feedback had already announced that it was committing significant resources in developing a lung cancer stratification tool via the TexRAD technology, the board of Feedback decided that that they should focus investment in TexRAD's use in the field of oncology rather than urolithiasis. Therefore the decision was sell Stone Checker as a non-core operation.

The sale to Free Association Books by Feedback represented a Related Party Transaction for the purposes of the AIM Rules as Trevor Brown was both a director and substantial shareholder in Feedback and was connected to Free Association Books. In addition, Dr Balaji Ganeshan was a director of Stone Checker representing Feedback and remained a director of both Feedback and Stone Checker after the Disposal. Therefore neither of them took part in the Feedback decision-making process.

The reason for the purchase by Free Association Books was that Mr Brown considered Stone Checker to have a great deal of potential and as Feedback plc wished to make a quick disposal he considered that it would be an ideal acquisition target for the Company. However, for various regulatory reasons, the Company was unable to structure the acquisition as it then wished and so faced the possibility of losing out, as there were some other potentially interested parties. Free Association Books itself does not have the expertise or available cash resources to properly develop the business of the Company and never intended Stone Checker to be a long term investment and so therefore it has decided to dispose of its interest in Stone Checker to the Company, along with the other shareholders. Since the acquisition of Stone Checker in May, the valuation of Stone Checker has increased due to the initial results of the larger patient trial giving a further validation of the TexRAD software application in Stone Checker's target clinical sector.

PART IV

THE COMPANY, PROPOSED BOARD AND CORPORATE GOVERNANCE

The Directors

The Directors of the Company following Admission will be:

- Trevor Brown
- Qu Li
- Vinod Kaushal

Following Admission and as the business of Stone Checker develops, the Company will consider adding additional directors to the Company. It is highly likely that these directors will have direct experience of the medical technology field and of bringing new methods and products to market. However, the Company wishes to wait until the StoneChecker product is more developed.

Directors' appointments and fees

Qu Li

For services as a non-executive director of the Company, from Admission Qu Li will be paid £12,000 per annum (less all deductions in respect of tax and social security contributions which the Company by law is required to deduct). In addition, the Company reimburses Qu Li for all reasonable and properly documented travel, hotel and other incidental expenses incurred in the performance of her duties as a non-executive director.

Trevor Brown

From Admission, Trevor Brown will be the Company's CEO and an executive director and will be paid £30,000 per annum (less all deductions in respect of tax and social security contributions which the Company by law is required to deduct). In addition, the Company reimburses Trevor Brown for all reasonable and properly documented travel, hotel and other incidental expenses incurred in the performance of his duties as a non-executive director. The salary payment is to be settled in shares until such time as the Group is generating sufficient revenue to pay the salary in cash.

Vinod Kaushal

For services as a non-executive director of the Company from Admission, Vinod Kaushal will be paid £12,000 per annum (less all deductions in respect of tax and social security contributions which the Company by law is required to deduct). In addition, the Company reimburses Vinod Kaushal for all reasonable and properly documented travel, hotel and other incidental expenses incurred in the performance of his duties as a non-executive director. The salary payment is to be settled in shares until such time as the Group is generating sufficient revenue to pay the salary in cash.

In the financial year ended 31 December 2015, Mr Brown was paid £9,000 and Dr Li £1,000 for their services as directors and neither received any benefits.

Strategic decisions

Members and responsibility

The Directors are responsible for carrying out the Enlarged Group's objectives, implementing its business strategy and conducting its overall supervision. Strategic decisions will all be considered and determined by the Board.

The Board will provide leadership within a framework of prudent and effective controls. The Board will establish the corporate governance values of the Company and will have overall responsibility for setting the Company's strategic aims, defining the business plan and strategy and managing the financial and operational resources of the Company. Prior to the Acquisition, the Company will not have any full-time employees.

Conflicts of interest

The Board has a policy for managing conflicts of interest. These policies were adhered to in the evaluation process of the Acquisition due to Trevor Brown's interest.

In addition, the approval of the shareholders is being sought in respect of the Acquisition, including the related party element.

Frequency of meetings

The Board will schedule monthly meetings and will hold additional meetings as and when required.

Corporate governance

The Directors recognise the value of good governance and intend, following Admission, to generally observe the provisions of the QCA Guidelines insofar as possible for a company of the size and nature of the Company. The Company does not and will not from Admission comply with the requirements of the UK Corporate Governance Code and in particular:

- Given the composition of the Board, certain provisions of the UK Corporate Governance Code (in particular the provisions relating to the division of responsibilities between the Chairman and chief executive and executive compensation), are considered by the Board to be inapplicable to the Company. IN addition, the Company does not comply with the requirements of the UK Corporate Governance Code in relation to the requirement to have a senior independent director but Mr Kaushal and Dr Li are considered to be independent directors. Dr Li had a business relationship with Mr Brown outside of the Company as they were both directors of Peterhouse but this is not considered to impact her independence on the Company's board.
- The UK Corporate Governance Code also recommends the submission of all directors for re-election at annual intervals. Directors will be required to submit for re-election every three years from Admission.

The Company will, from Admission, have established nomination, remuneration and audit committees.

Nomination Committee

The nomination committee will assist the Board in reviewing the structure, size and composition of the Board. It will also be responsible for reviewing succession plans for the Directors. The minimum number of directors on this committee will be two; Vinod Kaushal will chair the committee and Qu Li will be the other member.

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 over-arching principles, parameters and governance framework of the Company's remuneration policy and determining the individual remuneration and benefits package of the Company's executive directors. The minimum number of directors on this committee will be two; Vinod Kaushal will chair the committee and Qu Li will be the other member.

Audit Committee

The audit committee's role will be to assist the Board with the discharge of its responsibilities in relation to financial reporting, including reviewing the Company's financial statements and accounting policies, audits and controls, reviewing and monitoring the scope of the annual audit, advising on the appointment of external auditor and reviewing the effectiveness of audit controls. The minimum number of directors on this committee will be two; Vinod Kaushal will chair the committee and Qu Li will be the other member.

As at the date of this Document the Board has voluntarily adopted a dealing code for Directors' dealings based on the Institute of Chartered Accountants and Administrates specimen. The Board will be responsible for taking all proper and reasonable steps to ensure compliance with the dealing code by the Directors and to ensure that the Company, the Directors, any PDMRs and their respective PCAs (persons closely associated) are in compliance with the provisions of the Market Abuse Regulation.

PART V THE TERMS OF THE ACQUISITION

The Company and each of the Sellers have entered into an SPA in respect of the sale and purchase of the entire issued share capital of the Target by the Company, being 2,000 ordinary shares of £1.00 each in the capital of the Target (the **Target Shares**).

The consideration for the Target Shares is £240,000 to be satisfied by the issue and allotment to the Sellers of, in aggregate, 8 million Consideration Shares in the Company.

Completion of the SPA is conditional upon:

- the Placing Agreement becoming unconditional in all respects save for Admission;
- Admission taking place before the Long Stop Date (being 30 June 2017);
- the despatch by the Company to its shareholders of this Prospectus as approved by the UKLA in connection with the Admission to the standard segment of the Official List and to trading on the standard segment of London Stock Exchange's Main Market for listed securities and including a notice of a general meeting of the Company proposing the Resolutions;
- the SPA not having been terminated on its terms;
- no notice to terminate, or amend, or no notice of any breach or non-fulfilment of any material term of a material contract of the Target (including the Patents Licence) having been received;
- no person (being a governmental or regulatory authority):
 - having commenced, or threatened to commence, any proceedings or investigation for the purpose of prohibiting or otherwise challenging or interfering with the sale of the Target; or
 - having taken or threatened to take any action as a result of or in anticipation of the sale of the Target that would be materially inconsistent with any of the warranties given by the Sellers; or
 - having enacted or proposed any legislation (including any subordinate legislation) which would prohibit, materially restrict or materially delay the implementation of the sale of the Target or the operations of the Target.

If any of these conditions has not been fulfilled or waived by the Long Stop Date (or such later date as may be agreed between the parties to the SPA) then the SPA shall cease to have effect.

Provided that all of the conditions are satisfied (other than the Admission condition), completion of the sale of the Target shall take place in escrow on the business day immediately prior to the proposed date of Admission or such other time as may be agreed between the parties to the SPA. Provided certain criteria are met, completion of the sale of the Target then automatically occurs on Admission.

The Sellers will undertake to the Company to use their rights and controls as directors and/or shareholders of the Target to procure that, so far as is reasonably practicable, that all times from the date of the SPA until completion of the sale, the Target shall carry on its business in the normal and ordinary course with a view to profit and so as to maintain the same as a going concern and shall not undertake certain actions without the consent of the Company.

The SPA contains a customary set of warranties from the Sellers, including fundamental warranties as to title and capacity as well as business warranties in respect of insurance, disputes, contracts and trading, the effect of sale of the Target Shares, the accounts, assets and tax.

The SPA also contains warranties from the Company in respect of the Consideration Shares, litigation, accounts, the Placing Agreement and this Prospectus.

The Sellers have agreed to enter into non-compete and non-solicit restrictions for a period of 2 years from completion of the SPA.

Pursuant to the SPA, the Sellers are required to deliver to the Company the following at Completion:

- a side letter to a licence agreement entered into between TexRAD Limited and CCI granting CCI the right to use the TexRAD patents for research and development purposes – this is to amend the CCI licence such that CCI is not permitted to use the TexRAD patents for any commercial purpose in the field of urolithiasis; and
- new service agreements between the Target and each of Balaji Ganeshan, Nicholas Stevens, Jeevan Virk and Trevor Brown.

PART VI THE PLACING

Description of the Placing

Under the terms of the Placing Agreement, Peterhouse, as agent for the Company, has agreed to procure investors for Placing Shares at the Placing Price of £0.03 per New Ordinary Share, which is expected to raise gross proceeds of £550,000.

Such Placing Shares will constitute c.31 per cent. of the enlarged Ordinary Share Capital after the Placing and issue of the Consideration Shares and Peterhouse Shares.

The Directors have received irrevocable undertakings from potential investors to subscribe for and will be allocated 18,333,334 Placing Shares in aggregate at the Placing Price. The undertakings are unconditional and may not be withdrawn other than on a failure by the Company to achieve Admission.

Under the terms of the Placing Agreement, the Company has agreed to pay Peterhouse a corporate finance fee of £10,000 and a commission fee of £41,250 (representing commission of 7.5 per cent. of funds raised in the Placing). Peterhouse have agreed to receive Ordinary Shares in settlement of their commission, and as such will be allotted 1,708,333 Peterhouse Shares at Admission at a price of £0.03 per Peterhouse Share.

The Placing is conditional, inter alia, on Admission having become effective on or before 8.00 a.m. on 16 June 2017 (or such later date as the Company and Peterhouse may determine).

The Company intends to apply the Net Proceeds in pursuit of the objectives set out in Part I - *Information on the Acquisition and the Enlarged Group*.

The Ordinary Shares have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be, offered, sold, resold, transferred, delivered or distributed, directly or indirectly, within, into or in the United States except pursuant to an exemption from, or in a transaction that is not subject to, the registration requirements of the Securities Act and in compliance with the securities laws of any state or other jurisdiction of the United States.

The Placing is being made by means of an offering of the Placing Shares to investors in the United Kingdom, as well as certain existing Shareholders.

Certain restrictions that apply to the distribution of this Prospectus and the New Shares being issued under the Placing in certain jurisdictions are described in the section headed Part XV—*Notices to Investors*. Certain selling and transfer restrictions are also contained in that part.

Admission is expected to take place and unconditional dealings in the Placing Shares are expected to commence on the London Stock Exchange on 16 June 2017. All dealings in Placing Shares prior to the commencement of unconditional dealings will be on a “when issued basis”, will be of no effect if Admission does not take place, and will be at the sole risk of the parties concerned. No application has been or is currently intended to be made for the Placing Shares to be admitted to listing or dealt with on any other stock exchange. The Placing Shares will be registered with ISIN number JE00BD4H0R42 and SEDOL number BD4H0R4.

Allocation

Allocations under the Placing will be determined by Peterhouse and the Company as determined by the Placing Agreement. A number of factors will be considered in deciding the basis of allocation under the Placing, including the level and nature of the demand for the Placing Shares.

All New Shares issued pursuant to the Placing will be issued, payable in full, at the Placing Price.

The Placing Shares issued pursuant to the Placing will be issued in registered form. It is expected that the Placing Shares will be issued pursuant to the Placing on 16 June 2017.

Dealing arrangements

Application has been made to the UK Listing Authority for all the Placing Shares to be listed on the Official List and application has been made to the London Stock Exchange for the Placing Shares to be admitted to trading on the London Stock Exchange's main market for listed securities.

The expected date for settlement of such dealings will be 16 June 2017. All dealings between the commencement of conditional dealings and the commencement of unconditional dealings will be on a "when issued basis". If the Placing does not become unconditional in all respects, any such dealings will be of no effect and any such dealings will be at the risk of the parties concerned.

It is expected that Admission will take place and unconditional dealings in the Placing Shares will commence on the London Stock Exchange at 8.00 a.m. on 16 June 2017. This date and time may change.

It is intended that settlement of Placing Shares allocated to investors who wish to hold shares in uncertificated form will take place through CREST on Admission. It is intended that, where applicable, definitive share certificates in respect of the Placing will be distributed by 30 June 2017 or as soon as practicable thereafter. Temporary documents of title will not be issued. Dealings in advance of crediting of the relevant CREST stock account shall be at the risk of the person concerned.

CREST

CREST is the system for paperless settlement of trades in listed securities operated by Euroclear. CREST allows 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.

The Articles permit the holding of Placing Shares in uncertificated form under the CREST system.

Application has been made for the Placing Shares to be admitted to CREST with effect from Admission. Accordingly, settlement of transactions in the Placing Shares following Admission may take place within the CREST System if a Shareholder so wishes. CREST is a voluntary system and holders of Placing Shares who wish to receive and retain share certificates will be able to do so. An investor applying for Placing Shares in the Placing may elect to receive Placing Shares in uncertificated form in the form if the investor is a system member (as defined in the CREST Regulations) in relation to CREST.

PART VII

SHARE CAPITAL, LIQUIDITY AND CAPITAL RESOURCES AND ACCOUNTING POLICIES

Share capital

The Company was incorporated on 5 November 1965 under the Companies Act.

Details of the current issued share capital of the Company are set out in paragraph 3 of Part XIV - *Additional Information*. Immediately following Admission, the Enlarged Issued Share Capital is expected to be £589,226.30 of Ordinary Shares (divided into 58,922,630 issued Ordinary Shares of £0.01 each).

All of the issued Ordinary Shares will be in registered form, and capable of being held in certificated or uncertificated form. The Registrar will be responsible for maintaining the share register. Temporary documents of title will not be issued. The ISIN number of the Ordinary Shares is JE00BD4H0R42. The SEDOL number of the Ordinary Shares is BD4H0R4.

Financial position

The financial information in respect of the Company is incorporated by reference into this document as set out in Part IX (*Financial Information on the Company*). The financial information in respect of the Target upon which Welbeck Associates has provided the accountant's report in Part X (*Financial Information on the Target*) of this Document as at 30 June 2016 is set out in that Part.

If the Acquisition, Placing and Admission had taken place on 31 December 2016 (being the date as at which the financial information contained in Part X was compiled):

- the net assets of the Company would have been increased by £416,562 (due to the receipt of the Net Proceeds and the funds raised through the subscription for the Placing Shares); and
- the Company's earnings would have decreased as a result of fees and expenses incurred in connection with the Placing and Admission.

Liquidity and capital resources

Sources of cash and liquidity

The Enlarged Group's initial source of cash will be the Placing Proceeds which are, prior to expenses, expected to be £550,000 as well as the Company's existing cash balance.

Cash uses

The Company's principal use of cash (including the Net Proceeds) will be as working capital to fund the Target. The Company's current intention is to retain earnings for use in its business operations and it does not anticipate declaring any dividends in the foreseeable future.

Hedging arrangements and risk management

The Company may use forward contracts, options, swaps, caps, collars and floors or other strategies or forms of derivative instruments to limit its exposure to changes in the relative values of investments that may result from market developments, including changes in prevailing interest rates and currency exchange rates, as previously described. It is expected that the extent of risk management activities by the Company will vary based on the level of exposure and consideration of risk across the business.

The success of any hedging or other derivative transaction generally will depend on the Company's ability to correctly predict market changes. As a result, while the Company may enter into such a transaction to reduce exposure to market risks, unanticipated market changes may result in poorer overall investment performance than if the transaction had not been executed. In addition, the degree of correlation between price movements of the instruments used in connection with hedging activities and price movements in a position being hedged may vary. Moreover, for a variety of reasons, the Company may not seek, or be successful in establishing, an exact correlation between the instruments used in a hedging or other derivative transactions and the position being hedged and could create new risks of loss. In addition, it may not be possible to fully or perfectly limit the Company's exposure against all changes in the values of its assets, because the values of its assets are likely to fluctuate as a result of a number of factors, some of which will be beyond the Company's control.

Accounting policies and financial reporting

The Company's financial year end is 31 December. The Company's accounts for the period to 31 December 2016 were published on 28 April 2017.

The first set of audited annual consolidated financial statements for the Company and its Enlarged Group after Admission will be for the period from 1 January 2017 to 31 December 2017 and will be published no later than 30 April 2018.

The Company will produce and publish half-yearly financial statements as required by the Disclosure and Transparency Rules. The Company will present its financial statements in accordance with IFRS as adopted by the European Union.

PART VIII

OPERATING AND FINANCIAL REVIEW OF THE COMPANY

The following discussion of the Company financial condition and results of operations should be read in conjunction with the historical financial information on the Company in Part IX: Historical Financial Information of the Company and the information relating to its business included elsewhere in this document. The discussion includes forward-looking statements that reflect the current view of the Company's directors and involves risks and uncertainties. The Enlarged Group's actual results could differ materially from those contained in any forward-looking statements as a result of factors discussed below and elsewhere in this document, particularly in the section entitled - 'Risk Factors'. Investors should read the whole of this document and not just rely upon summarised information

Overview

The Company was incorporated and registered in Jersey on 5 November 1965 as a registered public company under The Companies Act.

The Company was a multi-brand multi-channel home shopping specialist, comprising three divisions; Garden, Gifts and Entertainment. However, during 2011, the group re-focused its activities and dramatically altered its operating strategy with a view to disposing of all of its trading assets and realising the value of its freehold property, Retreat Farm.

On 6 June 2012, the Company transferred its listing from "premium listing (commercial company)" to "standard listing (shares)" on the London Stock Exchange.

On 9 July 2012, the Company disposed of the assets of the retail business of Gardening Direct to Jersey Choice Marketing Limited, a company associated with Jersey Choice Limited, for a gross consideration of £2.875 million. For the year ending 30 December 2011, Gardening Direct generated an operating loss of £0.4 million. The book value of the assets subject to this disposal was £0.2 million at 30 December 2011. The proceeds of the disposal were used to repay creditors and for general working capital purposes.

Further to the disposal of Gardening Direct, the Company closed its Growing and Live Despatch Business on 31 July 2012. Following this, the Company's only income came from the rental of various parts of Retreat Farm.

On 23 January 2013, it was announced that the Company had arranged new financing for a £0.75 million deferred consideration payment due to be paid under the Flowers Direct transaction to Palatine Private Equity. A new loan of £1 million had been agreed between Retreat Nurseries Limited (formerly Flying Flower s (Jersey) Limited), the Company (as guarantor) and Acorn Finance Limited, repayable on 18 January 2015.

The Company disposed of its freehold property at Retreat Farm on 7 November 2014 for an aggregate consideration in cash of £1.65 million, comprising £1.45 million for the sale of the main glasshouses property to Discreet Holdings Limited and £0.2 million for the sale of the attached parkland to Ruff Properties Limited. The consideration paid by Ruff Properties Limited included a payment of £0.05m to settle any profit participation payments that might have become due arising out of the sale by the Company on 7 December 2011 of other properties at Retreat Farm to companies associated with Ruff Properties Limited. This marked the end of the Company as a trading business.

The proceeds of the sale of Retreat Farm were used to repay the loan from Acorn Finance Limited and to pay the agreed settlement amount of £0.15m to Flying Flowers Pty an Australian company, arising from matters relating to the disposal of the Group's Gifts business. The Company also repaid all outstanding creditors, leaving it debt free. Its only remaining asset was £60,000 cash.

On 11 March 2015, Peterhouse conditionally raised £300,000 before expenses for the Company by way of the issue of unsecured Convertible Loan Notes convertible into Units at a price of £0.011 per unit. £150,000 of Convertible Loan Notes were issued to Trevor Brown, £125,000 Convertible Loan Notes were issued to P3 Capital Limited and £25,000 Convertible Loan Notes were issued to Flare Capital Limited. The maximum number of Units that could be issued to the Convertible Loan Note holders (assuming full conversion and redemption on the final redemption date (being the third anniversary of the date of issue of the Convertible Loan Notes)) was 32,795,455 new Units. It was intended that the proceeds of the Convertible Loan Notes would be used to provide the Company with working capital to allow it to continue to review and implement its on-going strategy.

Flare Capital Limited elected to convert its £25,000 Convertible Loan Notes, together with accrued interest, into, in aggregate, 2,323,864 new Units at the conversion price of £0.011 per Unit on 13 July 2015. In addition, Trevor Brown, a director of the Company, elected to convert £5,200 of convertible loan notes, together with accrued interest, into, in aggregate, 483,364 Units. These Units were admitted to be traded on the standard listing segment of the Official List.

P3 Capital Limited subsequently transferred £125,000 Convertible Loan Notes to Free Association Books.

On 18 November 2015, the Company issued an additional £100,000 of new unsecured Convertible Loan Notes convertible at a subscription price of £0.015 per Unit to Free Association Books Limited and, following this, Free Association Books held in total £225,000 unsecured Convertible Loan Notes. The maximum number of Units that could be issued to Free Association Books on conversion of the Convertible Loan Notes issued on 18 November 2015 (assuming full conversion and redemption on the final redemption date (being 18 November 2018)) is 8,050,000 new Units. It was again intended that these funds would be used to ensure that the Company had sufficient working capital going forward and it could support future acquisition plans.

It was announced on 5 April 2016 that the Company had become aware of fraudulent internet activity on the Company's bank account, involving a potential maximum unrecoverable loss of £65,000.

On 30 June 2016, the Company announced that it was in negotiations in connection with the purchase of the entire issued share capital of the Target.

PART IX

HISTORICAL FINANCIAL INFORMATION ON THE COMPANY

1. Background

The audited consolidated financial statements of the Company for the year ended 31 December 2016, as set out in the Company's 2016 annual report and accounts, the audited consolidated financial statements of the Company for the year ended 31 December 2015, as set out in the Company's 2015 annual report and accounts, and the audited consolidated financial statements the Company for the financial year ended 26 December 2014, as set out in the Company's 2014 annual report and accounts, are incorporated by reference into this Prospectus.

The financial statements of Company for the financial years ended 31 December 2016, 31 December 2015 and 26 December 2014 were prepared in accordance with IFRS.

Welbeck Associates, the auditors of the Company's financial statements for the years ended 26 December 2014, 31 December 2015 and 31 December 2016 gave unqualified audit statements on those financial statements. Welbeck Associates noted however that in the accounts to 31 December 2015 and in the accounts to 31 December 2016 that due to the Company implementing a new investing policy and having no on-going revenue stream, it may not be able to continue as a going concern if it is unable to raise additional funds from other sources such as raising funds from capital markets or completing a reverse transaction.

2. Cross Reference List

The following list is intended to enable investors to identify easily specific items of information which have been incorporated by reference into this Prospectus

IFRS financial statements for the year ended 31 December 2016 and the audit report thereon

The page numbers below refer to the relevant pages of the annual report and accounts of the Company for the financial year ended 31 December 2016:

- independent auditors' report—pages 23 to 25;
- consolidated income statement—page 26;
- consolidated statement of comprehensive income—page 26;
- consolidated statement of cash flows—page 29;
- consolidated balance sheet—page 27;
- consolidated statement of changes in equity—page 28; and
- notes to the consolidated financial statements (including a summary of significant accounting policies)—pages 30 to 46

IFRS financial statements for the year ended 31 December 2015 and the audit report thereon

The page numbers below refer to the relevant pages of the annual report and accounts of the Company for the financial year ended 31 December 2015:

- independent auditors' report—pages 22 to 24;
- consolidated income statement—page 25;
- consolidated statement of comprehensive income—page 25;
- consolidated statement of cash flows—page 28;

- consolidated balance sheet—page 26;
- consolidated statement of changes in equity—page 27; and
- notes to the consolidated financial statements (including a summary of significant accounting policies)—pages 29 to 46

IFRS financial statements for the year ended 26 December 2014 and the audit report thereon

The page numbers below refer to the relevant pages of the annual report and accounts of the Company for the financial year ended 31 December 2014:

- independent auditors' report—pages 24 to 27;
- consolidated income statement—page 28;
- consolidated statement of comprehensive income—page 28;
- consolidated statement of cash flows—page 31;
- consolidated balance sheet—page 29;
- consolidated statement of changes in equity—page 30; and
- notes to the consolidated financial statements (including a summary of significant accounting policies)—pages 32 to 55

PART X
HISTORICAL FINANCIAL INFORMATION ON THE TARGET

Stone Checker Software Ltd was incorporated on 24 June 2015 and its first accounts for the period to 30 June 2016 were filed at Companies House on 27 February 2017. The Historical Financial Information in this Part X also includes unaudited interim financial information on the Target for the 6 month period ended 31 December 2016. Following its acquisition by the Company its accounts will be consolidated with the Company's accounts.

Accountant's Report on the Historical Financial Information on the Target



The Directors
Stone Checker Software Ltd
Norton Hall Cottage
The Street
Chilcompton
Radstock
BA3 4HB

17 May 2017

Dear Sirs

Stone Checker Software Ltd (the "Company")

We report on the financial information set out below relating to the Company for the period from incorporation of the Company to 30 June 2016 which comprises the Company Statement of Financial Position, the Income statement, the Statement of Cashflows, the Statement of Changes in Equity and the related notes.

This financial information has been prepared for inclusion in the Prospectus dated 17 May 2017 of the Company on the basis of the accounting policies set out in Note 2. This report is required by paragraph 20.1 of Annex 1 of the Prospectus Directive and is given for the purpose of complying with that paragraph and for no other purpose.

Responsibilities

The Directors of Stone Checker Software Ltd are responsible for preparing the financial information on the basis of preparation set out in the notes to the financial information and in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

It is our responsibility to form an opinion as to whether the financial information gives a true and fair view, for the purposes of the Prospectus 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 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 and our statement, required by and given solely for the purpose of complying with paragraph 23.1 of Annex I of the Prospectus Directive, consenting to its inclusion in the Prospectus.

Basis of opinion

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

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

Opinion of financial information

In our opinion, the financial information gives, for the purposes of the Prospectus dated 17 May 2017, a true and fair view of the state of affairs of the Company as at 30 June 2016 and of its results for the period ended 30 June 2016 with the basis of preparation set out in Note 2 and in accordance with IFRS.

Interim financial information

The financial information set out below also includes financial information of the Company for the interim period to 31 December 2016, which comprises the Company Statement of Financial Position, the Income Statement, the Statement of Cashflows, the Statement of Changes in Equity and the related notes.

Whilst we have not issued a separate opinion on the interim financial information to 31 December 2016 we are responsible for reading the information and reporting to you if, in our opinion, the information is (i) materially inconsistent with the Company accounts for that period (ii) if it is apparently materially incorrect based on our knowledge of the Company acquired during the course of our review or (iii) otherwise misleading. We confirm that we have not identified any such inconsistencies or misleading statements.

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 Annex I paragraph 1.2 of the Prospectus Directive.

Yours faithfully,

Welbeck Associates
Chartered Accountants
30 Percy Street
London
W1T 2DB

HISTORICAL FINANCIAL INFORMATION ON THE TARGET

Income statement

	Year ended 30 June 2016 £	(unaudited) Period to 31 December 2016 £
Income	-	-
Administrative expenses	(1,450)	(38,339)
Operating loss	(1,450)	(38,339)
Loss before taxation	(1,450)	(38,339)
Taxation	-	-
Loss from continuing operations and total comprehensive profit for the period attributable to owners of the Company	(1,450)	(38,339)
Earnings per share	(0.7p)	(£19.17)

Statement of financial position as at 30 June 2016 and as at 31 December 2016

	Note	As at 30 June 2016 £	(unaudited) As at 31 December 2016 £
ASSETS			
Cash at bank	5	4,550	1,211
TOTAL ASSETS		4,550	1,211
EQUITY AND LIABILITIES			
Called up share capital	8	2,000	2,000
Share premium		-	-
Profit and loss	9	(1,450)	(39,789)
TOTAL EQUITY		550	(37,789)
Current liabilities	6	-	35,000

Non current liabilities	7	4,000	4,000
TOTAL LIABILITIES		4,000	39,000
TOTAL EQUITY AND LIABILITIES		4,550	1,211

Statement of changes in equity

	Year ended 30 June 2016 £	(unaudited) Period ended 31 December 2016 £
At beginning of the period	-	550
Loss for the period	(1,450)	(38,339)
Issue of share capital	2,000	-
At end of the period	550	(37,789)

Statement of cash flows

	Year ended 30 June 2016 £	(unaudited) Period ended 31 December 2016 £
Cash flows from operating activities	(1,450)	(3,339)
Cash flows from investing activities	-	-
Cash flows from financing activities	6,000	-
Net increase in cash and cash equivalents	4,550	(3,339)
Cash and cash equivalents at the beginning of the period	-	4,550
Cash and cash equivalents at the end of the period	4,550	1,211

Notes to the Historical Financial Information

1) GENERAL INFORMATION

Stone Checker Software Ltd (the “Company”) is a company incorporated on 24 June 2015 in the United Kingdom, under Company no: 09655024.

The address of the registered office is Norton Hall Cottage, The Street, Chilcompton, Radstock, BA3 4HB.

The Financial Information is presented in GBP Sterling (£), rounded to the nearest pound.

The Principal activity of the Company is the undertaking of preliminary scientific and market research on candidate products in the field of kidney stones.

2) ACCOUNTING POLICIES AND BASIS OF PREPARATION

The Historical Financial Information in this Part X has been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (“IFRS”). IFRS is subject to amendment and interpretation by the International Accounting Standards Board (“IASB”) and the International Financial Reporting Interpretations Committee (IFRIC) and there is an on-going process of review and endorsement.

The Historical Financial Information has been prepared on the basis of IFRS that the directors expect to be applicable for the financial period end as at 30 June 2017.

The Historical Financial Information has been prepared under the historical cost convention. The principal accounting policies adopted have been applied for this period.

The Historical Financial Information has been prepared assuming that the Company will continue as a going concern. Reference is made to Note 3 “Going Concern” below.

Statement of Compliance

These financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”) effective for the Company’s reporting period ending 30 June 2017.

The policies applied in these financial statements are based on IFRS issued and outstanding as at 25 October 2016, the date the Board of Directors approved the financial statements.

Basis of preparation

The financial statements have been prepared in accordance with IFRS including standards and interpretations issued by the International Accounting Standards Board (“IASB”), and have been prepared in accordance with the historical cost convention.

In preparing the financial information the Company has not applied the following new and revised IFRSs that have been issued but are not yet effective:

Annual improvements to IFRSs (2012-2014 cycle)	Effective 1 January 2018
Disclosure initiatives Amendments to IAS 1	Effective 1 January 2018 subject to EU endorsement
IFRS 9: Financial Instruments	Effective 1 January 2018 subject to EU

IFRS 15: Revenue from Contracts with Customers
endorsement
Effective 1 January 2018 subject to EU endorsement.

Significant accounting estimates and judgements

The preparation of these financial statements requires management to make judgments and estimates that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these judgments and estimates.

The financial statements include judgments and estimates which, by their nature, are uncertain. The impacts of such judgments and estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognised in the period in which the estimate is revised and the revision affects both current and future periods.

Intangible Assets and Development Costs

Whilst there have yet to be any development costs, any such costs incurred by the Target will relate to expenditure on the development of the Products and service projects where the outcome of those projects is assessed as being reasonably certain as regards viability and technical feasibility. Such expenditure is capitalised and amortised over the expected sales life of the product, being generally a period not longer than five years commencing in the year the sales of the product were first made.

Development costs incurred on specific projects are capitalised when all the following conditions are satisfied:

- completion of the intangible asset is technically feasible so that it will be available for use or sale;
- the Target intends to finalise the development of the intangible asset and use or sell it;
- the Target has the ability to use or sell the intangible asset;
- the intangible asset will generate probable future economic benefits;
- there are adequate technical, financial and other resources to complete the development and to use or sell the intangible asset, and
- the expenditure attributable to the intangible asset during its development can be measured reliably.

Costs that are capitalised as being directly attributed to the development of the software products include the software development employee costs and an appropriate portion of relevant overheads

Costs incurred in carrying out patient studies and other research will be capitalised and amortised on the same terms as software development expenditure over the life of the products.

Any other development expenditure that does not meet these criteria is recognised as an expense when it is incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Current and Deferred Taxation

The tax expense represents the sum of the tax currently payable, together with the deferred tax charge for the period.

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

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

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

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

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

Cash and Cash Equivalents

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

Equity

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

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

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

Financial Liabilities

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

The Company's financial liabilities comprise long term borrowings.

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

3) GOING CONCERN

The Company's ability to continue its operations is dependent on its ability to generate sufficient positive cash flows and the continuing support from its owners and prospective shareholders. In respect of this, the Company's Board of Directors believes that the Company has appropriate business plans to generate sufficient cash flows to sustain its business in the foreseeable future.

Accordingly, the Directors continue to adopt the going concern basis in preparing this Historical Financial Information, which does not include any adjustments that would result from the basis of preparation being inappropriate.

4) EARNINGS PER SHARE

Basic earnings per share have been calculated by dividing the loss attributable to equity holders of the Company after taxation by the weighted average number of shares in issue during the period.

As at 30 June 2016 and 31 December 2016 there is no difference between the basic and diluted loss per share as there are no share options or warrants, or other potential ordinary shares in issue. The weighted average number of shares used for the calculation of the loss per share was 2,000 for the period to 31 December 2016 (30 June 2016: 2,000).

5) CASH AND CASH EQUIVALENTS

	30 June 2016	31 December 2016
	£	£
Cash at bank and in hand	4,550	1,211
	4,550	1,211

The Directors consider that the carrying amount of cash and cash equivalents is approximately equal to their fair value.

6) CURRENT LIABILITIES

	30 June 2016	31 December 2016
	£	£
Trade payables	-	-
Accrued expenses	-	35,000
	-	35,000

The Directors consider that the carrying amount of unsecured borrowings is approximately equal to their fair value.

7) NON CURRENT LIABILITIES

	30 June 2016	31 December 2016
	£	£
Unsecured borrowings	4,000	4,000
	4,000	4,000

Included in the above figure for 31 December 2016 is an amount of £4,000 (30 June 2016: £4,000) relating to a loan provided by Purple Batch Limited. The loan is unsecured, carries no interest and is repayable on 30 June 2019. Purple Batch Limited is connected to the Target as Nick Stevens is a director and major shareholder of Purple Batch Limited.

Included in the above figure for 31 December 2016 is an amount of £nil (30 June 2016: £nil) relating to a loan provided by Feedback plc. The loan was unsecured and repayable on 30 June 2019. The loan was repaid in full in the period ending 30 June 2016. Feedback plc is connected to the Target because Trevor Brown is a director and significant shareholder of Feedback plc. Dr Balaji Ganeshan is also a director of Feedback plc.

The Directors consider that the carrying amount of unsecured borrowings is approximately equal to their fair value.

8) SHARE CAPITAL

	No. of ordinary shares in issue	Nominal Value £	Share Capital £	Share Premium £
Allotted, called up and fully paid:				
At 24 June 2015	1,000	£1 each	1,000	-
Shares issued in the period to 30 June 2016	1,000	£1 each	1,000	-
As at 30 June 2016	2,000	£1 each	2,000	-
Shares issued in period to 31 December 2016	-	-	-	-
As at 31 December 2016	2,000	£1 each	2,000	-

The Company was incorporated on 24 June 2015 with a share capital of £1,000, made up of 1,000 ordinary shares of £1 each.

On 6 July 2015 the Company issued 1,000 new ordinary shares at a price of £1 each as part of a settlement of outstanding creditors.

9) RETAINED EARNINGS

	£
As at date of incorporation, 24 June 2015	-
Loss for the period to 30 June 2016	(1,450)
As at 1 July 2016	(1,450)
Loss for the period to 31 December 2016	(38,339)
At 31 December 2016	(39,789)

10) RISK MANAGEMENT OBJECTIVES AND POLICIES

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

Capital Risk Management

The Company's objectives when managing capital are:

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

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

Credit Risk

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

The Company's maximum exposure to credit risk as at 31 December 2016 is £1,211 (30 June 2016: 4,550).

Liquidity Risk

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

11) CONTINGENT LIABILITIES

There were no contingent liabilities as at 31 December 2016 (30 June 2016: £nil).

12) DIVIDENDS

The Directors do not propose the payment of a dividend (30 June 2016: £nil).

13) POST BALANCE SHEET EVENTS

There have been no material post period end events since 31 December 2016.

14) RELATED PARTY TRANSACTIONS AND ULTIMATE CONTROLLING PARTY

The related party transactions during the period to 30 June 2016 are as follows:

- Purple Batch provided the Target with a loan of £4,000. The Loan is unsecured, carries no interest and is repayable on demand. Purple Batch Limited is connected to the Target, by way of the director and major shareholder, Nick Stevens, also being a director and major shareholder of Purple Batch.
- Feedback provided the Target with a loan of £4,000. The loan was unsecured and repayable on 30 June 2019. The loan was repaid in full in the year. Feedback is connected to the Target because Trevor Brown is a director of both Feedback and the Target, and is also a major shareholder in Feedback through his connected holding in Free Association Books. Dr Balaji Ganeshan is also a director of Feedback.
- The Target entered into the Patents Licence with TexRAD Limited. Dr Balaji Ganeshan is a director of TexRAD Limited. TexRAD Limited is a wholly owned subsidiary of Feedback plc. See above for the connection between Feedback and the Target.
- The Target paid £1,000 to Web Design Services, a company controlled by an immediate family member of a director of the Target, for the construction and development of the Target's website, www.stonechecker.com.

The related party transactions during the period since 30 June 2016 are as follows:

- The Target paid £3,000 to Cambridge Computed Imaging Limited (“**CCI**”) for the provision of computer server and algorithm analysis. CCI is a wholly owned subsidiary of Feedback. See above for the connection between Feedback and the Target.

The Company does not consider there to be one single ultimate controlling party.

PART XI
CAPITALISATION AND INDEBTEDNESS OF THE ENLARGED GROUP

Financial information on the Enlarged Group's capitalisation has been prepared from the published audited financial statement of financial position of the Company as at 31 December 2016 together with the unpublished and unaudited statement of financial position of the Target as at 31 December 2016. Although the information is older than 90 days there has been no material change in the Enlarged Group's capitalisation since 31 December 2016. The following table sets out the capitalisation of the Enlarged Group as at 31 December 2016:

<i>Total Current Debt</i>	<i>31 December 2016</i>
	£
Guaranteed	-
Secured	-
Unguaranteed/Unsecured	-
 <i>Total Non-Current Debt</i>	
Guaranteed	-
Secured	-
Unguaranteed/Unsecured	428,000
 <i>Shareholder Equity</i>	 <i>31 December 2016</i>
	£
Share Capital	310,000
Reserves	-
Total	310,000

Financial information on the Enlarged Group's net financial indebtedness has been prepared from unpublished and unaudited management accounts for the Company as at 31 March 2017 together with unpublished and unaudited management accounts for the Target as at 31 March 2017, and is as follows:

	<i>31 March 2016</i>
	£
A. Cash	65,824
B. Cash equivalent	-
C. Trading securities	-
D. Liquidity (A) + (B) + (C)	65,824
E. Current financial receivable	14,000
F. Current bank debt	-
G. Current portion of non-current debt	-
H. Other current financial debt	(52,000)
I. Current Financial Debt (F) + (G) + (H)	(52,000)

J.	Net Current Financial Indebtedness (I) - (E) - (D)	27,824
K.	Non-current Bank loans	-
L.	Bonds Issued	-
M.	Other non-current loans	(375,000)
N.	Non-current Financial Indebtedness (K) + (L) + (M)	(375,000)
O.	Net Financial Indebtedness (J) + (N)	(347,176)

PART XII

UNAUDITED PRO FORMA FINANCIAL INFORMATION

Set out below is an unaudited pro forma statement of net assets of the Enlarged Group as at 31 December 2016. It has been prepared on the basis set out in the notes below, in accordance with the accounting policies adopted by the Company for the period ended 31 December 2016 and in accordance with Annex II of the Prospectus Rules to illustrate the impact on the net assets of the Company of the Acquisition and the Placing, had these taken place on 31 December 2016.

The unaudited pro forma income statement of the Enlarged Group for the 12 month period ended 31 December 2016 has been prepared on the basis set out in the notes below and in accordance with the requirements of item 20.2 of Annex I and items 1 to 6 of Annex II of the Prospectus Rules to illustrate the impact of the Acquisition and the Placing, as if these had taken place on 31 December 2016.

The unaudited pro forma financial information has been produced for illustrative purposes only and, by its nature, addresses a hypothetical situation and does not therefore represent the Company's actual financial position or results. Such information may not therefore give a true picture of the Company's financial position or results nor is it indicative of the results that may or may not be expected to be achieved in the future.

The unaudited pro forma financial information is based on (i) the audited financial statements of the Company for the year ended 31 December 2016, which are incorporated by reference into this document; (ii) the financial information for the Target for the six month period from 1 January 2016 to 30 June 2016 (which has been extracted without material adjustment from the audited accounts of the Target for the period to 30 June 2016, which are included in Part X of this document); and (iii) the financial information of the Target for the six month period ended 31 December (which has been extracted the unaudited interim financials of the Target for the six month period ended 31 December 2016, which are included in Part X of this document). No adjustments have been made to take account of trading, expenditure or other movements subsequent to 31 December 2016.

The unaudited pro forma financial information does not constitute financial statements within the meaning of section 434 of the Companies Act.

Investors should read the whole of this document and not rely solely on the summarised financial information contained in this Part XII.

ACCOUNTANT'S REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION



The Directors
Flying Brands Limited
PO Box 364
Forum 4
Grenville Street
St Helier
Jersey
JE4 8TQ

17 May 2017

Dear Sirs

Flying Brands Limited (the “Company”)

We report on the unaudited pro forma financial information (“**Pro Forma Financial Information**”) set out below which has been prepared on the basis as described in the notes to the Pro Forma Financial Information, for illustrative purposes only, to provide information about how the Acquisition and the Placing might have affected the financial information presented on the basis of the accounting policies adopted by the Company in preparing the financial statements for the period ended 31 December 2016.

Responsibilities

The Directors of Flying Brands Limited are responsible for preparing the Pro Forma Financial Information on the basis of preparation set out in the notes to the Pro Forma Financial Information and in accordance with International Financial Reporting Standards (“**IFRS**”) as adopted by the European Union.

It is our responsibility to form an opinion as to the proper compilation of the Pro Forma 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 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 and our statement, required by and given solely for the purpose of complying with paragraph 23.1 of Annex I of the Prospectus Directive, consenting to its inclusion in the Prospectus.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro Forma Financial Information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. The work that we performed for the purposes of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro Forma Financial Information with the directors of the Company.

We planned and performed our work so as to obtain all the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro Forma Financial Information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

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

Opinion of financial information

In our opinion:

- the Pro Forma Financial Information has been properly compiled on the basis stated; and
- such basis is consistent with the accounting policies of the Company.

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 Annex I, item 1.2 of Commission Regulation (EC) N 809/2004.

Yours faithfully,

Welbeck Associates
Chartered Accountants
30 Percy Street
London
W1T 2DB

Pro forma balance sheet

	Flying Brands Limited	Stone Checker Software Limited	Proposed Acquisition	Placing	Consolidated total
<i>31 December 2016</i>	£	£	£	£	£
	<i>Note 3</i>		<i>Notes 4, 5</i>	<i>Note 6</i>	
NON CURRENT ASSETS					
Goodwill	-	-	277,789	-	277,789
CURRENT ASSETS					
Trade & other receivables	14,190	-	-	-	14,190
Cash at bank	65,824	1,211	-	416,562	483,597
TOTAL ASSETS	80,014	1,211	277,789	416,562	775,576
CURRENT LIABILITIES					
Trade & other payables	(51,030)	(35,000)	-	-	(86,030)
NON CURRENT LIABILITIES					
Loan	(375,337)	(4,000)	-	-	(379,337)
TOTAL LIABILITIES	(426,367)	(39,000)	-	-	(465,367)
NET ASSETS	(346,353)	(37,789)	277,789	416,562	310,209

Notes

1. The net assets of Flying Brands have been extracted without material adjustment from the consolidated financial statements of Flying Brands.

2. The Pro Forma Financial Information in this report has been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (“IFRS”). IFRS is subject to amendment and interpretation by the International Accounting Standards Board (“IASB”) and the International Financial Reporting Interpretations Committee (IFRIC) and there is an on-going process of review and endorsement.

The Historical Financial Information for the Target has been prepared on the basis of IFRS that the directors expect to be applicable for the financial period end as at 30 June 2017.

The Historical Financial Information has been prepared under the historical cost convention. The principal accounting policies adopted have been applied for this period.

The Historical Financial Information has been prepared assuming that the Company will continue as a going concern. Reference is made to Note 3 “Going Concern” below.

3. The net assets of the Target have been extracted without material adjustment from: (i) the historical financial information of the Target for the six month period from 1 January 2016 to 30 June 2016 (which has been extracted from the audited accounts of the Target for the period to 30 June 2016) and (ii) the historical financial information of the Target for the six month period ended 31 December 2016 (which has been extracted from the unaudited interim financials of the Target for the six month period ended 31 December 2016), both of which are included in Part X of this Prospectus.

4. The acquisition of the Target is not deemed a reverse acquisition under IFRS. Therefore the goodwill figure is derived from the amount of the consideration, being £240,000, less the carrying value of the net assets of the Target as at 31 December 2016, being net liabilities of (£37,789).

	Book Value	Adjustments	Carrying Value
31 December 2016	£	£	£
Non-current assets	-	-	-
Current assets	1,211	-	1,211
Current liabilities	(39,000)	-	(39,000)
Non-current liabilities	-	-	-
Net assets	(37,789)	-	(37,789)
Non-controlling interests			-
Goodwill			277,789
Total consideration			240,000
Satisfied by:			
Cash			-
Issue of 8,000,000 shares at 3p per share			240,000
Directly attributable costs			-

The goodwill figure is based on the carrying value of the net assets. There has been no fair value adjustment to the acquired net assets and liabilities of the Target. The fair value measurement of these items will only be performed subsequent to completion of the acquisition.

5. The total consideration of £240,000 is calculated as the total number of shares issued of 8,000,000 at a price of £0.03 per share.

6. Placing:

	£
Gross Proceeds	550,000
Less total costs of Proposed Acquisition and Proposed Placing (including commission and fees)	(184,688)
Add back commission and fees due to Peterhouse to be settled through the issue of the Commission Shares	51,250
Net proceeds	416,562

The net proceeds of the proposed Placing of £416,562 are calculated on the basis that the Company issues 18,333,334 Ordinary Shares at a price of £0.03 per New Ordinary Share, giving gross proceeds of £550,000, net of estimated expenses in connection with the Placing of approximately £184,688

(giving net proceeds of £365,312). However, of these expenses, £51,250 is in respect of the commission and fees due to Peterhouse for the Placing and work on the Admission, which is to be settled by way of issue of 1,708,333 Ordinary Shares at a price of £0.03 per Ordinary Share. Accordingly, the net cash proceeds are £416,562. The net proceeds of the Proposed Placing will be used to fund the on-going working capital requirements and development of the products.

The estimated expenses of £184,688 are more particularly summarised in Part I (use of net proceeds and return management).

7. The unaudited pro forma financial information has been prepared on the basis that the acquisition of the Target will be treated as a business combination in accordance with IFRS 3 Business Combinations. The pro forma financial information does not reflect the impact of any fair value adjustments to the acquired assets and liabilities of the Target. The fair value measurement of these items will only be performed subsequent to completion of the acquisition. For the purposes of the pro forma statement of net assets, the excess of the purchase consideration over the carrying amount of the net assets acquired has been attributed to intangible assets.

8. No adjustment has been made to reflect the financial results of either the Company or the Target since 31 December 2016.

Pro forma income statement

	Flying Brands Limited	Stone Checker Software Limited	Placing expenses	Consolidated total
<i>12 month period to 31 December 2016</i>	£	£	£	£
Revenue	-	-	-	-
Administrative expenses	(272,000)	(39,789)	(184,688)	(496,477)
LOSS BEFORE INTEREST AND TAX	(272,000)	(39,789)	(184,688)	(496,477)
Interest payable	(31,000)	-	-	(31,000)
TAXATION	-	-	-	-
LOSS FOR THE PERIOD	(303,000)	(39,789)	(184,688)	(527,477)

Notes

1. The results of the Company have been extracted without material adjustment from the consolidated financial statements of the Company for the financial period ended 31 December 2016, which are incorporated by reference into this document and are available for inspection as detailed in Part XIV of this document.

2. The results of the Target have been extracted without material adjustment from (i) the historical financial information of the Target for the six month period from 1 January 2016 to 30 June 2016 (which has been extracted from the audited accounts of the Target for the period to 30 June 2016) and (ii) the historical financial information of the Target for the six month period ended 31 December 2016 (which has been extracted from the unaudited interim financials of the Target for the six month period ended 31 December 2016), both of which are included in Part X of this Prospectus.

3. No adjustment has been made for future integration costs or synergies arising from the Acquisition.
4. With the exception of consolidating future trading results of the Target into the Group, the aforementioned adjustments are not expected to have a continuing impact on the Issuer.
5. No adjustment has been made to reflect the financial results of either the Company or the Target since 31 December 2016.
6. The placing expenses include a fee of £51,250 relating to commission and fees due to Peterhouse, which is to be settled through the issue of Ordinary Shares.

PART XIII TAXATION

General

The following summary is intended as a general guide for UK tax resident Shareholders as to their tax position under current UK tax legislation and HMRC practice as at the date of this document. Such law and practice (including, without limitation, rates of tax) is in principle subject to change at any time. The Company is at the date of this document resident for tax purposes in the United Kingdom and the following is based on that status.

This summary is not a complete and exhaustive analysis of all the potential UK tax consequences for holders of Ordinary Shares. It addresses certain limited aspects of the UK taxation position applicable to Shareholders resident and domiciled for tax purposes in the UK (except in so far as express reference is made to the treatment of non-UK residents) and who are absolute beneficial owners of their Ordinary Shares and who hold their Ordinary Shares as an investment. This summary does not address the position of certain classes of Shareholders who (together with associates) have a 5 per cent. or greater interest in the Company, or, such as dealers in securities, market makers, brokers, intermediaries, collective investment schemes, pension funds, charities or UK insurance companies or whose shares are held under a personal equity plan or an individual savings account or are “employment related securities” as defined in section 421B of the Income Tax (Earnings and Pensions) Act 2003. Any person who is in any doubt as to his tax position or who is subject to taxation in a jurisdiction other than the UK should consult his professional advisers immediately as to the taxation consequences of their purchase, ownership and disposition of Ordinary Shares.

This summary is based on current United Kingdom tax legislation. Shareholders should be aware that future legislative, administrative and judicial changes could affect the taxation consequences described below.

UNITED KINGDOM TAXATION

(A) Taxation of dividends

United Kingdom resident shareholders

The following information is based on current UK tax law in relation to rules applying to dividends paid to individuals and trustees from 6 April 2017 onwards. A dividend allowance of £5,000 per annum for individuals has been introduced. Dividends falling within this allowance will not be subject to income tax. If an individual receives dividends in excess of this allowance in a tax year, the excess will be taxed at 7.5 per cent, (for individuals not liable to tax at a rate above the basic rate), 32.5 per cent. (for individuals subject to the higher rate of income tax) and 38.1 per cent. (for individuals subject to the additional rate of income tax). The rate of tax paid on dividend income by trustees of discretionary trusts is 38.1 per cent. From 6 April 2018, the dividend allowance will fall from £5,000 per annum to £2,000 per annum.

United Kingdom pension funds and charities are generally exempt from tax on dividends which they receive.

Companies

Subject to UK dividend exemption rules, a corporate Shareholder resident in the UK (for tax purposes) should generally not be subject to corporation tax or income tax on dividend payments received from the Company.

Non-residents

In general, the right of non-UK resident Shareholders to reclaim tax credits attaching to dividend payments by the Company will depend upon the existence and the terms of an applicable double tax treaty between their jurisdiction of residence and the UK. In most cases, the amount of tax credit that can be claimed by non-UK resident Shareholders from HMRC will be nil. They may also be liable to tax on the dividend income under the tax law of their jurisdiction of residence. Non-UK resident Shareholders should consult their own tax advisers in respect of their liabilities on dividend payments, whether they are entitled to claim any part of the tax credit and, if so, the procedure for doing so.

Persons who are not resident in the UK should consult their own tax advisers on whether or not they can benefit from all or part of any tax credit and what relief or credit may be claimed in the jurisdiction in which they are resident.

(B) Taxation of chargeable gains

A disposal of Ordinary Shares by a Shareholder, who is resident for tax purposes in the UK, will in general be subject to UK taxation on capital gains on a disposal of Ordinary Shares. A Shareholder who is not resident in the UK for tax purposes, but who carries on a trade, profession or vocation in the UK through a permanent establishment (where the Shareholder is a company) or through a branch or agency (where the Shareholder is not a company) and has used, held or acquired the Ordinary Shares for the purposes of such trade, profession or vocation through such permanent establishment, branch or agency (as appropriate) will be subject to UK tax on capital gains on the disposal of Ordinary Shares.

In addition, any holders of Ordinary Shares who are individuals and who dispose of shares while they are temporarily non-resident may be treated as disposing of them in the tax year in which they again become resident in the UK. For UK resident individuals, capital gains are chargeable at the applicable rate, which is generally 18 per cent. or 28 per cent. (depending on their personal circumstances, including other capital gains or income for the relevant period) subject to certain reliefs and exemptions (10 per cent. or 20 per cent, depending on the level of an individual's total income and gains, for disposals after 6 April 2016).

For UK resident trusts or personal representatives, capital gains are chargeable at a flat rate of 28 per cent. subject to certain reliefs and exemptions. For UK corporates, capital gains are currently chargeable at the rate of 19 per cent. subject to indexation which may apply to reduce any such gain, although indexation cannot create or increase a capital loss (indexation is no longer available to individuals and trustees). Other reliefs may be relevant.

(C) Stamp Duty and Stamp Duty Reserve Tax ("SDRT")

The statements below (which apply whether or not a Shareholder is resident or domiciled in the UK) summarise the current position and are intended as a general guide only to stamp duty and SDRT. Certain categories of person are not liable to stamp duty or SDRT, and special rules apply to agreements made by broker dealers and market makers in the ordinary course of their business and to certain categories of person (such as depositaries and clearance services) who may be liable to stamp duty or SDRT at a higher rate or who may, although not primarily liable for tax, be required to notify and account for SDRT under the Stamp Duty Reserve Tax Regulations 1986.

No UK stamp duty or SDRT will be payable on the issue of New Shares pursuant to the Placing, other than as explained below.

Dealings in New Shares will generally be subject to stamp duty or SDRT in the normal way. An instrument effecting the transfer on sale of New Shares will generally be liable to stamp duty at the rate of 0.5 per cent. (rounded up, if necessary, to the nearest multiple of £5) of the amount or value of the consideration payable. However, where the amount or value of the consideration is £1,000 or less, and provided that the transfer does not form part of a larger transaction or series of transactions where the combined consideration exceeds £1,000, such instrument should be exempt from charge upon certification of such facts.

An unconditional agreement to transfer New Shares will generally be liable to SDRT at the rate of 0.5 per cent. of the amount or value of the consideration payable, but such liability will be cancelled, or a right to a repayment (generally, with interest) in respect of the payment of such SDRT liability will arise, if the agreement is completed by a duly stamped or exempt transfer within six years of the agreement having become unconditional. Stamp duty and SDRT are normally the liability of the purchaser.

Subject to certain exemptions, a charge to stamp duty or SDRT will arise on the transfer of New Shares to a person providing a clearance service, its nominee or agent, or to an issuer of depositary receipts, its nominee or agent, where that transfer is not an integral part of an issue of share capital. The rate of stamp duty or SDRT, as the case may be, in such circumstances will generally be 1.5 per cent. of the amount or value of the consideration for the transfer or, in some circumstances, the value of the New Shares concerned, in the case of stamp duty rounded up, if necessary, to the nearest multiple of £5.

No stamp duty or SDRT will arise on a transfer of New Shares into the CREST system provided that the transfer is not for money or money's worth. Paperless transfers of New Shares within CREST are liable to SDRT (at a rate of 0.5 per cent. of the amount or value of the consideration payable) rather than stamp duty, and SDRT arising on the agreement to transfer New Shares under relevant transactions settled within the system or reported through it for regulatory purposes will generally be collected by CREST.

(D) Inheritance and gift taxes

Ordinary Shares beneficially owned by an individual Shareholder will be subject to UK inheritance tax on the death of the Shareholder (even if the Shareholder is not domiciled or deemed domiciled in the UK); although the availability of exemptions and reliefs may mean that in some circumstances there is no actual tax liability. A lifetime transfer of assets to another individual or trust may also be subject to UK inheritance tax based on the loss of value to the donor, although again exemptions and reliefs may be relevant. Particular rules apply to gifts where the donor reserves or retains some benefit.

Shareholders should consult an appropriate professional adviser if they intend to make a gift of any kind or intend to hold any Ordinary Shares through trust arrangements or believe any relief may be available. They should also seek professional advice in a situation where there is a potential for a double charge to UK inheritance tax and an equivalent tax in another country which could bring them within the charge to UK inheritance tax.

PART XIV

ADDITIONAL INFORMATION

1. RESPONSIBILITY

The Directors whose names appear on pages 30 and the Company accept responsibility for the information contained in this Document. To the best of the knowledge of the Company and the Directors (who have each taken all reasonable care to ensure that such is the case), the information contained in this Document is in accordance with the facts and contains no omission likely to affect its import.

2. THE COMPANY

2.1 The Company was incorporated on 5 November 1965 under the Companies Act with registered number 2044 under the name Flying Flowers Limited and as a registered public company. On 14 September 2000, pursuant to a special resolution passed on 11 September 2000, the Company changed its name to Flying Brands Limited.

2.2 The Company is subject to the Listing Rules and the Disclosure and Transparency Rules (and the resulting jurisdiction of the UK Listing Authority), to the extent such rules apply to companies with a Standard Listing pursuant to Chapter 14 of the Listing Rules.

2.3 The principal legislation under which the Company operates, and pursuant to which its shares which comprise the Ordinary Shares have been created, is the Companies Act and the subordinate legislation made under it.

2.4 The Company's registered and head office is at 4 Grenville Street, St Helier, Jersey JE4 8TQ. The Company's telephone number is 0044 1534 753465.

2.5 In the last three years the only issue of Ordinary Shares in the Company took place on 13 July 2015, when the Company issued 2,807,228 Ordinary Shares following a conversion of Convertible Loan Notes at a conversion price of £0.011 per Ordinary Share.

2.6 On 11 March 2015, the Company issued Warrants to Peterhouse exercisable at 1.1p per Ordinary Share at any time during the three years from the date of issue. The Warrants are exercisable over 3 per cent of the Company's fully enlarged share capital from time to time.

2.7 As at the date of this document, the Company's listed securities are Units. Each Unit comprises one Ordinary Share of £0.01 in the Company and one A Share in Flying Brands UK of £0.00005. In the event of an issue of Ordinary Shares in the Company, Flying Brands UK issues an exact equivalent of A Shares and application is made for the resulting Unit to be listed.

2.8 Pursuant to the resolutions to be put to shareholders at the Company's General Meeting and the Flying Brands UK General Meeting, it is intended that the Company's Ordinary Shares will be "destapled" from the A Shares and so the listed securities as at Admission will be the Ordinary Shares only.

2.9 As at 17 May 2017, being the latest practicable date prior to publication of this Document, the Company had one subsidiary, being Flying Brands UK. Following completion of the Acquisition, the Company will have two subsidiaries, as set out below:

Company	Country of Incorporation	Percentage of voting rights
Flying Brands UK	England and Wales	100 per cent.
Stone Checker Software Ltd	England and Wales	100 per cent.

3. SHARE CAPITAL

3.1 The following table shows the issued and fully paid shares of the Company at the date of this Document:

Issued and Credited as Full Paid

<u>Class of Share</u>	<u>Number</u>	<u>Amount Paid up</u>
Ordinary	30,880,963	£308,809.63

3.2 Following the Placing and the issue of the Consideration Shares and Peterhouse Shares, the Enlarged Issue Share Capital of the Company will be as shown in the following table:

Issued and Credited as Full Paid

<u>Class of Share</u>	<u>Number</u>	<u>Amount Paid up</u>
Ordinary	58,922,630	£589,226.29

3.2 Save as disclosed in this Document, as at the date of this Document, the Company will have no short, medium or long term indebtedness.

3.3 At the General Meeting, resolutions will be put to shareholders to:

3.3.1 enable the Directors to be generally and unconditionally authorised to exercise all the powers of the Company to allot up to £280,416.66 in nominal value of Ordinary Shares (including rights to subscribe for Ordinary Shares) (comprising the Placing Shares, Acquisition Shares and Peterhouse Shares) and up to £176,767.89 in nominal value of Ordinary Shares (to provide additional headroom of 30 per cent);

3.3.2 enable the Directors be generally and unconditionally authorised to exercise all powers of the Company to allot Ordinary Shares (including rights for equity securities or the sale of equity securities from treasury) pursuant to the authority contained in the resolution above as if the pre-emption rights in the Articles of Association of the Company did not apply to such allotment; and

3.3.3 increase the authorised share capital of the Company from £350,000 to £800,000 such that the shares set out above may be allotted by the Company.

3.4 Save as disclosed in this Document:

3.4.1 no share or loan capital of the Company has been issued or is proposed to be issued;

3.4.2 no person has any preferential subscription rights for any shares of the Company;

3.4.3 no share or loan capital of the Company is unconditionally to be put under option; or

3.4.4 no commissions, discounts, brokerages or other special terms have been granted by the Company since its incorporation in connection with the issue or sale of any share or loan capital of the Company.

3.5 The Ordinary Shares will be listed on the Official List and will be traded on the standard segment of the Main Market of the London Stock Exchange. The Ordinary Shares are not listed or traded on, and no application has been or is being made for the admission of the Ordinary Shares to listing or trading on, any other stock exchange or securities market.

4. ARTICLES OF ASSOCIATION OF THE COMPANY

4.1 Set out below is a summary of the provisions of the Articles of Association of the Company which are to be adopted from Admission pursuant to a resolution to be put to shareholders at the General Meeting. A copy of the Articles is available for inspection at the address specified in paragraph 2.4 of this Part XIV and at the Company's website www.flyingbrands.co.uk.

(a) Share Capital

The Company's share capital consists of Ordinary Shares. The Company may issue Ordinary Shares with such rights or restrictions as may be determined by ordinary resolution, including shares which are to be redeemed, or are liable to be redeemed at the option of the Company or the holder of such shares.

(b) Voting

The Shareholders have the right to receive notice of, and to vote at, general meetings of the Company. Each Shareholder who is present in person (or, being a corporation, by representative) at a general meeting on a show of hands has one vote and, on a poll, every such holder who is present in person (or, being a corporation, by representative) or by proxy has one vote in respect of every share held by him.

(c) Dividends

The Company may, subject to the provisions of the Companies Act and the Articles, by ordinary resolution from time to time declare dividends to be paid to members not exceeding the amount recommended by the Directors. Subject to the provisions of the Companies Act, the Board may if it thinks fit from time to time pay interim dividends as appear to the Board to be justified by the profits of the Company and in particular, if at any time the share capital of the Company is divided into different classes, the Board may pay such interim dividends in respect of those shares which confer on the holders thereof deferred or non-preferred rights

as well as in respect of those shares which confer on the holders thereof preferential rights with regard to dividends. No unclaimed dividend shall bear interest and any dividend which has remained unclaimed for a period of 12 years from the date of declaration thereof shall at the expiration of that period be forfeited and cease to remain owing.

(d) Transfer of Ordinary Shares

Each member may transfer all or any of his shares which are in certificated form by means of an instrument of transfer in any usual form or in any other form which the Directors may approve. Each member may transfer all or any of his shares which are in uncertificated form by means of a relevant system in such manner provided for, and subject as provided in, the uncertificated securities rules.

The Board may refuse to register a transfer of any share:

- (i) which is in favour of more than four persons jointly;
- (ii) unless the instrument of transfer is duly stamped and is accompanied by the certificate of the shares to which it relates (save in the case of a transfer by a nominee of a recognised investment exchange to whom no certificate was issued) and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer;
- (iii) where the instrument of transfer is in respect of more than one class of share; and
- (iv) which is in favour of a minor or a person who is then suffering from a mental disorder and where any of the events specified in article 28.1(c) of the Articles have occurred in relation to him;

The Board may, in its absolute discretion and without assigning any reason, refuse to register a transfer of a share which is not fully paid up, provided that the refusal does not prevent dealings in shares in the Company from taking place on an open and proper basis.

The Board may, in its absolute discretion, refuse to register any transfer of shares which relates to shares held by a Member in relation to which he or any other person appearing to be interested in such shares has been duly served with a notice under any provision of the Articles for the time being in force enabling the Company by notice in writing to require any persons to give any information regarding those shares.

(e) Directors

Unless otherwise determined by the Company by ordinary resolution, the number of Directors shall not be less than two, but there shall be no maximum number of Directors unless determined by the Company by ordinary resolution.

Subject to the Articles and the Companies Act, the Company may by ordinary resolution appoint a person who is willing to act as a Director and the Board shall have power at any time to appoint any person who is willing to act as a Director, in both cases either to fill a vacancy or as an addition to the existing Board.

Each director shall retire from office at the first annual general meeting after their appointment and may offer themselves for re-appointment by the Shareholders by ordinary resolution.

At every annual general meeting one-third of the Directors (other than those retiring because it's the first annual general meeting since their appointment) shall retire from office, provided that the number of Directors is two, one of such Directors shall retire and, if in any year there is only one Director, that Director shall retire.

The retiring Directors may offer themselves for re-election and will be deemed to be re-elected if no other Directors are appointed by the Company by ordinary resolution and fill the vacancy.

Subject to the provisions of the Articles, the Board, which may exercise all the powers of the Company, may regulate their proceedings as they think fit. A Director may, and the secretary at the request of a Director shall, call a meeting of the Directors.

The quorum for a Directors' meeting shall be fixed from time to time by a decision of the Directors, but it must never be less than two and unless otherwise fixed, it is two.

Questions arising at a meeting shall be decided by a majority of votes of the participating directors, with each director having one vote. In the case of an equality of votes the chairman shall have a second or casting vote.

The Directors shall be entitled to receive such remuneration as the Directors shall determine for their services to the Company as directors and for any other service which they undertake for the Company provided that the aggregate fees payable to the Directors must not exceed £300,000 or such other amount as may be decided by ordinary resolution of the Company, save that this fee level shall not apply to the remuneration of any Managing Director or Director holding executive office. A Director holding any executive office shall receive such remuneration as the Board may determine.

The Directors shall also be entitled to be paid all reasonable expenses properly incurred by them in connection with their attendance at meetings of Shareholders or class meetings, board or committee meetings or otherwise in connection with the exercise of their powers and the discharge of their responsibilities in relation to the Company. The Board may grant special remuneration to any Director who renders any special or extra services to the Company.

A Director who is in any way, whether directly or indirectly, interested in a contract or proposed contract with the Company shall declare the nature of his interest at the first meeting of the Board after the Director becomes interested in the contract or proposed contract.

A Director shall not vote in respect of any contract or arrangement or any other proposal whatsoever in which he has any interest which is to his knowledge a material interest otherwise than by virtue of his interests in shares, debentures or other securities of or otherwise through the Company provided that a Director shall be entitled to vote in the following situations:

- (i) the giving of any security or indemnity to him in respect of money lent or obligations incurred by him at the request of or for the benefit of the Company or any of its subsidiaries;
- (ii) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by giving of security;
- (iii) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any of its subsidiaries for subscription or purchase in which offer he is or is to be interested as a participant in the underwriting or sub-underwriting thereof;
- (iv) any proposal concerning any other company in which he is interested directly or indirectly and whether as an officer or shareholder or otherwise howsoever provided that he (together with any person connected with him within the meaning of Article 24.9) is not to his knowledge the holder of or 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 this Article to be a material interest in all circumstances);
- (v) any arrangement for the benefit of employees of the Group under which the Director benefits in a similar manner as the employees and does not award to any Directors as such any privilege or advantage not generally awarded to the employees to which such arrangement relates; and
- (vi) any proposal concerning insurance which the Company proposes to maintain or purchase for the benefit of Directors or for the benefit of persons including Directors.

The Company may by ordinary resolution suspend or relax the provisions of the Article relating to conflicts of interest to any extent or ratify any transaction not duly authorised by reason of a contravention of such Article.

(f) General meetings

The Company must convene and hold annual general meetings in accordance with the Companies Act.

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business. Save as otherwise provided by the articles, two Shareholders present in person or by proxy and entitled to vote shall be a quorum for all purposes.

(g) Borrowing Powers

Subject to the Articles and the Companies Act, the Board may exercise all of the powers of the Company to:

- (i) borrow money;
- (ii) mortgage or charge;
- (iii) create and issue debentures and other securities; and
- (iv) give security either outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

(h) Capitalisation of profits

The Directors may, if they are so authorised by an ordinary resolution of the Shareholders, decide to capitalise any part of the amount standing to the credit of any of the Company's reserve accounts or to the credit of the profit and loss account or otherwise available for distribution and not required for paying the fixed dividends on any shares entitled to fixed preferential dividends. The Directors may also, subject to the aforementioned ordinary resolution, appropriate any sum which they so decide to capitalise to the persons who would have been entitled to it if it were distributed by way of dividend and in the same proportions.

So long as the Ordinary Shares are in existence, on any capitalisation of profits or reserves, there shall only be allotted ordinary shares, credited as fully paid up and such a capitalisation of profits or reserves shall only take place when the Directors are satisfied that at the same time A Shares shall likewise be allotted credited as fully paid up by way of capitalisation of profits or reserves by Flying Brands UK.

(i) Uncertificated Shares

Subject to the Companies Act, the Directors may permit title to shares of any class to be issued or held otherwise than by a certificate and to be transferred by means of a relevant system without a certificate.

The Directors may take such steps as it sees fit in relation to the evidencing of and transfer of title to uncertificated shares, any records relating to the holding of uncertificated shares and the conversion of uncertificated shares to certificated shares, or vice-versa.

The Company may by notice to the holder of an uncertificated share, require that share to be converted into certificated form.

The Board may take such other action that the Board considers appropriate to achieve the sale, transfer, disposal, forfeiture, re-allotment or surrender of an uncertified share or otherwise to enforce a lien in respect of it.

5. DIRECTORSHIPS AND PARTNERSHIPS

In addition to their directorships of the Company and members and former members of the Enlarged Group, the Directors are, or have been, members of the administrative, management or supervisory bodies ("directorships") or partners of the following companies or partnerships, at any time in the five years prior to the date of this Document.

Director	Current directorships and partnerships	Former directorships and partnerships
Trevor Brown	Feedback plc	Peterhouse Corporate Finance Limited
	Braveheart Investment Group plc	Free Association Books Limited
	Braveheart Academic Seed Funding GP Limited	Advanced Oncotherapy plc
	Braveheart Nominees Limited	
	Free Publishing Limited	
	Kirkstall Limited	
	Ridings Holdings Limited	
	The Ridings Early Growth Investment Company Limited	
	Prostate Checker Ltd	
	Stone Checker Software Ltd	
	Paraytec Limited	
	Strathclyde Innovation Fund GP Limited	
	Caledonia LP Limited	
	Caledonia Portfolio Realisations Limited	
Management Resource Solutions plc		
Dr Qu Li	Multidrive Limited	Mulan Foundation Network Limited
	Peterhouse Corporate Finance Limited	
	China Ventures Limited	
	Morris Commercial Ltd	
	LDV Group Ltd	
Vinod Kaushal	Vandy Ventures Ltd	Mitovie Pharma Limited (liquidated)
	Altovida Biosciences Ltd	Glysmag Company Limited (dissolved)

Altovida Limited

Mitovie Steriles Manufacturing Limited
(dissolved)

Mitovie Group Ltd (liquidated)

Mitovie Associates Limited (dissolved)

Mitovie Ltd (liquidated)

Mitovie Drug Development Limited (dissolved)

6. DIRECTORS' CONFIRMATIONS

- 6.1 Save as disclosed at paragraph 6.2, at the date of this Document none of the Directors:
- 6.1.1 has any convictions in relation to fraudulent offences for at least the previous five years;
 - 6.1.2 has been associated with any bankruptcy, receivership or liquidation while acting in the capacity of a member of the administrative, management or supervisory body or of senior manager of any company for at least the previous five years; or
 - 6.1.3 has been subject to any official public incrimination and/or sanction of him by any statutory or regulatory authority (including any designated professional bodies) or has ever been disqualified by a court from acting as a director of a company or 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 for at least the previous five years.
- 6.2 Vinod Kaushal was a director of Mitovie Group Ltd and its wholly owned subsidiaries Mitovie Pharma Ltd and Mitovie Ltd. Mitovie Ltd was taken out of the group and subsequently Mitovie Group Ltd (and its subsidiary Mitovie Pharma Ltd) and Mitovie Ltd were liquidated as part of a corporate restructuring. The restructuring took place as a third party company breached contractual obligations owed to the Mitovie group and failed to make payments. Mitovie Group Ltd and Mitovie Pharma Ltd entered into a creditors' voluntary liquidation and owed c. £190,000 in aggregate to unsecured creditors at the time of liquidation.
- 6.3 Save as set out in Part I (*Information on the Acquisition and the Enlarged Group – Related Party Transactions and conflicts of interest*) none of the Directors has any potential conflicts of interest between their duties to the Company and their private interests or other duties they may also have.
- 6.4 Details of the service agreements and letters of appointment entered into by the Directors and the composition of the Board's committees are set out in Part IV (*The Company, Proposed Board and Corporate Governance*) of this document.

7. DIRECTORS' INTERESTS

7.1 Save as disclosed below, none of the Directors, nor any member of their immediate families has or will have on or following Admission any interests (beneficial or non-beneficial) in the shares of the Company or any of its subsidiaries.

7.2 Interests as at 17 May 2017 (being the latest practicable date prior to the publication of this Document)

<i>Director</i>	<i>No. of Ordinary Shares</i>	<i>Percentage of Issued Ordinary Shares</i>
Trevor Brown*	483,364	1.57
Qu Li	-	-
Vinod Kaushal	-	-

*in addition, Trevor Brown holds Convertible Loan Notes directly and through Free Association Books, a company in which he is interested. If all of the Convertible Loan Notes were converted (assuming full conversion and redemption on the final redemption date of each Convertible Loan Note), Trevor Brown and his connected parties would receive 37,510,711 Ordinary Shares, subject to a limit on the number of Convertible Loan Notes which may be converted into Ordinary Shares to ensure that no person (including persons acting in concert with each other) following such conversion would hold Ordinary Shares carrying 30% or more of the voting rights of the Company.

7.3 Interests in the Enlarged Issued Share Capital immediately following Admission

<i>Director</i>	<i>No. of Ordinary Shares</i>	<i>Percentage of Issued Shares</i>
Trevor Brown* (including Ordinary Shares held by FAB)	10,316,696	17.51
Qu Li (including Ordinary Shares held by Peterhouse)	2,541,667**	4.31%
Vinod Kaushal	-	-

* as noted above at paragraph 7.2 Trevor Brown is interested in Convertible Loan Notes directly and through Free Association Books, a company in which he is interested. If all of the Convertible Loan Notes were converted (assuming full conversion and redemption on the final redemption date of each Convertible Loan Note), Trevor Brown and his connected parties would receive 37,510,711 Ordinary Shares, subject to a limit on the number of Convertible Loan Notes which may be converted into Ordinary Shares to ensure that no person including persons acting in concert would hold Ordinary Shares carrying 30% or more of the voting rights of the Company. 37,510,711 Ordinary Shares represents c.63.65% of the issued Shares following Admission assuming issue of the New Shares.

** all shares held by Peterhouse.

8. MAJOR SHAREHOLDERS AND OTHER INTERESTS

8.1 As at 17 May 2017 (being the latest practicable date prior to the publication of this Document), the following persons had a notifiable interest (being more than three per cent. of the voting rights) in the issued Ordinary Shares of the Company:

<i>Shareholder</i>	<i>No. of Ordinary Shares</i>	<i>Percentage of issued ordinary share capital</i>
West Coast Capital Investments	7,559,934	24.48
Silenus Investments Limited (Stephen Cook)	1,615,000	5.23
Sunningdale Investments Limited	1,580,000	5.12
Leon Hogan	1,570,664	5.09
River & Mercantile Asset Management LLP	1,415,867	4.58
Artemis Investment Management	1,122,949	3.64
P Fraser	1,096,941	3.55
Trevor Hunt	1,010,655	3.27
Trevor Brown	483,364	1.57

8.2 Immediately following Admission, as a result of the Placing and the issue of the New Shares, the Directors expect that the following persons will have an interest, directly or indirectly, in at least three per cent. of the voting rights attached to the Company's Enlarged Issued Share Capital and certain current Shareholders who hold at least three per cent. of the entire issued share capital of the Company prior to the issue of the New Shares may have their percentage holdings in the Company reduced. Such persons will be required to notify such interests or changes to their interests to the Company in accordance with the provisions of Chapter 5 of the Disclosure and Transparency Rules. Such interests will be notified by the Company to the market via RNS:

<i>Shareholder</i>	<i>No. of Ordinary Shares</i>	<i>Percentage of issued ordinary share capital</i>
Trevor Brown (including Ordinary Shares held by FAB)	10,316,696	17.51
SVS	10,000,000	16.97
West Coast Capital Investments	7,559,934	12.83
Purple Batch	2,000,000	3.39
MedTech	2,000,000	3.39

8.3 As at 17 May 2017 (being the latest practicable date prior to the publication of this Document), the Company was not aware of any person or persons who, directly or indirectly, jointly or severally, exercise or could exercise control over the Company nor is it aware of any arrangements, the operation of which may at a subsequent date result in a change in control of the Company.

8.4 No Shareholder interested, directly or indirectly, in three per cent. or more of the Enlarged Issued Share Capital will have different voting rights from any other holder of Ordinary Shares.

9. WORKING CAPITAL

The Company is of the opinion that the working capital available to the Group, taking into account the Net Proceeds, is sufficient for the Group's present requirements, that is for at least the 12 months from the date of this Prospectus.

10. SIGNIFICANT CHANGE

There has been no significant change in the trading or financial position of the Company since 31 December 2016, being the date as to which the Company's annual financial results were prepared.

There has been no significant change in the trading or financial position of the Target since 31 December 2016 being the date at which the interim financial information contained in Part X (*Historical Financial Information on the Target*) was prepared.

11. LITIGATION

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware), in the case of the Company in the last twelve months and in the case of the Target since its incorporation, which may have, or have had in the recent past, significant effects on the financial position or profitability of the Enlarged Group.

12. CITY CODE

12.1 The City Code applies to the Company. Under Rule 9 of the City Code, if:

12.1.1 a person acquires an interest in shares in the Company which, when taken together with shares already held by him or persons acting in concert with him, carry 30% or more of the voting rights in the Company; or

12.1.2 a person who, together with persons acting in concert with him, is interested in not less than 30% and not more than 50% of the voting rights in the Company acquires additional interests in shares which increase the percentage of shares carrying voting rights in which that person is interested,

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

12.2 On Admission, and taking into account the issue of the Placing Shares, the Consideration Shares and the Peterhouse Shares, the Sellers will hold 13.6 per cent. of the Enlarged Issued Share Capital.

12.3 Pursuant to the Relationship Agreement, the Company has undertaken not to effect any share repurchase that would give rise to an obligation on the part of the Sellers and Trevor Brown to make a general offer for the Company under Rule 9 of the Code, unless a waiver from the obligation under Rule 9 of the Code has been granted by the Panel.

13. MATERIAL CONTRACTS OF THE COMPANY

The following are all of the contracts (not being contracts entered into in the ordinary course of business) that have been entered into by the Company in the two years immediately preceding the date of this document which: (i) are, or may be, material to the Company; or (ii) contain obligations or entitlements which are, or may be, material to the Company as at the date of this document.

13.1 Lock-In agreement

The Directors, the Sellers and the Company have entered into a lock-in agreement pursuant to which each of the Directors and the Sellers have agreed that for a 12 month period from Admission they will not offer, sell, contract to sell, pledge or otherwise dispose of any Ordinary Shares which they hold directly or indirectly in the Company. These restrictions are subject to usual and customary exceptions relating to estate planning or transfers to affiliates, transfers of any Ordinary Shares acquired in an open market transaction after the date of Admission, or acceptance of a general offer made to all Shareholders on equal terms.

13.2 Relationship Agreement

The Sellers, Trevor Brown and the Company entered into a Relationship Agreement on 5 May 2017 to regulate the relationship between the Company, the Sellers and Trevor Brown with effect from Admission. The Relationship Agreement contains customary terms and conditions, including the following provisions:

- that transactions between the Company and each of the Sellers and Trevor Brown (and their and his associates) must be conducted at arm's length and on normal commercial terms;
- that the Sellers and Trevor Brown (and their and his associates) must abstain from taking action that would have the effect of preventing the Company from complying with its obligations under the Listing Rules; and
- that the Sellers and Trevor Brown (and their and his associates) are prevented from proposing or procuring the proposal of a shareholder resolution which is intended, or appears to be intended, to circumvent the proposed application if the Listing Rules.

The Relationship Agreement terminates upon the Sellers and Trevor Brown, together with any associates, ceasing to hold an aggregate interest in 20 per cent or more of the voting rights attaching to the shares in the Company.

Vinod Kaushal as the independent director will be primarily responsible for assessing that the provisions of the Relationship Agreement are being observed and that the governance standards are being met more generally, including in relation to related party transactions. He will be supported by an external Finance Controller company which will be engaged by the Company on a part-time basis to ensure that the Company's current internal controls are complied with, including monitoring observance of the Relationship Agreement, as well as recommending its own proposals for strengthening the Company's governance procedures. Following completion of the Acquisition, the intention is for this Finance Controller to work with the directors of the Company and the Target and the bookkeepers to improve the current systems in place, including ensuring that monthly management accounts are prepared and attending monthly management meetings.

13.3 *Placing Agreement*

The terms of the Placing Agreement are detailed in Part VI (*the Placing*) of this Prospectus.

13.4 *SPA*

The terms of the SPA are detailed in Part V (*the terms of the Acquisition*) of this Prospectus.

13.5 *Convertible Loan Notes*

The Company is party to a Convertible Loan Note instrument dated 11 March 2015 pursuant to which it agreed to create and issue 300,000 £1.00 unsecured Convertible Loan Notes (the "**March 2015 Loan Notes**"). As at the date of this document, Trevor Brown holds £144,800 of the March 2015 Loan Notes and Free Association Books £125,000. The balance of the March 2015 Loan Notes have been converted.

The March 2015 Loan Notes can be converted into Ordinary Shares at a conversion price of £0.011 and accrue interest at 6.75% per annum. The principal amount of the March 2015 Loan Notes is to be paid in Ordinary Shares, save where there has been an event of default. Similarly, the interest is to be paid in Ordinary Shares rather than cash in all circumstances.

If not converted conversion notice has been served, the March 2015 Loan Notes shall be redeemed on the third anniversary of the date of issue. Conversion of the March 2015 Loan Notes may not occur to the extent that, immediately following the conversion, the note holder, together with persons acting in concert (as defined in the City Code on Takeovers and Mergers) would hold Ordinary Shares carrying more than 30% of the voting rights of the Company unless certain criteria is met.

The Company is also party to a Convertible Loan Note instrument dated 18 November 2015 pursuant to which it agreed to create and issue £100,000 comprising 100,000 £1.00 unsecured Convertible Loan Notes (the "**November 2015 Loan Notes**") to Free Association Books.

The November 2015 Loan Notes can be converted into Ordinary Shares at a conversion price of £0.015 and accrue interest at 6.75% per annum. The principal amount of the November 2015 Loan Notes is to be paid in Ordinary Shares, save where there has been an event of default. Similarly, the interest is to be paid in Ordinary Shares rather than cash in all circumstances. If no conversion notice has been served, the Convertible Loan Notes shall be redeemed on 18 November 2018. Conversion of the November 2015 Loan Notes may not occur to the extent that, immediately following the conversion, the note holder, together with

persons acting in concert (as defined in the City Code on Takeovers and Mergers) would hold Ordinary Shares carrying more than 30% of the voting rights of the Company unless certain criteria is met.

14. MATERIAL CONTRACTS OF THE TARGET

14.1 *Patents Licence*

The Target entered into a licence agreement with TexRAD Limited on 20 August 2015 pursuant to which TexRAD Limited granted the Target (i) an exclusive licence to use patents in respect of the method, apparatus and computer program for analysing medical image data that TexRAD Limited holds in the field of urolithiasis only and (ii) a non-exclusive licence to use a package of non-patented practical information, intellectual property rights and know-how resulting from TexRAD Limited's experience, refinement and testing in relation to its algorithm and use of medical imaging software technology in the field of urolithiasis only. Under the terms of the licence, the Target is permitted to use these licences to (i) research, develop or have developed, mark or have made, keep, use, import, export, sell or supply any and all products (or parts of products) based upon the "TexRAD plug-in", which is a link library module which implements the TexRAD algorithm, or which uses the know-how or which uses the patents which are the subject of the licence and (ii) research, develop and supply any and all services the provision of which uses the know-how or the patents which are the subject of the licence. In the licence agreement, TexRAD Limited acknowledges that, although the licence of the know-how is non-exclusive, TexRAD Limited will not, for the duration of the licence agreement, grant to any third party a commercial licence over such know-how in the same field of urolithiasis nor use the intellectual property itself for commercial purposes. This enables TexRAD Limited to continue to grant third parties the right to use its know-how for research and development purposes and also the right to use its patents and know-how in other medical fields other than urolithiasis.

The Patents Licence remains in force until the later of (i) the expiration of the patents and (ii) the know-how ceasing to be confidential and/or used, unless it is terminated earlier by TexRAD Limited as a result of it being found by an expert that the Target has not used diligent and reasonable efforts to develop and commercially exploit the TexRAD plug-in products in the field of urolithiasis or by either party if there is a material breach of the Patents Licence by the other party which is not remedied within 30 days, if capable of remedy. The majority of the patents which are the subject of the Patents Licence expire on 19 March 2028 and accordingly the Patents Licence may terminate on this date if it has not already been terminated earlier.

Under the terms of the Patents Licence, the Target is entitled to grant sub-licences of its rights in relation to the "TexRAD plug-in" provided that the terms of the sub-licence mirrors the terms of the licence and that the Target is directly liable to TexRAD Limited for any breach of the sub-licence.

The Target agrees with TexRAD Limited that it accepts responsibility for placing products based upon the "TexRAD plug-in" on the market and that the Target will be responsible for the filing and obtaining of any regulatory or marketing approval necessary in order to use the TexRAD plug-in products commercially.

In consideration for the grant of the licences, the Target pays to TexRAD Limited a royalty of 12.5% of the total invoiced price for products derived from the "TexRAD plug-in" supplied by

the Target or its affiliates, distributors or sub-licencees to third parties, 12.5% of income arising from the supply of services which uses TexRAD Limited's intellectual property and 12.5% of income arising from sub-licence fees.

14.2 *Service agreements*

On completion of the Acquisition, the Target will be a party to service agreements with each of Trevor Brown, Nicholas Stevens, Jeevan Virk and Balaji Ganeshan which govern the terms of each appointment from 6 July 2015. Each of the agreements provide that the individuals will act as directors of the Target and perform such duties as may be assigned to them by the Target from time to time. Each of Nick and Jeevan are to provide services to the Target for two days per month for a salary of £12,000 per annum. Balaji is to provide services to the Target for such number of hours as are required in order for him to carry out his role as chief operating officer, and it is anticipated that he will devote around 2 and a half days per week to the Company, for a salary of £30,000 per annum. The salaries are to be settled by way of issue of shares in the Company until such time as the Group is generating sufficient revenue to pay salaries in cash. Trevor Brown's salary of £30k per annum is paid by the Company and relates to services which he provides to any member of the Group.

The service agreements contain restrictions during employment which prevent the individuals from soliciting any person with whom the Target is in discussions regarding the potential supply of services or goods or soliciting any director or senior employee of the Target or any company in the Target's group. In addition, the agreements contain post-termination restrictions for 12 months preventing the individuals from being involved in any competing business.

The service agreements also contain provisions to ensure that if the individuals create any intellectual property during their appointment, such intellectual property shall be the property of the Target.

15. **RELATED PARTY TRANSACTIONS**

15.1 The Company has not entered into any related party transactions during the period of the historical financial information other than as set out in each of the annual reports for the period of the historical financial information, which are incorporated by reference into this document, and as in paragraphs 15.2 and 15.3 below.

15.2 Qu Li is a director and shareholder of Peterhouse. Until 27 January 2017 Trevor Brown was a director and shareholder of Peterhouse and FAB was a shareholder of Peterhouse. On 11 March 2015 Peterhouse was issued warrants by the Company exercisable at 1.1p per Ordinary Share at any time during the three years from the date of issue. The Warrants are exercisable over 3 per cent of the Company's fully enlarged share capital from time to time.

15.3 Since 31 December 2016, being the date of its latest published financial information, the Company has entered/will enter into the following related party transactions:

- the Acquisition, when it completes, will be a related party transaction as Trevor Brown is a director of both the Target and the Company and is also a shareholder of the Company; and
- the Company will issue the Peterhouse Shares to Peterhouse on Admission.

- 15.4 From the period from its incorporation up to and including the date of this Prospectus, Stone Checker has not entered into any related party transactions other than as set out below:
- 15.4.1 The Target received an interest free loan of £4,000 from Purple Batch Limited. The loan is unsecured and repayable by 30 June 2019. The amount outstanding as at the date of this Prospectus is £4,000, and is included within non-current liabilities in Part X-Historical Financial Information on the Target. Nick Stevens is a director and majority shareholder of Purple Batch Limited, through both direct and indirect shareholdings. Purple Batch Limited holds 25 per cent of the issued share capital of the Target.
- 15.4.2 The Target received an interest free loan of £4,000 from Feedback. The loan was unsecured and repayable on 30 June 2019. The amount outstanding as at 30 June 2016 was nil as the loan had been repaid in full. Trevor Brown is a director and significant shareholder of, and Balaji Ganeshan is a director of, Feedback.
- 15.4.3 The Target paid £1,000 to Web Design Services, a company controlled by an immediate family member of a director of the Target, for the construction and development of the Target's website, www.stonechecker.com.
- 15.4.4 The Target entered into the Patents Licence with TexRAD Limited. Balaji Ganeshan is a director of TexRAD Limited.
- 15.4.5 The Target has paid £3,000 to CCI for the provision of computer server and algorithm analysis. Feedback owns 100% of the issued share capital of CCI. Trevor Brown is a director and significant shareholder of, and Balaji Ganeshan is a director of, Feedback.

16. ACCOUNTS AND ANNUAL GENERAL MEETINGS

The Company's annual report and accounts are made up to 31 December in each year, with the first annual report and accounts of the Company which will consolidate the results of the Enlarged Group following Admission covering the period from 1 January 2016 to 31 December 2016. The Company's annual report and accounts for the year ended 31 December 2016 will be made public no later than 30 April 2017.

The Company will make public its annual report and accounts within four months of each financial year end (or earlier if possible) and that copies of the annual report and accounts will be sent to Shareholders within six months of each financial year end (or earlier if possible). The Company will prepare its unaudited interim report for each six month period ending 30 June. It is expected that the Company will make public its unaudited interim reports within two months of the end of each interim period.

The Company shall hold its next annual general meeting on 15 June 2017.

17. ISSUES OF NEW SHARES

Subject to the passing of shareholder resolutions, the Directors are authorised to issue such number of Ordinary Shares constituting: (i) 28,041,667 Ordinary Shares in connection with the Acquisition and the Placing (being the Placing Shares, Consideration Shares and Peterhouse Shares); and (ii) otherwise 17,676,789 Ordinary Shares. The pre-emption rights

in the Articles of the Company have been disapplied in relation to issues of shares by the Company.

Otherwise, subject to certain other exceptions, the Directors are obliged to offer Ordinary Shares to Shareholders on a basis pro rata to their existing holdings before offering them to any other person for cash. The Directors will only issue Ordinary Shares if they deem it to be in the interests of the Company and (save pursuant to the powers or exceptions referred to above) will not issue Ordinary Shares for cash on a non-pre-emptive basis without first obtaining Shareholder approval.

18. GENERAL

18.1 Welbeck Associates whose address is 30 Percy Street, London W1T 2DB, is the auditor of the Company. Welbeck Associates is registered to carry out audit work by the Institute of Chartered Accountants in England and Wales.

18.2 Welbeck Associates has given and has not withdrawn its consent to the inclusion in this document of its accountant's reports in Part IX (*Historical Financial Information on the Company*) and Part X (*Historical Financial Information on the Target*) and in the form and context in which they are included and has authorised the contents of each of those reports for the purposes of Rule 5.5.3R(2)(f) of the Prospectus Rules.

18.3 The Company does not have any employees and has not had any employees in the period of the historical financial information and does not own any premises. Following the Acquisition and Admission, the Enlarged Group will have 3 employees.

18.4 The total expenses incurred (or to be incurred) by the Company in connection with Admission, the Placing and the Acquisition (in cash) are approximately £184,688. The estimated Net Proceeds, after deducting fees and expenses in connection with the Placing (which are payable in cash), are approximately £416,562.

18.5 Where information has been sourced from a third party, the information has been accurately reproduced and that, as far as the Company is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information or inaccurate or misleading.

19. AVAILABILITY OF THIS DOCUMENT

19.1 Following Admission, copies of this Document may be collected, free of charge during normal business hours, from the registered office of the Company at Forum 4 Grenville Street, St Helier, Jersey JE4 8TQ.

19.2 In addition, this Prospectus will be published in electronic form and be available on the Company's website at www.flyingbrands.co.uk, subject to certain access restrictions applicable to persons located or resident outside the United Kingdom.

20. DOCUMENTS FOR INSPECTION

20.1 Copies of the following documents may be inspected at the registered office of the Company, during usual business hours on any day (except Saturdays, Sundays and public holidays) from the date of this Document up to and including the date of Admission:

- 20.1.1 the Articles of Association of the Company;
- 20.1.2 the documents incorporated by reference into this document;
- 20.1.3 the accountant's report by Welbeck Associates on the historical financial information of Stone Checker set out in Part X (*Historical Financial Information on the Target*); and
- 20.1.4 this Prospectus.

Dated: 17 May 2017

PART XV NOTICES TO INVESTORS

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

General

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. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. This Document does not constitute an offer to subscribe for 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.

This Prospectus has been approved by the FCA as a prospectus which may be used to offer securities to the public for the purposes of section 85 of FSMA, and of the Prospectus Directive. No arrangement has however been made with the competent authority in any other EEA State (or any other jurisdiction) for the use of this document as an approved prospectus in such jurisdiction and accordingly no public offer is to be made in such jurisdiction. Issue or circulation of this Document may be prohibited in countries other than those in relation to which notices are given below.

For the attention of all investors

The Ordinary Shares are only suitable for acquisition by a person who: (a) has a significantly substantial asset base such that would enable the person to sustain any loss that might be incurred as a result of acquiring the Ordinary Shares; and (b) is sufficiently financially sophisticated to be reasonably expected to know the risks involved in acquiring the Ordinary Shares.

For the attention of European Economic Area investors

In relation to each member state of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), an offer to the public of the Ordinary Shares may only be made once the Prospectus has been passported in such Relevant Member State in accordance with the Prospectus Directive as implemented by such Relevant Member State. For the other Relevant Member States an offer to the public in that Relevant Member State of any Ordinary Shares may only be made 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 under the Prospectus Directive;
- (b) to fewer than 100 or, if the Relevant Member State has implemented the relevant provisions of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive) in such Relevant Member State subject to obtaining prior consent of the Company for any such offer; or
- (c) 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 of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer to the public” in relation to any offer of 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 any 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 Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State and the expression “Prospectus Directive” means Directive 2003/71/EC (and any amendments, thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in each Relevant Member State and the expression “2010 PD Amending Directive” means Directive 2010/73/EU.

During the period up to but excluding the date on which the Prospectus Directive is implemented in member states of the EEA, this Prospectus may not be used for, or in connection with, and does not constitute, any offer of Ordinary Shares or an invitation to purchase or subscribe for any Ordinary Shares in any member state of the EEA in which such offer or invitation would be unlawful.

The distribution of this Document in other jurisdictions may be restricted by law and therefore persons into whose possession this Document comes should inform themselves about and observe any such restrictions.

For the attention of U.K. investors

This Document comprises a prospectus relating to the Company prepared in accordance with the Prospectus Rules and approved by the FCA under section 87A of FSMA. This Document has been filed with the FCA and made available to the public in accordance with Rule 3.2 of the Prospectus Rules.

This document is being distributed only to and is directed at persons who (if they are in the EEA) will fall within one of the categories of persons set out above. In addition, this document is being distributed only to and is directed at persons in the United Kingdom who are: (i) persons having professional experience in matters relating to investments falling within the definition of “investment professionals” in Article 19(5) of the Financial Promotions Order; or (ii) persons who are high net worth bodies corporate, unincorporated associations and partnerships and the trustees of high value trusts, as described in Article 49(2)(a)-(d) of the Financial Promotions Order; or (iii) persons to whom it may otherwise be lawful to distribute (all such persons together being referred to as “relevant persons”).

PART XVI DEFINITIONS

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

“A Shares”	the A Ordinary Shares of £0.00005 each in the capital of Flying Brands UK;
“Acquisition”	the conditional acquisition by the Company of the Target pursuant to the SPA as detailed in Part V;
“Admission”	admission of the Enlarged Issued Share Capital to the standard segment of the Official List and to trading on the main market for listed securities of the London Stock Exchange;
“AIM Rules”	the Aim Rules for Companies;
“Articles of Association” or “Articles”	the articles of association of the Company in force from time to time;
“Business Day”	a day (other than a Saturday or a Sunday) on which banks are open for business in London;
“CCI”	Cambridge Computed Imaging Limited, a company registered in England and Wales with company number 04025026
“certificated” or “in certificated form”	in relation to a share, warrant or other security, a share, warrant or other security, title to which is recorded in the relevant register of the share, warrant or other security concerned as being held in certificated form (that is, not in CREST);
“Chairman”	Trevor Brown or the Chairman of the Board from time to time, as the context requires, provided that such person was independent on appointment for the purposes of the UK Corporate Governance Code;
“Change of Control”	the acquisition of Control of the Company by any person or party (or by any group of persons or parties who are acting in concert);
“Circular”	the circular to shareholders of the Company to convene a general meeting of the Company;
“City Code”	the City Code on Takeovers and Mergers;
“Companies Act”	the Companies (Jersey) Law 1991, as amended;
“Company”	Flying Brands Limited a company incorporated in Jersey with number

2044;

“Consideration Shares”	the 8,000,000 Ordinary Shares to be issued to the Sellers in connection with the Acquisition as set out in the SPA;
“Control”	(i) the power (whether by way of ownership of shares, proxy, contract, agency or otherwise) to: (a) cast, or control the casting of, more than 50 per cent. of the maximum number of votes that might be cast at a general meeting of the Company; or (b) appoint or remove all, or the majority, of the Directors or other equivalent officers of the Company; or (c) give directions with respect to the operating and financial policies of the Company with which the Directors or other equivalent officers of the Company are obliged to comply; and/or (ii) the holding beneficially of more than 50 per cent. of the issued shares of the Company (excluding any issued shares that carry no right to participate beyond a specified amount in a distribution of either profits or capital);
“Convertible Loan Notes”	the £300,000 convertible loan notes issued by the Company on 11 March 2015 convertible into Ordinary Shares at a price of £0.011 per Ordinary Share and the £100,000 convertible loan notes issued by the Company on 18 November 2015 convertible into Ordinary Shares at a price of £0.015 per Ordinary Share;
“CREST” or “CREST System”	the paperless settlement system operated by Euroclear enabling securities to be evidenced otherwise than by certificates and transferred otherwise than by written instruments;
“CREST Regulations”	The Uncertified Securities Regulations 2001 (SI 2001 No. 3755), as amended;
“Directors” or “Board” or “Board of Directors”	the directors of the Company, whose names appear at page 30 or the board of directors from time to time of the Company, as the context requires, and “Director” is to be construed accordingly;
“Disclosure and Transparency Rules”	the disclosure and transparency rules of the UK Listing Authority made in accordance with section 73A of FSMA as amended from time to time;
“EEA”	the European Economic Area;
“EEA States”	the member states of the European Union and the European Economic Area, each an “EEA State”;
“Enlarged Group”	following completion of the Acquisition, the Company and the Target;
“Enlarged Issued Share Capital”	the ordinary share capital of the Company as enlarged by the issue of New Shares;

“EU”	the Member States of the European Union;
“Euroclear”	Euroclear UK & Ireland Limited;
“FAB” or Free Association Books”	Free Association Books Limited, a company registered in England and Wales with company number 02768277;
“FCA”	the Financial Conduct Authority of the United Kingdom;
“FDA”	the Food and Drugs Administration (regulator for food and drugs safety standards in the United States);
“Feedback”	Feedback plc (company number 00598696);
“Flying Brands UK”	Flying Brands Holdings (UK) plc (company number 02767966), a directly held subsidiary of the Company;
“Flying Brands UK Circular”	the circular despatched to Flying Brands UK shareholders for the purposes of convening the Flying Brands UK General Meeting;
“Flying Brands UK General Meeting”	the general meeting of the shareholders of Flying Brands UK being held in order to pass a shareholders’ resolution to enable the Share Reorganisation to take place;
“FSMA”	the Financial Services and Markets Act 2000 of the UK, as amended;
“Group”	the Company and its subsidiaries from time to time;
“IFRS”	International Financial Reporting Standards, as adopted by the European Union;
“IT”	information technology;
“General Meeting”	the general meeting of the Company to be held on 15 June 2017 as set out in more detail in the Circular;
“Group” or “Company’s Group”	the Company and its subsidiaries from time to time;
“Independent Non-Executive Director”	the non-executive directors of the Board from time to time considered by the Board to be independent for the purposes of the UK Corporate Governance Code, being Vinod Kaushal, as from Admission
“Listing Rules”	the listing rules made by the UKLA under section 73A of FSMA as amended from time to time;

“London Stock Exchange”	London Stock Exchange Plc;
“Long Stop Date”	30 June 2017;
“Medtech”	Medtech Consultants Limited, a company registered in England and Wales with company number 07032474;
“Net Proceeds”	the Placing Proceeds less any expenses paid or payable in connection with Admission, the Placing and the Acquisition (excluding any expenses satisfied by way of issue of Ordinary Shares);
“New Shares”	together the Placing Shares, the Consideration Shares and the Peterhouse Shares;
“Official List”	the official list maintained by the UKLA;
“Ordinary Shares” or “Ordinary Share Capital”	the ordinary shares of £0.01 each in the capital of the Company;
“PACS”	a universally accepted standard for allowing medical images to be stored, transferred and analysed between different commercial imaging systems;
“Patents”	the patents and patent applications derived from the priority patent application, details of which are set out in Schedule 1 to the Patents Licence;
“Patents Licence”	the licence between TexRAD Limited and the Target dated 20 August 2015 which grants the Target the right to use the Patents in the field of urolithiasis and to research, develop or have developed, make or have made, keep, use, import, export, sell and supply products based upon the TexRAD plug-in;
“Peterhouse”	Peterhouse Corporate Finance Limited;
“Peterhouse Shares”	the 1,708,333 Ordinary Shares to be issued to Peterhouse for work on the Placing and Admission;
“Placee”	a person subscribing for Placing Shares under the Placing
“Placing”	the proposed placing of the Placing Shares by Peterhouse as agent for the Company;
“Placing Agreement”	the agreement between the Company and Peterhouse in respect of the Placing;

“Placing Price”	£0.03 per New Share;
“Placing Proceeds”	£550,000, being the gross funds received on closing of the Placing;
“Placing Shares” or “Placing Units”	the 18,333,334 Ordinary Shares to be issued pursuant to the Placing;
“Premium Listing”	a premium listing under Chapter 6 of the Listing Rules;
“Products”	StoneChecker and StonePrevent;
“Prospectus Directive”.	Directive 2003/71/EC (and any amendments thereto, including Directive 2010/73/EU, to the extent implemented in the relevant member state), and includes any relevant implementing measures in each EEA State that has implemented Directive 2003/71/EC;
“Prospectus Rules”	the prospectus rules of the UK Listing Authority made in accordance with section 73A of FSMA, as amended from time to time;
“Purple Batch”	Purple Batch Limited, a company registered in England and Wales with company number 05771345;
“QCA Guidelines”	the Corporate Governance Guidelines for Smaller Quoted Companies published by the Quoted Companies Alliance, as amended from time to time;
“Registrar”	Share Registrars Limited of The Courtyard, 17 West Street, Farnham, GU9 7DR or any other registrar appointed by the Company from time to time;
“Related Party Transaction”	a transaction which is treated under IFRS as a transaction between the Company and a related party;
“Relationship Agreement”	the agreement dated 5 May 2017 entered into between the Company, the Sellers and Trevor Brown which will regulate the on-going relationship between them from Admission;
“Resolutions”	the resolutions to be put to the shareholders of the Company, as set out in the Circular;
“SEC”	the U.S. Securities and Exchange Commission;
“Securities Act”	the U.S. Securities Act of 1933, as amended;
“Sellers”	the Shareholders of the Target being FAB, Purple Batch and Medtech;

“Shareholders” and each a “Shareholder”	the holders of Ordinary Shares and/or New Shares, as the context requires;
“Share Reorganisation”	the reorganisation of the share capital of Flying Brands UK as more fully described at Part I of this document under the heading “Share Reorganisation”;
“SPA” or “Share Purchase Agreement”	the conditional share sale and purchase agreement dated 5 May 2017 between (1) the Company and (2) the Sellers;
“Special Resolution”	has the meaning specified in the Articles;
“Standard Listing”	a standard listing under Chapter 14 of the Listing Rules;
“Suspension”	the temporary suspension of the Company’s listing from the Official List further to the announcement made by the Company on 30 June 2016;
“Takeover Panel”	the Panel on Takeovers and Mergers;
“Target” or “Stone Checker”	Stone Checker Software Ltd, a company registered in England and Wales with company number 09655024;
“Target Shares”	the 2,000 ordinary shares of £1.00 each in the capital of the Target;
“TexRAD”	texture analysis of radiological images;
“TexRAD Limited”	TexRAD Limited, a company registered in England and Wales with company number 07535227;
“Trading Day”	a day on which the main market of the London Stock Exchange (or such other applicable securities exchange or quotation system on which the Ordinary Shares are listed) is open for business (other than a day on which the main market of the London Stock Exchange (or such other applicable securities exchange or quotation system) is scheduled to or does close prior to its regular weekday closing time);
“UK Corporate Governance Code”	the UK Corporate Governance Code issued by the Financial Reporting Council in the U.K. from time to time;
“UK Listing Authority”	the FCA in its capacity as the competent authority for listing in the U.K. pursuant to Part VI of FSMA;
“uncertificated” or “uncertificated form”	in relation to a share or other security, a share or other security, title to which is recorded in the relevant register of the share or other security concerned as being held in uncertificated form (that is, in CREST) and title to which may be transferred by using CREST;

“United Kingdom” or “U.K.”	the United Kingdom of Great Britain and Northern Ireland;
“United States” or “U.S.”	the United States of America;
“Units”	the listed securities of the Company consisting of one Ordinary Share and one A Share in the capital of Flying Brands UK;
“VAT”	(i) within the EU, any tax imposed by any Member State in conformity with the Directive of the Council of the European Union on the common system of value added tax (2006/112/EC), and (ii) outside the EU, any tax corresponding to, or substantially similar to, the common system of value added tax referred to in paragraph (i) of this definition; and
“Warrants”	Warrants to subscribe for Ordinary Shares in the Company

References to a “company” in this Document shall be construed so as to include any company, corporation or other body corporate, wherever and however incorporated or established.

PART XVII
TECHNICAL TERMS

“aetiology”	the cause, set of causes or manner of causation of a disease or condition;
“extracorporeal”	outside of the body;
“lithotripsy”	a treatment, typically using ultrasound shock waves, by which a kidney stone or other calculus is broken into smaller particles that can be passed out by the body;
“oxalate”	the dianion (an ion with a multiple charge) with the formula $C_2O_4^{2-}$;
“ureter”	tubes made of smooth muscle fibres that propel urine from the kidneys to the urinary bladder;
“ureteroscope”	an instrument for examining the inside of the urinary tract;
“ureteroscopy”	an examination of the upper urinary tract, usually performed with a ureteroscope that it passed through the urethra and the bladder, and then directly into the ureter; usually the lower two thirds of the ureter is accessible by this procedure; and
“urolithiasis”	the formation of stony concretions in the bladder or urinary tract.