NORMAN BROADBENT

BOARD • SEARCH • INTERIM • CONSULTING • SOLUTIONS

Annual Report and Financial Statements
For the year ended 31 December 2016

NORMAN BROADBENT
BOARD • SEARCH • INTERIM • CONSULTING • SOLUTIONS

Contents

CEO's Review

for the year ended 31 December 2016

Results for the financial year

The table below summarises the results of the Group:

Continuing operations	Year ended 31 December 2016 £000	Re-Presented Year ended 31 December 2015 £000
Revenue	**5,661**	**8,274**
Cost of sales	(735)	(1,747)
Gross profit	**4,926**	**6,527**
Operating expenses	(6,149)	(6,626)
Group operating loss	**(1,223)**	**(99)**
Net finance cost	(54)	(41)
Exceptional Items	–	(194)
Loss before tax	**(1,277)**	**(334)**
Income tax	–	–
Profit/(Loss) from discontinued operation	279	(151)
Loss after tax	**(998)**	**(485)**

As the table above shows 2016 was a challenging year, in particular the second half due to a noticeable slowdown in trading post Brexit, coupled with the exiting of a number of employees and investment in strategically important new hires. 2016 was also a year of major long lasting change in all parts of the business and included the disposal of its non-core interest in Social Media Search ("SMS") at the year end.

Strategic review and fundraising

Following my appointment as Group CEO in April 2016 we carried out a granular review of each business within the Group, the services we provided and those who delivered them. This review focused on defining the Group's core brands on a sector-by-sector and function-by-function basis and examined how the Group's brands can develop complementary business practices, synergies and create cross selling opportunities.

The Group raised £2.3m of new equity (before expenses) in September 2016 from both existing and new institutional shareholders (the "Subscription"). This growth capital was predominately raised to hire additional fee generating staff across the Group, repay £350,000 of secured loan notes, and to stabilise our working capital position.

During 2016 and the early part of 2017 we significantly restructured the business in line with the outcome of the review. This has involved the recruitment and promotion of high quality leaders for our brands and has also resulted in circa 30 members of staff exiting the Group. These new appointments include an entire new Leadership Team consisting of the:

- Managing Partner of Norman Broadbent Executive Search
- Managing Director of Norman Broadbent Interim
- Group Head of Business Development
- Group Head of Research & Insight

The fully integrated Leadership Team consisting of the heads of each business (as detailed above) plus myself, the Group CFO/COO, the Managing Director of Norman Broadbent Solutions (NBS) and the long-standing Head of our Board Practice now operationally runs the Group.

CEO's Review

continued

2016 trading and business review

In light of the fundamental changes which have been made right across the business there has inevitably been a short-term impact on the Group's revenue streams. Overall net revenues after associate and interim costs in the continuing businesses declined to £4,926,000 (2015: £6,527,000). Whilst operating expenses declined by 7% to £6,149,000 (2015: £6,626,000), the operating losses from continued operations increased to £1,223,000 (2015: Loss £99,000).

Of this operating loss, circa £300,000 can be directly attributed to the cost of leavers (notice periods). In addition, although difficult to accurately quantify in monetary terms, typically there is a delay in new joiners starting to bill reflecting the impact of up to 6 months restrictive covenants applicable to senior movers in the industry.

Note 3 of the Consolidated Financial Statements provides a detailed segmental breakdown of the 2016 Group results.

The overall loss was reduced by the £279,000 profit arising on the disposal of SMS on 31 December 2016. Note 9 of the Consolidated Financial Statements provides further detail regarding the disposal.

Norman Broadbent Executive Search ("NBES")

NBES, which provides Board and Executive search services saw revenue decline by 18% to £4,005,000 (2015: £4,885,000), resulting in a £328,000 loss before tax (2015: Profit £326,000). This decline reflected the significant personnel restructuring required to ensure that our team in the traditional core of the Group became more agile and better equipped to meet and exploit the changes, challenges and opportunities available to it. Along with the recruitment of the new head of NBES, we have raised – and will continue to raise – the bar significantly within NBES. The implementation of our strategy is seeing a significant reshaping of the NBES team.

Norman Broadbent Leadership Consulting ("NBLC")

NBLC revenues (after associate costs) were £252,000 (2015: £473,000), resulting in a loss before tax of £56,000 (2015: profit of £70,000). NBLC is an important part of our Group portfolio and offering going forward as clients seek to assess their existing talent, understand team dynamics, shape culture and de-risk new hires.

Norman Broadbent Solutions ("NBS")

NBS is our mezzanine-level search business. Formerly known as AGP, NBS was significantly restructured, repositioned and rebranded at the half year with the departure of the then business head and a number of senior staff. We have now reshaped the team by selectively promoting from within and attracting new talent from competitors. In light of the disruption from the staff changes revenue declined to £577,000 (2015: £993,000) with a loss before tax of £357,000 (2015: Loss £100,000).

Unusually for a business operating at this level, NBS now operates on a fully retained basis. NBS is well positioned with a revitalised and focused team and a much closer working relationship with other businesses in the Group. As with NBES, we see significant opportunities in this part of the market as we blend service lines within our portfolio to provide optimal client solutions ranging from single hires through to longer-term team builds.

Norman Broadbent Interim Management ("NBIM")

NBIM operates in the senior interim management market and is complimentary to NBES. NBIM generated net revenues (after interim costs) of £191,000 (2015: £394,000), resulting in a profit before tax of £60,000 (2015: Loss £124,000).

NBIM was relaunched in October 2016 with the appointment of a new Managing Director. Following the hiring of an entire new team, NBIM is now positioned to trade across most of our key areas of market and functional specialisations. Unlike many Interim providers NBIM is increasingly operating in high margin markets and in the change/transformation space.

Research and Insight

We have invested in Research & Insight, which, in addition to serving our own internal requirements, has started to provide complimentary client services alongside NBES, NBS, NBIM and NBLC. Clients can be provided with research and market insight which enables them to make more informed 'people', organisational or business decisions. We see this as an exciting addition to our portfolio and it is a service we are increasingly offering to executive search clients.

CEO's Review

continued

Financial position

As at 31 December 2016, consolidated net assets were £2,434,000 (2015: £1,205,000) with net current assets increasing to £825,000 from £166,000 in 2015. Group cash amounted to £963,000 (2015: £448,000).

Net cash outflow from operations in 2016 was £797,000 (2015: £590,000). Net cash inflow from financing activities amounted to £1,404,000 (2015: £595,000) relating primarily to the net funds received from the 2016 Subscription offset by the repayment of the Secured Loan Notes and reduced utilisation of the invoice discounting facility.

At 31 December 2016 the Group had £444,000 of funds drawn down against the revolving invoice discounting facility (2015: £918,000) against UK trade receivables of £634,000 (2015: £1,264,000). Encouragingly, debtor days have reduced to 43 (2015: 67).

Current trading

Our strategic objective is the creation of multiple revenue streams (including some recurring/contractual revenue which is deemed to be of higher value) and reducing our over reliance on 'lumpy' one-off search fees. This blend of fee-income should allow for a re-rating giving added value to the Group.

I am pleased to report that in the first quarter of 2017 overall Group revenue was ahead of the Board's plan. Trading was down in April in part due to the greater than anticipated impact of Easter. The Group has however experienced a recovery in May trading in line with the Board's plan.

NBLC in particular has performed exceptionally well, exceeding its annual budget in the first four months of 2017, whilst NBIM was ahead of plan. NBS performed in line with our expectations in Q1 however like NBES trading was down in April. The business has performed strongly in May with the most retainer wins so far this year, and encouragingly we are seeing a noticeable increase in the level of referrals from our executive search business.

Disappointingly NBES has underperformed against plan. As a result, the Board has taken decisive action which has resulted in a further significant restructure in Q1 2017 with a number of execution consultants leaving the business. We have started the process of replacing those consultants with fee generating consultants. Since the start of the year 3 new fee generating consultants have joined NBES (including the new Managing Partner in February). NBES has now been stabilised and is focussed on growth through the continued hiring of high calibre fee earners in Q2, and encouragingly new retainer wins in May are the highest so far this year.

The benefit of the many new hires made across the Group in Q4 2016 and Q1 2017 is expected to be realised during the second half of 2017.

Mike Brennan
Group Chief Executive

2 June 2017

Strategic Report

for the year ended 31 December 2016

The business model

Norman Broadbent plc is a provider of Talent Acquisition and Advisory Services, consisting of board and executive search, senior interim management, leadership consulting and assessment, and mezzanine level search.

The Group operates through independently managed and separately branded businesses which trade independently but collectively share a set of core behavioural and brand values.

Strategy and objectives

The Groups strategy is focussed on further developing and strengthening its diverse portfolio of Talent Acquisition and Advisory businesses by further selective hires and concentrating on driving synergies via cross selling.

Results for the financial year

Group revenue from continued operations decreased in the year by 31% to £5,661,000 (2015: £8,274,000), with gross profit of £4,926,000 (2015: £6,527,000). NBES fees declined by 18% to £4,005,000 (2015: £4,885,000) reflecting the reduction in fee generating headcount due to restructure. Net revenues from NBLC, NBS and NBIM were £1,013,000 (£1,655,000), reflecting the significant restructuring of NBI and NBS during 2016.

Operating expenditure decreased to £6,149,000 (2015: £6,626,000), reflecting the impact of the restructuring that took place in all businesses during 2016.

The Group reported an operating loss from continued operations in 2016 of £1,223,000 (2015: £99,000) and a retained loss of £998,000 (2015: £485,000).

Cash flow and balance sheet

Net cash outflow from operations in 2016 was £797,000 (2015: £590,000). Group debtor days have decreased to 43 days with net trade receivables at the year-end standing at £697,000 (2015: £1,570,000). Management continue to monitor this Key Performance Indicator and aim to maintain debtor days at a level which is no higher than 60.

Net cash inflow from financing activities amounted to £1,404,000 (2015: £595,000) relating primarily to the net funds received from the fundraising in September 2016. At 31 December 2016, the Group had £444,000 of funds drawn down against the revolving invoice discounting facility (2015: £918,000) against UK trade receivables of £634,000 (2015: £1,264,000).

Earnings per share

The retained loss for 2016 has resulted in a reported loss per share of 5.36 pence (2015: loss per share 2.59 pence). After adding back the cost of share based payments the adjusted loss per share was 5.32 pence (2015: loss per share 2.59 pence).

Going concern

In light of the current financial position of the Group and on consideration of the business' forecasts and projections, taking account of possible changes in trading performance, the directors have a reasonable expectation that the Group has adequate available resources to continue as a going concern for the foreseeable future. For these reasons, they continue to adopt the going concern basis in preparing their annual report and financial statements.

Strategic Report

continued

Monitoring, risk and KPIs

The directors have a responsibility for identifying risks facing each of the businesses and for putting in place procedures to mitigate and monitor risks. Board meetings incorporate, amongst other agenda items, a review of monthly management accounts, operational and financial KPIs and major issues and risks facing the business.

The most important KPIs used in monitoring the business are set out in the following table:

Key performance indicators	2016	2015
Revenue (continued operations)	£5,661,000	£8,274,000
Operating loss	£(1,223,000)	£(99,000)
Revenue from new clients*	37%	26%
Debtor days	43 days	67 days

*NBES only

The directors monitor revenue against annual targets, which are adjusted each year to ensure the Group remains on target to achieve its strategic growth plan. Further, given the significant investment in new headcount in NBES, NBS and NBI the directors expect Group revenues and operating profits to improve over the next few years.

The principal risks faced by the Group in the current economic climate are considered to be financial, business environment and people related.

Financial

The main financial risks arising from the Group's operations are the adequacy of working capital, interest rate, liquidity and credit risk. These are monitored regularly by the Board and are disclosed further in notes 2 and 19 of the financial statements.

In September 2016, the Group raised £2,300,000 (before expenses) from existing and new institutional shareholders. This followed successful share placings in November 2014, October 2013, November 2012 and May 2011, raising gross amounts of £500,000, £700,000, £727,000 and £1,750,000 respectively, which have provided the Group with the financing to progress towards its stated objectives.

The business is in the later stages of the turnaround process and is budgeted to be self-funding. In turnarounds there is always a risk that the process could take longer than anticipated which could lead to short term working capital pressures. In the event of such an occurrence the company anticipates working closely with its supportive shareholders to access short term working capital funding.

Business Environment

Demand for services is affected by global economic conditions and the level of economic activity in the regions and industries in which the Group operates. When conditions in the global economy deteriorate or economic activity slows, many companies hire fewer permanent employees or rely on internal human resource departments to recruit staff. Whilst there are signs that the global economy is starting to recover, should conditions deteriorate further in the future then demand for the services offered by the Group could weaken resulting in lower cash flows.

The Group attempts to mitigate this risk by operating across various diverse sectors where demand for such services are stronger.

People

The Group's most vital resource remains its employees and the directors remain committed to retaining and recruiting quality staff who share the Group's culture and values. In a people intensive business, the resignation of key staff, which could lead to them taking clients, candidates and colleagues to another employer, is a significant risk. The Group aims to mitigate this risk by offering competitive remuneration structures, whilst also insisting on employment contracts that contain restrictive covenants that limit a leaver's ability to approach existing clients, candidates and employees.

Strategic Report

continued

Cautionary statement

This Strategic Report has been prepared solely to provide additional information to shareholders to assess the Company's strategies and the potential for those strategies to succeed.

The Strategic Report contains certain forward-looking statements. These statements are made by the directors in good faith based on the information available to them up to the time of their approval of this report and such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information.

The directors, in preparing this Strategic Report, have complied with s414C of the Companies Act 2006. The Strategic Report has been prepared for the Group as a whole and therefore gives greater emphasis to those matters which are significant to Norman Broadbent plc and its subsidiary undertakings when viewed as a whole.

Mike Brennan
Director

2 June 2017

James Webber
Director

2 June 2017

Directors' Report

for the year ended 31 December 2016

The directors present their report and the audited financial statements for the year ended 31 December 2016.

General information

Norman Broadbent plc ('the Company') and its subsidiaries (together 'the Group') is a leading provider of executive search, leadership consultancy, board assessment and evaluation, interim management, mezzanine level search and executive RPO. The Company is a public listed company incorporated in England and Wales. Its registered address is 12 St James's Square, London SW1Y 4LB and its listing is on the AIM Market of the London Stock Exchange.

Review of developments and future prospects

The CEO's Review on pages 2 to 4 reviews the activities of the Group including updates on recent and future developments and a full business review can be found in the Strategic Report on page 5 to 7.

Results and dividends

The results of the Group for the year ended 31 December 2016 are set out in the Consolidated Statement of Comprehensive Income.

The directors do not recommend payment of any dividends (2015: £Nil).

Loss after tax for the year amounted to £1,277,000 excluding minority interests (2015: £334,000).

During the year, the Group disposed of its 51% stake in Social Media Search Limited.

Directors

The directors who served during the year are as follows:

Richard Robinson	(resigned 19 September 2016)
Brian Stephens	
James Webber	
Scanes Bentley	(resigned 19 September 2016)
Mike Brennan	(appointed 25 April 2016)
Frank Carter	(appointed 19 September 2016)

The Directors interests in the shares of the Company are shown in the Directors' Remuneration Report on pages 12 to 14.

Substantial share interests

As at 1 June 2017, the Company had been notified of the following significant interests in its issued share capital:

	Ordinary shares of 1.0p each	**%**
Downing LLP	10,547,322	25.33%
Ennismore Fund Management Ltd	7,453,992	17.90%
Moulton Goodies Ltd	6,066,739	14.57%
P Casey	5,787,505	13.90%
Miton Group Plc	2,631,578	6.32%
City Financial Investment Company Ltd	2,631,578	6.32%

As far as the directors are aware, no other entities or individuals held 3% or more of the shares in issue.

Directors' Report

continued

Employee involvement

The Group has well established communications and consultation procedures with all employees. These continually evolve to meet the changing needs of the business and are considered valuable by both management and staff.

Employment of disabled persons

It is the Group's policy to give a full and fair consideration to the employment and promotion of disabled persons where they appear suitable, having regard to their particular aptitudes and abilities. Where existing employees become disabled it is the Group's policy to find them alternative suitable employment within the Group where possible.

Risks and uncertainties

Please refer to the Strategic Report on pages 5 to 7.

Key performance indicators

Please refer to the Strategic Report on pages 5 to 7.

Diversity policy

The Group is committed to promoting equal opportunities both as an employer and as a provider of services. The Group makes every effort to prevent discrimination or other unfair treatment against any of its staff, potential staff or users of its services, regardless of gender, race, colour, nationality, ethnic or national origins, marital status, family circumstances, disability, sexual orientation, political or religious belief. The Group is opposed to racist and sexist practices and attitudes, and is committed to translating this into all aspects of its everyday work.

Statement of Directors' responsibilities

Each of the directors at the date of approval of this report confirms:

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Group and Parent Company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' Report

continued

Website publication

The directors are responsible for ensuring the annual report and financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the directors. The directors' responsibility also extends to the on-going integrity of the financial statements contained therein.

Statement of disclosure to auditor

(a) Each of the directors at the date of approval of this report confirms there is no relevant information of which the Group's auditors are unaware; and

(b) The directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

Auditors

Kreston Reeves LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them is being proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors and signed on behalf of the Board.

Mike Brennan
Director

2 June 2017

Corporate Governance

for the year ended 31 December 2016

The Company is quoted on the Alternative Investment Market ('AIM') and is therefore not required to comply with the provisions of UK Corporate Governance Code. Nevertheless, by continuous review, the Company ensures that proper standards of corporate governance are in operation and the principles of UK Corporate Governance Code are followed so far as is practical and appropriate to the size and nature of the Company.

Set out below is a summary of how, at 31 December 2016, the Company was dealing with the key requirements of UK Corporate Governance Code.

Board committees

The Audit Committee consists all of the Non-Executive directors and meets as required.

The Remuneration Committee consists of the Non-Executive directors. F Carter chairs the committee. The remuneration of the Non-Executive Directors is determined by the Board. At present the committee annually reviews the level of directors' and other senior employee's remuneration packages. Disclosure of directors' remuneration is provided in the Directors' Remuneration Report.

The AIM Compliance Committee consists of all Directors, including the Non-Executive Chairman. In accordance with AIM Rule 31 the Group is required to have in place sufficient procedures, resources and controls to enable its compliance with the AIM Rules; seek advice from its nominated adviser ("Nomad") regarding its compliance with the AIM Rules whenever appropriate and take that advice into account; provide the Group's Nomad with any information it requests in order for the Nomad to carry out its responsibilities under the AIM Rules for Companies and the AIM Rules for Nominated Advisers; ensure that each of the Group's directors accepts full responsibility, collectively and individually, for compliance with the AIM Rules; and ensure that each director discloses without delay all information which the Group needs in order to comply with AIM Rule 17 (Disclosure of Miscellaneous Information) insofar as that information is known to the director or could with reasonable diligence be ascertained by the director. Having reviewed relevant Board papers, and met with the Group's Executive Board and the Nomad to ensure that such is the case, the AIM Committee is satisfied that the Group's obligations under AIM Rule 31 have been satisfied during the period under review.

Internal controls and risk management

The directors acknowledge their responsibility for the Group's system of internal control of which the objectives are:

(a) Safeguarding the Group assets.

(b) Ensuring proper accounting records are maintained.

(c) Ensuring that the financial information used within the business and for publication is reliable.

The key procedures that have operated during the financial year are set out below:

(a) The Board meets regularly to review all aspects of the Group's performance concentrating mainly on financial performance, business risks and development.

(b) A number of matters are reserved for the Board's specific approval including major capital expenditure, banking and dividend policy.

In establishing the systems of internal control, the directors have implemented a control environment, risk management procedures and reporting processes appropriate to the size of the Group. The system of internal control is designed to manage rather than eliminate risk. Further procedures will continue to be adopted in respect of all the Group's activities to further improve financial control. Trading and cash flows can be unpredictable. However, after making appropriate enquiries the directors have formed a judgement that the Group has adequate resources to continue in operation for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

As a company listed on the AIM Market of the London Stock Exchange, Norman Broadbent plc is not required to provide the following, unaudited information. Although not required to, the directors have decided to provide corporate governance disclosures and the board has considered the principles and provisions of "UK Corporate Governance Code: Principles of Good Governance and the Code of Best Practice" ("the Code").

Directors' Remuneration Report

for the year ended 31 December 2016

The Remuneration Committee was established to keep under review the remuneration and terms of employment of Executive Directors and to recommend such remuneration and terms and changes thereof to the Board. The Remuneration Committee's composition, responsibilities and operation comply with UK Corporate Governance Code. In forming its remuneration policy, the Remuneration Committee confirms that it has complied with UK Corporate Governance Code.

An explanation of how the Company has applied the principles and the extent to which the provisions in the Code have been complied with appears below.

Unaudited information

Under the Company's Articles of Association, the Board may delegate any of its powers, authorities and discretions to a sub-committee of the Board.

The Remuneration Committee comprises of the Non-Executive Chairman and one Non-Executive Director. The Remuneration Committee is formally constituted with written terms of reference. No individual director participates when his own remuneration is under consideration.

In formulating its remuneration policy, the Remuneration Committee has given full consideration to the relevant sections of UK Corporate Governance Code issued by the Committee on Corporate Governance. There follows the full text of the Remuneration Report for the year ended 31 December 2016 which has been approved and adopted by the Board of Directors for submission to the shareholders.

Composition

F Carter chaired the Remuneration Committee with B Stephens being the other member.

Policy for executive Directors

To attract, motivate and retain high calibre executives by rewarding them with appropriate salary, bonus scheme, benefits and share option packages.

(a) **Salary**
Salaries are reviewed annually and the Remuneration Committee takes account of similar companies in its industry by reference to published information for similar jobs as well as individual performance.

(b) **Bonus**
The Company operates a discretionary bonus scheme for Executive Directors. The scheme is based on achieving agreed levels of profitability within the part of the Group they are directly involved with. Bonus payments are non-pensionable.

(c) **Benefits**
When appropriate, Executives are provided with medical insurance and life assurance.

(d) **Pension**
The Company's defined contribution pension scheme is available to all Executive Directors.

(e) **Share Options**
Both Executive Directors hold share options.

(f) **Service Contracts**
All Executive Directors are employed on rolling contracts subject to between three and six months' notice from either the executive or the Group. The Remuneration Committee reviews each case of early termination individually in order to ensure compensation settlements are made which are appropriate to the circumstances, taking care to ensure that poor performance is not rewarded.

Directors' Remuneration Report

continued

Policy for Non-Executive Directors

The Board is responsible for determining the fees payable to Non-Executive Directors. The Executive Directors seek to advise the Board on the level of fees based on external evidence of fees paid to Non-Executive Directors of similar companies.

Directors' interest in Contracts

Anderson Barrowcliff LLP, of which R Robinson is a former partner, provides company secretarial and taxation services to the Company. Brian Stephens & Company Ltd provided the services of B Stephens to the Company. B Stephens is a director of Brian Stephens & Company Ltd. S Bentley is a Director of Scanes Bentley & Associates Ltd, which provided consultancy services to the Company. There were no other contracts subsisting at the end of the year in which a director of the Company was materially interested.

Directors' interest in Shares, Share Options and Warrants

Details of the interests of those directors that held office during the period, all of which are beneficial, in the shares of Norman Broadbent plc on the dates specified are as follows:

(a) **Ordinary Shares**

	31 December 2016		31 December 2015	
	Ordinary Shares of 1.0p each	%	Ordinary Shares of 1.0p each	%
Pierce Casey	5,787,505	13.90	3,686,242	21.14
Mike Brennan	616,315	1.48	–	–
Richard Robinson [1]	165,593	0.40	165,593	0.95
Frank Carter	157,894	0.38	–	–
James Webber	145,623	0.35	–	–
Brian Stephens [2]	117,955	0.28	12,692	0.07
Janet Cameron	11,523	0.03	11,523	0.07
Susan Anne O'Brien	–	–	46,254	0.27

Notes

(1) Includes a non-beneficial interest of 6,645 shares (2015: 6,645)

(2) 117,955 (2015: 12,692) of B Stephens shares are held in the name of Davycrest Nominees Limited

(b) **Share Options**

	31 December 2016		31 December 2015	
	Share Options Ordinary Share of 1.0p each	% Diluted	Share Options Ordinary Share of 1.0p each	% Diluted
Mike Brennan	1,851,852	5.37	–	–
James Webber	1,054,191	2.61	–	–

Directors' Remuneration Report

continued

Audited information

Directors' emoluments

The emoluments of the directors of the Company for the year ended 31 December 2016 were as follows:

	Salary and fees £000	Bonus £000	Benefits £000	Pensions £000	Total 2016 £000	Total 2015 £000
Executive Directors						
Susan Ann O'Brien	–	–	–	–	–	199
Janet Cameron	–	–	–	–	–	52
Pierce Casey	–	–	–	–	–	175
James Webber	125	–	2	13	140	138
Scanes Bentley	50	–	–	–	50	94
Mike Brennan	138	–	2	7	147	–
Total	**313**	**–**	**4**	**20**	**337**	**658**
Non-Executive Directors						
Frank Carter	13	–	–	–	13	–
Richard Robinson	14	–	–	–	14	25
Bruce Lakefield	–	–	–	–	–	3
Brian Stephens	20	–	–	–	20	25
Total	**47**	**–**	**–**	**–**	**47**	**53**

F Carter
Chairman of the Remuneration Committee

2 June 2017

Independent Auditors' Report

to the shareholders of Norman Broadbent plc

We have audited the financial statements of Norman Broadbent plc for the year ended 31 December 2016 which comprise the Consolidated Statement of Comprehensive Income, Consolidated and Company Statement of Financial Position, Consolidated and Company Statement of Changes in Equity, Consolidated and Company Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsiblities of Directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 9, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2016, and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report, the Directors' Report, Chairman's statement and the table of Directors' Emoluments for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Independent Auditors' Report

to the shareholders of Norman Broadbent plc continued

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Samantha Rouse FCCA DChA (Senior Statutory Auditor)
For and on behalf of Kreston Reeves LLP
Statutory Auditors and Chartered Accountants
Third Floor
24 Chiswell Street
London EC1Y 4YX

2 June 2017

Other matters

The maintenance and integrity of the Group's website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially prepared on the website.

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2016

Continuing operations	Note	2016 £000	Re-presented 2015 £000
Revenue	1/3	**5,661**	8,274
Cost of sales		**(735)**	(1,747)
Gross profit	3	**4,926**	6,527
Operating expenses		**(6,149)**	(6,626)
Operating loss from continued operations		**(1,223)**	(99)
Net finance cost	7	**(54)**	(41)
Non-recurring exceptional Items	8	**–**	(194)
Loss on ordinary activities before income tax	4	**(1,277)**	(334)
Income tax expense	6	**–**	–
Loss from continuing operations		**(1,277)**	(334)
Discontinued operations			
Profit/(Loss) from discontinued operation	9	**279**	(151)
Loss for the period		**(998)**	(485)
Other comprehensive income			
Foreign currency translation differences – foreign operations		**–**	–
Total comprehensive income for the year		**(998)**	(485)
Loss attributable to:			
– Owners of the Company		**(1,304)**	(452)
– Non-controlling interests		**306**	(33)
Loss for the year		**(998)**	(485)
Total comprehensive income attributable to:			
– Owners of the Company		**(1,304)**	(452)
– Non-controlling interests		**306**	(33)
Total comprehensive income for the year		**(998)**	(485)
Loss per share			
– Basic	10	**(5.36p)**	(2.59p)
– Diluted		**(5.36p)**	(2.59p)
Adjusted loss per share			
– Basic	10	**(5.32p)**	(2.59p)
– Diluted		**(5.32p)**	(2.59p)
Loss per share – continuing operations			
– Basic	10	**(5.25p)**	(1.92p)
– Diluted		**(5.25p)**	(1.92p)
Adjusted loss per share – continuing operations			
– Basic		**(5.21p)**	(1.92p)
– Diluted	10	**(5.21p)**	(1.92p)

2015 re-presented to show the discontinued operation separately from continued operations as required by IFRS 5.

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Financial Position

as at 31 December 2016

	Notes	2016 £000	2015 £000
Non-current assets			
Intangible assets	12	**1,363**	1,363
Property, plant and equipment	13	**68**	82
Trade and other receivables	15	**234**	–
Deferred tax assets	6	**69**	69
Total non-current assets		**1,734**	1,514
Current assets			
Trade and other receivables	15	**1,347**	2,172
Cash and cash equivalents	16	**963**	448
Total current assets		**2,310**	2,620
Total assets		**4,044**	4,134
Current liabilities			
Trade and other payables	17	**1,041**	1,536
Bank overdraft and interest bearing loans	18	**444**	918
Corporation tax liability		**–**	–
Total current liabilities		**1,485**	2,454
Net current assets		**825**	166
Non-current liabilities			
Loan notes	18	**–**	350
Provisions	23	**125**	125
Total liabilities		**1,610**	2,929
Total assets less total liabilities		**2,434**	1,205
Equity			
Issued share capital	20	**6,143**	5,901
Share premium account	20	**12,685**	10,699
Retained earnings		**(16,394)**	(15,101)
Equity attributable to owners of the Company		**2,434**	1,499
Non-controlling interests		**–**	(294)
Total equity		**2,434**	1,205

These financial statements were approved by the Board of Directors on 2 June 2017.
Signed on behalf of the Board of Directors

M Brennan
Director

J Webber
Director

Company No 00318267

The accompanying notes form an integral part of these financial statements.

Company Statement of Financial Position

as at 31 December 2016

	Notes	2016 £000	2015 £000
Non-current assets			
Investments		**1,876**	1,876
Trade and other receivables	15	**234**	–
Total non-current assets		**2,110**	1,876
Current assets			
Trade and other receivables	15	**4,307**	3,689
Cash and cash equivalents	16	**843**	173
Total current assets		**5,150**	3,862
Total assets		**7,260**	5,738
Current liabilities			
Trade and other payables	17	**1,610**	1,435
Total current liabilities		**1,610**	1,435
Net current assets		**3,540**	2,427
Non-current liabilities			
Loan notes	18	**–**	350
Total liabilities		**1,610**	1,785
Total assets less total liabilities		**5,650**	3,953
Equity			
Issued share capital	20	**6,143**	5,901
Share premium account	20	**12,685**	10,699
Retained earnings		**(13,178)**	(12,647)
Total equity		**5,650**	3,953

These financial statements were approved by the Board of Directors on 2 June 2017.
Signed on behalf of the Board of Directors

M Brennan
Director

J Webber
Director

Company No 00318267

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

for the year ended 31 December 2016

	Attributable to owners of the Company					
	Share capital £000	Share premium £000	Retained earnings £000	Total equity £000	Non-controlling interests £000	Total equity £000
Balance at 1 January 2015	**5,901**	**10,699**	**(14,649)**	**1,951**	**(261)**	**1,690**
Loss for the year	–	–	(452)	(452)	(33)	(485)
Adjustment for discontinued operation	–	–	–	–	–	–
Total other comprehensive income	–	–	–	–	–	–
Total comprehensive income for the year	**–**	**–**	**(452)**	**(452)**	**(33)**	**(485)**
Transactions with owners of the Company, recognised directly in equity:						
Issue of ordinary shares	–	–	–	–	–	–
Credit to equity for share based payments	–	–	–	–	–	–
Total transactions with owners of the Company, recognised directly in equity	**–**	**–**	**–**	**–**	**–**	**–**
Total transactions with owners of the Company	**–**	**–**	**–**	**–**	**–**	**–**
Balance at 31 December 2015	**5,901**	**10,699**	**(15,101)**	**1,499**	**(294)**	**1,205**
Balance at 1 January 2016						
Loss for the year	–	–	(1,304)	(1,304)	306	(998)
Adjustment for discontinued operation	–	–	–	–	–	–
Total other comprehensive income	–	–	–	–	–	–
Total comprehensive income for the year	**–**	**–**	**(1,304)**	**(1,304)**	**306**	**(998)**
Transactions with owners of the Company, recognised directly in equity:						
Issue of ordinary shares	242	1,986	–	2,228	–	2,228
Credit to equity for share based payments	–	–	11	11	–	11
Total transactions with owners of the Company, recognised directly in equity	**242**	**1,986**	**11**	**2,239**	**–**	**2,239**
Change in ownership interest in subsidiaries						
Disposal of non-controlling interest with change of control	–	–	–	–	(12)	(12)
Total transactions with owners of the Company	**242**	**1,986**	**11**	**2,239**	**(12)**	**2,227**
Balance at 31 December 2016	**6,143**	**12,685**	**(16,394)**	**2,434**	**–**	**2,434**

Share capital

This represents the nominal value of shares that have been issued by the Company.

Share premium

This reserve records the amount above the nominal value received for shares issued by the Company. Share premium may only be utilised to write-off any expenses incurred or commissions paid on the issue of those shares, or to pay up new shares to be allotted to members as fully paid bonus shares.

Retained earnings

This reserve comprises all current and prior period retained profits and losses after deducting any distributions made to the Company's shareholders.

The accompanying notes form an integral part of these financial statements.

Company Statement of Changes in Equity

for the year ended 31 December 2016

	Attributable to owners of the Company			
	Share capital £000	Share premium £000	Retained earnings £000	Total equity £000
Balance at 1 January 2015	**5,901**	**10,699**	**(12,528)**	**4,072**
Loss for the year	–	–	(119)	(119)
Total comprehensive income for the year	**–**	**–**	**(119)**	**(119)**
Transactions with owners of the Company, recognised directly in equity:				
Issue of ordinary shares	–	–	–	–
Balance at 31 December 2015	**5,901**	**10,699**	**(12,647)**	**3,953**
Balance at 1 January 2016				
Loss for the year	–	–	(541)	(541)
Total comprehensive income for the year	**–**	**–**	**(541)**	**(541)**
Transactions with owners of the Company, recognised directly in equity:				
Issue of ordinary shares	242	1,986	–	2,228
Credit to equity for share based payments	–	–	11	11
Balance at 31 December 2016	**6,143**	**12,685**	**(13,178)**	**5,650**

Share capital

This represents the nominal value of shares that have been issued by the Company.

Share premium

This reserve records the amount above the nominal value received for shares issued by the Company. Share premium may only be utilised to write-off any expenses incurred or commissions paid on the issue of those shares, or to pay up new shares to be allotted to members as fully paid bonus shares.

Retained earnings

This reserve comprises all current and prior period retained profits and losses after deducting any distributions made to the Company's shareholders.

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Cash Flow

for the year ended 31 December 2016

	Notes	2016 £000	Re-presented 2015 £000
Net cash used in operating activities	(i)	**(797)**	(590)
Cash flows from investing activities and servicing of finance			
Net finance cost		**(54)**	(41)
Payments to acquire tangible fixed assets	13	**(24)**	(22)
Disposal of subsidiary, inclusive of cash disposed of	9	**(15)**	–
Net cash used in investing activities		**(93)**	(63)
Cash flows from financing activities			
(Repayment)/Proceeds of borrowings	18	**(350)**	350
Net cash inflows from equity placing	20	**2,228**	–
Increase/(Repayment) in invoice discounting	18	**(474)**	245
Net cash from financing activities		**1,404**	595
Net increase in cash and cash equivalents		**514**	(58)
Net cash and cash equivalents at beginning of period		**448**	506
Effects of exchange rate changes on cash balances held in foreign currencies		**1**	–
Net cash and cash equivalents at end of period		**963**	448
Analysis of net funds			
Cash and cash equivalents		**963**	448
Borrowings due within one year		**(444)**	(918)
Net funds		**(519)**	(470)

Note (i)

Reconciliation of operating loss to net cash from operating activities	2016 £000	2015 £000
Operating loss from continued operations	**(914)**	(99)
Operating loss from discontinued operations (note 9)	**(30)**	(147)
Depreciation/impairment of property, plant and equipment	**38**	45
Exceptional items	**–**	(194)
Share based payment charge	**11**	–
Decrease/(Increase) in trade and other receivables	**871**	(209)
Profit on sale of Investment	**(309)**	–
(Decrease)/Increase in trade and other payables	**(464)**	18
Taxation paid	**–**	(4)
Net cash used in operating activities	**(797)**	(590)

The accompanying notes form an integral part of these financial statements.

Company Statement of Cash Flow

for the year ended 31 December 2016

	Notes	2016 £000	2015 £000
Net cash used in operating activities	(i)	**(1,177)**	(398)
Cash flows from investing activities and servicing of finance			
Interest paid		**(31)**	–
Disposal of investments	14	**–**	–
Net cash used in investing activities		**(31)**	–
Cash flows from financing activities			
Proceeds/(repayment) of borrowing	18	**(350)**	350
Net cash inflows from equity placing	20	**2,228**	–
Net cash from financing activities		**1,878**	350
Net Increase/(decrease) in cash and cash equivalents		**670**	(48)
Net cash and cash equivalents at beginning of period		**173**	221
Net cash and cash equivalents at end of period		**843**	173
Analysis of net funds			
Cash and cash equivalents		**843**	173
Net funds		**843**	173

Note (i)

Reconciliation of operating loss to net cash from operating activities	2016 £000	2015 £000
Operating loss	**(510)**	(119)
Increase in trade and other receivables	**(527)**	(292)
Increase in trade and other payables	**185**	13
Profit on disposal of investment	**(325)**	–
Net cash used in operating activities	**(1,177)**	(398)

The accompanying notes form an integral part of these financial statements.

Notes to the Financial Statements

for the year ended 31 December 2016

1. Significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to both years presented unless otherwise stated.

1.1 Basis of preparation

The consolidated financial statements of Norman Broadbent plc ("Norman Broadbent" or "the Company") have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS as adopted by the EU), IFRIC interpretations and the Companies Act 2006 applicable to Companies reporting under IFRS. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities (including derivative instruments) at fair value through profit or loss. The consolidated financial statements are presented in pounds and all values are rounded to the nearest thousand (£000), except when otherwise indicated.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 1.21.

1.1.1 Going concern

The Group reported an operating loss from continued operations in the year to 31 December 2016 of £1.2m compared with an operating loss of £0.1m in 2015. In September 2016 the Group raised £2.3m of new equity (before expenses) from both existing and new institutional shareholders which has enabled the business to restructure further, to hire additional fee generating staff across the Group and to provide a more stable working capital position.

The Consolidated Statement of Financial Position shows a net asset position at 31 December 2016 of £2.4m (2015: £1.2m) with cash at bank of £1.0m (2015: £0.4m). At the date that these financial statements were approved the Group had no overdraft facility, and the only borrowings were its receivable finance (Leumi ABL) which is 100% secured by the Group's trade receivables.

In light of the current financial position of the Group and on consideration of the business' forecasts and projections, taking account of possible changes in trading performance, the directors have a reasonable expectation that the Group has adequate available resources to continue as a going concern for the foreseeable future. For these reasons, they continue to adopt the going concern basis in preparing their annual report and financial statements.

1.1.2 Changes in accounting policy and disclosures

(a) New standards, interpretations and amendments effective

The following have been applied for the first time from 1 January 2016 but did not have a material impact on the financial statements:

- Amendment to IAS 16 and IAS 38 – Classification of Acceptable Methods of Depreciation and Amortisation
- IFRS 11 – Accounting for Acquisition of Interests in Joint Operations
- Amendments to IAS 27 – Equity Method in Separate Financial Statements
- Annual improvement to IFRSs 2012-2014 cycle
- Amendments to IAS 1 – Disclosure Initiative
- Amendments to IFRS 10, IFRS 12 and IAS 28 – Investment Entities: Applying the Consolidation Exception

Notes to the Financial Statements

continued

1. Significant accounting policies continued

(b) **Standards, amendments and interpretations to existing standards that are not yet effective**

The following newly issued but not yet effective standards, interpretations and amendments:

Mandatory for accounting periods commencing on or after 1 January 2017:

- Amendments to IAS 12 – Recognition of Deferred Tax Assets for Unrealised Losses
- Amendments to IAS 7 – Disclosure Initiative
- Annual improvements to IFRS Standards 2014-2016 Cycle

Mandatory for accounting periods commencing on or after 1 January 2018:

- IFRS 9 – Financial Instruments
- IFRS 15 – Revenue from Contracts with Customers
- IFRIC Interpretation 22 – Foreign Currency Transactions and Advance Consideration

Mandatory for accounting periods commencing on or after 1 January 2019:

- IFRS 16 – Leases

Date of implementation in the European Union not yet known:

- IFRS 14 – Regulatory Deferral Accounts

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

1.2 Basis of consolidation and business combinations

1.2.1 Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date – i.e. when control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- the net amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss. Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

The subsidiaries financial statements were not prepared under IFRS but adjustments were made to bring all the accounting policies in line with IFRS.

1.2.2 Non-controlling interests

For each business combination, the Group elects to measure any non-controlling interests in the acquiree either at fair value or at their proportionate share of the acquiree's identifiable net assets, which are generally at fair value.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners. Adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. No adjustments are made to goodwill and no gain or loss is recognised in profit or loss.

Notes to the Financial Statements

continued

1. Significant accounting policies continued

1.2 Basis of consolidation and business combinations continued

1.2.3 Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing if the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated.

1.3 Goodwill

Goodwill arising on acquisition of subsidiaries is included in the Consolidated Statement of Financial Position as an asset at cost less impairment. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently where there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

1.4 Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

1.5 Financial assets and liabilities

Financial assets and liabilities are recognised initially at their fair value and are subsequently measured at amortised cost. For trade receivables, trade payables and other short-term financial liabilities this generally equates to original transaction value.

1.6 Property, plant and equipment

The cost of property, plant and equipment is their purchase cost, together with any incidental costs of acquisition.

Depreciation is calculated so as to write off the cost of the assets, less their estimated residual values, over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

Office and computer equipment	25%-33% per annum on cost
Fixtures and fittings	25%-33% per annum on cost
Land and buildings – leasehold	over 3-5 years straight line

1.7 Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Notes to the Financial Statements

continued

1. Significant accounting policies continued

1.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

1.9 Investments

Fixed asset investments are stated at cost less provision for any impairment in value. Investments are tested annually for impairment and whenever events or changes in circumstance indicate that the carrying amount may not be recoverable an impairment loss is recognised immediately for the amount by which the investment's carrying amount exceeds its recoverable value.

1.10 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is recognised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

1.11 Invoice discounting facility

The terms of this arrangement are judged to be such that the risk and rewards of ownership of the trade receivables do not pass to the finance provider. As such the receivables are not derecognised on draw-down of funds against this facility. This facility is recognised as a liability for the amount drawn.

1.12 Trade payables

Trade payables are non-interest bearing and are stated at their fair value and then subsequently at amortised cost.

1.13 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Group Executive Committee that makes strategic decisions.

1.14 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in sterling, which is the Company's functional and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Statement of Comprehensive Income, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated Statement of Comprehensive Income within 'net finance income'. All other foreign exchange gains and losses are presented in the income statement within 'operating expenses'.

Notes to the Financial Statements

continued

1. Significant accounting policies continued

1.15 Taxation

Taxation currently payable is based on the taxable profit for the year. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income and expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group'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 financial 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 material taxable timing 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 utilised.

Such assets and liabilities are not recognised if the temporary difference arises from an initial recognition of goodwill or from the initial recognition (other than in the business combination) of other assets and liabilities in the transaction that affects neither the tax profit nor the accounting profit.

Deferred tax is calculated using the tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited to the statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

1.16 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group. The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below.

(a) **Executive search services (NBES, NBS)**

Executive Search services are provided on a retained basis and the Group generally invoices the client at pre-specified milestones agreed in advance. Typically this will be in three stages; retainer, shortlist and completion fee. Revenue is recognised on completion of defined stages of work during the recruitment process including the completion of a candidate shortlist and placement of a candidate. NBS is a more flexible model and on occasions will invoice I two stages, initiation and completion. Revenue is deferred for any invoices raised but unearned at the year end.

(b) **Short-term contract and interim business**

Revenue is recognised as services are rendered, validated by receipt of a client approved timesheet or equivalent.

(c) **Assessment, career coaching and talent management**

Revenue is recognised in line with delivery. Where revenue is generated by contracts covering a number of sessions then revenue is recognised over the contract term based on the average number of sessions taken up.

(d) **Social media search and consulting**

Revenue is recognised in line with delivery. Where revenue is generated by contracts covering a number of sessions then revenue is recognised over the contract term based on the average number of sessions taken up.

(e) **Interest income**

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Notes to the Financial Statements

continued

1. Significant accounting policies continued

1.17 Pensions

The Group operates a number of defined contribution funded pension schemes for the benefit of certain employees. The costs of the pension schemes are charged to the income statement as incurred.

1.18 Leases

Costs in respect of operating leases are charged on a straight-line basis over the lease term.

1.19 Profit or loss from discontinued operations

A discontinued operation is a component of the Group that either has been disposed of, or is classified as held for sale, and represents a separate major line of business or geographical area of operations. Profit or loss from discontinued operations, including prior year components of profit or loss, is presented in a single amount in the income statement. This amount comprises the post-tax profit or loss of discontinued operations. The disclosures for discontinued operations in the prior year relate to all operations that have been discontinued by the reporting date of the latest period presented.

1.20 Share Option Schemes

For equity-settled share-based payment transactions the Group, in accordance with IFRS2, measures their value and the corresponding increase in equity, indirectly, by reference to the fair value of the equity instruments granted. The fair value of those equity instruments is measured at grant date, using the trinomial method. The expense is apportioned over the vesting period of the financial instrument and is based on the numbers which are expected to vest and the fair value of those financial instruments at the date of grant. If the equity instruments granted vest immediately, the expense is recognised in full.

1.21 Critical accounting judgements and estimates

(a) Impairment of goodwill – determining whether goodwill is impaired requires an estimation of the value in use of cash-generating units (CGUs) to which goodwill has been allocated. The value in use calculation requires an estimation of the future profitability expected to arise from the CGU and a suitable discount rate in order to calculate present value.

(b) Share Options – fair value of options granted is determined using the trinomial valuation model. The significant inputs into the model are share price at grant date, expected price, expected option life and risk free rate.

(c) Revenue recognition – revenue is recognised based on estimated timing of delivery of services based on the assignment structure and historical experience. Were these estimates to change then the amount of revenue recognised would vary.

Notes to the Financial Statements

continued

2. Financial risk management

The financial risks that the Group is exposed to through its operations are interest rate risk, liquidity risk and credit risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

There have been no substantive changes in the Group's exposure to financial risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods, unless otherwise stated in this note.

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's Executive Committee.

The Board receives monthly reports from the Group Chief Financial Officer, through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets. The overall objective of the Board is to set policies that seek to reduce risk as far as possible, without unduly affecting the Group's competitiveness and flexibility. Further details regarding specific policies are set out below:

2.1 Interest rate risk

The Group's interest rate risk arises from short term borrowings issued at a variable interest rate. At 31 December 2016 the balance outstanding on the invoice discounting facility was £0.4 million (2015: £0.9 million) and this balance increases and decreases in line with the outstanding trade receivables.

2.2 Liquidity risk

Liquidity risk arises from the Group's management of working capital and the finance charges. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, the Group monitors its requirements on a rolling monthly basis. The Board receives cash flow projections as well as monthly information regarding cash balances. At the balance sheet date, these projections indicated that the Group expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances.

2.3 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group is mainly exposed to credit risk from credit sales. It is Group policy, to assess the credit risk of new customers before entering contracts.

Each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Board determines concentrations of credit risk by reviewing the trade receivables' ageing analysis.

The Board monitors the ageing of credit sales regularly and at the reporting date does not expect any losses from non-performance by the counterparties other than those specifically provided for (see Note 15). The Directors are confident about the recoverability of receivables based on the blue chip nature of its customers, their credit ratings and the very low levels of default in the past.

2.4 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group sets the amount of capital it requires in proportion to risk. The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Notes to the Financial Statements

continued

3. Segmental analysis

Management has determined the operating segments based on the reports reviewed regularly by the Board for use in deciding how to allocate resources and in assessing performance. The Board considers Group operations from both a class of business and geographic perspective. Each class of business derives its revenues from the supply of a particular recruitment related service, from retained executive search through to executive assessment and coaching. Business segment results are reviewed primarily to operating profit level, which includes employee costs, marketing, office and accommodation costs and appropriate recharges for management time.

Group revenues are primarily driven from UK operations, however when revenue is derived from overseas business the results are presented to the Board by geographic region to identify potential areas for growth or those posing potential risks to the Group.

(i) Class of Business

The analysis by class of business of the Group's turnover and profit before taxation is set out below:

2016	Executive Search £000	NBLC £000	NBS £000	NBIM £000	Disc. Operation £000	Un-allocated £000	Total £000
Revenue	4,005	293	577	786	470	–	6,131
Cost of sales	(92)	(41)	(7)	(595)	–	–	(735)
Gross profit	**3,913**	**252**	**570**	**191**	**470**	**–**	**5,396**
Operating expenses	(4,195)	(308)	(918)	(127)	(497)	(566)	(6,611)
Depreciation and amort.	(29)	–	(6)	–	(3)	–	(38)
Finance costs	(17)	–	(3)	(4)	–	(30)	(54)
Profit/(Loss) on disposal of investment	–	–	–	–	309	–	309
Profit/(Loss) before tax	**(328)**	**(56)**	**(357)**	**60**	**279**	**(596)**	**(998)**

2015	Executive Search £000	NBLC £000	NBS £000	NBIM £000	Disc. Operation £000	Un-allocated £000	Total £000
Revenue	4,885	601	993	1,791	488	4	8,762
Cost of sales	(17)	(128)	(205)	(1,397)	–	–	(1,747)
Gross profit	**4,868**	**473**	**788**	**394**	**488**	**4**	**7,015**
Operating expenses	(4,417)	(403)	(879)	(510)	(630)	(377)	(7,216)
Depreciation and amort.	(35)	–	(5)	–	(5)	–	(45)
Finance costs	(22)	–	(4)	(8)	–	(7)	(41)
Exceptional items	(68)	–	–	–	–	(126)	(194)
Profit/(Loss) before tax	**326**	**70**	**(100)**	**(124)**	**(147)**	**(506)**	**(481)**

(ii) Revenue and gross profit by geography

	Revenue 2016 £000	Revenue 2015 £000	**Gross Profit 2016 £000**	Gross Profit 2015 £000
United Kingdom	**6,030**	8,607	**5,295**	6,859
Rest of the world	**101**	155	**101**	156
Total	**6,131**	8,762	**5,396**	7,015

Notes to the Financial Statements

continued

4. Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after charging:

	2016 £000	2015 £000
Depreciation and impairment of property, plant and equipment	**38**	45
Gain on foreign currency exchange	**–**	–
Staff costs (see note 5)	**4,734**	5,554
Operating lease rentals:		
Land and buildings	**424**	424
Auditors' remuneration:		
Audit work	**49**	49
Non-audit work	**–**	–

The Company audit fee in the year was £12,500 (2015: £12,000).

5. Staff costs

The average number of full time equivalent persons (including directors) employed by the Group during the period was as follows:

	2016 Number	2015 Number
Sales and related services	**45**	46
Administration	**18**	21
	63	67

Staff costs (for the above persons):

	£000	£000
Wages and salaries	**4,136**	4,883
Social security costs	**450**	502
Defined contribution pension cost	**137**	169
Share based payment expense	**11**	–
	4,734	5,554

The emoluments of the directors are disclosed as required by the Companies Act 2006 on page 14 in the Directors' Remuneration Report. The table of directors' emoluments has been audited and forms part of these financial statements. This also includes details of the highest paid director.

6. Tax expense

(a) Tax charged in the income statement

Taxation is based on the loss for the year and comprises:

	2016 £000	2015 £000
Current tax		
United Kingdom corporation tax at 20% (2015: 20.25%) based on loss for the year	**–**	–
Foreign Tax	**–**	4
Total current tax	**–**	4
Deferred tax		
Origination and reversal of temporary differences	**–**	–
Tax charge/(credit)	**–**	4

Notes to the Financial Statements

continued

6. Tax expense continued

(b) Reconciliation of the total tax charge

The difference between the current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	2016 £000	2015 £000
Loss on ordinary activities before taxation	**(998)**	(481)
Tax on loss on ordinary activities at standard UK corporation tax rate of 20% (2015: 20.25%)	**(199)**	(98)
Effects of:		
Expenses not deductible	**27**	19
Foreign tax suffered	**–**	4
Substantial shareholding exemption	**(62)**	–
Capital allowances in excess of depreciation	**4**	6
Intercompany loan write off	**66**	–
Pension accrual movement	**3**	(1)
Adjustment to losses carried forward	**161**	74
Current tax charge for the year	**–**	4

(c) Deferred tax

	Tax losses £000	Total £000
At 1 January 2015	(69)	(69)
Credited to the income statement in 2015	–	–
At 31 December 2015	(69)	(69)
Credited to the income statement in 2016	–	–
At 31 December 2016	**(69)**	**(69)**

At 31 December 2016 the Group had capital losses carried forward of £8,130,000 (2015: £8,130,000). A deferred tax asset has not been recognised for the capital losses as the recoverability in the near future is uncertain. The Group also has £11,761,103 (2015: £11,812,042) trading losses carried forward, which includes £8,987,000 losses transferred from BNB Recruitment Consultancy Ltd in 2011. A deferred tax asset of £1,357,834 (2015: £1,355,756) has not been recognised in the financial statements due to the inherent uncertainty as to the quantum and timing of its utilisation.

The analysis of deferred tax in the consolidated balance sheet is as follows:

Deferred tax assets	2016 £000	2015 £000
Tax losses carried forward	**69**	69
Total	**69**	69

7. Net finance cost

	2016 £000	2015 £000
Interest payable on bank loans and overdrafts	**54**	41
Total	**54**	41

Notes to the Financial Statements

continued

8. Non-recurring exceptional items

	2016 £000	2015 £000
Personnel	–	194
Balance at end of period	–	194

Non-recurring exceptional items in 2015 comprised costs and contractual payments incurred by the Group in relation to the restructuring of the Board. This included the retirement of P Casey and S O'Brien and J Cameron leaving the Group. They are highlighted in the consolidated statement of comprehensive income because separate disclosure is considered appropriate in understanding the underlying performance of the business.

9. Discontinued operation

During 2016, the Group sold its 51% stake in Social Media Search Limited. This segment was not a discontinued operation or classified as held for sale at 31 December 2015 and the comparative consolidated statement of comprehensive income has been re-presented to show the discontinued operation separately from continued operations. Under the terms of the Sale and Purchase Agreement ("SPA"), Norman Broadbent will receive a cash consideration of £325,000 for Social Media Search. As at the end of May, the company has received £27,050 which equates to 5 payments of £5,410.

	2016 £000	Re-presented 2015 £000
Results from discontinued operation		
Revenue	470	488
Operating Expenses	(500)	(635)
Results from operating activities	(30)	(147)
Net finance cost	–	–
Exceptional items	655	–
Tax	–	(4)
Profit/(loss) on ordinary activities before taxation	625	(151)
Minority Interest	(306)	33
Profit/(loss) attributable to the owners	319	(118)
Profit on disposal of subsidiary	309	–
Profit for the year from discontinued operations (attributable to the owners)	628	(118)

The profit from discontinued operations disclosed within the Consolidated Income Statement of £278,900 consists of the operating loss of £(30,000) and the profit on disposal of the subsidiary of £309,900. The exceptional item, relating to the write off of intercompany loan accounts, has been eliminated on consolidation within the Consolidated Income Statement.

Effect of disposal on the financial position of the Group	2016 £000	2015 £000
Trade and other receivables	42	–
Cash and cash equivalents	15	–
Trade and other payables	(31)	–
Net assets and liabilities	26	–
Consideration received, satisfied in cash	–	–
Cash and cash equivalents disposed of	(15)	–
Net cash outflow	(15)	–

Notes to the Financial Statements

continued

10. Earnings per share

(i) Basic earnings per share

This is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period:

	2016	2015
Loss attributable to owners of the company	**£(1,304,000)**	£(452,000)
Weighted average number of ordinary shares	**24,316,626**	17,416,487

(ii) Diluted earnings per share

This is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has two categories of dilutive potential ordinary shares: share options and warrants. For these options and warrants, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to the outstanding warrants and options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

The grants of options in 2016 have both profitability and share price exercise criteria.

	2016	2015
Loss attributable to owners of the company	**£(1,304,000)**	£(452,000)
Weighted average number of ordinary shares	**24,316,626**	17,416,487
– assumed conversion of share options	**–**	–
– assumed conversion of warrants	**–**	–
Total	**24,316,626**	17,416,487

(iii) Adjusted earnings per share

An adjusted earnings per share has also been calculated in addition to the basic and diluted earnings per share and is based on earnings adjusted to eliminate the effects of charges for share based payments. It has been calculated to allow shareholders to gain a clearer understanding of the trading performance of the Group.

		2016			2015	
	£000	**Basic pence per share**	**Diluted pence per share**	£000	Basic pence per share	Diluted pence per share
Basic earnings						
Loss after tax	**(1,304)**	**(5.36)**	**(5.36)**	(452)	(2.59)	(2.59)
Adjustments						
Share based payment charge	**11**	**0.04**	**0.04**	–	–	–
Adjusted earnings	**(1,293)**	**(5.32)**	**(5.32)**	(452)	(2.59)	(2.59)

11. Profit of parent company

As permitted by Section 408 of the Companies Act 2006, the income statement of the parent company is not presented as part of these accounts. The parent company's loss for the year amounted to £541,000 (2015: £119,000).

Notes to the Financial Statements

continued

12. Intangible assets

	Goodwill arising on consolidation £000
Cost	
Balance at 1 January 2015	3,690
Balance at 31 December 2015	3,690
Balance at 31 December 2016	**3,690**
Provision for impairment	
Balance at 1 January 2015	2,327
Balance at 31 December 2015	2,327
Balance at 31 December 2016	**2,327**
Net book value	
At 1 January 2015	1,363
At 31 December 2015	1,363
At 31 December 2016	**1,363**

Goodwill acquired through business combinations is allocated to cash-generating units (CGU) identified at entity level. The carrying value of intangibles allocated by CGU is shown below:

	Norman Broadbent £000	Human Asset Development International £000	Total £000
At 1 January 2015	1,303	60	1,363
At 31 December 2015	1,303	60	1,363
At 31 December 2016	**1,303**	**60**	**1,363**

HADIL has been re-branded to Norman Broadbent Leadership Consulting.

In line with International Financial Reporting Standards, goodwill has not been amortised from the transition date, but has instead been subject to an impairment review by the directors of the Group. As set out in accounting policy note 1 on page 26, the directors test the goodwill for impairment annually. The recoverable amount of the Group's CGUs are calculated on the present value of their respective expected future cash flows, applying a weighted average cost of capital in line with businesses in the same sector. Pre-tax future cash flows for the next five years are derived from the approved forecasts for the 2017 financial year.

The key assumption applied to the forecasts for the business is that return on sales for Norman Broadbent is expected to be a minimum of 9% per annum for the foreseeable future (2015: 15%) and 19% for Human Asset Development International (2015: 9%). Return on sales defined as the expected profit before tax on net revenue. There are only minimal non cash flows included in profit before tax. The rate used to discount the forecast cash flows is 10% (2015: 12%).

The five year forecasts have been prepared using conservative revenue growth rates to reflect the uncertainty that is still present in the economy. Based on the above assumptions, at 31 December 2016 the recoverable value of the Norman Broadbent CGU is £1,500,000 and the Human Asset Development International CGU is £611,000. Return on sales would need to fall below 8% for the Norman Broadbent goodwill to be impaired and below 2% for Human Asset Development International goodwill to be impaired.

Notes to the Financial Statements

continued

13. Property, plant and equipment

	Land and buildings – leasehold £000	Office and computer equipment £000	Fixtures and fittings £000	Motor vehicles £000	Total £000
Cost					
Balance at 1 January 2015	84	184	47	–	315
Additions	–	22	–	–	22
Disposals	–	–	–	–	–
Balance at 31 December 2015	84	206	47	–	337
Additions	–	14	10	–	24
Disposals	–	(74)	–	–	(74)
Balance at 31 December 2016	**84**	**146**	**57**	**–**	**287**
Accumulated depreciation					
Balance at 1 January 2015	30	135	45	–	210
Charge for the year	16	28	1	–	45
Disposals	–	–	–	–	–
Balance at 31 December 2015	46	163	46	–	255
Charge for the year	16	21	1	–	38
Disposals	–	(74)	–	–	(74)
Balance at 31 December 2016	**62**	**110**	**47**	**–**	**219**
Net book value					
At 1 January 2015	54	49	2	–	105
At 31 December 2015	38	43	1	–	82
At 31 December 2016	**22**	**36**	**10**	**–**	**68**

The Group had no capital commitments as at 31 December 2016 (2015: £Nil).

The above assets are owned by Group companies; the Company has no fixed assets.

Notes to the Financial Statements

continued

14. Investments

Company	Shares in subsidiary undertakings £000
Cost	
Balance at 1 January 2015	5,802
Disposals (see note below)	–
Balance at 31 December 2015	5,802
Balance at 31 December 2016	**5,802**
Provision for impairment	
Balance at 1 January 2015	3,926
Balance at 31 December 2015	3,926
Balance at 31 December 2016	**3,926**
Net book value	
At 1 January 2015	1,876
At 31 December 2015	1,876
At 31 December 2016	**1,876**

In 2016, the Company disposed of its 51% interest in Social Media Search Limited for a total consideration of £325,000 (see note 9).

At 31 December 2016 the Company held the following ownership interests:

Principal Group investments	Country of incorporation or registration and operation	Principal activities	Description and proportion of shares held by the Company
Norman Broadbent Executive Search Ltd	England and Wales	Executive search	100% ordinary shares
Norman Broadbent Overseas Ltd	England and Wales	Executive search	100% ordinary shares
Norman Broadbent Leadership Consulting Limited	England and Wales	Assessment, coaching and talent mgmt.	100% ordinary shares
NB Solutions Ltd	England and Wales	Mezzanine level search	100% ordinary shares
Bancomm Ltd**	England and Wales	Dormant	100% ordinary shares
Norman Broadbent Ireland Ltd* **	Republic of Ireland	Dormant	100% ordinary shares
Norman Broadbent Interim Management Ltd	England and Wales	Interim Management	75% ordinary shares

*100 % of the issued share capital of this company is owned by Norman Broadbent Overseas Ltd.

**These companies are exempt from audit by virtue of provisions in the Companies Act 2006. Where required limited assurance procedures have been completed.

Notes to the Financial Statements

continued

15. Trade and other receivables

	Group		Company	
	2016 £000	2015 £000	**2016 £000**	2015 £000
Trade receivables	**711**	1,642	**–**	–
Less: provision for impairment	**(14)**	(72)	**–**	–
Trade receivables – net	**697**	1,570	**–**	–
Other debtors	**326**	335	**6**	6
Prepayments and accrued income	**558**	267	**336**	10
Due from Group undertakings	**–**	–	**4,199**	3,673
	1,581	2,172	**4,541**	3,689
Non-current	**234**	–	**234**	–
Current	**1,347**	2,172	**4,307**	3,689
	1,581	2,172	**4,541**	3,689

Non-current trade receivables is in relation to the cash consideration due from the sale of SMS.

As at 31 December 2016, Group trade receivables of £597,000 (2015: £1,111,000) were past their due date but not impaired. They relate to customers with no default history. The aging profile of these receivables is as follows:

	Group		Company	
	2016 £000	2015 £000	**2016 £000**	2015 £000
Up to 3 months	**597**	1,097	**–**	–
3 to 6 months	**–**	14	**–**	–
6 to 12 months	**–**	–	**–**	–
	597	1,111	**–**	–

The largest amount due from a single trade debtor at 31 December 2016 represents 10% (2015: 11%) of the total trade receivables balance outstanding.

As at 31 December 2016, Group trade receivables of £14,000 (2015: £72,000) were past their due date and considered impaired. A provision for impairment for the full amount has been recognised in the financial statements. Movements on the Group's provision for impairment of trade receivables are as follows:

	2016 £000	2015 £000
At 1 January	**72**	180
Provision for receivable impairment	**14**	72
Receivables written-off as uncollectable	**(72)**	(180)
At 31 December	**14**	72

Other than the impairment provision provided for aged trade receivables above, there are no other material difference between the carrying value and the fair value of the Group's and parent Company's trade and other receivables.

16. Cash and cash equivalents

	Group		Company	
	2016 £000	2015 £000	**2016 £000**	2015 £000
Cash at bank and in hand	**963**	448	**843**	173
Total	**963**	448	**843**	173

There is no material difference between the carrying value and the fair value of the Group's and parent Company's cash at bank and in hand.

Notes to the Financial Statements

continued

17. Trade and other payables

	Group		Company	
	2016	2015	**2016**	2015
	£000	£000	**£000**	£000
Trade payables	**244**	467	**41**	32
Due to Group undertakings	**–**	–	**1,536**	1,360
Other taxation and social security	**322**	368	**–**	–
Other payables	**65**	216	**–**	–
Accruals	**410**	485	**33**	43
Total	**1,041**	1,536	**1,610**	1,435

There is no material difference between the carrying value and the fair value of the Group's and parent company's trade and other payables.

18. Borrowings

	Group		Company	
	2016	2015	**2016**	2015
Maturity profile of borrowings	**£000**	£000	**£000**	£000
Current				
Bank overdrafts and interest bearing loans:				
Invoice discounting facility (see note (a) below)	**444**	918	**–**	–
Secured Loan notes	**–**	350	**–**	350
Total	**444**	1,268	**–**	350

The carrying amounts and fair value of the Group's borrowings, which are all denominated in sterling, are as follows:

	Carrying amount		Fair value	
	2016	2015	**2016**	2015
	£000	£000	**£000**	£000
Bank overdrafts and interest bearing loans:				
Invoice discounting facility	**444**	918	**444**	918
Secured Loan notes	**–**	350	**–**	350
Total	**444**	1,268	**444**	1,268

(a) **Invoice discounting facility**

Norman Broadbent Executive Search Limited, NBS and NBIM operate independent invoice discounting facilities, provided by Leumi ABL Limited. Leumi ABL Ltd holds all assets debentures for each company (fixed and floating charges) and also a cross corporate guarantee and indemnity deed dated 20 July 2011. The financial terms of the facilities are outlined below:

Norman Broadbent Executive Search Limited:

Funds are available to be drawn down at an advance rate of 85% against trade receivables of Norman Broadbent Executive Search Limited that are aged less than 120 days, with the facility capped at £1,500,000. At 31 December 2016, the outstanding balance on the facility of £331,000 (2015: £608,000) was secured by trade receivables of £441,000 (2015: £775,000). Interest is charged on the drawn down funds at a rate of 2.40% (2015: 2.50%) above the bank base rate.

NB Solutions Limited:

Funds are available to be drawn down at an advance rate of 85% against trade receivables of NB Solutions Limited that are aged less than 120 days, with the facility capped at £750,000. At 31 December 2016, the outstanding balance on the facility of £22,000 (2015: £186,000) was secured by trade receivables of £27,000 (2015: £264,000). Interest is charged on the drawn down funds at a rate of 2.40% (2015: 2.75%) above the bank base rate.

Notes to the Financial Statements

continued

18. Borrowings continued

(a) **Invoice discounting facility** continued

Norman Broadbent Interim Management Limited:

Funds are available to be drawn down at an advance rate of 90% against trade receivables of Norman Broadbent Interim Management Limited that are aged less than 120 days, with the facility capped at £750,000. At 31 December 2016, the outstanding balance on the facility of £92,000 (2015: £124,000) was secured by trade receivables of £166,000 (2015: £225,000). Interest is charged on the drawn down funds at a rate of 2.40% (2015: 2.75%) above the bank base rate.

(b) **Secured Loan Notes**

The 2015 Loan Notes were repaid in full in October 2016.

19. Financial instruments

The principle financial instruments used by the Group, from which financial instrument risk arises, are summarised below. All financial assets and liabilities are measured at amortised cost which is not considered to be materially different to fair value.

	Amortised Cost	
Group	**2016 £000**	2015 £000
Financial assets		
Trade and other receivables	**1,581**	2,172
Cash and cash equivalents	**963**	448
Financial liabilities		
Trade and other payables	**1,052**	1,536
Secured loan notes	**–**	350
Invoice discounting facility	**444**	918
Corporation tax liability	**–**	–

	Amortised Cost	
Company	**2016 £000**	2015 £000
Financial assets		
Trade and other receivables	**4,541**	3,689
Cash and cash equivalents	**843**	173
Financial liabilities		
Trade and other payables	**1,621**	1,435
Secured loan notes	**–**	350

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. Details on these risks and the policies set out by the Board to reduce them can be found in Note 2.

Notes to the Financial Statements

continued

20. Share capital and premium

	2016 £000	2015 £000
Allotted and fully paid		
Ordinary Shares		
41,633,320 Ordinary shares of 1.0p each (2015: 17,416,487)	**416**	174
Deferred Shares		
23,342,400 Deferred A shares of 4.0p each (2015: 23,342,400)	**934**	934
907,118,360 Deferred shares of 4.0p each (2015: 907,118,360)	**3,628**	3,628
1,043,566 Deferred B shares of 42.0p each (2015: 1,043,566)	**438**	438
2,504,610 Deferred shares of 29.0p each (2015: 2,504,610)	**727**	727
	5,727	5,727
Total	**6,143**	5,901

Deferred A Shares of 4.0p each

The Deferred A Shares carry no right to dividends or distributions or to receive notice of or attend general meetings of the Company. In the event of a winding up, the shares carry a right to repayment only after the holders of Ordinary Shares have received a payment of £10,000 per Ordinary Share. The Company retains the right to cancel the shares without payment to the holders thereof. The rights attaching to the shares shall not be varied by the creation or issue of shares ranking parri passu with or in priority to the Deferred A Shares.

Deferred Shares of 4.0p each

The Deferred Shares carry no right to dividends, distributions or to receive notice of or attend general meetings of the Company. In the event of a winding up, the shares carry a right to repayment only after payment of capital paid up on Ordinary Shares plus a payment of £10,000 per Ordinary Share. The Company retains the right to transfer or cancel the shares without payment to the holders thereof.

Deferred B Shares of 42.0p each

The Deferred B Shares carry no right to dividends or distributions or to receive notice of or attend general meetings of the Company. In the event of a winding up, the shares carry the right to repayment only after the holders of Ordinary Shares have received a payment of £10 million per Ordinary Share. The Company retains the right to cancel the shares without payment to the holders thereof. The rights attaching to the shares shall not be varied by the creation or issue of shares ranking parri passu with or in priority to the Deferred B Shares.

Deferred Shares of 29.0p each

The Deferred Shares carry no right to dividends or distributions or to receive notice of or attend general meetings of the Company. In the event of a winding up, the shares carry the right to repayment only after the holders of Ordinary Shares have received a payment of £10,000 per Ordinary Share. The Company retains the right to cancel the shares without payment to the holders thereof.

A reconciliation of the movement in share capital and share premium is presented below:

	Number of ordinary shares (000s)	Ordinary shares £000	Deferred shares £000	Share premium £000	Total £000
At 1 January 2015	**17,416**	**174**	**5,727**	**10,699**	**16,600**
Proceeds from share placing (note (a) below)	–	–	–	–	–
Transaction costs related to share placing	–	–	–	–	–
At 31 December 2015	**17,416**	**174**	**5,727**	**10,699**	**16,600**
Proceeds from share placing	24,217	242	–	1,986	2,228
Transaction costs related to share placing	–	–	–	–	–
At 31 December 2016	**41,633**	**416**	**5,727**	**12,685**	**18,828**

(a) **Share placing in September 2016**

On 19 September 2016, the Company issued 24,216,833 new ordinary 1.0p shares for a total cash consideration of £2,300,599. Transaction costs of £72,599 were incurred resulting in net cash proceeds of £2,228,000.

Notes to the Financial Statements

continued

21. Share based payments

21.1 Share Options

The Company has an approved EMI share option scheme for full time employees and directors. The exercise price of the granted options is equal to the market price of the shares on the date of the grant. The Company has no legal or constructive obligation to repurchase or settle the options or warrants in cash.

Options under the Company EMI scheme are conditional on the employee completing three years' service (the vesting period). The EMI options vest in three equal tranches on the first, second and third anniversary of the grant. The options have a contractual option term of either seven or ten years.

Movements in the number of share options and their related weighted average exercise prices are as follows:

	Approved EMI share option scheme	
	Average exercise price per share (p)	**Number of options**
At 1 January 2015	**60.72**	**731,213**
Forfeited	59.76	(393,269)
At 31 December 2015	**61.84**	**337,944**
Granted	13.50	4,390,550
Forfeited	23.14	(510,607)
At 31 December 2016	**16.21**	**4,217,887**

Share options outstanding at the end of the year have the following expiry date and exercise prices:

		Share options	
Expiry date	**Exercise price per share (p)**	**2016**	2015
2020	52.50	**95,237**	95,237
2021	65.50	**148,052**	242,707
2023	13.50	**3,974,597**	–
Total		**4,217,886**	337,944

Out of the 4,217,886 outstanding options (2015: 337,944), no options were exercisable at the year end (2015: None) as they were all 'underwater'.

The significant inputs into the model in valuing the 2016 option grant were weighted average share price of 12 pence at the grant date, exercise price of 13.5p, volatility of 28%, dividend yield of 0% (2011 and 2010: 0%), an expected option life of 10 years (2011 and 2010: 10 years) and an annual risk-free interest rate of 0.652%. The expected volatility was estimated by reference to the historical volatility of the Company's share price and those of UK quoted companies in a similar business sector. The risk-free interest rate is estimated as the yield on zero coupon UK government bonds of a term consistent with the contractual life of the options granted.

Notes to the Financial Statements

continued

22. Leases

Operating leases

The Group leases all its premises. The terms of the leases vary for each property and are tenant repairing.

As at 31 December 2016, the total future value of minimum lease payments due are as follows:

	Land and buildings	
	2016	2015
	£000	£000
Within one year	**273**	273
Later than one year and not later than five years	**1,056**	1,056
Total	**1,329**	1,329

23. Provisions

	Group		Company	
	2016	2015	**2016**	2015
	£000	£000	**£000**	£000
At 1 January	**125**	125	**–**	–
Provisions made during the year	**–**	–	**–**	–
At 31 December	**125**	125	**–**	–
Current liability	**–**	–	**–**	–
Non-current liability	**125**	125	**–**	–
At 31 December	**125**	125	**–**	–

On the 6 March 2013 the Company signed a new ten year lease with a five year break for its main office in London. On signing the new lease the Company inherited the office fit-out from the previous tenant. Under the terms of the new lease the Company is obliged to return vacant possession to the landlord with the office returned to its original state. The Company has had the present cost of the future works required to return the office to its original state valued by an independent firm of advisors and this non-current liability of £125,000 is provided for in the financial period (2015). The Company received a one-off payment of £250,000 in 2013 from the previous tenant in satisfaction of various costs and liabilities that it inherited with the new lease.

24. Pension costs

The Group operated several defined contribution pension schemes for the business. The assets of the schemes were held separately from those of the Group in independently administered funds. The pension cost represents contributions payable by the Group to the funds and amounts to £137,000 (2015: £169,000). At the year end £11,000 of contributions were outstanding (2015: £7,000).

Notes to the Financial Statements

continued

25. Related party transactions

The following transactions were carried out with related parties:

(a) Purchase of services

	2016 £000	2015 £000
Adelaide Capital Limited	–	145
Anderson Barrowcliff LLP	21	13
Brian Stephens & Company Ltd	24	30
Scanes Bentley & Associates Ltd	–	25
Connecting Corporates Limited	25	35
Total	**70**	248

Brian Stephens & Company Ltd invoiced the Group for the provision of services of B Stephens of £20,000 and business related travel costs of £4,000 (2015 total: £30,000). B Stephens is a director of Brian Stephens & Company Ltd. In the prior year consultancy services were acquired from Scanes Bentley & Associates Ltd, S Bentley is a director of Scanes Bentley & Associates Ltd. Further, in the prior year taxation and company secretarial services were acquired from Anderson Barrowcliff LLP, an accountancy firm of which R Robinson was a partner until resigning in April 2015. During the year the Group acquired research services from Connecting Corporates Limited £25,000 (2015: £35,000). The Group held a 51% stake in Connecting Corporates Limited.

All related party expenditure took place via "arms-length" transactions.

(b) Sale of services

	2016 £000	2015 £000
Connecting Corporates Limited	–	17
Total	**–**	17

During the prior year the Group recharged group services incurred for the benefit of Connecting Corporates Limited to Connecting Corporates Limited at cost £17,000.

All related party transactions took place at "arms-length".

(c) Provision of loans

	2016 £000	2015 £000
Connecting Corporates Limited	–	40
Total	**–**	40

During the prior year the Group provided additional loans of £40,000 to Connecting Corporates Limited to support working capital requirements of this company. The loans are non-interest bearing and are repayable on demand. At the prior year end, £345,000 was outstanding and due to the Group.

(d) Key management compensation

Key management includes Executive and Non-Executive Directors. The compensation paid or payable to the directors can be found in the Directors' Remuneration Report on pages 12 to 14.

Notes to the Financial Statements

continued

25. Related party transactions continued

(e) Year-end payables arising from the purchases of services

	2016 £000	2015 £000
Adelaide Capital Limited	**–**	–
Anderson Barrowcliff LLP	**3**	8
Brian Stephens & Company Ltd	**4**	4
Connecting Corporates Limited	**–**	–
Total	**7**	12

Payables to related parties arise from purchase transactions and are due one month after date of purchase. Payables bear no interest.

(f) Year-end receivables arising from the sale of services

	2016 £000	2015 £000
Connecting Corporates Limited	**–**	54
Total	**–**	54

Receivables owed by related parties arise from sales transactions and are due one month after date of purchase. Payables bear no interest.

26. Contingent liability

The Company is a member of the Norman Broadbent plc Group VAT scheme. As such it is jointly accountable for the combined VAT liability of the Group. The total VAT outstanding in the Group at the year-end was £39,000 (2015: £211,000).

Notice of Annual General Meeting

Notice is hereby given that the 78th Annual General Meeting ("AGM") of Norman Broadbent plc will be held at 11am at The Clubhouse, 8 St James's Square, London, SW1Y 4JU on 28 June 2017 to consider and, if thought fit, pass the following resolutions, of which resolutions 1 to 5 will be proposed as ordinary resolutions and resolution 6 will be proposed as a special resolution:

Ordinary Business

1. To receive and adopt the statement of accounts of the Company for the year ended 31 December 2016 together with the reports of the Directors and Auditors thereon.
2. To re-elect J Webber, who is retiring by rotation in accordance with the articles of the Company and who offers himself for re-election as a Director of the Company.
3. To re-elect F Carter, who only holds office until the date of this AGM in accordance with the articles of the Company and who automatically offers himself up for election.
4. To appoint Kreston Reeves LLP as Auditors to act as such until the conclusion of the next Annual General Meeting of the Company and to authorise the Directors of the Company to fix their remuneration.
5. That for the purposes of section 551 of the Companies Act 2006 (and so that expressions used in this resolution shall, unless the context requires otherwise, bear the same meanings as in the said section 551):
   (a) the directors of the Company be and are generally and unconditionally authorised to exercise all powers of the Company to allot shares in the Company or grant rights to subscribe for or to convert any security into shares in the Company ("Rights") up to a maximum nominal amount of £41,633 to such persons and at such times as they think proper, during the period expiring at the end of the next Annual General Meeting of the Company to be held after the date on which this resolution is passed (unless previously revoked or varied by the Company in general meeting); and
   (b) the Company be and is hereby authorised to make, prior to the expiry of such period, any offer or agreement which would or might require shares to be allotted or Rights to be granted after the expiry of the said period and the directors of the Company may allot shares or grant Rights in pursuance of any such offer or agreement notwithstanding the expiry of the authority given by this resolution 5.

Notice of Annual General Meeting

continued

Special Business

6. That the directors of the Company (the "Directors") be and are given the general power to allot equity securities (as defined by section 560 of the Companies Act 2006) for cash, pursuant to the authority conferred by resolution 5 above, as if section 561(1) of the Companies Act 2006 did not apply to any such allotment, provided that this power shall be limited to:

   (a) the allotment of equity securities in connection with an issue or offering in favour of holders of equity securities and any other persons entitled to participate in such issue or offering where the equity securities respectively attributable to the interests of such holders and persons are proportionate (as nearly as may be) to the respective number of equity securities held by or deemed to be held by them on the record date of such allotment, subject to such exclusions or other arrangements as the Directors may consider necessary or expedient to deal with fractional entitlements or legal or practical problems under the laws or requirements of any recognised regulatory body or stock exchange in any territory; and

   (b) the allotment (otherwise than pursuant to paragraph (a) of this resolution) of equity securities up to a maximum aggregate nominal amount of £41,633.

   The power granted by this resolution will expire at the conclusion of the Company's next Annual General Meeting (unless renewed, varied or revoked by the Company prior to or on such date) save that the Company may, before such expiry, make offers or agreements which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred by this resolution has expired.

By order of the Board

R Robinson
Company Secretary

Registered Office:
12 St James's Square
London SW1Y 4LB
www.normanbroadbent.com

2 June 2017

Notice of Annual General Meeting

continued

Notes

1. A member entitled to attend and vote at the meeting is also entitled to appoint a proxy to exercise his rights to attend, speak and vote at the meeting instead of him/her. The proxy need not be a member of the Company. More than one proxy may be appointed to exercise the rights attaching to different shares held by the member, but a member may not appoint more than one proxy to exercise rights attached to any one share. A form of proxy is enclosed with this notice for use at the meeting.

2. In order to be valid an appointment of proxy (together with any authority under which it is executed or a copy of the authority certified notarially) must be returned by one of the following methods:

   - in hard copy form by post, by courier or by hand to the Company's registrars Capita Asset Services, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU;
   - via www.signalshares.com; or
   - in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out below and in each case must be received by the Company not less than 48 hours before the time of the meeting.

   CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the AGM and any adjournment thereof by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s) should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

   In order for a proxy appointment, or instruction, made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's ("EUI") specifications and must contain the information required for such instructions, as described in the CREST Manual. The message regardless of whether it relates to the appointment of a proxy or to an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA 10) by the latest time(s) for receipt of proxy appointments specified in the Notice of Meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5) of the Uncertificated Securities Regulations 2001. CREST members and where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy instructions. It is therefore the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his or her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

3. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of any other joint holders. For these purposes seniority shall be determined by the order in which the names stand in the register of members in respect of the joint holding.

4. In the case of a corporation, the form of proxy must be executed under its common seal or signed on its behalf by a duly authorised attorney or duly authorised officer of the corporation.

5. Copies of all contracts of service and letters of appointment of any Director with the Company are available for inspection at the Company's registered office during business hours on any weekday (Saturdays and public holidays excluded) and will be available for inspection at the place of the meeting 30 minutes before it is held until its conclusion.

Notice of Annual General Meeting

continued

6. A copy of this notice and other information required by s311A Companies Act 2006 can be found at www.normanbroadbent.com. You may not use any electronic address provided in the Notice of AGM or any related document to communicate with the Company for any purpose other than as expressly stated.
7. The Company, pursuant to Regulation 41 of the Uncertified Securities Regulations 2001, specifies that only those shareholders registered in the register of members at close of business two days priors to the meeting shall be entitled to attend and vote, whether in person or by proxy, at the meeting, in respect of the member of ordinary shares registered in their name at that time. Changes to entries in the register of members after such time shall be disregarded in determining the rights of any person to attend or vote at the meeting. If the meeting is adjourned, entitlements to attend and vote will be determined by reference to the register of members of the Company at close of business two days prior to the adjourned meeting.
8. Any member attending the meeting has the right to ask questions. The Company must cause to be answered any such questions relating to the business being dealt with at the meeting but no answer needs to be given if to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information or if the answer has already been given on a website in the form of an answer to a question or, finally, if it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
9. Completion and return of the form of proxy will not preclude members from attending or voting in person at the meeting if they so wish. You can also register your vote online via the registrar's website at www.signalshares.com.

Officers and Professional Advisers

Board of Directors

FRANK CARTER
Non-Executive Chairman

MIKE BRENNAN
Group CEO

JAMES WEBBER ACA
Group CFO/COO

BRIAN STEPHENS FCA
Non-Executive Director

Professional Advisers

COMPANY SECRETARY
Richard Robinson

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COMPANY NUMBER
00318267

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SOLICITORS
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Shareholder Notes

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