

# PARALLEL MEDIA GROUP PLC



**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.** If you are in any doubt about the contents of this document or as to the action you should take, you should consult an independent professional adviser authorised under FSMA who specialises in advising on the acquisition of shares and other securities.

If you have sold or otherwise transferred all your Existing Ordinary Shares, please immediately forward this document, together with the accompanying Form of Proxy, to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. If you have sold only part of your holding of Existing Ordinary Shares, please contact your stockbroker, bank or other agent through whom the sale or transfer was effected immediately.

This document constitutes an AIM admission document relating to Parallel Media Group plc and has been drawn up in accordance with the AIM Rules for Companies. This document does not contain an offer of transferable securities to the public in the United Kingdom within the meaning of section 102B of FSMA or otherwise and is not required to be issued as a prospectus pursuant to section 85 of FSMA. Accordingly, this document has not been drawn up in accordance with the Prospectus Rules and has not been approved by, or filed with, the FCA or any other authority which would be a competent authority for the purposes of the Prospectus Directive.

**Application will be made for the Enlarged Issued Share Capital to be admitted to trading on AIM, a market operated by the London Stock Exchange. AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the United Kingdom Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Each AIM company is required pursuant to the AIM Rules for Companies to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on Admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers. The London Stock Exchange has not itself examined or approved the contents of this document. The AIM Rules for Companies are less demanding than those of the Official List. The Ordinary Shares are not dealt in on any other recognised investment exchange and, apart from the application for admission to AIM, no other such applications have been made or will be made.**

Each of the Directors and Proposed Directors, whose names are set out on page 6 of this document and the Company accept individual and collective responsibility for the information contained in this document, including compliance with the AIM Rules for Companies. To the best of the knowledge and belief of the Directors, the Proposed Directors and the Company (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information. Each member of the Concert Party accepts responsibility for the information contained in this document relating to them and their related interests and statements attributed to them in respect of their intentions. To the best of the knowledge and belief of each of the members of the Concert Party (who have taken all reasonable care to ensure that such is the case), such information is in accordance with the facts and does not omit anything likely to affect the import of such information.

**Prospective investors should read the whole text of this document and should be aware that an investment in the Company involves a high degree of risk. In particular, the attention of prospective investors is drawn to Part II of this document which sets out certain risk factors relating to any investment in Ordinary Shares. All statements regarding the Enlarged Group's business, financial position and prospects should be viewed in light of these risk factors.**

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# Parallel Media Group plc

*(incorporated and registered in England and Wales with registered no. 00630968)*

**Proposed Acquisitions of Brick Live, Parallel Live and the shares in BLFE not already owned by  
Brick Live International and the settlement of David Ciclitira's commission arrangements,  
Placing of 4,200,00 New Ordinary Shares at 30p per share,  
Conversion of £2.03 million of existing debt into 6,766,667 New Ordinary Shares,  
Waiver of the requirements of Rule 9 of the City Code,  
Disposal of Certain Subsidiaries, Director's Fees Settlement, Proposed name change, Adoption  
of New Articles of Association,  
Admission of the Enlarged Issued Share Capital to trading on AIM  
and Notice of General Meeting**

***Nominated Adviser & Broker***

Stockdale 

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The New Ordinary Shares will, on Admission, rank *pari passu* in all respects with the Existing Ordinary Shares and will rank in full for all dividends or other distributions declared, made or paid on the Ordinary Shares after Admission. It is expected that Admission will become effective, and that dealings in the Enlarged Issued Share Capital will commence on 27 December 2017.

Completion of the Proposals is subject, *inter alia*, to Admission becoming effective on or before 27 December 2017 (or such later date as may be agreed between the Directors and Stockdale). A notice convening a General Meeting of the Company to be held at Fieldfisher LLP, Riverbank House, 2 Swan Lane, London EC4R 3TT at 11.00 a.m. on 22 December 2017, is set out at the end of this document. The Form of Proxy for use at the meeting is enclosed with this document and should be returned as soon as possible and, in any event, so as to be received at the offices of the Company's Registrars, Link Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU by no later than 11.00 a.m. on 20 December 2017, being 48 hours before the time appointed for the holding of the meeting. Shareholders who hold their shares in uncertificated form may use the CREST electronic proxy appointment service. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated and completed and contain the information required for such instructions as described in the CREST Manual. The message must be transmitted so as to be received by the Company's Registrars, Link Asset Services (CREST ID: RA10) by 11.00 a.m. on 20 December 2017. The completion and return of a Form of Proxy or the appointment of a proxy through CREST will not preclude a Shareholder from attending and voting in person at the General Meeting should they so wish.

The distribution of this document outside the United Kingdom may be restricted by law and therefore persons outside the United Kingdom into whose possession this document comes should inform themselves about and observe any restrictions as to Admission, the New Ordinary Shares and the distribution of this document. This document does not constitute an offer to sell or issue, or the solicitation of an offer to buy or subscribe for, Ordinary Shares in any jurisdiction in which such offer or solicitation is unlawful. This document should not be copied or distributed by recipients and, in particular should not be distributed, published, reproduced or otherwise made available by any means, including electronic transmission, in, into or from the United States of America, Canada, Australia, the Republic of South Africa, or Japan or any other jurisdiction where to do so would be in breach of any law and/or regulation. Less than 0.1 per cent. of the Company's Existing Ordinary Shares are held in the aforementioned jurisdictions at the time of posting of this document. The New Ordinary Shares have not been, and will not be, registered in the United States of America under the United States Securities Act of 1933 (as amended) (the "Securities Act") or under the securities laws of any state of the United States of America or under the securities laws of any of Canada, Australia, the Republic of South Africa, or Japan and, subject to certain exemption, may not be offered or sold, directly or indirectly, within or into the United States of America, Canada, Australia, the Republic of South Africa, or Japan or to, or for the account or benefit of, US persons (as such term is defined in Regulation S under the Securities Act) or to any national, resident or citizen of Canada, Australia, the Republic of South Africa, or Japan. Neither this document nor any copy of it may be distributed in or sent to or taken into the United States, Canada, Australia, the Republic of South Africa, or Japan, nor may it be distributed to any US person (within the meaning of Regulation S under the Securities Act). In addition, the securities to which this document relates must not be marketed into any jurisdiction where to do so would be unlawful. Persons into whose possession this document comes should inform themselves about, and observe any such restrictions.

Stockdale is authorised and regulated in the United Kingdom by the FCA, and is advising the Company and no-one else in connection with the Admission, and is acting exclusively for the Company as nominated adviser and broker for the purpose of the AIM Rules for Companies. Stockdale Securities will not be responsible to any person other than the Company for providing the protections afforded to its clients, nor for providing advice in relation to Admission or the contents of this document. Stockdale's responsibilities as the Company's nominated adviser under the AIM Rules for Companies and the AIM Rules for Nominated Advisers are owed solely to the London Stock Exchange and are not owed to the Company or to any Director or to any other person in respect of such person's decision to acquire Ordinary Shares in the Company in reliance on any part of this document. No representation or warranty, express or implied, is made by Stockdale as to any of the contents of this document (without limiting the statutory rights of any person to whom this document is issued) and, save as otherwise expressly provided, Stockdale has not authorised the contents of any part of this document and accepts no liability whatsoever for the accuracy of any information or opinions contained in this document or for the omission of any material information from this document for which the Company, the Directors and the Concert Party (to the extent information contained herein relates to it) are solely responsible.

The information contained in this document has been prepared solely for the purposes of the Admission and is not intended to inform or be relied upon by any subsequent purchasers of Ordinary Shares (whether on or off market) and accordingly no duty of care is accepted in relation to them.

Copies of this document will be available free of charge during normal business hours on any day (except Saturdays, Sundays and public holidays) at the offices of Fieldfisher LLP, Riverbank House, 2 Swan Lane, London EC4R 3TT from the date of this document until the date which is one month from the date of Admission. Additionally, an electronic version of this document will be available on the Company's website, being [www.parallelmediagroup.com](http://www.parallelmediagroup.com) (up to Admission) or [www.livecompanygroup.com](http://www.livecompanygroup.com) (following Admission). The information required by rule 26 of the AIM Rules for Companies is available from the websites above. There is no charge to access the websites. Any information contained in such websites is an inactive textual reference and is not incorporated into this document by reference.

## **FORWARD-LOOKING STATEMENTS**

This document includes statements that are, or may be deemed to be, “forward-looking statements”. These statements relate to, among other things, analyses and other information that are based on forecasts of future results and estimates of amounts not yet determinable. These statements also relate to the Enlarged Group’s future prospects, developments and business strategies.

These forward-looking statements can be identified by their use of terms and phrases such as “anticipate”, “believe”, “could”, “estimate”, “expect”, “intend”, “may”, “plan”, “predict”, “project”, “will” or the negative of those variations, or comparable expressions, including references to assumptions. These statements are primarily contained in Part I of this document.

The forward-looking statements in this document, including statements concerning projections of the Enlarged Group’s future results, operations, profits and earnings, are based on current expectations and are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied by those statements.

Certain risks to and uncertainties for the Enlarged Group are specifically described in Part II headed “Risk Factors” and elsewhere in this document. If one or more of these risks or uncertainties materialises, or if underlying assumptions prove incorrect, the Enlarged Group’s actual results may vary materially from those expected, estimated or projected. Given these risks and uncertainties, potential investors should not place any reliance on forward-looking statements.

Forward-looking statements may and often do differ materially from actual results. Any forward-looking statements in this document are based on certain factors and assumptions, including the Directors’ current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Enlarged Group’s operations, results of operations, growth strategy and liquidity. As a result, there can be no assurance that actual results will not differ materially from those described in this document. Whilst the Directors consider these assumptions to be reasonable based upon information currently available, they may prove to be incorrect. Prospective investors should therefore specifically consider the risk factors contained in Part II of this document that could cause actual results to differ before making an investment decision. Save as required by law or by the AIM Rules for Companies, the Company undertakes no obligation to publicly release the results of any revisions to any forward-looking statements in this document that may occur due to any change in the Directors’ expectations or to reflect events or circumstances after the date of this document.

All times referred to in this document are, unless otherwise stated, references to London UK time.

## **PRESENTATION OF FINANCIAL INFORMATION**

The Company, Brick Live and Parallel Live publish their financial statements in pounds sterling. Unless otherwise indicated, all references in this document to: “GBP”, “£”, “pounds sterling”, “pounds”, “sterling”, “pence” or “p”, are to the lawful currency of the United Kingdom. The Company, Brick Live and Parallel Live prepare their annual accounts to 31 December each year.

The financial information contained in this document, including that financial information presented in a number of tables in this document, has been rounded to the nearest whole number or the nearest decimal place. Therefore, the actual arithmetic total of the numbers in a column or row in a certain table may not conform exactly to the total figure given for that column or row. In addition, certain percentages presented in the tables in this document reflect calculations based upon the underlying information prior to rounding, and, accordingly, may not conform exactly to the percentages that would be derived if the relevant calculations were based upon the rounded numbers.

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## EXPECTED TIMETABLE OF PRINCIPAL EVENTS\*

Publication and posting of Admission Document, Notice of General Meeting and Form of Proxy	29 November 2017
Latest time and date for receipt of Forms of Proxy and receipt of electronic proxy appointments via the CREST system	11.00 a.m. on 20 December 2017
General Meeting	11.00 a.m. on 22 December 2017
Completion of the Proposals and Admission of the Enlarged Issued Share Capital to AIM	8.00 a.m. on 27 December 2017
Certificates for New Ordinary Shares despatched (where applicable)	by week commencing 2 January 2018

\* *Each of the dates in the above timetable is subject to change at the absolute discretion of the Company, with the agreement of Stockdale, in which case details of the new times and/or dates will be notified by an announcement through a Regulatory Information Service.*

## ADMISSION STATISTICS

Placing Price per New Ordinary Share	30p
Number of Existing Ordinary Shares in issue at the date of this document	3,009,233
Number of New Ordinary Shares to be issued pursuant to the Loan Conversion	6,766,667
Number of New Ordinary Shares to be issued for the acquisition of Brick Live	16,666,667
Number of New Ordinary Shares to be issued for the acquisition of Parallel Live	3,333,333
Number of Placing Shares to be issued pursuant to the Placing	4,200,000
Number of New Ordinary Shares to be issued pursuant to the BLFE Acquisition	9,832,060
Number of New Ordinary Shares to be issued in connection with the termination of existing merchandise rights	333,333
Number of New Ordinary Shares to be issued pursuant to the settlement of outstanding Director's fees and other advisory fees	733,167
Settlement of commission arrangements with David Ciclitira	3,333,333
Number of Ordinary Shares in issue following Admission	48,207,793
Percentage of Enlarged Issued Share Capital represented by the Placing Shares	8.7%
Gross proceeds of the Placing receivable by the Company	£1.26 million
Estimated net proceeds of the Placing receivable by the Company	£0.66 million
Market capitalisation of the Company at the Placing Price at Admission	£14.5 million
ISIN	GB00BGSQT481

## DIRECTORS, SECRETARY AND ADVISERS

<b>Directors of Parallel Media</b>	John David Nikolas Ciclitira ( <i>Executive Chairman</i> ) Serenella Ciclitira (also known as Maria Serena Papi) ( <i>Non-Executive Director</i> ) Ranjit Murugason ( <i>Non-Executive Director</i> )
<b>Proposed Directors</b>	Andrew James Smith ( <i>Executive Director and Managing Director of Brick Live Group</i> ) Simon Charles Bennett ( <i>Non-Executive Director</i> )
<b>Company No</b>	00630968
<b>Company Secretary</b>	Sole Associates Accountants Limited
<b>Registered Office</b>	3 Park Court Pyrford Road West Byfleet Surrey KT14 6SD
<b>Principal Place of Business</b>	44 York Mansions Prince of Wales Drive London SW11 4BP
<b>Nominated Adviser and Broker</b>	Stockdale Securities Limited Beaufort House, 15 St Botolph Street London EC3A 7BB
<b>Auditors to the Company and Reporting Accountant</b>	Kingston Smith LLP 6th Floor, Charlotte Building 17 Gresse Street London W1T 1QL
<b>Legal Advisers to the Company (as to English law)</b>	Fieldfisher LLP Riverbank House 2 Swan Lane London EC4R 3TT
<b>Registrars</b>	Link Asset Services The Registry 34 Beckenham Road Kent BR3 4TU
<b>Website (up to Admission)</b>	<a href="http://www.parallelmediagroup.com">www.parallelmediagroup.com</a>
<b>Website (on Admission)</b>	<a href="http://www.livecompanygroup.com">www.livecompanygroup.com</a>
<b>ISIN Code</b>	GB00BGSQT481
<b>SEDOL Code</b>	BGSQT48
<b>TIDM</b>	PAA
<b>New TIDM (following Admission and change of name)</b>	LVCG

## DEFINITIONS

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

<b>“Acquisition Agreements”</b>	the Brick Live Acquisition Agreement, the Parallel Live Acquisition Agreement and the BLFE Acquisition Agreement
<b>“acting in concert”</b>	shall bear the meaning ascribed thereto in the City Code;
<b>“Admission”</b>	admission of the Enlarged Issued Share Capital to trading on AIM and such admission becoming effective in accordance with Rule 6 of the AIM Rules for Companies
<b>“AIM”</b>	the market of that name operated by the London Stock Exchange
<b>“AIM Rules for Companies”</b>	the rules for companies whose securities are admitted to trading on AIM, as published by the London Stock Exchange from time to time
<b>“AIM Rules for Nominated Advisers”</b>	the rules setting out the eligibility requirements, ongoing obligations and certain disciplinary matters in relation to nominated advisers, as published by the London Stock Exchange from time to time
<b>“BLFE”</b>	Brick Live Far East Ltd, a company incorporated in Hong Kong with company number 2460460, currently owned 38.9 per cent. by Brick Live International
<b>“BLFE Acquisition”</b>	the acquisition of the 61.1 per cent. interest in BLFE by the Company, details of which are set out in paragraph 12.1.3 of Part VIII of this document
<b>“BLFE Acquisition Agreement”</b>	the conditional agreement between the Company, Brick Live Lab and Brick Live International relating to the BLFE Acquisition, details of which are set out in paragraph 12.1.3 of Part VIII of this document
<b>“Board” or “Directors”</b>	The board of directors of the Company from time to time appointed in accordance with the Articles or New Articles and where the context requires, the existing directors of the Company as at the date of this document, whose names are set out on page 6 of this document
<b>“Brick Live”</b>	Brick Live Group Ltd, a company incorporated in England and Wales with company number 10151705
<b>“Brick Live Acquisition”</b>	the acquisition of the entire issued share capital of Brick Live, details of which are set out in paragraph 12.1.1 of Part VIII of this document
<b>“Brick Live Acquisition Agreement”</b>	the conditional agreement between the Company, David Ciclitira and Clive Morton relating to the Brick Live Acquisition, details of which are set out in paragraph 12.1.1 of Part VIII of this document
<b>“Brick Live Hong Kong”</b>	Brick Live Hong Kong Ltd, a company incorporated in Hong Kong with company number 2460469, a subsidiary of Brick Live
<b>“Brick Live Group”</b>	Brick Live and its subsidiary companies
<b>“Brick Live International”</b>	Brick Live International Ltd, a company incorporated in England and Wales with company number 10257756 and a wholly owned subsidiary of Brick Live

<b>“Brick Live Lab”</b>	Brick Live Lab Limited, a company incorporated in Korea, and controlled by Mr Hyun Seok Kim
<b>“BRICKLIVE”</b>	the events run by Brick Live or its licensee partners
<b>“BRICKLIVE™”</b>	a trademark owned by Brick Live
<b>“BRICKLIVE China”</b>	Brick Live Centre Education Technology (Beijing) Co. Ltd, a joint venture company incorporated in China in accordance with the Foreign Capital Enterprises Law of the People’s Republic of China and owned as to 49 per cent. by BLFE and 51 per cent. by Fortune Access
<b>“business day”</b>	a day (other than Saturdays or Sundays or public holidays) on which banks are open in London for normal banking business
<b>“certificated” or “in certificated form”</b>	in relation to an Ordinary Share, recorded on the Company’s Register as being held in certificated form (that is not in CREST)
<b>“Change of Name”</b>	the change of the Company’s name from Parallel Media Group plc to Live Company Group Plc
<b>“City Code”</b>	the City Code on Takeovers and Mergers
<b>“Companies Act” or “Act”</b>	the Companies Act 2006, as amended
<b>“Company” or “Parallel Media”</b>	Parallel Media Group plc, a company incorporated in England and Wales with registered number 00630968
<b>“Completion”</b>	completion of the Proposals including Admission and completion of the Proposed Acquisitions in accordance with the terms of the Acquisition Agreements
<b>“Concert Party”</b>	David Ciclitira and Serenella Ciclitira and their connected entities and Clive Morton as set out in more detail in paragraph 1.2 of Part VI of this document
<b>“Consideration Shares”</b>	the 29,832,060 New Ordinary Shares to be issued in connection with the Brick Live Acquisition, the Parallel Live Acquisition and the BLFE Acquisition
<b>“Corporate Governance Code”</b>	the UK Corporate Governance Code issued by the Financial Reporting Council, as in force from time to time
<b>“CREST”</b>	the system for the paperless settlement of trades in securities and the holding of uncertificated securities operated by Euroclear in accordance with the CREST Regulations
<b>“CREST Manual”</b>	the rules governing the operation of CREST, consisting of the CREST Reference Manual, the CREST International Manual, the CREST Central Counterparty Service Manual, the CREST Rules, Registrars Service Standards, Settlement Discipline Rules, CCSS Operations Manual, Daily Timetable, CREST application procedure and CREST Glossary of Terms (all as defined in the CREST Glossary of Terms promulgated by Euroclear on 15 July 1996 and as amended since)
<b>“CREST Regulations” or “Regulations”</b>	the Uncertified Securities Regulations 2001 (SI 2001 No. 3755), as amended from time to time

<b>“Director’s Fees Settlement”</b>	the settlement of outstanding fees to Ranjit Murugason, to be applied in subscription for 616,500 New Ordinary Shares
<b>“Disposal”</b>	the proposed sale of the Disposal Subsidiaries to James Golf
<b>“Disposal Subsidiaries”</b>	all of the Existing Subsidiaries of Parallel Media other than Parallel Media Group Asia PTE Ltd and The Championship (Singapore) Pte Ltd
<b>“DTRs”</b>	the disclosure guidance and transparency rules made by the FCA under Part VI of FSMA
<b>“Enlarged Group”</b>	the Company and its subsidiaries (including Brick Live and its subsidiary companies, and Parallel Live and its subsidiary companies) following the Proposed Acquisitions
<b>“Enlarged Issued Share Capital”</b>	the entire issued ordinary share capital of the Company immediately following Admission comprising the Existing Ordinary Shares and the New Ordinary Shares
<b>“EU”</b>	the European Union
<b>“Euroclear”</b>	Euroclear UK & Ireland Limited
<b>“Existing Articles of Association”</b> or <b>“Existing Articles”</b>	the articles of association of the Company as at the date of this document
<b>“Existing Debt”</b>	£2.03 million of the amount owed by Parallel Media to David Ciclitira immediately prior to Admission
<b>“Existing Ordinary Shares”</b>	the 3,009,233 Ordinary Shares that are in issue at the date of this document
<b>“Existing Subsidiaries”</b>	all of the subsidiaries of Parallel Media as at the date of this document as summarised in paragraph 3.1 of Part VIII of this document
<b>“FCA”</b>	the Financial Conduct Authority of the United Kingdom acting in its capacity as the competent authority for the purposes of Part VI of FSMA
<b>“Fortune Access”</b>	Fortune Access Ltd, a company incorporated in Hong Kong with registration certificate number 35672591-000-04-17-1
<b>“Form of Proxy”</b>	the form of proxy accompanying this document for use by Shareholders at the General Meeting
<b>“FSMA”</b>	the Financial Services and Markets Act 2000, as amended
<b>“General Meeting”</b>	the general meeting of the Company to be held at the offices of Fieldfisher LLP, Riverbank House, 2 Swan Lane, London, EC4R 3TT at 11.00 a.m. on 22 December 2017, notice of which is set out in Part IX of this document
<b>“Group”</b>	the Company and the Existing Subsidiaries
<b>“HMRC”</b>	Her Majesty’s Revenue & Customs
<b>“IFRS”</b>	International Financial Reporting Standards
<b>“IHT”</b>	inheritance tax

<b>“Independent Shareholders”</b>	Shareholders other than the members of the Concert Party and Ranjit Murugason
<b>“ISIN”</b>	International Securities Identification Number
<b>“James Golf”</b>	James Golf Limited, a company incorporated in England & Wales with registered number 09932664
<b>“LEGO Group”</b>	a privately owned Danish group of companies, that manufactures colourful interlocking plastic bricks
<b>“Loan Conversion”</b>	the settlement of the Existing Debt by its repayment by the Company to David Ciclitira and his subscription for 6,766,667 New Ordinary Shares at the Placing Price
<b>“Lock-in Agreements”</b>	the lock-in and orderly marketing agreements dated 29 November 2017 entered into between (1) the Company, (2) Stockdale and (3) the Locked-in Shareholders, details of which are set out in paragraph 12.1.13 of Part VIII of this document
<b>“Locked-in Shareholders”</b>	all of the members of the Concert Party, the Directors, the Proposed Directors, Mr Hyun Seok Kim, Brick Live Lab and CIDEA
<b>“London Stock Exchange”</b>	London Stock Exchange plc
<b>“New Articles of Association” or “New Articles”</b>	the proposed new articles of association of the Company to be adopted as part of the Proposals, a summary of certain provisions of which is set out in paragraph 6 of Part VIII of this document
<b>“New Ordinary Shares”</b>	the 45,198,160 New Ordinary Shares to be issued in connection with the settlement of the consideration for the Proposed Acquisitions, the Placing, the Loan Conversion and the other matters set out in this document
<b>“Nomad and Broker Agreement”</b>	the agreement dated 29 November 2017 made between the Company, the Existing Directors, the Proposed Directors and Stockdale relating to Admission, which is summarised in paragraph 12.1.8 of Part VIII of this document
<b>“Notice of General Meeting”</b>	the notice convening the General Meeting set out at the end of this document
<b>“Official List”</b>	the Official List of the UK Listing Authority
<b>“Ordinary Shares” or “Shares”</b>	ordinary shares with a nominal value of 1 penny each in the capital of the Company
<b>“Parallel Live”</b>	Parallel Live Group Ltd, a company incorporated in England and Wales with company number 09932658
<b>“Parallel Live Acquisition”</b>	the acquisition of the entire issued share capital of Parallel Live, details of which are set out in paragraph 12.1.2 of Part VIII of this document
<b>“Parallel Live Acquisition Agreement”</b>	the conditional agreement between the Company and David Ciclitira relating to the Parallel Live Acquisition, details of which are set out in paragraph 12.1.2 of Part VIII of this document
<b>“Placees”</b>	Tsang’s & Co Limited, Luxcite Portfolio Limited and Fortune Access

<b>“Placing”</b>	the placing of the Placing Shares with the Placees at the Placing Price
<b>“Placing Price”</b>	30 pence per New Ordinary Share
<b>“Placing Shares”</b>	the 4,200,000 New Ordinary Shares to be allotted and issued by the Company pursuant to the Placing
<b>“Proposals”</b>	the Placing, the Proposed Acquisitions, the settlement of David Ciclitira’s commission arrangements, the Loan Conversion, the Director’s Fees Settlement, the Waiver, the Disposal, Change of Name of the Company, the adoption of the New Articles and Admission and the other matters set out in this document
<b>“Proposed Acquisitions”</b>	the Brick Live Acquisition, the Parallel Live Acquisition and the BLFE Acquisition, and <b>“Acquisition”</b> shall mean any one of them, as appropriate.
<b>“Prospectus Directive”</b>	EU Prospectus Directive 2003/71/EC including any relevant measure in each member state of the European Economic Area that has implemented Directive 2003/71/EC
<b>“Prospectus Rules”</b>	the prospectus rules made by the FCA under Part VI of FSMA
<b>“Register”</b>	the Company’s register of members
<b>“Registrars” or “Link”</b>	Link Asset Services
<b>“Relationship Agreement”</b>	the relationship agreement dated 29 November 2017 between (1) the Company, (2) Stockdale and (3) David Ciclitira, further details of which are set out in paragraph 12.1.12 of Part VIII of this document
<b>“Resolutions”</b>	the resolutions set out in the Notice of General Meeting
<b>“SDRT”</b>	stamp duty reserve tax
<b>“Shareholders”</b>	holders of Ordinary Shares
<b>“Stockdale”</b>	Stockdale Securities Limited, a company incorporated in England and Wales with registered number 762818
<b>“Takeover Panel”</b>	the Panel on Takeovers and Mergers
<b>“UK Listing Authority”</b>	the FCA acting in its capacity as the competent authority for the purposes of Part VI of FSMA
<b>“United Kingdom” or “UK”</b>	the United Kingdom of Great Britain and Northern Ireland
<b>“uncertificated” or “in uncertificated form”</b>	in relation to an Ordinary Share, recorded on the Company’s uncertificated form” Register as being held in uncertificated form in CREST and title to which may be transferred by means of CREST
<b>“United States” or “US” or “USA”</b>	the United States of America
<b>“VAT”</b>	value added tax

<b>“Waiver”</b>	the waiver by the Takeover Panel conditional upon the approval of the Whitewash Resolution of the obligation that would otherwise arise on the Concert Party to make a general offer for the Company pursuant to Rule 9 of the City Code as a result of the allotment and issue of New Ordinary Shares to the Concert Party pursuant to the Proposals, further details of which are set out in Part VI of this document
<b>“Whitewash Resolution”</b>	the resolution numbered 1 as set out in the Notice of General Meeting to be voted on by the Independent Shareholders by way of poll at the General Meeting to approve the Waiver
<b>“\$” or “dollars”</b>	US dollars, the lawful currency of the United States
<b>“£” or “sterling”</b>	UK pounds sterling, the lawful currency of the United Kingdom
<b>“RMB”</b>	Chinese renminbi, the lawful currency of the People’s Republic of China

Note: Any reference to any provision of any legislation includes any amendment, modification, re-enactment or extension of it. Words importing the singular include the plural and vice versa and words importing any gender shall include all other genders.

## PART I

### LETTER FROM RANJIT MURUGASON, NON-EXECUTIVE DIRECTOR OF Parallel Media Group plc

*(Incorporated and registered in England and Wales with registered number 00630968)*

*Directors:*

David Ciclitira (*Executive Chairman*)  
Serenella Ciclitira (*Non-Executive Director*)  
Ranjit Murugason (*Non-Executive Director*)

*Registered Office:*

3 Park Court  
Pyrford Road  
West Byfleet  
Surrey  
KT14 6SD

*Proposed Directors:*

Andrew Smith (*Executive Director and Managing Director of Brick Live Group*)  
Simon Bennett (*Non-Executive Director*)

29 November 2017

Dear Shareholder,

**Proposed Acquisitions of Brick Live, Parallel Live and the shares in BLFE not already owned by  
Brick Live International and the settlement of David Ciclitira's commission arrangements  
Placing of 4,200,000 New Ordinary Shares at 30p per share  
Conversion of £2.03 million of existing debt into 6,766,667 New Ordinary Shares  
Waiver of the requirements of Rule 9 of the City Code  
Disposal of Certain Subsidiaries, Director's Fees Settlement, Proposed name change,  
Adoption of New Articles of Association,  
Admission of the Enlarged Issued Share Capital to trading on AIM  
and General Meeting Notice**

#### 1. INTRODUCTION

The Company has announced today that it has conditionally agreed to acquire Brick Live and Parallel Live to be satisfied by the issue of 20,000,000 New Ordinary Shares, equivalent to 41.5 per cent. of the Enlarged Issued Share Capital, which at the Placing Price values the Brick Live Acquisition and the Parallel Live Acquisition at £6 million in aggregate. Further details of the Brick Live Acquisition and the Parallel Live Acquisition are set out below and in paragraph 12.1 in Part VIII of this document. David Ciclitira, the Executive Chairman of Parallel Media, owns 75 per cent. of Brick Live and 100 per cent. of Parallel Live and will receive 12,500,000 and 3,333,333 New Ordinary Shares, equivalent to 25.9 per cent. and 6.9 per cent. respectively of the Enlarged Issued Share Capital as his share of the Consideration Shares.

The Board consider that Asia and in particular China, will be important areas for Brick Live in the future and as a result, the Company has also announced today, that terms have been agreed for the acquisition by the Company of the 61.1 per cent. of Brick Live's joint venture company BLFE that Brick Live International does not already own. The consideration for the BLFE Acquisition will be £2.95 million, to be satisfied by the issue of 9,832,060 New Ordinary Shares. The vendor, Brick Live Lab, will also retain the rights to 25 per cent. of the distributable profits of BLFE for the next five years. Further details of the BLFE Acquisition are set out below and in paragraph 12.1.3 in Part VIII of this document. In addition, CIDEA, a company which, with Brick Live Lab, is controlled by Mr Hyun Seok Kim, was granted certain merchandising rights for the aforementioned territory and has agreed to relinquish these rights and will as a result be issued with 333,333 New Ordinary Shares, which at the Placing Price have a value of £100,000.

In December 2016 Brick Live agreed an arrangement with David Ciclitira, whereby David Ciclitira would be paid a commission on all sales generated by him for and on behalf of Brick Live. It has been agreed that these arrangements will be terminated with effect from Admission in consideration of a payment of £1 million by Brick Live to David Ciclitira which he will immediately apply in subscribing for 3,333,333 New Ordinary Shares at the Placing Price, equivalent to 6.9 per cent. of the Enlarged Issued Share Capital. Further details of this agreement are set out below and in paragraphs 12.1.5 and 12.2.2 of Part VIII.

The Company is also proposing to raise £1.26 million (approximately £0.66 million net of expenses), by the issue of 4,200,000 New Ordinary Shares through the Placing at a price of 30p per New Ordinary Share. The Placing will represent approximately 8.7 per cent. of the Enlarged Issued Share Capital. Further details of the Placing are set out in paragraph 6 of this Part I.

The Company has agreed to repay to David Ciclitira the Existing Debt (comprising £1.95 million in relation to formalised loan agreements and accrued interest, together with £80,000 of further amounts owed to him but not subject to formal loan agreements), which David Ciclitira will immediately apply in subscribing for 6,766,667 New Ordinary Shares at the Placing Price, equivalent to 14.0 per cent. of the Enlarged Issued Share Capital. At Admission the amounts due to David Ciclitira by the Company will be approximately £0.15 million, which are interest free and repayable on demand, subject to the Enlarged Group's working capital requirements at that time. Further details of the Loan Conversion are set out below and in paragraph 12.1.6 of Part VIII.

As part of the process to rationalise and simplify the existing corporate structure of the Company, James Golf, a company wholly-owned by David Ciclitira, has agreed to acquire the Disposal Subsidiaries. James Golf will be responsible for the settling of any creditors, and the Company will reimburse James Golf the costs, capped at £65,571. The Company shall also reimburse James Golf in connection with any costs relating to the winding up or dissolution of the Disposal Subsidiaries which are settled by James Golf, subject to a maximum aggregate of £70,000. Further details are set out below and in paragraph 12.1.7 of Part VIII.

The Company is also updating its articles of association. A summary of the proposed New Articles is set out at paragraph 6 of Part VIII of this document and a summary of the principal differences between the Existing Articles and the New Articles is set out at paragraph 27 of Part I of this document.

For my own part, as at 30 September 2017 I am owed a total of £149,950 by Parallel Media for director's fees and associated costs that have accrued, but not been paid, since 2013. Further, I have agreed with the Company that my fees with regard to the Proposals set out in this document will be £35,000, which will be payable at Admission. The Company has agreed to pay the total amount which is due to me of £184,950 which will immediately be applied in subscribing for 616,500 New Ordinary Shares at the Placing Price, equivalent to 1.3 per cent. of the Enlarged Issued Share Capital.

The Proposed Acquisitions constitute a reverse takeover under Rule 14 of the AIM Rules for Companies and accordingly require Shareholder approval, which is being sought at the General Meeting to be held at the offices of Fieldfisher LLP, Riverbank House, 2 Swan Lane, London EC4R 3TT at 11.00 a.m. on 22 December 2017. In addition, the proposals resulting in the issue of New Ordinary Shares to the Concert Party are also conditional on the approval by the Independent Shareholders voting on a poll, of a waiver of the obligation on the Concert Party under Rule 9 of the City Code to make a general offer to acquire all of the Existing Ordinary Shares not already owned by the Concert Party as a result of the issue to them of New Ordinary Shares pursuant to the Proposals. Further information relating to the Concert Party is set out in paragraph 19 below and in Part VI (Rule 9 Waiver Information). The Proposals set out in this document are conditional upon, amongst other things, the passing of the Resolutions.

The Brick Live Acquisition, the Parallel Live Acquisition, the settlement of commission arrangements with David Ciclitira, the Loan Conversion, and the Disposal will constitute related party transactions between the Company and Mr Ciclitira for the purposes of Rule 13 of the AIM Rules for Companies. The BLFE Acquisition will constitute a related party transaction for the purposes of Rule 13 of the AIM Rules for Companies, due to David Ciclitira's controlling interest in Brick Live, the parent company of Brick Live International. The Director's Fees Settlement will constitute a related party transaction between the Company and myself for the purposes of Rule 13 of the AIM Rules for Companies.

All the New Ordinary Shares will rank *pari passu* with the Existing Ordinary Shares. Application will be made for the admission of the Enlarged Issued Share Capital to trading on AIM which is expected to occur on 27 December 2017.

This document sets out further information about Brick Live and Parallel Live and the Resolutions and the reasons for and the principal terms of the Proposed Acquisitions and the other Proposals. In addition, this document explains why I, as a Non-Executive Director, consider that the Proposals are in the best interests of the Company and its Shareholders as a whole, and therefore includes the recommendation set out in paragraph 34 of this Part I.

Shareholders should read this entire document and your attention is drawn to Part II (Risk Factors) and Parts III to VII of this document, which contain important information in relation to the Proposals.

## 2. BACKGROUND ON PARALLEL MEDIA GROUP

Parallel Media is a sports and live event entertainment agency which was founded by David Ciclitira in 1987 and was admitted to trading on AIM in August 2001.

In sports, Parallel Media has to date specialised in golf, promoting tournaments on the European tour. Parallel Media successfully moved the Ballantines Championship in Korea to Singapore and promoted and managed the second Prudential Causeway Trophy, a Ryder Cup style tournament, between Singapore and Malaysia. Parallel Media still holds the rights to the renamed Singapore Championship (formally the Ballantines Championship). In entertainment, Parallel Media has, in recent years, specialised in connecting international brands with music solutions in Asia and created AIA K-Pop, a collaboration between AIA, one of Asia's leading financial services companies and one of Korea's best music exports, K-Pop, the music genre with millions of young followers around the world. In addition, Parallel Media has promoted the Blue & White festival and the AIA Real Life: NOW Festival in Korea.

At 31 December 2016 the balance sheet of the Company showed a deficit of £2.75 million and in recent years David Ciclitira has continued to support the working capital requirements of the Group. At the date of this document the sums due to him amounted to £2.18 million.

The Board has been looking for an acquisition in the live entertainments sector for some time and has considered a number of such opportunities. Against this background, I am pleased to announce the Proposed Acquisitions.

**In the event that the Company is unable to implement the Proposals or that Shareholders do not approve the Resolutions, there can be no certainty that David Ciclitira will continue to provide financial support for the Company. Under those circumstances, one of the options available to the Board would be to seek a cancellation of the Company's listing on AIM, in accordance with Rule 41 of the AIM Rules for Companies.**

### Summary Financials of Parallel Media

The following audited financial information relating to Parallel Media has been extracted from the audited annual report and accounts referenced in Part IV of this document.

<i>Year ended</i>	<i>31 December 2014 £'000s</i>	<i>31 December 2015 £'000s</i>	<i>31 December 2016 £'000s</i>
<b>Revenue</b>	692	221	241
<b>Operating loss before exceptional items</b>	(1,027)	(266)	(522)
<b>Exceptional items</b>	(3,648)	–	(1,182)
<b>Profit from discontinued operations</b>	–	920	–
<b>(Loss)/profit before tax</b>	(4,611)	611	(1,734)
<b>Net assets/(liabilities)</b>	(1,654)	(1,009)	(2,749)

## 3. BACKGROUND TO THE PROPOSED ACQUISITIONS

### Background

Clive Morton co-founded Brick Shows Limited, and the first "BRICK" event, an event based around LEGO®'s interlocking plastic bricks, was held in 2014 at ExCel, London ("ExCel") and attracted over 40,000 visitors.

In 2014 Informa PLC ("Informa"), the FTSE 100 international content provider, were looking to extend their activities in fan based events and in 2015 agreed to buy the business from him. In 2015, BRICK events

were held in two different venues in the UK, namely, ExCel and the National Exhibition Centre (“NEC”), Birmingham. The shows were a success and in aggregate attracted over 60,000 visitors.

As a result of a change of strategy at Informa, in 2016, Clive formed an investment group, which included Parallel Media’s Executive Chairman, David Ciclitira, to buy back certain assets, including the rights to the BRICK event. A new company called Brick Live was formed to make the acquisition and the first BRICKLIVE event was held at the NEC in October 2016.

BRICKLIVE events are fan based and the Directors of Brick Live consider BRICKLIVE to be one of most successful LEGO® based events in the world, not directly produced by LEGO®.

### **The business of Brick Live**

Brick Live is an early stage business involved in fan based live events, whose principal source of revenue is licensing fee income. As such, whilst Brick Live did organise the BRICKLIVE show at the NEC in October 2016 and is organising BRICKLIVE CHRISTMAS at the Saatchi Gallery in London in Q4 of 2017, in the future, the company does not currently intend to run any of the events it is supporting. LEGO® is a trademark of the LEGO Group and Brick Live Group is not associated with the LEGO Group and is an independent producer of BRICKLIVE events.

Brick Live has registered BRICKLIVE as a trademark in the European Union, with applications pending in other jurisdictions.

### **Licensee Partners and business model**

The Brick Live Group currently works with 9 licensee partners in different geographic regions around the world. Licensee partners are granted a licence to organise and stage a BRICKLIVE event in the territory specified in the licence. Typically, the license agreement will be for a period of 3 to 5 years, sometimes with an option to terminate after the first year. Brick Live retains the right to terminate such agreements with cause at any time.

Principally, Brick Live has three different income streams, namely, licence fee income, revenue sharing arrangements with the licensee partner and merchandising income. Licence fee income represents the largest part of the Brick Live Group’s revenue and will usually include an up-front non-refundable fee, which is applied to cover the cost of purchasing the content required by the licensee partners for their events and which needs to be paid by the licensee partner before the order is placed. The floorplan and content required for each BRICKLIVE event is agreed between Brick Live and the relevant licensee partner and licence agreements specify what content is included within the licence fee and what content is or may be provided at an additional cost to the licensee partner. Brick Live does not make any of the content that is used in BRICKLIVE events and will only initiate orders with certified LEGO® professional building companies in the UK and elsewhere for this service.

In addition, Brick Live also charges an annual licence fee and/or a fee for each event staged in the territory. Licences granted may be terminated if the licensee partner does not stage the minimum number of events required within the specified period (usually a 12 month period) in the contract. All shipping costs for the content supplied by Brick Live are generally required to be paid by the licensee partner prior to these items being shipped.

Licence agreements would usually include strict non-compete clauses, mainly for a duration of four years from termination, standard confidentiality clauses and, occasionally, a termination fee if the licensee partner terminates the agreement early or Brick Live terminates for justifiable cause. All of Brick Live’s intellectual property rights are retained by the company and all promotional materials used by the licensee partner need to be prior approved by Brick Live’s Global Compliance Officer. Detailed event manuals, including operating and health and safety guidelines, are provided to the licensee partners and are incorporated into the license agreements with the licensee partners and any breaches of the key manuals (in particular brand manuals, and requirements relating to health and safety and child safety) are considered to be a material breach.

Certain of the Brick Live licences include a revenue sharing arrangement whereby the Brick Live Group will benefit from a proportion of the revenue, typically 3 per cent. to 10 per cent., earned by the licensee partner from the sale of tickets, merchandise and other products at their event. The directors of Brick Live consider

that, in the future, as a result of the success of BRICKLIVE events, the Brick Live Group will be able to attract international and other sponsors and thus derive an additional source of sponsorship income from these events.

**BRICKLIVE events**

BRICKLIVE events are flexible and can be tailored to the requirements of the space that is available. Typically, an event will utilise an area of 4,000sq. metres to 10,000 sq. metres, although the company has recently developed floor plans for pop-up and semi-permanent smaller events of 1,000 sq. metres.

Whilst the specific format of a BRICKLIVE event is subject to agreement between Brick Live and its licensee partner, it would not be unusual for a 10,000 sq. metre event to include some of the following:

- Brick Pits – each filled with 200,000 LEGO® bricks where visitors can design and build their own creations;
- Graffiti Wall – for individual visitors to leave their own messages;
- DUPLO area – bigger bricks for the younger visitors;
- Race Track – where individual visitors can build and race their own cars built of LEGO® bricks;
- Mosaic – each visitor makes a small piece of a pre-formulated design and the individual pieces are then joined together to make an enormous 12 metre by 12 metre mosaic;
- Bespoke Map – a bespoke map of the individual city in which the event is being held;
- Fan Zone – where Adult Fans of LEGO® display models that they have created;
- Live Stage – for interactive events with visitors of all ages;
- Specialist zones – which may include areas with LEGO® Architecture, LEGO® City, LEGO® Creator, LEGO® Ninjago® or LEGO® Star Wars™ bricks and features;
- Statues – statues and other features made of LEGO® bricks.

BRICKLIVE events would typically also include areas for LEGO® retailers or distributors to sell LEGO® products and specialised and themed BRICKLIVE merchandise and a cafe for food, beverages and other consumer products. The directors of Brick Live are working with certain licensee partners to develop an education programme at BRICKLIVE events. For example, the Brick Live Group’s Korean licensee partner has incorporated an educational programme for children and in the UK, in conjunction with Multiplay (UK) Limited, the company’s UK licensee partner, the BRICKLIVE Minecraft build zone at ExCel in 2017 featured a Minecraft education zone.

The directors of Brick Live have been successful in extending the global footprint for BRICKLIVE events in 2017. From two events held in the UK at the NEC, Birmingham and at the Korean International Exhibition & Convention Centre (“Kintex”) in 2016, Brick Live now has 16 events organised by its licensee partners that have either taken place or are planned in the remainder of 2017, as follows: Japan (5 locations), Korea (3 locations) and the UK (5 Locations), with a BRICKLIVE event having been held at the prestigious Basel Exhibition Centre, Switzerland in May 2017. For the remainder of 2017, further events are planned in Brazil and Naples, Italy and one event is being organised by the Brick Live Group itself, who will be acting as the event’s promoter with all the inherent risks and potential rewards that this entails, at the Saatchi Gallery in London in November and December 2017.

The number of BRICKLIVE events that have taken place or are planned for the remainder of 2017 is as set out in the table below:

2017

Month	Venue
<b>March</b>	Coex, Seoul, South Korea*
<b>April</b>	Fukuoka, Japan Yokohama, Japan
<b>May</b>	Basel, Switzerland
<b>July</b>	Ananti Busan, South Korea SECC, Glasgow, UK ExCel, London, UK
<b>August</b>	TEC, Belfast, UK Shizuoka, Japan Starfield 3, Goyang, South Korea* Kyoto, Japan
<b>October</b>	Brussels, Belgium NEC, Birmingham, UK
<b>November</b>	Saatchi Gallery, London, UK Osaka, Japan Iguatemi Campinas, Brazil

\* = BRICKLIVE centre – launch month

For 2018, whilst there can be no certainty that Brick Live will be able to agree acceptable terms with one or more potential licensee partners in new territories, in addition to the foregoing, the directors of Brick Live have contracted for new BRICKLIVE events in:

Europe: A minimum of 15 BRICKLIVE events from the following list of countries: Austria, Belarus, Czech Republic, France, Georgia, Northern Germany, Gibraltar, Iceland, Italy, Kosovo, Liechtenstein, Netherlands, Norway, Morocco, Poland, Russia, Spain, Sweden, Turkey and Ukraine;

Asia: China, Indonesia, Japan, Malaysia, Singapore and Thailand;

Americas: A minimum of 6 BRICKLIVE events from the following list of countries: Argentina, Brazil, Ecuador, Mexico, Puerto Rico and Uruguay.

The directors of Brick Live consider that, provided each licensee promotes the minimum number of events specified in their individual contract, a total of more than 30 BRICKLIVE events will be held during the year ending 31 December 2018 taking the number of BRICKLIVE events for the three years ending 31 December 2018 to over 50 events.

## BLFE

In November 2016, Brick Live International entered into a joint venture agreement with Brick Live Lab, a company incorporated in South Korea and controlled by Mr Hyun Seok Kim, Brick Live's Korean licensee partner. Mr Hyun Seok Kim, aged 44, is a Korean national and businessman. In 2004 he joined Daegu Paper Recycling and, in 2012, was appointed CEO. In 2012 he founded Hongik Construction Co. in Daegu, South Korea, diversifying his business interests into real estate development and construction. In 2014 he established H&H in Daegu, South Korea, which provides construction services for projects in both commercial and retail property. In order to invest into the education sector, he established Brick Live Lab in 2016.

Under the terms of the joint venture agreement, Brick Live Lab invested \$1.5 million (approximately £1.1 million) to acquire a 50 per cent. holding in BLFE, a subsidiary of Brick Live International (which is wholly owned by Brick Live) and a ten year license by Brick Live International to promote BRICKLIVE events, principally in the Greater China region Brick Live's role was to provide content at cost for these events and Brick Live International's Korean partner was to provide working capital for the joint venture and to work

with Brick Live to find suitable licensee partners. Subsequently on 14 November 2017 Brick Live Lab acquired a further 11.1 per cent. in BLFE from Brick Live International for £660,000 in cash.

The Directors of Brick Live consider that Asia in general and China in particular will be areas where BRICKLIVE events will be well received. It has also been announced today that terms have been agreed for the acquisition by the Company of the 61.1 per cent. of Brick Live's joint venture company BLFE that Brick Live International does not already own from Brick Live Lab. The consideration for this acquisition is £2.95 million, to be satisfied by the issue of 9,832,060 New Ordinary Shares at the Placing Price. Brick Live Lab will also receive a 25 per cent. share of the distributable post tax profits of BLFE for the next five years. Further details of the BLFE Acquisition are set out in paragraph 12.1.3 in Part VIII of this document.

In addition, as part of the earlier agreements, CIDEA, a company incorporated in Korea and controlled by Mr Hyun Seok Kim, was granted certain merchandising rights for the aforementioned territory. CIDEA has agreed to relinquish these rights and will as a result be issued with 333,333 New Ordinary Shares, which at the Placing Price have a value of £100,000.

Taking into account the New Ordinary Shares to be received for the BLFE Acquisition and the New Ordinary Shares to be issued in consideration of relinquishing the merchandising rights, Mr Hyun Seok Kim will in aggregate be interested in 10,165,393 New Ordinary Shares representing 21.1 per cent. of the Enlarged Issued Share Capital of the Company.

### **Brick Live in China**

The directors of Brick Live consider that China is an important area of growth for the Brick Live Group and in July 2017 BLFE entered into a long term agreement with Fortune Access, to create a jointly owned limited liability foreign enterprise company in the People's Republic of China, BRICKLIVE China. BLFE has agreed to invest 980,000 RMB (approximately £112,000) for a 49 per cent. shareholding in BRICKLIVE China, payable in three instalments with the final payment being due by 30 December 2018. Profits after taxation are distributable in accordance with the parties' respective equity shareholdings. Fortune Access is a company incorporated in Hong Kong, in which each of Chong Yuet Sarah and her previous husband, Tang Siu Kong, are 50 per cent. shareholders. Initially established as a property investment company, since 2014 Fortune Access has focused on the education sector in mainland China, primarily in winter sports education in response to preparations for the 2022 Beijing Winter Olympics. Ms Chong Yuet has also established other enterprises in China to promote winter sports education into the China schools system. Further details of the agreement with Fortune Access are set out in paragraph 12.2.1 in Part VIII of this document.

The objective of BRICKLIVE China is to establish a series of permanent educational development centres in locations with a high footfall, for example, shopping malls, across the People's Republic of China, with a typical floor plan of these centres being approximately 1,000 sq. metres. BLFE has granted a license to BRICKLIVE China to operate these centres across China, and Brick Live International has agreed to provide content to BRICKLIVE China, with Fortune Access being responsible for finding suitable sub-licensees who will promote these educational development centres. Under the terms of these agreements, BLFE will receive nominal licence fees from BRICKLIVE China for each educational development centre and Brick Live International will receive a content fee from the local sub-licensee which will enable it to finance the purchase of the content to be used in each centre.

The Brick Live Group retains the right under the BLFE license agreement with BRICKLIVE China to promote through different licensee partners temporary BRICKLIVE events in the major cities in China and may terminate the contract with BRICKLIVE China in the event of a material breach of the contract at any time.

### **The business of Parallel Live**

Parallel Live was founded and established by David Ciclitira, Parallel Media's Executive Chairman. David Ciclitira considers that the United States is an important area of growth for the company and Parallel Live has entered into a three year contract with Lego Systems, Inc, part of the LEGO Group, to promote LEGO® live shows, the first of which, "LEGO® LIVE" is scheduled to be held in New York, USA in the first quarter of 2018.

For the majority of Brick Live's business, the financial and other risks of promoting the BRICKLIVE events are borne by the company's licensee partners. Parallel Live will, under the terms of its contract, act as

promoter of the event in the United States with all the inherent risks and potential rewards. As a consequence, Parallel Live will be responsible for the majority of the costs associated with the event, including the location hire, event design, event construction, advertising and marketing, media planning, website design, event management, public relations and ticket sales and Lego Systems, Inc will provide some of the content for the event. Should the event prove to be a commercial success, Parallel Live will seek to promote additional events in the United States.

### **Competitive environment**

In general, there are two types of competitive events to BRICKLIVE events, namely those produced by Adult Fans of LEGO® (“AFOL”) and LEGO® User Groups (“LUG”), and events that are promoted by the LEGO Group itself.

Regardless, most if not all have either BRICK or LEGO in the name and have similar content. The difference being that none have a global network, and the other BRICK events tend to be small (with a few exceptions) and stand alone.

Other competitors to BRICKLIVE include the LEGOLAND Discovery Centers, which have similar activities and are indoor events but tend to be located in permanent structures in shopping malls or free standing buildings. Currently there are LEGOLAND Discovery Centers located in eleven cities in the US, Canada, Europe, Asia and Australia. There are also 8 LEGOLAND theme parks globally.

## **4. REASONS FOR THE PROPOSED ACQUISITIONS AND THE BLFE ACQUISITION**

The Board of Parallel Media have been looking for an acquisition in the live entertainment sector for some time. Brick Live and Parallel Live fall within this category and the geographic areas that these companies operate within are largely well known to Parallel Media.

Consequently, I am providing the recommendation set out in paragraph 34 of this Part I, as the Proposed Acquisitions provide an opportunity for Shareholders to participate in the potential further growth of Brick Live and Parallel Live. Further, the increased profile of being a public company along with the additional financial resources available following the Placing, will assist the Enlarged Group with its planned growth and with finding further high quality licensee partners.

## **5. CURRENT TRADING AND FUTURE PROSPECTS FOR THE ENLARGED GROUP**

### **Brick Live Group**

In its first trading period to 31 December 2016 Brick Live Group achieved revenue of £1,735,000 which includes £428,000 from the BRICKLIVE event the group promoted at the NEC, Birmingham and £1,308,000 licence income, principally from Brick Live Group’s Korean licensee partner for a ten year licence to promote BRICKLIVE events in the Greater China region. Brick Live Group achieved a profit before income tax of £60,000 and a profit for the period of £49,000.

In the six month period ended 30 June 2017 Brick Live Group achieved revenue of £1,067,000 which was largely licensing income and recorded a loss before taxation of £185,000. The directors of Brick Live Group consider that in the future most of the Company’s revenue will be derived from licensing income.

The directors of Brick Live Group have been successful in extending the global footprint for BRICKLIVE events from the 2 events held in 2016 to the 17 events organised or planned for the calendar year 2017, including the group’s event at the Saatchi Gallery in London in November 2017, which Brick Live Group will be promoting for its own account.

## Summary Financials

The following financial information relating to Brick Live Group has been extracted from the historical financial information set out in Part IV of this document.

	<i>Audited Period ended 31 December 2016 £'000s</i>	<i>Unaudited Period ended 30 June 2017 £'000s</i>
Consolidated Income Statement		
Revenue	1,735	1,067
Gross profit	1,342	818
Profit/(loss) before income tax	60	(185)
Income tax (expense)/income	(11)	35
Profit/(loss) for the period	49	150
Consolidated Statement of Financial Position		
Total assets	<u>1,284</u>	<u>1,186</u>
Total liabilities	<u>1,235</u>	<u>1,286</u>

## Parallel Live Group

Parallel Live Group has entered into a three year contract (unless terminated beforehand) with Lego Systems Inc, part of the LEGO Group, to promote LEGO® live shows, the first of which is scheduled to be held in New York in the first quarter of 2017.

For the period ended 31 December 2016 Parallel Live Group had not traded. For the six months ended 30 June 2017 Parallel Live Group had recorded a loss for the period of £28,000.

## 6. PLACING

The Company is raising £1.26 million (approximately £0.66 million net of expenses) through the conditional placing of 4,200,000 New Ordinary Shares at the Placing Price. The Placing Shares will represent approximately 8.7 per cent. of the Enlarged Issued Share Capital on Admission.

The Placing, which is not underwritten, is conditional, *inter alia*, upon the passing of the Resolutions and Admission.

The Directors had considered whether the Company would be able to extend the ability to subscribe for the Placing Shares to all existing Shareholders but, having discussed this with its professional advisers, decided that the expense of doing so and the time it would take could not be justified and would not be in the best interests of all Shareholders.

## 7. USE OF THE PLACING PROCEEDS

The net proceeds of the Placing after legal and professional costs, amounting to £0.66 million, will be used as follows:

	<i>£'m</i>
Purchase of content for BRICKLIVE events	0.60
Working capital	<u>0.06</u>
	<u>0.66</u>

## **8. CONVERSION OF EXISTING DEBT**

In recent years David Ciclitira has continued to support the working capital requirements of Parallel Media. In June 2017 David Ciclitira, Parallel Contemporary Art Limited (“PCA”) and Luna Trading Limited (“Luna”) (each being entities controlled by David Ciclitira) entered into formal loan agreements with the Company in relation to amounts owed by the Company. On 29 November 2017 the sums owed pursuant to the agreements with PCA and Luna, together with interest accrued, were assigned to David Ciclitira and at the date of this document the total sum due to him pursuant to the formal loan agreements amounted to £1.95 million. In addition, a further £0.23 million is due to David Ciclitira in relation to loans not subject to formal agreements. As part of the Proposals, the Company has agreed to repay to David Ciclitira the Existing Debt, which will immediately be applied in subscribing for 6,766,667 New Ordinary Shares at the Placing Price, equivalent to 14.0 per cent. of the Enlarged Issued Share Capital. At Admission the amounts due to David Ciclitira from the Company will be approximately £0.15 million, which are interest free and repayable on demand, subject to the Enlarged Group’s working capital requirements at that time. Further details of this agreement are set out in paragraph 12.1.6 of Part VIII.

## **9. DAVID CICLITIRA COMMISSION ARRANGEMENTS WITH BRICK LIVE**

In December 2016 Brick Live agreed an arrangement with David Ciclitira, whereby David Ciclitira would be paid a commission on all sales generated by him for and on behalf of Brick Live. It has been agreed that these arrangements will be terminated on Admission in consideration of a payment of £1 million by Brick Live to David Ciclitira and that David Ciclitira will immediately apply in subscribing for 3,333,333 New Ordinary Shares at the Placing Price, equivalent to 6.9 per cent. of the Enlarged Issued Share Capital. As at the date of this document the amounts owing to David Ciclitira pursuant to the existing contractual arrangements entered into by Brick Live Group are approximately £230,000, which will be settled in cash. In addition, up to a further £200,000 will become payable if certain contractual arrangements are entered into by Brick Live Group with third party licensee partners prior to Admission and settled by the licensee partner on or before 31 March 2018. Further details of this agreement are set out in paragraphs 12.1.5 and 12.2.2 of Part VIII.

## **10. SETTLEMENT OF NON-EXECUTIVE DIRECTOR’S FEES**

As at 30 September 2017 I am owed a total of £149,950 by Parallel Media for director’s fees and associated costs that have accrued, but not been paid, since 2013. Further, I have agreed with the Company that my fees with regard to the Proposals set out in this document will be £35,000, which will be payable at Admission. The Company has agreed to pay the total amount which is due to me of £184,950, which will immediately be applied in subscribing for 616,500 New Ordinary Shares at the Placing Price, equivalent to 1.3 per cent. of the Enlarged Issued Share Capital.

## **11. PRO FORMA STATEMENT OF NET ASSETS**

As a result of these Proposals, the consolidated balance sheet will be considerably strengthened and the net assets of the Enlarged Group will improve from a deficit of £3.12 million at 30 June 2017 to pro forma net assets of £2.74 million which is equivalent to net assets per share of 5.7 pence. Further details of the Pro Forma Statement of Net Assets can be found in Appendix VII of this document.

## **12. DIRECTORS AND SENIOR MANAGEMENT**

The Board of the Company immediately following Admission will consist of three non-executive directors and two executive directors, details of whom are set out below along with details of senior management.

### **Existing Directors**

#### ***David Ciclitira, aged 60, Executive Chairman***

David holds a LLB law degree from King’s College, London and was called to the Bar as a Barrister in 1980, prior to joining the merchant bank Guinness, Mahon & Co. He was one of the four original shareholders of Europe’s first satellite television station, Satellite Television plc (“SATV”), Europe’s first ever cable and satellite channel, which later became Sky PLC (“Sky”), following the sale of a majority stake in SATV to Rupert Murdoch’s News Corporation in 1983. David remained at Sky as a Deputy Managing Director where he was

involved with the day to day running of the television studio, establishing Sky's own programme production company and setting up Eurosport.

David left Sky in 1987 and founded Parallel Media Group, where today he is the Executive Chairman. David is well known in the global sports marketing industry and has been pivotal in taking the European Golf Tour out of Europe and into both the Far East (including introducing the first ever professional golf tournament to China in 1995, with the World Cup of Golf at Mission Hills) and South Africa.

In 1998 David created a joint venture with the National Broadcasting Company ("NBC"), one of the largest commercial broadcasting networks in the US, for the formation of the international sports broadcasting arm of NBC, CNBC Sports International. In 2004, Parallel Media successfully sold its share of the joint venture company to NBC.

David was also instrumental in introducing the first professional golf tournament to China, the Heineken World Cup of Golf at Mission Hills and launching the Ballentines Championship in Korea for Pernod Riccard in Korea in 2008.

In May 2016, David became an investor in Brick Live and is the Chairman and majority shareholder.

David is passionate about art and together with his long term partner, Serenella Ciclitira in 2009 established the Global Eye Programme. He is also an Honorary Fellow of the Royal College of Art and a director of a number of other private businesses.

***Maria Serena ("Serenella") Ciclitira, aged 69, Non-Executive Director***

Serenella, also known as Maria Serena Papi, joined the Board of Parallel Media in 2010 and is the long term partner of David Ciclitira.

Between 1992 and 2000 Serenella was Group managing Director of the pan-European satellite broadcaster Super Channel (which later became NBC Europe). Since then, she has worked extensively with art galleries and artists around the world. She has an Honours Degree in Art History from Trinity College, Dublin and since 1990 has been an Honorary Fellow at the Royal College of Art in London. With David Ciclitira she founded the Global Eye Programme, which aims to develop the art infrastructure for budding artists in Asia, where events have been held in Korea (2009 to 2012), Indonesia (2011), Hong Kong (2013), Malaysia (2014), Singapore (2015), Thailand (2016) and Vietnam (2017).

Serenella is a Non-Executive Director of Brick Live and a number of other private companies.

***Ranjit Murugason, aged 52, Non-Executive Director***

Ranjit joined the Board of Parallel Media in 2010. He has a degree in law and history from SOAS, University of London, the only higher education institution in Europe dedicated to the study of Asia, Africa and the Middle East and a masters degree in law from Corpus Christi College, Oxford.

Ranjit has over 20 years' experience in strategic advisory, corporate finance and investment banking and capital markets in Europe, Asia, the Middle East and the USA. He is the founder and Managing Director of Urban Strategic established in London in 2003 and currently headquartered in Singapore.

Previously Ranjit served as a Managing Director of the investment banking division of ABN Amro, having previously worked in London for both Nomura Securities and UBS. More recently he was a senior advisor to GMR Group, one of India's largest multinational infrastructure businesses and chief executive officer of the international division with assets under management of over US\$5 billion.

**Proposed Directors**

***Simon Bennett, aged 59, Non-Executive Director***

Simon will become a Non-Executive Director of the Company conditional upon and with effect from Admission.

Simon qualified as a Chartered Accountant in 1981 and has over 30 years' experience in investment banking and the capital markets in the City. He has held senior positions with a number of leading international banks including Citibank, Credit Agricole and Sanlam. Simon was formerly the Head of Corporate Finance and Head of the Mid and Small Caps team at Credit Lyonnais Securities (part of Credit Agricole) and has a wealth of experience in advising growing companies in both the equity and debt markets, both internationally and domestically, including takeovers and mergers, fund raisings, acquisitions, disposals and public to private transactions.

Simon has many years' experience working with a wide range of growing companies from a number of different industries including banking and financial services, housebuilding and construction, technology, food and software. In 2004 he established Incremental Capital LLP to provide corporate finance and other advice to mid and small cap companies.

Simon is a non-executive director of Inland Homes Plc, where he is Chairman of the Audit Committee and is Chairman of the fast growing Grown Up Chocolate Company, the UK manufacturer of quality handmade chocolates. In addition, he is a partner of Glenmill Partners, which provides objective advice to growth companies and entrepreneurs.

### ***Andrew Smith, aged 31, Executive Director and Managing Director of Brick Live Group***

Andy will become an executive director of the Company upon and with effect from Admission. He joined Brick Live as Managing Director with effect from 1 November 2017.

Andrew was previously Director of Events at Multiplay (UK) Limited ("Multiplay"), the gaming services company specialising in online hosting, events management and esports, which is part of Game Digital plc. Multiplay are one of one of Brick Live's commercial partners and run the Insomnia Gaming Festival ("Insomnia"), the UK's largest games event.

Andy joined Multiplay in 2015 as Director of The Insomnia Gaming Festival and soon became Event Director running a team of 60 full time staff in the events and esports division. During his time with Multiplay, the annual footfall to Insomnia events in the UK has more than doubled and it now attracts over 130,000 visitors annually. Andy negotiated the commercial agreements, on behalf of Multiplay, as a licensee partner, with Brick Live and successfully hosted the four BRICKLIVE events held in the UK in London, Birmingham, Glasgow and Belfast during 2017. Andy has also been responsible for running a number of well-known international events on behalf of companies such as Microsoft, Island records (Universal Music), Nintendo and Mojang, including Minecon, the largest single video game convention in the world.

Prior to joining Multiplay, Andy spent 8 years with the FTSE100 listed Compass Group PLC, where he was latterly a regional/ general manager with considerable experience in events and commercial operations, spearheading the sales and management of conferences, events, catering, hotels and match day experiences for clients such as the Ricoh Arena (home of Wasps Rugby Football Club and Coventry Football Club), Leicester City Football Club, Warwickshire County Cricket Club, Edgbaston Priory (Private members sports club) and Sheffield United Football Club.

### **Senior Management of Brick Live**

#### ***Clive Morton, aged 51, Founder and Chief Creative Officer***

Clive is well known and respected in the live events industry with over 25 years' experience and is the founder and a director of Brick Live.

In 1990 Clive's first role in the live events industry was with Music Maker where he established a number of music events in national venues across the UK. In 1996 he established his own company and launched a national event for the music making industry called "Music Live" at the National Exhibition Centre ("NEC") in Birmingham. Clive also created the "Toys for Boys" show at Wembley, London working with brands such as Mercedes, Harley Davidson and McLaren Formula 1.

In 2001 the Music Live event was sold and Clive set up a publishing company and his portfolio of magazines included Guitar Buyer, Drummer, Music Trade News and Motorcycle Racer each of which was distributed internationally. In 2002 the London Guitar Show and Drummer Live show was launched at Wembley, followed

in 2007 with his most successful event to date, The London International Music show at London's ExCel which attracted over 30,000 visitors and more than 250 exhibitors.

In conjunction with the FTSE 100 international content provider Informa PLC ("Informa"), Clive created the Live Production Network and promoted events such as The Sundance Film Festival and the Country 2 Country Festival.

As a long term fan of LEGO®, Clive developed the concept and devised an event for the UK based around LEGO®'s interlocking plastic bricks, called "BRICK". The first show was held in 2012 at the O2 arena in London and due to its success was subsequently moved to the bigger facilities at ExCel.

In 2014 Informa were looking to extend their activities in fan based events, and in 2015 agreed to buy the business from him and events were held at both ExCel and the NEC. As a result of a change of strategy at Informa, in 2016, Clive formed an investment group, which included David Ciclitira, to buy certain assets, including the rights to the BRICK event, back from Informa. A new company called Brick Live was formed to make the acquisition and the first BRICKLIVE event was held at the NEC in October 2016.

Clive is employed as a consultant to Brick Live as well as being a statutory director of Brick Live and Brick Live International.

***Katherine Sarah Hardy, aged 51, Consultant Chief Financial Officer, part-time***

Sarah is the part time Chief Financial Officer of Brick Live. Sarah qualified at Touche Ross in 1990 and then worked for Lovells (now Hogan Lovells), the large London based legal practice based in London as a Financial Accountant.

Sarah has over 15 years' experience of working for a portfolio of clients and is employed as a consultant to Brick Live.

***Sonia Hong, aged 60, Consultant Director of Asia***

Sonia was educated at the University of California, Berkley, USA and the Soon Chunhyang University in Seoul. Sonia has considerable experience in launching international brands in Korea and represented the New Zealand Tourist Board there from 1993 to 2006.

In addition, from 1999 to 2007 Sonia was President of the International Tourism Network in Korea, representing clients such as the Las Vegas and San Francisco Tourist Boards and Dallas Fort Worth airport. In 2007 Sonia became the Secretary General for the Visit Korea Committee and as part of this role managed relations with various government agencies including the Ministry of Culture, Ministry of Sports and Tourism, Ministry of Land Transport and Maritime Affairs and the Korean Tourism Organisation.

In 2010 Sonia joined Parallel Media and procured local sponsors for events such as the Ballantines Championship, K-Pop concerts, the Championship at Laguna Golf & Resort Singapore and the Blue and White Festival Jazz Festival. Sonia joined Brick Live as Director of Asia in 2016 and has recently overseen the BRICKLIVE inaugural exhibition in Seoul, Korea and has been responsible for the much of the development of Brick Live's activities in Asia.

***Betty Waypa, aged 46, Consultant Account Director – the Americas and Group Compliance Officer***

Betty joined Brick Live in 2017 and has over 9 years' experience of event management with large consumer shows having previously worked for Lego Systems Inc in the USA and Canada, where she was responsible for producing the company's travelling event throughout North America.

Prior to this Betty spent ten years in marketing working with world class brands such as the LEGO Group, Cartoon Network, Nintendo and WB Games. Her combined marketing and event management experience allows her to successfully manage the entire event process from origination to execution with an emphasis on delivering an excellent experience for the consumer.

Betty is certified in Event and Exhibition Management by the International Association of Exhibitions and Events and is the Brick Live Global Compliance Officer.

***Nina Day, aged 43, Consultant Head of Business and Legal Affairs, part time***

Nina is Brick Live's in-house legal and business affairs advisor and has over 14 years' experience of working in this role, with particular expertise in commercial contracts, licensing and intellectual property rights. She works for the company on a part time basis as a consultant.

Prior to working for Brick Live, Nina was the assistant company secretary and legal business manager at Future plc, one of the UK's largest media publishing businesses, and has worked for a number of other businesses as a freelance consultant.

***Paul Esson, aged 33, Commercial Director***

Paul has joined the company from Compass Group. He is an experienced Business Development Manager with strong operational experience within management, sports events, catering hospitality and outdoor youth education. At Compass Group he has built profitable and sustainable commercial models and value propositions based on a sound understanding of the full business cycle.

### **13. PRINCIPAL TERMS OF THE PROPOSED ACQUISITIONS AND THE BLFE ACQUISITION**

#### **The Brick Live Acquisition Agreement**

The Company has entered into a conditional agreement dated 29 November 2017 with David Ciclitira and Clive Morton whereby upon satisfaction of the conditions, being Admission and the passing of the Resolutions, the Company will acquire all the issued shares in the capital of Brick Live from David Ciclitira and Clive Morton in consideration of the allotment of 12,500,000 Consideration Shares and 4,166,667 Consideration Shares, to each of them, respectively. The Brick Live Acquisition Agreement contains covenants and warranties on the part of David Ciclitira and Clive Morton in favour of the Company in relation to the business, assets and taxation of the Brick Live Group. Further details of this agreement are set out in paragraph 12.1.1 of Part VIII.

#### **The Parallel Live Acquisition Agreement**

The Company has entered into a conditional agreement dated 29 November 2017 with David Ciclitira whereby upon satisfaction of the conditions, being Admission and the passing of the Resolutions, the Company will acquire all the issued shares in the capital of Parallel Live from David Ciclitira in consideration of the allotment of 3,333,333 Consideration Shares to him. The Parallel Live Acquisition Agreement contains covenants and warranties on the part of David Ciclitira in relation to the business, assets and taxation of Parallel Live and its subsidiaries. Further details of this agreement are set out in paragraph 12.1.2 of Part VIII.

#### **The BLFE Acquisition Agreement**

The Company has entered into a conditional agreement dated 29 November 2017 with Brick Live International and Brick Live Lab whereby upon satisfaction of the conditions, being Admission and the passing of the Resolutions, the Company agrees to allot 9,832,060 Consideration Shares at the Placing Price to Brick Live Lab in consideration for Brick Live Lab agreeing to transfer its 61.1 per cent. holding, being its entire holding, in BLFE to the Company. Further details of this agreement are set out in paragraph 12.1.3 of Part VIII.

### **14. MERCHANDISING RIGHTS**

In conjunction with the BLFE Acquisition described above, CIDEA, a Korean company controlled by Mr Hyun Seok Kim, was granted certain merchandising rights for the aforementioned territory. On 29 November 2017, the Company, Brick Live International and CIDEA entered into a conditional agreement, whereby CIDEA has agreed to relinquish these rights and will as a result be issued with 333,333 New Ordinary Shares, which at the Placing Price have a value of £100,000. Further details of this agreement are set out in paragraph 12.1.4 of Part VIII.

## 15. PRINCIPAL TERMS OF THE DISPOSALS

In order to rationalise and consolidate the Group's business, the Directors have resolved to dispose of all the existing subsidiary companies of Parallel Media, save for Parallel Media Group Asia Pte and The Championship (Singapore) Ltd, collectively referred to as the Disposal Subsidiaries to James Golf Limited, a company controlled by David Ciclitira. James Golf Limited will be responsible for the settling of any creditors, and the Company will reimburse James Golf Limited the costs, capped at £65,571. The Company shall also reimburse James Golf Limited in connection with any costs relating to the winding up or dissolution of the Disposal Subsidiaries which are settled by James Golf Limited, subject to a maximum aggregate of £70,000. Further details of this conditional agreement are set out in paragraph 12.1.7 of Part VIII.

## 16. LOCK-INS AND ORDERLY MARKET PROVISIONS

The Locked-in Shareholders (being the Directors, the Proposed Directors, Clive Norgaard Morton, Hyun Seok Kim, Brick Live Lab and CIDEA), who on Admission will be the holders of 42,192,577 Ordinary Shares, which in aggregate represents 87.5 per cent. of the Enlarged Issued Share Capital, have undertaken not to dispose of any of their interests in Ordinary Shares for a period of 12 months from Admission. Furthermore, in order to ensure an orderly market in Ordinary Shares, the Locked-in Shareholders have further undertaken, in respect of themselves and each of their connected persons, that for a further period of 12 months thereafter they will not, except in certain limited circumstances, deal or otherwise dispose of any such interests other than through Stockdale (or such other broker appointed by the Company from time to time). Further details of these arrangements are set out in paragraph 12.1.13 of Part VIII of this document.

## 17. RELATIONSHIP AGREEMENT

David Ciclitira has entered into a relationship agreement with the Company and Stockdale pursuant to which he has agreed that while he and persons connected with him hold at least 25 per cent. of the Ordinary Shares, he will exercise the voting rights attaching to his shares to, *inter alia*, maintain the balance of the independent directors on the board and to procure that certain matters may only be approved with the consent of the Company's independent directors. These restrictions seek to ensure that the Group is capable of carrying on its business and making decisions independently and in the best interests of the Group and that any transaction between the Group and David Ciclitira or any connected persons are made on an arm's length basis and are subject to approval by the independent directors of the Company. Further details of the Relationship Agreement are set out in paragraph 12.1.12 of Part VIII.

## 18. RELATED PARTY TRANSACTIONS

The Brick Live Acquisition, the Parallel Live Acquisition, the settlement of commission arrangements with David Ciclitira, the Disposal and the Loan Conversion (together, the "**David Ciclitira Transactions**"), the BLFE Acquisition and the conversion of my director's fees into equity, details of which are set out above, will constitute related party transactions for the purposes of Rule 13 of the AIM Rules for Companies.

I, as the independent Director for the purposes of the AIM Rules for Companies, having consulted with the Company's nominated adviser, Stockdale, consider that the terms of the David Ciclitira Transactions and the BLFE Acquisition are fair and reasonable in so far as Shareholders are concerned.

The Company's nominated adviser, Stockdale, considers that the terms of the Director's Fees Settlement are fair and reasonable in so far as Shareholders are concerned.

## 19. INFORMATION ON THE CONCERT PARTY

### Background to the Concert Party

For the purposes of the City Code, all of the members of the Concert Party are deemed to be acting in concert and their interests are to be aggregated.

The Concert Party consists of (i) David Ciclitira and his long term partner Serenella Ciclitira and includes Zedra Wealth Trustees (Jersey) Ltd, trustees of a discretionary trust of which David Ciclitira is a potential beneficiary and Luna Trading Ltd, a company held by a discretionary trust, of which David Ciclitira is a

potential beneficiary and (ii) Clive Morton, the founder and Chief Creative Officer of Brick Live. David Ciclitira owns 75 per cent. of the share capital of Brick Live and all of the share capital of Parallel Live, companies that Parallel Media has conditionally agreed to acquire, subject to the approval of the shareholders of Parallel Media (save for the Concert Party and Ranjit Murugason). At completion, David Ciclitira will be issued with respectively 12,500,000 and 3,333,333 New Ordinary Shares.

Further, as part of the Proposals, David Ciclitira has agreed to convert the Existing Debt (being £2.03 million of the total amount owed to him by Parallel Media) which will immediately be applied in subscribing for 6,766,666 New Ordinary Shares at the Placing Price.

In December 2016, Brick Live agreed an arrangement with David Ciclitira, whereby David Ciclitira would be paid a commission on all sales generated by David Ciclitira for and on behalf of the Brick Live Group. It has been agreed that these arrangements will be terminated, in consideration of a payment of £1 million by Brick Live to David Ciclitira and that David Ciclitira will immediately apply in subscribing for 3,333,333 New Ordinary Shares at the Placing Price.

Clive Morton owns 25 per cent. of Brick Live that Parallel Media is proposing to acquire. Should the Proposals be approved by Parallel Media shareholders, Clive Morton will be issued with 4,166,667 New Ordinary Shares. Clive Morton does not currently have a shareholding in Parallel Media.

### Existing holdings and maximum controlling position of the Concert Party

Immediately following Admission and the issue of New Ordinary Shares to the members of the Concert Party in connection with the Proposals, the Concert Party will hold in aggregate 31,113,275 Ordinary Shares, representing 64.54 per cent. of the voting rights of the Enlarged Group.

	<i>Consideration Shares</i>						<i>Percentage</i>	
	<i>Number of Ordinary Shares</i>	<i>Percentage of Existing Ordinary Shares</i>	<i>Brick Live</i>	<i>Parallel Live</i>	<i>Shares issued re Existing Debt</i>	<i>Commissions forfeited</i>	<i>Total Number of Ordinary Shares</i>	<i>of Fully Diluted Share Capital</i>
<i>Concert Party</i>								
David Ciclitira	688,747	22.89%	12,500,000	3,333,333	6,766,667	3,333,333	26,622,080	55.22%
Zedra Wealth (Jersey) Ltd	206,532						206,532	0.43%
Luna Trading Ltd	116,434						116,434	0.24%
	<u>1,011,713</u>	<u>33.62%</u>					<u>26,945,046</u>	<u>55.89%</u>
Serenella Ciclitira	1,562	0.05%					1,562	0.00%
Clive Morton	–		4,166,667				4,166,667	8.64%
<b>TOTAL</b>	<u>1,013,275</u>	<u>33.67%</u>	<u>16,666,667</u>	<u>3,333,333</u>	<u>6,766,667</u>	<u>3,333,333</u>	<u>31,113,275</u>	<u>64.54%</u>

## 20. INTENTIONS OF THE CONCERT PARTY FOLLOWING COMPLETION

The Relationship Agreement described at paragraph 17 above, imposes certain restrictions on David Ciclitira, seeking to ensure that the Group is capable of carrying on its business and making decisions independently and in the best interests of the Group.

The Concert Party has confirmed that it does not intend to implement any changes in respect of any of the following matters following Completion: (i) the continued employment of the employees and management of the Company and its subsidiaries; (ii) the strategic plans for the Company; (iii) the locations of the Company's place of business; (iv) the redeployment of the Company's fixed assets; (v) contributions into the Company's pension scheme(s), the accrual of benefits to existing members and the admission of new members; and (vi) the Company's existing trading facilities for the Ordinary Shares.

## 21. THE CITY CODE

The City Code applies to all companies who have their registered office in the UK, Channel Islands or Isle of Man and whose securities are traded on a regulated market in the UK or a stock exchange in the Channel Islands or Isle of Man or a multilateral trading facility. Accordingly, the City Code applies to the Company.

Under Rule 9 of the City Code, where any person acquires, whether by a series of transactions over a period of time or not, an interest in securities which (taken together with securities already held by him and securities held or acquired by persons acting in concert with him) carry 30 per cent. or more of the voting rights of a company which is subject to the City Code, that person is normally required to make a general offer to all the holders of any class of equity share capital.

Rule 9 of the City Code also provides that where any person who, together with persons acting in concert with him, is interested in securities which in aggregate carry not less than 30 per cent. but does not hold securities carrying more than 50 per cent. of the voting rights of a company which is subject to the City Code, and such person, or any person acting in concert with him, acquires an interest in any other securities which increases the percentage of securities carrying voting rights in which he is interested, then such person is normally required to make a general offer to all holders of any class of equity share capital.

An offer under Rule 9 must be in cash and at the highest price paid within the preceding 12 months for any interest in shares of the company by the person required to make the offer or any person acting in concert with him.

The City Code requires independent Directors to obtain competent independent advice regarding the merits of the transaction which is the subject of the Waiver Resolution, the controlling position which it will create and the effect which it will have on Existing Shareholders generally. I have a vested interest in the Proposals, and therefore, while giving my recommendation, I am not independent for the purposes of the Whitewash Resolution. Stockdale, in its capacity as the Company's financial adviser, has provided formal advice to me, Ranjit Murugason, regarding the Proposals and the Waiver. Stockdale confirms that it is independent of the Concert Party and has no commercial relationship with any member of the Concert Party.

**As noted above, immediately following Admission, the Concert Party will hold more than 50 per cent. of the voting rights of the Company. Rule 9 of the City Code further provides that where any person who, together with persons acting in concert with him, holds over 50 per cent. of the voting rights of a company, acquires an interest in shares which carry additional voting rights, then they will not generally be required to make a general offer to the other shareholders to acquire the balance of their shares, although individual members of the Concert Party will not be able to increase their percentage interests in shares through or between a Rule 9 threshold without the Takeover Panel's consent.**

**Further information on the City Code is set out in Part VI of this document.**

## 22. WAIVER OF RULE 9 OF THE CITY CODE

**Immediately following Admission, the Concert Party will own 64.54 per cent. of the Enlarged Issued Share Capital.**

The issue of the Consideration Shares in connection with the Brick Live Acquisition and the Parallel Live Acquisition, together with the further New Ordinary Shares to be issued to the Concert Party in connection with the Proposals would normally result in the Concert Party having to make a general offer to Shareholders pursuant to Rule 9 of the City Code. Under Note 1 on the Notes on the Dispensations from Rule 9 of the City Code, the Takeover Panel will normally waive the requirement for a general offer to be made in accordance with Rule 9 of the City Code if Independent Shareholders pass an ordinary resolution on a poll at a general meeting approving such a waiver.

The Takeover Panel has agreed, subject to the approval of Independent Shareholders on a poll at the General Meeting, to waive the obligation for the Concert Party to make a general offer that would otherwise arise as a result of the issue of the 30,100,000 New Ordinary Shares to the Concert Party comprising the Consideration Shares in connection with the Brick Live Acquisition and the Parallel Live Acquisition, together with the further New Ordinary Shares to be issued to the Concert Party in connection with the Proposals.

Accordingly, the Whitewash Resolution (Resolution 1) is being proposed at the General Meeting and will be taken on a poll by Independent Shareholders. The members of the Concert Party who are Existing Shareholders and I will not vote in relation to Resolution 1.

Shareholders should also be aware that if the Resolutions are passed, including the Waiver Resolution by the Independent Shareholders in General Meeting, the Concert Party will not be restricted from making an offer for the Company.

**Further information on the Waiver is set out in Part VI of this document.**

### **23. WORKING CAPITAL**

The Directors are of the opinion, having made due and careful enquiry, that, taking into account the cash resources available to the Enlarged Group following the implementation of the Proposals (including the Placing), the working capital available to the Enlarged Group will be sufficient for its present requirements, that is at least for 12 months from the date of Admission.

### **24. DIVIDEND POLICY AND CAPITAL REORGANISATION**

The Enlarged Group will primarily seek to achieve capital growth for its Shareholders. In addition, it is the Board's current intention to adopt, at an appropriate time, a progressive dividend policy as and when the Enlarged Group has generated sufficient profits which can be distributed.

Shareholders should be aware that dividends are paid out of distributable reserves and that as at 31 December 2016 Parallel Media had a deficit on its distributable reserves of £23.472m. Following Admission, it is the Board's intention that the Enlarged Group should undertake a capital reconstruction to eliminate this deficit on distributable reserves to put the Enlarged Group in a position to pay dividends at a future date. A capital reconstruction of this nature will require the approval of creditors and Shareholders should be aware that there can be no certainty that this capital reconstruction will be consummated as currently envisioned.

### **25. CORPORATE GOVERNANCE**

The Board recognises the value and importance of high standards of corporate governance. Accordingly, whilst the UK Corporate Governance Code does not apply to companies admitted to trading on AIM, the Board intends to continue to observe the requirements of the UK Corporate Governance Code to the extent they consider appropriate in the light of the Enlarged Group's size, stage of development and resources. The Board also proposes to fully comply with the recommendations set out in the QCA Corporate Governance Code for small and mid-sized quoted Companies published by the Quoted Companies Alliance ("**QCA Guidelines**"), which sets out a standard of minimum best practice for AIM companies and recommendations for reporting corporate governance matters.

At Admission, the Board will comprise five directors, of whom two are executive directors and three are non-executives. The Board considers that Ranjit Murugason and Simon Bennett are independent (within the meaning of the QCA Guidelines). The Directors believe that the size and composition of the Board is appropriate given the stage and development of the Enlarged Group at Admission, although the Company intends to appoint a Finance Director and a further non-executive Director to the Board by 30 June 2018 or earlier, if suitable candidates have been identified.

#### **Board**

The Board will continue to be responsible for the overall management of the Enlarged Group including the formulation and approval of the Enlarged Group's long term objectives and strategy, the approval of budgets, the oversight of Enlarged Group operations, the maintenance of sound internal control and risk management systems and the implementation of the Enlarged Group's strategy, policies and plans. Whilst the Board may delegate specific responsibilities, there will be a formal schedule of matters specifically reserved for decision by the Board; such reserved matters will include, amongst other things, approval of significant capital expenditure, material business contracts and major corporate transactions. The Board will formally meet four times per year to review performance.

The Company has an established audit committee, remuneration and nomination committees with formally delegated duties and responsibilities, and has adopted a share dealing code and an anti-corruption policy, as described below.

### **Audit committee**

The audit committee will continue to be responsible for monitoring the integrity of the Company's financial statements, reviewing significant financial reporting issues, reviewing the effectiveness of the Company's internal control and risk management systems, monitoring the effectiveness of the internal audit function and overseeing the relationship with the external auditors (including advising on their appointment, agreeing the scope of the audit and reviewing the audit findings).

The audit committee comprises of Simon Bennett and myself and is chaired by Simon Bennett. The audit committee meets at least three times a year at appropriate times in the reporting and audit cycle and otherwise as required. The audit committee comprises members with the appropriate financial and business expertise to act efficiently as a member of the committee. The audit committee also meets regularly with the Company's external auditors.

### **Remuneration and Nomination committees**

The remuneration committee is responsible for determining and reviewing the terms and conditions of service, termination and remuneration of the chairman, the Board and other designated senior executives and, within the terms of the agreed framework, determining the total individual remuneration packages of such persons including, where appropriate, bonuses, incentive payments and share options or other share awards. The remuneration of non-executive Directors will be a matter for the Executive Chairman and the other non-executive members of the Board. No Board member will be involved in any decision as to his or her own remuneration.

The remuneration committee comprises Simon Bennett, and I and is chaired by myself. The remuneration committee meets at least twice a year and otherwise as required

The nomination committee is responsible for reviewing and making proposals to the Board on the appointment of directors, determining successor plans and for assessing directors on an ongoing basis. The committee meets as necessary and consists of David Ciclitira, Simon Bennett and I.

### **Share dealing code**

The Company has adopted a share dealing code ("**Code**") for persons discharging managerial responsibility, which will apply to Directors, any persons closely associated, and applicable employees of the Enlarged Group (as defined in the Code) for the purpose of ensuring compliance by such persons with the provisions of the AIM Rules for Companies, FSMA, the Market Abuse Regulation (EU) 596/14 ("**MAR**"), and other relevant legislation. The Code addresses share dealing restrictions as required by the AIM Rules and MAR. The purpose of the Code is to ensure that Directors and other relevant persons do not abuse, or place themselves under suspicion of abusing, inside information they may have or be thought to have, and sets out a dealing authorisation and notification procedure to be followed prior to and following any dealing in Ordinary Shares. The Board consider that this share dealing code is appropriate for a company whose shares are admitted to trading on AIM.

The Company will continue to take proper steps to ensure compliance by relevant persons with the terms of the share dealing code and the relevant provisions of the AIM Rules for Companies.

### **Anti-corruption policy**

The Company has adopted an anti-corruption and bribery policy which applies to the Board, employees of all its subsidiaries and associated persons of the Group. It sets out their responsibility to observe and uphold a zero tolerance position on bribery and corruption in the jurisdictions in which the Group operates, as well as providing guidance to those working for the Group on how to recognise and deal with bribery and corruption issues and the potential consequences. The Company expects all employees, agency workers, suppliers, contractors, agents, sponsors and consultants to conduct their day-to-day business activities in

a fair, honest and ethical manner, be aware of and refer to this policy in all of their business activities worldwide and to conduct business on the Company's behalf in compliance with it. Management at all levels are responsible for ensuring that those reporting to them, internally and externally, are made aware of and understand this policy.

## **26. CHANGE OF NAME**

On Completion it is proposed that the Company's name be changed to Live Company Group Plc to reflect the Enlarged Group's new business.

## **27. NEW ARTICLES OF ASSOCIATION**

The Company proposes to adopt new articles of association to modernise its constitution and reflect other recent changes in the law.

The material differences between the Existing Articles and the New Articles are summarised below. Changes of a minor, conforming or purely technical nature have not been mentioned specifically.

### *Enabling the Company to communicate with Shareholders by electronic and/or website communications*

The Act contains provisions relating to electronic communications between companies and their shareholders enabling companies to use electronic communications with shareholders as the default position by placing documents on a website unless shareholders specifically elect to receive hard copies. Shareholders may elect for all or any communications to be sent to them via email rather than receiving documents in hard copy form and shareholders may communicate with the Company by electronic means where the company has given an electronic address in a notice calling a meeting or in an instrument of proxy. The New Articles will clarify how the Company can use these provisions and permit notice of general meetings, proxies and documents to be delivered using modern electronic means. The New Articles will also allow Directors' meetings to make use of electronic communications.

### *Director appointment rights*

The New Articles will preserve rights of David Ciclitira and his connected persons to appoint Directors to the Board of the Company (and to remove and replace the same). However, the rights will be modified so that they have the right to appoint up to two directors for so long as they hold or are interested in more than 25 per cent. of the Ordinary Shares of the Company in issue, and one director for so long as they hold or are interested in more than 15 per cent. of the Ordinary Shares of the Company in issue. For the avoidance of doubt, the New Articles will clarify that at the date of their adoption the nominated directors are David and Serenella Ciclitira.

### *Reducing the notice period for calling an extraordinary general meeting from 21 clear days to 14 clear days*

The Act permits a company to call an extraordinary general meeting on 14 clear days' notice unless required otherwise by its articles of association. All shareholder meetings other than the annual general meeting will now be called general meetings.

### *Allowing the directors to authorise conflicts or potential conflicts of interest, where appropriate*

The Act sets out directors' general duties which largely codify the existing law but with some changes. Under the Act, a director must avoid a situation where he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the company's interests. The requirement is very broad and could apply, for example, if a director becomes a director of another company or a trustee of another organisation. The Act allows directors of public companies to authorise conflicts and potential conflicts, where appropriate, where the articles of association contain a provision to this effect. The Act also allows the articles to contain other provisions for dealing with directors' conflicts of interest to avoid a breach of duty. The New Articles will give the Directors authority to approve such situations and to include other provisions to allow conflicts of interest to be dealt with in a similar way to the current position.

There are safeguards that will apply when directors decide whether to authorise a conflict or potential conflict. First, only Directors who have no interest in the matter being considered will be able to take the relevant decision, and secondly, in taking the decision the directors must act in a way they consider, in good faith,

will be most likely to promote the company's success. The Directors will be able to impose limits or conditions when giving authorisation if they think this is appropriate.

It is the Board's intention to report annually on the Company's procedures for ensuring that the Board's powers of authorisation of conflicts are operated effectively and that the required procedures have been followed.

#### *Disclosing of interests in shares*

The provisions relating to the disclosure of interests in shares contained in the Companies Act 1985, including Section 212 on company investigation powers, were repealed in January 2007. Section 793 and related sections in Part 22 of the 2006 Act, which contain the corresponding company investigation powers previously contained in Section 212, have been brought into force and accordingly the New Articles reflect these changes.

## **28. GENERAL MEETING**

A notice of General Meeting is set out in Part IX at the end of this document. A General Meeting has been convened for 11.00 a.m. on 22 December 2017 to be held at the offices of Fieldfisher LLP, Riverbank House, 2 Swan Lane, London EC4R 3TT for the purpose of considering and, if thought fit, passing the resolutions summarised below. Resolutions 2 to 6 will be conditional upon the passing of Resolution 1.

Ordinary Resolutions:

1. To approve the Waiver;
2. To approve the Proposed Acquisitions, the Placing, the Loan Conversion, the Disposal, the settlement of David Ciclitira's commission arrangements, and the issue of new ordinary shares for merchandising rights, Director's fees and adviser fees;
3. To authorise the Directors to allot relevant equity securities under section 551 of the Companies Act.

Special Resolutions:

4. To disapply statutory pre-emption rights;
5. To change the name of the Company to Live Company Group Plc; and
6. To adopt new Articles of Association

To be passed, Resolutions 1 to 3 require a majority of more than 50 per cent. of votes entitled to be cast by Shareholders voting in person or by proxy in favour of each Resolution, and Resolutions 4 to 6 will require a majority of not less than 75 per cent. of the Shareholders voting in person or by proxy in favour of each Resolution.

In accordance with the requirements of the Takeover Code, Resolution 1 shall be taken on a poll of Independent Shareholders. No member of the Concert Party nor Ranjit Murugason may vote on the Whitewash Resolution (Resolution 1) at the General Meeting.

## **29. ADMISSION, DEALINGS AND CREST SETTLEMENT**

Application will be made for the Enlarged Share Capital to be admitted to trading on AIM, conditional on Completion. Consequently, if the Resolutions are duly passed at the General Meeting, it is expected that Admission will become effective and the Enlarged Issued Share Capital will be admitted to trading on AIM. Admission is expected to take place at 8.00 a.m. on 27 December 2017, although these dates and times are subject to variation.

CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by a written instrument in accordance with the requirements of CREST. The Articles permit the holding and transfer of Ordinary Shares to be evidenced in uncertificated form in accordance with the requirement of CREST. The New Ordinary Shares are eligible for CREST settlement. Accordingly, following Admission, settlement of transactions in Ordinary Shares may take place within the CREST system if the relevant Shareholder so wishes. CREST is a voluntary system and Shareholders who wish to receive and retain share certificates will be able to do so.

### **30. TAXATION**

Information regarding United Kingdom taxation is set out in paragraph 15 of Part VIII of this document. If you are in any doubt as to your tax position, you should consult an appropriate professional adviser immediately.

### **31. ADDITIONAL INFORMATION**

Your attention is drawn to the additional information set out in Part VIII of this document which contains, among other things, further information on the Enlarged Group.

### **32. RISK FACTORS**

Prior to making an investment decision in relation to the Ordinary Shares, Shareholders and prospective investors should read the whole of this document and in particular carefully consider the Risk Factors set out in Part II and the information contained in Parts I to VIII of this document.

### **33. ACTION TO BE TAKEN**

**You will find accompanying this document a Form of Proxy for use in connection with the General Meeting. Whether or not you intend to be present at the General Meeting, you are asked to complete the Form of Proxy in accordance with the instructions printed on it so as to be received by the Company's registrars, Link Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, as soon as possible but in any event not later than 11.00 a.m. on 20 December 2017. Completion of the Form of Proxy will not preclude you from attending and voting at the General Meeting should you so wish.**

**In the event that the Company is unable to implement the Proposals outlined in this document or that Shareholders do not approve the Resolutions, there can be no certainty that David Ciclitira will continue to provide financial support for the Company. Under those circumstances, one of the options available to the Board would be to seek a cancellation of the Company's listing on AIM, in accordance with Rule 41 of the AIM Rules for Companies.**

### **34. RECOMMENDATION**

**I, having been so advised by Stockdale, the independent financial adviser to the Company, for the purposes of Rule 3 of the City Code, consider the Proposals (including the Waiver) to be fair and reasonable and in the best interests of the Independent Shareholders and the Company as a whole. In advising me, Stockdale has taken into account my commercial assessments. I recommend that you vote in favour of the Resolutions as I intend to, save as set out below, in respect of my beneficial holding of 180,742 Ordinary Shares, equivalent to 6.0 per cent. of the Existing Ordinary Shares. Shareholders should note that I have a vested interest in the Proposals, and therefore in giving my recommendation I am not independent for the purposes of the Whitewash Resolution and am therefore not permitted to vote on Resolution 1.**

**If you are in any doubt as to the action you should take, you are recommended to seek your own independent advice.**

Yours faithfully,

**Ranjit Murugason**  
*Non-Executive Director*

## PART II

### RISK FACTORS

This document contains forward looking statements, which have been made after due and careful enquiry and are based on the Board's current expectations and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. These forward-looking statements are subject to, amongst other things, the risk factors described in this Part II. The Board believes that the expectations reflected in these statements are reasonable, but they may be affected by a number of variables which could cause actual results or trends to differ materially. Each forward-looking statement speaks only as of the date of the particular statement.

Factors that might cause a difference include, but are not limited to, those discussed in this Part II. Given these uncertainties, prospective investors are cautioned not to place any undue reliance on such forward looking statements. The Company disclaims any obligation to update any such forward looking statements in the document to reflect future events or developments.

Prior to making an investment decision in respect of the Ordinary Shares, investors or prospective investors should consider carefully all of the information within this document, including the risk factors set out in this Part II. The Board believes these risks to be the most significant for investors or potential investors. However, the risks listed do not necessarily comprise all those associated with an investment in the Company. In particular, the Company's performance may be affected by changes in market or economic conditions and in legal, regulatory and/or tax requirements. The risks listed are not set out in any particular order of priority.

If any of the following risks were to materialise, the Enlarged Group's business, financial condition, results or future operations could be materially and adversely affected. In such cases, the market price of the Ordinary Shares could decline and an investor may lose part or all of his investment. Additional risks and uncertainties not presently known to the Board, or which the Board currently deem immaterial, may also have an adverse effect upon the Enlarged Group and the information set out below does not purport to be an exhaustive summary of the risks affecting the Enlarged Group.

#### **Risks Factors Relating to the Enlarged Group**

##### ***Early stage of operations***

There are a number of additional operational, strategic and financial risks associated with early stage companies. In particular, the Enlarged Group's future growth and prospects will depend on its ability to stay competitive with its pricing, maintain and develop its business and to manage growth and to continue to improve operational, financial and management information and quality control systems on a timely basis, whilst at the same time maintaining effective cost controls. Any failure to improve operational, financial and management information and quality control systems in line with the Enlarged Group's growth could have a material adverse effect on its business, financial condition and results of operations.

The Enlarged Group has only a limited operating history upon which its performance and prospects can be evaluated. There can be no certainty that the Enlarged Group will achieve increased or sustained revenues, profitability or positive cash flow from its operating activities within the timeframe currently expected by the Board or at all. The development of the Enlarged Group's revenues is difficult to predict and there is no guarantee that it will generate increased revenues in the foreseeable future.

##### ***Management of growth***

The ability of the Enlarged Group to implement its strategy requires effective planning and management control systems. The Enlarged Group's growth plans may place a significant strain on its management and operational, financial and personnel resources. Consequently, the Enlarged Group's future growth and prospects will depend on its ability to manage this growth. The value of an investment in the Enlarged Group is dependent upon the Enlarged Group achieving the aims set out in this document. There can be no guarantee that the Enlarged Group will achieve the level of success that the Board expects.

### ***Exposure to Asia***

The Directors consider that much of the Enlarged Group's future revenues will be generated in Asia and in particular in China. Investments in Asia involve a broad range of political, economic, legal, financial and other risks, many of which are unquantifiable and/or unpredictable and not necessarily associated with the risks involved in activities in more developed and regulated environments. Should the region suffer from economic downturn or changes to the legal, financial or regulatory environment then, given the significant concentration of the Enlarged Group's future anticipated revenues and profits that are to be derived from Asia, the financial position of the Enlarged Group may be materially adversely affected.

Further it may prove to be difficult or impossible, for a number of reasons, to remit profits earned in Asia back to the UK. If the Enlarged Group is unable to remit monies back to the UK, the financial position of the Enlarged Group may be materially affected.

### ***Reliance on access to good quality content for BRICKLIVE events***

The Enlarged Group's ability to offer competitive services will be dependent on its ability to obtain access to good quality content for BRICKLIVE events, on reasonable commercial terms. There can be no guarantee that the Enlarged Group will be able to negotiate or re-negotiate current deals that have come to an end on the same or better commercially acceptable terms, or at all, for content from either LEGO Group or certified LEGO® professional building companies. Furthermore, no assurance can be given at all that the Enlarged Group will be able to find alternative or replace licensee partners or content providers. If the Enlarged Group is unable to do so, the financial position of the Enlarged Group may be materially adversely affected.

### ***Relationship with LEGO***

Apart from the signed agreement between Parallel Live and LEGO Systems Inc in the USA for Parallel Live to promote the LEGO Live fan shows in that marketplace, there is no formal signed agreement with LEGO in relation to the staging of BRICKLIVE events internationally. Should the Parallel Live contract with LEGO Systems Inc be terminated before its due date, or not be renewed in the future, the financial position of the Enlarged Group may be materially adversely affected.

LEGO® is a trademark of the LEGO Group and Brick Live Group is not associated with the LEGO Group and is an independent producer of BRICKLIVE events.

### ***Acquiring new licensee partners***

The Enlarged Group's future growth and expected profitability is primarily dependent on maintaining good relationships with and increasing the number of new licensee partners. The Enlarged Group cannot be certain that the rate of new licensee partner will be sufficient to deliver the expected revenue and profitability. It is possible that the market place will not grow as rapidly as the Board expects and that the Enlarged Group's future events will not be as successful as planned.

### ***Reliance on third parties***

The Enlarged Group does not make any of the content for its events and uses different third parties to do so. There can be no certainty that these third parties will provide content to an acceptable standard and that the content will be delivered to the licensee partner on time. Should content not be delivered on time and to the agreed standard, it is likely that this will have a material adverse impact on the Enlarged Group's revenues and cash flows.

### ***Business development activity***

Businesses activities undertaken by the Enlarged Group now or in the future may not deliver target outcomes and may expose the Enlarged Group to additional operational and financial risk. Business development activities entail a number of risks, including that they may be based on incorrect assumptions or conclusions and the Enlarged Group may suffer on account of unanticipated costs and/or liabilities and other unanticipated effects. The occurrence of any of these events could have a material adverse impact on the Enlarged Group's financial position and could also impact its ability to enter into other territories.

### ***Retention of business***

At present, the majority of Enlarged Group's revenues are derived from a small number of licensee partners. This situation is likely to remain until the Enlarged Group's sales and marketing efforts to expand and diversify the customer base are successful. Until such expansion and diversification is achieved, the loss of any of the Enlarged Group's licensee partners is likely to have a material adverse impact on the Enlarged Group's revenues and cash flows.

In addition, the Enlarged Group is reliant on the licensee partners to market, operate and manage the events, in a manner that will create an excellent environment for the visitors. In addition, the licensee partners are responsible for safeguarding the Enlarged Group's assets. There can be no certainty that the licensee partners will perform to an effective standard or will adequately safeguard the Enlarged Group's assets and this may have a material effect on the Enlarged Group's expected revenues and cashflows.

Furthermore, the Enlarged Group is reliant on the licensee partners to help to maintain and develop the Enlarged Group's brand and reputation. Although the activities of licensee partners are restricted and set out in licensee agreements, further information on which can be found at paragraph 3 of Part I of this document in the description of the Brick Live Group's business model, ultimately the Enlarged Group cannot fully control the actions of a licensee on a day to day basis and low quality or un-professional performance of a licensee could negatively affect the brand and reputation of the Enlarged Group. Given the majority of the Enlarged Group's planned growth is in Asia, the Enlarged Group's ability to seek legal recourse from licensee partners is potentially limited by cost and jurisdictional barriers.

### ***Management of intellectual property***

The ability to protect its intellectual property, in particular its trade secrets and know-how and the ability to operate without infringing the proprietary rights of third parties is an important aspect of the Group's competitive advantage.

As the business grows the Enlarged Group may be subject to claims in relation to infringement of trademarks, patents or other proprietary rights. Adverse judgments against the Enlarged Group may give rise to significant liability in monetary damages, legal fees and an inability to generate revenue from license sales. Any litigation brought against the Enlarged Group, whether or not determined in the Enlarged Group's favour or settled by the Enlarged Group, could result in lengthy litigation which may be costly and time consuming. Even claims without merit could deter potential licensees and have a detrimental effect on the Enlarged Group's business. Adverse judgments against the Enlarged Group may give rise to significant liabilities or an inability to operate in particular territories.

Further there is no assurance that others have not developed or will not develop similar events, incorporating similar intellectual property or infringe any of the Enlarged Group's intellectual property rights.

### ***Retention of key executives and staff***

The Enlarged Group's development and prospects are dependent upon the continued services and performance of its Directors, senior management and other key personnel.

The Board intends, as part of these Proposals, to introduce a long term share option scheme to motivate, reward and retain management within the business. The Enlarged Group will be managed by certain key personnel who may be difficult to replace. Furthermore, the Board or key members of management may be unable to provide their services to the Enlarged Group for reasons outside of their or the Enlarged Group's control, for example, for reasons of poor health.

The permanent or temporary loss of any key individual or the inability to attract appropriate personnel could impact on the Enlarged Group's ability to execute its business strategy successfully and provide the quality of services required by its licensee partners, which could negatively impact upon the Enlarged Group's future performance.

## **General Risks**

### **Investment Risks**

An investment in the Ordinary Shares is only suitable for financially sophisticated investors who are capable of evaluating the merits and risks of such an investment, or other investors who have been professionally advised with regard to the investment and who have sufficient resources to be able to bear any losses that may arise therefrom (which may be the whole amount invested). Such an investment should be seen as complementary to existing investments in a wide spread of financial assets and should not form a major part of an investment portfolio. Investors should not consider investing in the Ordinary Shares unless they already have a diversified investment portfolio.

Prospective investors should be aware that the value of an investment in the Enlarged Group may go down as well as up and investors may therefore not recover or may lose all of their original investment.

In addition, the price at which investors may dispose of their Ordinary Shares may be influenced by a number of factors, some of which may pertain to the Company or the Enlarged Group and others which may be extraneous. These factors could include the performance of the Enlarged Group's business, large purchases or sales of Ordinary Shares, liquidity (or the absence of liquidity) in the Ordinary Shares, currency fluctuations, legislative or regulatory or taxation changes, general economic and political conditions and interest and inflation rate variations. The value of the Ordinary Shares may therefore fluctuate and not reflect their underlying asset value.

### **Economic conditions and current economic weakness**

Any economic downturn either globally or locally in any area in which the Enlarged Group operates may have an adverse effect on the demand for the Enlarged Group's services. A more prolonged economic downturn may lead to an overall decline in the demand for the Enlarged Group's services and may accordingly, reduce or eliminate the Enlarged Group's ability to generate a profit.

In addition, although signs of some economic recovery have been perceptible in certain countries, the sustainability of a global economic upturn is far from assured. If economic conditions remain uncertain this might have an adverse impact on the Enlarged Group's operations and business results.

### **Brexit**

As the Enlarged Group grows and expands in both current and new territories, it will be increasingly exposed to exchange rate fluctuations which could have a material adverse effect on the Enlarged Group's profitability or the price competitiveness of its products and services. In addition, the likelihood of significant exchange rate fluctuations may be increased by factors related to the United Kingdom's decision to leave the European Union. There can be no guarantee that the Enlarged Group would be able to compensate or hedge against such adverse effects and therefore negative exchange rate effects could have a material adverse effect on the Enlarged Group's business and prospects, and its financial performance.

### **Litigation**

Whilst the Enlarged Group intends to take such reasonable precautions as it regards appropriate to avoid or minimise the likelihood of any legal proceedings or claims against the Enlarged Group, which may lead to financial loss, there can be no guarantee that litigation may be brought against the Group. Equally, there can be no assurance that any claimants in any litigation will not be able to devote substantially greater financial resources to any proceedings against the Enlarged Group. Any litigation, whether determined or not in the Enlarged group's favour may be costly, may divert management's attention away from the day to day business of the Enlarged Group and may have a material adverse effect on the financial position of the Enlarged Group.

In January 2016 Parallel Media terminated its original license agreement in Korea with Brick Live Korea Limited, and replaced appointed Brick Live World Limited, and subsequently HiBrick Limited (both being companies owned by Mr Kim) as Licensees in Korea. Whilst there is no formal litigation on-going at present, BLI is in discussion to recover certain non-material assets loaned by it to the original licensee (being Brick Live Korea Limited).

## **Force Majeure**

The Enlarged Group's operations now or in the future may be adversely affected by risks outside the control of the Enlarged Group including labour unrest, civil disorder, hostilities, war, subversive activities or sabotage, cyber attacks, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.

## **Taxation**

Any change in the Enlarged Group's tax status or in taxation legislation or its interpretation, could affect the Enlarged Group's ability to provide returns to Shareholders and/or alter the post-tax returns to Shareholders. Statements in this document concerning the taxation of the Enlarged Group and its investors are based upon current tax law and practice which is subject to change.

The taxation implications of investing in the Enlarged Group are dealt with in paragraphs 15 of Part VIII of this document. The tax rules and their interpretation relating to an investment in the Enlarged Group may change during the life of the Enlarged Group. The levels of, and relief from, taxation may change. Any tax reliefs referred to in this document are those currently available and their application depends on the individual circumstances of investors. The information given in this document relates only to UK investors and investors in other jurisdictions must seek their own tax advice.

Any change in the Enlarged Group's tax status, or the tax applicable to holding Ordinary Shares, or in taxation legislation or its interpretation, could affect the value of the assets held by the Enlarged Group, affect the Enlarged Group's ability to provide returns to Shareholders and/or alter the post-tax return of Shareholders. Statements in this document concerning the taxation of the Enlarged Group and/or its investors are based upon current law and practice which are subject to change.

## **Securities traded on AIM**

AIM securities are not admitted to the Official List. An investment in shares traded on AIM may carry a higher risk than an investment in shares traded on the Official List. AIM has been in existence since June 1995 but its future success and liquidity in the market for the Ordinary Shares cannot be guaranteed.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached rather than for larger or more established companies. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser authorised under FSMA who specialises in advising on the acquisition of shares and other securities.

## **The trading price of the Ordinary Shares may be volatile, and Shareholders might not be able to sell their shares at or above the Placing Price.**

An active or liquid market in the Ordinary Shares may not develop following Admission or, if it does develop, it may not be sustainable. The Placing Price may not be indicative of the market price of the Ordinary Shares after Admission and therefore it may vary from the market price of the Ordinary Shares after Admission. As a result of these and other factors, Shareholders may be unable to resell their Ordinary Shares at or above the Placing Price after Admission.

The following factors, in addition to other risks described in this document, may have a significant effect on the market price of the Ordinary Shares:

- variations in operating results;
- actual or anticipated changes in the estimates of operating results or changes in stock market analyst recommendations regarding the Ordinary Shares, other comparable companies or the industry generally;
- macro-economic conditions in the countries in which the Enlarged Group may do business;
- foreign currency exchange fluctuations and the denominations in which the Enlarged Group may conduct business and hold cash reserves;
- market conditions in the industry, the industries of licensee partners and the economy as a whole;

- actual or expected changes in the Enlarged Group's growth rates or competitors' growth rates;
- changes in the market valuation of similar companies;
- trading volume of the Ordinary Shares;
- sales of the Ordinary Shares by directors or Shareholders; and
- adoption or modification of regulations, policies, procedures or programs applicable to the Enlarged Group's business.

In addition, if the stock market in general experiences loss of investor confidence, the trading price of the Ordinary Shares could decline for reasons unrelated to the Enlarged Group's business, financial condition or operating results. The trading price of the Ordinary Shares might also decline in reaction to events that affect other companies in the industry, even if these events do not directly affect the Enlarged Group. Each of these factors, among others, could harm the value of an investment in the Ordinary Shares.

**There can be no guarantee that the Enlarged Group will not need any further capital nor that will any future capital raisings be successful. If securities or industry analysts do not publish research or publish unfavourable or inaccurate research about the business, the Company's share price and trading volume of the Ordinary Shares could decline.**

The trading market for the Ordinary Shares will depend, in part, on the research and reports that securities or industry analysts publish about the Enlarged Group or its business. The Board may be unable to secure coverage by well-regarded securities and industry analysts. If either none or only a limited number of securities or industry analysts maintain coverage of the Enlarged Group, or if these securities or industry analysts are not widely respected within the general investment community, the trading price for the Ordinary Shares could be negatively impacted. In the event the Enlarged Group obtains securities or industry analyst coverage, if one or more of the analysts who cover the Enlarged Group downgrade the Ordinary Shares or publish inaccurate or unfavourable research about the Enlarged Group's business, the share price would be likely to decline. If one or more of these analysts cease coverage of the Enlarged Group or fail to publish reports regularly, demand for the Ordinary Shares could decrease, which may cause the share price and trading volume to decline. Should the share price decline, it is likely to increase the amount of dilution Shareholders suffer following a capital raising, or a decrease in the number of investors motivated to participate in such a capital raising.

#### **Dilution of Shareholders' interest as a result of additional equity fundraising**

The Enlarged Group may need to raise additional funds in the future to finance, amongst other things, working capital, expansion of the business, new developments relating to existing operations or new Proposed Acquisitions. If additional funds are raised through the issuance of new equity or equity-linked securities of the Enlarged Group other than on a pre-emptive basis to existing shareholders, the percentage ownership of the existing shareholders may be reduced. Shareholders may also experience subsequent dilution and/or such securities may have preferred rights, options and pre-emption rights senior to the Ordinary Shares.

**If the Enlarged Group fails to maintain proper and effective internal controls, its ability to produce accurate and timely financial statements could be impaired and investors' views of the Enlarged Group could be harmed.**

The Enlarged Group has systems and controls in place to allow it to produce accurate and timely financial statements. If any of these systems or controls were to fail the Enlarged Group may be unable to produce interim and annual financial statements accurately or on a timely basis. As such, investors may have concerns both over the lack of available financial information and the controls the Enlarged Group has in place, which could adversely affect the Enlarged Group's share price.

#### **Dividends**

There can be no assurance as to the level of future dividends, if any. The declaration, payment and amount of any future dividends of the Enlarged Group is subject to the discretion of the Board, and will depend

upon, among others, the Enlarged Group's earnings, financial position, cash requirements and availability of profits, as well as the provisions of relevant laws or generally accepted accounting principles.

### **Controlling Shareholders**

Following Admission, in excess of 50 per cent. of the Enlarged Issued Share Capital will be held by the Concert Party. The Concert Party will, therefore, be able to exercise significant influence over the Enlarged Group's corporate actions and activities and the outcome in general of matters pertaining to the Enlarged Group, including the appointment of the Enlarged Group's board of directors and the approval of significant change of control transactions. This control may in the future have the effect of making certain transactions more difficult without the support of the members of the Concert Party.

### **Foreign exchange rate fluctuations may adversely affect the Company's results**

The Enlarged Group reports its financial results in pounds sterling, but a substantial proportion of the Enlarged Group's revenue will be received in US dollars. To the extent that the Enlarged Group's foreign currency assets and liabilities are not matched, fluctuations in exchange rates between pounds sterling, the US dollar and the Euro or other currencies utilised by the Enlarged Group may result in realised or unrealised exchange gains and losses on translation of the underlying currency. This may adversely affect the Enlarged Group's financial position. In addition, if the currencies in which the Enlarged Group earns its revenues and/or holds its cash balances weaken against the currencies in which it incurs its expenses, this could adversely affect the Enlarged Group's profitability and liquidity. Where a substantial net foreign currency liability exists, the Enlarged Group will consider hedging against it to minimise foreign currency expense. However, such hedging is based on estimates of liabilities and future revenues and will not fully eliminate future foreign currency exchange fluctuations.

### **Taxation Framework**

This document has been prepared in accordance with current UK tax legislation, practice and concession and interpretation thereof. Any change in the Enlarged Group's tax status or in taxation legislation could affect the Enlarged Group's ability to provide returns to its shareholders or alter post tax returns to its shareholders. Statements in this document concerning the taxation of investors in Ordinary Shares are based on current UK tax law and practice, which is subject to change. The taxation of an investment in the Enlarged Group depends on the individual circumstances of investors.

Investors should consult with their independent tax advisors regarding the impact on their personal tax affairs as well as the specific tax consequences to such investors of the purchase, ownership or disposal of Ordinary Shares in the Company.

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

## Part III

### HISTORICAL FINANCIAL INFORMATION ON PARALLEL MEDIA GROUP plc

In accordance with Rule 28 of the AIM Rules for Companies, this document does not contain historical financial information on the Company which would be required by Section 20 of Annex I of the Prospectus Rules.

The following documents are incorporated by reference into this document:

- the consolidated financial statements of Parallel Media Group plc included in the annual report and accounts of the Company for the financial year ended 31 December 2016, together with the audit report thereon (the “2016 Annual Report”);
- the consolidated financial statements of Parallel Media Group plc included in the annual report and accounts of the Company for the financial year ended 31 December 2015, together with the audit report thereon (the “2015 Annual Report”);
- the consolidated financial statements of Parallel Media Group plc in the annual report and accounts of the Company for the financial year ended 31 December 2014, together with the audit report thereon (the “2014 Annual Report”); and
- the unaudited financial statements of Parallel Media Group plc in the interim results of the Company for the six months ended 30 June 2017 (the “2017 Interims”).

Kingston Smith LLP of Devonshire House, 60 Goswell Street, London EC1M 7AD has issued an unqualified audit opinion on the consolidated financial statements of the Parallel Media Group plc for the years ended 31 December 2016, 2015 and 2014.

The 2017 Interims, the 2016 Annual Report, the 2015 Annual Report and the 2014 Annual Report are available at [www.parallelmediagroup.com](http://www.parallelmediagroup.com) and contain information which is relevant to this document.

The Company will provide, without charge, to each person to whom a copy of this document has been delivered, upon the oral or written request of such person, a hard copy of the aforementioned documents incorporated by reference herein. Written or telephone requests for such documents to be directed to Parallel Media Group plc at 3 Part Court, Pyrford Road, West Byfleet, Surrey KT14 6SD or by telephone on 0207 225 2000. A hard copy of any document incorporated into this document by reference will not be sent to such persons unless requested.

## Part IV

### HISTORICAL FINANCIAL INFORMATION ON BRICK LIVE GROUP LIMITED

#### PART A: ACCOUNTANTS' REPORT ON THE FINANCIAL INFORMATION OF BRICK LIVE FOR THE PERIOD ENDED 31 DECEMBER 2016

The Directors  
Parallel Media Group plc  
3 Park Court  
Pyrford Road  
West Byfleet  
Surrey KT14 6SD

The Directors  
Stockdale Securities Limited  
Beaufort House  
15 St. Botolph Street  
London EC3A 7BB

29 November 2017

Dear Sirs

#### **BRICK LIVE GROUP LIMITED ("THE COMPANY")**

We report on the financial information set out below relating to the Company. This financial information has been prepared for inclusion in the Admission Document of the Company ("the Admission Document") on the basis of the accounting policies set out in Note 1 to the financial information. This report is required by the AIM Rules for Companies and is given for the purpose of complying with Schedule 2 and Section 20.1 of Annex 1 to the AIM Rules and for no other purpose.

#### **Responsibilities**

The Directors of the Company are responsible for preparing the financial information on the basis of preparation set out in Note 1 to the financial information and in accordance with International Financial Reporting Standards. It is our responsibility to form an opinion as to whether the financial information gives a true and fair view, for the purposes of the Admission Document, and to report our opinion to you.

#### **Basis of opinion**

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

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

#### **Opinion**

In our opinion, the financial information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of the Company as at the dates stated and of its profits, cash flows and changes in equity for the periods then ended in accordance with the basis of preparation set out in Note 1 and in accordance with International Financial Reporting Standards.

**Declaration**

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

Yours faithfully,

Kingston Smith LLP  
Chartered Accountants & Registered Auditors  
Devonshire House  
60 Goswell Road  
London EC1M 7AD

**PART B: FINANCIAL INFORMATION FOR THE PERIOD ENDED 31 DECEMBER 2016  
FOR BRICK LIVE**

**Consolidated Income Statement**

for the Period 27 April 2016 to 31 December 2016

	<i>Notes</i>	£
<b>CONTINUING OPERATIONS</b>		
Revenue	3	1,735,612
Cost of sales		(393,354)
		<hr/>
<b>GROSS PROFIT</b>		1,342,258
Administrative expenses		(1,281,962)
		<hr/>
<b>OPERATING PROFIT</b>		60,296
		<hr/>
<b>PROFIT BEFORE INCOME TAX</b>	5	60,296
Income tax	6	(11,456)
		<hr/>
<b>PROFIT FOR THE PERIOD</b>		48,840
		<hr/> <hr/>
Profit attributable to:		
Owners of the parent		48,840
		<hr/> <hr/>

**Consolidated Income Statement and Other Comprehensive Income**

for the Period 27 April 2016 to 31 December 2016

	£
<b>PROFIT FOR THE PERIOD</b>	48,840
<b>OTHER COMPREHENSIVE INCOME</b>	–
	<hr/>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	48,840
	<hr/> <hr/>
Total comprehensive income attributable to:	
Owners of the parent	48,840
	<hr/> <hr/>

## Consolidated Statement of Financial Position

31 December 2016

	<i>Notes</i>	£
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	9	178,481
Investment in joint ventures	10	500
Investments	10	–
		<u>178,981</u>
<b>CURRENT ASSETS</b>		
Trade and other receivables	11	1,105,544
<b>TOTAL ASSETS</b>		<u>1,284,525</u>
<b>EQUITY</b>		
<b>SHAREHOLDERS' EQUITY</b>		
Called up share capital	12	300
Retained earnings		48,840
<b>TOTAL EQUITY</b>		<u>49,140</u>
<b>LIABILITIES</b>		
<b>NON-CURRENT LIABILITIES</b>		
Deferred tax	14	11,456
<b>CURRENT LIABILITIES</b>		
Trade and other payables	13	1,223,929
<b>TOTAL LIABILITIES</b>		<u>1,235,385</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>1,284,525</u>

As permitted by Section 408 of the Companies Act 2006, the income statement of the parent company is not presented as part of these financial statements. The parent company's loss for the financial period (after corporation tax) was £156,055.

## Consolidated Statement of Changes in Equity

for the Period 27 April 2016 to 31 December 2016

	<i>Called up share capital £</i>	<i>Retained earnings £</i>	<i>Total equity £</i>
<b>Changes in equity</b>			
Issue of share capital	300	–	300
Total comprehensive income	–	48,840	48,840
<b>Balance at 31 December 2016</b>	<u>300</u>	<u>48,840</u>	<u>49,140</u>

## Consolidated Statement of Cash Flows

for the Period 27 April 2016 to 31 December 2016

	<i>Notes</i>	£
<b>Cash flows from operating activities</b>		
Cash generated from operations	1	189,609
Cash generated from operating activities		<u>189,609</u>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets		(182,231)
Purchase of fixed asset investments		(1,000)
Sale of fixed asset investments		500
Net cash from investing activities		<u>(182,731)</u>
<b>Cash flows from financing activities</b>		
Amount withdrawn by directors		(7,178)
Shares issued		300
Net cash from financing activities		<u>(6,878)</u>
<b>Increase in cash and cash equivalents</b>		–
<b>Cash and cash equivalents at beginning of period</b>		<u>–</u>
<b>Cash and cash equivalents at end of period</b>		<u><u>–</u></u>

## Notes to the Consolidated Statement of Cash Flows

for the Period 27 April 2016 to 31 December 2016

### 1. RECONCILIATION OF PROFIT BEFORE INCOME TAX TO CASH GENERATED FROM OPERATIONS

	£
Profit before income tax	60,296
Depreciation charges	3,750
	<u>64,046</u>
Increase in trade and other receivables	(1,098,366)
Increase in trade and other payables	1,223,929
<b>Cash generated from operations</b>	<u><u>189,609</u></u>

## Notes to the Consolidated Financial Statements

for the Period 27 April 2016 to 31 December 2016

### 1. STATUTORY INFORMATION

Brick Live Group Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

### 2. ACCOUNTING POLICIES

#### Basis of preparation

These financial statements have been prepared on the historical cost basis as modified by use of the fair-value basis where required and in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS as at 31 December 2016.

The preparation of financial statements in conformity with IFRS requires the directors to make judgements, estimates and assumptions that affect the application of policies and reported amounts in the financial statements which are disclosed in note 3.

#### Going concern

The directors have prepared trading and cash flow forecasts for the enlarged group when combining with the net cash raised as part of the Placing. The forecasts incorporate trading assumptions, including licence income, content and brick lease fees, revenue shares, merchandising and other revenue. The forecasts show that the group has sufficient cash to meet liabilities as they fall due for a period of at least twelve months from the date of signature of the financial statements.

The directors believe these forecasts to be realistic and consequently have prepared the financial statements on the going concern basis, which assumes that the group will continue in operational existence for the foreseeable future.

#### Adoption of standards effective in 2016

The financial statements are prepared in accordance with International Financial Reporting Standards and interpretations as adopted by the EU in force at the reporting date.

(a) ***New and amended standards adopted by the group.***

There were no new standards in effect that have had a significant effect on the financial statements. There have been improvements to standards which provide clarifications rather than substantive changes to requirements.

#### NEW AND REVISED STANDARDS

##### IFRS in issue but not applied in the current financial statements

The following IFRS and IFRIC Interpretations have been issued but have not yet been applied by the group and the company in preparing these financial statements, as they are not yet as effective and in some cases had not yet been adopted by the EU. The company intends to adopt these Standards and Interpretations when they become effective, rather than adopt them early.

- IFRS 15, 'Revenue from Contracts with Customers'
- IFRS 10 and IAS 28 (amendments), 'Sale or Contribution of Assets between an Investor and its Associate or Joint Venture'
- Amendments to IFRS 2, 'Classification and Measurement of Share-based Payment Transactions'
- Amendments to IAS 7, 'Disclosure Initiative'
- Amendments to IAS 12, 'Recognition of Deferred Tax assets for Unrealised Losses'

The directors do not expect that the adoption of the Standards listed above will have a material impact on the group in future periods except that IFRS 9 may have an impact on the measurement and disclosure of financial instruments. Beyond this, it is not practicable to provide a reasonable estimate of the effect of IFRS 9 until a detailed review has been completed.

In relation to IFRS 15, 'Revenue from Contracts with Customers', a transaction requiring accounting judgement took place during the period. During the period, Brick Live International Limited entered into a joint venture agreement with Brick Live Lab Limited, a company incorporated in South Korea. Under the terms of this agreement, Brick Live Labs Limited invested £1,178,170 to purchase a ten-year license from Brick Live International Limited to promote BRICKLIVE events, principally in the Greater China region. This ten-year licence is non-refundable and so has been recognised as revenue in full in the current period.

A number of IFRS and IFRIC interpretations are also currently in issue which are not relevant for the company's activities and which have not, therefore, been adopted in preparing these financial statements.

### **Consolidation and investments**

The consolidated financial statements incorporate the results of the company and all of its subsidiary undertakings as at 31 December 2016 using the purchase method of accounting. Under the purchase method, the results of subsidiary undertakings are included from the date of acquisition. On disposal, the results are included up to the date of disposal. Inter company balances, transactions and unrealised gains/losses are eliminated on consolidation.

### **Investment in joint ventures:**

A joint venture is an entity over which the group has joint control. Joint control is the contractually agreed sharing of control over an economic activity, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control. The investment in a joint venture is initially recognised at cost and adjusted for the group's share of the changes in the net assets of the joint venture after the date of acquisition, and for any impairment in value. If the group's share of losses of a joint venture exceeds its interest in the joint venture, the group discontinues recognising its share of further losses.

### **Revenue recognition**

Revenue includes licence fees, content fees, brick lease fees, revenue shares, merchandising and management fees. Revenue is recognised when the group has earned the right to receive consideration for its performance, measured on the following basis:

- (1) Annual licence fees – on a straightline basis in accordance with the terms of the agreement, save for non-refundable fees which are recognised on invoice,
- (2) Event licence fees and revenue shares – on the completion of the event in accordance with the terms of the agreement,
- (3) Content fees – on delivery to the client in accordance with the terms of the agreement,
- (4) Brick lease fees – on a straightline basis in accordance with the terms of the agreement,
- (5) Income from merchandise – on the sale to the customer,
- (6) Management fees – on the rendering of services.

### **Property, plant and equipment**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Plant and machinery – 25 per cent. on cost

## **Financial instruments**

The group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are recognised on trade date when the group becomes a party to the contractual provisions of the instrument. Financial instruments are recognised initially at fair-value plus, in the case of a financial instrument not at fair-value through profit and loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

Financial instruments are derecognised on trade date when the group is no longer a party to the contractual provisions of the instrument.

## **Taxation and deferred taxation**

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the statement of financial position date.

Deferred tax is provided in full using the balance sheet liability method. Deferred tax is the future tax consequences of temporary differences between the carrying amounts and tax bases of assets and liabilities shown on the statement of financial position.

The amount of deferred tax provided is based on the expected manner of recovery or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

The group does not recognise deferred tax liabilities, or deferred tax assets, on temporary differences associated with investments in subsidiaries, as it is not considered probable that the temporary differences will reverse in the foreseeable future.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. The carrying amounts of the deferred tax assets are reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the assets to be recovered.

## **Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

## **Trade receivables**

Trade receivables are stated at their amortised cost. Trade receivables are reduced by appropriate allowances for estimated irrecoverable amounts.

## **Trade payables**

Trade payables are stated at their amortised cost.

## **Business combinations**

The consolidated financial statements incorporate the results of business combinations using the purchase method. The cost of an acquisition is measured as an aggregate of the consideration transferred, measured at the acquisition date fair-value and the amount of any non-controlling interest in the acquiree. For each business combination, the group measures the non-controlling interest in the acquiree at the proportionate share of the acquiree's identifiable net assets. Subsequent changes in the proportion of the non-controlling interests, which do not result in the de-recognition of the subsidiary, are accounted for in equity. Costs incurred in connection with the acquisition are recognised in profit or loss as incurred.

When the group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions at the acquisition date.

If the business combination is achieved in stages, the acquisition date fair-value of the group's previously held equity interest in the acquiree is re-measured to fair-value at the acquisition date through profit or loss. Goodwill is initially measured at cost being the excess of the consideration transferred over the group's share of net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair-value of net assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any recognised impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to either the acquired business or to each of the group's cash generating units that are expected to benefit from the combination irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms a part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in these circumstances is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit until retained.

Goodwill arising from business combinations is assessed for impairment annually.

The results of the acquired operations are included in the consolidated Income Statement and consolidated statement of comprehensive income from the date on which control is obtained.

### **Accounting estimates and judgements**

The preparation of financial information in accordance with generally accepted accounting practice, in the case of the group, being International Financial Reporting Standards as adopted by the European Union, requires the directors to make estimates and judgements that affect the reported amount of assets, liabilities, income and expenditure and the disclosures made in financial statements. Such estimates and judgments must be continually evaluated based on historical experience and other factors, including expectation of future events.

The significant judgements made by management in applying the group's accounting policies as set out above, and the key source of estimation, were:

- Cost and valuation of investments – Investments are recorded using the purchase method of accounting
- Deferred taxation – deferred tax assets and liabilities have been recognised in the financial statements. The directors have prepared cash flows and forecasts which indicate that it is probable that future taxable profits will be available against which the asset can be utilised.
- Far East Licence Fee – During the period \$1,500,000 was received from a third party. Under the terms of this payment the third party received a 50 per cent. interest in Brick Live Far East Limited, a company incorporated in Hong Kong. Brick Live Far East Limited was up to this point a dormant 100 per cent. subsidiary of Brick Live International Limited. The transaction also involved the Group granting an exclusive licence to Brick Live Far East Limited to use the Brick Live name and logo in the People's Republic of China and Singapore. The Directors have concluded that the substance of this transaction was the sale to a third party of a 50 per cent. interest in a licence and, given that no future performance obligations were required under the licence, the full receipt has been recognised in the period as licence income.

### 3. SEGMENTAL REPORTING

The directors consider that the group's internal financial reporting is organised along product and service lines and therefore segmental information has been presented about business segments. The segmental analysis of the group's business was derived from its principal activities as set out below. The information below also comprises the disclosures required by IFRS8 in respect of products and services as the directors consider that the products and services sold by the disclosed segments are essentially similar and therefore no additional disclosure in respect of products and services is required.

#### Reportable segments

The reportable segment results for the period ended 31 December 2016 are as follows:

	<i>Events</i> £	<i>Issuing licences</i> £	<i>Unallocated</i> £	<i>Total</i> £
Revenues from external customers	428,000	1,308,000	–	1,736,000
Inter-segment revenue	–	–	–	–
Cost of sales	(346,000)	(47,000)	–	(393,000)
Administrative expenses	(459,000)	(820,000)	–	(1,279,000)
<b>Total revenue</b>	<u>(377,000)</u>	<u>441,000</u>	<u>–</u>	<u>64,000</u>
Finance income	–	–	–	–
Finance expense	–	–	–	–
Depreciation and amortisation	–	–	(4,000)	(4,000)
Other material non cash items	–	–	–	–
Exceptional items	–	–	–	–
Taxation	–	–	(11,000)	(11,000)
<b>Segment profit for the year</b>	<u>(377,000)</u>	<u>441,000</u>	<u>(15,000)</u>	<u>49,000</u>

Segment assets consist primarily of property, plant and equipment, intangible assets, investments in associates and joint ventures, inventories, trade and other receivables and cash and cash equivalents. Unallocated assets comprise deferred taxation, available for sale financial assets, financial assets held at fair value through profit or loss, and derivatives. Segment liabilities comprise operating liabilities; liabilities such as deferred taxation, borrowings and derivatives are not allocated to individual business segments.

Segment assets and liabilities as at 31 December 2016 and capital expenditure for the period then ended are as follows:

	<i>Events</i> £	<i>Issuing licences</i> £	<i>Unallocated</i> £	<i>Total</i> £
Assets	26,000	1,251,000	7,000	1,284,000
Associates and joint ventures	–	1,000	–	1,000
Total assets	26,000	1,252,000	7,000	1,285,000
Liabilities	23,000	1,093,000	120,000	1,236,000
Capital expenditure	30,000	152,000	–	182,000

Segment assets and liabilities are reconciled to the group's assets and liabilities as follows:

	Assets £	Liabilities £
<b>Segment assets/liabilities</b>		
Unallocated:		
Deferred taxation	–	11,000
Current taxation	–	10,000
Borrowings	7,000	99,000
Available for sale financial assets	–	–
Assets held at fair value through profit or loss	–	–
Derivatives	–	–
<b>Total</b>	<u>7,000</u>	<u>120,000</u>

### Geographical information

The group's business segments operate in four geographical areas, although they are managed on a worldwide basis from the group's head office in the United Kingdom.

A geographical analysis of the group's revenue and non-current assets is given below. Revenue is allocated based on the location of the customer; non current assets are allocated based on the physical location of the asset.

	2016 £
<b>Revenue</b>	
United Kingdom	428,000
Europe	–
United States of America	–
Other countries	1,308,000
<b>Total</b>	<u>1,736,000</u>
<b>Non-current assets</b>	
United Kingdom	178,000
Europe	–
United States of America	–
Other countries	1,000
<b>Total</b>	<u>179,000</u>

### Major customers

Included within revenue arising from Issuing Licences are revenues of approximately £1,178,000, £418,000 and £327,000 which arose from sales to the group's largest three customers. No other single customer contributed 10 per cent. or more to the group's revenue in 2016.

## 4. EMPLOYEES AND DIRECTORS

There were no staff costs for the period ended 31 December 2016.

Directors' remuneration	£ <u>–</u>
-------------------------	---------------

## 5. PROFIT BEFORE INCOME TAX

The profit before income tax is stated after charging/(crediting):

	£
Depreciation – owned assets	3,750
Auditors' remuneration	12,500
Foreign exchange differences	(36,459)
	<u>          </u>

## 6. INCOME TAX

	2016 £'000
Group	
Current tax charge	–
Adjustments relating to prior periods	–
Deferred tax	
Origination and reversal of timing differences (note x)	11
	<u>          </u>
Total tax charge/(credit) for the period	<u>11</u>

The tax charge for the period is different from the standard rate of corporation tax in the United Kingdom of 20 per cent. The difference can be reconciled as follows:

	£
Profit before taxation	60,000
Tax calculated at the applicable rate based on profit for the period	12,000
Income not subject to taxation	–
Expenses not deductible for taxation	–
Decelerated/(accelerated) capital allowances	(25,000)
Utilisation of tax losses/(tax losses carried forward)	14,000
Effect of change to the rate of taxation	(1,000)
Other timing differences leading to an increase/(decrease) in taxation	11,000
	<u>          </u>
	<u>11,000</u>

The amount of unused tax losses for which no deferred tax asset is recognised in the statement of financial position is £nil.

## 7. FINANCIAL INSTRUMENTS

The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk, foreign currency risk and credit risk. The directors regularly review and agree policies for managing each of these risks which are summarised below.

### Interest rate risk

The group's exposure to the risk of changes in market interest rates would relate principally to the group's medium and long-term debt obligations, which could carry various rates of interest. There is no debt held at 31 December 2016 by the group, therefore no interest rate risk.

### Foreign currency risks

The group operates internationally although the majority of its operations are based in the United Kingdom. It therefore is exposed to foreign exchange risk arising from exposure to various currencies primarily the Euro and US Dollar. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

At 31 December 2016, the foreign exchange risk is deemed to be low due to the current level of trading. As trading increases with the group's global licensing partners, this risk may increase in future. As such, the directors are reviewing the appropriateness of a full risk mitigation plan, including both natural currency hedging and purchased products, to ensure exposure is kept to a minimum.

### **Credit risk**

Credit risk is managed on a group basis. Credit risk arises principally from cash and cash equivalents and deposits with banks and financial institutions as well as credit exposure to customers including committed transactions and outstanding receivables. The group reviews its banking arrangements carefully to minimise such risks and has put in place credit control procedures to mitigate against risks arising from customers including the obtaining of references, setting of credit limits and monitoring of limits.

### **Liquidity risk**

The group's objective is to maintain a balance between the availability of sufficient continued funding and flexibility through the use of bank finance by means of overdraft facilities and loan facilities. Currently no such facilities are in place, but their requirement is under review by the directors. Management monitors monthly forecasts of the group's expected cash flows to ensure that a sufficiently liquid position is maintained.

There are currently no loans in the group.

## **8. 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.

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.

## **9. PROPERTY, PLANT AND EQUIPMENT**

### **Group**

	<i>Plant and machinery £</i>
<b>COST</b>	
Additions	182,231
At 31 December 2016	<u>182,231</u>
<b>DEPRECIATION</b>	
Charge for period	3,750
At 31 December 2016	<u>3,750</u>
<b>NET BOOK VALUE</b>	
At 31 December 2016	<u><u>178,481</u></u>

## 10. INVESTMENTS

### Group

	<i>Interest in joint venture £</i>
<b>COST</b>	
Additions	1,000
Disposals	(500)
At 31 December 2016	<u>500</u>
<b>NET BOOK VALUE</b>	
At 31 December 2016	<u><u>500</u></u>

### Interest in joint venture

The group's Joint Venture is Brick Live Far East Limited, a company incorporated in Hong Kong.

## 11. TRADE AND OTHER RECEIVABLES

### Group

	£
Current:	
Trade debtors	93,976
Amounts owed by group undertakings	–
Other debtors	832,287
Directors' current accounts	7,178
Prepayments	172,103
	<u>1,105,544</u>

## 12. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

<i>Number:</i>	<i>Class:</i>	<i>Nominal value:</i>	£
300	Ordinary	£1	<u><u>300</u></u>

300 Ordinary shares of £1 each were allotted and fully paid for cash at par during the period.

### 13. TRADE AND OTHER PAYABLES

#### Group

	£
Current:	
Trade creditors	272,058
Amounts owed to group undertakings	–
Other creditors	500
Deferred income	836,702
Accrued expenses	104,657
VAT	10,012
	<u>1,223,929</u>

### 14. DEFERRED TAX

#### Group

	£
Accelerated capital allowances – at 19%	25,229
On trading losses carried forward – at 19%	<u>(13,773)</u>
Balance at 31 December	<u>11,456</u>

### 15. RELATED PARTY DISCLOSURES

During the first period of trading, the group's bank accounts were managed by an associate controlled by Mr J D N Ciclitira. At 31 December 2016, £832,287 was owed to the group, being funds held on trust for the group, such monies included in other debtors.

During the trading period, commissions of £179,000 were paid to Mr J D N Ciclitira as part of contracted agreements. Also, the group traded with an associate controlled by Mr J D N Ciclitira; these were arms length transactions and the amount purchased from the associate was £837,000. At 31 December 2016, £147,000 was owed to the associate, a company called Parallel Contemporary Art Limited.

During the period, Brick Live Group Limited provided funding of £93,582 to its subsidiary, Brick Live International Limited. The balance outstanding at 31 December 2016 was £93,582.

During the period ended 31 December 2016, the group paid £47,000 to Mr C Morton for business development consultancy services, including business expenses. At the balance sheet date, £7,000 was owed to the group by Mr C Morton, which was the maximum balance outstanding during the period. This was a short term loan on which no interest was charged.

### 16. EVENTS AFTER THE REPORTING PERIOD

On 7 November 2016, the company entered into an agreement with Multiplay (UK) Limited to expand BRICKLIVE into a series of events for 2017 and beyond.

At 31 December 2016, wholly owned subsidiary, Brick Live International Limited, had entered into significant agreements with third parties for BRICKLIVE events to be held throughout Asia in 2017 and beyond.

### 17. ULTIMATE CONTROLLING PARTY

The ultimate controlling parties are the company directors and shareholders.

## PART C

### UNAUDITED FINANCIAL INFORMATION FOR THE 6 MONTHS ENDED 30 JUNE 2017 FOR BRICK LIVE

#### Consolidated Statement of Profit or Loss

for the Period 1 January 2017 to 30 June 2017

		Period 1.1.17 to 30.6.17 £	Period 27.4.16 to 30.6.16 £
<b>CONTINUING OPERATIONS</b>			
Revenue	3	1,066,983	352
Cost of sales		(248,966)	–
<b>GROSS PROFIT</b>		818,017	352
Administrative expenses		(1,002,660)	(69,770)
<b>OPERATING (LOSS)/PROFIT</b>		(184,643)	(69,418)
<b>(LOSS)/PROFIT BEFORE INCOME TAX</b>	5	(184,643)	(69,418)
Income tax	6	35,082	13,189
<b>(LOSS)/PROFIT FOR THE PERIOD</b>		(149,561)	(56,229)
(Loss)/profit attributable to: Owners of the parent		(149,561)	(56,229)

#### Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the Period 1 January 2017 to 30 June 2017

		Period 1.1.17 to 30.6.17 £	Period 27.4.16 to 30.6.16 £
<b>(LOSS)/PROFIT FOR THE PERIOD</b>		(149,561)	(56,229)
<b>OTHER COMPREHENSIVE INCOME</b>		–	–
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		(149,561)	(56,229)
Total comprehensive income attributable to: Owners of the parent		(149,561)	(56,229)

## Consolidated Statement of Financial Position

30 June 2017

	Notes	30.6.17 £	30.6.16 £
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	8	392,922	30,000
Investment in joint ventures	9	500	–
Investments	9	–	–
Deferred tax	14	23,626	13,189
		<u>417,048</u>	<u>43,189</u>
<b>CURRENT ASSETS</b>			
Trade and other receivables	10	766,947	143,954
Cash and cash equivalents	11	2,000	–
		<u>768,947</u>	<u>143,954</u>
<b>TOTAL ASSETS</b>		<u>1,185,995</u>	<u>187,143</u>
<b>EQUITY</b>			
<b>SHAREHOLDERS' EQUITY</b>			
Called up share capital	12	300	300
Retained earnings		(100,721)	(56,229)
<b>TOTAL EQUITY</b>		<u>(100,421)</u>	<u>(55,929)</u>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax		–	–
<b>CURRENT LIABILITIES</b>			
Trade and other payables	13	1,286,416	243,072
<b>TOTAL LIABILITIES</b>		<u>1,286,416</u>	<u>243,072</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>1,185,995</u>	<u>187,143</u>

The company and the group are entitled to exemption from audit under Section 477 of the Companies Act 2006 for the period ended 30 June 2017.

The members have not required the company and the group to obtain an audit of its financial statements for the period ended 30 June 2017 in accordance with Section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for:

- (a) ensuring that the group keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006 and
- (b) preparing financial statements which give a true and fair view of the state of affairs of the company and the group as at the end of each financial year and of the group's profit or loss for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company and the group.

## Company Statement of Financial Position

30 June 2017

	<i>Notes</i>	<i>30.6.17</i> £	<i>30.6.16</i> £
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	8	39,006	30,000
Investments	9	300	200
Deferred tax	14	12,609	5,590
		<u>51,915</u>	<u>35,790</u>
<b>CURRENT ASSETS</b>			
Trade and other receivables	10	105,888	81,492
Cash and cash equivalents	11	1,000	–
		<u>106,888</u>	<u>81,492</u>
<b>TOTAL ASSETS</b>		<u>158,803</u>	<u>117,282</u>
<b>EQUITY</b>			
<b>SHAREHOLDERS' EQUITY</b>			
Called up share capital	12	300	300
Retained earnings		<u>(172,356)</u>	<u>(23,833)</u>
<b>TOTAL EQUITY</b>		<u>(172,056)</u>	<u>(23,533)</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	13	<u>330,859</u>	<u>140,815</u>
<b>TOTAL LIABILITIES</b>		<u>330,859</u>	<u>140,815</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>158,803</u>	<u>117,282</u>

The company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the period ended 30 June 2017.

The members have not required the company to obtain an audit of its financial statements for the period ended 30 June 2017 in accordance with Section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for:

- (a) ensuring that the company keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006 and
- (b) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

## Consolidated Statement of Changes in Equity

for the Period 1 January 2017 to 30 June 2017

	<i>Called up share capital £</i>	<i>Retained earnings £</i>	<i>Total equity £</i>
<b>Changes in equity</b>			
Issue of share capital	300	–	300
Total comprehensive income	–	48,840	48,840
<b>Balance at 31 December 2016</b>	<u>300</u>	<u>48,840</u>	<u>49,140</u>
<b>Changes in equity</b>			
Total comprehensive income	–	(149,561)	(149,561)
<b>Balance at 30 June 2017</b>	<u><u>300</u></u>	<u><u>(100,721)</u></u>	<u><u>(100,421)</u></u>

## Consolidated Statement of Cash Flows

for the Period 1 January 2017 to 30 June 2017

		<i>Period 1.1.17 to 30.6.17 £</i>	<i>Period 27.4.16 to 30.6.16 £</i>
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	<u>304,358</u>	<u>25,442</u>
Cash generated from operating activities		<u>304,358</u>	<u>25,442</u>
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		<u>(249,862)</u>	<u>(30,000)</u>
Cash used in investing activities		<u>(249,862)</u>	<u>(30,000)</u>
<b>Cash flows from financing activities</b>			
Owed by joint venture		(42,496)	–
Amount (withdrawn by)/received from directors		(10,000)	4,258
Shares issued		–	300
Net cash from financing activities		<u>(52,496)</u>	<u>4,558</u>
<b>Increase in cash and cash equivalents</b>		2,000	–
<b>Cash and cash equivalents at beginning of period</b>	2	–	–
<b>Cash and cash equivalents at end of period</b>	2	<u><u>2,000</u></u>	<u><u>–</u></u>

## Notes to the Consolidated Statement of Cash Flows

for the Period 1 January 2017 to 30 June 2017

### 1. RECONCILIATION OF (LOSS)/PROFIT BEFORE INCOME TAX TO CASH GENERATED FROM OPERATIONS

	<i>Period</i> 1.1.17 to 30.6.17 £	<i>Period</i> 27.4.16 to 30.6.16 £
(Loss) before income tax	(184,643)	(69,418)
Depreciation charges	35,421	–
	<u>(149,222)</u>	<u>(69,418)</u>
Decrease/(increase) in trade and other receivables	391,093	(130,463)
Increase in trade and other payables	62,487	225,323
	<u>304,358</u>	<u>25,442</u>
<b>Cash generated from operations</b>	<b><u>304,358</u></b>	<b><u>25,442</u></b>

### 2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

#### Period ended 30 June 2017

	30.6.17 £	1.1.17 £
Cash and cash equivalents	<u>2,000</u>	<u>–</u>

#### Period ended 30 June 2016

	30.6.16 £	27.4.16 £
	<u>–</u>	<u>–</u>

## Notes to the Consolidated Financial Statements

for the Period 1 January 2017 to 30 June 2017

### 1. STATUTORY INFORMATION

Brick Live Group Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

### 2. ACCOUNTING POLICIES

#### ***Basis of preparation***

These financial statements have been prepared on the historical cost basis as modified by use of the fair-value basis where required and in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS as at 30 June 2017.

The preparation of financial statements in conformity with IFRS requires the directors to make judgements, estimates and assumptions that affect the application of policies and reported amounts in the financial statements which are disclosed in note 3.

#### ***Going concern***

The directors have prepared trading and cash flow forecasts for the group for the year ending 31 December 2017, 2018 and 2019. The forecasts incorporate trading assumptions, including licence income, content and brick lease fees, revenue shares, merchandising and other revenue. The forecasts show that the group has sufficient cash to meet liabilities as they fall due for a period of at least twelve months from the date of signature of the financial statements.

The directors believe these forecasts to be realistic and consequently have prepared the financial statements on the going concern basis, which assumes that the group will continue in operational existence for the foreseeable future.

#### ***Adoption of standards effective in 2017***

The financial statements are prepared in accordance with International Financial Reporting Standards and interpretations as adopted by the EU in force at the reporting date.

(a) New and amended standards adopted by the group.

There were no new standards in effect that have had a significant effect on the financial statements. There have been improvements to standards which provide clarifications rather than substantive changes to requirements.

### NEW AND REVISED STANDARDS

#### ***IFRS in issue but not applied in the current financial statements***

The following IFRS and IFRIC Interpretations have been issued but have not yet been applied by the group and the company in preparing these financial statements, as they are not yet as effective and in some cases had not yet been adopted by the EU. The company intends to adopt these Standards and Interpretations when they become effective, rather than adopt them early.

- IFRS 15, 'Revenue from Contracts with Customers'
- IFRS 16, 'Leases'
- IFRS 10 and IAS 28 (amendments), 'Sale or Contribution of Assets between an Investor and its Associate or Joint Venture'
- Amendments to IFRS 2, 'Classification and Measurement of Share-based Payment Transactions'
- Amendments to IAS 7, 'Disclosure Initiative'

- Amendments to IAS 12, 'Recognition of Deferred Tax assets for Unrealised Losses'

The directors do not expect that the adoption of the Standards listed above will have a material impact on the group in future periods except that IFRS 9 may have an impact on the measurement and disclosure of financial instruments. Beyond this, it is not practicable to provide a reasonable estimate of the effect of IFRS 9 until a detailed review has been completed.

IFRS 16 is a significant change to lease accounting and all leases will require balance sheet recognition of a liability and a right-of-use asset, except short term leases of low value assets. The effect on the group is expected to be immaterial.

A number of IFRS and IFRIC interpretations are also currently in issue which are not relevant for the company's activities and which have not, therefore, been adopted in preparing these financial statements.

### **Consolidation and investments**

The consolidated financial statements incorporate the results of the company and all of its subsidiary undertakings as at 30 June 2017 using the purchase method of accounting. Under the purchase method, the results of subsidiary undertakings are included from the date of acquisition. On disposal, the results are included up to the date of disposal. Inter company balances, transactions and unrealised gains/losses are eliminated on consolidation.

#### *Investment in joint ventures:*

A joint venture is an entity over which the group has joint control. Joint control is the contractually agreed sharing of control over an economic activity, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control. The investment in a joint venture is initially recognised at cost and adjusted for the group's share of the changes in the net assets of the joint venture after the date of acquisition, and for any impairment in value. If the group's share of losses of a joint venture exceeds its interest in the joint venture, the group discontinues recognising its share of further losses.

### **Revenue recognition**

Revenue includes licence fees, content fees, brick lease fees, revenue shares, merchandising and management fees. Revenue is recognised when the group has earned the right to receive consideration for its performance, measured on the following basis:

- (1) Annual licence fees – on a straightline basis in accordance with the terms of the agreement,
- (2) Event licence fees and revenue shares – on the completion of the event in accordance with the terms of the agreement,
- (3) Content fees – on delivery to the client in accordance with the terms of the agreement,
- (4) Brick lease fees – on a straightline basis in accordance with the terms of the agreement,
- (5) Income from merchandise – on the sale to the customer,
- (6) Management fees – on the rendering of services.

### **Property, plant and equipment**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Plant and machinery – 25% on cost

### **Financial instruments**

The group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are recognised on trade date when the group becomes a party to the contractual provisions of the instrument. Financial instruments are recognised initially at fair-value plus, in the case of a

financial instrument not at fair-value through profit and loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

Financial instruments are derecognised on trade date when the group is no longer a party to the contractual provisions of the instrument.

### ***Taxation and deferred taxation***

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the statement of financial position date.

Deferred tax is provided in full using the balance sheet liability method. Deferred tax is the future tax consequences of temporary differences between the carrying amounts and tax bases of assets and liabilities shown on the statement of financial position.

The amount of deferred tax provided is based on the expected manner of recovery or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

The group does not recognise deferred tax liabilities, or deferred tax assets, on temporary differences associated with investments in subsidiaries, as it is not considered probable that the temporary differences will reverse in the foreseeable future.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. The carrying amounts of the deferred tax assets are reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the assets to be recovered.

### ***Foreign currencies***

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

### ***Trade receivables***

Trade receivables are stated at their amortised cost. Trade receivables are reduced by appropriate allowances for estimated irrecoverable amounts.

### ***Trade payables***

Trade payables are stated at their amortised cost.

### ***Business combinations***

The consolidated financial statements incorporate the results of business combinations using the purchase method. The cost of an acquisition is measured as an aggregate of the consideration transferred, measured at the acquisition date fair-value and the amount of any non-controlling interest in the acquiree. For each business combination, the group measures the non-controlling interest in the acquiree at the proportionate share of the acquiree's identifiable net assets. Subsequent changes in the proportion of the non-controlling interests, which do not result in the de-recognition of the subsidiary, are accounted for in equity. Costs incurred in connection with the acquisition are recognised in profit or loss as incurred.

When the group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions at the acquisition date.

If the business combination is achieved in stages, the acquisition date fair-value of the group's previously held equity interest in the acquiree is re-measured to fair-value at the acquisition date through profit or loss. Goodwill is initially measured at cost being the excess of the consideration transferred over the group's

share of net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair-value of net assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any recognised impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to either the acquired business or to each of the group’s cash generating units that are expected to benefit from the combination irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms a part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in these circumstances is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit until retained.

Goodwill arising from business combinations is assessed for impairment annually.

The results of the acquired operations are included in the consolidated Income Statement and consolidated statement of comprehensive income from the date on which control is obtained.

**3. ACCOUNTING ESTIMATES AND JUDGEMENTS**

The preparation of financial information in accordance with generally accepted accounting practice, in the case of the group, being International Financial Reporting Standards as adopted by the European Union, requires the directors to make estimates and judgements that affect the reported amount of assets, liabilities, income and expenditure and the disclosures made in financial statements. Such estimates and judgments must be continually evaluated based on historical experience and other factors, including expectation of future events.

The significant judgements made by management in applying the group’s accounting policies as set out above, and the key source of estimation, were:

- Cost and valuation of investments – Investments are recorded using the purchase method of accounting
- Deferred taxation – deferred tax assets and liabilities have been recognised in the financial statements. The directors have prepared cash flows and forecasts which indicate that it is probable that future taxable profits will be available against which the asset can be utilised.

**4. EMPLOYEES AND DIRECTORS**

	<i>Period</i>	<i>Period</i>
	<i>1.1.17 to</i>	<i>27.4.16 to</i>
	<i>30.6.17</i>	<i>30.6.16</i>
	£	£
Directors’ remuneration	<u>12,000</u>	<u>–</u>

## 5. (LOSS)/PROFIT BEFORE INCOME TAX

The loss before income tax (2016 – profit before income tax) is stated after charging/(crediting):

	<i>Period</i> 1.1.17 to 30.6.17 £	<i>Period</i> 27.4.16 to 30.6.16 £
Depreciation – owned assets	35,421	–
Auditors' remuneration	–	–
Foreign exchange differences	17,041	(4,040)
	<u>17,041</u>	<u>(4,040)</u>

## 6. INCOME TAX

### Analysis of tax (income)/expense

	<i>Period</i> 1.1.17 to 30.6.17 £	<i>Period</i> 27.4.16 to 30.6.16 £
Deferred tax – at 19%	(35,082)	(13,189)
Total tax (income) in consolidated statement of profit or loss	<u>(35,082)</u>	<u>(13,189)</u>

## 7. LOSS 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 financial statements. The parent company's loss for the financial period was £16,301 (2016 – £29,423).

## 8. PROPERTY, PLANT AND EQUIPMENT

### Group

	<i>Plant and machinery</i> £
<b>COST</b>	
At 1 January 2017	182,231
Additions	249,862
At 30 June 2017	<u>432,093</u>
<b>DEPRECIATION</b>	
At 1 January 2017	3,750
Charge for period	35,421
At 30 June 2017	<u>39,171</u>
<b>NET BOOK VALUE</b>	
At 30 June 2017	<u>392,922</u>
At 31 December 2016	<u><u>178,481</u></u>

### Company

	<i>Plant and machinery</i> £
<b>COST</b>	
At 1 January 2017	30,000
Additions	18,600
At 30 June 2017	<u>48,600</u>
<b>DEPRECIATION</b>	
At 1 January 2017	3,750
Charge for period	5,844
At 30 June 2017	<u>9,594</u>
<b>NET BOOK VALUE</b>	
At 30 June 2017	<u>39,006</u>
At 31 December 2016	<u><u>26,250</u></u>

## 9. INVESTMENTS

### Group

	<i>Interest in joint venture £</i>
<b>COST</b>	
At 1 January 2017 and 30 June 2017	500
<b>NET BOOK VALUE</b>	
At 30 June 2017	500
At 31 December 2016	500

### Interest in joint venture

The group's Joint Venture is Brick Live Far East Limited, a company incorporated in Hong Kong.

### Company

	<i>Shares in group undertakings £</i>
<b>COST</b>	
At 1 January 2017 and 30 June 2017	300
<b>NET BOOK VALUE</b>	
At 30 June 2017	300
At 31 December 2016	300

### Subsidiaries of the parent company

The company's wholly owned subsidiaries are Brick Live International Limited, Studley Brick Design Limited and Brick Live Hong Kong Limited.

## 10. TRADE AND OTHER RECEIVABLES

	<i>Group</i>		<i>Company</i>	
	30.6.17 £	30.6.16 £	30.6.17 £	30.6.16 £
Current:				
Trade debtors	195,091	79,179	16,400	16,716
Amounts owed by group undertakings	–	–	9,793	–
Amounts owed by joint ventures	42,496	–	–	–
Other debtors	325,521	9,490	242	9,491
Directors' current accounts	17,178	13,492	17,178	13,492
Prepayments	186,661	41,793	62,275	41,793
	<u>766,947</u>	<u>143,954</u>	<u>105,888</u>	<u>81,492</u>

## 11. CASH AND CASH EQUIVALENTS

	Group		Company	
	30.6.17	30.6.16	30.6.17	30.6.16
	£	£	£	£
Bank accounts	2,000	–	1,000	–

## 12. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	30.6.17	30.6.16
			£	£
300	Ordinary	£1	300	300

## 13. TRADE AND OTHER PAYABLES

	Group		Company	
	30.6.17	30.6.16	30.6.17	30.6.16
	£	£	£	£
Current:				
Trade creditors	404,625	60,626	29,034	60,269
Amounts owed to group undertakings	–	–	200	100
Other creditors	4,200	87,995	3,700	44,036
Deferred income	817,144	93,752	222,274	35,710
Accrued expenses	49,587	700	9,431	700
VAT	10,860	–	66,220	–
	<u>1,286,416</u>	<u>243,073</u>	<u>330,859</u>	<u>140,815</u>

## 14. DEFERRED TAX

### Group

	30.6.17	30.6.16
	£	£
Balance at 1 January	11,456	–
Accelerated capital allowances – at 19%	18,665	5,700
On trading losses carried forward – at 19%	(53,747)	(18,889)
Balance at 30 June	<u>(23,626)</u>	<u>(13,189)</u>

### Company

	30.6.17	30.6.16
	£	£
Balance at 1 January	(8,786)	–
On trading losses carried forward	(6,247)	(11,290)
Accelerated capital allowances	2,424	5,700
Balance at 30 June	<u>(12,609)</u>	<u>(5,590)</u>

## 15. RELATED PARTY DISCLOSURES

During the initial period of trading, the group's bank accounts were managed by an associate controlled by Mr J D N Ciclitira. At 30 June 2017, £198,000 was owed to the group, being funds held on trust for the group, such monies included in other debtors.

During the period, the group traded with an associate controlled by Mr J D N Ciclitira; these were arms length transactions and the amount purchased from the associate was £615,500. At 30 June 2017, £118,000 was owed to the group by the associate, a company called Parallel Contemporary Art Limited. This debt was repaid in cash in August 2017.

During the period, Brick Live International Limited repaid funding of £83,789 to its parent, Brick Live Group Limited. The balance outstanding at 30 June 2017 was £9,793.

At 30 June 2017, Parallel Live Group Limited owed £14,000 to Brick Live International Limited, a wholly owned subsidiary of Brick Live Group Limited. Parallel Live Group Limited is a company registered in England and Wales and controlled by David Ciclitira.

During the period ended 30 June 2017, the group paid £79,000 to Mr C Morton for business development consultancy services, including business expenses. At the balance sheet date, £17,000 was owed to the group by Mr C Morton, which was the maximum balance outstanding during the period. This was a short term loan on which no interest was charged.

During the period ended 30 June 2017, the group paid NED fees of £12,000 to Ms M S Ciclitira.

## **16. ULTIMATE CONTROLLING PARTY**

The ultimate controlling parties are the company directors and shareholders.

## **PART V**

### **HISTORICAL FINANCIAL INFORMATION ON PARALLEL LIVE GROUP LIMITED**

#### **PARALLEL LIVE**

#### **PART A: AUDITED FINANCIAL INFORMATION FOR THE PERIOD ENDED 31 DECEMBER 2016 FOR PARALLEL LIVE**

##### **Report of the Director for the Period 30 December 2015 to 31 December 2016**

The director presents his report with the financial statements of the company for the period 30 December 2015 to 31 December 2016.

#### **INCORPORATION**

The company was incorporated on 30 December 2015 and passed a special resolution on 7 October 2016 changing its name from Heavy Bar Limited to Parallel Live Limited. It passed a further special resolution on 22 June 2017 changing its name to Parallel Live Group Limited.

#### **DIRECTOR**

J D N Ciclitira was appointed as a director on 30 December 2015 and held office during the whole of the period from then to the date of this report.

The director, being eligible, offers himself for election at the forthcoming first Annual General Meeting.

#### **STATEMENT OF DIRECTOR'S RESPONSIBILITIES**

The director is responsible for preparing the Report of the Director and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is 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 enable him to ensure that the financial statements comply with the Companies Act 2006. He is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the director is aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

## **AUDITORS**

The auditors, Sole Associates Accountants Ltd, will be proposed for re-appointment at the forthcoming Annual General Meeting.

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

## **ON BEHALF OF THE BOARD:**

J D N Ciclitira – Director

Date: 23 November 2017

## **Report of the Independent Auditors to the Members of Parallel Live Group Limited**

We have audited the financial statements of Parallel Live Group Limited for the period ended 31 December 2016 on pages five to six. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective January 2015) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

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 a Report of the Auditors 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 responsibilities of director and auditors**

As explained more fully in the Statement of Director's Responsibilities set out on page two, the director is 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 company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the director; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Director 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 company's affairs as at 31 December 2016;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Report of the Director for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Matters on which we are required to report by exception**

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, or returns adequate for our audit have not been received from branches not visited by us; or – the financial statements are not in agreement with the accounting records and returns; or – certain disclosures of director's remuneration specified by law are not made; or – we have not received all the information and explanations we require for our audit; or – the director was not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Director.

Mr Giuseppe Sole FCCA (Senior Statutory Auditor)  
for and on behalf of Sole Associates Accountants Ltd  
Statutory Auditor  
3 Park Court  
Pyrford Road  
West Byfleet  
Surrey KT14 6SD

Date: 23 November 2017

## Balance Sheet

31 December 2016

	<i>Notes</i>	£
CURRENT ASSETS		1
Debtors	2	<u>1</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1</u>
CAPITAL AND RESERVES		
Called up share capital	3	<u>1</u>
SHAREHOLDERS' FUNDS		<u>1</u>

The financial statements have been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective January 2015).

## Profit and Loss Account

for the Period 30 December 2015 to 31 December 2016

During the financial year the company has not traded and has received no income and incurred no expenditure. Consequently, the company has made neither a surplus nor a deficit.

## Notes to the Financial Statements

for the Period 30 December 2015 to 31 December 2016

### 1. Accounting Policies

#### *Basis of preparing the financial statements*

These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2015) and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

### 2. Debtors – amounts falling due within one year

	£
Other debtors	<u>1</u>

### 3. Called up Share Capital

Allotted, issued and fully paid

<i>Number</i>	<i>Class</i>	<i>Nominal Value</i>	£
1	Ordinary A	1	<u>1</u>

**PART B: UNAUDITED FINANCIAL INFORMATION FOR THE 6 MONTHS ENDED 30 JUNE 2017  
FOR PARALLEL LIVE**

**Consolidated Statement of Profit or Loss**

for the Period 1 January 2017 to 30 June 2017

	<i>Notes</i>	<i>Period 1.1.17 to 30.6.17 £</i>	<i>Period 30.12.15 to 31.12.16 £</i>
CONTINUING OPERATIONS			
Revenue	3	–	–
Administrative expenses		(27,820)	–
OPERATING LOSS		(27,820)	–
LOSS BEFORE INCOME TAX		(27,820)	–
Income tax	5	–	–
LOSS FOR THE PERIOD		(27,820)	–
Loss attributable to:			
Owners of the parent		<u>(27,820)</u>	<u>–</u>

**Consolidated Statement of Profit or Loss and Other Comprehensive Income**

for the Period 1 January 2017 to 30 June 2017

	<i>Period 1.1.17 to 30.6.17 £</i>	<i>Period 30.12.15 to 31.12.16 £</i>
LOSS FOR THE PERIOD	(27,820)	–
OTHER COMPREHENSIVE INCOME	–	–
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	(27,820)	–
Total comprehensive income attributable to:		
Owners of the parent	<u>(27,820)</u>	<u>–</u>

## Consolidated Statement of Financial Position

30 June 2017

	Notes	30.6.17 £	31.12.16 £
ASSETS			
CURRENT ASSETS			
Trade and other receivables	8	74,270	1
Cash and cash equivalents	9	1,000	–
		<u>75,270</u>	<u>1</u>
TOTAL ASSETS		<u>75,270</u>	<u>1</u>
EQUITY			
SHAREHOLDERS EQUITY			
Called up share capital	10	1	1
Retained earnings	11	(27,820)	–
TOTAL EQUITY		<u>(27,819)</u>	<u>1</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	12	103,089	–
TOTAL LIABILITIES		<u>103,089</u>	<u>–</u>
TOTAL EQUITY AND LIABILITIES		<u>72,270</u>	<u>1</u>

The company and the group are entitled to exemption from audit under Section 477 of the Companies Act 2006 for the period ended 30 June 2017.

The members have not required the company and the group to obtain an audit of its financial statements for the period ended 30 June 2017 in accordance with Section 476 of the Companies Act 2006.

The director acknowledges his responsibilities for:

- (a) ensuring that the group keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006 and
- (b) preparing financial statements which give a true and fair view of the state of affairs of the company and the group as at the end of each financial year and of the group's profit or loss for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company and the group.

## Consolidated Statement of Changes in Equity

for the Period 1 January 2017 to 30 June 2017

	<i>Called up share capital</i> £	<i>Retained earnings</i> £	<i>Total equity</i> £
Changes in equity			
Issue of share capital	1	–	1
Balance at 31 December 2016	<u>1</u>	<u>–</u>	<u>1</u>
Changes in equity			
Total comprehensive income	–	(27,820)	(27,820)
Balance at 30 June 2017	<u>1</u>	<u>(27,820)</u>	<u>(27,819)</u>

## Consolidated Statement of Cash Flows

for the Period 1 January 2017 to 30 June 2017

	<i>Notes</i>	<i>Period 1.1.17 to 30.6.17</i> £	<i>Period 30.12.15 to 31.12.16</i> £
Cash flows from operating activities			
Cash generated from operations	1	<u>1,000</u>	<u>(1)</u>
Cash generated from operating activities		<u>1,000</u>	<u>(1)</u>
Cash flows from financing activities			
Share issue		–	1
Cash from financing activities		<u>–</u>	<u>1</u>
Increase in cash and cash equivalents		1,000	–
Cash and cash equivalents at beginning of period	2	–	–
Cash and cash equivalents at end of period	2	<u>1,000</u>	<u>–</u>

## Notes to the Consolidated Statement of Cash Flows

for the Period 1 January 2017 to 30 June 2017

### 1. RECONCILIATION OF LOSS BEFORE INCOME TAX TO CASH GENERATED FROM OPERATIONS

	<i>Period</i> <i>1.1.17 to</i> <i>30.6.17</i> £	<i>Period</i> <i>30.12.15 to</i> <i>31.12.16</i> £
Loss before income tax	(27,820)	–
Increase in trade and other receivables	(74,269)	(1)
Increase in trade and other payables	103,089	–
<b>Cash generated from operations</b>	<u>1,000</u>	<u>(1)</u>

### 2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

<b>Period ended 30 June 2017</b>	<i>30.6.17</i> £	<i>1.1.17</i> £
Cash and cash equivalents	<u>1,000</u>	<u>–</u>
<b>Period ended 30 June 2016</b>	<i>30.6.16</i> £	<i>30.12.15</i> £
Cash and cash equivalents	<u>–</u>	<u>–</u>

## **Notes to the Consolidated Financial Statements**

for the Period 1 January 2017 to 30 June 2017

### **1. STATUTORY INFORMATION**

Parallel Live Group Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

### **2. ACCOUNTING POLICIES**

#### **Basis of preparation**

These financial statements have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

These financial statements have been prepared on the historical cost basis as modified by use of the fair-value basis where required and in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS as at 30 June 2017.

The preparation of financial statements in conformity with IFRS requires the directors to make judgements, estimates and assumptions that affect the application of policies and reported amounts in the financial statements which are disclosed in note 3.

#### **Going concern**

The directors have prepared trading and cash flow forecasts for the group for the year ending 31 December 2017. The forecasts incorporate trading assumptions, including licence income, content and brick lease fees, revenue shares, merchandising and other revenue. The forecasts show that the group has sufficient cash to meet liabilities as they fall due for a period of at least twelve months from the date of signature of the financial statements.

The directors believe these forecasts to be realistic and consequently have prepared the financial statements on the going concern basis, which assumes that the group will continue in operational existence for the foreseeable future.

#### **Adoption of standards effective in 2017**

The financial statements are prepared in accordance with International Financial Reporting Standards and interpretations as adopted by the EU in force at the reporting date.

(a) New and amended standards adopted by the group.

There were no new standards in effect that have had a significant effect on the financial statements. There have been improvements to standards which provide clarifications rather than substantive changes to requirements.

### **NEW AND REVISED STANDARDS**

#### **IFRS in issue but not applied in the current financial statements**

The following IFRS and IFRIC Interpretations have been issued but have not yet been applied by the group and the company in preparing these financial statements, as they are not yet as effective and in some cases had not yet been adopted by the EU. The company intends to adopt these Standards and Interpretations when they become effective, rather than adopt them early.

- IFRS 15, 'Revenue from Contracts with Customers'
- IFRS 16, 'Leases'
- IFRS 10 and IAS 28 (amendments), 'Sale or Contribution of Assets between an Investor and its Associate or Joint Venture'
- Amendments to IFRS 2, 'Classification and Measurement of Share-based Payment Transactions'

- Amendments to IAS 7, 'Disclosure Initiative'
- Amendments to IAS 12, 'Recognition of Deferred Tax assets for Unrealised Losses'

The directors do not expect that the adoption of the Standards listed above will have a material impact on the group in future periods except that IFRS 9 may have an impact on the measurement and disclosure of financial instruments. Beyond this, it is not practicable to provide a reasonable estimate of the effect of IFRS 9 until a detailed review has been completed.

IFRS 16 is a significant change to lease accounting and all leases will require balance sheet recognition of a liability and a right-of-use asset, except short term leases of low value assets. The effect on the group is expected to be immaterial.

A number of IFRS and IFRIC interpretations are also currently in issue which are not relevant for the company's activities and which have not, therefore, been adopted in preparing these financial statements.

### **Consolidation**

The consolidated financial statements incorporate the results of the company and all of its subsidiary undertakings as at 30 June 2017 using the purchase method of accounting. Under the purchase method, the results of subsidiary undertakings are included from the date of acquisition. On disposal, the results are included up to the date of disposal. Inter company balances, transactions and unrealised gains/losses are eliminated on consolidation.

### **Financial instruments**

The group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are recognised on trade date when the group becomes a party to the contractual provisions of the instrument. Financial instruments are recognised initially at fair-value plus, in the case of a financial instrument not at fair-value through profit and loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

Financial instruments are derecognised on trade date when the group is no longer a party to the contractual provisions of the instrument.

### **Taxation**

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the statement of financial position date.

### **Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

### **Trade receivables**

Trade receivables are stated at their amortised cost. Trade receivables are reduced by appropriate allowances for estimated irrecoverable amounts.

### **Trade payables**

Trade payables are stated at their amortised cost.

### **Business combinations**

The consolidated financial statements incorporate the results of business combinations using the purchase method. The cost of an acquisition is measured as an aggregate of the consideration transferred, measured at the acquisition date fair-value and the amount of any non-controlling interest in the acquiree. For each business combination, the group measures the non-controlling interest in the acquiree at the proportionate share of the acquiree's identifiable net assets. Subsequent changes in the proportion of the non-controlling

interests, which do not result in the de-recognition of the subsidiary, are accounted for in equity. Costs incurred in connection with the acquisition are recognised in profit or loss as incurred.

When the group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions at the acquisition date.

If the business combination is achieved in stages, the acquisition date fair-value of the group’s previously held equity interest in the acquiree is re-measured to fair-value at the acquisition date through profit or loss. Goodwill is initially measured at cost being the excess of the consideration transferred over the group’s share of net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair-value of net assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any recognised impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to either the acquired business or to each of the group’s cash generating units that are expected to benefit from the combination irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms a part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in these circumstances is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit until retained.

Goodwill arising from business combinations is assessed for impairment annually.

The results of the acquired operations are included in the consolidated Income Statement and consolidated statement of comprehensive income from the date on which control is obtained.

**3. ACCOUNTING ESTIMATES AND JUDGEMENTS**

The preparation of financial information in accordance with generally accepted accounting practice, in the case of the group, being International Financial Reporting Standards as adopted by the European Union, requires the directors to make estimates and judgements that affect the reported amount of assets, liabilities, income and expenditure and the disclosures made in financial statements. Such estimates and judgments must be continually evaluated based on historical experience and other factors, including expectation of future events.

The significant judgements made by management in applying the group’s accounting policies as set out above, and the key source of estimation, were:

- Cost and valuation of investments – Investments are recorded using the purchase method of accounting

**4. EMPLOYEES AND DIRECTORS**

There were no staff costs for the period ended 30 June 2017 nor for the period ended 30 June 2016.

	<i>Period</i>	<i>Period</i>
	<i>1.1.17 to</i>	<i>30.12.15 to</i>
	<i>30.6.17</i>	<i>31.12.16</i>
	£	£
Director’s remuneration	–	–
	<u>–</u>	<u>–</u>

**5. INCOME TAX**

**Analysis of tax expense**

No liability to UK corporation tax arose for the period ended 30 June 2017 nor for the period ended 30 June 2016.

## 6. LOSS 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 financial statements. The parent company's loss for the financial year was £27,820 (2016 – £0).

## 7. INVESTMENTS

### Company

	<i>Shares in group undertakings £</i>
COST	
Additions	100
At 30 June 2017	<u>100</u>
NET BOOK VALUE	
At 30 June 2017	<u>100</u>

The group or the company's investments at the Statement of Financial Position date in the share capital of companies include the following:

### Subsidiaries

#### Parallel Live (NY) Limited

Registered office: Inside the United Kingdom

Nature of business: event management

<i>Class of shares</i>	<i>% holding</i>
Ordinary	100.00
	30.6.17 £
Aggregate capital and reserves	100

#### Parallel Live LLC

Registered office: Outside the United Kingdom

Nature of business: event management

Class of shares	% holding
-----------------	-----------

Parallel Live LLC is a Delaware limited liability company in which Parallel Live (NY) Limited has an interest. Being an American LLC, the company does not have a share capital.

## 8. TRADE AND OTHER RECEIVABLES

	<i>Group</i>		<i>Company</i>	
	30.6.17	30.6.16	30.6.17	30.6.16
	£	£	£	£
Current:				
Other debtors	1	1	1	1
VAT	815	–	815	–
Prepayments	73,454	–	73,454	–
	<u>74,270</u>	<u>1</u>	<u>74,270</u>	<u>1</u>

## 9. CASH AND CASH EQUIVALENTS

	<i>Group</i>		<i>Company</i>	
	30.6.17	30.6.16	30.6.17	30.6.16
	£	£	£	£
Bank accounts	<u>1,000</u>	<u>–</u>	<u>1,000</u>	<u>–</u>

## 10. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid

<i>Number</i>	<i>Class</i>	<i>Nominal value</i>	30.6.17	30.6.16
			£	£
1	A Ordinary	1	1	1

## 11. RESERVES

<i>Company</i>	<i>Retained earnings</i>
	£
Deficit for the period	<u>(27,820)</u>
At 30 June 2017	<u>(27,820)</u>

## 12. TRADE AND OTHER PAYABLES

	<i>Group</i>		<i>Company</i>	
	30.6.17	30.6.16	30.6.17	30.6.16
	£	£	£	£
Current:				
Trade creditors	75,692	–	75,692	–
Amounts owed to group undertakings	–	–	–	–
Other creditors	22,471	–	22,471	–
Owed to Brick Live Intl	4,926	–	4,926	–
	<u>103,089</u>	<u>–</u>	<u>103,089</u>	<u>–</u>

## 13. RELATED PARTY DISCLOSURES

During the period ended 30 June 2017, travel and other business expenses of £22,471 were paid by Parallel Contemporary Art Limited on behalf of the company. At 30 June 2017, £22,471 was owed by the company to Parallel Contemporary Art Limited, which is a company incorporated in England and Wales and controlled by Mr J D N Ciclitira.

During the period ended 30 June 2017, business expenses of £4,925 were paid by Brick Live International Limited on behalf of the company. At 30 June 2017, £4,925 was owed by the company to Brick Live

International Limited, which is a company incorporated in England and Wales, the parent company of which being controlled by Mr J D N Ciclitira.

**14. EVENTS AFTER THE REPORTING PERIOD**

There are no events post-reporting period which would have a material impact on the company.

**15. ULTIMATE CONTROLLING PARTY**

The ultimate controlling party is the company director and shareholder.

## PART VI

### RULE 9 WAIVER INFORMATION

Each member of the Concert Party accepts responsibility for the information contained in this document relating to it and their related interests and statements attributed to them in respect of their intentions. To the best of the knowledge and belief of each of the members of the Concert Party (who have taken all reasonable care to ensure that such is the case), such information is in accordance with the facts and does not omit anything likely to affect the import of such information.

The maximum potential shareholding in the Company of the Concert Party (through beneficial and non-beneficial interests) following Admission is 64.54 per cent. of the Enlarged Issued Share Capital. Rule 9 of the City Code provides that where any person who, together with persons acting in concert with him, holds over 50 per cent. of the voting rights of a company, acquires an interest in shares which carry additional voting rights, then they will not generally be required to make a general offer to the other shareholders to acquire the balance of their shares, although individual members of the Concert Party will not be able to increase their percentage interests in shares through or between a Rule 9 threshold without Takeover Panel consent.

#### 1. CITY CODE

The City Code applies to the Company. Under Rule 9 of the City Code, where any person acquires, whether by a series of transactions over a period of time or not, an interest in securities which (taken together with securities already held by him and securities held or acquired by persons acting in concert with him) carry 30 per cent. or more of the voting rights of a company which is subject to the City Code, that person is normally required to make a general offer to all the holders of any class of equity share capital whether voting or non-voting or any other class of transferable securities carrying voting rights in that company to acquire the balance of their interests in the company.

Rule 9 of the City Code also provides that, among other things, where any person who, together with persons acting in concert with him, is interested in securities which in aggregate carry not less than 30 per cent. but does not hold securities carrying more than 50 per cent. of the voting rights of a company which is subject to the City Code, and such person, or any person acting in concert with him, acquires an interest in securities which increases the percentage of securities carrying voting rights in which he is interested, then such person is normally required to make a general offer to all holders of any class of equity share capital whether voting or non-voting or any other class of transferable securities carrying voting rights of that company to acquire the balance of their interests in the company.

An offer under Rule 9 must be in cash (or with a cash alternative) and at the highest price paid within the preceding 12 months for any shares in the company by the person required to make the offer or any person acting in concert with him.

Rule 9 of the City Code further provides, among other things, that where any person who, together with persons acting in concert with him, holds over 50 per cent. of the voting rights of a company, acquires an interest in shares which carry additional voting rights, then they will not generally be required to make a general offer to the other shareholders to acquire the balance of their shares.

Under the City Code, a Concert Party arises when persons who, pursuant to an agreement or understanding (whether formal or informal), actively co-operate, through the acquisition by any of them of shares in a company, to obtain or consolidate control of that company. Under the City Code, control means an interest or interests in shares carrying in aggregate 30 per cent. or more of the voting rights of a company, irrespective of whether such interest or interests give de facto control.

David Ciclitira and Serenella Ciclitira are long term partners and are treated as acting in concert for the purposes of the City Code as board members of Parallel Media. Clive Morton is treated as a member of the Concert Party.

The interests of members of the Concert Party in Ordinary Shares as at the date of this document and on Admission are set out in the table in Paragraph 19 of Part 1 of this document.

### 1.1 **Dispensation from Rule 9 of the City Code in relation to the Proposals.**

The issue of the Consideration Shares in connection with the Brick Live Acquisition and the Parallel Live Acquisition, together with the further New Ordinary Shares to be issued in connection with the Proposals to the Concert Party would normally result in the Concert Party having to make a general offer to Shareholders pursuant to Rule 9 of the City Code.

Under Note 1 on the Notes on the Dispensations from Rule 9 of the City Code, the Takeover Panel will normally waive the requirement for a general offer to be made in accordance with Rule 9 of the City Code if, *inter alia*, the Independent Shareholders of the company pass an ordinary resolution on a poll at a general meeting approving such a waiver.

The Takeover Panel has agreed, subject to the approval of the Independent Shareholders on a poll at the General Meeting of the Company, to waive the obligation for the Concert Party to make a general offer that would otherwise arise as a result of the issue of 30,100,000 New Ordinary Shares to the Concert Party, comprising the Consideration Shares in connection with the Brick Live Acquisition and the Parallel Live Acquisition, together with the further New Ordinary Shares to be issued to the Concert Party in connection with the Proposals.

Accordingly, the Whitewash Resolution (Resolution 1) is being proposed at the General Meeting and will be taken on a poll by Independent Shareholders. The members of the Concert Party and Ranjit Murugason will not vote in relation to the Whitewash Resolution.

**Following implementation of the Proposals the members of the Concert Party will together hold more than 50 per cent. of the Enlarged Issued Share capital of the Company and for so long as they continue to be treated as acting in concert may accordingly be able to increase further their aggregate interest in shares of the Company without incurring an obligation under Rule 9 to make a general offer to Shareholders to acquire the entire issued share capital of the Company. However, each individual member of the Concert Party will not be able to increase his percentage shareholding through a Rule 9 threshold, without the consent of the Panel.**

### 1.2 **Further details on the Concert Party**

David and Serenella Ciclitira are long term partners and further details of their business careers are set out in paragraph 12 in Part I. Their business address is 118 Chateau Perigord Bloc E, 6B Lacets Saint Leon, 98000 Monaco.

Aside from the shares held in the individual names of David and Serenella Ciclitira, the Concert Party as set out in paragraph 19 in Part I, includes holdings for Zedra Trust Company (Jersey) Limited (“**Zedra**”) and Luna Trading Limited, further details of which are set out below.

Zedra (previously Barclays Wealth Trustees (Jersey) Limited), whose principal office is 50 La Colomberie, St Helier, Jersey JE2 4QB, is the trustee for two discretionary trusts. The first is the Tokyo Settlement trust, of which David Ciclitira is the sole beneficiary and the second is the Ciclitira Settlement Trust, of which the beneficiaries are David Ciclitira’s family. David Ciclitira is not a beneficiary of the Ciclitira Settlement trust. The shares in Parallel Media held directly by Zedra are held as trustees of the Ciclitira Settlement trust and the loan agreements held by Zedra are held as trustees of the Tokyo Settlement trust.

Luna Trading Limited (company number 52527) is a Jersey registered private limited company, whose registered address is 39-41 Broad Street, St Helier, Jersey JE4 5PS. The company is wholly owned by Zedra Wealth as trustees for the Tokyo Settlement trust. David Ciclitira and Serenella Ciclitira are directors of Luna Trading Limited.

Clive Morton is a co-founder, together with David Ciclitira, of Brick Live and a 25 per cent. shareholder in that company. His business address is Gallery House, 2 Ashwell Hall Stables, Oakham Road, Ashwell, Oakham, Rutland LE15 7LH. As at the date of this document he has no interest in any Parallel Media Ordinary Shares.

### 1.3 **Market quotations**

Set out below are the closing middle market quotations of an Existing Ordinary Share as derived from the AIM Appendix to the Daily Official list for the first business day in each of the six months immediately before the date of this document and as at 28 November 2017, being the latest practicable date prior to the date of this document. The Company's shares were suspended from trading on AIM on 9 August 2017.

<i>Date</i>	<i>Ordinary Share price (pence)</i>
2 May 2017	28.50
1 June 2017	22.50
3 July 2017	18.00
1 August 2017	18.50
1 September 2017	23.25
1 October 2017	23.25
28 November 2017	23.25

### 1.4 **Disclosure of interests and dealings in shares**

For the purposes of this paragraph 1 of this Part VI to this document, reference to:

- 1.4.1 “**acting in concert**” is to such term as defined in the City Code;
- 1.4.2 an “**arrangement**” includes any indemnity or option arrangement and any agreement or understanding, formal or informal, of whatever nature, relating to relevant securities which may be an inducement to deal or refrain from dealing;
- 1.4.3 an “**associate**” of any company means, unless otherwise stated:
- (a) its parent, subsidiaries and fellow subsidiaries, and their associated companies and companies of which any such companies are associated companies (“**relevant associates**”). For this purpose, ownership or control of 20 per cent. or more of the equity share capital of a company is regarded as the test of associated company status;
  - (b) connected advisers and persons controlling, controlled by or under the same control as any such connected advisers;
  - (c) the directors (together in each case with their close relatives and related trusts) of the company or any relevant associate;
  - (d) the pension funds of the company or any relevant associate;
  - (e) any investment company, unit trust or other person whose investments an associate manages on a discretionary basis, in respect of the relevant investment accounts;
  - (f) an employee benefit trust of the company or any relevant company; and
  - (g) a company having a material trading arrangement with the company;
- 1.4.4 “**connected adviser**” is to such term as defined in the City Code;
- 1.4.5 “**connected person**” has the meaning attributed to it in section 252 of the Companies Act;
- 1.4.6 “**control**” means an interest, or interests, in shares carrying in aggregate 30 per cent. or more of the voting rights of a company which are currently exercisable at a general meeting, irrespective of whether such interest or interests give de facto control;
- 1.4.7 “**dealing**” or “**dealt**” includes the following:
- (a) the acquisition or disposal of securities, of the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to the securities, or of general control of securities;

- (b) the taking, granting, acquisition, disposal, entering into, closing out, termination, exercise (by either party) or variation of an option (including a traded option contract) in respect of any securities;
  - (c) subscribing or agreeing to subscribe for securities;
  - (d) the exercise or conversion, whether in respect of new or existing securities, of any securities carrying conversion or Placing rights;
  - (e) the acquisition of, or disposal of, entering into, closing out, exercise (by either party) of any rights under, or variation of, a derivative referenced, directly or indirectly, to securities;
  - (f) entering into, terminating or varying the terms of any agreement to purchase or sell securities; and
  - (g) any other action resulting, or which may result, in an increase or decrease in the number of securities in which a person is interested or in respect of which he has a short position;
- 1.4.8 “**derivative**” includes any financial product the value of which, in whole or in part, is determined directly or indirectly by reference to the price of any underlying security;
- 1.4.9 “**disclosure period**” means the period of 12 months ending on 28 November 2017 (being the latest practicable date prior to the publication of this document);
- 1.4.10 “**exempt principal trader**” or “**exempt fund manager**” is to such term as defined in the City Code;
- 1.4.11 “**Existing Directors**” the directors of the Company as at the date of this document;
- 1.4.12 a person has an “**interest**” in or is “**interested**” if he has a long economic exposure, whether absolute or conditional, to change in the price of those securities (and a person who has an “**interest**” in or is “**interested**” if he has a long economic exposure, whether absolute or conditional, to change in the price of those securities (and a person who only has a short position in securities is not treated as interested in those securities). In particular, a person is treated as “**interested**” in securities if:
- (a) he owns them;
  - (b) he has the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to them or has general control of them;
  - (c) by virtue of any agreement to purchase any option or derivative, he has the right or option to acquire them or call for their delivery, or is under an obligation to take delivery of them, in each case, whether the right, option or obligation is conditional or absolute and whether it is in the money or otherwise;
  - (d) he is party to any derivative whose value is determined by reference to their price and which results, or may result, in his having a long position in them; or
  - (e) in the case of Rule 5 of the City Code only, he has received an irrevocable commitment in respect of them;
- 1.4.13 “**related parties**” in relation to a director, means those persons whose interests in shares the director would be required to disclose pursuant to Part 22 of the Companies Act and related regulations;
- 1.4.14 “**relevant securities**” includes: (1) shares and any other securities conferring voting rights; (2) equity share capital; (3) any securities convertible into or rights to subscribe for securities, described in (1) and (2) above; and (4) securities convertible into, rights to subscribe for, options (included traded options) in respect of and derivatives referenced to any of the foregoing; and
- 1.4.15 “**short position**” means any short position (whether conditional or absolute and whether in the money or otherwise) including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery.

## 1.5 Interests and dealings in relevant securities of the Company

- 1.5.1 As at the close of business on 28 November 2017 (being the latest practicable date prior to the publication of this document), members of the Concert Party held the number of Existing Ordinary Shares as set out in the table in Paragraph 19 of Part 1 of this document.
- 1.5.2 During the disclosure period, the Company has not redeemed or purchased any of its relevant securities or taken or exercised an option over any of its relevant securities.
- 1.5.3 During the disclosure period, no member of the Concert Party has redeemed or purchased any of its relevant securities or taken or exercised an option over any of its relevant securities.

## 1.6 **General**

Save as disclosed in this Part VI or in paragraph 19 of Part I of this document, as at the disclosure date:

### 1.6.1 None of:

- (i) the Concert Party;
- (ii) the Directors or their respective immediate families, related trusts and any other connected persons
- (iii) any person acting in concert with the Concert Party, or
- (iv) any person who is a party to an arrangement with the Concert Party or any person acting in concert with Concert Party of the kind referred to in Note 11 on the definition of acting in concert in the Code,

held any interest in or right to subscribe for or any short position in any relevant securities of Parallel Media, nor had any agreements to sell or any delivery obligations or rights to require another person to purchase or take any delivery of any relevant securities of Parallel Media nor, save for any borrowed shares which have either been on-lent or sold, had borrowed or lent any relevant securities of Parallel Media (including for these purposes any financial collateral arrangements of the kind referred to in Note 4 on Rule 4.6 of the Code) nor has any such person dealt in any relevant securities of Parallel Media during the disclosure period;

### 1.6.2 Neither the Concert Party nor any person acting in concert with the Concert Party has any Note 11 arrangements with any person.

### 1.6.3 None of:

- (i) Parallel Media;
- (ii) the Directors or their respective immediate families, related trusts and any other connected persons;
- (iii) any person acting in concert with Parallel Media, or
- (iv) any person who is a party to an arrangement with Parallel Media or any person acting in concert Parallel Media of the kind referred to in Note 11 on the definition of acting in concert in the Code,

held any interest in or right to subscribe for or any short position in any relevant securities of Parallel Media, nor had any agreements to sell or any delivery obligations or rights to require another person to purchase or take any delivery of any relevant securities of Parallel Media nor, save for any borrowed shares which have either been on-lent or sold, had borrowed or lent any relevant securities of Parallel Media (including for these purposes any financial collateral arrangements of the kind referred to in Note 4 on Rule 4.6 of the Code) nor has any such person dealt in any relevant securities of Parallel Media during the disclosure period;

1.6.4 None of:

- (i) Parallel Media;
- (ii) Any other member of the Group;
- (iii) the Directors or their respective immediate families, related trusts and any other connected persons; and
- (iv) any person who is a party to an arrangement with Parallel Media of the kind referred to in Note 11 on the definition of acting in concert in the Code;

held any interest in or right to subscribe for or any short position in any relevant securities of the Parallel Media, nor has any such person dealt in any relevant securities of Parallel Media during the disclosure period;

1.6.5 Parallel Media has not redeemed, purchased or exercised any option over any Parallel Media Ordinary Shares or any securities convertible into rights to subscribe for or options in respect of or derivatives referenced to Parallel Media Ordinary Shares during the disclosure period.

1.6.6 There is no agreement, arrangement or understanding (including any compensation arrangement) between any member of the Concert Party and any of the Existing Directors, Shareholders or any person interested in the shares of the Company which are connected with, or dependent upon the Acquisition. Neither the Concert Party, nor the Existing Directors, Shareholders or any person interested in the shares of the Company, has entered into an agreement, arrangement or understanding to transfer any interest acquired in the Company as a result of the Acquisition.

## 1.7 **Squeeze-out**

Under the Companies Act, if an offeror were to acquire 90 per cent. of the Ordinary Shares within four months of making its offer, it could then compulsorily acquire the remaining 10 per cent. It would do so by sending a notice to outstanding Shareholders telling them that it will compulsorily acquire their shares and then, six weeks later, it would execute a transfer of the outstanding shares in its favour and pay the consideration to the Company, which would hold the consideration on trust for outstanding Shareholders.

The consideration offered to the Shareholders whose shares are compulsorily acquired under the Companies Act must, in general, be the same as the consideration that was available under the takeover offer unless the Shareholders can show that the offer value is unfair.

## 1.8 **Sell-out**

The Companies Act also gives minority shareholders a right to be bought out in certain circumstances by an offeror who had made a takeover offer. If a takeover offer related to all the Ordinary Shares and at any time before the end of the period within which the offer could be accepted the offeror held or had agreed to acquire not less than 90 per cent. of the Ordinary Shares, any holder of shares to which the offer relates who has not accepted the offer can by a written communication to the offeror require it to acquire those shares. The offeror would be required to give any shareholder notice of his right to be bought out within one month of that right arising.

The offeror may impose a time limit on the rights of minority shareholders to be bought out, but that period cannot end less than three months after the end of the acceptance period. If a shareholder exercises its rights, the offeror is bound to acquire those shares on the terms of the offer or on such other terms as may be agreed.

## Part VII

*The Directors*

Stockdale Securities Limited  
Beaufort House  
15 St. Botolph Street  
London  
EC3A 7BB

*The Directors*

Parallel Media Group plc  
3 Park Court  
Pyrford Road  
West Byfleet  
Surrey  
KT14 6SD

29 November 2017

Dear Sirs

### **Pro Forma Statement of Net Assets – Parallel Media Group Plc (“the Company”)**

We report on the pro forma statement of net assets set out below relating to the Company which has been prepared on the basis described in the notes, for illustrative purposes only, to provide information about how the transaction might have affected the financial information presented on the basis of the accounting policies adopted by the Company in preparing the financial statements for the period ended 30 June 2017. This report is required by guidance issued by London Stock Exchange plc with respect to the AIM market and is given for the purpose of complying with that guidance and for no other purposes.

### **Responsibilities**

It is the responsibility of the directors of the Company to prepare the pro forma financial information in accordance with guidance issued by the London Stock Exchange.

It is our responsibility to form an opinion, as required by guidance issued by the London Stock Exchange, as to the proper compilation of the pro forma financial information and to report that opinion to you.

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

### **Basis of Opinion**

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

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

### **Opinion**

In our opinion:

- (a) the pro forma statement of net assets has been properly compiled on the basis stated; and
- (b) such basis is consistent with the accounting policies of the Company.

**Declaration**

For the purposes of guidance issued by the London Stock Exchange we are responsible for this report as part of the AIM Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the AIM Admission Document in compliance with guidance issued by the London Stock Exchange.

Yours faithfully,

**Kingston Smith LLP**

*Chartered Accountants & Registered Auditors*

Devonshire House

60 Goswell Road

London

EC1M 7AD

## UNAUDITED PROFORMA STATEMENT OF NET ASSETS OF THE ENLARGED GROUP

Set out below is the unaudited pro forma statement of net assets of the Group as at 30 June 2017 (the "Pro Forma Financial Information"). The Pro Forma Financial Information has been prepared on the basis set out in the notes below and has been prepared for illustrative purposes only. Because of its nature, the Pro Forma Financial Information addresses a hypothetical situation and, therefore, does not represent the Group's actual financial position. It is based on the unaudited interim balance sheet as at 30 June 2017 which can be found on the Company's website and has been prepared on the basis that the Proposals and other matters set out in this document were effective as of 30 June 2017 and in a manner consistent with the accounting policies to be adopted by the Company in preparing the audited financial statements for the current financial year ending 31 December 2017.

Users should read the whole of this document and not rely solely on the summarised financial information contained in this section.

	<i>Company as at 30th June 2017 Note 1 £</i>	<i>Brick Live Group Limited 30th June 2017 Note 2 £</i>	<i>Acquisitions Note 3 £</i>	<i>Placing Note 4 £</i>	<i>Other Note 5 £</i>	<i>Pro Forma as at 30th June 2017 £</i>
<b>Non-current assets</b>						
Property, plant and equipment	–	392,922	–	–	–	392,92
Investment in joint ventures	–	500	–	–	–	500
Intangible assets	1,000	–	2,289,618	–	100,000	2,390,618
Deferred tax	–	23,626	–	–	–	23,626
Total non-current assets	<u>1,000</u>	<u>417,048</u>	<u>2,289,618</u>	<u>–</u>	<u>100,000</u>	<u>2,807,666</u>
<b>Current assets</b>						
Trade and other receivables	5,000	766,947	–	–	–	771,947
Cash and cash equivalents	11,000	2,000	660,000	660,000	–	1,333,000
Total current assets	<u>16,000</u>	<u>768,947</u>	<u>660,000</u>	<u>660,000</u>	<u>–</u>	<u>2,104,947</u>
Total assets	<u>17,000</u>	<u>1,185,995</u>	<u>2,949,618</u>	<u>660,000</u>	<u>100,000</u>	<u>4,912,613</u>
<b>Current liabilities</b>						
Trade and other payables	3,135,000	1,286,416	–	–	(2,249,750)	2,171,666
Total current liabilities	<u>3,135,000</u>	<u>1,286,416</u>	<u>–</u>	<u>–</u>	<u>(2,249,750)</u>	<u>2,171,666</u>
Net assets	<u>(3,118,000)</u>	<u>(100,421)</u>	<u>2,949,618</u>	<u>660,000</u>	<u>2,349,750</u>	<u>2,740,947</u>

### Note 1

The net assets of the Company have been extracted without material adjustment from the interim report for the six-month period to 30 June 2017.

### Note 2

The net assets of Brick Live Group Limited have been extracted without material adjustment from the consolidated unaudited historical financial information at 30 June 2017 as set out in Part IV.

### Note 3

The intangible assets arising on the acquisition of Brick Live Group Limited, Parallel Live Group Limited and the 61.1 per cent. interest in Brick Live Far East Limited are calculated as follows:

	£
Consideration for Brick Live Group Limited (16,666,667 shares at par after applying merger relief)	166,667
Consideration for Parallel Live Limited (3,333,333 shares at par after applying merger relief)	33,333
Less Reverse acquisition accounting adjustment	(200,000)
Consideration for the 61.1% of Brick Live Far East Limited not currently held (9,832,060 shares in the Company at £0.30 per share)	2,949,618
Less cash received for 11.1% of Brick Live Far East Limited	(660,000)
<b>Estimated intangible assets arising on consolidation</b>	<b><u>2,289,618</u></b>

### Note 4

The proceeds of the Placing are expected to be £1.26 million gross, £0.66 million net after deduction of issue costs of £0.6 million.

### Note 5

The following other adjustments have been made:

- The conversion of £1.95 million and the further conversion of £80k related party loans into shares.
- The £1 million payment in shares to a related party for relinquishing future commission has no impact on net assets.
- The payment in shares for £220k of unpaid Non-Executive Director's fees and adviser's fees.
- The payment in shares for merchandising rights of £100k.

**PART VIII**  
**ADDITIONAL INFORMATION**

**1. RESPONSIBILITY STATEMENT**

- 1.1 The Company, the Directors and Proposed Directors whose names appear on page 6 of this document accept individual and collective responsibility for the information contained in this document, including individual and collective responsibility for compliance with the AIM Rules for Companies. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 1.2 Sole Associates Accountants Ltd accepts responsibility for its report set out in Part V of this document and for any information sourced from that report in this document. To the best of the knowledge and belief of Sole Associates Accountants Ltd (which has taken all reasonable care to ensure that such is the case) the information contained therein is in accordance with the facts and does not omit anything likely to affect the impact of such information.
- 1.3 In connection with this document and/or the Proposals, no person is authorised to give any information or make any representations other than as contained in this document and, if given or made, such information or representation must not be relied upon as having been so authorised.

**2. THE COMPANY**

- 2.1 The Company was incorporated and registered in England and Wales on 23 June 1959 under the Companies Act 1948 as a limited company with registered number 00630968 and with the name Ceylon & Indian Planters Holdings Public Limited Company. On 24 April 1984, the name of the Company was changed to William Morris Fine Arts Public Limited Company. On 9 May 1988, the name of the Company was changed to Lincoln House PLC. On 3 August 1994, the name of the Company was changed to Wyefield Group Plc. On 6 January 1999, the name of the Company was changed to Orchard Furniture plc. On 16 August 2001, the name of the Company was changed to World Sports Group plc and on 21 January 2003 the name of the Company was changed to Parallel Media Group plc. Following the implementation of the Proposals set out in this document, the Company intends to change its name to Live Company Group Plc.
- 2.2 The Company was admitted to trading on AIM on 15 August 2001.
- 2.3 The liability of the members of the Company is limited.
- 2.4 Immediately following Admission, the Company's principal activity will be that of a holding company of Brick Live and Parallel Live, whose principal activity is within the entertainments industry and in particular, live fan based events.
- 2.5 The principal legislation under which the Company operates is the Companies Act and the regulations made thereunder.
- 2.6 The Company's registered office is at 3 Park Court, Pyrford Road, West Byfleet, Surrey KT14 6SD. The telephone number of the Company is 0207 225 2000.
- 2.7 The accounting reference date of the Company is 31 December.
- 2.8 The Company's website is [www.parallelmediagroup.com](http://www.parallelmediagroup.com). It is proposed that immediately following Admission, the Company's website will be changed to [www.livecompanygroup.com](http://www.livecompanygroup.com).

### 3. Subsidiaries

3.1 The Company is the holding company of the Group. As at the date of this document the Company currently has 2 wholly owned subsidiaries which will remain in the Enlarged Group following Admission, and 6 wholly owned subsidiaries and 6 indirectly owned subsidiaries which comprise the Disposal Subsidiaries, details of which are set out below:

<i>Subsidiaries remaining in Enlarged Group</i>	<i>Company Number</i>	<i>Place of incorporation</i>	<i>% owned</i>	<i>Principal activity</i>
<b>Held directly:</b>				
Parallel Media Group				
Asia PTE Ltd	201131009R	Singapore	100	Management of events
The Championship (Singapore) PTE Ltd	201427355K	Singapore	95	Management of sports events
<b>Disposal Subsidiaries</b>				
		<i>Place of incorporation</i>	<i>% owned</i>	<i>Principal activity</i>
<b>Held directly:</b>				
Causeway Trophy PTE Ltd (inactive)		Singapore	50	Management of sports events
Parallel Media Italia SRL		Italy		
Parallel Media (Jersey) Ltd		Jersey	100	Dormant holding company
Parallel Media (Americas) Ltd		BVI	100	Dormant holding company
Parallel Media Hong Kong Ltd		HK	100	Dormant
Parallel Media Korea (New Media) Ltd		UK	100	Dormant
<b>Held indirectly:</b>				
Parallel Media Europe Ltd		UK	100	Dormant
Parallel Smart Media UK Ltd		UK	100	Dormant
PGA Media Ltd		BVI	83.9	Dormant
Parallel Smart Media Ltd		UK	100	Dormant
Parallel Media Americas Inc		US	100	Dormant
Parallel Media Group International Ltd		Jersey	100	Dormant holding company

3.2 Pursuant to the Disposal, the beneficial ownership of all of the Disposal Subsidiaries will be transferred out of the Group with effect from Admission. At the date of this document the Company has no other beneficial interest in any company save for the Group companies set out above.

3.3 Brick Live has the following subsidiaries, all of which, save for BLFE, will be wholly owned and on completion of the Proposed Acquisitions, the Company will acquire Brick Live and these subsidiaries:

<i>Name of Subsidiary</i>	<i>Company Number</i>	<i>Place of incorporation</i>	<i>% owned</i>	<i>Principal activity</i>
Brick Live International Ltd	10257756	UK	100	Production of live fan based events
Brick Live Hong Kong Ltd	2460496	Hong Kong	100	Production of live fan based events
Brick Live Far East Ltd	10308158	UK	100	Dormant
Brick Live Far East Ltd	2460460	Hong Kong	38.9*	Production of live fan based events

\* the Company will directly own the balance of 61.1 per cent. of BLFE following completion of the BLFE Acquisition

3.4 On 3 July 2017 Brick Live, through its subsidiary company BLFE, entered into a wholly owned foreign enterprise agreement with Fortune Access Limited to, and on 15 September 2017 did, establish a new joint venture company in China, named Brick Live Centre Education Technology (Beijing) Co. Ltd, a limited liability company. The joint venture company is owned 51 per cent. by Fortune Access and 49 per cent. by Brick Live International Ltd and has a total capital of 2,000,000 RMB (approximately £233,000) and the contribution by Brick Live International Ltd to the joint venture will be 980,000 RMB (approximately £114,000), to be paid in three instalments by 30 December 2018.

3.5 Parallel Live has the following subsidiaries, all of which are wholly owned and on completion of the Proposed Acquisitions, the Company will acquire Parallel Live and these subsidiaries:

<i>Name of Subsidiary</i>	<i>Company Number</i>	<i>Place of incorporation</i>	<i>% owned</i>	<i>Principal activity</i>
Parallel Live (NY) Ltd	10790554	UK	100	Production of live fan based events
Parallel Live (NY) LLC	6339763	Delaware, USA	100	Production of live fan based events

3.6 As at the date of completion of the Proposed Acquisitions, save for the Company and the subsidiaries listed above, there will be no other companies within the Enlarged Group.

#### 4. THE DIRECTORS OF THE COMPANY

4.1 The date of appointment of each Existing Director (notwithstanding that they may have been directors of other Group companies before such date) is as follows:

<i>Director</i>	<i>Date of appointment</i>
David Ciclitira	15 August 2001
Serenella Ciclitira	29 June 2010
Ranjit Murugason	29 November 2010

The Proposed Directors will each be appointed conditional on and with effect from Admission

#### 5. SHARE CAPITAL OF THE COMPANY

5.1 The Existing Ordinary Shares and the New Ordinary Shares will be in registered form. The New Ordinary Shares will be capable of transfer in both certificated and uncertificated form. The Register will be maintained by the Company's registrars, Link Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU.

5.2 The issued fully paid up share capital of the Company (i) as at the date of this document (ii) as it is expected to be immediately following completion of the Proposals and Admission is as follows:

<i>Class</i>	<i>As at the date of this document</i>		<i>Immediately following completion of the Proposals and Admission</i>	
	<i>Number of shares</i>	<i>Aggregate nominal value (£)</i>	<i>Number Shares</i>	<i>Aggregate nominal value (£)</i>
<i>Ordinary Shares</i>	3,009,233	30,092.33	48,207,793	482,077.93
<i>New deferred shares of 51.8p</i>	2,047,523	1,060,616.91	2,047,523	1,060,616.91
<i>Deferred ordinary shares of 0.5p each</i>	199,831,545	999,157.73	199,831,545	999,157.73
<i>Deferred B shares of £19.60 each</i>	103,260	2,023,896	103,260	2,023,896

Further details regarding each class of the Company's shares and the rights attaching thereto are set out in paragraph 6.13 of Part VIII of this document.

5.3 In the period from 1 January 2014 to 31 December 2016 being the period covered by the historic financial information incorporated by reference in Part III of this document and up to and including the date of this document no Ordinary Shares were issued.

5.4 The Company has no outstanding share options and has not issued any convertible loan notes.

5.5 Save as disclosed above and save for the allotment of the New Ordinary Shares:

5.5.1 no share or loan capital of the Company or any of its subsidiaries has been issued or been agreed to be issued fully or partly paid, either for cash or for consideration other than cash and no issue is now proposed; and

5.5.2 neither the Company nor any of its subsidiaries has granted any options, warrants or convertible loan notes over its shares or loan capital which remains outstanding or has agreed, conditionally or unconditionally, to grant any such options, warrants or convertible loan notes.

- 5.6 The New Ordinary Shares will be allotted fully paid in registered form and may be held in either certificated or in uncertificated form. Application will be made to the London Stock Exchange for the Enlarged Issued Share Capital to be re-admitted to trading on AIM.
- 5.7 The New Ordinary Shares were created under and are subject to the provisions of the Companies Act and are denominated in sterling.
- 5.8 The New Ordinary Shares will, on issue, rank *pari passu* for all dividends and other distributions (if any) declared or made or paid in respect of the Existing Ordinary Shares after the date of issue and will otherwise rank *pari passu* in all respects with the Existing Ordinary Shares and no Shareholders enjoy different or enhanced voting rights.
- 5.9 The Notice of General Meeting contains resolutions which, *inter alia* and conditional upon the passing of the Whitewash Resolution, will be proposed to grant the Directors authority to:
- 5.9.1 in accordance with section 551 of the Act, allot shares in the Company or grant rights to subscribe for or to convert any securities into shares in the Company up to an aggregate nominal amount of £694,000 provided that this authority shall expire 15 months from passing but, so that the Company may, before such expiry, make an offer or agreement which would or might require shares to be allotted or rights to subscribe for or convert securities into shares to be granted after such expiry and the Directors may allot shares or grant rights to subscribe for or convert securities into shares pursuant to such an offer or agreement as if this authority had not expired the Directors were generally and unconditionally authorised in accordance with section 551 of the Act to allot shares; and
- 5.9.2 pursuant to section 570 of the Act, allot equity securities (within the meaning of section 560 of the Act) for cash pursuant to the authority summarised at paragraph 5.9.1 above and/or where the allotment constitutes an allotment of equity securities by virtue of section 560(2) of the Act, in each case:
- (a) in connection with the allotment of securities in connection with the Proposals; and
- (b) (otherwise than pursuant to (a) above) up to an aggregate nominal amount of £121,000, as if section 561(1) of the Act did not apply to any such allotment, such authority to expire 15 months from passing, save that the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such an offer or agreement as if this power had not expired.
- 5.10 There are no Existing Ordinary Shares which are held by, or on behalf of, the Company and the Company's subsidiary undertakings do not hold any shares in the Company.
- 5.11 On completion of the Proposals and following the allotment of the New Ordinary Shares, the existing issued share capital of the Company will be increased by 45,198,560 New Ordinary Shares, resulting in an immediate dilution of holders of Existing Ordinary Shares of 93.8 per cent. in aggregate.

## **6. ARTICLES OF ASSOCIATION**

The notice convening the General Meeting, which is set out in Part IX at the end of this document, contains a resolution for shareholders to approve a new set of Articles of Association. These Articles of Association include provisions to the following effect.

### **6.1 Share Capital**

The share capital of the Company at Admission is divided into four classes of share, namely:

- 6.1.1 the Ordinary Shares,
- 6.1.2 new deferred shares of 51.8p each
- 6.1.3 deferred ordinary shares of 0.5p each; and
- 6.1.4 deferred B shares of £19.60 each.

## 6.2 **Meetings of Members**

Subject to the requirement to convene and hold annual general meetings in accordance with the requirements of the Act, the Board may call general meetings whenever and at such times and places as it shall determine and, on the requisition of members pursuant to the provisions of the Act, shall forthwith proceed to convene an extraordinary general meeting in accordance with the requirements of the Act.

An annual general meeting shall be called by at least 21 clear days' notice. All other general meetings shall be called by at least 14 clear days' notice. Subject to the provisions of the Articles and to any restrictions imposed on any shares, the notice shall be given to all the members, to each of the directors and the auditors for the time being of the Company. The notice shall specify the time and place of the meeting and, in the case of special business, the general nature of such business. The accidental omission to give notice of a meeting, or to send a form of proxy with a notice where required by the Articles, to any person entitled to receive the same, or the non-receipt of a notice of meeting or form of proxy by any person, shall not invalidate the proceedings of that meeting.

The directors may from time to time make such arrangements for the purpose of controlling the level of attendance as they shall in their absolute discretion consider appropriate.

The appointment of a proxy shall be executed by or on behalf of the appointer. Delivery of a proxy shall not preclude a member from attending and voting in person at the meeting or poll concerned. A member may appoint more than one proxy to attend on the same occasion.

A corporation or corporation sole which is a member of the Company may authorise such person as it thinks fit to act as its representative at any meeting of the Company or at any separate meeting of the holders of any class of shares.

## 6.3 **Voting Rights**

At a general meeting of the Company, subject to any special rights or restrictions attached to any class of shares:

- 6.3.1 on a show of hands every member present in person has one vote, every duly appointed proxy present has one vote (unless he has been appointed by more than one member and has been instructed by one or more members to vote for a resolution and by one or more other members to vote against it, in which case he has one vote for and one vote against the resolution) and any person duly appointed to act as the authorised representative of a corporate member (or each of them if more than one) has one vote; and
- 6.3.2 on a poll every member has one vote for every share held by him.

No shareholder will be entitled to vote at a general meeting or any separate meeting of the holders of any class of shares in the Company in respect of any share held by him unless all moneys presently owed to the Company have been paid.

## 6.4 **Alteration of Capital**

The Company may from time to time by ordinary resolution:

- 6.4.1 increase its capital as the resolution shall prescribe;
- 6.4.2 consolidate and divide all or any of its shares into shares of larger amount;
- 6.4.3 sub-divide all or any of its shares into shares of smaller amount and attach varying rights to the shares resulting from such sub-division; and
- 6.4.4 cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

The Company may by special resolution reduce its share capital, any capital redemption reserve fund and any share premium account subject to the provisions of the Act.

## 6.5 **Variation of Rights**

All or any of the special rights for the time being attached to any class of shares for the time being issued may be varied or abrogated with the consent in writing of the holders of three-quarters in nominal value of the issued shares of that class or with the sanction of an extraordinary resolution passed at a separate general meeting of such holders (but not otherwise). At every such separate general meeting the necessary quorum shall be not less than two persons holding or representing by proxy not less than one third in nominal amount of the issued shares of the class or, at any adjourned meeting of such holders, one holder who is present in person or by proxy, whatever the amount of his holding, shall be deemed to constitute a meeting.

## 6.6 **Purchase of Own Shares**

Subject to the provisions of the Act and to the sanction by an extraordinary resolution passed at a separate class meeting of the holders of any convertible shares, the Company may purchase any of its own shares of any class (including redeemable shares) at any price.

## 6.7 **Transfer of Shares**

Any member may transfer all or any of his shares. Save where any rules or regulations made under the Act permit otherwise, the instrument of transfer of a share shall be in any usual form or in any other form which the Board may approve and shall be executed by or on behalf of the transferor and (in the case of a share which is not fully paid) by the transferee. The Board may in its absolute discretion and without giving any reason decline to register any transfer of shares which are not fully paid or on which the Company has a lien.

## 6.8 **Dividends and other distributions**

The Company may by ordinary resolution declare dividends in accordance with the respective rights of the members, but no dividend shall exceed the amount recommended by the Board. The Board may pay interim dividends if it appears that they are justified by the financial position of the Company.

All dividends shall be apportioned and paid *pro rata* to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid.

Any dividend unclaimed after a period of twelve years from the date when it became due for payment shall, if the Board so resolves, be forfeited and cease to remain owing by the Company.

The Board may, if authorised by an ordinary resolution of the Company, offer members the right to elect to receive shares credited as fully paid in whole or in part, instead of cash, in respect of the dividend specified by the ordinary resolution.

The Company may cease to send any cheque or dividend warrant through the post if such instruments have been returned undelivered or remain uncashed by a member on at least two consecutive occasions. The Company shall recommence sending cheques or dividend warrants if the member claims the dividend or cashes a dividend warrant or cheque.

In a winding up, the liquidator may, with the sanction of an extraordinary resolution and subject to the Insolvency Act 1986, divide among the members in specie the whole or any part of the assets of the Company and/or vest the whole or any part of the assets in trustees upon such trusts for the benefit of the members as the liquidator determines.

## 6.9 **Restrictions on Shares**

If the Board is satisfied that a member or any person appearing to be interested in shares in the Company has been duly served with a notice under Section 212 of the Act and is in default in supplying to the Company the information thereby required within a prescribed period after the service of such notice the Board (of the Company) may serve on such member or on any such person a notice ("a direction notice") in respect of the shares in relation to which the default occurred ("default shares") directing that a member shall not be entitled to vote at any general meeting or class meeting of the Company. Where default shares represent at least 0.25 per cent. of the class of shares concerned the direction notice may in addition direct that any dividend (including shares issued in lieu of a dividend)

which would otherwise be payable on such shares shall be retained by the Company without liability to pay interest and no transfer of any of the shares held by the member shall be registered unless it is a transfer on sale to a *bona fide* unconnected third party, or by the acceptance of a take-over offer or through a sale through a recognised investment exchange as defined in the Financial Services and Markets Act 2000. The prescribed period referred to above means 14 days from the date of service of the notice under Section 212 where the default shares represent at least 0.25 per cent. of the class of shares concerned and 28 days in all other cases.

## 6.10 **Directors**

- 6.10.1 At every annual general meeting of the Company as near as possible (but greater than) one third of the directors for the time being shall retire by rotation and be eligible for re-election. The directors to retire will be those who have been longest in office or, in the case of those who became or who are re-elected directors on the same day, shall, unless they otherwise agree, be determined by lot.
- 6.10.2 Save as provided in sub-paragraph 6.10.3 below, a director shall not vote at a meeting of the Board or any committee of the Board on any resolution of the directors concerning a matter in which he has an interest which together with any interest of any person connected with him is to his knowledge a material interest. The Company may by ordinary resolution suspend or relax such provisions to any extent or ratify any transaction not duly authorised by reason of a contravention of such provisions.
- 6.10.3 The prohibition in sub-paragraph 6.10.2 above shall not apply to a director in relation to any of the following matters, namely: (i) the giving of any guarantee, security or indemnity to him in respect of money lent or obligations incurred by him for the benefit of the Company or any of its subsidiaries; (ii) the giving of any guarantee, security or indemnity to a third party in respect of an obligation of the Company or any of its subsidiaries for which he has assumed responsibility in whole or part and whether alone or jointly with others under a guarantee or indemnity or by giving of security; (iii) the subscription for or underwriting or sub-underwriting of any shares, debentures or other securities of the Company or any of its subsidiaries by him; (iv) any proposal concerning any other company in which he and any persons connected with him do not to his knowledge hold an interest in shares representing one per cent. or more of either any class of the equity share capital or the voting rights in such company); (v) any resolution relating to an arrangement for the benefit of employees of the Company or any of its subsidiaries and which does not provide in respect of any director as such any privilege or benefit not accorded to the employees to whom the arrangement relates; and (vi) any proposal concerning the purchase and/or maintenance of any insurance policy against liability for negligence, default, breach of duty or breach of trust in relation to the Company under which he may benefit.
- 6.10.4 The ordinary remuneration of the directors who do not hold executive office for their services (excluding amounts payable under any other provision of the Articles) shall not exceed in aggregate £250,000 per annum or such higher amount as the Company may from time to time by ordinary resolution determine. Subject thereto, each such director shall be paid a fee (which shall be deemed to accrue from day to day) at such rate as may from time to time be determined by the Board. The directors shall be entitled to all such reasonable expenses as they may properly incur in attending meetings of the Board or in the discharge of their duties as directors. Any director who by request of the Board performs special services may be paid such extra remuneration by way of salary, percentage of profits or otherwise as the Board may determine. The directors may pay pensions and other benefits to, inter alios, present and past employees and directors and may set up and maintain schemes for the purpose.
- 6.10.5 The provisions of Section 293 of the Act relating to the mandatory retirement of directors at age 70 do not apply to the Company.
- 6.10.6 Unless otherwise determined by ordinary resolution of the Company, the number of directors shall not be less than two. There is no maximum number of directors. A director shall not be required to hold any shares of the Company by way of qualification.

### 6.11 **Borrowing Powers**

The directors may exercise all the powers of the Company to borrow money, to guarantee, to indemnify and to mortgage or charge its undertaking, property, assets (present and future) and uncalled capital, and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party. The directors shall restrict the borrowings of the Company and exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiaries so as to secure (so far as regards subsidiaries as by such exercise they can secure) that the aggregate principal amount (including any premium payable on final payment) for the time being outstanding of all monies borrowed by the Company and its subsidiaries and for the time being owing to third parties shall not at any time, without the previous sanction of an ordinary resolution of the Company, exceed the greater of an amount equal to three times the Adjusted Capital and Reserves (as defined in the Articles) or US\$40 million.

### 6.12 **Director appointment rights**

The New Articles preserve rights of David Ciclitira and his connected persons to appoint Directors to the Board of the Company (and to remove and replace the same). However, the rights will be modified so that they have the right to appoint up to two directors for so long as they hold or are interested in more than 25 per cent. of the Ordinary Shares of the Company in issue, and one director for so long as they hold or are interested in more than 15 per cent. of the Ordinary Shares of the Company in issue. For the avoidance of doubt, at the date of their adoption the nominated directors are David and Serenella Ciclitira.

### 6.13 **Deferred Shares**

The Company has 2,047,523 new deferred shares of 51.8p each and 199,831,545 deferred ordinary shares of 0.5p each (together the “**Deferred Shares**”) in issue. The Company also has 103,260 deferred B shares in issue.

The Deferred Shares have the following rights and restrictions. They shall:

- (a) not entitle their holders to receive any dividend or other distribution;
- (b) not entitle their holders to receive notice of or to attend, speak or vote at any General Meeting of the Company by virtue of or in respect of their holding of such Deferred Shares;
- (c) entitle their holders on a return of assets on a winding-up of the Company or otherwise only to the repayment of the capital paid up on such Deferred Shares and only after repayment of the capital paid up on each ordinary share in the capital of the Company and the payment of a further £100,000 on each such ordinary share.

The holders of the Deferred Shares shall not be entitled to any further participation in the assets or profits of the Company. Notwithstanding any other provision of these Articles and unless specifically required by the provisions of the Act, the Company shall not be required to issue any certificates in respect of the Deferred Shares. The Company shall have irrevocable authority at any time:

- (a) to appoint a person on behalf of any holder of Deferred Shares to enter into an agreement to transfer, and to execute a transfer of, the Deferred Shares, for no consideration, to such person (whether or not an officer of the Company) as the Directors may determine as the custodian thereof;
- (b) to purchase all of the Deferred Shares then in issue in consideration of an aggregate payment of one penny for all of such shares then redeemed and upon giving 28 days' prior notice to the holders of Deferred Shares as to be redeemed fixing a time and place for redemption;
- (c) in the event of any transfer, purchase or redemption to retain any share certificate relating to such shares. In the event that any Deferred Shares are purchased or redeemed as aforesaid, the relevant amount of authorised but unissued share capital arising may be redesignated by the Directors as ordinary share capital.

Neither the passing by the Company of any special resolution for the cancellation of the Deferred Shares for no consideration by means of a reduction of capital requiring the confirmation of the Court nor the obtaining by the Company nor the making by the Court of any Order confirming any such

reduction of capital nor the becoming effective of any such Order shall constitute a variation, modification or abrogation of the rights attaching to the Deferred Shares and accordingly the Deferred Shares may at any time be cancelled for no consideration by means of a reduction of capital effected in accordance with the Act without sanction or consent on the part of the holders of the Deferred Shares.

## 7. SHARE OPTIONS

The Company has no outstanding options over its share capital.

## 8. DIRECTORS' AND OTHER INTERESTS

8.1 The interests of each of the Existing Directors and the Proposed Directors in the Ordinary Shares which have been or will be required to be notified to the Company pursuant to section 5 of the DTRs or which will be required to be maintained under the provisions of section 808 of the Act, or which are interests of a person connected with any of the Directors (within the meaning of section 252 of the Act), which interests would be required to be disclosed pursuant to the DTRs, and the existence of which is known to the Existing Directors and the Proposed Directors or could with reasonable diligence be ascertained by them as at 28 November 2017 (being the latest practicable date prior to the publication of this document) are as set out below:

	Existing Ordinary Shares		Consideration Shares		Shares issued re Loan Conversion	Conversion of outstanding fees	Settlement of commission arrangements	Total Number of Ordinary Shares	Percentage Enlarged Share Capital
	Number of Ordinary Shares	Percentage of Existing Ordinary Shares	Brick Live	Parallel Live					
David Ciclitira Concert Party	688,747	22.89%	12,500,000	3,333,333	6,766,667		3,333,333	26,622,080	55.22%
David Ciclitira* Zedra Wealth (Jersey) Ltd	206,532	6.86%						206,532	0.43%
Luna Trading Ltd	116,434	3.87%						116,434	0.24%
	<u>1,011,713</u>	<u>33.62%</u>	<u>12,500,000</u>	<u>3,333,333</u>	<u>6,766,667</u>		<u>3,333,333</u>	<u>26,945,046</u>	<u>55.90%</u>
Serenella Ciclitira	1,562	0.05%						1,562	0.00%
<b>Sub Total</b>	<u>1,013,275</u>	<u>33.67%</u>	<u>12,500,000</u>	<u>3,333,333</u>	<u>6,766,667</u>		<u>3,333,333</u>	<u>26,946,608</u>	<u>55.90%</u>
Ranjit Murugason	180,742	6.01%				616,500		797,242	1.65%
Andrew Smith	-	-						-	-
Simon Bennett	-	-				116,667		116,667	0.28%
<b>TOTAL</b>	<u>1,194,017</u>	<u>39.68%</u>	<u>12,500,000</u>	<u>3,333,333</u>	<u>6,766,667</u>	<u>733,167</u>	<u>3,333,333</u>	<u>27,860,517</u>	<u>57.79%</u>

8.2 Save as disclosed in paragraph 8.1 above, none of the Directors has or will have any interest in the share capital or loan capital of the Company following Admission nor does any person connected with the Directors (within the meaning of section 252 of the Act) have any such interest whether beneficial or non-beneficial.

8.3 Save as disclosed in this document, none of the Directors is or has been interested in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company and which was effected by the Company and remains in any respect outstanding or unperformed.

8.4 Save as disclosed in this document, there are no outstanding loans made or guarantees granted or provided by the Company to or for the benefit of any Director.

8.5 There is no Director nor member of a Director's family (as defined in the AIM Rules for Companies) who has a related financial product (as defined in the AIM Rules for Companies) referenced to the Ordinary Shares.

## 9. DIRECTORS' SERVICE CONTRACTS AND REMUNERATION

The following service agreements and letters of appointment have been entered into between the Existing Directors and/or the Proposed Directors (as appropriate) and the Company:

- 9.1 David Ciclitira has entered into a letter of appointment dated 29 November 2017, and which is effective from Admission, pursuant to which he shall act as Chairman of the Company. Pursuant to the letter Mr Ciclitira is entitled to a director's fee of £25,000 per annum. The appointment is terminable on 3 months prior written notice by either party.
- 9.2 David Ciclitira has also entered into a consultancy agreement dated 29 November 2017, and which is effective from Admission, with the Company pursuant to which he has agreed to assume responsibility for developing international business opportunities for all companies within the Group, including but not limited to, the development of the BrickLive franchise network and new business lines outside of the United Kingdom (excluding Monaco) and the sale of international sponsorship. The annual consultancy fee payable to Mr Ciclitira under the agreement is £250,000 plus VAT if applicable. The appointment may be terminated by either party may giving at least 12 months' notice.
- 9.3 Serenella Ciclitira has entered into a letter of appointment dated 29 November 2017, and which is effective from Admission, pursuant to which she shall act as a non-executive director of the Company. Pursuant to the letter Mrs Ciclitira is entitled to a director's fee of £16,000 per annum. The appointment is terminable on three months prior written notice by either party.
- 9.4 Ranjit Murugason has entered into a letter of appointment dated 29 November 2017, and which is effective from Admission, pursuant to which he shall act as a non-executive director of the Company. His appointment is terminable on three months' notice from either party. The fee payable to Ranjit Murugason is £16,000 per annum, with an additional £4,000 per annum payable for chairing the Company's remuneration committee.
- 9.5 Incremental Capital LLP, the limited liability partnership that provides the services of Simon Bennett, has entered into a letter of appointment dated 29 November 2017, and which is effective from Admission, pursuant to which he shall act as a non-executive director of the Company. This appointment is terminable on three months' notice from either party. The fee payable to Incremental Capital LLP is £16,000 (plus VAT) per annum with an additional £4,000 (plus VAT) per annum payable for chairing the Company's audit committee. In addition, Incremental Capital LLP has entered into a further agreement with the Company, whereby Mr Bennett will be entitled to an additional £20,000 (plus VAT) in consideration of taking on additional financial oversight duties for the Company, until the day following the Annual General Meeting at which the first set of audited group accounts prepared by the new chief financial officer to be appointed by the Company (which is expected by 30 June 2018) have been approved by Shareholders or until such other date as the parties may mutually agree. This agreement will subsist while Mr Bennett remains a director of the Company and is terminable on 3 months' notice by either party.
- 9.6 Andrew Smith has entered into a service agreement with the Company dated 29 November 2017, and which is effective from Admission, pursuant to which he has agreed to act as an executive director of the Company and Managing Director of Brick Live. The appointment is terminable on 6 months' notice by either party. The agreement provides for an annual salary of £120,000. An annual performance-related bonus of up to 100 per cent. of salary may be paid to Andrew Smith subject to him meeting any personal targets set by the Remuneration Committee for the relevant financial year, the Company achieving or exceeding the budget for the relevant financial year and continued employment at the end of the financial year to which the bonus relates. It is expected that 50 per cent. of any bonus payable will be paid in cash and the remaining 50 per cent. by the issue of new ordinary shares in the Company.
- 9.7 The following service agreements and letters of appointment entered into between the Existing Directors and the Company have been amended or replaced within the six months preceding the date of this document:
  - 9.7.1 Under an agreement dated 6 April 2004 and as amended on 5 August 2008, Luna Trading Limited ("Luna") provided the services of David Ciclitira to the Company as its Group Chairman. The appointment was terminable by either party giving to the other not less than 36 months' notice in writing. In consideration for the services provided under this agreement, the Company

agreed to pay Luna a fee of £221,000 per annum and to reimburse all reasonable expenses necessary for the performance of its duties. Such fee was subject to certain adjustments relating to the repayment of advances from Luna to the Company and relating to the profit of the Company. The Company also reimburses Mr Ciclitira for remote office expenses outside of the United Kingdom in the amount of £3,250 per month throughout the period of the agreement. This agreement will be terminated on Admission.

- 9.7.2 On 26 July 2013 Serenella Ciclitira entered into a letter of appointment with the Company, pursuant to which she agreed to act as Non-Executive Director of the Company. The appointment was terminable by either party giving to the other not less than three months' notice, subject to any existing or amended re-election provisions in the Articles of Association of the Company. Her fee was £15,000 per annum. This agreement will be replaced by the agreement at paragraph 9.3 above on Admission.
- 9.7.3 On 26 July 2013 Ranjit Murugason entered into a letter of appointment with the Company, pursuant to which he agreed to act as Non-Executive Director of the Company. The appointment was terminable by either party giving to the other not less than three months' notice, subject to any existing or amended re-election provisions in the Articles of Association of the Company. His fee was £15,000 per annum, to be taken in equity. This agreement will be replaced by the agreement at paragraph 9.4 above on Admission.
- 9.7.4 On 5 September 2017 Serenella Ciclitira entered into a letter of appointment with Brick Live Group Limited, pursuant to which she agreed to act as non-executive director of Brick Live Group Limited. The letter was expressed to be with effect from 3 January 2017. The appointment was terminable by either party giving to the other not less than one months' notice. Her fee was £2,000 per month. This agreement has been terminated with effect from 28 November 2017.

## 10. SIGNIFICANT SHAREHOLDERS

10.1 As at 28 November 2017 (being the latest practicable date prior to the publication of this document), the Company is aware that the following who, directly or indirectly, had an interest representing three per cent. or more of the issued ordinary share capital of the Company (being the threshold at or above which, in accordance with the provisions of section 5 of the DTRs, any interest must be disclosed by the Company):

<i>Shareholder</i>	<i>Number of Existing Ordinary Shares</i>	<i>Percentage of Existing Ordinary Shares</i>	<i>Number of Ordinary Shares at Admission</i>	<i>Percentage of Enlarged Issued Share Capital</i>
David Ciclitira*	1,013,275	33.7	26,946,609	55.90
Hyun Seok Kim	–	–	10,165,393	21.09
Clive Morton	–	–	4,166,667	8.64
Fortune Access	–	–	3,000,000	6.22
Ranjit Murugason	180,742	6.0	797,242	1.65
Hargreaves Lansdown (Nominees) Limited	632,346	21.0	632,346	1.31
HSDL Nominees	160,722	5.3	160,722	0.33
JIM Nominees	105,821	3.5	105,821	0.22

\* David Ciclitira and his connected persons including Zedra Wealth (Jersey) Limited and Luna Trading Limited.

10.2 Save as disclosed in paragraph 19 of Part 1 of this document, the Directors are not aware of any person who directly, or indirectly, jointly or severally, exercises or could exercise control over the Company.

10.3 None of the Company's shareholders have voting rights preferential to other holders of Ordinary Shares.

10.4 Save as disclosed in this document, the Directors are not aware of any arrangements in place or under negotiation which may, at a subsequent date, result in a change of control of the Company.

## 11. ADDITIONAL INFORMATION ON THE EXISTING DIRECTORS AND PROPOSED DIRECTORS

11.1 Other than directorships of the Company, the Directors have held the following directorships or been partners in the following partnerships within the five years prior to the date of this document:

<i>Name</i>	<i>Current Directorships and Partnerships</i>	<i>Historic Directorships and Partnerships</i>
David Ciclitira	Brick Live Group Limited Brick Live Centre Education Technology (Beijing) Limited Brick Live Far East Limited Brick Live Hong Kong Limited Brick Live International Limited Causeway Trophy PTE Limited Championship (Singapore) PTE. Limited Global Eye Programme Limited James Golf Limited Live Company Group Limited Parallel Contemporary Art Limited Parallel Contemporary Development Limited Parallel Contemporary Gaming Limited Parallel Contemporary Music Limited Parallel Contemporary Music International Limited Parallel Live Group Limited Parallel Live (NY) Limited Parallel Media (Americas) Inc Parallel Media Group Plc Parallel Media Group Asia PTE. Limited Parallel Media Group International Limited Parallel Media Hong Kong Limited Parallel Media Italia srl Parallel Media Jersey Limited Parallel Media Korea (New Media) Limited Parallel Smart Media Limited Parallel Smart Media Asia Alpha Ent. Limited PCA Kids Limited PGAA Media Limited START (2013) Limited Brick Live Far East Limited Vietnam Contemporary Limited Luna Trading Limited Luck Honor Holdings Limited	Heavy Con Limited Parallel Media Group (Championships) Limited PMG (CJ Championship) Limited Parallel Contemporary Music International Limited

<i>Name</i>	<i>Current Directorships and Partnerships</i>	<i>Historic Directorships and Partnerships</i>
Serenella Ciclitira	Brick Live Group Limited Brick Live International Limited Global Eye Programme Limited Parallel Contemporary Art Limited Parallel Media Group Plc Parallel Media Europe Limited Parallel Media Italia srl Parallel Media Korea (New Media) Limited Parallel Smart Media Limited Parallel Smart Media UK Limited START (2013) Limited Brick Live Far East Limited Luna Trading Limited	Classic Car Worldwide Limited Elysian Investments Limited Parallel Contemporary Music International Limited
Ranjit Murugason	Causeway Trophy PTE. Limited Championship (Singapore) PTE. Limited Parallel Media Group Plc Parallel Media Group Asia PTE. Limited Parallel Smart Media Asia Alpha Ent. Limited Urban Strategic PTE. Limited	
Simon Bennett	Inland Homes plc The Grown Up Chocolate Company Limited Incremental Capital LLP	Citicourt & Co. Limited Saba Capital Partners LLP Energiser Investments PLC World Life Sciences Limited Urco Limited Development Funding Limited
Andrew Smith	none	

11.2 Simon Bennett was a director of Kamstar Limited which, subsequent to his resignation, was placed into compulsory liquidation on 27 July 2011. The liquidator gave notice to Companies House on 6 June 2016 that the winding up of the company was complete.

11.3 Save as disclosed above, none of the Directors has:

- 11.3.1 any unspent convictions in relation to indictable offences;
- 11.3.2 had any bankruptcy order made against him or entered into any voluntary arrangement;
- 11.3.3 been a director of a company which has been placed in receivership, compulsory liquidation, administration, been subject to a voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors, whilst he was a director of that company or within the 12 months after he had ceased to be a director of that company;
- 11.3.4 been a partner in any partnership which has been placed in compulsory liquidation, administration or been the subject of a partnership voluntary arrangement, whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;
- 11.3.5 been the owner of any asset which has been placed in receivership or a partner in any partnership which has been placed in receivership whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;
- 11.3.6 been publicly criticised by any statutory or regulatory authority (including recognised professional bodies); or

11.3.7 been disqualified by a court from acting as a director of any company or from acting in the management or conduct of the affairs of a company.

11.4 Except as disclosed in this document, no Director has or has had any interest in any transaction which is or was significant in relation to the business of the Company and which was effected during the current or immediately preceding financial period or which was effected during an earlier financial period and remains outstanding or unperformed.

## **12. MATERIAL CONTRACTS**

### **12.1 *The Company***

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

12.1.1 The Company has entered into a conditional agreement dated 29 November 2017 with David Ciclitira and Clive Morton whereby upon satisfaction of the conditions, being Admission and the passing of the Resolutions, the Company will acquire all the issued shares in the capital of Brick Live from David Ciclitira and Clive Morton in consideration of the allotment to them of 12,500,000 Consideration Shares and 4,166,667 Consideration Shares, respectively. The Brick Live Acquisition Agreement contains covenants and warranties on the part of David Ciclitira and Clive Morton in favour of the Company in relation to the business, assets and taxation of the Brick Live Group.

12.1.2 The Company has entered into a conditional agreement dated 29 November 2017 with David Ciclitira whereby upon satisfaction of the conditions, being Admission and the passing of the Resolutions, the Company will acquire all the issued shares in the capital of Parallel Live from David Ciclitira in consideration of the allotment of 3,333,333 Consideration Shares to him. The Parallel Live Acquisition Agreement contains covenants and warranties on the part of David Ciclitira in relation to the business, assets and taxation of Parallel Live and its subsidiaries.

12.1.3 The Company has entered into a conditional agreement dated 29 November 2017 with Brick Live International and Brick Live Lab whereby upon satisfaction of the conditions, being Admission and the passing of the Resolutions, the Company agrees to allot 9,832,060 Consideration Shares at the Placing Price to Brick Live Lab (or its nominee) in consideration for Brick Live Lab agreeing to transfer its 61.1 per cent. holding, being its entire holding, in BLFE to the Company.

12.1.4 The Company has entered into a conditional agreement dated 29 November 2017 with Brick Live International and CIDEA whereby subject to Admission the Company shall issue 333,333 New Ordinary Shares to CIDEA (or its nominee) in consideration for CIDEA relinquishing its merchandising rights in Korea.

12.1.5 In connection with the arrangements detailed at paragraph 12.2.2 of this Part VIII, on 29 November 2017 the Company entered into a conditional agreement with David Ciclitira whereby upon satisfaction of the conditions, being Admission and the passing of the Resolutions, he shall apply the £1 million payment in consideration for the termination of his Brick Live commission arrangements on Admission in the subscription of 3,333,333 New Ordinary Shares at the Placing Price, equivalent to 6.9 per cent. of the Enlarged Issued Share Capital.

12.1.6 The Company has entered into a conditional agreement dated 29 November 2017 with David Ciclitira whereby upon satisfaction of the conditions, being Admission and the passing of the Resolutions, he will apply £2.03 million repaid to him by the Company in settlement of the Existing Debt, in subscribing for 6,766,667 New Ordinary Shares at the Placing Price.

12.1.7 The Company has entered into a conditional agreement dated 29 November 2017 with James Golf pursuant to which the Company will, on Admission, transfer 6 wholly owned subsidiaries

and 6 partially owned subsidiaries of the Company to James Golf. James Golf shall be responsible for settlement of the creditors in respect of which the Company will reimburse James Golf's costs of settlement up to a maximum of £65,571, and shall ensure that each of the companies is wound up or dissolved, in consideration for which the Company shall reimburse James Golf the costs incurred by James Golf in respect of such windings up or dissolutions, subject to a maximum aggregate amount of £70,000.

- 12.1.8 The Company has entered into a nominated adviser and broker agreement dated 29 November 2017 with Stockdale, pursuant to which Stockdale has agreed to act as nominated adviser and broker to the Company, for the purposes of the AIM rules subject to 90 days' written notice by either party. The agreement contains warranties and undertakings from the Company in favour of Stockdale relating to the Company's and the Enlarged Group's position as a company whose shares are admitted to trading on AIM and other matters relating to its financial and trading position. The agreement replaces the nominated adviser and broker agreement dated 29 February 2016 between the Company and Stockdale.
- 12.1.9 The Company and David Ciclitira entered into agreement dated 18 September 2017 with Stockdale, pursuant to which Stockdale agreed to act as nominated adviser and broker to the Company in relation to the acquisitions of Brick Live and Parallel Live, the Whitewash, and re-admission of the Enlarged Group to AIM. Under the agreement, Stockdale shall receive an aggregate fee of £140,000 (excluding VAT), with half to be invoiced upon publication of this Admission Document and the balance upon Admission. The agreement contains customary undertakings from the Company in favour of Stockdale relating to the Company's position as a company whose shares are admitted to trading on AIM, and an undertaking from David Ciclitira in relation to fees should Admission not occur.
- 12.1.10 The Company has entered into an agreement dated 29 November 2017 with Ranjit Murugason pursuant to which Mr Murugason agreed to provide additional services to the Company in respect of the Proposals in consideration for the payment of £35,000 by the Company, which amount Mr Murugason has agreed, conditional upon Admission, to apply to the subscription of 116,667 New Ordinary Shares together with the 499,833 New Ordinary Shares in respect of historic fees.
- 12.1.11 The Company has entered into an agreement dated 29 November 2017 with Incremental Capital LLP (providing the services of Simon Bennett) pursuant to which Incremental Capital LLP agreed to provide services to the Company in respect of the Proposals in consideration for the payment of £70,000 by the Company. Incremental Capital LLP has agreed, conditional upon Admission, to apply £35,000 of this amount in the subscription of 116,667 New Ordinary Shares, with the balance payable in cash.
- 12.1.12 The Relationship Agreement dated 29 November 2017 between (1) the Company, (2) David Ciclitira and (3) Stockdale applies for so long as the Company's shares are admitted to AIM and David Ciclitira (together with certain other persons controlled by him) control 20 per cent. of the voting rights. David Ciclitira agreed to exercise the voting rights attaching to his shares to, *inter alia*, maintain the balance of the independent directors on the board and to procure that certain matters, including entering into or amending any agreement with David Ciclitira, may only be approved with the consent of independent Directors.
- 12.1.13 On 29 November 2017 (being the same date as this document) the Company, the Locked-in Shareholders and Stockdale entered into the Lock-in Agreements, in which each of the Locked-in Shareholders agreed not to dispose of any interest in the Company's Ordinary Shares for a period of 12 months after Admission except in certain limited circumstances, including in the event of an intervening court order, a shareholder's death, or a takeover, and for the following 12 months, only to dispose of Ordinary Shares through the Company's broker with a view to maintaining an orderly market.
- 12.1.14 On 29 June 2017 the Company entered into agreements (the "**Loan Agreements**") in relation to existing and new loans advanced by David Ciclitira (the "**DC Loans**"), the Chairman of the Group, and entities controlled by David Ciclitira (together, the "**DC Entities**").

DC and the DC Entities have, where necessary, advanced loans to the Company to meet the contractual obligations of the Group. Previously there had been no formal terms for the loans and it had been agreed between David Ciclitira and the independent directors (at the time of the loans) that the loans would not carry interest and would be repayable upon demand. The Loan Agreements formalised arrangements on the DC Loans.

Pursuant to the Loan Agreements relating to the existing loans, interest is payable at 5 per cent. per annum, commencing on 1 January 2017, and will be rolled up into the loan principal. The total outstanding sums shall be repayable on 1 July 2018, or at an earlier date at the discretion of the Group. The Existing Loan Agreements comprise:

- £274K in relation to loans advanced by David Ciclitira
- £1,202K in relation to loans advanced by Parallel Contemporary Art Limited, a company controlled by David Ciclitira;
- £159K in relation to loans advanced by Luna Trading Limited, a company controlled by David Ciclitira; and

The total rolled up interest on these loans at 5 per cent. per annum since 1 January 2017 amounted to £38K.

Additionally, David Ciclitira has advanced a further £231K to the Group (the “New Loan Agreement”) to allow the Company to fully repay its debt facility with Lloyds Bank which had previously carried an interest charge of 4 per cent. above base. This advance comprises £213K in relation to the Lloyds Bank facility and £18K in relation to legal fees and costs incurred to facilitate the repayment.

The New Loan Agreement, dated 22 June 2017, carries interest at 5 per cent. per annum, commencing on 1 July 2017, rolled up into the loan principal. The total outstanding sums shall be repayable on 1 July 2018, or at an earlier date at the discretion of the Group

On 29 November 2017, the loans advanced by Parallel Contemporary Art Limited and Luna Trading Limited, together with interest accrued, were each assigned to David Ciclitira.

12.1.15 Pursuant to a letter of support addressed to the Company and dated 29 June 2017, David Ciclitira confirmed that he will continue to offer financial support to the Company for a period of at least one year and one day from the date that the Parallel Media Group plc financial statements for the year ended 31 December 2016 are approved and signed (which was 29 June 2017). He also confirmed that he was not aware of any additional obligations or liabilities which should be included in the financial statements. Besides the statement of support, the letter records various amounts owed to David Ciclitira or companies controlled by him as well as brief terms on which these sums have been lent. The letter states that a Lloyds loan with a balance outstanding at 31 December 2016 of £250,862.67, was repaid by David Ciclitira in June 2017. The sum paid to settle the liability was £213,064, together with related legal and other fees of £17,453. It is Mr Ciclitira’s present intention to charge the Company interest at the rate of 5 per cent. per annum on this loan from 29 June 2017 and confirms that the loan will not require repayment for a period of at least one year and one day from that date. The letter confirms that the balance owed to entities controlled by David Ciclitira as at 31 December 2016 was £1,417,000, which comprises amounts due to:

<i>Company</i>	£
Parallel Contemporary Arts Limited	£932,000
Luna Trading Limited	£159,000
Parallel Media Korea Ltd	£44,000
Start	£13,000
David Ciclitira personally	£269,000

These loans are interest free and will not require repayment for a period of at least one year and one day from 29 June 2017. It is Mr Ciclitira’s intention to charge the Company interest on these loans at the rate of 5 per cent. per annum from 1 January 2017.

12.1.16 The Company entered into a settlement agreement dated 24 March 2016 with Arena Event Services Group Limited (“Arena”). The agreement records the full and final settlement of various disputes between the parties in consideration for Arena paying the Company US\$125,000 on 23 March 2016 and US\$25,000 on 13 January 2017, as well as selling its shares in the Company.

## 12.2 **Brick Live**

12.2.1 A joint venture agreement between Fortune Access Limited and BLFE regarding joint venture company Bricklive Centre Education Technology (Beijing) Co. Ltd. BLFE is a 49 per cent. shareholder in BRICKLIVE China for a total investment of 980,000 RMB payable in 3 instalments (30 per cent. on incorporation of the company, 30 per cent. by 30 December 2017 and final 40 per cent. by 31 December 2018). Profits are to be split in equal proportion to shareholdings, and it is anticipated that 90 per cent. of profits should be distributed (subject to shareholder approval). No shareholder may sell or otherwise transfer their shares without the consent of the other shareholder. The term of the joint venture is 40 years, terminable for material breach and will automatically terminate if the license from BLFE to BRICKLIVE China terminates or expires. All IP in BRICKLIVE China will remain with the Bricklive Group and will be licensed to BL China.

12.2.2 In December 2016 Brick Live agreed an arrangement with David Ciclitira, whereby David Ciclitira would be paid a twenty per cent. commission on all sales generated by David Ciclitira for and on behalf of Brick Live. On 29 November 2017 David Ciclitira entered into a conditional agreement with Brick Live pursuant to which Mr Ciclitira has agreed to relinquish his right to such commissions with effect from and subject to Admission in consideration for a payment of £1 million, which sum will immediately be applied to subscribe for 3,333,333 New Ordinary Shares at the Placing Price, as described at paragraph 12.1.5 in this Part VIII. As at the date of this document the amounts owing to David Ciclitira pursuant to the existing contractual arrangements entered into by Brick Live Group are approximately £230,000, which will be settled in cash. In addition, up to a further £200,000 will become payable if certain contractual arrangements are entered into by Brick Live Group with third party licensee partners prior to Admission and settled by the licensee partner on or before 31 March 2018.

## 12.3 **Parallel Live**

12.3.1 Parallel Live has not entered into any contracts other than in the ordinary course of business within the two years immediately preceding the date of this document, nor which contains any provision under which a member of its group has any obligation or entitlement which is material to its group as at the date of this document.

## 13. **RELATED PARTY TRANSACTIONS**

Save as set out at paragraph 18 of Part I of this document, there were no other nor are there any contemplated or related party transactions to which the Company is a party.

## 14. **EMPLOYEES**

14.1 Save for the Directors, the Group has no employees.

14.2 Save for the Board, on Admission of the Enlarged Group will have 12 consultants and 5 employees; one of these employees is a key employee and member of senior management. Biographies of key employees and the Directors are set out in paragraph 13 of Part I of this document

14.3 It is anticipated that following Admission, the Enlarged Group will look to retain any relevant employees in line with the anticipated growth of the Enlarged Group.

## 15. UNITED KINGDOM TAXATION

### 15.1 *General*

15.1.1 The following paragraphs are intended as a general guide to current UK tax law and published practice of the UK HMRC department (both of which are subject to change at any time, possibly with retrospective effect) only and summarise advice received by the Directors and the Proposed Directors about the UK tax position of Shareholders who are resident (and in the use of individuals only, domiciled in the UK for UK tax purposes, legally and beneficially) holding shares as investments and not as securities to be realised in the course of a trade. The Shares should not be held through New Individual Saving Accounts and Self Investment Personal Pension. We have not considered the implications for Shareholders who acquire any shares or rights over shares in connection with an employment contract.

These statements may not apply to certain classes of investors who are subject to different tax rules. Such persons may include (but are not limited to): dealers in securities, insurance companies, collective investment schemes and Shareholders who are exempt from UK taxation.

15.1.2 Prospective Investors should consult their own independent professional advisers on the potential tax consequences of subscribing for, purchasing, holding or selling Ordinary Shares under the laws of their country and/or state of citizenship, domicile or residence.

15.1.3 The information in these paragraphs is intended as a general summary of the UK tax position and, should not be construed as constituting advice.

### 15.2 *Taxation of dividends*

Under current UK legislation, no tax is withheld from dividend payments by the Company. The Company assumes no obligation to withhold UK tax at source from dividend payments.

The first £5,000 (reducing to £2,000 from 6 April 2018) of dividend income received by an individual in any tax year will be entirely exempt from UK income tax. The rates of tax payable over and above this will be 7.5 per cent. for basic rate taxpayers, 32.5 per cent. for higher rate taxpayers and 38.1 per cent. for additional rate taxpayers.

UK resident corporate Shareholders (including authorised unit trusts and open-ended investment companies) and pension funds will not normally be liable to UK taxation on any dividend received.

### 15.3 *Taxation of Capital Gains*

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

A Shareholder who is not resident for tax purposes in the United Kingdom will not be liable to UK taxation on chargeable gains unless the Shareholder carries on a trade, profession or vocation in the UK through a branch or agency and the Ordinary Shares disposed of are, or have been, used, held or acquired for the purposes of such trade, profession or vocation or for the purposes of such branch or agency. Such Shareholders may also be subject to tax under any law to which they are subject outside the United Kingdom.

The above is also subject to the 'temporary non-resident' rules which may apply where an individual (who has been tax resident in the UK) disposes of an asset whilst not tax resident in the UK however resume tax residence within a certain time. In this instance the chargeable gain may become taxable in the tax year of return to the UK.

United Kingdom resident individual Shareholders, depending upon their individual circumstances and any available reliefs, may be subject to capital gains tax at the prevailing rate on any disposals Ordinary Shares. For individuals whose total taxable income and gains after all allowable deductions (including losses, the income tax personal allowance and the capital gains tax annual exempt amount) is less

than the upper limit of the basic rate income tax band (£33,500 for 2017-18), the rate of capital gains tax will be 10 per cent. For gains (and any parts of gains) above that limit, the rate will be 20 per cent.

For trustees and personal representatives, the rate will be 20 per cent. for gains above the applicable capital gains tax annual exempt amount.

Where a Shareholder is within the charge to corporation tax, a disposal of Ordinary Shares may give rise to a chargeable gain (or allowable loss) for the purposes of UK corporation tax, depending on the circumstances and subject to any available exemption or relief. Corporation tax is charged on chargeable gains at the rate applicable to that company. Indexation allowance may reduce the amount of chargeable gain that is subject to corporation tax, but may not create or increase a loss. Under proposals made on 22 November 2017 (2017 Annual Budget), indexation allowance is set to be frozen from 1 January 2018.

#### 15.4 **Inheritance Tax (“IHT”)**

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

#### 15.5 **Stamp Duty and Stamp Duty Reserve Tax**

15.5.1 No stamp duty or stamp duty reserve tax (SDRT) will generally be payable on the issue of the New Ordinary Shares.

15.5.2 AIM qualifies as a recognised growth market for the purposes of the stamp duty and SDRT legislation and so, therefore, for so long as the New Ordinary Shares are admitted to trading on AIM and are not listed on any market (and being admitted to trading on AIM will not constitute a listing for these purposes) no charge to stamp duty or SDRT will arise on their subsequent transfer. If the New Ordinary Shares do not qualify for this exemption their transfer on sale will be subject to ad valorem stamp duty (payable by the purchaser and generally at the rate of 0.5 per cent. of the consideration given) save in respect of shares held in a clearance service or in a depositary receipt arrangement in respect of which other provisions may apply.

15.5.3 No stamp duty or SDRT will arise on the transfer of the shares provided they are not already listed on AIM or any other market.

### 16. **WORKING CAPITAL**

The Directors are of the opinion, having made due and careful enquiry, that, taking into account the cash resources available to the Enlarged Group following implementation of the Proposals, the working capital available to the Enlarged Group will be sufficient for its present requirements, that is for at least the next 12 months from the date of Admission.

### 17. **CREST**

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

17.2 The Ordinary Shares will be eligible for CREST settlement. Accordingly following Admission, settlement of transactions in the Ordinary Shares may take place within the CREST system if a Shareholder so wishes. CREST is a voluntary system and Shareholders who wish to receive and retain share certificates are able to do so.

17.3 For more information concerning CREST, Shareholders should contact their brokers or Euroclear UK & Ireland Limited at 33 Cannon Street, London EC4M 5SB or by telephone on +44 (0) 20 7849 0000.

## **18. LITIGATION**

- 18.1 Neither the Company nor any of its subsidiaries is or has been involved in any governmental, legal or arbitration proceedings in the previous 12 months which have, or may have had in the recent past, a significant effect on the Company's financial position or profitability, nor, so far as the Directors and the Proposed Directors are aware, are any such proceedings pending or threatened against the Company.
- 18.2 Neither Brick Live or Parallel Live are involved, nor has been involved, in any governmental, legal or arbitration proceedings in the previous 12 months which have, or may have had in the recent past, a significant effect on the financial position or profitability of either Brick Live or Parallel Live, nor, are any such proceedings pending or threatened against Brick Live or Parallel Live or any member of the Brick Live Group.

## **19. INTELLECTUAL PROPERTY**

- 19.1 Save as disclosed in this document and below, there are no patents or other intellectual property rights, licences, industrial, commercial or financial contracts or new manufacturing processes which are material to the Enlarged Group's business or profitability. The Enlarged Group owns and operates the domain name [www.livecompanygroup.com](http://www.livecompanygroup.com).

## **20. THIRD PARTY INFORMATION**

- 20.1 The Company confirms that the information in this document which has been sourced from third parties has been accurately reproduced and that as far as it is aware and able to ascertain from information published by each of those third parties, no facts have been omitted which would render the information reproduced inaccurate or misleading.
- 20.2 The source of the third party information had been indicated on the relevant pages.

## **21. NO SIGNIFICANT CHANGE**

- 21.1 Save as disclosed in this document, there has been no significant change in the financial or trading position of the Group since 31 December 2016.
- 21.2 There has been no significant change in the financial or trading position of Brick Live or Parallel Live since 31 December 2016, the date to which the historical financial information set out in Part IV and V of this document has been prepared.

## **22. GENERAL**

- 22.1 The total expenses payable by the Company in connection with the Proposals are estimated to amount to approximately £0.6 million (excluding VAT).
- 22.2 Stockdale, which is authorised by the Financial Conduct Authority, has given and not withdrawn its written consent to the inclusion in this document of its name and the references to its name in the form and context in which they appear.
- 22.3 Kingston Smith, which is a member of the Institute of Chartered Accountants in England and Wales, and whose office is at 6th Floor, Charlotte Building, 17 Gresse Street, London W1S 1FS were the auditors of the Company during the year ended 31 December 2016. Kingston Smith has given and not withdrawn its written consent to the inclusion in this document of its name and the references to its name in the form and context in which they appear, and has given and not withdrawn its written consent to the inclusion in this document of its reports and accepts responsibility for it under Schedule Two of the AIM Rules for Companies.
- 22.4 Sole Associates Accountants Ltd has given and not withdrawn its written consent to the inclusion in this document of its name and the references to its name in the form and context in which they appear, and has given and not withdrawn its written consent to the inclusion in this document of its reports and accepts responsibility for it under schedule 2 of the AIM Rules for companies.

- 22.5 As far as the Directors are aware, there are no environmental issues that may affect the Enlarged Group's utilisation of its tangible fixed assets.
- 22.6 There are no employee share incentive arrangements involving a share in the capital of the Company in place at the date of this document.
- 22.7 Save as set out below, no person (excluding professional advisers otherwise disclosed in this document and trade suppliers) has:
- 22.7.1 received, directly or indirectly, from the Company within the 12 months preceding the date of this document; or
  - 22.7.2 entered into any contractual arrangements (not otherwise disclosed in this document) to receive, directly or indirectly, from the Company on or after Admission any of the following:
    - 22.7.2.1 fees totalling £10,000 or more;
    - 22.7.2.2 securities of the Company where these have a value of £10,000 or more calculated by reference to the Placing Price; or
    - 22.7.2.3 any other benefit with the value of £10,000 or more at the date of this document.
  - 22.7.3 The following people have been engaged in connection with the Proposals and have received or will receive professional fees in excess of £10,000 from the Company:
    - Incremental Capital LLP (a company providing the services of Simon Bennett as financial consultant)
    - Rafalie Corporate Finance Ltd (a company providing the services of Darren Murphy as financial consultant)
    - Nash & Co. Capital (provision of financial advisory services)
- 22.8 Save as disclosed in this document, the Existing Directors and the Proposed Directors are not aware of any exceptional factors which have influenced the Enlarged Group's activities.
- 22.9 Save as disclosed in this document, so far as the Existing Directors and the proposed Directors are aware, there are no known trends, uncertainties, demands, commitments or events that have or may have had in the last 12 months preceding the publication of this document a significant effect on the financial position of the Enlarged Group or which are likely to have a material effect on the Enlarged Group's prospects for the next 12 months.

### **23. DOCUMENTS ON DISPLAY**

- 23.1 Copies of this document will be available free of charge during normal business hours on any week day (Saturdays, Sundays and public holidays excepted) until the date following one month after the date of Admission at the registered office of the Company and at the offices of Fieldfisher LLP, Riverbank House, 2 Swan Lane, London EC4R 3TT. Copies of these documents are also available from the website [www.parallelmediagroup.com](http://www.parallelmediagroup.com).
- (a) the memorandum and articles of Association of the Company;
  - (b) the New Articles;
  - (c) the certificate of incorporation and bylaws of Brick Live and Parallel Live;
  - (d) the audited financial statements of Parallel Media for the three financial years ended 31 December 2016 and unaudited financial statements for the six months ended 30 June 2017;
  - (e) the audited financial statements of Brick Live for the period ended 31 December 2016 and the unaudited financial statements for six months ended 30 June 2017;
  - (f) the audited financial statements of Parallel Live for the period ended 31 December 2016 and the unaudited financial statements for the six months ended 30 June 2017;
  - (g) the accountant's reports on Brick Live as set out in Part IV of this document;

- (h) this document;
- (i) the material contracts entered into in connection with the Proposals referred to in paragraph 12 of this Part VIII;
- (j) the written consents of both Stockdale and Kingston Smith referred to in paragraph 22 of this Part VIII;

Dated 29 November 2017

## PART IX

### NOTICE OF GENERAL MEETING

# Parallel Media Group plc

(the “Company”)

*(Registered and incorporated in England and Wales with company number 00630968)*

**NOTICE IS HEREBY GIVEN** that a General Meeting of the Company will be held at the offices of Fieldfisher LLP, Riverbank House, 2 Swan Lane, London EC4R 3TT on 22 December 2017 at 11.00 a.m., or immediately following the conclusion of the Company’s AGM, if later, for the purposes of considering and, if thought fit, passing the following resolutions (the “**Resolutions**”) which in the case of Resolutions 1, 2, and 3 will be proposed as ordinary resolutions and in the case of Resolutions 4, 5 and 6 will be proposed as special resolutions. Resolution 1 is to be taken on a poll of Independent Shareholders. Resolutions 2 to 6 are conditional upon the passing of Resolution 1.

#### Ordinary Resolutions

1. THAT, the waiver by the Takeover Panel of the obligation that would otherwise arise on the Concert Party to make a general offer to the shareholders of the Company pursuant to Rule 9 of the Takeover Code as a result of the issue of the shares to them pursuant to the completion of the Acquisition Agreements, the Loan Conversion, and settlement of David Ciclitira’s commission arrangements (defined terms as defined in the Admission Document of which this notice forms part (the “**Admission Document**”)), be and is hereby approved.
2. THAT, subject to and conditional upon the passing of Resolution 1, the Proposed Acquisitions, on the terms of the Acquisition Agreements, the Placing, the Loan Conversion, the Disposal, the settlement of David Ciclitira’s commission arrangements, the issue of New Ordinary Shares for director’s fees and advisory fees, and the issue of New Ordinary Shares for merchandising rights (defined terms as defined in the Admission Document), be and are hereby approved.
3. THAT, subject to and conditional upon the passing of Resolution 1, in accordance with section 551 of the Companies Act 2006, the directors be and are generally and unconditionally authorised to exercise all powers of the Company to allot shares and to grant rights to subscribe for or to convert any equity into shares:
  - 3.1 up to a maximum nominal value of £452,000 in connection with the Proposals but for no other purpose;
  - 3.2 (other than in sub-paragraph 3.1 above) up to an aggregate nominal amount of £242,000, representing approximately 50 per cent. of the Enlarged Issued Share Capital of the Company), provided that this authority shall expire (unless previously varied as to duration, revoked or renewed by the Company in general meeting) on the date being fifteen months from the date of passing this Resolution, except that the Company may before such expiry make an offer or agreement which would or might require shares to be allotted or such rights to be granted after such expiry and the directors may allot shares or grant such rights in pursuance of such offer or agreement as if the authority conferred by this Resolution had not expired, and this authority shall be in substitution for all existing authorities to allot to the extent unused.

This Resolution revokes and replaces all unexercised powers previously granted to the directors to allot equity securities but without prejudice to any allotment of equity securities already made or agreed to be made pursuant to such authorities.

## Special Resolutions

4. THAT, subject to and conditional upon the passing of Resolution 1, the directors be empowered pursuant to Section 570 of the Companies Act 2006 to allot equity securities (as defined in section 560 of the Companies Act 2006) for cash pursuant to the general authority conferred on them by Resolution 3 above as if section 561 of the Companies Act 2006 did not apply to any such allotment or sale, provided that this power shall be limited:

4.1 the allotment of equity securities in connection with the Proposals;

4.2 (other than in sub-paragraph 4.1 above) up to an aggregate nominal amount of £121,000 representing approximately 25 per cent. of the Enlarged Issued Ordinary Share capital of the Company),

provided that this authority shall expire (unless previously revoked or renewed by the Company in general meeting), at such time as the general authority conferred on the directors by Resolution 3 above expires, except that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such an offer or agreement as if the power conferred by this Resolution had not expired.

This Resolution revokes and replaces all unexercised powers previously granted to the directors to allot equity securities as if section 561(1) of the Companies Act 2006 did not apply but without prejudice to any allotment of equity securities already made or agreed to be made pursuant to such authorities.

5. THAT, subject to and conditional upon the passing of Resolution 1, the name of the Company be changed to Live Company Group Plc.

6. THAT subject to and conditional upon the passing of Resolution 1, the Articles of Association of the Company produced to the meeting and initialled by the Chairman of the meeting for the purpose of identification be adopted as the Articles of Association of the Company in substitution for, and to the exclusion of, the existing Articles of Association.

## **Explanatory Notes:**

### ***Entitlement to attend and vote***

1. The Company specifies that only those members registered on the Company's Register at:
  - 1.1 close of business on 20 December 2017; or,
  - 1.2 if this Meeting is adjourned, at close of business on the day two days prior to the adjourned meeting, shall be entitled to attend and vote at the Meeting.

### ***Appointment of proxies***

2. If you are a member of the Company at the time set out in note 1 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the Meeting and you should have received a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.
3. A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Details of how to appoint the Chairman of the Meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the Meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.
4. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to more than one share. To appoint more than one proxy please refer to the notes on the Form of Proxy.

### ***Appointment of proxy using hard copy proxy form***

5. The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote. To appoint a proxy using the proxy form, the form must be:
  - 5.1 completed and signed;
  - 5.2 sent or delivered to Link Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU; and
  - 5.3 received by Link Asset Services no later than 11.00 a.m. on 20 December 2017.

In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.

Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power of authority) must be included with the proxy form.

### ***Appointment of proxy by joint members***

6. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

### ***Changing proxy instructions***

7. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact Link Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU.

If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

### ***Termination of proxy appointments***

8. In order to revoke a proxy instruction you will need to inform the Company using the following method:

By sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Link Asset Services at the address stated above. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf of an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power of authority) must be included with the revocation notice.

The revocation notice must be received by Link Asset Services no later than 11.00 a.m. on 20 December 2017.

If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.

Appointment of a proxy does not preclude you from attending the Meeting and voting in person. If you have appointed a proxy and attend the Meeting in person, your proxy appointment will automatically be terminated.

### ***Communications***

9. You may not use any electronic address provided in this document to communicate with the Company for any purposes other than those expressly stated.



