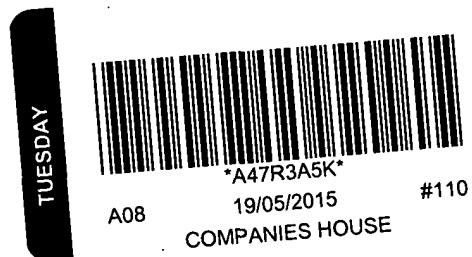


COMPANY NO: 07824805

FRONTIER MICROSYSTEMS LIMITED

Annual Report and Accounts
For the Year Ended 31 December 2014



Frontier Microsystems Limited

Registered No: 7824805

DIRECTORS

C Toumazou

A Sethill

J Apps

SECRETARY

J Apps

AUDITORS

Grant Thornton UK LLP

3140 Rowan Place

Oxford Business Park South

Oxford

OX4 2WB

BANKERS

Natwest Plc

10 St Peter's Street

St Albans

Hertfordshire

AL1 3LY

REGISTERED OFFICE

137 Euston Road

London

NW1 2AA

Frontier Microsystems Limited

Registered No: 7824805

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STRATEGIC REPORT

PRINCIPAL ACTIVITY, REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The principal activities of the company during the period was the research, design and development multimedia chips.

Significant expenditure was incurred by the company during the year on research and development towards bringing new products to market. Investment is expected to continue into 2015.

All the revenue has arisen due to inter-company trade; therefore no key performance indicators are necessary for measuring the performance of the business.

PRINCIPAL RISKS AND UNCERTAINTIES

There are a number of potential risks and uncertainties which could adversely impact the achievement of the company's objectives. These include:

The introduction of "disruptive technology" into the market exposes us to risks

The introduction of new and untested "disruptive technology" into the market place exposes the company to the risk that costly developments will take longer or not achieve acceptable financial returns and put a strain on financial resources. Close relationships with customers, strategic partners and attendance at technology conferences help management keep informed of new technology innovations.

The length of our product design cycle exposes us to risks

The lengthy design cycle makes it difficult to forecast product demand, with the possibility that products will ultimately not be required by our customers or alternatives become available to them, leading to a failure to achieve expected returns. Closer relationship with customers and good management of the IC design team will mitigate these risks.

Delays in development and testing may occur

Designing and introducing new and revised products, at the cutting edge of the technology central to the company, can result in operating failures when first introduced and tested. Delays in this can adversely impact our ability to supply the products our customers might want in a timely manner. Continued improvement of management of the IC design team and software development team will mitigate these risks.

We may be unable to protect properly our intellectual property and may face challenges for infringement by third parties

Whilst we seek to protect our intellectual property and trade secrets by a well structured and controlled process of patent applications, maintenance and other tools, we face the risk that others may seek to copy and/or infringe certain aspects of our intellectual property. Defence of our claims may prove unsuccessful and expensive. In addition we might face challenges to our use of intellectual property that others might claim belongs to them. The consequences of this would be either a complete withdrawal and redesign of the offending product or serious and costly delays in proving our right to exploit the disputed intellectual property. We are not aware of any situation of IP infringement.

We are currently dependent on a limited number of customers for a significant proportion of our revenue

A small number of customers represent a significant proportion of our revenue. Should our existing commercial relationships weaken or these customers themselves fail to sell our products our projected sales volumes will fail to materialise. We are now in a phase of our development when we will be able to diversify and grow our customer base.

We are exposed to risks associated with our suppliers and partners failing and causing a disruption in supply

We are dependent on third parties to manufacture our components and, in some cases, assemble our products. Failure of any of our major suppliers would lead to delays in both designing and testing our new products and in supplying on time and at the agreed costs products to our existing customers.

Frontier Microsystems Limited

Registered No: 7824805

RESEARCH AND DEVELOPMENT

The company was committed to considerable research and development activities in the areas of its principal activity. All costs are written off to the profit and loss account as they are incurred. During the year costs of £1,542,000 (2013: £2,572,000) were expensed.

KEY PERFORMANCE INDICATORS (KPI'S)

No KPI's have been included in the accounts as all revenue is derived from inter-company trade.

GOING CONCERN

The company is a subsidiary of Toumaz Limited. The Directors of Toumaz Limited have considered the forecasts of that company together with all of its subsidiaries (together "the Group") in order to form a view on the going concern position of the Group.

The Board are satisfied that whilst there are risk factors associated with any set of forecasts, due care has been exercised due care in preparing them. The Board notes that it continues to monitor its product development strategy and that, if a decision was made to enhance the development expenditure or to accelerate the timing of planned development, additional funding may be required.

The Directors note that Toumaz Limited has agreed to continue to provide support to the company for at least 12 months subsequent to the signing of these accounts and that therefore it is appropriate to prepare these accounts on a going concern basis.

By order of the Board 21 April 2015



J Apps
Secretary

DIRECTORS' REPORT

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £191,000 (2013: £679,000). The directors do not recommend the payment of a dividend (2013: £nil).

DIRECTORS RESPONSIBILITIES

The directors present their report and the accounts for the year ended 31 December 2014.

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 those financial statements, the directors are required to:

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

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

DIRECTORS

The directors who served during the year are:

C Toumazou
A Sethill
J Apps

POST BALANCE SHEET EVENTS

There have been no events since 31 December 2014 which require adjustment or disclosure in the Annual Statements.

STRATEGIC REPORT

All risks and uncertainties affecting the business are disclosed in the Strategic Report on page 3. Going concern and research and development are disclosed in the Strategic report on page 4.

Frontier Microsystems Limited

Registered No: 7824805

DIRECTORS' REPORT

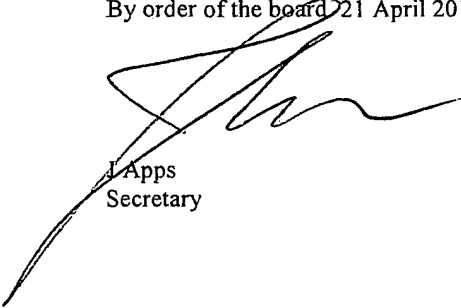
DISCLOSURE OF INFORMATION TO THE AUDITORS

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

AUDITOR

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the company receives notice under section 488(1) of the Companies Act 2006.

By order of the board 21 April 2015



J Apps
Secretary

INDEPENDENT AUDITOR'S REPORT

We have audited the financial statements of Frontier Microsystems Limited for the year ended 31 December 2014 which comprise profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 2014 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Frontier Microsystems Limited

Registered No: 7824805

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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Mark Bishop

Senior Statutory Auditor

for and on behalf of Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants

Oxford

Date: 1 May 2015

Frontier Microsystems Limited

Registered No: 7824805

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2014

| | <i>Notes</i> | <i>2014</i> <i>£'000</i> | <i>2013</i> <i>£'000</i> |
|--|--------------|-----------------------------|-----------------------------|
| TURNOVER | 2 | 4,072 | 5,556 |
| Cost of sales | | <u>(34)</u> | <u>(179)</u> |
| GROSS PROFIT | | 4,038 | 5,377 |
| Other operating charges | | (3,848) | (4,672) |
| Impairment | 4 | <u>-</u> | <u>(63)</u> |
| OPERATING PROFIT | 3 | <u>190</u> | <u>642</u> |
| Interest paid | | <u>-</u> | <u>(46)</u> |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | 190 | 596 |
| Tax on ordinary activities | 8 | <u>1</u> | <u>83</u> |
| RETAINED PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION | 17 | <u>191</u> | <u>679</u> |

All amounts derive from continuing activities.

Details of the movements on reserves are set out in note 17.

There are no recognised gains and losses other than those passing through the profit and loss account.

Frontier Microsystems Limited

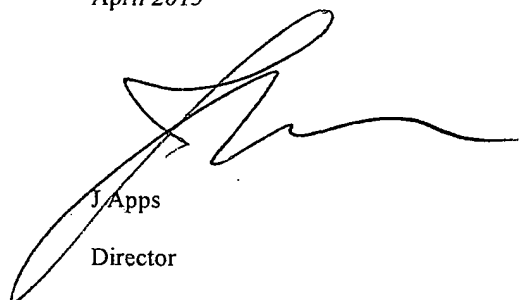
Registered No: 7824805

BALANCE SHEET

at 31 December 2014

| | Notes | 2014 £'000 | 2013 £'000 |
|---|-------|-----------------|-----------------|
| FIXED ASSETS | | | |
| Intangible assets | 9 | 2,185 | 2,092 |
| Tangible assets | 10 | 20 | 37 |
| | | <u>2,205</u> | <u>2,129</u> |
| CURRENT ASSETS | | | |
| Debtors | 11 | 8,353 | 6,835 |
| Cash at bank and in hand | | 219 | 62 |
| | | <u>8,572</u> | <u>6,897</u> |
| CREDITORS: amounts falling due within one year | 12 | <u>(7,491)</u> | <u>(3,825)</u> |
| NET CURRENT ASSETS | | 1,081 | 3,072 |
| CREDITORS: amounts falling due after one year | 13 | <u>-</u> | <u>(2,160)</u> |
| TOTAL ASSETS LESS CURRENT ASSETS | | <u>3,286</u> | <u>3,041</u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 15 | 200 | 200 |
| Share premium account | 17 | 19,800 | 19,800 |
| Capital contribution | 17 | 107 | - |
| Profit and loss account | 17 | <u>(16,821)</u> | <u>(16,959)</u> |
| EQUITY SHAREHOLDERS' FUNDS | | <u>3,286</u> | <u>3,041</u> |

The financial statements were approved and authorised for issue by the Directors and were signed on 21 April 2015



J Apps
Director

Frontier Microsystems Limited

Registered No: 7824805

NOTES TO THE ACCOUNTS

at 31 December 2014

1. ACCOUNTING POLICIES

The accounts are prepared under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards.

The company is a subsidiary of Toumaz Limited. The Directors of Toumaz Limited have considered the forecasts of that company together with all of its subsidiaries (together "the Group") in order to form a view on the going concern position of the Group.

The Board are satisfied that whilst there are risk factors associated with any set of forecasts, due care has been exercised in preparing them. The Board notes that it continues to monitor its product development strategy and that, if a decision was made to enhance the development expenditure or to accelerate the timing of planned development, additional funding may be required. The Board is confident that should further funding be required that the Group would be able to source this.

Going concern

The Directors note that Toumaz Limited has agreed to continue to provide support to the company for at least 12 months subsequent to the signing of these accounts and that therefore it is appropriate to prepare these accounts on a going concern basis.

Fixed assets

All fixed assets are recorded at cost.

Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition, of each asset evenly over its expected useful life as follows:

| | | |
|----------------------------------|---|----------------|
| Plant and machinery | - | over 3 years |
| Fixtures, fittings and equipment | - | over 2-4 years |

The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Intangible assets

Licences are recorded at cost and amortised over a period of 1 to 4 years.

The carrying values of intangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Research and development costs

Research and development expenditure is charged to the profit and loss account as incurred.

Cash flow Statement

The company is not required to prepare a cash flow statement as its ultimate parent company Toumaz Limited has prepared a cash flow statement in which the cash flows of the company are included.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or receive more, tax.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Frontier Microsystems Limited

Registered No: 7824805

NOTES TO THE ACCOUNTS

at 31 December 2014

1. ACCOUNTING POLICIES (CONTINUED)

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All foreign exchange differences are taken to the profit and loss account.

Pensions

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

Share based payments

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. Fair value is determined by an external valuer using an appropriate pricing model. In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the company (market conditions).

At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of the number of equity instruments that will ultimately vest. The movement in cumulative expense since the previous balance sheet date is recognised in the income statement, with a corresponding entry in equity. Where the terms of an equity-settled award are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period. In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of the modification. No reduction is recognised if this difference is negative.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any cost not yet recognised in the income statement for the award is expensed immediately. Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over fair value being treated as an expense in the income statement.

The share option charge has arisen in respect of share options issued in Toumaz Limited and the charge is based on the share options awarded to employees of Frontier Microsystems Limited.

Frontier Microsystems Limited

Registered No: 7824805

NOTES TO THE ACCOUNTS

at 31 December 2014

2. TURNOVER

The company follows the principles of FRS 5, "Reporting the substance of transactions" Application Note G in determining appropriate revenue recognition policies. In principle, therefore, revenue is recognised to the extent that the company has obtained the right to consideration through its performance.

Turnover is recorded net of any applicable sales taxes, volumes rebates and discounts provided and represents amounts invoiced to third parties. Revenue is recognised as and when goods are shipped to customers.

The turnover and loss before tax are attributable to the one principal activity of the company. A geographical analysis of turnover is given below:

| | 2014 £'000 | 2013 £'000 |
|----------------|---------------|---------------|
| United Kingdom | 4,072 | 5,556 |
| | <u>4,072</u> | <u>5,556</u> |

3. OPERATING PROFIT

This is stated after charging/ (crediting):

| | 2014 £'000 | 2013 £'000 |
|--|---------------|---------------|
| Amortisation of intangible assets | 209 | 212 |
| Depreciation of owned fixed assets | 17 | 12 |
| Research and development | 1,542 | 2,572 |
| Loss/(Gain) on foreign exchange transactions | <u>27</u> | <u>(121)</u> |

* Auditors remuneration and taxation services are borne by the parent company.

4. IMPAIRMENT

The following exceptional items have been recognised in arriving at the operating loss:

| | 2014 £'000 | 2013 £'000 |
|---------------------------|---------------|---------------|
| Impairment of prepayments | - | 63 |
| | <u>-</u> | <u>63</u> |

Management have carried out a review of the assets in the year. In the Board's view the intellectual property and licences relate to design processes and techniques that are on-going and will result in future profitability of the business and therefore no impairment is required in 2014.

Frontier Microsystems Limited

Registered No: 7824805

NOTES TO THE ACCOUNTS

at 31 December 2014

5. DIRECTORS' EMOLUMENTS

| | 2014 £'000 | 2013 £'000 |
|---|---------------|---------------|
| Emoluments | 476 | 470 |
| Company contributions to money purchase pension schemes | 18 | - |

The above amounts for remuneration include the following in respect of the highest paid director :

| | 2014 £'000 | 2013 £'000 |
|---|---------------|---------------|
| Emoluments | 238 | 188 |
| Company contributions to money purchase pension schemes | 8 | - |

The company made contributions to money purchase pension schemes in respect of 2 directors (2013: nil).

6. STAFF COSTS

| | 2014 £'000 | 2013 £'000 |
|-----------------------|---------------|---------------|
| Wages and salaries | 1,715 | 1,836 |
| Social security costs | 205 | 195 |
| Other pension costs | 105 | 93 |
| Share based payments | 54 | - |
| | 2,079 | 2,124 |

Frontier Microsystems Limited

Registered No: 7824805

NOTES TO THE ACCOUNTS at 31 December 2014

6. STAFF COSTS (CONTINUED)

The monthly average number of employees during the year was as follows:

| | <i>2014</i> <i>No.</i> | <i>2013</i> <i>No.</i> |
|--------------------------|---------------------------|---------------------------|
| Research and development | 19 | 22 |
| Selling and distribution | 2 | 1 |
| Administration | 2 | 2 |
| | <u>23</u> | <u>25</u> |

7. INTEREST PAYABLE

| | <i>2014</i> <i>£'000</i> | <i>2013</i> <i>£'000</i> |
|--|-----------------------------|-----------------------------|
| Interest payable on amounts owed to group undertakings | - | 46 |
| | <u>-</u> | <u>46</u> |

Frontier Microsystems Limited

Registered No: 7824805

NOTES TO THE ACCOUNTS

at 31 December 2014

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge comprises:

| | 2014 £'000 | 2013 £'000 |
|---|---------------|---------------|
| <i>Current tax:</i> | | |
| Research and development tax credit | - | - |
| Adjustment in respect of prior year provision | (1) | (83) |
| Tax credit | (1) | (83) |

Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 24.5% (2013: 23.5%). The differences are reconciled below:

| | 2014 £'000 | 2013 £'000 |
|--|---------------|---------------|
| Profit/ (loss) on ordinary activities before tax | 190 | 596 |
| Profit. (loss) on ordinary activities multiplied by the standard rate of corporation tax 24.5% (2013: 23.5%) | 47 | 140 |
| Effect of: | | |
| Expenses not deductible for tax purposes | 13 | 11 |
| Accelerated capital allowances | 3 | 2 |
| Research and development tax credit adjustment –prior year | (1) | (83) |
| Losses utilised | (63) | (153) |
| | (1) | (83) |

No deferred tax asset has been recognised in relation to losses carried forward as the company continues to be loss making and at this time the company is unable to determine that it is more likely than not that the taxable losses will be recovered through future taxable profits.

Frontier Microsystems Limited

Registered No: 7824805

NOTES TO THE ACCOUNTS at 31 December 2014

9. INTANGIBLE FIXED ASSETS

| | <i>Other patents and intellectual property £'000</i> | <i>Licences £'000</i> | <i>Total £'000</i> |
|--------------------------|--|---------------------------|------------------------|
| Cost: | | | |
| At 1 January 2014 | 11,711 | 6,147 | 17,858 |
| Additions | - | 302 | 302 |
| At 31 December 2014 | 11,711 | 6,449 | 18,160 |
| Amortisation: | | | |
| At 1 January 2014 | 11,711 | 4,055 | 15,766 |
| Provided during the year | - | 209 | 209 |
| At 31 December 2014 | 11,711 | 4,264 | 15,975 |
| Net book value: | | | |
| At 31 December 2014 | - | 2,185 | 2,185 |
| At 31 December 2013 | - | 2,092 | 2,092 |

Frontier Microsystems Limited

Registered No: 7824805

NOTES TO THE ACCOUNTS at 31 December 2014

10. TANGIBLE FIXED ASSETS

| | <i>Plant and machinery £'000</i> | <i>Office equipment £'000</i> | <i>Computer equipment £'000</i> | <i>Total £'000</i> |
|--------------------------|--|---------------------------------------|---|------------------------|
| Cost: | | | | |
| At 1 January 2014 | 5 | 49 | 3 | 57 |
| Additions | - | - | - | - |
| At 31 December 2014 | 5 | 49 | 3 | 57 |
| Amortisation: | | | | |
| At 1 January 2014 | 2 | 16 | 2 | 20 |
| Provided during the year | 2 | 14 | 1 | 17 |
| At 31 December 2014 | 4 | 30 | 3 | 37 |
| Net book value: | | | | |
| At 31 December 2014 | 1 | 19 | - | 20 |
| At 31 December 2013 | 3 | 33 | 1 | 37 |

11. DEBTORS

| | <i>2014 £'000</i> | <i>2013 £'000</i> |
|------------------------------------|-----------------------|-----------------------|
| Prepayments and accrued income | 614 | 388 |
| Amounts owed by group undertakings | 7,739 | 5,661 |
| Corporation and other taxes | - | 786 |
| | <u>8,353</u> | <u>6,835</u> |

Frontier Microsystems Limited

Registered No: 7824805

NOTES TO THE ACCOUNTS

at 31 December 2014

12. CREDITORS: amounts falling due within one year

| | 2014 £'000 | 2013 £'000 |
|------------------------------------|---------------|---------------|
| Trade creditors | 539 | 174 |
| Amounts owed to group undertakings | 6,581 | 3,319 |
| Accruals and deferred income | 371 | 332 |
| | <u>7,491</u> | <u>3,825</u> |

13. CREDITORS: amounts falling due after more than one year

| | 2014 £'000 | 2013 £'000 |
|------------------------------------|---------------|---------------|
| Amounts owed to group undertakings | - | 2,160 |
| | <u>-</u> | <u>2,160</u> |

14. PENSION COSTS

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund.

| | 2014 £'000 | 2013 £'000 |
|--|---------------|---------------|
| Contributions payable by the company for the year (note 6) | 105 | 93 |
| Unpaid contributions as at 31 December | <u>15</u> | <u>-</u> |

Frontier Microsystems Limited

Registered No: 7824805

NOTES TO THE ACCOUNTS

at 31 December 2014

15. SHARE CAPITAL

Authorised

| | 2014 | | 2013 | |
|-------------------------------|------------|---------|------------|---------|
| | No. | £ | No. | £ |
| Ordinary shares of £0.01 each | 20,000,000 | 200,000 | 20,000,000 | 200,000 |

Allotted, called up and fully paid

| | 2014 | | 2013 | |
|-------------------------------|------------|---------|------------|---------|
| | No. | £ | No. | £ |
| Ordinary shares of £0.01 each | 20,000,000 | 200,000 | 20,000,000 | 200,000 |

16. SHARE OPTIONS

The table below summarises the exercise terms of the various options over ordinary shares in Toumaz Limited which had been granted to employees of the company and which were still outstanding at 31 December 2013:

| Date of issue | Number of shares | Exercise price (pence) | Share price volatility % | Risk free rate of return % | Fair value (pence) | First Exercise date | Expiry Date |
|---------------|------------------|------------------------|--------------------------|----------------------------|--------------------|---------------------|------------------|
| 3 Nov 2005 | 1,928,192 | 5.20 | 50 | 4.8 | 12.58 | 2 Mar 2005 | 3 Mar 2015 |
| 13 Mar 2007 | 575,000 | 9.75 | 50 | 5.3 | 3.99 | 31 Mar 2009 | 12 Mar 2017 |
| 18 Sep 2009 | 776,754 | 3.7 | 50 | 3.5 | 4.93 | 18 Jan 2010 | 1 September 2017 |
| 11 Mar 2010 | 2,813,194 | 7.00 | 50 | 5.0 | 2.23 | 13 Mar 2010 | 12 Mar 2020 |
| | 6,093,140 | | | | | | |

JSOP

| Date of issue | Number of shares | Exercise price | Share price volatility % | First exercise date | Expiry date |
|-----------------|------------------|----------------|--------------------------|---------------------|-----------------|
| 25 January 2013 | 8,224,760 | 0.25p | 50 | 24 January 2016 | 24 January 2023 |
| 1 July 2013 | 9,600,000 | 0.25p | 50 | 1 July 2015 | 30 June 2023 |
| 27 June 2014 | 16,448,720 | 0.25p | - | 1 April 2017 | 26 June 2024 |

Frontier Microsystems Limited

Registered No: 7824805

NOTES TO THE ACCOUNTS

at 31 December 2014

17. RECONCILIATION OF SHAREHOLDERS' DEFICIT AND MOVEMENT ON RESERVES

| | <i>Share capital £'000</i> | <i>Share premium -account £'000</i> | <i>Capital contribution £'000</i> | <i>Profit & loss account £'000</i> | <i>Total share- holders deficit £'000</i> |
|----------------------|------------------------------------|---|---|--|---|
| At 1 January 2013 | 200 | 19,800 | - | (17,638) | 2,362 |
| Profit for the year | - | - | - | 679 | 679 |
| At 31 December 2013 | 200 | 19,800 | - | (16,959) | 3,041 |
| Share based payments | - | - | 107 | (53) | 54 |
| Profit for the year | - | - | - | 191 | 191 |
| At 31 December 2014 | 200 | 19,800 | 107 | (16,821) | 3,286 |

18. CAPITAL COMMITMENTS

At the balance sheet date the capital commitments were £nil (2013: £nil).

19. CONTROLLING PARTY

The ultimate parent company of Frontier Microsystems Limited is considered to be Toumaz Limited, incorporated in the Cayman Islands, by virtue of its 100% shareholding in the company.

20. RELATED PARTY TRANSACTIONS

During the year Frontier Microsystems Limited purchased goods, services and assets to the value of £657,000 (2013: £463,000) from Imagination Technologies Limited, a company that owns 10.3% of the share capital of Toumaz Limited. At the year end there was an outstanding balance of £269,000 (2013: £nil) due from Frontier Microsystems Limited to Imagination Technologies Limited in respect of these purchases.

The company has taken advantage of the exemption under FRS 8 'Related Party Disclosures' from disclosing transactions with other members of the group headed by Toumaz Limited.

21. POST BALANCE SHEET EVENTS

There have been no material events since 31 December 2014.