
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended December 31, 2015

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number 001-36415

QUOTIENT LIMITED

(Exact name of registrant as specified in its charter)

Jersey, Channel Islands
(State or other jurisdiction of
incorporation or organization)

Not Applicable
(I.R.S. Employer
Identification No.)

Pentlands Science Park
Bush Loan, Penicuik, Midlothian
EH26 0PZ, United Kingdom
(Address of principal executive offices)

Not Applicable
(Zip Code)

001-44-131-445-6159

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act (check one):

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

As of February 10, 2016 there were 25,408,950 Ordinary Shares, nil par value, of Quotient Limited outstanding.

TABLE OF CONTENTS

	Page
<u>PART I – FINANCIAL INFORMATION</u>	- 3 -
<u>Item 1. Financial Statements</u>	- 3 -
<u>Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	- 17 -
<u>Item 3. Quantitative and Qualitative Disclosures About Market Risk</u>	- 29 -
<u>Item 4. Controls and Procedures</u>	- 30 -
<u>PART II – OTHER INFORMATION</u>	- 30 -
<u>Item 1. Legal Proceedings</u>	- 30 -
<u>Item 1A. Risk Factors</u>	- 30 -
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	- 30 -
<u>Item 3. Defaults Upon Senior Securities</u>	- 30 -
<u>Item 4. Mine Safety Disclosures</u>	- 30 -
<u>Item 5. Other Information</u>	- 30 -
<u>Item 6. Exhibits</u>	- 30 -
<u>Signatures</u>	- 31 -

Cautionary note regarding forward-looking statements

This Quarterly Report on Form 10-Q, and exhibits thereto, contains estimates, predictions, opinions, projections and other statements that may be interpreted as “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act, that involve substantial risks and uncertainties. The forward-looking statements are contained principally in Part I, Item 2: “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and are also contained elsewhere in this Quarterly Report. Forward-looking statements can be identified by words such as “strategy,” “objective,” “anticipate,” “believe,” “estimate,” “expect,” “intend,” “may,” “plan,” “predict,” “project,” “target,” “potential,” “will,” “would,” “could,” “should,” “continue,” “contemplate,” “might,” “design” and other similar expressions, although not all forward-looking statements contain these identifying words. Although we believe that we have a reasonable basis for each forward-looking statement contained in this Quarterly Report, we caution you that these statements are based on a combination of facts and factors currently known by us and our expectations of the future, about which we cannot be certain, and are subject to numerous known and unknown risks and uncertainties.

Forward-looking statements include statements about:

- the development, regulatory approval and commercialization of MosaiQ™;
- the design of blood grouping and disease screening capabilities of MosaiQ™ and the benefits of MosaiQ™ for both customers and patients;
- future demand for and customer adoption of MosaiQ™, the factors that we believe will drive such demand and our ability to address such demand;
- our expected profit margins for MosaiQ™;
- the size of the market for MosaiQ™ ;
- the regulation of MosaiQ™ by the U.S. Food and Drug Administration, or the FDA, or other regulatory bodies, or any unanticipated regulatory changes or scrutiny by such regulators;
- future plans for our conventional reagent products;
- the status of our future relationships with customers, suppliers, and regulators relating to our conventional reagent products;
- future demand for our conventional reagent products and our ability to meet such demand;
- our ability to manage the risks associated with international operations;
- anticipated changes, trends and challenges in our business and the transfusion diagnostics market;
- the effects of competition;
- the expected outcome or impact of litigation;
- our ability to protect our intellectual property and operate our business without infringing upon the intellectual property rights of others;
- our anticipated cash needs and our expected sources of funding, including the achievement of product development milestones, and our estimates regarding our capital requirements and capital expenditures; and
- our plans for executive and director compensation for the future.

You should also refer to the various factors identified in this and other reports filed by us with the Securities and Exchange Commission, including but not limited to those discussed in the section entitled “Risk Factors” in our Annual Report on Form 10-K for the year ended March 31, 2015, for a discussion of other important factors that may cause our actual results to differ materially from those expressed or implied by our forward-looking statements. As a result of these factors, we cannot assure you that the forward-looking statements in this Quarterly Report will prove to be accurate. Further, if our forward-looking statements prove to be inaccurate, the inaccuracy may be material. In light of the significant uncertainties in these forward-looking statements, you should not regard these statements as a representation or warranty by us that we will achieve our objectives and plans in any specified time frame, or at all. The forward-looking statements in this Quarterly Report represent our views only as of the date of this Quarterly Report. Subsequent events and developments may cause our views to change. While we may elect to update these forward-looking statements at some point in the future, we undertake no obligation to publicly update any forward-looking statements, except as required by law. You should, therefore, not rely on these forward-looking statements as representing our views as of any date subsequent to the date of this Quarterly Report.

Where you can find more information

We file annual, quarterly and current reports, proxy statements and other information with the Securities and Exchange Commission. You can inspect, read and copy these reports, proxy statements and other information at the Securities and Exchange Commission's Public Reference Room, which is located at 100 F Street, N.E., Washington, D.C. 20549. You can obtain information regarding the operation of the Securities and Exchange Commission's Public Reference Room by calling the Securities and Exchange Commission at 1-800-SEC-0330. The Securities and Exchange Commission also maintains a website at www.sec.gov that makes available reports, proxy statements and other information regarding issuers that file electronically.

We make available free of charge at www.quotientbd.com (in the "Investors" section) copies of materials we file with, or furnish to, the Securities and Exchange Commission. By referring to our corporate website, www.quotientbd.com, we do not incorporate any such website or its contents into this Quarterly Report on Form 10-Q.

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

CONDENSED CONSOLIDATED BALANCE SHEETS (unaudited)

(Expressed in thousands of U.S. Dollars — except for share data and per share data)

	December 31, 2015	March 31, 2015
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 24,061	\$ 37,525
Trade accounts receivable, net	1,479	1,808
Inventories	7,812	4,608
Prepaid expenses and other current assets	6,305	5,580
Total current assets	39,657	49,521
Property and equipment, net	48,944	29,733
Intangible assets, net	952	950
Total assets	\$ 89,553	\$ 80,204
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)		
Current liabilities:		
Accounts payable	\$ 9,241	\$ 7,238
Accrued compensation and benefits	1,777	2,565
Accrued expenses and other current liabilities	3,992	8,787
Financial liability in respect of share warrants	—	31,011
Current portion of long-term debt	—	4,500
Current portion of lease incentive	426	435
Current portion of capital lease obligation	168	239
Total current liabilities	15,604	54,775
Long-term debt, less current portion	28,689	9,853
Lease incentive, less current portion	1,383	1,740
Capital lease obligation, less current portion	1,794	276
7% Cumulative redeemable preference shares	15,963	15,175
Total liabilities	63,433	81,819
Commitments and contingencies	—	—
Shareholders' equity (deficit)		
Ordinary shares (nil par value) 20,964,405 and 17,020,574 issued and outstanding at December 31, 2015 and March 31, 2015 respectively;	119,078	84,525
Additional paid in (distribution in excess of) capital	11,040	(6,684)
Accumulated other comprehensive loss	(5,279)	(5,102)
Accumulated deficit	(98,719)	(74,354)
Total shareholders' equity (deficit)	26,120	(1,615)
Total liabilities and shareholders' equity (deficit)	\$ 89,553	\$ 80,204

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

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS (unaudited)

(Expressed in thousands of U.S. Dollars — except for share data and per share data)

	Quarter ended		Nine months ended	
	December 31		December 31	
	2015	2014	2015	2014
Revenue:				
Product sales	\$ 4,354	\$ 3,962	\$ 13,477	\$ 13,756
Other revenues	—	100	—	750
Total revenue	<u>4,354</u>	<u>4,062</u>	<u>13,477</u>	<u>14,506</u>
Cost of revenue	(2,225)	(2,204)	(7,100)	(7,361)
Gross profit	<u>2,129</u>	<u>1,858</u>	<u>6,377</u>	<u>7,145</u>
Operating expenses:				
Sales and marketing	(918)	(789)	(2,350)	(2,095)
Research and development, net of government grants	(6,931)	(4,453)	(22,122)	(13,573)
General and administrative expense:				
Compensation expense in respect of share options and management equity incentives	(566)	(305)	(1,380)	(814)
Other general and administrative expenses	(6,493)	(3,638)	(16,768)	(10,617)
Total general and administrative expense	(7,059)	(3,943)	(18,148)	(11,431)
Total operating expense	<u>(14,908)</u>	<u>(9,185)</u>	<u>(42,620)</u>	<u>(27,099)</u>
Operating loss	<u>(12,779)</u>	<u>(7,327)</u>	<u>(36,243)</u>	<u>(19,954)</u>
Other income (expense):				
Interest expense, net	(1,134)	(541)	(2,992)	(1,613)
Change in financial liability for share warrants	3,830	(34,565)	15,857	(33,581)
Other, net	305	130	(987)	(1,490)
Other income (expense), net	<u>3,001</u>	<u>(34,976)</u>	<u>11,878</u>	<u>(36,684)</u>
Loss before income taxes	<u>(9,778)</u>	<u>(42,303)</u>	<u>(24,365)</u>	<u>(56,638)</u>
Provision for income taxes	—	—	—	—
Net loss	<u>\$ (9,778)</u>	<u>\$ (42,303)</u>	<u>\$ (24,365)</u>	<u>\$ (56,638)</u>
Other comprehensive income (loss):				
Change in fair value of effective portion of foreign currency cash flow hedges	\$ (89)	\$ (35)	\$ 120	\$ (288)
Foreign currency loss	(1,491)	(1,219)	(297)	(2,711)
Other comprehensive loss, net	<u>(1,580)</u>	<u>(1,254)</u>	<u>(177)</u>	<u>(2,999)</u>
Comprehensive loss	<u>\$ (11,358)</u>	<u>\$ (43,557)</u>	<u>\$ (24,542)</u>	<u>\$ (59,637)</u>
Net loss available to ordinary shareholders - basic and diluted	\$ (9,778)	\$ (42,303)	\$ (24,365)	\$ (56,638)
Loss per share - basic and diluted	\$ (0.48)	\$ (2.80)	\$ (1.33)	\$ (3.95)
Weighted-average shares outstanding - basic and diluted	20,398,132	15,101,441	18,284,708	14,352,476

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIT) (unaudited)
(Expressed in thousands of U.S. Dollars — except for share data)

	Ordinary shares		Additional paid in (Distribution in excess of) capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Shareholders' Equity (Deficit)
	Shares	Amount				
Balances, March 31, 2015	<u>17,020,574</u>	<u>\$ 84,525</u>	<u>\$ (6,684)</u>	<u>\$ (5,102)</u>	<u>\$ (74,354)</u>	<u>\$ (1,615)</u>
Issue of shares upon exercise of incentive share options and vesting of RSUs	21,112	40	—	—	—	40
Issue of shares upon exercise of warrants	3,922,719	34,513	15,154	—	—	49,667
Issue of warrants	—	—	1,190	—	—	1,190
Net loss	—	—	—	—	(24,365)	(24,365)
Change in the fair value of the effective portion of foreign currency cash flow hedges	—	—	—	120	—	120
Foreign currency translation loss	—	—	—	(297)	—	(297)
Other comprehensive loss	—	—	—	(177)	—	(177)
Stock-based compensation	—	—	1,380	—	—	1,380
Balances, December 31, 2015	<u>20,964,405</u>	<u>\$ 119,078</u>	<u>\$ 11,040</u>	<u>\$ (5,279)</u>	<u>\$ (98,719)</u>	<u>\$ 26,120</u>

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

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)
(Expressed in thousands of U.S. Dollars)

	Nine months ended December 31,	
	2015	2014
OPERATING ACTIVITIES:		
Net loss	\$ (24,365)	\$ (56,638)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	1,573	938
Share-based compensation	1,380	814
Amortization of lease incentive	(327)	(345)
Amortization of deferred debt issue costs	1,250	587
Accrued preference share dividends	788	—
Change in financial liability for share warrants	(15,857)	33,581
Net change in assets and liabilities:		
Trade accounts receivable, net	307	161
Inventories	(3,249)	(365)
Accounts payable and accrued liabilities	(2,675)	4,109
Accrued compensation and benefits	(803)	(320)
Other assets	(725)	(731)
Net cash used in operating activities	(42,703)	(18,209)
INVESTING ACTIVITIES:		
Purchase of property and equipment	(19,832)	(13,429)
Purchase of intangible assets	(64)	(203)
Net cash used in investing activities	(19,896)	(13,632)
FINANCING ACTIVITIES:		
Proceeds from finance leases	55	304
Proceeds from drawdown of new debt, net of costs	14,297	—
Proceeds from issuance of ordinary shares	34,553	59,329
Net cash generated from financing activities	48,905	59,633
Effect of exchange rate fluctuations on cash and cash equivalents	230	(1,934)
Change in cash and cash equivalents	(13,464)	25,858
Beginning cash and cash equivalents	37,525	7,192
Ending cash and cash equivalents	\$ 24,061	\$ 33,050
Supplemental cash flow disclosures:		
Income taxes paid	\$ —	\$ —
Interest paid	\$ 1,463	\$ 346

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

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of U.S. Dollars — except for share data and per share data, unless otherwise stated)

Note 1. Description of Business and Basis of Presentation

Description of Business

The principal activity of Quotient Limited (the “Company”) and its subsidiaries (the “Group”) is the development, manufacture and sale of products for the global transfusion diagnostics market. Products manufactured by the Group are sold to hospitals, blood banking operations and other diagnostics companies worldwide.

Basis of Presentation

The condensed consolidated financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (“SEC”) and are unaudited. In accordance with those rules and regulations, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States (“GAAP”) for complete financial statements.

In the opinion of management, the accompanying unaudited condensed consolidated financial statements contain all adjustments (consisting only of normal recurring adjustments) considered necessary to present fairly the financial position, results of operations and cash flows for the interim periods presented. The March 31, 2015 balance sheet was derived from audited financial statements, but does not include all disclosures required by GAAP. However, the Company believes that the disclosures are adequate to make the information presented not misleading. The financial statements should be read in conjunction with the audited consolidated financial statements at and for the year ended March 31, 2015 included in the Company’s Annual Report on Form 10-K for the year then ended. The results of operations for the nine month period ended December 31, 2015 are not necessarily indicative of the results of operations that may be expected for the year ending March 31, 2016 and any future period.

The Company has incurred net losses and negative cash flows from operations in each year since it commenced operations in 2007 and had an accumulated deficit of \$98.7 million as of December 31, 2015. At December 31, 2015 the Company had cash holdings of \$24.1 million and had covenants in place with lenders to maintain cash holdings above \$10 million. As explained in Note 10, on February 10, 2016 the Company completed a public equity offering to raise \$36.9 million, net of underwriting fees and commissions and other offering expenses. The Company has expenditure plans over the next fifteen months that exceed its current cash holdings, raising substantial doubt about its ability to continue as a going concern. The Company expects to fund its operations from a combination of funding sources, including through the use of existing cash balances, product sales, asset sales, the achievement of product development milestones, the extension or expansion of its credit facilities and the issuance of further new equity. The Company’s Directors are confident in the availability of these funding sources and accordingly have prepared the financial statements on the going concern basis. However, there can be no assurance that the Company will be able to obtain adequate financing when necessary and the terms of any financings may not be advantageous to the Company and may result in dilution to its shareholders.

Note 2. Summary of Significant Accounting Policies

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from these estimates.

Cash and Cash Equivalents

The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. As of December, 2015 and March 31, 2015, all cash and cash equivalents comprised readily accessible cash balances except for \$307 at December 31, 2015 and \$314 at March 31, 2015 held in a restricted account as security for the property rental obligations of the Company’s Swiss subsidiary.

Trade Accounts Receivable

Trade accounts receivable are recorded at the invoiced amount and are not interest bearing. The Company maintains an allowance for doubtful accounts to reserve for potentially uncollectible trade receivables. Additions to the allowance for doubtful accounts are recorded as General and administrative expenses. The Company reviews its trade receivables to identify specific customers with known disputes or collectability issues. In addition, the Company maintains an allowance for all other receivables not included in the

specific reserve by applying specific rates of projected uncollectible receivables to the various aging categories. In determining these percentages, the Company analyzes its historical collection experience, customer credit-worthiness, current economic trends and changes in customer payment terms.

Concentration of Credit Risks and Other Uncertainties

The carrying amounts for financial instruments consisting of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities approximate fair value due to their short maturities. Derivative instruments, consisting entirely of foreign exchange contracts, are stated at their estimated fair values, based on quoted market prices for the same or similar instruments. The counterparties to the agreements relating to the Company's derivative instruments consist of large financial institutions of high credit standing.

The Company's main financial institutions for banking operations hold all of the Company's cash and cash equivalents as of December 31, 2015 and at March 31, 2015. The Company's accounts receivable are derived from net revenue to customers and distributors located in the United States and other countries. The Company performs credit evaluations of its customers' financial condition. The Company provides reserves for potential credit losses but has not experienced significant losses to date. There was one customer whose accounts receivable balance represented 10% or more of total accounts receivable, net, as of December 31, 2015 and March 31, 2015. This customer represented 37% and 47% of the accounts receivable balances as of December 31, 2015 and March 31, 2015, respectively.

The Company currently sells products through its direct sales force and through third-party distributors. There was one direct customer that accounted for 10% or more of total product sales for the nine month periods ended December 31, 2015 and December 31, 2014. This customer represented 56% of total product sales for the nine month period ended December 31, 2015 and 55% for the nine month period ended December 31, 2014.

Fair Value of Financial Instruments

The Company defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Company's valuation techniques used to measure fair value maximized the use of observable inputs and minimized the use of unobservable inputs. The fair value hierarchy is based on the following three levels of inputs:

- Level 1—Quoted prices in active markets for identical assets or liabilities.
- Level 2—Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3—Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

See Note 6, "Commitment and Contingencies," for information and related disclosures regarding the Company's fair value measurements.

Inventory

Inventory is stated at the lower of standard cost (which approximates actual cost) or market, with cost determined on the first-in-first-out method. Accordingly, allocation of fixed production overheads to conversion costs is based on normal capacity of production. Abnormal amounts of idle facility expense, freight, handling costs and spoilage are expensed as incurred and not included in overhead. No stock-based compensation cost was included in inventory as of December 31, 2015 and March 31, 2015.

Property and Equipment

Property, equipment and leasehold improvements are stated at cost, net of accumulated depreciation and amortization. Depreciation and amortization are computed on a straight-line basis over the estimated useful lives of the related assets as follows:

- Land—not depreciated.
- Plant, machinery and equipment—4 to 25 years;
- Leasehold improvements—the shorter of the lease term or the estimated useful life of the asset.

Repairs and maintenance expenditures, which are not considered improvements and do not extend the useful life of property and equipment, are expensed as incurred.

Intangible Assets and Goodwill

Intangible assets related to product licenses are recorded at cost, less accumulated amortization. Intangible assets related to technology and other intangible assets acquired in acquisitions are recorded at fair value at the date of acquisition, less accumulated amortization. Intangible assets are amortized over their estimated useful lives, on a straight-line basis as follows:

Customer relationships—5 years

Brands associated with acquired cell lines—40 years

Product licenses—10 years

Other intangibles assets—7 years

The Company reviews its intangible assets for impairment and conducts an impairment review when events or circumstances indicate the carrying value of a long-lived asset may be impaired by estimating the future undiscounted cash flows to be derived from an asset to assess whether or not a potential impairment exists. No impairment losses have been recorded in either of the nine month periods ended December 31, 2015 or December 31, 2014.

Revenue Recognition

The Company recognizes revenue from product sales when there is persuasive evidence that an arrangement exists, delivery has occurred, the price is fixed or determinable and collectability is reasonably assured. Customers have no right of return except in the case of damaged goods. The Company has not experienced any significant returns of its products. Shipping and handling costs are expensed as incurred and included in cost of product sales. In those cases where the Company bills shipping and handling costs to customers, the amounts billed are classified as revenue.

The Company enters into revenue arrangements that may consist of multiple deliverables of its products and services. The terms of these arrangements may include non-refundable upfront payments, milestone payments, other contingent payments and royalties on any product sales derived on collaboration. Up-front fees received in connection with collaborative agreements are deferred upon receipts, are not considered a separate unit of accounting and are recognized as revenues over the relevant performance periods. Revenues related to research and development services included in a collaboration agreement are recognized as research and services are performed over the related performance periods for each contract. A payment that is contingent upon the achievement of a substantive milestone is recognized in its entirety in the period in which the milestone is achieved.

In June 2013, the Company entered into an agreement with Ortho-Clinical Diagnostics Inc. (“OCD”) to develop a range of rare antisera products. The Company had been working on this project for more than a year before the formal agreement was signed with OCD. Under the terms of the agreement, the Company is entitled to receive milestone payments of \$1,400 upon the receipt of FDA approval of the rare antisera products and two further milestones of \$500 each upon the updating of the CE-mark and FDA approvals to cover use of the products on OCD’s automation platform. The Company has concluded that as each of these milestones require significant levels of development work to be undertaken and there was no certainty at the start of the project that the development work would be successful, these milestones are substantive and will be accounted for under the milestone method of revenue recognition. The agreement also contains one further milestone of \$650 payable upon fulfillment of \$250 of cumulative orders of the rare antisera products covered by the agreement. This payment represents a royalty payment and was recognized in the quarter ended June 30, 2014 when the sales target was achieved.

Research and Development

Research and development expenses consist of costs incurred for company-sponsored and collaborative research and development activities. These costs include direct and research-related overhead expenses. The Company expenses research and development costs, including the expenses for research under collaborative agreements, as such costs are incurred. Where government grants or tax credits are available, the income concerned is included as a credit against the related expense.

Stock-Based Compensation

Stock-based compensation cost is measured at the grant date based on the fair value of the award and is recognized as expense on a straight-line basis over the requisite service period, which is generally the vesting period. The value of the portion of the award that is ultimately expected to vest is recognized as an expense over the requisite service periods in the Company's Condensed Consolidated Statements of Comprehensive Loss. Compensation cost related to restricted stock units with a market condition is recognized regardless of whether the market condition is satisfied, provided that the requisite service has been provided. Stock-based compensation cost for restricted stock units granted to non-employees is measured when the awards vest and the expense is recognized during the period the related services are rendered.

In determining the fair value of the stock-based compensation payments in respect of share options, the Company uses the Black-Scholes model and a single option award approach, which requires the input of subjective assumptions. These assumptions include: the fair value of the underlying share, estimating the length of time employees will retain their vested stock options before exercising them (expected term), the estimated volatility of the Company's ordinary shares price over the expected term (expected volatility), risk-free interest rate (interest rate), expected dividends and the number of shares subject to options that will ultimately not complete their vesting requirements (forfeitures). The Company uses a barrier option pricing model to determine the grant date fair value of its multi-year performance related restricted stock unit awards. This requires the use of similar assumptions to the Black-Scholes model.

Debt Issuance Costs

On September 30, 2015, the Company elected to adopt early the requirements of Accounting Standards Update 2015-03, Interest — Imputation of Interest (Subtopic 835-30) — Simplifying the Presentation of Debt Issuance Costs, which requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the debt liability rather than as an asset. In view of the refinancing of the Company's secured credit facility on August 3, 2015 (see note 4), the Company believes that it is preferable to adopt this presentation in the year of refinancing in order to reflect more accurately the assets of the Company and the substance of the financing arrangements. Comparative financial statements of prior years have been adjusted to apply the new presentation retrospectively. This had the effect of reducing "Prepaid expenses and other current assets" and "Other non-current assets at March 31, 2015 by \$549 and \$366, respectively, with a consequential reduction in "Long term debt, less current portion" of \$915. There has been no impact on the comparative Statements of comprehensive loss, Statement of changes in shareholders' deficit or Statements of cash flows.

Note 3. Intangible Assets

	December 31, 2015			Weighted Ave. Remaining Useful Life
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	
Customer relationships	\$ 2,915	\$ (2,915)	\$ —	—
Brands associated with acquired cell lines	601	(125)	476	31.7 years
Product licenses	770	(294)	476	6.2 years
Other intangibles	189	(189)	—	—
Total	<u>\$ 4,475</u>	<u>\$ (3,523)</u>	<u>\$ 952</u>	

	March 31, 2015			Weighted Ave. Remaining Useful Life
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	
Customer relationships	\$ 2,923	\$ (2,923)	\$ —	—
Brands associated with acquired cell lines	603	(115)	488	32.4 years
Product licenses	703	(241)	462	6.6 years
Other intangibles	190	(190)	—	—
Total	<u>\$ 4,419</u>	<u>\$ (3,469)</u>	<u>\$ 950</u>	

Note 4. Debt

Long-term debt comprises:

	December 31, 2015	March 31, 2015
Total debt	\$ 30,000	\$ 15,000
Less current portion	—	(4,500)
Long-term debt	\$ 30,000	\$ 10,500
Deferred debt costs, net of amortization	(299)	(428)
Fair value of associated share warrant, net of amortization	(1,012)	(219)
	<u>\$ 28,689</u>	<u>\$ 9,853</u>

On August 3, 2015, the Company drew down \$30,000 under a new secured credit facility agreement with MidCap Financial Trust. The facility is repayable over a four year period with no repayments until March 1, 2017 when the first of 30 equal monthly repayments is due. If the Company achieves CE Mark approvals for the MosaiQ™ instrument and blood grouping consumable, the facility is repayable over a four year period with no repayments until September 1, 2017 when the first of 24 equal monthly repayments is due. The facility bears interest at LIBOR plus 6.7%. The LIBOR rate applicable is the higher of the actual market rate from time to time or 2.0%. Other expense for the nine month period ended December 31, 2015 included \$0.6 million of previously deferred fees that were expensed as a result of the expansion of the credit facility.

At December 31, 2015, the outstanding debt is repayable as follows:

Within 1 year	\$ —
Between 1 and 2 years	10,000
Between 2 and 3 years	12,000
Between 3 and 4 years	8,000
Total debt	<u>\$ 30,000</u>

Note 5. Consolidated Balance Sheet Detail

Inventory

The following table summarizes inventory by category for the dates presented:

	December 31, 2015	March 31, 2015
Raw materials	\$ 4,137	\$ 1,180
Work in progress	2,532	2,071
Finished goods	1,143	1,357
Total inventories	<u>\$ 7,812</u>	<u>\$ 4,608</u>

Property and equipment

The following table summarizes property and equipment by categories for the dates presented:

	December 31, 2015	March 31, 2015
Land	\$ 1,525	\$ —
Plant and Machinery	35,886	21,688
Leasehold improvements	16,350	11,412
Total property and equipment	53,761	33,100
Less: accumulated depreciation	(4,817)	(3,367)
Total property and equipment, net	<u>\$ 48,944</u>	<u>\$ 29,733</u>

Depreciation expenses were \$643 and \$316 in the quarters ended December 31, 2015 and December 31, 2014 respectively and \$1,510 and \$873 in the nine month periods ended December 31, 2015 and December 31, 2014 respectively.

Accrued compensation and benefits

Accrued compensation and benefits consist of the following:

	December 31, 2015	March 31, 2015
Salary and related benefits	\$ 59	\$ 300
Accrued vacation	267	165
Accrued payroll taxes	551	302
Accrued incentive payments	900	1,798
Total accrued compensation and benefits	<u>\$ 1,777</u>	<u>\$ 2,565</u>

Accrued expenses and other current liabilities

Accrued expenses and other current liabilities consist of the following:

	December 31, 2015	March 31, 2015
Accrued legal and professional fees	\$ 182	\$ 3,758
Accrued interest	225	112
Goods received not invoiced	933	787
Accrued capital expenditure	230	972
Accrued development expenditure	1,786	2,110
Other accrued expenses	636	1,048
Total accrued expenses and other current liabilities	<u>\$ 3,992</u>	<u>\$ 8,787</u>

Note 6. Commitments and Contingencies

Government Grant

In 2008, the Company was awarded research and development grant funding from Scottish Enterprise amounting to £1,791, for the development of MosaiQ™. The total grant claimed to December 31, 2015 is £1,790. Regular meetings are held to update Scottish Enterprise with the status of the project and while the terms of the grant award provide for full repayment of the grant in certain circumstances, the Company does not consider that any repayment is likely.

Hedging arrangements

The Company's subsidiary in the United Kingdom ("UK") has entered into twelve forward exchange contracts to sell \$500 and purchase pounds sterling at £1:\$1.50 in each calendar month through December 2016 as a hedge of its U.S. dollar denominated revenues. The fair value of foreign currency forward contracts has been determined by calculating the present value of future cash flows, estimated using market-based observable inputs including forward and spot exchange rates and interest rate curves obtained from third party market price quotations.

Share warrants

As part of its initial public offering in April 2014 the Company issued 5 million warrants each to acquire 0.8 of an ordinary share for a price of \$8.80 per whole share ("IPO warrants"). During the period from the initial public offering to October 26, 2015 when the warrants expired, 4,981,052 of these warrants were exercised and the remaining 18,948 expired on October 26, 2015. As of March 31, 2015, the financial statements included a financial liability of \$31,011 in respect of these warrants which was equal to the market price of the outstanding warrants at that date. As of December 31, 2015 no financial liability in respect of the IPO warrants was included in the financial statements.

The following table summarizes the Company's assets and liabilities that are measured at fair value on a recurring basis, by level, within the fair value hierarchy:

	December 31, 2015			
	Level 1	Level 2	Level 3	Total
Assets:				
Foreign currency forward contracts	\$ —	\$ —	\$ —	\$ —
Total assets measured at fair value	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

	December 31, 2015			
	Level 1	Level 2	Level 3	Total
Liabilities:				
Foreign currency forward contracts	\$ —	\$ 79	\$ —	\$ 79
Fair value of share warrants	—	—	—	—
Total liabilities measured at fair value	<u>\$ —</u>	<u>\$ 79</u>	<u>\$ —</u>	<u>\$ 79</u>

	March 31, 2015			
	Level 1	Level 2	Level 3	Total
Assets:				
Foreign currency forward contracts	\$ —	\$ —	\$ —	\$ —
Total assets measured at fair value	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

	March 31, 2015			
	Level 1	Level 2	Level 3	Total
Liabilities:				
Foreign currency forward contracts	\$ 199	\$ —	\$ —	\$ 199
Fair value of share warrants	31,011	—	—	31,011
Total liabilities measured at fair value	<u>\$ 31,210</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 31,210</u>

The change in the estimated fair value of share warrant liabilities is summarized below:

March 31, 2015	\$ 31,011
Change in fair value of ordinary share warrants	(15,857)
Exercise and expiry of warrants	(15,154)
December 31, 2015	<u>\$ —</u>

Note 7. Ordinary Shares

Ordinary Shares

The Company's issued and outstanding ordinary shares were as follows:

	Shares Issued and Outstanding		Par value
	December 31, 2015	March 31, 2015	
Ordinary shares	20,964,405	17,020,574	\$ —
Total	<u>20,964,405</u>	<u>17,020,574</u>	<u>\$ —</u>

Preference shares

The Company's issued and outstanding preference shares consist of the following:

	Shares Issued and Outstanding		Liquidation amount per share	
	December 31, 2015	March 31, 2015	December 31, 2015	March 31, 2015
7% Cumulative Redeemable Preference shares	666,665	666,665	\$ 23.94	\$ 22.76
Total	666,665	666,665		

Note 8. Share-Based Compensation

The Company records share-based compensation expense in respect of options, multi-year performance based restricted stock units ("MRSUs") and restricted stock units ("RSUs") issued under its share incentive plans. Share-based compensation expense amounted to \$1,380 and \$814 in the nine month periods ended December 31, 2015 and December 31, 2014, respectively.

Share option activity

The following table summarizes share option activity:

	Number of Share Options Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Months)
Outstanding — March 31, 2015	1,208,118	\$ 5.58	103
Granted	396,427	14.86	120
Exercised	(8,612)	4.66	—
Forfeited	(6,695)	12.08	—
Outstanding — December 31, 2015	1,589,238	\$ 7.87	99
Exercisable — December 31, 2015	634,466	\$ 4.13	91

The closing price of the Company's Ordinary Shares on The NASDAQ Global Market on December 31, 2015 was \$16.00.

The following table summarizes the options granted in the current financial year with their exercise prices, the fair value of ordinary shares as of the applicable grant date, and the intrinsic value:

Grant Date	Number of Options Granted	Exercise Price	Ordinary Shares Fair Value Per Share at Grant Date	Per Share Intrinsic Value of Options
May 20, 2015	312,300	\$ 15.17	\$ 15.17	\$ 6.08
August 5, 2015	8,000	\$ 16.70	\$ 16.70	\$ 6.54
September 2, 2015	25,000	\$ 16.34	\$ 16.34	\$ 6.52
October 31, 2015	39,727	\$ 11.62	\$ 11.62	\$ 4.76
November 4, 2015	11,400	\$ 13.00	\$ 13.00	\$ 5.33

Determining the fair value of share incentive awards

The fair value of each share incentive grant was determined by the Company using the Black-Scholes options pricing model.

Assumptions used in the option pricing models are discussed below. Each of these inputs is subjective and generally requires significant judgment to determine.

Expected volatility. The expected volatility was based on the historical share volatilities of a number of the Company's publicly listed peers over a period equal to the expected terms of the options as the Company did not have a sufficient trading history to use the volatility of its own ordinary shares.

Fair value of ordinary shares. The fair value of the ordinary shares is based upon the closing price of the Company's shares on The NASDAQ Global Market on the last trading day prior to the date of grant.

Risk-Free Interest Rate. The risk-free interest rate is based on the US Treasury 10-year bond yield in effect at the time of grant.

Expected term. The expected term is determined after giving consideration to the contractual terms of the share-based awards, graded vesting schedules ranging from one to three years and expectations of future employee behavior as influenced by changes to the terms of its share-based awards.

Expected dividend. According to the terms of the awards, the exercise price of the options is adjusted to take into account any dividends paid. As a result dividends are not required as an input to the model, as these reductions in the share price are offset by a corresponding reduction in exercise price.

A summary of the assumptions applicable to the share options issued in the current financial year is as follows:

	May 20, 2015	August 5, 2015	September 2, 2015	October 31, 2015	November 4, 2015
Risk-free interest rate	2.29%	2.27%	2.18%	2.14%	2.23%
Expected lives (years)	3	3	3	3	3
Volatility	57.14%	55.67%	57.01%	58.86%	58.86%
Dividend yield	—	—	—	—	—
Grant date fair value (per share)	\$ 15.17	\$ 16.70	\$ 16.34	\$ 11.62	\$ 13.00
Number granted	312,300	8,000	25,000	39,727	11,400

The Company awarded 137,000 MRSUs on May 20, 2015. These MRSUs will vest if the volume weighted average price of the Company's ordinary shares exceeds \$60 for a continuous twenty day period between April 1, 2018 and December 31, 2018. The Company determined the grant date fair value of the MRSUs using a barrier option pricing model with the same grant date fair value per share, risk free interest rate, volatility and dividend yield assumptions as the options awarded on the same date. This resulted in a grant date fair value of \$6.09 per MRSU on May 20, 2015. On September 2, 2015 the Company issued 25,000 RSUs which will vest if specific sales performance targets are met prior to December 31, 2022. The Company expects these performance targets to be met and share based compensation expense is being recognized on these awards over the period to the date when the sales performance targets are expected to be achieved. The Company also issued 10,000 RSUs on May 20, 2015, 9,867 RSUs on September 4, 2015 and 10,328 RSUs on October 31, 2015 which vest over a two year period from the date of grant. On November 4, 2015 the Company issued 8,000 RSUs which vest over a three year period from the date of grant.

During the quarter ended September 30, 2014, the Company awarded 50,000 RSUs to a non-executive director upon his appointment as a director of the Company. These vest in equal annual installments over the four year period following the date of grant. During the nine months ended December 31, 2015, 12,500 of these RSUs vested resulting in the issuance of 12,500 ordinary shares and at December 31, 2015, 37,500 of these RSUs remained outstanding.

Note 9. Net Loss Per Share

In accordance with ASC 260 "Earnings Per Share", basic earnings available to ordinary shareholders per share is computed based on the weighted average number of ordinary shares outstanding during each period. Diluted earnings available to ordinary shareholders per share is computed based on the weighted average number of ordinary shares outstanding during each period, plus potential ordinary shares considered outstanding during the period, as long as the inclusion of such shares is not anti-dilutive. Potential ordinary shares consist of the incremental ordinary shares issuable upon the exercise of share options (using the treasury shares method), the warrants to acquire ordinary shares and the ordinary shares issuable upon vesting of the MRSUs and RSUs.

The following table sets forth the computation of basic and diluted earnings per ordinary share.

	Quarter ended December 31		Nine months ended December 31	
	2015	2014	2015	2014
Numerator:				
Net loss	\$ (9,778)	\$ (42,303)	\$ (24,365)	\$ (56,638)
Net loss available to ordinary shareholders - basic and diluted	<u>\$ (9,778)</u>	<u>\$ (42,303)</u>	<u>\$ (24,365)</u>	<u>\$ (56,638)</u>
Denominator:				
Weighted-average shares outstanding - basic and diluted	<u>20,398,132</u>	<u>15,101,441</u>	<u>18,284,708</u>	<u>14,352,476</u>
Loss per share - basic and diluted	\$ (0.48)	\$ (2.80)	\$ (1.33)	\$ (3.95)

The following table sets out the numbers of ordinary shares excluded from the above computation of earnings per share at December 31, 2015 and December 31, 2014 as their inclusion would have been anti-dilutive.

	December 31, 2015	December 31, 2014
Ordinary shares issuable on exercise of options to purchase ordinary shares	1,589,238	1,329,659
Restricted stock units awarded, including the multi-year performance related restricted stock units	237,695	—
Ordinary shares issuable on exercise of warrants at \$16.14 per share	111,525	—
Ordinary shares issuable on exercise of warrants at \$9.37 per share	64,000	64,000
Ordinary shares issuable on exercise of warrants at \$8.80 per share	—	3,955,028
Ordinary shares issuable on exercise of pre-funded warrants at \$0.01 per share	850,000	850,000
	<u>2,852,458</u>	<u>6,198,687</u>

Note 10. Subsequent Events

On February 10, 2016 the Company completed a public offering of 4,444,445 of its ordinary shares at a price of \$9.00 per share. The net proceeds from this offering were \$36.9 million net of underwriting discounts and other offering expenses. The Company has also granted the underwriter a thirty-day option to purchase up to an additional 666,666 ordinary shares.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with the corresponding section of our Annual Report on Form 10-K for the year ended March 31, 2015 filed with the Securities and Exchange Commission on June 1, 2015.

The information set forth and discussed below for the quarters and nine month periods ended December 31, 2015 and December 31, 2014 is derived from the Condensed Consolidated Financial Statements included under Item 1 above. The financial information set forth and discussed below is unaudited but includes all adjustments (consisting of normal recurring adjustments) that our management considers necessary for a fair presentation of the financial position and the operating results and cash flows for those periods. Our results of operations for a particular quarter may not be indicative of the results that may be expected for other quarters or the entire year.

Overview

We were incorporated in Jersey, Channel Islands on January 28, 2012. On February 16, 2012, we acquired the entire issued share capital of Alba Bioscience Limited (or Alba), Quotient Biodiagnostics, Inc. (or QBDI) and QBD (QSIP) Limited (or QSIP) from Quotient Biodiagnostics Group Limited (or QBDG), our predecessor.

The acquisition of Alba, QBDI and QSIP by us is treated for accounting purposes as a combination of entities under common control as these entities were all controlled by QBDG prior to their acquisition by us. We recognized the assets and liabilities of Alba, QBDI and QSIP at their carrying amounts in the financial statements of those companies. We are a continuation of QBDG and its subsidiaries and, accordingly, our consolidated financial statements include the assets, liabilities and results of operations of the subsidiaries transferred since their inception.

Our Business

We are a commercial-stage diagnostics company committed to reducing healthcare costs and improving patient care through the provision of innovative tests within established markets. Our initial focus is on blood grouping and serological disease screening, which is commonly referred to as transfusion diagnostics. Blood grouping involves specific procedures performed at donor or patient testing laboratories to characterize blood, which includes antigen typing and antibody identification. Serological disease screening involves the screening of donor blood for unwanted pathogens.

We have over 30 years of experience developing, manufacturing and commercializing conventional reagent products used for blood grouping within the global transfusion diagnostics market. We are developing MosaiQ™, our proprietary technology platform, to better address the comprehensive needs of this large and established market. MosaiQ™ will initially comprise two separate consumables, one for blood grouping and one for serological disease screening, and a high-throughput instrument. We are also developing a third consumable for nucleic acid testing. We believe MosaiQ™ has the potential to transform transfusion diagnostics, significantly reducing the cost of blood grouping in the donor and patient testing environments, while improving patient outcomes.

We operate as one business segment with 302 employees in the United States, the United Kingdom and Switzerland as of December 31, 2015. Our principal markets are the United States, Europe and Japan. Based on the location of the customer, revenues outside the United States accounted for 53% and 55% of total revenue during the nine month periods ended December 31, 2015 and December 31, 2014, respectively.

We have incurred net losses and negative cash flows from operations in each year since we commenced operations in 2007. As of December 31, 2015, we had an accumulated deficit of \$98.7 million. We expect our operating losses will continue at least for the remainder of the current and the next fiscal year as we continue our investment in the development and commercialization of MosaiQ™. For the nine month period ended December 31, 2015, our total revenue was \$13.5 million and our net loss was \$24.4 million.

On April 29, 2014 we completed our initial public offering and issued 5,000,000 units at \$8.00 per unit. Each unit comprised one ordinary share and one warrant to acquire 0.8 of an ordinary share at an exercise price of \$8.80 per whole share. We raised \$40.0 million of equity share capital before issuance costs of approximately \$6.4 million. On May 27, 2014, our ordinary shares and warrants began trading separately on The NASDAQ Global Market and the units were delisted. During the period from our initial public offering to October 26, 2015 when the warrants expired, 4,981,052 of these warrants were exercised resulting in the issuance of 3,984,832 ordinary shares for \$35.1 million.

On November 25, 2014, we entered into subscription agreements with certain institutional and individual accredited investors for the private placement of 2,000,000 newly issued ordinary shares at a price of \$9.50 per share and 850,000 newly issued pre-funded

warrants at a price of \$9.49 per warrant, amounting to an aggregate subscription price of approximately \$27.1 million. Each pre-funded warrant permits the holder to subscribe for one new ordinary share at an exercise price of \$0.01 per pre-funded warrant.

On January 29, 2015, we entered into a subscription agreement with Ortho-Clinical Diagnostics Finco S.Á.R.L., an affiliate of Ortho, for the private placement of 444,445 newly issued ordinary shares at a price of \$22.50 per share and 666,665 newly issued 7% cumulative redeemable preference shares, of no par value, at a price of \$22.50 per share, for an aggregate subscription price of approximately \$25 million.

Revenue

We generate revenue from the sale of conventional reagent products directly to hospitals, donor collection agencies and independent testing laboratories in the United States, the United Kingdom and to distributors in Europe and the rest of the world, and indirectly through sales to our original equipment manufacturer (or OEM) customers. We recognize revenues in the form of product sales when the goods are shipped. Products sold by standing purchase orders as a percentage of product sales revenue were 72% for both the nine month periods ended December 31, 2015 and December 31, 2014. We also provide product development services to our OEM customers. We recognize revenue from these contractual relationships in the form of product development fees, which are included in other revenues. For a description of our revenue recognition policies, see “—Critical Accounting Policies and Significant Judgments and Estimates—Revenue Recognition and Accounts Receivable.”

Our revenue is denominated in multiple currencies. Sales in the United States and to certain of our OEM customers are denominated in U.S. Dollars. Sales in Europe and the rest of the world are denominated primarily in Pounds Sterling, Euros or Yen. Our expenses are generally denominated in the currencies in which our operations are located, which is primarily in the United Kingdom, United States and Switzerland. We operate globally and therefore changes in foreign currency exchange rates may become material to us in the future due to factors beyond our control. See Part I, Item 3: “Quantitative and Qualitative Disclosure About Market Risk—Foreign Currency Exchange Risk.”

Cost of revenue and operating expenses

Cost of revenue consists of direct labor expenses, including employee benefits, overhead expenses, material costs and freight costs, along with the depreciation of manufacturing equipment and leasehold improvements. Our gross profit represents total revenue less the cost of revenue and gross margin represents gross profit expressed as a percentage of total revenue. Our gross margin was 47% and 49% for the nine month periods ended December 31, 2015 and December 31, 2014, respectively. Excluding other revenues, which consist of product development fees, our gross margin on product sales was 47% for both the nine month periods ended December 31, 2015 and December 31, 2014. We expect our overall cost of revenue to increase in absolute U.S. Dollars as we continue to increase our product sales volumes. However, we also believe that we can achieve efficiencies in our manufacturing operations, primarily through increasing production volumes.

Our sales and marketing expenses include costs associated with our sales organization, including our direct sales force, as well as our marketing and customer service personnel. These expenses consist principally of salaries, commissions, bonuses and employee benefits, as well as travel costs related to our sales activities. These expenses also include direct and indirect costs associated with our product marketing activities. We expense all sales and marketing costs as incurred. We expect sales and marketing expense to increase in absolute U.S. Dollars, primarily as a result of commissions on increased product sales in the United States.

Our research and development expenses include costs associated with performing research, development, field trials and our regulatory activities, as well as production costs incurred in advance of the commercial launch of MosaiQ™. Research and development expenses include research personnel-related expenses, fees for contractual and consulting services, travel costs, laboratory supplies and depreciation of laboratory equipment.

We expense all research and development costs as incurred, net of government grants received and tax credits. In the year ended March 31, 2015 changes in UK tax legislation enabled our UK subsidiary to claim certain tax credits on its research and development expenditures. Previously, these tax credits increased the unutilized tax losses of our UK subsidiary, but are now being claimed and are included as an offset to our research and development expenses. Our research and development efforts are focused on developing new products and technologies for the global transfusion diagnostics market. We segregate research and development expenses for the MosaiQ™ project from expenses for other research and development projects. We do not maintain detailed records of these other costs by activity. We expect overall research and development expense to decrease in absolute U.S. Dollars following completion of the development of MosaiQ™.

Our general and administrative expenses include costs for our executive, accounting and finance, legal, corporate development, information technology and human resources functions. We expense all general and administrative expenses as incurred. These expenses consist principally of salaries, bonuses and employee benefits for the personnel performing these functions, including travel costs. These expenses also include share-based compensation, professional service fees (such as audit, tax and legal fees), costs related to our Board of Directors, and general corporate overhead costs, which includes depreciation and amortization. We expect our general and administrative expenses to increase as our business develops and also due to the costs of operating as a public company, such as additional legal, accounting and corporate governance expenses, including expenses related to compliance with the Sarbanes-Oxley Act, directors' and officers' insurance premiums and expenses for investor relations.

Net interest expense consists primarily of interest charges on our loan balances and the amortization of debt issuance costs, as well as accrued dividends on the 7% cumulative redeemable preference shares issued in January 2015. We amortize debt issuance costs over the life of the loan and report them as interest expense in our statements of operations.

Net other income (expense) consists primarily of realized and unrealized gains and losses on foreign exchange and income or expense arising on the change in the fair value of our warrants. Realized exchange fluctuations result from the settlement of transactions in currencies other than the functional currencies of our businesses. Monetary assets and liabilities that are denominated in foreign currencies are measured at the period-end closing rate with resulting unrealized exchange fluctuations. The functional currencies of our businesses are Pounds Sterling, Swiss Francs and U.S. Dollars depending on the entity.

Results of Operations

Comparison of the Quarters ended December 31, 2015 and 2014

The following table sets forth, for the periods indicated, the amounts of certain components of our statements of operations and the percentage of total revenue represented by these items, showing period-to-period changes.

	Quarter ended December 31,				Change	
	2015		2014		Amount	%
	Amount	% of revenue	Amount	% of revenue	Amount	%
(in thousands, except percentages)						
Revenue:						
Product sales	\$ 4,354	100%	\$ 3,962	98%	\$ 392	10%
Other revenues	—	0%	100	2%	(100)	0%
Total revenue	4,354	100%	4,062	100%	292	7%
Cost of revenue	2,225	51%	2,204	54%	21	1%
Gross profit	2,129	49%	1,858	46%	271	15%
Operating expenses:						
Sales and marketing	918	21%	789	19%	129	16%
Research and development	6,931	159%	4,453	110%	2,478	56%
General and administrative	7,059	162%	3,943	97%	3,116	79%
Total operating expenses	14,908	342%	9,185	226%	5,723	62%
Operating loss	(12,779)	-293%	(7,327)	-180%	(5,452)	74%
Other income (expense):						
Interest expense, net	(1,134)	-26%	(541)	-13%	(593)	110%
Other, net	4,135	95%	(34,435)	-848%	38,570	—
Total other income, net	3,001	69%	(34,976)	-861%	37,977	—
Loss before income taxes	(9,778)	-225%	(42,303)	-1041%	32,525	-77%
Provision for income taxes	—	0%	—	0%	—	—
Net loss	\$ (9,778)	-225%	\$ (42,303)	-1041%	\$ 32,525	-77%

Revenue

Total revenue for the quarter ended December 31, 2015 increased by 7% to \$4.4 million, compared with \$4.1 million for the quarter ended December 31, 2014. Product sales revenue increased 10% to \$4.4 million for the quarter ended December 31, 2015, compared with \$4.0 million for the quarter ended December 31, 2014. The increase in product sales was mainly attributable to growth in direct sales to customers in the United States. Products sold by standing purchase order were 71% of product sales for the quarter ended December 31, 2015, compared with 74% for the quarter ended December 31, 2014.

The below table sets forth revenue by product group:

	Quarter ended December 31,				Change	
	2015		2014		Amount	%
	Amount	% of revenue	Amount	% of revenue		
	(in thousands, except percentages)					
Revenue:						
Product sales - OEM customers	\$ 2,879	66%	\$ 2,801	69%	\$ 78	3%
Product sales - direct customers and distributors	1,475	34%	1,161	29%	314	27%
Other revenues	—	0%	100	2%	(100)	0%
Total revenue	<u>\$ 4,354</u>	<u>100%</u>	<u>\$ 4,062</u>	<u>100%</u>	<u>\$ 292</u>	<u>7%</u>

OEM Sales. Product sales to OEM customers increased 3% to \$2.9 million for the quarter ended December 31, 2015, compared with \$2.8 million for the quarter ended December 31, 2014.

Direct Sales to Customers and Distributors. Direct product sales of \$1.5 million for the quarter ended December 31, 2015 increased by 27% compared with \$1.2 million for the quarter ended December 31, 2014. Direct sales in the United States increased by 27%, which was mainly attributable to recently launched new products and growth in sales of our reagent red blood cell products. Direct sales outside the United States increased by 27%, despite our decision to offer fewer products in Europe.

Other Revenues. Other revenues represent product development fees. There were no such revenues in the quarter ended December 31, 2015 compared to \$0.1 million in the quarter ended December 31, 2014.

Cost of revenue and gross margin

Cost of revenue increased by 1% to \$2.2 million for the quarter ended December 31, 2015, compared with \$2.2 million for the quarter ended December 31, 2014. Costs associated with greater sales volumes were mostly offset by foreign exchange effects and efficiencies in our manufacturing operations.

Gross profit on total revenue for the quarter ended December 31, 2015 was \$2.1 million, an increase of 15% when compared with \$1.9 million in the quarter ended December 31, 2014. The increase was mainly attributable to greater gross profit on product sales offsetting a \$0.1 million decrease in other revenues. Excluding other revenues, gross profit on product sales for the quarter ended December 31, 2015 was \$2.1 million, an increase of 21% when compared with \$1.8 million for the quarter ended December 31, 2014. The increase was attributable to the positive impact of greater sales volumes.

Gross margin, which represents gross profit expressed as a percentage of total revenue, was 49% for the quarter ended December 31, 2015, compared with 46% for the quarter ended December 31, 2014. Gross margin on product sales increased to 49% for the quarter ended December 31, 2015, compared with 44% for the quarters ended December 31, 2014. The gross margin improvement was attributable to the positive impact of greater sales volumes and manufacturing efficiencies.

Sales and marketing expenses

Sales and marketing expense was \$0.9 million for the quarter ended December 31, 2015, compared with \$0.8 million for the quarter ended December 31, 2014. As a percentage of total revenue, sales and marketing expenses were 21% for the quarter ended December 31, 2015, compared with 19% for the quarter ended December 31, 2014.

Research and development expenses

	Quarter ended December 31,					
	2015		2014		Change	
	Amount	% of revenue	Amount	% of revenue	Amount	%
	(in thousands, except percentages)					
Research and development expenses:						
MosaiQ™ research and development	\$ 6,221	143%	\$ 3,976	98%	\$ 2,245	56%
Other research and development	786	18%	526	13%	260	49%
Tax credits and grants	(76)	-2%	(49)	-1%	(27)	—
Total research and development expenses	<u>\$ 6,931</u>	<u>159%</u>	<u>\$ 4,453</u>	<u>110%</u>	<u>\$ 2,478</u>	<u>56%</u>

Research and development expenses increased by 56% to \$6.9 million for the quarter ended December 31, 2015, compared with \$4.5 million for the quarter ended December 31, 2014. As a percentage of total revenue, research and development expenses increased to 159% for the quarter ended December 31, 2015, compared with 110% for the quarter ended December 31, 2014. This reflects incremental costs associated with the commercial scale-up of MosaiQ™, including initial production costs, which are currently expensed as research and development. Recent changes in UK tax legislation now enable our UK subsidiary to claim certain tax credits on its research and development expenditures.

General and administrative expenses

General and administrative expenses increased by 79% to \$7.1 million for the quarter ended December 31, 2015, compared with \$3.9 million for the quarter ended December 31, 2014, reflecting greater personnel-related costs, increased facility rental charges and increased corporate costs. We recognized \$0.6 million of stock compensation expense in the quarter ended December 31, 2015 compared with \$0.3 million in the quarter ended December 31, 2014. As a percentage of total revenue, general and administrative expenses increased to 162% for the quarter ended December 31, 2015, compared with 97% for the quarter ended December 31, 2014.

Other income (expense)

Net interest expense was \$1.1 million for the quarter ended December 31, 2015, compared with \$0.5 million for the quarter ended December 31, 2014. Interest expense in the quarters ended December 31, 2015 and December 31, 2014 included interest charges on our borrowings from MidCap Financial, which bore interest at LIBOR plus 6.7% (with a LIBOR floor of 2.00%). Borrowings from MidCap amounted to \$15.0 million during the quarter ended December 31, 2014 and \$30.0 million during the quarter ended December 31, 2015. In the quarter ended December 31, 2015, net interest expense also included \$0.3 million of dividends accrued on the 7% preference shares issued to OCD on January 29, 2015.

Other income for the quarter ended December 31, 2015 included income of \$3.8 million related to the change in the fair value in the quarter of the warrants issued at the time of our initial public offering and \$0.3 million of foreign exchange gains arising on monetary assets and liabilities denominated in foreign currencies.

Other expense for the quarter ended December 31, 2014 included \$34.6 million of expense related to the change in the fair value in the quarter of the warrants issued at the time of our initial public offering and \$0.1 million of foreign exchange gains.

Comparison of the nine month periods ended December 31, 2015 and 2014

The following table sets forth, for the periods indicated, the amounts of certain components of our statements of operations and the percentage of total revenue represented by these items, showing period-to-period changes.

	Nine months ended December 31,				Change	
	2015		2014		Amount	%
	Amount	% of revenue	Amount	% of revenue	Amount	%
(in thousands, except percentages)						
Revenue:						
Product sales	\$ 13,477	100%	\$ 13,756	95%	\$ (279)	-2%
Other revenues	—	0%	750	5%	(750)	-100%
Total revenue	13,477	100%	14,506	100%	(1,029)	-7%
Cost of revenue	7,100	53%	7,361	51%	(261)	-4%
Gross profit	6,377	47%	7,145	49%	(768)	-11%
Operating expenses:						
Sales and marketing	2,350	17%	2,095	14%	255	12%
Research and development	22,122	164%	13,573	94%	8,549	63%
General and administrative	18,148	135%	11,431	79%	6,717	59%
Total operating expenses	42,620	316%	27,099	187%	15,521	57%
Operating (loss)	(36,243)	-269%	(19,954)	-138%	(16,289)	82%
Other expense:						
Interest expense, net	(2,992)	-22%	(1,613)	-11%	(1,379)	85%
Other, net	14,870	110%	(35,071)	-242%	49,941	—
Total other expense, net	11,878	88%	(36,684)	-253%	48,562	-132%
Loss before income taxes	(24,365)	-181%	(56,638)	-390%	32,273	-57%
Provision for income taxes	—	0%	—	0%	—	—
Net loss	\$ (24,365)	-181%	\$ (56,638)	-390%	\$ 32,273	-57%

Revenue

Total revenue for the nine month period ended December 31, 2015 decreased by 7% to \$13.5 million, compared with \$14.5 million for the nine month period ended December 31, 2014. Product sales revenue decreased 2% to \$13.5 million for the nine month period ended December 31, 2015, compared with \$13.8 million for the nine month period ended December 31, 2014. The decrease in product sales was attributable to a \$0.8 million negative impact of a stronger U.S. dollar relative to the British Pound and Euro. Products sold by standing purchase order were 72% of product sales for both the nine month periods ended December 31, 2015 and December 31, 2014. Total revenue for the nine month period ended December 31, 2014 also included revenue related to our product development services of \$0.8 million.

The below table sets forth revenue by product group:

	Nine months ended December 31,				Change	
	2015		2014		Amount	%
	Amount	% of revenue	Amount	% of revenue	Amount	%
(in thousands, except percentages)						
Revenue:						
Product sales - OEM customers	\$ 9,093	67%	\$ 9,723	67%	\$ (630)	-6%
Product sales - direct customers and distributors	4,384	33%	4,033	28%	351	9%
Other revenues	—	0%	750	5%	(750)	-100%
Total revenue	\$ 13,477	100%	\$ 14,506	100%	\$ (1,029)	-7%

OEM Sales. Product sales to OEM customers decreased 6% to \$9.1 million for the nine month period ended December 31, 2015, compared with \$9.7 million for the nine month period ended December 31, 2014. The decrease was attributable to the negative impact of a stronger U.S. dollar relative to the British Pound and Euro and lower shipments of bulk antisera to OEM customers.

Direct Sales to Customers and Distributors. Direct product sales of \$4.4 million for the nine month period ended December 31, 2015 increased by 9% compared to \$4.0 million for the nine month period ended December 31, 2014. Direct sales in the United States increased by 13%, which was mainly attributable to recently launched new products and growth in sales of our reagent red blood cell products. Direct sales outside the United States decreased by 3%, which was mainly attributable to foreign exchange effects and our decision to offer fewer products in Europe.

Other Revenues. Other revenues represent product development fees. There were no such revenues in the nine month period ended December 31, 2015 compared with \$0.8 million in the nine month period ended December 31, 2014.

Cost of revenue and gross margin

Cost of revenue decreased by 4% to \$7.1 million for the nine month period ended December 31, 2015, compared with \$7.4 million for the nine month period ended December 31, 2014. The decrease was primarily attributable to foreign exchange effects and efficiencies in our manufacturing operations.

Gross profit on total revenue for the nine month period ended December 31, 2015 was \$6.4 million, a decrease of 11% when compared with \$7.1 million in the nine month period ended December 31, 2014. The decrease was mainly attributable to a \$0.8 million decrease in other revenues. Excluding other revenues, gross profit on product sales was \$6.4 million for both the nine month periods ended December 31, 2015 and December 31, 2014.

Gross margin, which represents gross profit expressed as a percentage of total revenue, was 47% for the nine month period ended December 31, 2015, compared with 49% for the nine month period ended December 31, 2014. Gross margin on product sales was 47% for the nine month period ended December 31, 2015, compared with 46% for the nine month period ended December 31, 2014. The gross margin improvement was attributable to the positive impact of greater sales volumes and manufacturing efficiencies.

Sales and marketing expenses

Sales and marketing expense was \$2.4 million for the nine month period ended December 31, 2015, compared with \$2.1 million for the nine month period ended December 31, 2014. As a percentage of total revenues, sales and marketing expenses were 17% for the nine month period ended December 31, 2015, compared with 14% for the nine month period ended December 31, 2014.

Research and development expenses

	Nine months ended December 31,				Change	
	2015		2014		Amount	%
	Amount	% of revenue	Amount	% of revenue		
	(in thousands, except percentages)					
Research and development expenses:						
MosaiQ™ research and development	\$ 20,387	151%	\$ 12,403	86%	\$ 7,984	64%
Other research and development	1,979	15%	1,522	10%	457	30%
Tax credits and grants	(244)	-2%	(352)	-2%	108	-31%
Total research and development expenses	<u>\$ 22,122</u>	<u>164%</u>	<u>\$ 13,573</u>	<u>94%</u>	<u>\$ 8,549</u>	<u>63%</u>

Research and development expenses increased by 63% to \$22.1 million for the nine month period ended December 31, 2015, compared with \$13.6 million for the nine month period ended December 31, 2014. As a percentage of total revenue, research and development expenses increased to 164% for the nine month period ended December 31, 2015, compared with 94% for the nine month period ended December 31, 2014. This reflects incremental costs associated with the commercial scale-up of MosaiQ™, including initial production costs, which are currently expensed as research and development. Recent changes in UK tax legislation now enable our UK subsidiary to claim certain tax credits on its research and development expenditures.

General and administrative expenses

General and administrative expenses increased by 59% to \$18.1 million for the nine month period ended December 31, 2015, compared with \$11.4 million for the nine month period ended December 31, 2014, reflecting greater personnel-related costs, increased facility rental charges and increased corporate costs. We recognized \$1.4 million of stock compensation expense in the nine month period ended December 31, 2015 compared with \$0.8 million in the nine month period ended December 31, 2014. As a percentage of

total revenue, general and administrative expenses increased to 135% for the nine month period ended December 31, 2015, compared with 79% for the nine month period ended December 31, 2014.

Other income (expense)

Net interest expense was \$3.0 million for the nine month period ended December 31, 2015, compared with \$1.6 million for the nine month period ended December 31, 2014. Interest expense in the nine month periods ended December 31, 2015 and December 31, 2014 included interest charges on our borrowings from MidCap Financial, which bore interest at LIBOR plus 6.7% (with a LIBOR floor of 2.00%). Borrowings from MidCap amounted to \$15.0 million during the nine months ended December 31, 2014. Borrowings from April 1, 2015 to July 1, 2015 were \$15.0 million, then decreased to \$14.5 million from July 1, 2015 to August 3, 2015 as a result of scheduled principal amortization and then increased to \$30.0 million as a result of the increase in our secured credit facility. In the nine month period ended December 31, 2015, net interest expense also included \$0.8 million of dividends accrued on the 7% preference shares issued to OCD on January 29, 2015.

Other income for the nine month period ended December 31, 2015 included income of \$15.9 million related to the change in the fair value in the nine month period of the warrants issued at the time of our initial public offering offset by \$0.4 million of foreign exchange losses arising on monetary assets and liabilities denominated in foreign currencies and \$0.6 million of previously deferred fees that were expensed as a result of the expansion of our credit facility.

Other expense for the nine month period ended December 31, 2014 included an expense of \$33.6 million related to the change in the fair value of the warrants issued at the time of our initial public offering. It also included \$0.6 million of fees related to our initial public offering that were attributable to the issuance of these warrants, an expense of \$0.4 million related to the settlement of a legal dispute and \$0.5 million of foreign exchange losses.

Quarterly Results of Operations

Our quarterly product sales can fluctuate depending upon the shipment cycles for our red blood cell-based products, which account for approximately two-thirds of our current product sales. For these products, we typically experience 13 shipping cycles per year. This equates to three shipments of each product per quarter, except for one quarter per year when four shipments occur. In fiscal 2015, the greatest impact of extra product shipments occurred in our first quarter, while the greatest impact thus far in fiscal 2016 has also occurred in the first quarter. The timing of shipment of bulk antisera products to our OEM customers may also move revenues from quarter to quarter. We also experience some seasonality in demand around holiday periods in both Europe and the United States. As a result of these factors, we expect to continue to see seasonality and quarter-to-quarter variations in our product sales. The timing of product development fees included in other revenues is mostly dependent upon the achievement of pre-negotiated project or revenue milestones.

Liquidity and Capital Resources

Since our commencement of operations in 2007, we have incurred net losses and negative cash flows from operations. During the nine month period ended December 31, 2015, we had a net loss of \$24.4 million and the cash used in our operating activities during this period was \$42.7 million. During the nine month period ended December 31, 2014, we incurred a net loss of \$56.6 million and used \$18.2 million of cash in our operating activities. During each period, this use of cash was primarily attributable to our investment in the development of MosaiQ™. As of December 31, 2015, we had an accumulated deficit of \$98.7 million.

On April 30, 2014, we completed our initial public offering of 5,000,000 units at a price of \$8.00 per unit, each unit consisting of one ordinary share and one warrant to purchase 0.8 of one ordinary share, and received net proceeds of \$37.2 million after deducting underwriting discounts and commissions. Other costs of the offering, apart from underwriting discounts and commissions, were \$3.6 million. The warrants were exercisable at a price of \$8.80 per ordinary share until October 26, 2015. During the period from our initial public offering to October 26, 2015 when the warrants expired, 4,981,052 warrants were exercised resulting in the issuance of 3,984,832 ordinary shares for \$35.1 million.

On November 25, 2014, we entered into subscription agreements with certain institutional and individual accredited investors for the private placement of 2,000,000 newly issued ordinary shares at a price of \$9.50 per share and 850,000 newly issued pre-funded warrants at a price of \$9.49 per warrant, amounting to an aggregate subscription price of approximately \$27.1 million. Each pre-funded warrant permits the holder to subscribe for one new ordinary share at an exercise price of \$0.01 per pre-funded warrant. The proceeds of this placement were \$27.1 million before costs and \$24.7 million net of costs.

On January 29, 2015, we entered into a subscription agreement with Ortho-Clinical Diagnostics Finco S.Á.R.L., an affiliate of Ortho, for the private placement of 444,445 newly issued ordinary shares at a price of \$22.50 per share and 666,665 newly issued 7% cumulative redeemable preference shares, of no par value, at a price of \$22.50 per share, for an aggregate subscription price of approximately \$25 million.

On August 3, 2015, we entered into an amended agreement with MidCap Financial Trust to expand our existing secured term loan facility from \$15.0 million to \$30.0 million. MidCap Financial Trust also agreed to make available, subject to certain conditions, additional credit facilities totaling \$20.0 million. The amended facility agreement with MidCap Financial Trust includes a covenant to maintain cash balances above \$10 million.

As of December 31, 2015, we had cash and cash equivalents of \$24.1 million, which included \$0.3 million of cash held in a restricted account as part of the arrangements relating to the lease of our property in Eysins, Switzerland. On February 10, 2016 we completed a public offering of 4,444,445 ordinary shares at a price to the public of \$9.00 per share. The net proceeds from this offering were \$36.9 million net of underwriting discounts and other offering expenses. We expect to fund our operations from a combination of funding sources, including through the use of existing cash balances, product sales, asset sales, the achievement of product development milestones, the extension or expansion of credit facilities and the issuance of further new equity. However, there can be no assurance that these funding sources will be available to us.

Cash Flows for the Nine month Periods Ended December 31, 2015 and 2014

Operating activities

Net cash used in operating activities was \$42.7 million during the nine month period ended December 31, 2015, which included net losses of \$24.4 million and negative non-cash items of \$11.2 million. Non-cash items were depreciation and amortization expense of \$1.6 million, share-based compensation expense of \$1.4 million, amortization of deferred debt issue costs of \$1.2 million and accrued preference share dividends of \$0.8 million, offset by a change in the fair value of the liability in respect of share warrants of \$15.9 million and amortization of lease incentives of \$0.3 million. We also experienced a net cash outflow of \$7.1 million from changes in operating assets and liabilities during the period, consisting of a \$3.2 million increase in inventories, a \$2.7 million reduction in accounts payable and accrued liabilities, an \$0.8 million reduction in accrued compensation and benefits and a \$0.7 million increase in other assets, offset by a \$0.3 million decrease in accounts receivable.

Net cash used in operating activities was \$18.2 million during the nine month period ended December 31, 2014, which included net losses of \$56.6 million and non-cash items of \$35.6 million. Non-cash items were depreciation and amortization expense of \$0.9 million, share-based compensation expense of \$0.8 million, and amortization of deferred debt issue costs of \$0.6 million, as well as a change in the liability in respect of our ordinary share warrants of \$33.6 million, offset by amortization of lease incentives of \$0.3 million. We also experienced a net cash inflow of \$2.9 million from changes in operating assets and liabilities during the period, consisting of a \$4.1 million increase in accounts payable and accrued liabilities and a \$0.2 million reduction in accounts receivable offset by a \$0.7 million increase in other assets, a \$0.4 million increase in inventories and a \$0.3 million reduction in accrued compensation and benefits.

Investing activities

Net cash used in investing activities was \$19.9 million and \$13.6 million for the nine month periods ended December 31, 2015 and December 31, 2014, respectively. Purchases of property and equipment for the nine month period ended December 31, 2015 were \$19.8 million and included \$17.9 million related to the MosaiQ™ project and \$1.9 million related to our conventional reagent business. Purchases of property and equipment for the nine month period ended December 31, 2014 were \$13.4 million and included \$13.1 million related to the MosaiQ™ project and \$0.3 million related to our conventional reagent business. Purchases of intangible assets related to our conventional reagent business for the nine month period ended December 31, 2015 were \$0.1 million and for the nine month period ended December 31, 2014 were \$0.2 million.

Financing activities

Net cash provided by financing activities was \$48.9 million during the nine month period ended December 31, 2015, consisting of \$34.6 million of proceeds from the exercise of options and warrants, \$14.3 million from an increase in our secured credit facility and \$0.1 million of net capital lease receipts. Net cash provided by financing activities was \$59.6 million during the nine month period ended December 31, 2014, consisted of net proceeds of \$34.3 million from our initial public offering, \$25.0 million net proceeds from the private placement completed in November 2014 and \$0.3 million of net capital lease receipts.

Operating and Capital Expenditure Requirements

We have not achieved profitability on an annual basis since we commenced operations in 2007 and we expect to incur net losses at least for the remainder of the current and the next fiscal year. We expect our operating expenses to increase during the year ended March 31, 2016, as we continue to invest in MosaiQ™, grow our customer base, expand our marketing and distribution channels, hire additional employees and invest in other product development opportunities.

As of December 31, 2015, we had cash and cash equivalents of \$24.1 million, including \$0.3 million of cash held in a restricted account as part of the arrangements relating to the lease of our property in Eysins, Switzerland.

Our future capital requirements will depend on many factors, including:

- our progress in developing and commercializing MosaiQ™ and the cost required to complete development, obtain regulatory approvals and complete our manufacturing scale up;
- Ortho's progress in commercializing MosaiQ™ for the patient testing market;
- our ability to manufacture and sell our conventional reagent products, including the costs and timing of further expansion of our sales and marketing efforts;
- our ability to collect our accounts receivable;
- our ability to generate cash from operations;
- any acquisition of businesses or technologies that we may undertake; and
- our ability to penetrate our existing market and new markets.

Contractual Obligations

Our contractual obligations and commitments were summarized in our Annual Report on Form 10-K for the year ended March 31, 2015.

On August 3, 2015, we entered into an amended agreement with MidCap Financial Trust to expand our existing secured term loan facility from \$15.0 million to \$30.0 million. Unless repaid sooner, as at December 31, 2015, the aggregate amount that will become due under the amended agreement with MidCap, inclusive of interest, is \$37.5 million, with \$2.6 million due in less than one year, \$25.4 million due in one to three years and \$9.5 million due in three to five years.

On November 25, 2015, we entered into a contract for the purchase of land at Biocampus, Scotland with deferred payment terms. The land is to be used for the construction of a new manufacturing facility for our conventional reagents business. The aggregate amount payable under the terms of this agreement, inclusive of interest, is £1.1 million (or \$1.6 million at December 31, 2015 exchange rates) due on the earlier of November 25, 2017 or the date of completion of the manufacturing facility.

On December 3, 2015, we entered into a contract for the construction of a new manufacturing facility for our conventional reagents business to be built on the Biocampus site in Scotland. The estimated construction cost is £15.2 million (or \$22.5 million at December 31, 2015 exchange rates) payable monthly in line with the construction work performed. The expected completion date of the construction is in July 2017.

Other than the items described in the preceding three paragraphs, there were no major changes in the nature of our contractual obligations and commitments between March 31, 2015 and December 31, 2015.

Critical Accounting Policies and Significant Judgments and Estimates

We have prepared our condensed consolidated financial statements in accordance with U.S. GAAP. Our preparation of these consolidated financial statements requires us to make estimates, assumptions and judgments that affect the reported amounts of assets, liabilities, expenses and related disclosures at the date of the consolidated financial statements, as well as revenue and expenses during the reporting periods. We evaluate our estimates and judgments on an ongoing basis. We base our estimates on historical experience and on various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results could therefore differ materially from these estimates under different assumptions or conditions.

While our significant accounting policies are described in more detail in Note 2 to our condensed consolidated financial statements included in this Quarterly Report, we believe the following accounting policies to be critical to the judgments and estimates used in the preparation of our financial statements.

Revenue recognition and accounts receivable

Revenue is recognized in accordance with Accounting Standards Codification, or ASC, Topic No. 605, "Revenue Recognition," when the following four basic criteria have been met: (1) persuasive evidence of an arrangement exists; (2) delivery has occurred or services are rendered; (3) the fee is fixed or determinable; and (4) collectability is reasonably assured. For product sales, the application of this policy results in sales revenue being recorded at the point of delivery of product to the customer.

We also earn revenue from the provision of development services to a small number of OEM customers. These development service contracts are reviewed individually to ensure that our revenue recognition is in accordance with applicable accounting standards, including ASC Topic No. 605. In recent years, our product development revenues have been commensurate with achieving milestones specified in the respective development agreements relating to those products. These milestones may include the approval of new products by the European or U.S. regulatory authorities, which are not within our control. While there can be no assurance that we will earn product development revenues when milestones are achieved, the nature of the milestones have been such that they effectively represent full completion of a particular part of a development program. As a result, we typically fully recognize milestone-related revenues as the milestones are achieved in accordance with applicable accounting standards.

Under certain development contracts, we also manufacture and supply the customer with finished products once it has been approved for use by relevant regulatory agencies. These agreements reflect both arrangements for product development and the sales prices and other contractual terms for subsequent supply of the product to the customer. Under these development contracts, we view the development service revenue as distinct from subsequent product sales revenue, and we recognize each separately as described above.

Accounts receivable consist primarily of amounts due from OEM customers, hospitals, donor testing laboratories, and distributors. Accounts receivable are reported net of an allowance for uncollectible accounts, which we also refer to as doubtful accounts. The allowance for doubtful accounts represents a reserve for estimated losses resulting from our inability to collect amounts due from our customers. Direct sales, where we may make many low value sales to a large number of customers, represents a larger risk of doubtful accounts, as opposed to OEM customer sales consisting primarily of a small number of well established businesses with whom we have a long trading history. The collectability of our trade receivables balances is regularly evaluated based on a combination of factors such as the ageing profile of our receivables, past history with our customers, changes in customer payment patterns, customer credit-worthiness and any other relevant factors. Based on these assessments, we adjust the reserve for doubtful accounts recorded in our financial statements.

Inventories

We record inventories at the lower of cost (first-in, first-out basis) or market (net realizable value), net of reserves. We record adjustments to inventory based upon historic usage, expected future demand and shelf life of the products held in inventory. We also calculate our inventory value based on the standard cost of each product. This approach requires us to analyze variances arising in the production process to determine whether they reflect part of the normal cost of production, and should therefore be reflected as inventory value, or whether they are a period cost and should thus not be included in inventory.

Intangible assets

The intangible assets included in our financial statements include intangible assets identified as at the time of the acquisition of the business of Alba Bioscience on August 31, 2007. At the time of this acquisition, we identified intangible assets related to customer relationships, master cell lines and certain other items, which include domain names and product trademarks. The customer relationships have been amortized over a five-year period, which resulted in them becoming fully amortized at August 31, 2012. The other items were amortized over a seven-year period from August 31, 2007, which resulted in them becoming fully amortized at August 31, 2014.

The intangible assets related to master cell lines reflect the know-how and market recognition associated with the cell lines, which are used as the source material of certain of our products. These cell lines are maintained by us and have an indefinite life. We have nevertheless decided to amortize the intangible assets over a forty-year period to reflect the possibility of market changes or other events resulting in the lines becoming technically obsolete at some future date. In the event that any of the lines cease to be used, we would record additional amortization at that point.

We also include in intangible assets the costs of obtaining product licenses for our products. These include external costs such as regulatory agency fees associated with the approval and bringing to market of our products once the development is complete. We amortize these over an expected product life of eight years, although if any such product ceased to be produced, we would record additional amortization at that point.

Income taxes

We account for income taxes under the asset and liability method, which requires, among other things, that deferred income taxes be provided for temporary differences between the tax basis of our assets and liabilities and their financial statement reported amounts. In addition, deferred tax assets are recorded for the future benefit of utilizing NOLs and research and development credit carry forwards. A valuation allowance is established when necessary to reduce deferred tax assets to the amount expected to be realized.

We follow the accounting guidance for uncertainties in income taxes, which prescribes a recognition threshold and measurement process for recording uncertain tax positions taken, or expected to be taken, in a tax return in the financial statements. Additionally, the guidance also prescribes the de-recognition, classification, accounting in interim periods and disclosure requirements for uncertain tax positions. We accrue for the estimated amount of taxes for uncertain tax positions if it is more likely than not that we would be required to pay such additional taxes. An uncertain tax position will not be recognized if it has less than a 50% likelihood of being sustained. We did not have any accrued interest or penalties associated with any unrecognized tax positions, and there were no such interest or penalties recognized during the nine month period ended December 31, 2015 or the years ended March 31, 2015, 2014 or 2013.

Stock compensation expense

Stock compensation expense is measured at the grant date based on the fair value of the award and is recognized as an expense in the income statement over the vesting period of the award. The calculation of the stock compensation expense is sensitive to the fair value of the underlying ordinary shares. Details of the assumptions used to value the various types of awards are set out in the notes to the condensed consolidated financial statements included in this Quarterly Report.

Off-Balance Sheet Arrangements

We do not have any relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities, which would have been established for the purpose of facilitating off-balance sheet arrangements or for any other contractually narrow or limited purpose.

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2014-09, “Revenue from Contracts with Customers.” The new guidance sets forth a new five-step revenue recognition model which replaces the prior revenue recognition guidance in its entirety and is intended to eliminate numerous industry-specific pieces of revenue recognition guidance that have historically existed in U.S. GAAP. The underlying principle of the new standard is that a business or other organization will recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects what it expects in exchange for the goods or services. The standard also requires more detailed disclosures and provides additional guidance for transactions that were not addressed completely in the prior accounting guidance. This ASU provides alternative methods of initial adoption and is effective for annual periods beginning after December 15, 2016 and interim periods within those annual periods. Early adoption is not permitted. We are currently evaluating the impact that this standard will have on our condensed consolidated financial statements.

We have considered other recent accounting pronouncements and determined that they are either not applicable to our business or that no material effect is expected on the consolidated financial statements as a result of future adoption.

JOBS Act

Under the Jumpstart Our Business Startups Act of 2012, emerging growth companies that become public can delay adopting new or revised accounting standards until such time as those standards apply to private companies. We have irrevocably elected not to avail ourselves of this exemption from new or revised accounting standards and, therefore, we will be subject to the same new or revised accounting standards as other public companies that are not emerging growth companies.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to market risks in the ordinary course of our business. These market risks are principally limited to interest rate fluctuations and foreign currency exchange rate fluctuations.

Interest rate sensitivity

We are exposed to market risk related to changes in interest rates as it impacts our interest income and expense.

Cash and cash equivalents. At December 31, 2015, we had cash and cash equivalents of \$24.1 million. Our exposure to market risk includes interest income sensitivity, which is impacted by changes in the general level of U.S. and European interest rates. Our cash and cash equivalents are held in interest-bearing savings accounts and bank accounts. We do not enter into investments for trading or speculative purposes. Due to the current levels of interest rates, we do not believe an immediate one percentage point change in interest rates would have a material effect on the fair market value of our holdings, and therefore we do not expect our operating results or cash flows to be significantly affected by changes in market interest rates.

Term loan facility. We currently have term debt of \$30.0 million drawn under a term loan facility with MidCap Financial LLC. The term loan carries a variable interest rate of 6.7% above LIBOR, with a LIBOR floor of 2.00%. If there is a rise in LIBOR interest rates above 2.00%, our debt service obligation would increase even though the amount borrowed remained the same, which would affect our results of operations, financial condition and liquidity. Assuming no change in our debt obligations from the amount drawn down under the term loan, a hypothetical one percentage point change in underlying variable rates would not currently change our annual interest expense and cash flow from operations.

Foreign currency exchange risk

The main currencies that we use for our trading operations are the U.S. Dollar, the Pound Sterling, the Swiss Franc and to a lesser extent, the Euro. Our meaningful cash balances are held in a mixture of U.S. Dollars, Euros, Pounds Sterling and Swiss Francs. These cash balances may not be the same as the functional currencies of the Quotient entities in which they are held and as a result, exchange rate fluctuations may result in foreign exchange gains and losses on our income statement.

We are subject to market risks arising from changes in foreign currency exchange rates between the U.S. Dollar and the Pound Sterling and the U.S. Dollar and the Swiss Franc. Accordingly, fluctuations in the U.S. Dollar versus Pounds Sterling and U.S. Dollar versus the Swiss Franc exchange rate give rise to exchange gains and losses. These gains and losses arise from the conversion of U.S. Dollars and Euros to Pounds Sterling and the retranslation of cash, accounts receivable, intercompany indebtedness and other asset and liability balances. Based on our assets and liabilities held in Pounds Sterling at December 31, 2015 we estimate that a 5% strengthening of the Pound Sterling against the U.S. Dollar would give rise to a gain of approximately \$1.0 million and a 5% weakening of the Pound Sterling against the U.S. Dollar would give rise to loss of approximately \$1.0 million. Based on our assets and liabilities held in Swiss Francs at December 31, 2015 we estimate that a 5% strengthening of the Swiss Franc against the U.S. Dollar would give rise to a gain of approximately \$0.8 million and a 5% weakening of the Swiss Franc against the U.S. Dollar would give rise to loss of approximately \$0.8 million.

A significant proportion of our revenues are earned in U.S. Dollars, but the costs of our conventional reagent manufacturing operations are payable mainly in Pounds Sterling. We therefore closely monitor the results of our UK operations to address this difference. During the year ended March 31, 2015, the net operating expenses arising in Pounds Sterling from our UK conventional reagent manufacturing operations amounted to \$13.8 million. This expenditure is offset by revenues arising in U.S. Dollars and other currencies. We have entered into forward contracts to hedge against the effects of fluctuations in the U.S. Dollar versus the Pounds Sterling exchange rate. The value of the hedges related to the results of fiscal year 2016 is \$4.2 million and, based on this, a hypothetical instantaneous 5% strengthening of the Pound Sterling against the U.S. Dollar would reduce our net income by \$0.5 million in the year ending March 31, 2016. Similarly, a hypothetical instantaneous 5% weakening of the Pound Sterling against the U.S. Dollar would increase group net income by \$0.5 million over the same period. Our UK operations also have exposure to fluctuations in the Euro versus Pounds Sterling exchange rate, but to a lesser extent.

We do not use financial instruments for trading or other speculative purposes.

Our management does not believe that inflation in past years has had a significant impact on our results from operations. In the event inflation affects our costs in the future, we will offset the effect of inflation and maintain appropriate margins through increased selling prices.

Item 4. Controls and Procedures

Evaluation of disclosure controls and procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) as of the end of the period covered by this Quarterly Report on Form 10-Q. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on such evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of December 31, 2015, our disclosure controls and procedures were effective to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms, and is accumulated and communicated to our management, including our Chief Executive and Chief Financial Officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Changes in internal control over financial reporting

There have been no changes to our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the period covered by this Quarterly Report on Form 10-Q that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

We are not currently a party to any pending legal proceedings that we believe could have a material adverse effect on our business or financial condition. However, we may be subject to various claims and legal actions arising in the ordinary course of business from time to time.

Item 1A. Risk Factors

There have been no material changes in the risk factors described in Item 1A. "Risk Factors" of our Annual Report on Form 10-K for the year ended March 31, 2015.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Unregistered Sales of Equity Securities

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

See the Exhibit Index on the page immediately preceding the exhibits for a list of exhibits filed as part of this Quarterly Report, which Exhibit Index is incorporated herein by this reference.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

QUOTIENT LIMITED

Date: February 10, 2016

/s/ Paul Cowan

Paul Cowan

Chief Executive Officer and Chairman of the Board of Directors

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
10.1	Construction contract dated December 3, 2015 between Quotient Biocampus Limited and MW High Tech Projects UK Limited relating to the design, construction and fit out of Phase One of a Life Sciences Production Facility at Gowkley Moss, Penicuik, Midlothian, Scotland.
31.1	Certification of Paul Cowan, Chairman and Chief Executive pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Stephen Unger, Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of Paul Cowan, Chairman and Chief Executive pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of Stephen Unger, Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101*	<p>The following financial statements from the Company's Quarterly Report on Form 10-Q for the quarter ended December 31, 2015, formatted in XBRL (eXtensible Business Reporting Language): (i) Condensed Consolidated Balance Sheets (unaudited), (ii) Condensed Consolidated Statements of Comprehensive Loss (unaudited), (iii) Condensed Consolidated Statements of Redeemable Convertible Preference Shares and Changes in Shareholders' Deficit (unaudited), (iv) Condensed Consolidated Statements of Cash Flows (unaudited) and (v) Notes to Condensed Consolidated Financial Statements, tagged as blocks of text and including detailed tags.</p> <p>* XBRL information is furnished and not filed for purposes of Section 11 and 12 of the Securities Act of 1933 and Section 18 of the Securities Exchange Act of 1934, and is not subject to liability under those sections, is not part of any registration statement, prospectus or other document to which it relates and is not incorporated or deemed to be incorporated by reference into any registration statement, prospectus or other document.</p>



DATED

2015

(1) QUOTIENT BIOCAMPUS LIMITED (the Employer)

AND

(2) MW HIGH TECH PROJECTS UK LIMITED (the Contractor)

AGREEMENT

relating to the Phase One Life Sciences Production
Facility

Articles of Agreement

This Agreement is made the _____ 2015

Between

The Employer Quotient Biocampus Limited

(Company No. SC514165)(1)

of/whose registered office is at Douglas Building, Pentlands Science Park, Midlothian, EH260PL

And

The Contractor MW High Tech Projects UK Limited

(Company No. 51 79071)(1)

of/whose registered office is at c/o Burges Salmon, 10th Floor, 6 New Street Square, London, EC4A 3BF

For the purpose of these Contract Documents the term Conditions means the JCT Design and Build Contract 2011 which is incorporated by reference.

- [1] Where the Employer or Contractor is neither a company incorporated under the Companies Acts nor a company registered under the laws of another country, delete the references to Company number and registered office. In the case of a company incorporated outside England and Wales, particulars of its place of Incorporation should be inserted immediately before its Company number. As to execution by foreign companies and matters of jurisdiction, see the Design and Build Contract Guide.

Recitals

Whereas

- First** the Employer wishes to have the design and construction of the following work carried out^[2]:
Design, construction and fit out of Phase One Life Sciences Production Facility

at Plot 3, Bio Campus, Bush Lane, Gowkley Moss, Penicuik, Midlothian, EH26. OPZ

('the Works')

and the Employer has supplied to the Contractor documents showing and describing or otherwise stating his requirements ('the Employer's Requirements');

Second in response to the Employer's Requirements the Contractor has supplied to the Employer:

 - documents showing and describing the Contractor's proposals for the design and construction of the Works (the Contractor's Proposals); and
 - an analysis of the Contract Sum ('the Contract Sum Analysis');

Third the Employer has examined the Contractor's Proposals and, subject to the Conditions, is satisfied that they appear to meet the Employer's Requirements^[3];

Fourth for the purposes of the Construction Industry Scheme (CIS) under the Finance Act 2004, the status of the Employer is, as at the Base Date, that stated in the Contract Particulars;

Fifth the division of the Works into Sections is shown in the Employer's Requirements or in such other documents as are identified in the Contract Particulars^[4];

Sixth where so stated in the Contract Particulars, this Contract is supplemented by the Framework Agreement identified in those particulars;

Seventh the Supplemental Provisions identified in the Contract Particulars apply;

[2] State nature and location of intended works.

[3] Where the Employer has accepted a divergence from his requirements in the proposals submitted by the Contractor, the divergence should be removed by amending the Employer's Requirements before the Contract is executed.

[4] Delete the Fifth Recital if the Works are not divided into Sections.

Articles

Now it is hereby agreed as follows

Article 1: Contractor's obligations

The Contractor shall complete the design for the Works and carry out and complete the construction of the Works in accordance with the Contract Documents.

Article 2: Contract Sum

The Employer shall pay the Contractor at the time and in the manner specified in the Conditions the sum of the Prime Cost, the Management Fee and any other amounts due to the Contractor from the Employer in accordance with the Conditions

The Contractor has prepared budget estimate for the Works in the VAT-exclusive sum of:

£15,216,504.23 ('the Contract Sum')

Article 3: Employer's Agent

For the purposes of this Contract the Employer's Agent is

Gordon Robb

of

Quotient Biocampus Limited

or such other person as the Employer shall nominate in his place. Save to the extent that the Employer may otherwise specify by notice to the Contractor, the Employer's Agent shall have full authority to receive and issue applications, consents, instructions, notices, requests or statements and otherwise to act for the Employer under any of the Conditions.

Article 4: Employer's Requirements and Contractor's Proposals

The Employer's Requirements, the Contractor's Proposals and the Contract Sum Analysis are those referred to in the Contract Particulars.

Article 5: CDM Co-ordinator

The CDM Co-ordinator for the purposes of the CDM Regulations is the Contractor

(or)^[5] Ged Gowans

of Thomson Gray Limited, 5 Thistle Street, Edinburgh, EH2 1DF

^[6] Insert the name of the CDM Co-ordinator only where the Contractor is not to fulfil that role, and that of the Principal Contractor only if that is to be a person other than the Contractor. If the project is not notifiable under the CDM Regulations 2007 (i.e. a project which is not likely to involve more than 30 days, or 500 person days, of construction work or which is being carried out for a homeowner as a purely domestic project), delete Articles 5 and 6 in their entirety.

or, if he ceases to be the CDM Co-ordinator, such other person as the Employer shall appoint pursuant to regulation 14(3) of those regulations.

or, if he ceases to be the Principal Contractor, such other contractor as the Employer shall appoint pursuant to regulation 14(3) of the CDM Regulations and/or regulation 4 of the SWMP Regulations.

Article 7: Adjudication

If any dispute or difference arises under this Contract, either Party may refer it to adjudication in accordance with clause 9.2[6].

Article 8: Arbitration

Where Article 8 applies[7], then, subject to Article 7 and the exceptions set out below, any dispute or difference between the Parties of any kind whatsoever arising out of or in connection with this Contract shall be referred to arbitration in accordance with clauses 9.3 to 9.8 and the JCT 2011 edition of the Construction Industry Model Arbitration Rules (CIMAR). The exceptions to this Article 8 are:

- any disputes or differences arising under or in respect of the Construction Industry Scheme or VAT, to the extent that legislation provides another method of resolving such disputes or differences; and
- any disputes or differences in connection with the enforcement of any decision of an Adjudicator.

Article 9: Legal proceedings[7]

Subject to Article 7 and (where it applies) to Article 8, the English courts shall have jurisdiction over any dispute or difference between the Parties which arises out of or in connection with this Contract.

Article 10: Schedule of Amendments

The Articles of Agreement, Recitals, Contract Particulars, Conditions and Schedules shall have effect as modified and amended by Amendment 1A and shall be construed accordingly”

[6] As to adjudication in cases where the Employer is a residential occupier within the meaning of section 106 of the Housing Grants, construction and Regeneration Act 1996, see the Design and Build contract Guide.

[7] If it is intended, subject to the right of adjudication and exceptions slated in Article 8, that disputes or differences should be determined by arbitration and not by legal proceedings, the contract Particulars **must** state that Article 8 and clauses 9.3 to 9.8 apply and the words “do not apply” **must** be deleted. If the Parties wish any dispute or difference to be determined by the courts of another jurisdiction the appropriate amendment should be made to Article 9 (see also clause 1.10 and Schedule 5 Parts 1 and 2).

Contract Particulars

Note: An asterisk * indicates where selection has been or should have been made.

Part 1: General

Clause etc.	Subject	
Fourth Recital and clause 4-5	Construction Industry Scheme (CIS)	* Employer at the Base Date is not a 'contractor' for the purposes of the CIS
Fifth Recital	Description of Sections (if any) (If not shown or described in the Employer's Requirements, state the reference numbers and dates or other identifiers of documents in which they are shown).[8]	
Sixth Recital	Framework Agreement (if applicable) (State date, title and parties.)	
Seventh Recital and Part 1 of Schedule 2	Supplemental Provisions – Part 1 (Where neither entry against an item below is deleted, the relevant paragraph <u>does not</u> apply.)	
	Site	* Paragraph 1 does not apply
	Named Sub-Contractors	* Paragraph 2 does not apply
	Bills of Quantities	* Paragraph 3 does not apply
	Valuation of Changes – Contractor's estimates	* Paragraph 4 does not apply
	Loss and expense – Contractor's estimates	* Paragraph 5 does not apply

[8] If the relevant document or set of documents takes the form of an Annex to this contract, it is sufficient to refer to that Annex.

Seventh Recital and Part 2 of
Schedule 2

Supplemental Provisions – Part 2 (Where neither entry against an item below
is deleted, the relevant paragraph applies.)

Acceleration Quotation

* Paragraph 6
does not apply

Collaborative working

* Paragraph 7
applies

Health and safety

* Paragraph 8
applies

Cost savings and value improvements

* Paragraph 9
applies

Sustainable development and environmental considerations

* Paragraph 10
does not apply

Performance Indicators and monitoring

* Paragraph 11
does not apply

Notification and negotiation of disputes

* Paragraph 12
applies

Where paragraph 12 applies, the respective nominees of the Parties are

Employer's nominee

Gordon Robb

Contractor's nominee

David Amos

or such replacement as each Party may
notify to the other from time to time

Article 4

Employer's Requirements (State reference numbers and
dates or other identifiers of documents in which these are contained.)^[8]

As listed in Appendix 1

Article 4

Contractor's Proposals (State reference numbers and dates
or other identifiers of documents in which these are contained.)^[8]

As listed in Appendix 2

Article 4

Contract Sum Analysis

As listed in Appendix 3

(State reference numbers and dates or other identifiers of documents in which this is contained.)^[8]

Article 8	Arbitration (If neither entry is deleted, Article 8 and clauses 9:3 to 9:8 do not apply. If disputes and differences are to be determined by arbitration and not by legal proceedings, it <u>must</u> be stated that Article 8 and clauses 9:3 to 9:8 apply.) ^[9]	* Article 8 and clauses 9:3 to 9:8 (Arbitration) apply
1-1	Base Date	<u>June 2015</u>
1-1	CDM Planning Period ^[10]	shall mean the period of <u>4</u> Weeks * ending on the Date of Possession <u>20</u>
1-1	Date for Completion of the Works (where completion by Sections does not apply) Sections: Dates for Completion of Sections ^[11]	<u>25th August 2017</u>
1-7	Addresses for service of notices by the Parties (If none is stated, the address in each case, subject to clause 1:7:3, shall be that shown at the commencement of the Agreement.) ^[12]	Employer: _____ Contractor <u>M+W Group A2</u> <u>Methuen South, Bath Road,</u> <u>Chippenham, Wiltshire, SN14</u> <u>0GT</u>
2-3	Date of Possession of the site (where possession by Sections does not apply) Sections: Dates of Possession of Sections ^[11]	<u>4th January 2016</u>

^[8] If the relevant document or set of documents takes the form of an Annex to this contract, it is sufficient to refer to that Annex.

^[9] On factors to be taken into account by the Parties in considering whether disputes are to be determined by arbitration or by legal proceedings, see the Design and Build contract Guide, see also footnote [7].

^[10] Under the CDM Regulations 2007 every client is expressly required to allocate sufficient time (the CDM Planning Period) prior to the commencement of construction to enable contractors and others to carry out necessary CDM planning and preparation. There may be cases where that planning and preparation needs to be completed earlier than the Date of Possession and adaptation of the entries may be needed where there are sections.

^[11] Continue on further sheets if necessary, which should be signed or initialled by or on behalf of each Party and then be annexed to this contract.

^[12] As to service of notices etc, outside the United Kingdom, see the Design and Build Contract Guide.

2-4	Deferment of possession of the site (where possession by Sections does not apply)	* Clause 2-4 applies Maximum period of deferment (if less than 6 weeks) is <u>6 weeks</u>
	Sections: deferment of possession of Sections	* Clause 2-4 does not apply Maximum period of deferment (if less than 6 weeks) is ^[11] Section _____ : Section _____ : Section _____ :
2-17-3	Limit of Contractor's liability for loss of use etc. (if any)	<u>£NIL</u>
2-29-2	Liquidated damages (where completion by Sections does not apply) Sections: rate of liquidated damages for each Section ^[11]	at the rate of <u>£ NIL per week</u>
2-34	Sections: Section Sums ^[11]	
2-35	Rectification Period (where completion by Sections does not apply) (If no other period is stated, the period is 6 months.) Section: Rectification Periods ^[11] (If no other period is stated, the period is 6 months.)	<u>Twelve (12) months</u> from the date of practical completion of the Works

^[11] Continue on further sheets if necessary, which should be signed or initialled by or on behalf of each Party and then be annexed to this contract.

4-6	<p>Advance payment (Not applicable where the Employer is a Local Authority.)</p>	<p>* Clause 4.6 does not apply</p> <p>If applicable: the advance payment will be^[13] £ _____ per cent of the Contract Sum and will be paid to the Contractor on</p> <p>it will be reimbursed to the Employer in the following amount(s) and at the following time(s)</p>
4-6	<p>Advance Payment Bond (Not applicable where the Employer is a Local Authority) (Where an advance payment is to be made, an advance payment bond is required unless stated that it is not required.)</p>	<p>* An advance payment bond is not required</p>

[13] Insert either a monetary amount or a percentage figure, delete the alternative and complete the other required details.
[14] Delete whichever Alternative is not applicable. Where Interim Payments are to be made by stages (including by quantity of units and sub-units completed) make the appropriate entries or prepare and insert a separate schedule of cumulative stage values.
[8] If the relevant document or set of documents takes the form of an Annex to this Contract, it is sufficient to refer to that Annex.

4.15.4	Listed Items-uniquely identified (Delete the entry if no bond is required.)	
4.15.5	Listed Items-not uniquely identified (Delete the entry if clause 4.15.5 does not apply.)	
4.17	Contractor's Retention Bond (Not applicable where the Employer is a Local Authority) (Not applicable unless stated to apply and relevant particulars are given below)	* Clause 4.17 applies If clause 4.17 applies, the maximum aggregate sum for the purposes of clause 2 of the bond is <u>to the value of 3% of the Contact Sum.</u>
4.18.1	Retention Percentage (The percentage is 3 per cent unless a different rate is stated; if no retention is required, insert 'Nil' or 'O'.)	<u>NIL-See 4.17 above</u>

[15] Cumulative value of final stage must be equal to the Contract Sum.

[16] The first date should not be more than one month after the Date of Possession. Where it is intended that interim Applications be made on the last day of each month, the entry may be completed/amended to read "the last day of (insert month) and thereafter the last day in each month or the nearest Business Day in that month." After practical completion, clause 4.8.3 provides for intervals of 2 months (or such other period as the Parties agree) between Interim Applications.

5.5	Daywork	
6.4.1.2	Contractor's insurance: injury to persons or property - insurance cover (for any one occurrence or series of occurrences arising out of one event)	<u>£5,000,000.00</u>
6.5.1	Insurance - liability of Employer	
6.7 and Schedule 3	Insurance of the Works - insurance Options ^[17] ^[20]	Schedule 3: * Insurance Option A applies/

[17] Delete all but one.

[18] The Part to be deleted depends upon which method of formula adjustment (Part 1 - Work Category Method or Part II - Work Group Method) is applicable.

[8] If the relevant document or set of documents takes the form of an Annex to this contract, it is sufficient to refer to that Annex.

[19] Insert an amount where it is stated in the Employer's Requirements that insurance under clause 6.5.1 is required. If the indemnity is to be for an aggregate amount and not for any one occurrence the entry should be amended to make this clear.

[20] Obtaining Terrorism Cover, which is necessary in order to comply with the requirements of Insurance Option A, B or C, will involve an additional premium and may in certain situations be difficult to effect. Where a difficulty arises discussion should take place between the Parties and their insurance advisers. See the Design and Build Contract Guide.

6.7 and Schedule 3 Insurance Option A (paragraphs A.1 and A.3), B (paragraph B.1) or C (paragraph C.2)	Percentage to cover professional fees (If no other percentage is stated, it shall be 15 per cent.)	<u>15 per cent</u>
6.7 and Schedule 3 Insurance Option A (paragraph A.3)	Annual renewal date of insurance (as supplied by the Contractor)	<u>31st December 2016</u>
6.12	Professional Indemnity insurance Level of cover (If an alternative is not selected the amount shall be the aggregate amount for any one period of insurance. A period of insurance for these purposes shall be one year unless otherwise stated.)	* Amount of indemnity required * is the aggregate amount for any one period of insurance
	(If no amount is stated, insurance under clause 6.12 shall not be required.)	and is <u>£ 5,000,000.000</u>
	Cover for pollution and contamination claims (If no amount is stated, such cover shall not be required; unless otherwise stated, the required limit of indemnity is an annual aggregate amount.)	* is not required
	Expiry of required period of Professional Indemnity insurance is (If no period is selected, the expiry date shall be 6 years from the date of practical completion of the Works.)	* 12 years/ * _____
6.14	Joint Fire Code If the Joint Fire Code applies, state whether the insurer under Schedule 3, Insurance Option A, B or C (paragraph C. 2) has specified that the Works are a 'Large Project':	* The Joint Fire Code applies ^[21] * Yes ^[21]
6.17	Joint Fire Code - amendments/revisions (The cost shall be borne by the Contractor unless otherwise stated.)	* The cost, if any, of compliance with amendment(s) or revision(s) to the Joint Fire Code shall be borne by the Employer/the Contractor

^[21] Where Insurance Option A applies these entries are made on information supplied by the Contractor.

7.2	Assignment/grant by Employer of rights under clause 7.2 (If neither entry is deleted, clause 7.2 applies.)	* Clause 7.2 applies
	Sections: rights under clause 7.2 (If clause 7.2 applies, amend the entry if rights under that clause are to apply to certain Sections only.)	* Rights under clause 7.2 apply to each Section
8.9.2	Period of suspension (If none is stated, the period is 2 months.)	<u>2 months</u>
8.11.1.1 to 8.11.1.6	Period of suspension (If none is stated, the period is 2 months.)	<u>2 months</u>
9.2.1	Adjudication ^[22]	The Adjudicator is
	Nominating body – where no Adjudicator is named or where the named Adjudicator is unwilling or unable to act (whenever that is established) ^[23] (Where an Adjudicator is not named and a nominating body has not been selected, the nominating body shall be one of the bodies listed opposite selected by the Party requiring the reference to adjudication.)	* The Royal Institution of Chartered Surveyors
9.4.1	Arbitration ^[26] – appointor of Arbitrator (and of any replacement) ^[27] (If no appointor is selected, the appointor shall be the President or a Vice-President of the Royal Institute of British Architects.)	President or a Vice-President: * The Royal Institution of Chartered Surveyors

-
- [22] The Parties should either name the Adjudicator and select the nominating body or, alternatively, select only the nominating body. The Adjudication Agreement (Adj) and the Adjudication Agreement (Named Adjudicator) (Adj/N) have been prepared by JCT for use when appointing an Adjudicator.
- [23] Delete all be one of the nominating bodies asterisked.
- [24] constructionadjudicators.com is a trading name of Contractors Legal Grp Ltd.
- [25] Association of Independent Construction Adjudicators acts as an agent of and is controlled by the National Specialist Contractor's Council for the purposes of the nomination of adjudicators.
- [26] This only applies where the contract Particulars state (against the reference to Article 8) that Article 8 and clauses 9.3 to 9.8 (Arbitration) apply.
- [27] Delete all but one of the bodies asterisked.

Attestation

Note on Execution

This Agreement should be executed by both the Employer and the Contractor either under hand or as a deed. As to factors relevant to that choice, see the Design and Build Contract Guide.

Execution under hand

If this Agreement is to be executed under hand, use the form set out on the following page. Each Party or his authorised representative should sign where indicated in the presence of a witness who should then sign and set out his name and address.

Execution as a Deed

If this Agreement is to be executed as a deed, each Party should use the relevant form marked 'Execution as a Deed' in accordance with the notes provided.

Other forms of Attestation

In cases where the forms of attestation set out are not appropriate, e.g. in the case of certain housing associations and partnerships or if a Party wishes an attorney to execute this Agreement on his behalf, the appropriate form(s) may be inserted in the vacant space opposite and/or below.

Notes on Execution as a Deed

- 1 For the purposes of execution as a deed, two forms are provided for execution, one for the Employer and the other for the Contractor. Each form provides four methods of execution, **(A)** to **(D)**, for use as appropriate. The full name of the Employer or Contractor (whether an individual, a company or other body) should be inserted where indicated at the commencement of the relevant form. This applies irrespective of the method used.
- 2 For public and private companies incorporated and registered under the Companies Acts, the three principal methods of execution as a deed are:
- (A) through signature by a Director and the Company Secretary or by two Directors;
 - (B) by affixing the company's common seal in the presence of a Director and the Company Secretary or of two Directors or other duly authorised officers; or
 - (C) signature by a single Director in the presence of a witness who attests the signature.
- Methods **(A)** and **(C)** are available to public and private companies whether or not they have a common seal. (Method **(C)** was introduced by section 44(2)(b) of the Companies Act 2006.) Methods **(A)** and **(C)** are not available under companies legislation to local authorities or to certain other bodies corporate, e.g. bodies incorporated by letters patent or private Act of Parliament that are not registered under companies legislation and such bodies may only use method **(B)**.
- 3 Where method **(A)** is being used, delete the inappropriate words and insert in the spaces indicated the names of the two Directors, or of the Director and the Company Secretary, who are to sign.
- 4 If method **(B)** (affixing the common seal) is adopted in cases where either or both the authorised officers attesting its affixation are not themselves a Director or the Company Secretary, their respective office(s) should be substituted for the reference(s) to Director and/or to Company Secretary/Director. (In the case of execution by bodies that are not companies, the reference to "Company" under the second signature should be deleted where appropriate.)
- 5 Method **(C)** (execution by a single Director) has been introduced primarily, but not exclusively, for 'single officer' companies. The Director should sign where indicated in the presence of a witness who should then sign and set out his name and address.
- 6 Where the Employer or Contractor is an individual, he should use method **(D)** and sign where indicated in the presence of a witness who should then sign and set out his name and address.

Executed as a Deed by the Employer

namely ¹ **QUOTIENT BIOCAMPUS LIMITED**

(A) acting by a Director and the Company Secretary/two Directors **of the company**^{2,3}

(Print name of signatory) and _____
(Print name of signatory)

Signature Director Signature Company Secretary/Director

(B) by affixing hereto the common seal **of the company/other body corporate** ^{2, 4}

in the presence of

Signature Director

Signature Company Secretary/Director



[Common seal of company]

(C) by attested signature of a single Director **of the company** ^{2,5}

/s/ D.J.P.E. Cowan
Signature Director

in the presence of

Witness' signature /s/ Nele Wordsworth Bhebhe (Print name) Nele Wordsworth Bhebhe

Witness' address c/o No.2 LOCHRIN SQUARE, 96 Fountain bridge, Edinburgh, EH3 9QA

(D) by attested signature **of the individual** ⁶

Signature

in the presence of

Witness' signature _____ (print name) _____

Witness' address _____

Note: The numbers on this page refer to the numbered paragraphs in the Notes on Execution as a Deed.

Executed as a Deed by the Contractor

namely ¹ **MW HIGH TECH PROJECTS UK LIMITED**

(A) acting by a Director and the Company Secretary/two Directors of the company 2,3

SPENCER BABER
(Print name of signatory)

and

PAUL SYMONDS
(Print name of signatory)

By:/s/ SPENCER BABER
Signature Director

By:/s/ PAUL SYMONDS
Signature Director

Note: The numbers on this page refer to the numbered paragraphs in the Notes on Execution as a Deed.

M+W UK/Scientific Lesser Limited (SLL)

“Schedule of Amendments” to JCT Design and Build Contract 2011

APPENDIX A – Part 1 - DEFINITION OF PRIME COST

PRIME COST IS DEFINED AS INCLUDING:

1. All payments made to or in connection with all persons engaged full or part time upon the Works, including incentive payments, holiday stamps, bonus, general expenses, subsistence and travelling expenses, payments made in accordance with the current Staff Handbook, Employers' contribution to National Insurance and Government and Company Pension Scheme and any payroll tax, levy, contribution or payments which may be imposed and which shall be payable in respect of such persons.
2. The cost of materials and goods actually used in connection with the Works.
3. Payments due to Sub-contractors in accordance with the terms and conditions of their Sub-contract.
4. The cost of statutory fees and other specialist service fees.
5. Travelling and hotel accommodation and other expenses of all staff (salaried or otherwise) other than Executive Directors.
6. (a) The cost of insurance of plant and tools against fire.
(b) The cost of insurances and Bonds including SLL own defects liability insurance allowance.
(c) The stated amount for each and every claim resulting from the insurance clauses.
7. The cost of cartage, transport to and from Site, erection, site maintenance and dismantling of all plant, tools, fencing, scaffolding, huts, sheds, mess rooms, etcetera, together with the running costs, i.e. electricity, gas, petrol, oil, etcetera, of all mechanical plant.
8. The hire charge of mechanical and non mechanical plant at invoiced cost.
9. Site office expenses, including telephone charges and postage.
10. The cost of any tax, levy, contribution or payment or of any variation in tax legislation which may be imposed and which shall be payable in respect of the Works.
11. The cost of Design and Consultants costs incurred on the project.

INITIALS:

M+W/Scientific Lesser Limited (SLL)

“Schedule of Amendments” to JCT Design and Build Contract 2011

APPENDIX A – Part 1 - DEFINITION OF MANAGEMENT FEE

The Management Fee shall be a sum equal to 8% of the total of the Prime Cost, the Design Fee and any Additional Design Fee (excluding VAT). The Management Fee shall be deemed to include:

1. The Management, organisational, accounting and specialist services of Head Office Staff.
2. All charges for rent, rates, taxes, telephones, stationary, heating, lighting, cleaning and all other overhead expenditure relating to Head Office.
3. All expenses incurred by Executive Directors, including the cost of travelling and hotel accommodation.
4. Profit.

INITIALS:

SCHEDULE OF AMENDMENTS TO THE JCT DESIGN & BUILD CONTRACT (2011 Edition) BETWEEN MW HIGH TECH PROJECTS UK LIMITED AND QUOTIENT BIOCAMPUS LIMITED

RECITALS

Second Recital

In line 1, after “in response to” insert “(and having examined)” and in line 3, after “the Works”, insert “which proposals the Contractor is satisfied will, in all respects, meet the Employer’s Requirements”.

Third Recital

Delete the existing recital and substitute the following therefor:-

“The Contractor has examined the Employer’s Requirements and is satisfied that the Contractor’s Proposals are in conformity therewith and has also agreed to accept responsibility for any design contained in the Employer’s Requirements.”

ARTICLES

Article 1: Contractor’s obligations

Delete the existing Article and substitute the following instead:-

- “1.1 The Contractor shall design and carry out and complete the Works in accordance with, and the rights and duties of the Employer and the Contractor shall be regulated by, these Articles of Agreement together with the contract particulars forming part of this Agreement (the “Contract Particulars”) and the Schedule annexed hereto (the “Schedule”) including, without limitation, the Contract Documents as defined in the Conditions (as hereinafter defined) as such Conditions are amended by the Schedule of Amendments (“the Schedule of Amendments”) and listed in the Schedule Part 8 of the Conditions all of which Contract Documents are hereby incorporated in and form part of this Agreement. If there is any conflict or inconsistency between the Schedule of Amendments on the one hand, and the terms of any other items referred to in this Article 1 on the other hand, the terms of the Schedule of Amendments shall prevail and have effect in priority to the items referred to in this Article 1.
- 1.2 Notwithstanding the date or dates of execution of this Contract, the employment of the Contractor under this Contract shall be deemed to have commenced with effect from the date on which the Contractor began to perform his duties and comply with his obligations under this Contract.”

Article 2: Contract Sum

Delete the existing Article and substitute the following instead:-

“The Employer shall pay the Contractor at the times and in the manner specified in the Conditions the Prime Cost, the Management Fee and any direct loss and/or expense ascertained under clause 4.20 (the “Contract Sum”).”

Article 5: CDM Co-ordinator

Delete the existing Article and substitute the following instead:-

- “5.1 Prior to the CDM Date, the CDM Co-ordinator for the purposes of the CDM Regulations is Thomson Gray Limited, incorporated under the Companies Acts (Registered Number SC270835) and whose Registered Office is at Prospect House, 5 Thistle Street, Edinburgh, EH2 1DF or, if they cease to be the CDM Co-ordinator, such other person as the Employer shall appoint pursuant to those Regulations.
- 5.2 On and from the CDM Date, the Principal Designer for the purposes of the CDM Regulations shall be Thomson Gray Limited, incorporated under the Companies Acts (Registered Number SC270835) and whose Registered Office is at Prospect House, 5 Thistle Street, Edinburgh, EH2 1DF or such other person as the Employer shall

appoint pursuant to those Regulations or, if they cease to be the Principal Designer, such other person as the Employer shall appoint pursuant to those Regulations.”

Article 6: Principal Contractor

Delete the existing Article and substitute the following instead:-

The Principal Contractor for the purposes of the CDM Regulations is the Contractor or, if he ceases to be the Principal Contractor, such other contractor as the Employer shall appoint pursuant to those Regulations.”

CONTRACT PARTICULARS: PART 1

4.7 **Delete** all entries in respect of “*Method of Payment*” and “*Alternative A: Stage payments*” and delete the words “*Alternative B:*” from before the words “*Periodic Payments*”.

CONTRACT PARTICULARS: PART 2

Part 2: Third Party Rights and Collateral Warranties

This part of the Contract shall be deleted in its entirety and the following substituted instead:-

“[Number Not Used]”

CONDITIONS

Section 1 Definitions and Interpretation

Definitions

1.1 Amend the following definitions to read:

“**Conditions**” means the clauses set out in Sections 1 to 9 of these Conditions as amended and supplemented by the Schedule of Amendments.

“**Tenant**” means (i) the first party entering into an agreement for lease and/or lease of the whole of the Premises or each first party entering into an agreement for lease and/or lease of a substantial part of the Premises in the event that parts of the Premises are let to more than one party from the Employer where the Employer has purchased the Premises from the Owner in terms of the Agreement for Lease dated 25 November 2015; (ii) or the first party (other than the Employer) entering into an agreement for lease and/or lease of the whole of the Premises or each first party (other than the Employer) entering into an agreement for lease and/or lease of a substantial part of the Premises in the event that parts of the Premises are let to more than one party from the Owner in the event that the Employer does not purchase the Premises directly from the Owner as provided for in the Agreement for Lease dated 25 November 2015;

“**Third Party Agreement**” means (i) the Agreement for Lease entered into between the Owner and the Employer, dated 25 November 2015; and (ii) any agreements, contracts, licences or consents entered into with any Statutory Undertaker;

Delete the following definitions:-

“Funder”

“Funder Rights”

“Funder Rights Particulars”

“P & T Rights”

“P & T Rights Particulars”

“Purchaser”

“Tenant”

Interpretation

Headings, references to persons, legislation etc

1.4 **Delete** the text of sub-clause 1.4 and substitute the following instead:-

“1.4.1 *The Clause headings in this Contract are for convenience only and do not affect its interpretation.*

1.4.2 *Words importing the singular meaning shall, where the context so admits, include the plural meaning and vice-versa; words denoting the masculine gender shall include the feminine and neuter genders; words denoting natural persons shall include corporations and firms; and all such words shall be construed interchangeably in that manner.*

1.4.3 *Where the context so admits, references in this Contract to a Clause are to a Clause of this Contract; and references to a Schedule is to the Schedule to this Contract.*

1.4.4 *References in this Contract to any statute or statutory instrument shall include and refer to any statutory amendment or re-enactment thereof from time to time for the time being, including any legislation which re-enacts it, with or without modification.*

1.4.5 *The words “include”, “including” and similar expressions shall be construed without limitation.*

1.4.6 *If any term or provision of this Contract or the application thereof to any person or circumstance shall to any extent be invalid or unenforceable, the remainder of this Contract or the application of such term or provision to persons or circumstances other than those as to which it is invalid or unenforceable shall not be affected thereby and each term of provision of this Contract shall be valid and enforceable to the fullest extent permitted by law.*

1.4.7 *Where any clause or sub-clause is deleted and not replaced by other text, there shall be deemed to be added to such clause or sub-clause the words “number not used” and there shall be no consequential renumbering, unless stated to the contrary.*

1.4.8 *The words of this Contract shall bear their natural meaning. The parties have had the opportunity to take legal advice on this Contract and no terms shall be construed contra proferentem.”*

Contract (Rights of Third Parties) Act 1999

1.6 **Delete** the text of sub-clause 1.6 and substitute the following instead:-

“Except as provided for in clauses 7, 7A, 7B, 7C and/or 7D nothing in this Contract confers or is intended to confer any right to enforce any of its terms on any person who is not a party to it.”

Notices and other communications

1.7 **Delete** the text of sub-clause 1.7 and substitute the following instead:

“1.7.1.1 *All notices, certificates, valuations, orders or other written communications required to be served or sent under the terms of this Contract (“Notices”) shall require to be in writing. The addresses or numbers for service are those stated in the parties designations in this Contract, or such other address for service as may be notified in writing for time to time.*

1.7.1.2 *Unless otherwise specifically provided, all Notices shall require to be served or sent by hand delivery or by first class recorded delivery post or by fax or by email.*

1.7.1.3 *All Notices shall be sufficiently served if served by or on the parties’ solicitors, being:
for the Employer: DWF LLP, Dalmore House, 310 St Vincent Street, Glasgow G2 5QR; and
for the Contractor: Clarke Willmott LLP, 1 Georges Square, Bath Street, Bristol BS1 6BA.*

1.7.1.4 *All Notices sent in accordance with this Clause shall be deemed to have been validly served in accordance with this Contract:-*

1.7.1.4.1 *at the time of delivery (hand delivered);*

1.7.1.4.2 *on the second working day after posting (if posted); and*

1.7.1.4.3 *upon the fax transmission having been effected (if faxed) or completion of transmission of the email message (if emailed). For record purposes, however, any faxed or emailed Notice*

shall also be sent forthwith by first class recorded delivery post or hand delivery in each case, unless proved to the contrary.”

“**CDM Date**” means 5 October 2015, or such other earlier date upon which the Principal Designer is appointed.

“**CDM Regulations**” means the Construction (Design & Management) Regulations 2015 and the Code of Practice entitled “Managing Health and Safety in Construction” approved and issued by the Health & Safety Commission in connection with such Regulations as the same may have been, or may from time to time be, amended, modified or re-enacted.

“**Construction Phase Plan**” means the construction phase plan prepared by the Principal Contractor as required by the CDM Regulations, including all updates and revisions made or required by the CDM Regulations.

“**Contractor’s Documents**” means all documents (including the Contractor’s Design Documents), CAD materials, plans, designs, diagrams, technical data, models, bills of quantities, reports, calculations and other recorded information (and any designs contained in them), of any nature whatsoever, which have been or will be written, prepared and/or produced by or on behalf of the Contractor in connection with the design and/or construction of the Works.

Add the following new definitions:-

“**Design Duty of Care**” means the standard of reasonable skill, care and diligence to be expected from a properly qualified and competent design consultant of the relevant discipline who is experienced in designing works of a similar size, scope, purpose and complexity as the Works (and/or a relevant part or parts thereof as appropriate) to be exercised by the Contractor;

“**Environmental Protection Legislation**” means all laws, regulations, directives, publicly available codes of practice, circulars, guidance and notices concerning the protection of human health or the environment or the conditions of the workplace or the generation, transportation, storage, treatment or disposal of any radioactive emissions and any natural or artificial substance (whether in solid or liquid form or in the form of a gas or vapour and whether alone or in combination with any other substance) capable (in each case) of causing harm to man or any other organism or damaging the environment or public health or welfare, including (without limitation) any controlled, special, hazardous, toxic, radioactive or dangerous waste;

“**Force Majeure**” means any unpredictable occurrence which is beyond the responsibility and control of either the Contractor or the Employer, attributable either to the forces of nature or to other circumstances not confined in their effects wholly or principally to the Contractor or the Employer, the Site or the Works or to the obtaining of labour and/or materials required for the purposes of the Works;

“**Good Industry Practice**” means that degree of skill, care, prudence and foresight and operating practice or generally recognised industry or service standard as at the date or dates of execution of this Contract which:- (a) would reasonably and ordinarily be expected from time to time of a skilled and experienced contractor (engaged in the same type of undertaking as that of the Contractor) under the same or similar circumstances; or (b) (where there is no equivalent type of undertaking) would be expected from a prudent and experienced person in order to implement the specific task set out in this Contract;

“**Management Fee**” means the fee set out at Appendix B annexed at Part 1 of the Schedule;

“**Necessary Consents**” means all planning or listed building consents and building warrants which are required for the purposes of carrying out the Works;

“**Owner**” means Scottish Enterprise established under the Enterprise and New Towns (Scotland) Act 1990 and having their principal place of business at Atrium Court, 50 Waterloo Street, Glasgow;

“**Practical Completion**” means a stage of completeness of the Works or a Section in which there are no apparent deficiencies or defects in the Works or such Section, no incomplete items of work, the Site has been substantially cleared of all temporary buildings, builders’ plant and equipment, unused materials and rubbish and the design and construction of the Works has been carried out and completed in accordance with all applicable standards and requirements provided that where the Contract Documents and/or any Third Party Agreements expressly state that

the commissioning, testing and/or adjustment of any mechanical or electrical services installations forming part of the Works are to be completed before practical completion of the Works or any Section is to be regarded for the purposes of this Contract as achieved, then the Works or any such Section shall not be considered to have achieved practical completion for the purposes of this Contract until such commissioning testing and/or adjustment is completed as the Contract Documents and/or any Third Party Agreements require;

“**Premises**” means Plot 3, BioCampus, Roslin, Midlothian, EH26 OPZ upon which the Project is to be carried out;

“**Prime Cost**” means the fee set out at Appendix A annexed at Part 1 of the Schedule;

“**Principal Designer**” means, from the CDM Date, the party named in Article 5 or any successor appointed by the Employer;

“**Programme**” means a programme as agreed by the parties for the carrying out and completion of the Works in accordance with the terms of this Contract with provision for the orderly and efficient production of the design of the Works and completion of the Works by or before the Completion Date to be provided by the Contractor in accordance with Clause 2.8.2;

“**Project**” means the design, construction and fit out of Phase One Life Sciences I Productions Facility;

“**Purchaser**” means (i) the first party (other than the Employer) entering into an agreement with the Owner to purchase the Premises or each first purchaser (other than the Employer) of each substantial part or parts thereof in the event that parts of the Premises are sold to more than one party in the event that the Employer does not purchase the Premises directly from the Owner as provided for in the Agreement for Lease dated 25 November 2015; or (ii) the first party entering into an agreement with the Employer to purchase the Premises or each first purchaser of each substantial part or parts thereof in the event that parts of the Premises are sold to more than one party where the Employer has purchased the Premises from the Owner as provided for in the Agreement for Lease;

“**Purchaser’s Funder**” means the first party providing finance to each Purchaser;

“**Site**” means the land and property at Plot 3, BioCampus, Roslin, Midlothian upon which the Works are to be carried out and the extent of which is shown, for identification purposes only, edged red on the plan annexed at Part 2 of the Schedule;

“**Sub-Contract**” means the sub-contract of each Sub-Contractor;

“**Sub-Contractor**” means any sub-contractor with a material design or material build responsibility in respect of the Works;

Section 2: Carrying out the Works

Contractor’s Obligations

General Obligations

- 2.1.1 In the second line after “*manner*” insert “*following Good Industry Practice,*”
- 2.1.1 In the second line after “*Contract Documents*” insert “*, Necessary Consents,*”
- 2.1.1 At the end of clause 2.1.1, insert, “*The Contractor shall in carrying out the design for the Works exercise the skill and care to be expected of an appropriately qualified and competent design and build contractor experienced in carrying out works of the nature, scale and complexity to the Works.*”
- 2.1.3 In the first line after “*The contractor shall*” insert “*immediately*”.
- 2.1.5 **Insert** a new Clause 2.1.5 as follows:
 - “2.1.5.1 *Subject to the provisions of clause 3.7, the Contractor shall not undertake the Works or any part of the Works other than in compliance with the Employer’s Requirements and the Contractor’s Proposals without the prior written consent of the Employer.*

2.1.5.2 *If the Contractor undertakes the Works or any part thereof other than in compliance with Clause 2.1.5.1 it shall not be entitled to payment for such works done or in any entitlement to an extension of time or additional monies relating to those works."*

2.1.6 **Insert** new clause 2.1.6 as follows:-

"2.1.6.1 *The Contractor shall carry out and complete the Works in conformity with the Employer's obligations under any Third Party Agreement which the Employer shall have brought to the attention of the Contractor including any Third Party Agreement which the Employer shall bring to the attention of the Contractor from time to time and without infringing any right, reservation, covenant, restriction, stipulation or other encumbrance that is binding upon or affects the Site; and*

2.1.6.2 *Provided that the Employer has brought such Third Party Agreement to his attention, the Contractor undertakes to the Employer that he has performed and shall continue to perform his obligations under Contract in such a manner and at such times that no negligent act, omissions or default on the part of the Contractor or any of his professional consultants or their respective employees, agents or sub-contractors shall cause or contribute to any breach by the Employer of any of its obligations under any Third Party Agreement."*

2.1.7 **Insert** new clause 2.1.7 as follows:

"2.1.7 *Details of any Statutory Consents, consents or approvals already obtained by the Employer are given in the Employer's Requirements. The Contractor shall be responsible for obtaining all other Necessary Consents and to fulfil the following obligations including but not limited to discharging the planning conditions, obtaining any subsequent amendments to the planning permission and applying for the building control certificate/building warrants."*

Possession

Date of Possession — progress

2.3 **Renumber** the existing clause 2.3 as 2.3.1 and add the following after the word "*proceed with*" in line 3:-

"the same in accordance with the Works Programme"

2.3.2 **Add** the following new sub-clauses:-

"2.3.2.1 *The Contractor hereby confirms that prior to the commencement of construction on Site he has reviewed the Pre-Construction Information (as defined in the CDM Regulations) and is satisfied that it is both appropriate for the Contractor's proposed method of construction and sufficiently developed to enable construction work to proceed on Site in accordance with the requirements of the CDM Regulations. The Contractor shall, before construction work on Site is due to commence, develop the Construction Phase Plan so as to ensure that construction work can proceed on Site in accordance with the requirements of the CDM Regulations without there being any delay or disruption to the commencement and subsequent execution of the Works or a Section.*

2.3.2.2 *The Contractor shall use its best endeavours to keep the Site at all times safe and secure and shall ensure that only personnel authorised by the Contractor in connection with the due and proper execution of the Works or any part thereof or by the Employer gain access to or occupy the Site or any part thereof.*

2.3.2.3 *Whenever the Contractor completes any discrete part of the Works or a Section or upon Practical Completion of the Works or a Section he shall remove from the relevant area or part of the Site all surplus materials, all plant, equipment and other items belonging to the Contractor and leave the area in a neat and tidy condition."*

Add, as a new Clauses 2.3A and 2.3B, the following:

"Start of construction phase

2.3A *Notwithstanding clause 2.3 and without prejudice to any other obligation of the Contractor, the Contractor shall not start the "Construction Phase" (as defined in Regulation 2 of the CDM Regulations) in breach of Regulation 13 and 22 of the CDM Regulations.*

Delivery up of Site

- 2.3B *Upon termination of the Contractor's employment under this Contract, whether in accordance with clauses 8.4, 8.5, 8.6, 8.9, 8.10 or 8.11 or otherwise or upon termination of this Contract and whether or not any purported termination by the Employer is disputed by the Contractor, the Contractor shall immediately bring an end to the Works in an orderly manner and make safe the Site and the Works and shall forthwith deliver possession of them to the Employer within 14 days of termination. The Employer shall allow the Contractor a reasonable opportunity to return to the Site to collect its plant and equipment (subject to the provisions of clause 8.7)."*

Supply of Documents, Setting Out etc.

Contract Documents

- 2.7.2 **Delete** the words *"for the purposes of regulation 10"* and insert *"to be provided to the Contractor under regulation 4"*

Construction Information

- 2.8 Renumber the existing Clause 2.8 as 2.8.1 and add the following new clauses:-
- "2.8.2 *The Contractor shall, not less than 10 working days before the Date of Possession, provide to the Employer's Agent two copies of the Programme for the design and construction of the Works. Such programme should contain the following information:-*
- *sufficient detail for the design and construction of the Works;*
 - *well defined logic for the design and construction of the Works;*
 - *a critical path for the works (with zero float); and*
 - *be suitable as a tool for monitoring the design and construction of the Works.*
- 2.8.3 *The Contractor shall revise the Programme as appropriate from time to time if and within 5 working days after it becomes apparent that the progress of the Works is being delayed by any circumstances, or that a change of programme is necessary to avoid or minimise delay, the Contractor shall supply the Employer's Agent with two copies of a suitably revised programme.*
- 2.8.4 *Each month the Contractor shall report to the Employer in writing comparing the progress of the Works with the Programme current at that time, and promptly advise the Employer of any delay or disruption to the Works and agree measures with the Employer in respect of mitigation of any such delay or disruption of the Works."*

Site boundaries

- 2.9 Renumber the existing clause 2.9 as 2.9.1 and add the following new clauses:-
- "2.9.2 *The Employer shall be responsible for making whatever arrangements are necessary for obtaining ingress to or egress from the Site or to execute any work off-site in order for the Contractor to carry out and complete the Works in accordance with this Contract and the Contractor shall comply with all such arrangements.*
- 2.9.3 *The Employer shall be responsible for settling appropriate arrangements for such access with the local highway or other appropriate authority and/or owners or occupiers, as appropriate, and the Contractor shall comply with all such arrangements."*

Discrepancies and Divergences

Preparation of Employer's Requirements

- 2.11 **Delete** the text of sub-clause 2.11 and substitute the following instead:-

"The Contractor has examined the Employer's Requirements and subject to the Conditions hereinafter contained, the Contractor accepts responsibility for any design contained in the Employer's Requirements and confirms that the Employer's Requirements are satisfied by the Contractor's Proposals and the Contract Sum Analysis".

Discrepancies in documents

Delete Clause 2.14 entirely and insert:

"2.14 *Where there is a discrepancy within the Contractor's Proposals or within the Employer's Requirements (including any non-compliance with the Statutory Requirements) or a divergence between the Employer's Requirements and the Contractor's Proposals, the Contractor shall notify the Employer in writing of its proposed amendment to remove the discrepancy or divergence and (subject always to compliance with the Statutory Requirements) the Employer shall decide between the discrepant or divergent items or otherwise may accept the Contractor's proposed amendments and the Contractor shall be obliged to comply with the decision or acceptance by the Employer.*"

Design Work — liabilities and limitation

2.17.1 **Delete** the text of sub-clauses 2.17.1 and substitute the following instead:-

"2.17.1 *The Contractor accepts responsibility for the design of the whole of the Works, including (without limitation) any design contained in the Employer's Requirements, the Contractor's Proposals and design developed after the preparation of the Employer's Requirements.*"

2.17.4 **Insert** a new clause as follows:

"Neither party shall be liable to the other for any indirect, special or consequential loss or loss of profit, loss of production, loss of contracts, loss of use, loss of business, and loss of business opportunity"

2.17.5 **Insert** a new clause as follows:

"The Contractor's liability under or in connection with this Contract shall be limited to the Contract Sum. No action or proceedings under or in connection with the Contract shall be commenced against the Contractor after the expiry of 12 (twelve) years from completion of the Works. Provided that this clause 2.17.5 shall not exclude or limit the Contractor's liability for:

2.17.5.1 *death or personal injury caused by the Contractor's negligence; or*

2.17.5.2 *fraud or fraudulent misrepresentation*

Add the following new sub-clauses:-

"2.17.4 *The Contractor warrants and undertakes to the Employer that, in designing the Works, the Contractor has exercised and will continue to exercise the Design Duty of Care. The Contractor further warrants and undertakes that the Works shall be designed using Good Industry Practice.*

2.17.5 *Without prejudice to the generality of sub-clauses 2.17.1 and 2.17.4, the Contractor warrants and undertakes to the Employer that the Contractor has exercised and will continue to exercise the Design Duty of Care to ensure that the Works, when completed, will comply with any performance specification or requirement included or referred to in the Employer's Requirements and/or the Contractor's Proposals or to be reasonably inferred therefrom."*

2.17.4 *The Contractor shall execute all works and things required necessary in order:-*

2.17.9.1 *to comply with the Environmental Protection Legislation;*

2.17.9.2 *to enable a fire certificate to be granted in respect of the Project (or any relevant part or parts thereof); and*

2.17.9.3 *to satisfy any pre-requisites for the adoption of relevant part or parts of the Works or a Section by the local authority or other relevant statutory authority (including, without limitation, drainage, water, gas, electricity and telecommunications authorities).*

Without prejudice to the generality of sub-clause 2.17.4, the Contractor warrants and undertakes that he has taken account of the requirements of the local and all other competent authorities and the statutory requirements of the relevant fire officer as may be necessary to ensure the adequacy of the design of the Works and the construction of the Works, as contemplated or specified in the Employer's Requirements.

2.17.5 *The Contractor shall procure:*

2.17.5.1 *that no mechanical or electrical services serving any part of the Site other than the Premises shall pass through the Premises;*

- 2.17.5.2 *that any plant and equipment and/or smoking areas located on the exterior of the Premises or the remainder of the Contractor is positioned or suitably screened so that it cannot be seen or heard from the interior of the Premises; and*
- 2.17.5.3 *the carrying out of all mains services connections.*
- 2.17.6 *The Contractor shall perform and discharge and/or procure the performance and discharge of all the functions, duties and obligations imposed upon a Principal Contractor and Designers relative to the Works pursuant to the CDM Regulations.*
- 2.17.7 *The Contractor shall not specify for use or use and shall not permit or approve for use in connection with the construction of the Works any goods, materials, processes or substances which at the date of incorporation are not in accordance with British or European Standards and Codes of Practice (and where in the case of British or European Standards or Codes of Practice there is a range of equivalent standard substances which are not in accordance with such other equivalent standards) or substances which are not recommended or are identified as being deleterious, unsatisfactory or of unsuitable quality having regard to the provisions of the latest edition of the publication entitled "Good Practice in the Selection of Construction Materials" published by the British Council for Offices current as at the date of specification of the relevant goods etc or substances, materials, products, techniques or methods known in the construction industry, as at the date of incorporation in any part of the Works, to be deleterious including substances, materials, products, techniques or methods which have been publicised in the British Research Establishment Digest as amended from time to time as being deleterious to health and safety or to the durability of property in the circumstances in which they are used.*
- 2.17.8 *The Contractor has had the opportunity of inspecting the physical conditions (including the sub-surface conditions) and other conditions of or affecting the Site and shall be deemed to have fully acquainted himself with the same and to have obtained all information available which may influence or affect the execution of the Works. The Contractor shall have no liability for any unforeseen ground conditions which would not have been reasonably foreseen by a competent and experienced design and build contractor working on works similar to the scope and size of the Works under this Contract. Such unforeseeable ground conditions include contamination, sub-soil and sub-surface hazardous conditions, materials or obstructions or adverse physical conditions. Any instructions which the Employer may issue consequent on any such unforeseen ground conditions shall give rise to a Change in the Works, an entitlement to an adjustment of the Completion Date under clauses 2.23 to 2.25 and reimbursement of loss and/or expense under clause 4.20. Any costs incurred as a result of such unforeseen ground conditions shall be included within the Prime Cost.*
- 2.17.9 *The obligations and liabilities of the Contractor in terms of or arising out of this Contract shall not be released, diminished or in any other way affected by:-*
- 2.17.9.1 *any enquiry or inspection into any relevant matter which may be made or carried out by or on behalf of the Employer or the Employer's Agent;*
- 2.17.9.2 *the Employer or the Employer's Agent including the value of any design, work, materials or goods in any certificate or statement or any interim or final payment or any certificate, written statement or notice pursuant to this Contract;*
- 2.17.9.3 *any approval, admission, consent, comment, sanction, acknowledgement, confirmation or advice made or given by or on behalf of the Employer or the Employer's Agent, or in any case in the absence thereof; or*
- 2.17.9.4 *the attendance at meetings by the Employer or the Employer's Agent.*
- 2.17.10 *For the purposes of the Working Time Regulations 1998 ("the WTRs") the Contractor expressly agrees and warrants that neither the Contractor nor any of his sub-contractors or any workers employed by the Contractor and/or his sub-contractors are workers employed by the Employer. The Contractor further agrees and warrants that he shall ensure compliance with the WTRs in relation to his own workers and shall ensure that any sub-contractors comply with the WTRs in respect of their workers. Further, the Contractor shall indemnify and keep indemnified the Employer in respect of any claim which may be brought against the Employer in any court, employment tribunal or other forum relating to any breach of the WTRs committed by the Contractor or his sub-contractors or arising from any failure on the part of the Contractor or his sub-contractors to implement or comply with the WTRs."*

Fees, Royalties and Patent Rights

Fees or charges legally demandable

2.18 Delete the remainder of the clause from the words “*and indemnify the Employer against any liability resulting ...*” until the end of the clause.

Royalties and patent rights — Contractor’s indemnity

2.19 Delete the remainder of the clause from the words “*and the Contractor shall indemnify the Employer ...*” until the end of the clause.

Unfixed Materials and Goods — property, risk etc.

Materials and goods — Sub-Contract

2.22 **Delete** existing Clause 2.22 and substitute the following instead:-

2.22.1 “*The Contractor shall include appropriate provisions in every sub-contract, contract of sale and/or supply agreement entered into or to be entered into by the Contractor relative to the Works to ensure that the property in all materials and goods incorporated or to be incorporated in the Works passes to the Employer at the time that the value of such materials and goods is included in an interim payment paid to the Contractor under this Contract.*”

Adjustment of Completion Date

Fixing Completion Date

2.25.6.3 **Delete** the word “and” at the end of this sub-clause.

2.25.6.4 **Delete** “.” and substitute “; and” instead at the end of this sub-clause and add the following new sub-clause:-

“2.25.6.5 *the Contractor has complied at all times with his obligations under clauses 2.8.2 and 2.8.3*”

Add the following new sub-clauses:-

“2.25.7 *Notwithstanding the provisions of sub-clause 2.25 the Contractor shall not be entitled to any extension of time where and to the extent that the Relevant Event in question results from any negligence, omission, breach of statutory duty, default or breach of contract on the part of the Contractor, his servants or agents or any sub-contractor or supplier or their respective servants or agents other than where such negligence is a Specified Peril;*”

Relevant Events

2.26 **Add** the following in clause 2.26 after the words “*clauses 2.24 and 2.25*”:-

“*(but only to the extent that such events are not consequent upon or necessitated by omission, default or breach of contract or breach of statutory duty of the Contractor, his servants or agents, or any Sub-Contractor or the Consultants or their respective servants or agents and only to the extent that the delay in the progress of the Works is not concurrent with a delay for which the Contractor is responsible).*”

2.26.2 **Add** the following after “*instructions*”:-

“*(other than instructions wholly consequent upon or necessitated, or to the extent that the same are wholly consequent upon or necessitated by omission, default or breach of this Contract or breach of statutory duty by the Contractor, its servants or agents or any sub-contractor, its servants or agents).*”

2.26.7 **Insert** the following at the end of clause 2.26.7:-

“*provided that the Contractor shall have supplied any information required, placed any necessary orders and otherwise performed his obligations under this Contract in respect of such work as soon as reasonably practicable after the date of this Contract so as not to delay or disrupt the local authority or statutory undertaker in relation to such work.*”

2.26.13 **Delete** the remainder of the clause from the word “*which*” in line 1 and replace with “*provided that the Contractor has used all reasonable endeavours to avoid or reduce any such delay.*”

2.26.14 **Delete** “*force majeure*” and replace with “*any other occurrence or circumstances amounting to Force Majeure*”.

Practical Completion, Lateness and Liquidated Damages

Practical completion

Delete clause 2.27 and substitute the following instead:-

“2.27 *The Contractor shall give the Employer and the Employer’s Agent not less than 21 days’ notice (or such other period as may be agreed by the Employer acting reasonably) of the date upon which the Contractor considers that Practical Completion of the Works or a Section has been reached, he shall forthwith notify the Employer and the Employer’s Agent thereof and shall provide them with details of any works required to be executed which he considers do not prevent the Works from being practically complete. The Contractor shall also provide his proposals and programme for execution of such Works, which will be approved by the Employer prior to issue of the Statement of Practical Completion.*

Following receipt of such notification, the Employer’s Agent shall inspect the Works or a Section and if he considers the Works or a Section to be practically complete and the Contractor has complied with clauses 2.17.4 and 2.37 or has complied sufficiently with clause 3.16.5 he shall give the Contractor (1) in the case of the Works, a statement to that effect (“the Practical Completion Statement”); and/or (2) in the case of a Section, a statement of practical completion of that section (a “Section Completion Statement”) and Practical Completion of the Works or a Section shall be deemed for all purposes of this Contract to have taken place on the day named in such statement. The Employer’s Agent may also issue a list of the works to be carried out by the Contractor during the Rectification Period which the Contractor hereby undertakes to carry out within an agreed timescale after receipt of such list and at no cost to the Employer.

2.27.1 *As a pre-requisite to the issue of the Practical Completion Statement the Contractor shall provide to the Employer’s Agent 2 no. copies of the following:-*

1. *the building control completion certificates and discharge of planning conditions except and to the extent that where the discharge of planning conditions requires the Employer to discharge a planning condition(s) in which case the Contractor shall use best endeavours to provide appropriate assistance and co-ordination to facilitate the Employer’s satisfaction of those planning condition(s);*
2. *all necessary Statutory Undertakers’ completion certificates;*
3. *all test and commissioning certificates for Mechanical, Electrical and Plumbing Installation other than certificates that are subject to post Practical Completion testing and commissioning; and*
4. *draft “as built” drawings, draft installation, operating and maintenance manuals and draft Health & Safety file.*

2.27.2 *Not used.*

2.27.3 *Upon the issue of the Practical Completion Statement the Contractor shall provide to the Employer’s Agent (and shall use best endeavours to do so within 2 months of the date of the issue of the Practical Completion Statement) 3 copies (2 in paper and 1 in electronic format) of the following:-*

1. *“as built” drawings including the run and installation of all drains, pipes, cables and other services which are comprised in the Works and which run in, upon, under or over the Site or off-site and all connections to previously existing services and utilities together with all guarantees (including manufacturer warranties and/or product guarantees) and installation, operating and maintenance manuals complete with commissioning data and other appropriate records and related certificates where available and all structural calculations in respect of the Works as completed and of the design;*
2. *amendments to Building Control certificate (if applicable);*
3. *where applicable evidence of satisfactory completion of testing of gutters, roofs and rainwater outlets; and*
4. *Health & Safety file (in so far as applicable under the CDM Regulations).”*

Defects

Schedules of defects and instructions

“2.35.2 **Delete** the wording in the last paragraph and substitute the following new sub-clause:

“2.35.3 *The Contractor shall (at no cost to the Employer):*

- (a) *make good any Emergency Defects (as defined below) as a matter of urgency within 24 hours of receiving the Employer's instruction. "Emergency Defects" are those defects, shrinkages or other faults which the Employer reasonably considers directly affect the operation of the installation or have health and safety implications. For example (but without limitation):*
- (i) *gas leaks;*
 - (ii) *dangerous electrical faults;*
 - (iii) *complete lighting failure;*
 - (iv) *serious water leaks;*
 - (v) *blocked drains;*
 - (vi) *dangerous structures;*
 - (vii) *breakdown of heating/AC system;*
 - (viii) *breakdown of lift installation;*
 - (ix) *failure of fire alarm system;*
 - (x) *failure of security system;*
 - (xi) *failure of ventilation system;*
 - (xii) *failure of voice and data cabling; and*
 - (xiii) *failure of hot and cold water services;*
- (b) *make good any Serious Defects (as defined below) within 7 days of receiving the Employer's instruction. "Serious Defects" are such serious defects, shrinkages (particularly including shrinkage joints in areas of clinical operation) or other faults which the Employer reasonably considers if left unattended would lead to a situation whereby service would be affected; and*
- (c) *shall make good all other Routine Defects (as defined below) notified to the Contractor within 4 weeks of receipt of the Employer's instructions. "Routine Defects" are all defects, shrinkages and other faults which are not Emergency Defects or Serious Defects.*

2.35.4 *If the Contractor fails to comply with the Employer's instruction within the periods specified in Clause 2.35.3, the Employer may serve written notice on the Contractor requiring compliance and if the Contractor does not comply with such notice within twenty four hours for Emergency Defects and forty-eight hours for Serious Defects or Routine Defects then the Employer may employ and pay other persons to execute any work whatsoever which may be necessary to give effect to such instruction and all reasonable costs properly incurred in connection with such employment may be deducted by the Employer from the Contract Sum.*

2.35A.1 *Clause 2.35.3 shall apply mutatis mutandis to any defect shrinkage or other fault and to any items of incomplete work remaining at Practical Completion of the Works or a Section, provided that it is notified to the Contractor not later than 14 days after end of the Rectification Period."*

Procedures for rectifying defects

2.35B **Add** as clause 2.35B:

"Without prejudice to the Contractor's obligations under clauses 2.35 and 2.35A, the Contractor shall comply with any procedures and requirements for making good defects, shrinkages and other faults and shall make good any defects, shrinkages and other within a reasonable time period, following receipt of written notice to do so from the Employer. In the event the Contractor fails to make good any defects, shrinkages or other faults within such reasonable time period, the Employer may, without prejudice to his other rights under this Contract, make an appropriate deduction from the Retention Bond (as defined in Clause 4.17) in respect of defects, shrinkages or other faults not made good, in accordance with the terms of the Retention Bond."

Contractor's Design Documents

As-built Drawings

2.37 **Delete** clause 2.37 and substitute the following:-

"The Contractor, in addition to his obligations under the CDM Regulations in relation to information for the health and safety file, shall, before practical completion of the Works or relevant Section supply for retention and use by the Employer such Contractor's Design Documents and related information as may be specified in the Contract

Documents or as the Employer may reasonably require that show or describe the Works as built or relate to the maintenance and operation of them or their installations.”

Copyright and Use

2.38 **Delete** clause 2.38 and substitute the following:

“2.38.1 *The copyright in all designs, drawings, models, plans, specifications, design details, photographs, brochures, reports, notes of meetings, C.A.D. materials and any other materials prepared by the Contractor in connection with the Works (whether in existence or to be made) and all amendments or additions thereto and any works, designs or inventions of the Contractor incorporated or referred to therein (for the purpose of this clause 2.38 hereinafter known as “the Documents”) shall remain vested in the Contractor but the Contractor hereby grants to the Employer an irrevocable royalty free non-exclusive licence to copy, use and reproduce the Documents for any purpose in relation to the Works including (but without limitation) the construction, completion, reconstruction, modification, extension, repair, reinstatement, refurbishment, redevelopment, maintenance, use, letting, promotion and advertisement of the Works provided that the Contractor shall not be liable for the use of the Documents for any purpose for which the Documents were not originally prepared. The said licence shall carry with it the right to grant sub-licences and shall be transferable to third parties without the prior consent of the Contractor.*

2.38.2 *The Contractor shall not be liable for the use of the sub-licences by third parties for any purpose for which the Documents were not originally prepared. The Contractor warrants that the use of the Documents for the purposes of the Development will not infringe the rights of any third person.”*

2.38.3 *The Contractor warrants to the Employer and undertakes to procure that his Sub Contractors and Suppliers shall waive any rights the Contractor, the Sub-Contractors and/or Suppliers may have pursuant to Section 80 of the copyright, Designs and Patents Act 1988.*

2.38.4 *The copyright licence shall subsist notwithstanding that the Contractor has completed the Works in accordance with this Contract or that either the Employer or the Contractor has terminated this Contract.”*

Insert new clause 2.39 as follows:

“Confidentiality

2.39.1 *Save as may be required by legislation or order of a court of competent jurisdiction, the Contractor shall not disclose the existence of, nor any details of this Contract (including the documents referred to therein) to any employee, agent or third party except on a need to know basis, save with the prior written consent of the Employer.*

2.39.2 *The Contractor shall regard as confidential, any information provided by or on behalf of the Employer in relation to this Contract (including the documents referred to therein), and shall ensure that its agents and advisers comply with the terms of clause 2.39.1.*

2.39.3 *The obligations in clauses 2.39.1 and 2.39.2 do not apply to information already in the public domain or to any disclosure required by law.”*

Sub-Letting

Consent to Sub-Letting

3.3.2 **Delete** existing clause and substitute the following instead:-

“The Contractor shall not without the written consent of the Employer sub-let the design of the Works. Such consent shall not be unreasonably withheld or delayed but the Contractor shall remain wholly responsible for the design of the Works in accordance with Clause 2.17 notwithstanding any such sub-letting.”

Conditions of Sub-lettings

3.4.2.3 **Delete** existing text and insert the following:-

“that each party to the sub-contract shall in relation to the Works and the site comply with applicable CDM Regulations.”

Employer's instructions

Compliance with Instructions

3.5 **Delete** the words *"need not comply to the extent that he makes reasonable objection to it in writing to the Employer"* and substitute the following therefor:-

"shall be entitled to raise reasonable objections in writing to the Employer, who, after considering any such objections, shall thereafter either confirm or withdraw the instruction-in question."

Instructions requiring Changes

3.9.4 **Delete** the words *"pursuant to his obligations under regulation 20 (if he is the CDM Co-ordinator) or regulation 22 of the CDM Regulations"* and substitute the following therefor:-

"pursuant to his obligations under the CDM Regulations (whether as contractor, Principal Contractor, or designer)."

Inspection - Tests

3.12 **Insert** the following words immediately prior to the full stop at the end of clause 3.12:

"or unless the opening up for such inspection or testing was required by reason of any similar equivalent or associated works, materials or goods having been shown by similar or previous inspection or testing not to be in accordance with this Contract"

CDM Regulations

3.16 Undertakings to comply

3.16 After the words *"notifiable"* in the opening paragraph insert *"or is one to which CDM 2015 applies"*.

3.16.1 After *"CDM Co-ordinator"* insert *"or Principal Designer"*.

3.16.2 After *"CDM Co-ordinator"* insert *"or Principal Designer"*.

3.16.3 After *"CDM Co-ordinator"* insert *"or Principal Designer"*.

3.16.5 After *"CDM Co-ordinator"* insert *"or Principal Designer"*.

Insert the following as a new clause 3.16.6:

"the Contractor warrants and undertakes to the Employer that:

- (i) he has performed and fulfilled and will continue to perform and fulfil the duties imposed on him by the CDM Regulations, both in his capacity as a "contractor" (as defined in the CDM Regulations) and as the Principal Contractor; and*
- (ii) he has performed and fulfilled and will continue to perform and fulfil the duties imposed by the CDM Regulations on a "designer" (as defined in the CDM Regulations); and*
- (iii) he is competent to perform all duties imposed on him by the CDM Regulations;*
- (iv) he has advised and supported and will continue to advise and provide support to the Employer to assist the Employer in performing the duties imposed by the CDM Regulations on a "client" (as defined by the CDM Regulations);"*

Appointment of successors

3.17 After *"CDM Co-ordinator"* (each time it appears) insert *"or Principal Designer"*.

Section 4 Payment

Delete the heading “*Contract Sum and Adjustments*”. Delete the existing clause 4.1 including the heading “*Adjustment only under the Conditions*” and substitute the following instead:-

“4.1 *The Employer shall pay the Contractor in accordance with the provisions of this section 4:*
 .1 the Prime Cost; and
 .2 the Management Fee; and
 .3 any direct loss and/or expense ascertained under clause 4.20 together the “Contract Sum””

Delete clause 4.2 including the heading “*Items included in adjustments*” and insert:-

“4.2 *not used.*”

Delete clause 4.3 including the heading “*Taking adjustments into account*” and insert:

“4.3 *not used.*”

4.4.1 **Delete** “*The Contract Sum is exclusive of VAT and in*” an substitute with “*In*”.

4.7.1 **Delete** from “*and whichever of the Alternatives...*” to the end of the clause.

4.7.2 **Delete** the words “*an amount equal to the Gross Valuation under clause 4.13 where Alternative A applies, or clause 4.14 where alternative B applies, in either case...*” and substitute with:

“*an amount being the sum of:*

(a) the Prime Cost, ascertained under Appendix A in respect of costs incurred at the date of the Interim Payment;

(b) a percentage instalment of the Management Fee, being the percentage of that amount ascertained under clause 4.7.2(a) above.”

4.8.3 **Delete** the words: “*Where Alternative B applies, for*” and replace with “*For*”.

4.12.2 **Delete** the first four lines of the clause from “*The Final Statement shall set out*” until “*already paid by the Employer to the Contractor,*” and substitute with:

“*The Final Statement shall state:*

.1 the Prime Cost;

.2 the Management Fee;

.3 the amount in respect of any loss and/or expense ascertained under clause 4.20; and

The sum of the amounts already stated as due in Interim Applications.”

Delete clause 4.13 and insert:-

“4.13 *not used.*”

Delete clause 4.14 and insert:

“4.14 *not used.*”

4.17.2 **Delete** “*in the terms set out in Part 3 of Schedule 6*” in the third line and substitute with:

“*in the form attached to this Schedule of Amendments to these Conditions at Appendix C*”

Delete clause 4.18 and insert:-

“4.18 *not used.*”

Delete clause 4.19 and insert:-

“4.19 *not used.*”

Section 5 Changes

- 5.1 After “*clause 3.13*” insert “*or as a result of an identified deficiency in the Contractor’s Proposals*”.
- 5.1.1.2 **Delete** the words “*the alteration of*” and replace with “*in the event that the Employer instructs the Contractor to make an alteration in*”.

Section 6 Injury, Damage and Insurance

Injury to Persons and Property

Liability of Contractor — personal injury or death

- 6.1 **Add** the following after the word “*Works*” on line 3 of the clause:-
“*(including performance by the Contractor of his obligations under clause 2.35)*”
- 6.2 **Delete** the existing clause 6.2 and substitute the following instead:-
“*The Contractor shall be liable for (subject to the provisions of clause 2.17.5) any expense, liability, loss, claim or proceedings in respect of any loss, injury or damage whatsoever to or in respect of any third party physical damage to property, real or personal (including any expense, liability, loss or claim arising from but not limited to obstruction, trespass, nuisance or interference with any rights of way, light, air or water) insofar as such loss injury or damage arises out of or by reason of the carrying out of the Works and to the extent the same is due to any negligence, breach of statutory duty, omission, breach of contract or default of the Contractor, his servants or agents*”

Add the following new sub-clause 6.3A:-

- “6.3A **Liability of Contractor — Trespass, Nuisance etc.**
- 6.3A.1 *The Contractor shall insofar as reasonably practicable prevent any trespass, nuisance (including without limitation, any such nuisance caused by noxious fumes, noisy working operations or the deposit of any material or debris on the public highway) or other interference with the rights and activities of any adjoining or neighbouring landowner, tenant or occupier or any visitor to property owned or occupied by such third parties or any utility company or statutory undertaker arising out of the carrying out of the Works or of any obligation pursuant to Clause 2.35 and which has been caused or contributed to any act or omission of the Contractor, his servants or agents, or any other person, his servants or agents, for whom the Contractor is responsible for the purposes of Clause 6.3.*
- 6.3A.2 *For the avoidance of doubt, the Employer may issue to the Contractor such instructions as he considers necessary if any injunction is granted or court order is made in consequence of any such trespass, nuisance or interference, but (save as aforesaid) no such instruction shall be construed as a Change in the Employer’s Requirements.*”

Insurance against Personal Injury and Property Damage

Contractor’s insurance of his liability

- 6.4.1 **Delete** the existing wording and insert, “*Without prejudice to his obligation to indemnify the Employer under clauses 6.1 and 6.2, the Contractor shall take out and maintain a Policy in the sum of Five Million Pounds (£5, 000,000) Sterling for each and every claim in respect of claims arising out of his liability referred to in clauses 6.1 and 6.2 which:*”

Insurance of the Works

Related definitions

- 6.8 All Risks Insurance After “*Site Materials*” in line 2 of the definition of All Risks Insurance add the following:-
“*and the increased cost of construction of the incomplete Works*”

Professional Indemnity Insurance

Obligation to insure

6.12.1 **Delete** the word “and” where it appears at the end of the clause 6.11.2;

6.12.2 **Delete** “.” and substitute “; and” at the end of clause 6.11.3; and

Add the following new sub-clauses:-

“6.12.4 *the insurance referred to in this clause 6.11 shall be with a well established insurance office or underwriter of repute operating in the EU Market. As and when the Contractor is reasonably required to do so by the Employer or the Employer’s Agent, the Contractor shall produce documentary evidence that the insurances required are being properly maintained;*

6.12.5 *the Contractor shall carry out its obligations under this Contract and shall ensure that its servants or agents shall carry out their respective obligations in such manner that all requirements, terms, conditions, stipulations and provisos of the said insurance are at all time fully complied with; and*

6.12.6 *this Clause 6.11 shall continue to apply following the termination or repudiation of this Contract for any reason.”*

Assignment

General

7.1 **Delete** the existing clause and substitute the following instead:-

“Notwithstanding Clause 7.2 the Employer may assign any right or benefit under this Contract (1) to a party acquiring the Employer’s interest in the Works and/or (2) to any Provider of Finance at any time without the consent of the Contractor and/or (2) to any other party at any time with the consent of the Contractor (such consent not to be unreasonably withheld or delayed). The Contractor shall not assign any right or benefit under this Contract without the prior written consent of the Employer.”

Rights of enforcement

Add as a new clause 7.3:-

“7.3 *The Contractor will not be entitled to contend that any person to whom this Contract is assigned in accordance with clause 7.1 or 7.2.1 is precluded from recovering under this Contract any loss incurred by such assignee resulting from any breach of this Contract (whenever happening) by reason that such person is an assignee and not a named party hereunder.”*

Third Party Guarantees and Warranties

Add as new clause 7.4:

“7.4 *The Contractor shall use its reasonable endeavours to procure (insofar as is reasonably practicable) that all benefit, right and title to the guarantees and warranties obtainable from manufacturers and suppliers of the key product plant and materials in respect of the roofing, cladding and lift installation, are issued directly to the Employer.”*

Third Party Rights from Contractor

Clauses 7A to 7F

Delete existing clauses and substitute the following therefor:-

“7A **Contractor’s Collateral Warranties**

The Contractor shall deliver to the Employer, within 28 days of the Employer’s request, collateral warranties executed by the Contractor in favour of:-

7A.1 *the Owner;*

7A.2 *each Tenant;*

7A.3 each Purchaser; and

7A.4 each Purchaser's Funder;

in the appropriate form set out at Part 1, Appendix B of the Schedule, subject to such further amendments as may be requested by the Employer, (and duly completed in accordance with the instructions contained therein) or in such other form as may be approved by the Employer in writing (which approval shall not be unreasonably withheld or delayed).

7B Sub-Contractor's Collateral Warranties

The Contractor shall deliver to the Employer, within 28 days of the Employer's request or (if later) within 14 days of the date of appointment by the Contractor of a Sub-Contractor relative to the Works and before the Sub-Contractor commences any part of the Works, collateral warranties from all Sub-Contractors in favour of:-

7B.1 the Owner;

7B.2 the Employer;

7B.3 each Purchaser;

7B.4 each Tenant; and

7B.5 each Purchaser's Funder;

in the appropriate form set out in Part 2, Appendix B of the Schedule, subject to such further amendments as may be requested by the Employer, (and duly completed in accordance with the instructions contained therein) or in such other form as may be approved by the Employer in writing (which approval shall not be unreasonably withheld or delayed) executed by all parties thereto with the exception of the beneficiary.

7C Sub-Contracts

The Contractor shall deliver to the Employer, within 28 days of appointments of a Sub-Contractor a certified copy of the relevant Sub-Contract.

7D Other Consultants

The Contractor shall not appoint any design consultants after commencement of the Works without the prior written consent of the Employer. The Contractor shall deliver to the Employer a copy of the new design consultant's appointment (in a form acceptable to the Employer) and collateral warranties in favour of the parties referred to in clause 7B (all in a form acceptable to the Employer) within 28 days of the new design consultant being appointed.

7F Suppliers Guarantees

In addition the Contractor will use all reasonable endeavours to obtain prior to the date of Practical Completion of the Works, such product or manufacturers guarantees in favour of the Employer in relation to products, goods and materials used in the Works, which would ordinarily be available to customers of the relevant suppliers of those products, goods or materials."

Section 8 Termination

Termination by Employer

Default by Contractor

8.4.1.2 Insert "(including falling to proceed regularly and diligently with the completion of the Works)" after "Contract" in line 2 of sub-clause 8.4.1.2.

Consequences of Termination under Clauses 8.4 to 8.6

8.7.2.1 Add the following in line 1 after "(but not before)":-

"within 10 working days of determination of the employment of the Contractor and notwithstanding that validity of such determination may be challenged by the Contractor deliver possession of the Site to the Employer and"

8.11.1.2 **Delete** the existing clause and replace with “[Number not used]”

Insert a new clause 10 as follows:-

“10 *Ethical Conduct of the Parties*

In the performance of their obligations under or in connection with this Contract the parties, their agents and employees shall comply with all applicable laws, rules and regulations including but not limited to the Bribery Act 2010, any applicable European Union Directives and where appropriate the OECD Convention of Combating Bribery of Foreign Public Officials in International Business Transaction. Further each party shall notify the other immediately in writing with full particulars in the event that they receive a request from any public official or any other person of influence requesting illicit payments. If a party is in breach of any term of this clause such breach shall be deemed a material breach under this Contract and the other party shall be entitled to terminate this Contract at any time on written notice with immediate effect.”

Schedule 3 Insurance Option A

(New Buildings — All Risk Insurance of the Works by the Contractor)

- A.1 Delete the words in the heading: “*a Joint Names Policy*” and substitute with “*an Insurance Policy*”
Delete the words at the end of the first line: “*a Joint Names Policy for All Risks Insurance*” and substitute with:
“*an insurance policy for All Risks Insurance (the “Insurance Policy”)*”
Delete the words in the fifth line: “*Joint Names Policy*” and substitute with: “*Insurance Policy*”.
Delete the words in the final sentence: “*Joint Names Policy*” and substitute with: “*Insurance Policy*”.
- A.2 Delete each reference to: “*Joint Names Policy*” within the clause and substitute with: “*Insurance Policy*”.
- A.3 Delete the words:
“; and
.2 is a Joint Names Policy,”
- A.4.1 Delete the words in the second line: “*Joint Names Policy*” and substitute with: “*Insurance Policy*”.
- A4.3 Delete the words at the end of the first line: “*Joint Names Policy*” and substitute with: “*Insurance Policy*”.
- A4.4 Delete the clause in its entirety.
- A4.5 Delete the clause in its entirety.
- A4.6 Delete the words in the third line: “*Joint Names Policy*” and substitute with: “*Insurance Policy*”.

Signed for and on behalf of QUOTIENT BIOCAMPUS LIMITED

at Edinburgh

on December 3, 2015

by:

/s/ D.J.P.E. Cowan (Signature)

D.J.P.E. COWAN (Full name in CAPITALS)

Director

/s/ Nele Wordsworth Bhebhe (Signature)

NELE WORDSWORTH BHEBHE (Full name in CAPITALS)

Witness

C/O No 2 LOCHRIN SQUARE (Full address - witness only)

96 FOUNTAIN BRIDGE, EDINBURGH, EH3 9QA

Signed for and on behalf of MW HIGH TECH PROJECTS UK LIMITED

at _____ on _____

by: _____ (Signature)

(Full name in CAPITALS)

Director/Company Secretary/Authorised Signatory

(Signature)

(Full name in CAPITALS)

Director/Witness

(Full address - witness only)

CERTIFICATION

I, Paul Cowan, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Quotient Limited;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period for which this report is being prepared;
 - (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 10, 2016

/s/ Paul Cowan

Paul Cowan

Chief Executive Officer and Chairman of the Board of Directors

CERTIFICATION

I, Stephen Unger, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Quotient Limited;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period for which this report is being prepared;
 - (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 10, 2016

/s/ Stephen Unger
Stephen Unger
Chief Financial Officer

CERTIFICATION

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), the undersigned officer of Quotient Limited, a company incorporated under the laws of Jersey, Channel Islands (the "Company"), does hereby certify, to such officer's knowledge, that:

The Quarterly Report for the quarter ended December 31, 2015 (the "Form 10-Q") of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 10, 2016

/s/ Paul Cowan

Paul Cowan

Chief Executive Officer and Chairman of the Board of Directors

This certification is being furnished and not filed, and shall not be incorporated into any document for any purpose, under the Securities Exchange Act of 1934 or the Securities Act of 1933.

CERTIFICATION

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), the undersigned officer of Quotient Limited, a company incorporated under the laws of Jersey, Channel Islands (the "Company"), does hereby certify, to such officer's knowledge, that:

The Quarterly Report for the quarter ended December 31, 2015 (the "Form 10-Q") of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 10, 2016

/s/ Stephen Unger
Stephen Unger
Chief Financial Officer

This certification is being furnished and not filed, and shall not be incorporated into any document for any purpose, under the Securities Exchange Act of 1934 or the Securities Act of 1933.

