

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or the action you should take, you should consult a person authorised under the Financial Services and Markets Act 2000 ("FSMA") who specialises in advising on the acquisition of shares and other securities immediately. Your attention is drawn to Part II of this document, which sets out certain risk factors relating to any investment in Ordinary Shares. All statements regarding the Group's business, financial position and prospects should be viewed in light of the risk factors set out in Part II of this document.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the United Kingdom Listing Authority ("UKLA"). A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Each AIM Company is required pursuant to the AIM Rules to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers. Neither the UKLA nor the London Stock Exchange has examined or approved the contents of this document.

This document comprises an admission document for the purposes of, and has been drawn up in accordance with, the AIM Rules. Any offer of Ordinary Shares is being made only to qualified investors for the purposes of, and as defined in, section 86 of the FSMA and accordingly the Company is making an exempt offer to the public in accordance with Part VI of the FSMA. Therefore this document is not a prospectus for the purposes of, the Prospectus Rules, has not been prepared in accordance with the Prospectus Rules and has not been, and will not be, approved or filed with the UKLA or by any other authority which could be a competent authority in any jurisdiction for the purposes of the Prospectus Directive.

Application has been made for the issued and to be issued Ordinary Shares to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings in the issued and to be issued Ordinary Shares will commence on AIM on 7 March 2007. The Ordinary Shares are not dealt in, or on, any other recognised investment exchange and no other such applications have been made. It is emphasised that no application is being made for admission of any Ordinary Shares to the Official List.

The Directors, whose names and functions appear on page 4, and the Company, accept individual and collective responsibility for the information contained in this document and for compliance with the AIM Rules. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts, and this document makes no omission likely to affect the import of such information.



IPSO Ventures plc

(incorporated in England & Wales under the Companies Act 1985 with registered number 05859612)

Subscription for and Placing of 5,294,114 in aggregate Ordinary Shares of 5 pence each at a price of 85 pence per share

and

**Admission to trading on AIM
NOMINATED ADVISER AND BROKER**

AMBRIAN
AMBRIAN PARTNERS LIMITED

Share Capital following Admission

<i>Authorised</i>		<i>Issued and fully paid</i>	
Number of Ordinary Shares	Nominal Value	Number of Ordinary Shares	Nominal Value
20,000,000	£1,000,000	12,388,227	£619,411.35

Ambrian Partners Limited ("Ambrian"), which is authorised and regulated by the FSA and is a member of the London Stock Exchange, is acting as nominated adviser and broker exclusively for the Company in connection with the Placing and Admission. Its responsibilities as the Company's nominated adviser under the AIM Rules are owed solely to the London Stock Exchange and are not owed to the Company or to any Director or any other person in respect of his decision to acquire Ordinary Shares in the Company in reliance on any part of this document. No representation or warranty, express or implied, is made by Ambrian as to any of the contents of this document for which the Directors and the Company are responsible (without limiting the statutory rights of any person to whom this document is issued). Ambrian will not be offering advice and will not otherwise be responsible for providing customer protections to recipients of this document in respect of the Placing or any acquisition of shares in the Company. Ambrian has not authorised the contents of, or any part of, this document, and no liability whatsoever is accepted by Ambrian for the accuracy of any information or opinions contained in this document or for the omission of any material information.

This document does not constitute an offer or invitation to buy or subscribe for, to sell or the solicitation of an offer to buy or subscribe for Ordinary Shares to any person in any jurisdiction in which such offer, invitation or solicitation is unlawful. In particular, this document should not be taken, transmitted, distributed or sent, directly or indirectly, to any national, resident, citizen or any persons with addresses in Canada, Australia, the Republic of Ireland, South Africa or Japan or to any corporation, partnership or other entity created or organised under the laws thereof, or in any other country outside the United Kingdom where such distribution may lead to a breach of any legal or regulatory requirement. The Ordinary Shares have not been and will not be registered under the United States Securities Act of 1933 as amended ("Securities Act") or under the securities law of any state of the United States of America or under the applicable securities laws of Australia, the Republic of Ireland, South Africa, Japan or any province or territory of Canada.

Accordingly, subject to certain exceptions, neither may the Ordinary Shares, directly or indirectly, be offered, sold, transferred, taken up or delivered, directly or indirectly, in the United States, Australia, South Africa, the Republic of Ireland, Japan or Canada or for the account or benefit of any US person (as defined in Regulation S under the Securities Act) or any national, citizen or resident of the United States, Australia, South Africa, the Republic of Ireland, Japan or Canada. The distribution of this document in certain jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

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

CONTENTS

Key Information	1
Fundraising and Admission Statistics	3
Expected Timetable of Principal Events	3
Directors, Officers and Advisers	4
Definitions	5
Part I Information on the Group	9
1. Introduction	9
2. Strategy	9
3. Market Opportunity	9
4. IPSO's Business Model	10
5. The Commercialisation Process	11
6. The Investment Process and Monitoring of Investments	12
7. The Agreement with Loughborough University	12
8. Current Spin-out Portfolio	13
9. Competition	14
10. Directors	15
11. Senior Management and Consultants	16
12. Corporate Governance and Board Practices	17
13. Reasons for the Fundraising and Admission and Use of Proceeds	17
14. Details of the Placing and the Subscription	18
15. Lock-in Undertakings	18
16. Company Option Schemes	18
17. Admission, Settlement and CREST	19
18. Dividend Policy	19
19. Taxation	19
20. Takeover Code	19
21. Substantial Shareholding Exemption	19
22. Additional Information	20
Part II Risk Factors	21
Part III A Accountant's Report – IPSO Ventures Plc	26
Part III B Accountant's Report – IPSO Management Limited	31
Part III C Unaudited Interim Financial Information – IPSO Management Limited	40
Part IV Additional Information	49

KEY INFORMATION

The following summary should be read in conjunction with the full text of this document from which it is derived. Any decision to invest in Ordinary Shares should be based on consideration of the document as a whole. Attention is drawn in particular to the section headed "Risk Factors" set out in Part II of this document.

Strategy

IPSO has been set up to commercialise the IP of universities and other research institutes through the establishment of spin-out companies and/or licencing agreements. IPSO intends to capitalise on the high quality research and IP that is generated by UK universities and other research institutes, particularly in the areas of life sciences, environmental sciences and technology.

IPSO's aim is to enter into up to eight Framework Agreements over the next three years, each of which is anticipated to give the Company the right of first refusal to commercialise all IP and the first right of access to invest in the resulting spin-outs.

Market opportunity

Universities in the UK have a strong international reputation for innovation in many sectors where IP is capable of commercialisation. They received approximately £2.9 billion of research grants and contracts in 2004/2005; with some of the leading institutions receiving in excess of £100 million annually.

Over £250 million has been spent on technology transfer over the last five years which has funded the establishment and development of TTOs within universities and other research institutes to enable them to commercialise their proprietary IP. However, as at the date of this document, only 16 universities have announced that they have signed formal agreements with external commercialisation bodies. IPSO intends to exploit the opportunity that exists to assist universities and other research institutes with their commercialisation activities, particularly those focused on applied research and development closer to revenue generation than those concentrating on more fundamental early research.

Achievements to date

IPSO Management has recently entered into the Loughborough Agreement, a Framework Agreement with Loughborough University, for the commercialisation of all future IP generated from the University's research capability.

In May 2006, IPSO Management secured £1.5 million of funding from RAB and subsequently created Intelligent Wound Care to fund a research project at Imperial College. IWC is developing solutions for monitoring the metabolic status of wounds.

In October 2006, the Company, through IPSO Management, invested in Therakind, a spin-out from the School of Pharmacy which is involved in the formulation of medicines for children and in WildKey, a spin-out from Oxford Brookes which is developing educational software for handheld devices.

Strengths and differentiators

IPSO differentiates itself from its competitors through:

- an accomplished senior management team which has experience across a range of complementary disciplines in the life sciences, environmental sciences and technology;
- a focus on universities and other research institutions with more applied research and development where commercialisation opportunities may be closer to market;
- an in-house capability to identify, recruit and build experienced management teams; and
- significant corporate finance and mergers and acquisitions expertise.

Competition

There are a number of quoted and unquoted companies which provide or are seeking to provide IP commercialisation services to UK universities and research institutions. As noted above, the Directors believe that IPSO's business includes a number of strengths which are particularly attractive in combination and serve to differentiate IPSO from its competitors.

Reasons for the Fundraising and Admission and use of proceeds

The principal reasons for the Fundraising and Admission are as follows:

- the Loughborough Agreement is expressly conditional upon the Company making available at least £3 million for investment in spin-outs from Loughborough during the first 5 years of the term of the agreement and
- to give IPSO access to additional equity finance to pursue its defined strategy as described in Part I of this document.

Risks

IPSO's business model is at an early stage and there is no guarantee that it will ultimately be successful. The principal source of revenues to the Group will be equity realisations. Timescales for equity realisations will be largely dependent on the specific circumstances of the individual spin-out companies and will, as a result, be unpredictable. Attention is drawn in particular to the section headed "Risk Factors" set out in Part II of this document.

FUNDRAISING AND ADMISSION STATISTICS

Placing Price	85 pence
Number of Existing Ordinary Shares	3,529,410
Number of Ordinary Shares to be issued pursuant to the Fundraising	5,294,114
Percentage of the Enlarged Share Capital subject to the Fundraising	42.74%
Number of Ordinary Shares in issue immediately following Admission	12,388,227
Market capitalisation of the Company at the Placing Price	£10.53 million
Gross proceeds receivable by the Company pursuant to the Fundraising	£4.5 million
Estimated net proceeds receivable by the Company pursuant to the Fundraising after expenses (excluding VAT)	£3.75 million
International Security Identification Number (ISIN)	GB00B1GDWB47
AIM symbol	IPS

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

2007

Publication of Admission Document	1 March 2007
Admission and dealings commence in the Ordinary Shares on AIM	7 March 2007
Expected date of delivery of Placing Shares and Subscription Shares into CREST accounts (where applicable)	7 March 2007
Definitive share certificates dispatched in respect of Placing Shares and Subscription Shares (where applicable) by	14 March 2007

DIRECTORS, OFFICERS AND ADVISERS

Directors	Simon Dennis Hunt (Executive Chairman) Philip Nicholas (“Nick”) Rodgers (Chief Executive Officer) Dr. Simon Nicholas Haworth (Executive Director) Michael George Coriat Talbot Baines (Non-Executive Director) Dr. Peter Knox (Non-Executive Director)
Secretary	Cargil Management Services Limited
Principal Place of Business and Registered Office	62-65 Chandos Place Covent Garden London WC2N 4LP
Nominated Adviser and Broker	Ambrian Partners Limited 8 Angel Court London EC2R 7HP
Solicitors to the Company	Memery Crystal LLP 44 Southampton Buildings London WC2A 1AP
Solicitors to the Placing	Maclay Murray & Spens LLP One London Wall London EC2Y 5AB
Reporting Accountants	Deloitte & Touche LLP City House 126-130 Hills Road Cambridge CB2 1RY
Auditors	Wingrave Yeats Partnership LLP 65 Duke Street, London W1K 5NT
Financial PR	Rawlings Financial PR Croft House Litton Skipton BD23 5QJ
Registrar	Share Registrars Limited Craven House West Street Surrey GU9 7EN

DEFINITIONS

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

“Act” or “Companies Act”	the Companies Act 1985, as amended
“Admission”	the admission of the issued and to be issued Ordinary Shares to trading on AIM becoming effective in accordance with the AIM Rules
“AIM”	an exchange regulated market operated by the London Stock Exchange
“AIM Rules”	the AIM rules for companies (and where the context so requires, the AIM rules for nominated advisers) of the London Stock Exchange governing the admission to, and operation of, AIM, as amended from time to time
“Ambrian”	Ambrian Partners Limited, authorised and regulated by the FSA, and acting as nominated adviser and broker to the Company
“Articles”	the articles of association of the Company, a summary of which is set out in paragraph 8 of Part IV of this document
“Board”	the board of directors of the Company
“Code”	the City Code on Takeovers & Mergers
“Combined Code”	the combined code on corporate governance published in June 2006 by the Financial Reporting Council, as amended from time to time
“Company” or “IPSO”	IPSO Ventures plc
“CREST”	the computerised settlement system to facilitate the transfer of title to shares in uncertificated form operated by CRESTCo
“CRESTCo”	CRESTCo Limited
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI2001/3755), as amended, and any applicable rules made under these Regulations
“Directors”	the directors of the Company whose names are set out on page 4 of this document
“Employee Benefit Trust”	the Employee Benefit Trust established by the Company and referred to in paragraph 5.3 of Part IV of this document, the first trustees of which are IPSO EBT Limited
“Enlarged Share Capital”	the issued share capital of the Company immediately following the Fundraising and Admission
“EU”	the European Union
“Existing Ordinary Shares”	the 3,529,410 Ordinary Shares in issue at the date of this document
“Framework Agreement”	a long term arrangement made by a Group company with a university or other research institute for the commercialisation of their IP including, where relevant, the Loughborough Agreement

“Fundraising”	together, the Placing and the Subscription
“FSA”	Financial Services Authority of the United Kingdom
“FSMA”	the Financial Services and Markets Act 2000, as amended
“Group”	the Company and its subsidiaries as at the date of this document
“IAS”	International Accounting Standards
“IFRS”	International Financial Reporting Standards
“Imperial College Agreement”	the research agreement entered into on 4 May 2006 between Intelligent Wound Care (1) and Imperial (2), further details of which are summarised in paragraph 13.7 of Part IV of this document
“Imperial College” or “Imperial”	Imperial College of Science Technology & Medicine, a body corporate incorporated by Royal Charter
“Imperial Innovations”	Imperial Innovations Limited, a company incorporated in England and Wales with registered number 02060639
“Imperial Option Agreement”	the call option agreement between Imperial Innovations (1) and Intelligent Wound Care (2), further details of which are summarised in paragraph 13.8 of Part IV of this document
“Imperial Option”	the call option over shares in Intelligent Wound Care granted to Imperial Innovations pursuant to the Imperial Option Agreement
“Intelligent Wound Care” or “IWC”	Intelligent Wound Care Limited, a company incorporated in England and Wales with registered number 05565391, a subsidiary of the Company and an IPSO Spin-out Company
“Investment”	a company in which a Group company has an equity interest other than by virtue of a Framework Agreement
“IP”	intellectual property
“IPSO Spin-out Company”	a spin-out company in which a Group company has an equity investment pursuant to a Framework Agreement, an Investment or otherwise
“IPSO Management”	IPSO Management Limited (previously IPSO Ventures Limited), a company incorporated in England and Wales with registered number 05413008 and a subsidiary of the Company
“London Stock Exchange”	London Stock Exchange plc
“Loughborough” or “Loughborough University”	Loughborough University, an educational body with independent legal status
“Loughborough Agreement”	the framework agreement entered into on 31 October 2006 between IPSO Management (1), Loughborough (2) and LUEL (3), further details of which are summarised in paragraph 13.11 of Part IV of this document

“LTIP”	the IPSO Long-Term Incentive Plan, a summary of the principal provisions of which are set out in paragraph 5.1 of Part IV of this document
“LUEL”	Loughborough University Enterprises Limited, a company incorporated in England and Wales with registered number 03139948 and a wholly owned subsidiary of Loughborough
“Official List”	the Official List of the UKLA
“Ordinary Shares”	ordinary shares of 5 pence each in the capital of the Company
“Oxford Brookes”	Oxford Brookes University, an educational body with independent legal status
“Panel”	the Panel on Takeovers and Mergers
“Placing”	the conditional placing by Ambrian on behalf of the Company of the Placing Shares with institutional and other investors at the Placing Price pursuant to the terms and conditions of the Placing Agreement
“Placing Agreement”	the conditional agreement dated 1 March 2007 between the Company, the Directors and Ambrian relating to the Placing, further details of which are set out in paragraph 13.1 of Part IV of this document
“Placing Price”	85 pence per Placing Share
“Placing Shares”	5,029,408 Ordinary Shares to be issued by the Company pursuant to the Placing
“£”	pounds sterling
“Prospectus Directive”	the EU Prospectus Directive (2003/71/EC)
“Prospectus Rules”	the prospectus rules published by the FSA from time to time for the purposes of Part VI of FSMA in relation to offer of securities to the public and admission of securities to trading on a regulated exchange
“RAB”	RAB Special Situations (Master) Fund Limited, a company incorporated in the Cayman Islands
“RAB Investment Agreement”	the arrangement entered into on 28 April 2006 between RAB (1) and IPSO Management (2), further details of which are summarised in paragraph 13.3 of Part IV of this document
“RAB Loan Notes”	convertible loan notes allotted to RAB pursuant to the terms of the RAB Investment Agreement
“RAB Loan Note Instrument”	the loan note instrument constituting the RAB Loan Notes executed by IPSO Management and dated 4 May 2006, further details of which are summarised in paragraph 13.4 of Part IV of this document
“School of Pharmacy” or “School”	The School of Pharmacy, University of London, a body incorporated by Royal Charter
“Shareholder”	a holder of Ordinary Shares from time to time

“spin-out companies” or “spin-outs”	a company established to commercialise the IP created by a university or other research institute
“Subscription”	the proposed subscription of Subscription Shares conditional on Admission
“Subscription Shares”	the 264,706 Ordinary Shares to be allotted and issued at the Placing Price pursuant to the Subscription
“subsidiary”, “subsidiary undertaking”, “associated undertaking” and “undertaking”	have the meanings respectively ascribed to them by the Companies Act
“Technology Transfer Office” or “TTO”	a university or other research institute’s technology transfer office whose responsibilities may include, amongst other matters, identifying and evaluating technology of potential commercial value; protection, management and development of IP portfolios; assisting individuals to identify and obtain sources of funding for development work; and commercial exploitation of IP through licence agreements and company formation
“Therakind”	Therakind Limited, a company incorporated in England and Wales with registered number 05876561 and an IPSO Spin-out Company
“Therakind Assignment and Investment Deed of Agreement”	the agreement executed as a deed between Therakind (1), School of Pharmacy (2) and IPSO Management (3) dated 26 October 2006, further details of which are set out in paragraph 13.9 of Part IV of this document
“Therakind Shareholders’ Agreement”	the agreement relating to Therakind between IPSO Management (1), School of Pharmacy (2), Professor Ian Wong (3), UCL Business (4) and Therakind (5) dated 26 October 2006, further details of which are set out in paragraph 13.10 of Part IV of this document
“UCL”	University College London, a body incorporated by Royal Charter
“UCL Business”	UCL Business Plc, a company incorporated in England and Wales with registered number 02776963 and a wholly owned subsidiary of UCL
“UK” or “United Kingdom”	United Kingdom of Great Britain and Northern Ireland
“UKLA”	United Kingdom Listing Authority being the FSA acting in its capacity as a competent authority for the purposes of Part VI of FSMA, including where the context so permits any committee, employee or servant of such authority to whom any function may from time to time be delegated
“Unapproved Share Option Plan”	the IPSO Unapproved Share Option Plan, a summary of the principal provisions of which are set out in paragraph 5.2 of Part IV of this document
“US”, “USA” or “United States”	United States of America, its territories and possessions and any state of the United States or the District of Columbia
“WildKey”	WildKey Limited, a company incorporated in England and Wales with registered number 5738861 and an IPSO Spin-out Company

PART I

INFORMATION ON THE GROUP

1. INTRODUCTION

IPSO has been set up to commercialise the IP of universities and other research institutes through the establishment of spin-out companies and/or licensing agreements. There are some 125 universities in the UK of which, the Directors believe, 60 are, to a significant extent, involved in research capable of commercialisation.

The business was founded in April 2005 by Simon Hunt and Nick Rodgers, who were joined by Dr. Simon Haworth in August 2005. The Company itself was established in June 2006 to act as a holding company of the Group. IPSO Management will continue to be the principal operating subsidiary of the Group.

In May 2006, IPSO Management secured £1.5 million of funding from a leading hedge fund, RAB and subsequently created Intelligent Wound Care to fund a research project in the Department of Bioengineering at Imperial College. IWC is developing solutions for monitoring the metabolic status of wounds.

In October 2006, the Company, through IPSO Management, invested in Therakind, a spin-out company from the School of Pharmacy which is involved in the formulation of medicines for children and in WildKey a spin-out from Oxford Brookes which is developing educational software for use on handheld devices.

The Company then reached a significant stage of its development when IPSO Management entered into the Loughborough Agreement on 31 October 2006, a Framework Agreement for the commercialisation of all future IP generated from research carried out by Loughborough University. In return for an equity stake, IPSO Management will provide initial equity capital for the future establishment of spin-out companies and ongoing strategic, commercial and financial support.

The Group is currently in discussions with a number of universities regarding both opportunities to enter into Framework Agreements and the commercialisation of IP projects through the creation of, or investment in, spin-out companies. It should be noted, however, that such discussions are at an early stage and may or may not lead to definitive proposals in the near term.

Further details of the funding of the Group and the commercial agreements it has entered into are set out below.

2. STRATEGY

IPSO's aim is to enter into up to eight Framework Agreements over the next three years, with the aim of providing a pipeline of spin-out opportunities.

It is anticipated that such Framework Agreements will give the Company, either itself or through a member of the Group, a right of first refusal to commercialise all IP and the first right of access to invest in any resulting spin-outs. IPSO will be closely involved in validating the IP and evaluating the potential for a spin-out from an early stage, and, in particular, will seek to introduce experienced management to a potential spin-out at the outset.

3. MARKET OPPORTUNITY

Universities in the UK have a strong international reputation for innovation in many sectors where IP is capable of commercialisation. They received approximately £2.9 billion of research grants and contracts in 2004/2005; with some of the leading institutions receiving in excess of £100 million annually. Some of this research funding results in IP that can either be licensed for subsequent development and commercialisation or which results in the establishment of new spin-out companies.

The UK government has stated that science is a key driver for wealth creation, employment and underpins quality of life and continues to place significant emphasis on promoting the commercialisation of IP generated by universities and other research institutes.

Over £250 million has been spent by universities and other research institutes on technology transfer over the last five years, much of which has been provided by the UK government through the Higher

Education Innovation Funding rounds, a funding programme designed to encourage knowledge transfer. Such investment has funded the establishment and development of TTOs within universities and other research institutes to enable them to commercialise their proprietary IP, whether through the creation of spin-out companies or licensing. There are now over 120 TTOs in the UK of varying sizes and degrees of sophistication.

Research by the British Venture Capital Association/Library House in 2005 suggests that the key issues TTOs face are the recruitment of experienced management, the ability to validate the IP, the assessment of the market and funding and the achievement of value through the most appropriate exit (Source: *“Creating Success from University Spin-outs”* (2005)).

IPSO will assist the formation of spin-outs by providing funding, business start-up expertise, management team building and recruitment services. In addition, IPSO will assist business development and provide corporate finance expertise.

The Directors believe that the commercial exploitation of research carried out by the majority of universities and other research institutes has been limited, with most spin-outs being concentrated in a small number of institutions. Some institutions have recognised the value of establishing a long term relationship with a focused commercialisation organisation; however, as at the date of this document only 16 universities have announced that they have signed formal agreements with external commercialisation bodies. IPSO intends to exploit the opportunity that exists to assist universities and other research institutes with their commercialisation activities, particularly those focused on applied research and development, where spin-outs are more likely to be closer to revenue generation than those concentrating on more fundamental early research.

4. IPSO'S BUSINESS MODEL

IPSO intends to capitalise on the high quality research and IP that is generated by UK universities and other research institutes, particularly in the areas of life sciences, environmental sciences and technology.

IPSO's business model involves the following components:

- Framework Agreements with a defined sharing of interests between the Group, a university or other research institute, academics and management and giving the Group a right of first refusal to be involved in each potential spin-out investment;
- working with TTOs, academics, universities and other research institutes to develop and improve methods and processes by which they seek to commercialise IP;
- investing in spin-outs;
- recruiting and building experienced management teams through the Group's in-house capability;
- providing business development services to spin-outs with the aim of creating value and improving their prospects of success through marketing, sales and strategic collaborations; and
- offering access to in-house corporate finance and merger and acquisition expertise and experience with the aim of maximising shareholder value on exit.

By working closely with the TTOs in both validating IP and identifying spin-out opportunities, the Directors believe that the Group can offer its partner universities and other research institutes more rapid access to funding than would be available from external sources of finance.

In addition, the Directors believe that IPSO's business model includes a number of strengths which are particularly attractive in combination and serve to differentiate IPSO from its competitors. In particular, IPSO:

- has an accomplished senior management team which has experience across a range of complementary disciplines in the life sciences, environmental sciences and technology, including intellectual property, start-up and business development, technology licensing, and portfolio and financial management;
- has a focus on universities with more applied research and development where commercialisation opportunities are likely to be closer to market;
- has in-house capability to identify, recruit and build experienced management teams; and
- has significant corporate finance and mergers and acquisitions expertise.

Sources of revenue

The Group's principal source of revenues will be equity realisations. Timescales for equity realisations will be largely dependent on the specific circumstances of the individual spin-out companies and will, as a result, be unpredictable. It is the Directors' intention that the Group will also create value through capital growth from investments in spin-outs.

Other sources of revenues will be modest but will be earned from fees on management team building and recruitment assignments, corporate finance and fund-raising activities for spin-outs and where the Group sources consultancy advice for spin-out companies. In addition, some licence income may be derived from Framework Agreements.

5. THE COMMERCIALISATION PROCESS

IPSO's commercialisation process has the following five stages:

- Identification;
- Investigation;
- Planning;
- Spin-out establishment; and
- Development.

Identification

IPSO will work with the relevant TTO to identify IP, much of which will have been protected by patent application, that is potentially capable of being commercialised. IP considered by IPSO's team and the TTO to be worthy of further investigation as a project ("Project") will proceed to the investigation stage detailed below. Opportunities which are not selected as a Project may be taken back by the academic(s) for further research.

Investigation

At this stage IPSO, the academic(s) and the TTO will analyse the Project further. A brief IP review will be undertaken and IPSO will commence the management identification process. IPSO will bring in consultants to assist it in the investigation and due diligence of the Project and in particular the possible market potential for the product or service. This will include examining any regulatory issues.

At the end of the investigation process IPSO and the TTO will agree the next steps and the likely commercialisation route for the Project. This could involve:

- further development work within the university prior to spin-out;
- licencing IP to a third party; or
- establishing a spin-out company.

If the conclusion is to license the IP then the TTO will take the Project forward and IPSO may provide assistance to the TTO in identifying and securing a licencing partner.

If the conclusion is to establish a spin-out company then the Project will proceed to the planning stage detailed below.

Planning

IPSO will commence the preparation of a full business plan for the Project and will bring in external consultants to assist with this process and add expertise where necessary. In particular, more detailed market research will be undertaken and a more detailed review of the IP will be carried out for IPSO by patent attorneys. A financial model describing the funding requirement for the Project will be completed.

IPSO will conclude the management identification process and in many cases the management identified will have already been involved in the planning process. In addition, the role(s) of the academic(s) involved in the Project will be defined.

If successful, the planning stage will result in an investment summary being presented to the investment committee which has been established for the particular university under the applicable Framework Agreement. This committee will consist of two IPSO executives, one TTO representative and a third party.

Spin-out establishment

If the Project is approved by the investment committee then IPSO will arrange for the establishment of a spin-out company. Agreements will be drafted in order to license the IP concerned to the spin-out company and to set out the terms for the investment of funds in the spin-out company.

In conjunction with the investment of funds by IPSO, management identified in-house by IPSO will be appointed together with any other non-executive directors as the parties concerned may agree.

Development

IPSO's role does not end with the establishment of a spin-out company but will continue throughout the development phase of the spin-out company. In particular, IPSO will provide, as necessary, the following:

- identification of business development consultants;
- identification and recruitment of additional management and staff;
- identification of candidates to act as non-executive directors;
- assistance with identifying and securing further funding; and
- assistance with possible mergers and acquisitions.

The Company will, in addition, use its corporate finance expertise to identify appropriate opportunities to provide the spin-out company's shareholders with a suitable exit route.

6. THE INVESTMENT PROCESS AND MONITORING OF INVESTMENTS

As described above, IPSO has a defined process for identifying opportunities for commercialising IP and for making the decision as to whether an acquisition of a stake in a spin-out company or assisting with licensing opportunities is appropriate in the given circumstances. Each and every Framework Agreement will be reviewed and approved by the Board. The Board will establish an investment committee for each Framework Agreement which will receive and consider the investment proposals. The Board will monitor and review the pipeline of spin-out proposals and set the overall investment policy for the Company and the investment committees. The Company is in the process of putting in place the following procedures to monitor the performance of its current and future investments:

- monthly updates to the Board on key issues on the IPSO Spin-out Companies, other opportunities which may have arisen under the Framework Agreements to which IPSO or a Group company are party and any new stand-alone opportunities which may have arisen;
- formal quarterly reviews of the portfolio of IPSO Spin-out Companies; and
- half yearly and end of year balance sheet reviews looking at the carrying value of the Group's interests in spin-out companies.

IPSO's policy is to appoint either one or two of its members of staff to the board of each IPSO Spin-out Company.

7. THE AGREEMENT WITH LOUGHBOROUGH UNIVERSITY

Loughborough has an established reputation for excellence in research. On 31 October 2006, IPSO Management entered into the Loughborough Agreement for the commercialisation of Loughborough's IP.

Loughborough University

Loughborough has more than 12,000 full-time students and 3,000 staff with one of the biggest campuses in the country, approximately 165 hectares of land. In the first National Student Survey in 2005, measuring the level of students' satisfaction with their university, Loughborough claimed joint second place. Loughborough was ranked 6th in the Times Top Universities Guide published in June 2006.

In the year ended 31 July 2005, Loughborough had an income of £153 million and was awarded a total of £39.7 million in research grants and contracts.

Loughborough has a breadth of partnerships with companies such as Ford, BAE Systems, Rolls Royce and JCB. Situated on campus are the £10 million Henry Ford College for retail and management training of Ford employees throughout Europe, the Rolls-Royce Fuel Cells facility, and the Systems Engineering Innovation Centre, a partnership venture between Loughborough and BAE Systems.

Quality of research

In the 2001 Research Assessment Exercise (“RAE”), a quality ratings system for research across all university disciplines, nine subject areas at Loughborough were highly rated as 5 and above for international excellence, with three areas gaining the highest attainable 5* rating. Specifically, Loughborough had a rating of 5 for electrical/electronic engineering, mechanical, aeronautical and manufacturing engineering, and a rating of 4 for chemical engineering, chemistry and other studies and professions allied to medicine. The Directors believe that these are areas likely to generate the most IP capable of commercialisation, although initially the areas of research which are of particular interest to IPSO are healthcare engineering, optical engineering, chemical engineering, renewable energy technologies, sports science and polymer technology and materials.

Spin-outs to date

LUEL has been involved in the creation of more than 25 spin-outs. Loughborough’s IP portfolio is managed by LUEL whose specialist team combines legal, financial, contractual, technical and marketing expertise.

The formation of spin-outs from Loughborough is aided by the Loughborough Innovation Centre (the “Innovation Centre”). Opened on campus in 2002, the Innovation Centre currently houses around 36 companies. In 2003, the Innovation Centre received the UK Business Incubation Ltd ‘Best Newcomer’ award.

Loughborough Agreement

On 31 October 2006, IPSO Management entered into the Loughborough Agreement, its first Framework Agreement, which sets out certain arrangements with regard to the commercialisation of IP created by Loughborough’s academic staff by way of spin-out companies.

The Loughborough Agreement comprises the following core elements:

- Loughborough and LUEL undertake to use their best endeavours to ensure that all opportunities for commercialising IP via spin-out companies, other than IP relating to mobile and wireless telecommunications research, are channelled through IPSO Management, with IPSO Management having the first opportunity to invest in any such spin-out companies;
- IPSO Management is entitled to an equity interest in the relevant spin-out companies which will be determined by the amount of its investment;
- IPSO Management is obliged to make available at least £3 million, in aggregate, for investment in Loughborough’s spin-out companies formed to commercialise IP owned by the University and/or LUEL during the first 5 years of the term of the agreement and undertakes to use all reasonable endeavours to secure such additional funding for investment in Loughborough spin-out companies as is agreed between the parties once more than £2.5 million has been allocated for such investment; and
- the agreement is for an initial term of 10 years and shall renew for additional successive 5 year periods as agreed by the parties unless terminated.

Further details of the Loughborough Agreement are set out in paragraph 13.11 of Part IV of this document.

8. CURRENT SPIN-OUT PORTFOLIO

Intelligent Wound Care Limited with Imperial College

In May 2006, IPSO Management agreed to provide the funding for an intelligent wound dressing project at the Department of Bioengineering at Imperial College and created Intelligent Wound Care for this purpose.

Currently, clinicians have few methods of gathering information on the metabolic status of a wound and methods of assessment are often subjective, based on the external appearance of the wound. In addition, it is not possible to observe wounds during the healing process due to the opaque wound dressings commonly used. This lack of direct information can hinder medical judgement.

Intelligent Wound Care is developing a minimally invasive device for *in vivo* monitoring of wound healing. This device will allow surveillance of a range of metabolic markers and thus provide an early indication for known clinical outcomes.

IPSO Management invested an initial £270,000 in IWC and is committed to invest a further £540,000 over the next two years. IWC has an option to take up a royalty bearing exclusive worldwide licence (including the right to sub-licence) to the IP created by or generated from the project. As consideration for this option, Imperial College, through Imperial Innovations, has been granted a call option over 24.9 per cent. of the share capital of IWC exercisable at nominal value.

Further details of the commercial agreements relating to the investment in Intelligent Wound Care are set out in paragraphs 13.7 and 13.8 of Part IV of this document.

Therakind Limited with School of Pharmacy

In October 2006, IPSO Management invested in Therakind, a spin-out from the School of Pharmacy. Therakind is addressing the area of paediatric formulations of medicines in which the School has a particular expertise within the Centre for Paediatric Pharmacy Research.

Therakind has two principal business activities:

- the development of drugs for licenced use in paediatric markets; and
- the provision of consultancy services to companies with proprietary drugs approved for adults to enable them to secure approval for paediatric applications.

Revenues will be generated from sales of drugs, consultancy fees and royalties on product sales. IPSO Management has invested an initial £120,000 in Therakind with a possible further investment of £300,000 expected to be made in March/April 2007.

Further details of the commercial agreements relating to the investment in Therakind are set out in paragraphs 13.9 and 13.10 of Part IV of this document.

WildKey with Oxford Brookes

In October 2006, IPSO Management invested in WildKey, a spin-out from Oxford Brookes. WildKey is an educational software developer that has developed digital wildlife identification programs for use on handheld devices such as personal digital assistants (PDAs) and smartphones. The mobility of the devices enables users to “take education beyond the classroom” to identify and record wildlife via simple prompts and images in the field.

Based on a concept that was established by Dr. Neil Bailey, Dr. Stewart Thompson and Paul Griffiths in 2004, the first program (“Butterfly WildKey”) was successfully developed and trialled in 2006. The initial commercial focus is on the educational software market. Butterfly WildKey has already been accredited for use in schools and WildKey has recently developed further programs to identify pond life and ‘rocky shores’. In addition to the educational market, other markets include individual wildlife enthusiasts and natural visitor attractions (for which interactive guides will be developed).

IPSO Management has invested approximately £45,000 in WildKey. Further details of the commercial agreements relating to the investment in WildKey are set out in paragraph 13.16 of Part IV of this document.

9. COMPETITION

As noted above, the Directors believe that IPSO’s business model includes a number of strengths which are particularly attractive in combination and serve to differentiate IPSO from its competitors. There are, however, a number of quoted and unquoted companies which provide or are seeking to provide IP commercialisation services to UK universities and other research institutions. These include:

Angle plc

Founded in 1994, Angle focuses on the provision of business consultancy services and the commercialisation of IP developed by universities and research organisations. Angle was admitted to

AIM in March 2004 and had a market capitalisation of approximately £18 million as at 22 February 2007. In July 2006, Angle formed its first long-term university IP commercialisation alliance with the University of Reading.

Biofusion plc

Founded in 2002 and admitted to AIM in February 2005, Biofusion was formed to commercialise university IP. In 2005, Biofusion established a 10 year exclusive partnership with the University of Sheffield to commercialise all of the university's medical IP. Biofusion operates under a slightly different model in that it seeks to acquire a university's IP or spin-out portfolio in exchange for equity in Biofusion. In November 2006, Biofusion entered a 10 year exclusive agreement with the University of Cardiff. This partnership provides Biofusion with the right to commercialise 100% of all Cardiff University research-generated IP in return for an equity stake in Biofusion. On 22 February 2007, Biofusion had a market capitalisation of approximately £56 million.

Imperial Innovations plc

Imperial Innovations, based at Imperial College, sources commercial opportunities from academic staff at Imperial College and helps to protect IP, development technologies, licencing strategies and the formation of, and investment in, spin-out companies. Imperial Innovations has been affiliated with 58 spin-outs. Imperial Innovations was admitted to AIM in July 2006 and had a market capitalisation of approximately £177 million as at 22 February 2007.

IP Group plc

IP Group (formerly IP2IPO) is an IP commercialisation company which sources its investments principally from partnerships with universities. Founded in 2001, IP Group is the largest of the Group's direct competitors. IP Group's securities were admitted to AIM in 2003 and subsequently admitted to the Official List in June 2006. On 22 February 2007, IP Group had a market capitalisation of approximately £343 million. IP Group has "partnership" agreements with Oxford University's Chemistry Department, Southampton University, King's College London, Leeds University (through IP Group's acquisition of Techtran Limited), York University, Bristol University, Surrey University, Queen Mary's College, London, Bath University and Glasgow University.

Sigma Capital Group plc

Sigma is an AIM-listed specialist asset management and advisory group focusing on fund management and the commercialisation of university IP. In August 2006, Sigma entered into a long term agreement with Robert Gordon University in Aberdeen whereby it helps to identify and progress commercialisation opportunities in return for equity in spin-out companies and/or licencing income from the relevant projects. In November 2006, Sigma entered into a 10 year partnership with The University of Dundee. The partnership will see Sigma working with the university's research and innovation services department to support its commercialisation activities across all colleges. Sigma had a market capitalisation of approximately £12 million as at 22 February 2007.

Sloane Robinson LLP

In June 2006 Technikos LLP, part of international investment group Sloane Robinson, signed a £12 million deal with Oxford University to assist with the funding of the Institute of Biomedical Engineering. This transaction is similar to that with IP Group regarding the Oxford University Chemistry Department.

Further competition comes from other companies such as XL Techgroup Inc, Amphion Innovations plc, UTEK Corporation, Inc. and Competitive Technologies, Inc., although these companies are predominantly focused on technology transfer. In addition, competition for IPSO comes from companies which licence IP, develop a product/technology to add value and then license-out it to third parties for continued development and commercialisation. Examples include BTG plc, MMI Group plc and Generics Group Ltd.

10. DIRECTORS

IPSO is led by an experienced Board which consists of an Executive Chairman, a Chief Executive Officer, an Executive Director and two Non-Executive Directors whose brief biographies are set out below. The Board intends to supplement the expertise of the Group by employing a Chief Financial Officer in due course.

The Executive and Non-Executive Directors of the Company are:

Simon Hunt, Executive Chairman

Age 56, having trained and practised as a corporate lawyer, including intellectual property law (Macfarlanes and Gouldens), Simon moved into venture capital with Gartmore specialising mainly in technology, particularly in the US. Simon subsequently ran his own venture capital and M&A advisory business before gaining operational experience through being CEO of a technology based public company Stordata Solutions plc. He has had significant involvement in a variety of mergers and acquisitions, initial public offerings and fundraisings and has worked with companies from start up to mature stage, both public and private.

Nick Rodgers, Chief Executive Officer

Age 48, Nick was, until December 2003, Head of Life Sciences and Joint Head of Corporate Finance at Evolution Securities (formerly Beeson Gregory). In that role Nick has advised on a large number of initial public offerings, fundraisings, acquisitions, mergers, disposals and takeovers dealing with both private and public companies. Whilst at Beeson Gregory he was heavily involved in the establishment of IP Group plc's first two partnerships and was a member of the steering committee for the Oxford partnership and the investment committee for the Southampton partnership. Nick has been involved in helping companies at most stages of their development as well as sitting on boards of both public and private companies.

Dr. Simon Haworth, Executive Director

Age 45, Simon will be responsible for building management teams for IPSO Spin-out Companies. This role will be part time as he is the head of international recruiter BSG Team Ventures and founder of the UK based Team Ventures Limited. BSG Team Ventures builds teams for companies in the innovation economy in the UK and USA. It is established as an international recruitment engine primarily for sourcing chief executive officers, chairmen, non-executive directors and board level executives. Simon's focus is on technology and biotech for clients such as Amadeus Capital Partners Ltd, Warburg Pincus International LLC, Xaar plc, Cambridge Antibody Technology (now part of the AstraZeneca group of companies), Cyclacel Pharmaceuticals, Inc., Vectura Group plc, t+Medical Ltd, Oxford BioSignals Ltd, Novocellus Ltd and Karus Therapeutics Ltd.

Michael Baines, Non-Executive Director

Age 54, Michael has worked in the financial services industry for 25 years. From 1985 to 2000 he was at Robert Fleming & Co, an international asset management and investment banking group, where he held senior positions in asset management, securities trading and investment banking. Key roles included Head of Risk Management and Deputy Chairman of Robert Fleming Securities. Michael was also a main board director of the bank between 1994 and 1998. Michael currently acts as a consultant to Atlas Capital Limited, a specialist hedge fund group and sits on the boards of two other financial services companies. He is also an active seed investor in technology focussed companies.

Dr. Peter Knox, Non-Executive Director

Age 57, Peter was Managing Director of Metris Therapeutics Limited, a University of Cambridge spin-out that specialises in the research and development of medicines that treat gynaecological or women's health disorders. After graduating from Oxford University, Peter spent over a decade as an academic in the field of biochemistry at the University of Birmingham and St Georges Hospital Medical School, London. Peter has held senior management positions in several companies including Group Chief Scientist for Amersham International plc and Head of Department at Glaxo Group Research Ltd.

11. SENIOR MANAGEMENT AND CONSULTANTS

Dr. Patricia Williamson

Patricia is a clinical research professional with experience in many areas including clinical operations, clinical development, clinical quality management, data management and training. She has worked for a number of companies including Matrix Contract Research, ML Laboratories plc, Schering Healthcare, Roche, Pfizer and Glaxo Wellcome. Patricia is currently responsible for the Therakind spin-out.

Dr. Chris Wright

The Group has appointed Dr. Chris Wright as a consultant. Chris was previously a director of Beeson Gregory and founding chief executive of IP2IPO Limited (now IP Group). In that role he negotiated the first IP partnership agreements with Oxford and Southampton universities. Chris has many years experience in the management of engineering and technology businesses including time with AEA Technology, BOC, RHM and Harwell Laboratory.

Additional staff will be recruited as further Framework Agreements and Investments are entered into to provide support in respect of each Framework Agreement or to each spin-out and to add to the senior management of the Group. This will allow for some staff to be sited within the relevant university's TTO where necessary and/or appropriate.

In order to support the business development of spin-out opportunities, IPSO will source consultants with identified specific expertise.

12. CORPORATE GOVERNANCE AND BOARD PRACTICES

The Directors recognise the importance of sound corporate governance and will, in so far as is practicable given the Company's size, stage of development and the constitution of the Board, comply with the main provisions of the Combined Code and the Quoted Companies Alliance Guidelines published on 13 July 2005.

Board

The Board is responsible for formulating, reviewing and approving the Company's strategy, budgets and corporate actions. The Company intends to hold Board meetings at least 4 times each financial year and at other times as and when required.

Committees

The Company will, upon Admission, establish properly constituted audit and remuneration committees of the Board with formally delegated duties and responsibilities.

The audit committee of the Company, comprising Dr. Peter Knox and Michael Baines (both non-executive Directors), will be chaired by Michael Baines and will meet at least twice a year. The audit committee is responsible for ensuring that the Group's financial performance is properly monitored, controlled and reported. It will also meet the auditors and review reports from the auditors relating to accounts and internal control systems. The audit committee will meet at least once a year with the auditors.

The remuneration committee of the Company, comprising Michael Baines and Dr. Peter Knox (both non-executive Directors) will be chaired by Dr. Peter Knox and will set and review the scale and structure of the executive Directors' remuneration packages, including share options and the terms of their service contracts. The remuneration and the terms and conditions of the non-executive Directors will be determined by the Board with due regard to the interests of the Shareholders and the performance of the Group. The remuneration committee will also make recommendations to the Board concerning the allocation of share options to employees.

Share Dealing

The Company has adopted a code for Directors' dealings which is appropriate for an AIM quoted company. The Directors will comply with Rule 21 of the AIM Rules relating to Directors' dealings and will take all reasonable steps to ensure compliance by the Group's applicable employees (as defined in the AIM Rules) as well.

13. REASONS FOR THE FUNDRAISING AND ADMISSION AND USE OF PROCEEDS

The principal reasons for the Fundraising and Admission are as follows:

- the Loughborough Agreement is expressly conditional upon the Company raising sufficient net funds to enable it to make available not less than £3 million, in aggregate, for investment in spin-outs from Loughborough during the first 5 years of the agreement's term; and
- to give IPSO access to additional equity finance to pursue its defined strategy as set out above in this Part I.

The net proceeds of the Fundraising are intended to be applied principally towards the fulfilment by the Group of its financial obligations under the Loughborough Agreement. The balance will be used to provide cash reserves to fund the Group's ongoing and future working capital requirements and to enable it, if appropriate, to take advantage of new Framework Agreement opportunities when they arise.

In order to fulfil the Group's strategy of establishing Framework Agreements with up to eight universities or research institutes in total over the next three years, it is recognised that further funds will have to be raised at a later stage.

14. DETAILS OF THE PLACING AND THE SUBSCRIPTION

The Company is proposing to raise £4.27 million (before expenses) pursuant to the Placing. Ambrian has conditionally agreed, as agent for the Company and pursuant to the Placing Agreement, to use its reasonable endeavours to place 5,029,408 Placing Shares with institutional and other investors representing, in aggregate, approximately 40.60 per cent. of the Enlarged Share Capital. The obligations of Ambrian under the Placing Agreement are conditional, *inter alia*, upon Admission taking place by 8.00 am on 7 March 2007 (or such later date, being not later than 5.00 pm on 30 March 2007 as the Company, and Ambrian shall agree) and the Placing Agreement not being terminated in accordance with its terms. On Admission, at the Placing Price, the Company will have a market capitalisation of approximately £10.53 million.

The Placing Shares will, once issued, rank *pari passu* with the Existing Ordinary Shares including the right to receive all dividends and other distributions declared, paid or made thereafter.

Further details of the Placing Agreement are set out in paragraph 13.1 of Part IV of this document.

The Company is also expected to raise £225,000 (gross) by issuing 264,706 Subscription Shares at the Placing Price.

Simon Hunt, Nick Rodgers, Michael Baines and Peter Knox will be subscribing for Subscription Shares in the Subscription. Details of the shareholdings of the Directors as they are now and as they will be immediately after Admission are set out in paragraph 9.1 of Part IV of this document.

15. LOCK-IN UNDERTAKINGS

On Admission, the Directors will be interested in an aggregate of 3,676,470 Ordinary Shares, representing approximately 29.68 per cent. of the Enlarged Share Capital. Details of the Directors' holdings of Ordinary Shares are set out in paragraph 9.1 of Part IV of this document.

The Directors who on Admission will be holders of 3,676,470 Ordinary Shares, representing, in aggregate, 29.68 per cent. of the Enlarged Share Capital of the Company, have undertaken to the Company and Ambrian not to dispose of any interests in Ordinary Shares (except in certain limited circumstances) for a period of 18 months from Admission and, for a further 6 months thereafter, to deal in their Ordinary Shares only through Ambrian, subject to certain orderly market restrictions.

In addition, RAB, who, on Admission, will be the beneficial owner of 5,588,233 Ordinary Shares representing, in aggregate, 45.11 per cent. of the Enlarged Share Capital, has undertaken to the Company and Ambrian, for a period of six months from Admission not to dispose of any interests in 3,529,410 Ordinary Shares to be issued pursuant to paragraph 13.4 of Part IV of this document and for a further six months thereafter to deal in 3,529,410 Ordinary Shares only through Ambrian, subject to certain orderly market restrictions.

Further details of the lock-in undertakings are set out in paragraphs 13.1 and 13.15 of Part IV of this document.

16. COMPANY OPTION SCHEMES

The Directors believe that the Company's success is highly dependent on the quality and loyalty of its employees and executive Directors and other persons providing services to the Group. To assist in the recruitment, retention and motivation of high quality personnel, as necessary, the Company must have an effective remuneration strategy. The Directors consider that an important part of the Company's remuneration strategy is the ability to award equity incentives and, in particular, share options and long term incentives.

The Directors have established the Unapproved Share Option Plan, the LTIP and the Employee Benefit Trust prior to Admission. No awards will be made under the LTIP or the Unapproved Share Option Scheme on or prior to Admission.

The terms of the options will require an exercise price not less than the volume weighted average price of an Ordinary Share for the 10 business days preceding the date of the grant and will require the satisfaction of such performance or other exercise conditions as the remuneration committee consider appropriate.

For the LTIP, future awards will be made subject to the satisfaction of performance conditions and, subject to vesting, all Ordinary Shares awarded under the LTIP will be held by the trustees of the Employee Benefit Trust, which will be funded by the Company.

Further details of the LTIP, the Unapproved Share Option Plan and the Employee Benefit Trust are set out in paragraphs 5.1, 5.2 and 5.3 of Part IV of this document.

17. ADMISSION, SETTLEMENT AND CREST

Application has been made to the London Stock Exchange for the Enlarged Share Capital to be admitted to trading on AIM. It is expected that Admission will become effective and dealings in the Enlarged Share Capital will commence on 7 March 2007.

The Articles permit Ordinary Shares to be issued and transferred in uncertificated form in accordance with the CREST Regulations. CREST is a computerised paperless share transfer and settlement system which allows shares and other securities, to be held in electronic rather than paper form and transferred otherwise than by written instrument. Application has been made by the Company's registrar for the Ordinary Shares in issue at Admission (which includes the Placing Shares and the Subscription Shares) to be admitted to CREST and it is expected that the Ordinary Shares will be so admitted and accordingly enabled for settlement in CREST on the date of Admission. Accordingly, settlement of transactions in the Ordinary Shares following Admission may take place within CREST if relevant Shareholders so wish.

CREST is a voluntary system and Shareholders who wish to hold their shares in certificated form will be able to do so.

Notwithstanding the election by placees as to the form of delivery of the Placing Shares and the Subscription Shares, no temporary documents of title will be issued. All documents or remittance sent by or to a placee, or as it may direct, will be sent through the post at the placee's risk.

It is expected that share certificates will be dispatched by the Registrars no later than 14 March 2007 and Placing Shares and/or Subscription Shares will be delivered in CREST on 7 March 2007.

18. DIVIDEND POLICY

After Admission, the Directors do not intend to pay a dividend in the immediately foreseeable future but, subject to the availability of sufficient distributable profits, intend to commence payment of dividends when it becomes commercially prudent to do so and will adopt a progressive dividend policy thereafter.

The Board will continue to review its dividend policy as the Company develops.

19. TAXATION

Information regarding taxation is set out in paragraph 19 of Part IV of this document. These details are, however, intended only as a general guide to the current tax position under UK taxation law.

Shareholders who are in any doubt as to their tax position or who are subject to tax in jurisdictions other than the UK are strongly advised to consult their own independent financial adviser immediately.

20. TAKEOVER CODE

The Code is issued and administered by the Panel and applies to the Company. The Company's shareholders are entitled to the protection afforded by the Code.

Following the Fundraising RAB will in aggregate be interested in shares carrying 30 per cent. or more of the Company's voting share capital but will not hold shares carrying more than 50 per cent. of such voting rights and any further increase in that interest in Ordinary Shares will be subject to the provisions of Rule 9 of the Code.

Further details of the operation of the Code are set out in paragraph 3.11 of Part IV of this document.

21. SUBSTANTIAL SHAREHOLDING EXEMPTION

Profits may arise in IPSO Management on divestments of spin-out companies. These profits will be taxable in IPSO Management unless the conditions of the substantial shareholding exemption are met.

There are a number of conditions to be satisfied which will need to be considered at the time of each divestment, and depend, inter alia, upon the structure of all of the investments of the Group over the previous 24 months.

22. ADDITIONAL INFORMATION

The attention of investors is drawn to the information contained in Parts II to IV of this document which provides additional information on the Group.

PART II

RISK FACTORS

The investment described in this document may not be suitable for all those who receive it. Before making a final decision, investors are advised to consult a person authorised under the FSMA who specialises in advising on the acquisition of shares and other securities.

Prospective investors should be aware that an investment in the Company is speculative and involves a high degree of risk. In addition to the other information contained in this document, the Directors believe that the following risk factors are the most significant for potential investors and should be considered carefully in evaluating whether to make an investment in the Company. If any of the risks described in this document actually occur, the Company may not be able to conduct its business as currently planned and its financial condition, operating results and cash flows could be seriously harmed. As a result, the market price of the Ordinary Shares would decline, and all or part of an investment in the Ordinary Shares could be lost. However, the risks listed do not necessarily comprise all those associated with an investment in the Company. Additional risks and uncertainties not presently known to the Directors, or which the Directors currently deem immaterial, may also have an adverse effect on the Company. In particular, the Company's performance may be affected by changes in market or economic conditions and in legal, regulatory and tax requirements. The risks listed are not set out in any particular order of priority.

1. Risks relating to the business

Early stage business model

The Company's business model is that of entering into Framework Agreements. This business model is at an early stage and despite instances of the successful implementation of such agreements by some of the Company's competitors, there is no guarantee that it will ultimately prove successful.

The Group has a limited operating history upon which its performance and prospects can be evaluated and faces the risks frequently encountered by developing businesses. These risks include the possible loss of key personnel, as well as uncertainty as to which areas to target for growth and expansion. In addition, there can be no assurance that the Group's proposed operations will be profitable or produce a reasonable return, if any, on investment.

Early stage investments

The Group intends to invest in early stage spin-out companies. These investments will be subject to risks associated with early stage investments in general, including the ability to secure later rounds of funding to support ongoing research and development activities, the impact of competing technologies entering the market with more resources and the risk that the research will fail. In some cases, the ability to succeed will be dependent upon certain regulatory approvals. There is no certainty that such individual spin-out companies will prove to be successful or generate a return on investment for the Group.

Appetite for further development and investment

IPSO Spin-out Companies may have, in common with many other early stage technology transfer companies, significant funding requirements in the future. As such, the success of the IPSO Spin-out Companies is subject to wider market conditions. It may be the case that investors' appetite to invest in such companies is insufficient to meet the funding requirements of the IPSO Spin-out Companies concerned. This could have a material adverse effect on the value and financial position of such companies and consequently on the value of the assets and the business of the Group. It may also prove difficult, or take a considerable amount of time, for the Group to be able to realise its equity shareholdings in such IPSO Spin-out Companies, which would make it difficult for the Group to generate material revenues.

Requirement for equity capital

In order to fulfil its strategy of entering into up to eight Framework Agreements over the next three years, IPSO will require additional capital in the future for expansion activity and/or business development, whether from equity or debt sources. As a result, a shareholding in the Company could be substantially diluted. There is no guarantee that the then prevailing market conditions will allow for such a fundraising or that new investors will be prepared to subscribe for Ordinary Shares at the same price as the Placing Price or higher. If the Company is not able to obtain additional capital on acceptable terms, or at all, it may be forced to curtail or abandon such planned expansion, activity and/or business development.

Competition from organisations with greater capital

The Group may face significant competition from organisations which have greater capital resources than the Group. There is no assurance that the Group will be able to compete successfully in such a marketplace.

Termination of the Loughborough Agreement

The benefits to which the Group is entitled under the Loughborough Agreement are dependent on the continuation of this agreement. In a number of instances (principally relating to a failure on the part of the Group to perform certain contractual obligations), the Loughborough Agreement may be terminated, which would have a highly material adverse effect on the Group's prospects. See section 13.11 of Part IV for further details of the Loughborough Agreement.

Significant Shareholder

Following the Fundraising, RAB will, in aggregate, be the beneficial owner of 45.11 per cent. of the Enlarged Share Capital. Consequently, RAB will have the ability to exert a degree of control over the future conduct of the Company.

Retention of personnel

The future success of the Group depends to a significant extent on its ability to hire and retain key development, operational and financial personnel. Attracting and retaining key personnel may be difficult in the marketplace in which the Group operates. The Group has key personnel who have valuable experience and contacts in the Group's field. Although the Group has entered into contracts with its current key personnel, there can be no assurance that the Group will be able to continue to retain key personnel on whom it relies and attract qualified personnel that it requires for the development of the Group's business.

The success of the IPSO Spin-out Companies is dependent upon retaining key academic individuals and/or the ability to attract and retain senior management of sufficient calibre.

Development of products to market

As with all new products in development, there is a significant risk that some or all of the products being developed by IPSO's portfolio of spin-out companies will fail during development and/or to reach the market. This applies to the products within the Group's current portfolio described in Part I of this document and to the products of future spin-outs funded by IPSO.

Arrangements with universities and other research institutes

There can be no guarantee that the Group will be able to enter into additional Framework Agreements on acceptable terms. Unless the Group can secure such arrangements, its ability to generate revenues will be limited to the IP which it is entitled under the existing Framework Agreement and Investment arrangements.

Taxation – substantial shareholding exemption

The net value realisable by the Group on any exit by way of a sale of shares in an IPSO Spin-out Company will be materially affected by the Group's ability to qualify for a substantial shareholding exemption on such exit.

Minority interests

The size of the Group's shareholding in IPSO Spin-out Companies will vary between such IPSO Spin-out Companies. The Group will not be able to exercise control over the affairs of IPSO Spin-out Companies in which it only has a minority interest. The Group might find this lack of control either prevents it from exiting from its investment in an IPSO Spin-out Company at a time and/or price the Group would otherwise choose to, or from procuring that further funds are raised for an IPSO Spin-out Companies in circumstances where the Group would consider such further funding desirable. Further, in raising funds for an IPSO Spin-out Company by way of an issue of shares in that company, the Group may be required to become subject to provisions which could force the Group to exit from that IPSO Spin-out Company at a time and/or price determined by another investor.

2. Risks relating to sectors in which the Group is involved

Regulatory approval

The businesses of some of the spin-out companies in which the Group have or, in line with the Group's strategy as described in Part I, may have an interest will involve the sale of products for use in human healthcare, including pharmaceuticals and medical devices. The manufacture, marketing and sale of such healthcare products is subject to rigorous regulation by regulatory and governmental authorities throughout the world.

Obtaining regulatory approvals to manufacture, market and sell healthcare products is often extremely expensive and generally takes many years, and the failure to obtain, or maintain, such approvals can restrict or prevent those products from being sold or marketed. There can be no guarantee that such approvals will be granted for any of the product candidates with which any of the IPSO Spin-out Companies are concerned. Any failure to obtain or maintain such an approval could adversely affect the value of the relevant IPSO Spin-out Company to the Group and the revenue the Group can realise by disposing of its holding in it.

Product liability

Any adverse effects of, or other problems with, any marketed product may also cause the relevant IPSO Spin-out Company to incur product liabilities to affected persons, with a consequential effect on that IPSO Spin-out Company's value to the Group. There can be no guarantee that necessary product liability insurance will be available to such IPSO Spin-out Company, at all or at an acceptable cost, or that any such insurance as is obtained will cover such liabilities as may arise for it. Any shortfall in such an IPSO Spin-out Company's insurance may adversely impact upon its value and the revenue the Group can realise by disposing of its holding in it.

Market acceptability and pricing

There can also be no guarantee that any such products will achieve market acceptability, including in comparison with third party alternatives, or that they will be sold at a price which generates adequate revenues for the IPSO Spin-out Company concerned. Such revenues may also be affected by relevant government policies concerning pricing or reimbursement for products dispensed through publicly-funded health services, and whether such products are approved for dispensing through such services, including on the grounds that they provide value for money. If any of the IPSO Spin-out Companies' revenues are adversely affected in this way, this is likely to adversely impact upon its value and the revenue the Group can realise by disposing of its holding in it.

Research funding

If Loughborough or any other institution with which the Group enters into an agreement experiences a reduction in its research funding, it is reasonable to expect that this would have an adverse effect on both the quantity and quality of its relevant research output, which could adversely affect the Group.

Intellectual Property

The Group's objective is to create value from IP to which it is entitled under its current and intended Framework Agreements and its Investments. Accordingly, although the Company does not create IP directly, it is subject to the risks that affect high technology industries generally.

There can be no guarantee that IP capable of successful commercialisation by the Group will be generated by the IPSO Spin-out Companies or any other such university or organisation, or that any that is so generated will be identified as suitable for commercialisation. Further, third party IP may also be required for the successful commercialisation of that which the Group is entitled to commercialise, which may not be available, either at all or on acceptable terms. Additionally, IP which the Group is entitled to exploit may, under the terms of a partnership agreement and such other future arrangements, be subject to third party rights which adversely affect the Group's ability to commercialise it successfully, or as successfully as it otherwise might. There can also be no guarantee that the IPSO Spin-out Company or any other such university or organisation, or any of their staff who generate that IP, will provide the assistance required for its successful commercialisation.

The Group, or relevant IPSO Spin-out Companies, may be unable successfully to obtain and maintain protection for relevant IP. There can be no assurance that adequate, or any, protection will be sought, granted or that, if challenged, it will not be found to be invalid or revoked. The scope of protection afforded may also be less than required to prevent third party competitors of the IPSO Spin-out Companies developing or selling similar and competing products or technology.

The value of the IP depends, in part, on how successfully it is enforced against third party infringers, including through litigation. Despite efforts by the Group or the IPSO Spin-out Companies to protect their IP, unauthorised parties may attempt to use, and succeed in using, aspects of their technology, or to obtain and use information that they regard as proprietary. It is likely to be difficult or impossible for the Group or

those IPSO Spin-out Companies to police unauthorised use of IP used by, or available to, them in or for their businesses. The entitlement or freedom of the relevant IPSO Spin-out Company to exploit IP relevant to its business may also be challenged, including through litigation.

The failure of any such enforcement action, or of the Group or relevant IPSO Spin-out Company to overcome any such challenge, could result in the payment of significant damages and legal and other costs, and in the relevant IPSO Spin-out Company having to cease the development, manufacture, use, sale or importation of infringing products, expend significant resources to develop or acquire non-infringing technology (including by way of licence) and/or discontinue the use of some or all of its products and/or processes.

Litigation is often protracted and expensive and could result in significant effort and expense for the Group or relevant IPSO Spin-out Company (including in acquiring or licencing further IP to settle any claim for infringement of a third party's rights), and adversely affect sales of any product to which it relates, whether or not the litigation is determined in favour of the IPSO Spin-out Company. Whether disputes result in litigation may be outside the control of the Group or relevant IPSO Spin-out Company.

The realisation of any of the above matters could significantly lessen the value of the relevant IPSO Spin-out Company, and in turn, the revenue the Group might be able to realise by disposing of its holding in it.

Future Intellectual Property

Investors in the Company are effectively investing in technology that does not yet, and may never, exist. There can be no guarantee that any university or organisation with which the Group has or will have an arrangement entitling it to commercialise IP generated through relevant research will generate sufficient IP for the Group to be able to commercialise it successfully, or that any such IP will be generated. Additionally, there can be no guarantees that any such IP will be suitable for commercialisation or capable of being commercialised successfully.

Changes in legislation and policy

There may be unforeseen changes in government policy or legislation, or other changes in the terms upon which public monies are made available to universities and research institutions. Such changes could result in universities and research institutions no longer being able, or for it to become commercially unattractive for them, to generate, own or exploit IP. This would represent a fundamental risk to the viability of the Group's business.

Changes in government policy or legislation or other terms upon which academics are incentivised could make it commercially unattractive for research academics to carry out their research within the United Kingdom, and potentially make other countries more attractive. This could adversely affect the opportunities available to the Group.

Changes under the Finance Act 2003 mean that the Inland Revenue could seek to treat the value of the shares received by the academics in spin-out companies as being subject to income tax, and potentially also national insurance contributions for employee and employer, on the grounds that the shares are received by the academics at an under-value by reason of their employment. While this is not directly a risk for the Group, it could deter academics from subscribing for shares in spin-out companies in the future, which could slow the rate of establishment of spin-out companies or reduce the involvement of academics in them and hence their success. This in turn could have an adverse affect on the Group's business.

3. General risks

Share price volatility and liquidity

Potential investors should be aware that the value of shares can go down as well as up and that an investment in a share that is to be traded on AIM may be less realisable and may carry a higher degree of risk than an investment in a share quoted on the Official List. The share price of publicly traded emerging companies can be highly volatile. The price at which the Ordinary Shares will be quoted and the price which investors may realise for their Ordinary Shares will be influenced by a large number of factors, some specific to the Group and its operations and some which may affect specific sectors, or quoted companies generally. These factors could include any of the matters addressed in the above risk factors, large purchases or sales of ordinary shares and general economic conditions.

Admission to AIM should not be taken as implying that there will be a liquid market for the Ordinary Shares. It may be more difficult for an investor to realise his investment on AIM than to realise an investment in a

company whose shares are quoted on the Official List. Consequently, the share price may be subject to greater fluctuation on small volumes of shares, and thus the Ordinary Shares may be difficult to sell at a particular price. The market price of the Ordinary Shares may not reflect the underlying value of the Group's net assets.

Taxation

There can be no certainty that the current taxation regime in the UK will remain in force or that the current levels of corporate taxation will remain unchanged. There can be no assurance that there will be no amendment to the existing taxation laws applicable to the Group's operations. Any such amendment may have a material adverse effect on the financial position of the Group.

Forward-looking statements

Certain statements contained in this document are or may constitute "forward-looking statements". Such forward-looking statements involve risks, uncertainties and other factors which may cause the actual results, performance or achievement of the Company, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such risks, uncertainties and other factors include, among others, changes in the credit markets, changes in interest rates, legislative and regulatory changes, changes in taxation regimes, and general economic and business conditions, particularly in the United Kingdom. These forward-looking statements speak only as at the date of this document.

PART III A

ACCOUNTANT'S REPORT – IPSO VENTURES PLC

Deloitte.

The Board of Directors
on behalf of IPSO Ventures plc
62–65 Chandos Place
Covent Garden
London
WC2N 4LP

Deloitte & Touche LLP
Cambridge

The Directors
Ambrian Partners Limited
8 Angel Court
London
EC2R 7HP

1 March 2007

Dear Sirs

IPSO Ventures plc

We report on the financial information set out in Part III A of the AIM admission document dated 1 March 2007 of IPSO Ventures plc (the “Company”) (the “Investment Circular”). This financial information has been prepared for inclusion in the Investment Circular on the basis of the accounting policies set out in paragraph 1 of the Notes to the Financial Information on page 29 of the Investment Circular. This report is required by Annex I item 20.1 of the Prospectus Directive Regulation and is given for the purpose of complying with that requirement and for no other purpose.

Responsibilities

The directors of the Company are responsible for preparing the financial information on the basis of preparation set out in note 1 to the financial information and in accordance with UK GAAP.

It is our responsibility to form an opinion as to whether the financial information gives a true and fair view, for the purposes of the Investment Circular, and to report our opinion to you.

Save for any responsibility arising under paragraph (a) of Schedule Two of the AIM Rules for Companies to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in accordance with this report or our statement, required by and given solely for the purposes of complying with Annex 1 item 23.1 of the Prospectus Directive Regulation as applied by Paragraph (a) of Schedule Two of the AIM Rules for Companies, consenting to its inclusion in the Investment Circular.

Basis of opinion

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

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

Opinion

In our opinion, the financial information gives, for the purposes of the Investment Circular, a true and fair view of the state of affairs of the Company as at the date stated in accordance with the basis of preparation set out in note 1 and in accordance with UK GAAP as described in note 1.

Yours faithfully

Deloitte & Touche LLP

Chartered Accountants

Deloitte & Touche LLP is the United Kingdom member firm of Deloitte Touche Tohmatsu ("DTT"), a Swiss Verein whose member firms are separate and independent legal entities. Neither DTT nor any of its member firms has any liability for each other's acts or omissions. Services are provided by member firms or their subsidiaries and not by DTT.

BALANCE SHEET
31 October 2006

	<u>Note</u>	<u>£</u>
CURRENT ASSETS		
Debtors	3	<u>2</u>
NET ASSETS		<u>2</u>
CAPITAL AND RESERVES		
Called up share capital	6	<u>2</u>
SHAREHOLDERS' FUNDS	7	<u>2</u>

NOTES TO THE FINANCIAL INFORMATION
31 October 2006

1. ACCOUNTING POLICIES

Basis of preparation

The financial information has been prepared by the directors of the Company for the purposes of inclusion in the Investment Circular and has been derived from the Company's incorporation documents.

The financial information is prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial information is prepared under the historical cost convention.

Comparatives

The Company was incorporated on 27 June 2006, as IPSO Holdings plc, and hence no comparatives are required in the financial information. The Company has not traded since its incorporation.

Cash flow statement

Under FRS1 (revised 1996), the Company is exempt from the requirement to prepare a cash flow statement on the grounds of its size.

2. INFORMATION REGARDING THE DIRECTORS AND EMPLOYEES

There were no employees during the period apart from the directors. The directors received no remuneration during the period.

3. DEBTORS

	<u>£</u>
Called up share capital not paid	<u>2</u>

4. PROFIT AND LOSS ACCOUNT

The Company has not traded during the period and has therefore made neither a profit or a loss nor any other recognised gains and losses in the period.

5. EARNINGS PER SHARE

Basic and diluted earnings per share amounted to nil since the Company made neither a profit nor a loss in the period.

6. CALLED UP SHARE CAPITAL

	<u>£</u>
Authorised	
50,000 ordinary shares of £1 each	<u>50,000</u>
Called up and allotted	
2 ordinary shares of £1 each	<u>2</u>

7. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	<u>£</u>
Issue of shares	<u>2</u>
Net increase in and closing shareholders' funds	<u>2</u>

During the year two shares were issued for consideration of £2.

8. CONTROLLING PARTY

In the opinion of the directors of the Company, there was no single controlling party.

9. POST BALANCE SHEET EVENTS

The Company changed its name to IPSO Ventures plc on 27 February 2007.

On 27 February 2007 the Company entered into a share for share agreement with the shareholders of IPSO Management Limited, whereby the Company acquired the entire issued share capital of IPSO Management Limited. The Company satisfied the consideration by allotting and issuing to each shareholder of IPSO Management Limited 3 ordinary shares for each ordinary share of £0.001 each in IPSO Management Limited acquired by the Company, in each case credited as fully paid. The Company allotted and issued 3,529,370 ordinary shares in aggregate.

Deloitte.

The Board of Directors
on behalf of IPSO Ventures plc
62-65 Chandos Place
Covent Garden
London
WC2N 4LP

Deloitte & Touche LLP
Cambridge

The Directors
Ambrian Partners Limited
8 Angel Court
London
EC2R 7HP

1 March 2007

Dear Sirs

IPSO Management Limited

We report on the financial information of IPSO Management Limited (“IPSO Management”) set out in Part IIIB of the AIM admission document dated 1 March 2007 (the “Investment Circular”). This financial information has been prepared for inclusion in the Investment Circular issued by IPSO Ventures plc on the basis of the accounting policies set out in paragraph 1 of the Notes to the Financial Information on page 36 of the Investment Circular. This report is required by Annex I item 20.1 of the Prospectus Directive Regulation and is given for the purpose of complying with that requirement and for no other purpose.

Responsibilities

The directors of IPSO Ventures plc are responsible for preparing the financial information on the basis of preparation set out in note 1 to the financial information and in accordance with UK GAAP.

It is our responsibility to form an opinion as to whether the financial information gives a true and fair view, for the purposes of the Investment Circular, and to report our opinion to you.

Save for any responsibility arising under paragraph (a) of Schedule Two of the AIM Rules for Companies to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in accordance with this report or our statement, required by and given solely for the purposes of complying with Annex 1 item 23.1 of the Prospectus Directive Regulation as applied by Paragraph (a) of Schedule Two of the AIM Rules for Companies, consenting to its inclusion in the Investment Circular.

Basis of opinion

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

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

Opinion

In our opinion, the financial information gives, for the purposes of the Investment Circular, a true and fair view of the state of affairs of IPSO Management as at the date stated and of its losses and cash flows for the period then ended in accordance with the basis of preparation set out in note 1 and in accordance with UK GAAP as described in note 1.

Yours faithfully

Deloitte & Touche LLP

Chartered Accountants

Deloitte & Touche LLP is the United Kingdom member firm of Deloitte Touche Tohmatsu ("DTT"), a Swiss Verein whose member firms are separate and independent legal entities. Neither DTT nor any of its member firms has any liability for each other's acts or omissions. Services are provided by member firms or their subsidiaries and not by DTT.

PROFIT AND LOSS ACCOUNT
Period from 4 April 2005 to 30 April 2006

	<u>Note</u>	<u>£</u>
Administrative expenses		<u>62,290</u>
OPERATING LOSS		(62,290)
Interest receivable	3	<u>7</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(62,283)
Tax on loss on ordinary activities	5	<u>—</u>
RETAINED LOSS FOR THE FINANCIAL PERIOD carried forward	10	<u>(62,283)</u>

All activities derive from continuing operations.

There are no recognised gains or losses for the current financial period other than as stated in the profit and loss account.

BALANCE SHEET
30 April 2006

	<u>Note</u>	<u>£</u>
FIXED ASSETS		
Investments	6	<u>1,000</u>
CURRENT ASSETS		
Debtors	7	9,089
Cash at bank and in hand		<u>1,074</u>
		10,163
CREDITORS: amounts falling due within one year	8	<u>72,269</u>
NET CURRENT LIABILITIES		<u>(62,106)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(61,106)</u>
CAPITAL AND RESERVES		
Called up share capital	9	1,177
Profit and loss account	10	<u>(62,283)</u>
SHAREHOLDERS' DEFICIT	11	<u>(61,106)</u>

CASH FLOW STATEMENT
Period from 4 April 2005 to 30 April 2006

	<u>Note</u>	<u>£</u>
Net cash inflow from operating activities	12	<u>890</u>
Returns on investments and servicing of finance		
Interest received		<u>7</u>
Tax paid.		<u>—</u>
Capital expenditure and financial investment		
Purchases of investments		<u>(1,000)</u>
Cash outflow before financing		(103)
Financing		
Issue of shares		<u>1,177</u>
Increase in cash	12	<u><u>1,074</u></u>

NOTES TO THE FINANCIAL INFORMATION
Period from 4 April 2005 to 30 April 2006

1. ACCOUNTING POLICIES

Basis of preparation

The financial information has been prepared by the directors of IPSO Ventures plc for the purpose of inclusion in the Investment Circular and has been derived from the audited statutory accounts for the period ended 30 April 2006.

The financial information is prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below.

Group accounts

IPSO Management is exempt from the requirement to prepare consolidated financial information on the grounds of its size. The financial information therefore represents information about IPSO Management and not about its group. IPSO Management held one subsidiary during the period, which was dormant throughout the period—details are provided in note 6.

Accounting convention

The financial information is prepared under the historical cost convention.

Comparatives

IPSO Management was incorporated on 4 April 2005, as IPSO Bio Limited, and hence no comparatives are required in the financial information.

Change of name

IPSO Bio Limited changed its name to IPSO Ventures Limited on 4 April 2006.

Investments

Investments held as fixed assets are stated at cost less provision for any impairment in value.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided in full on timing differences, which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial information. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

2. INFORMATION REGARDING THE DIRECTORS AND EMPLOYEES

There were no employees during the period apart from the directors.

	<u>£</u>
Directors' remuneration	
Fees.....	<u>50,000</u>
Highest paid director	
Fees.....	<u>25,000</u>

3. INTEREST RECEIVABLE

	<u>£</u>
Bank interest	7
	<u> </u>

4. OPERATING LOSS

	<u>£</u>
Operating loss is stated after charging:	
Auditors' remuneration – audit services	<u>5,000</u>

5. TAX ON LOSS ON ORDINARY ACTIVITIES

	<u>£</u>
Current tax	
United Kingdom corporation tax at 19%	<u> </u>
Total current tax	<u> </u>

The standard rate of tax for the period, based on the UK standard rate of corporation tax is 19%. The actual tax charge for the current period differs from the standard tax rate for the reasons set out in the following reconciliation:

	<u>£</u>
Loss on ordinary activities before tax	<u>(62,283)</u>
Tax on loss on ordinary activities at standard rate	(11,834)
Factors affecting charge for the period:	
Expenses not deductible for tax purposes	<u>275</u>
Non-utilisation of trading losses	<u>11,559</u>
Total actual amount of current tax	<u> </u>

A deferred tax asset, amounting to £11,559, has not been recognised in respect of timing differences relating to the net trading losses as there is insufficient evidence that the asset will be recovered. The asset would be recovered if IPSO Management generated suitable taxable profits in the future.

6. INVESTMENTS HELD AS FIXED ASSETS

	<u>Investment in subsidiary undertaking</u> <u>£</u>
Cost	
Additions and at 30 April 2006	<u>1,000</u>
Net book value	
At 30 April 2006	<u>1,000</u>

IPSO Management owns 100% of the issued share capital of Intelligent Wound Care Limited. Intelligent Wound Care Limited was dormant throughout the period, had aggregate share capital and reserves of £1,000 at 30 April 2006 and had no profit or loss during the period ended 30 April 2006.

7. DEBTORS

	<u>£</u>
VAT recoverable	<u>9,089</u>

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>£</u>
Trade creditors	8,659
Accruals	<u>63,610</u>
	<u>72,269</u>

9. CALLED UP SHARE CAPITAL

	<u>£</u>
Authorised	
5,000,000 ordinary shares of £0.001 each	<u>5,000</u>
Called up, allotted and fully paid	
1,176,470 ordinary shares of £0.001 each	<u>1,177</u>

During the period, 1,176,470 shares were issued for consideration of £1,177.

10. STATEMENT OF MOVEMENT IN RESERVES

	<u>Profit and loss account £</u>
Loss for the period and at 30 April 2006	<u>(62,283)</u>

11. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' DEFICIT

	<u>£</u>
Loss for the period	(62,283)
Issue of shares	<u>1,177</u>
Net increase in and closing shareholders' deficit	<u>(61,106)</u>

12. CASH FLOW STATEMENT

	<u>£</u>
Reconciliation of operating loss to operating cash flows	
Operating loss	(62,290)
Increase in debtors	(9,089)
Increase in creditors	<u>72,269</u>
Net cash flow from operations	<u>890</u>
Reconciliation of net cash inflow to movement in net funds	
Increase in cash in the period	<u>1,074</u>
Net funds at 30 April 2006	<u>1,074</u>

13. CONTROLLING PARTY

In the opinion of the directors of IPSO Management, there was no single controlling party at 30 April 2006.

14. POST BALANCE SHEET EVENTS

On 4 May 2006 IPSO Management entered into an agreement with RAB Special Situations (Master) Fund Limited to provide £1.5 million of funding to IPSO Management by way of a convertible loan note secured by way of a debenture.

On 4 May 2006 IPSO Management's 100% subsidiary, Intelligent Wound Care Limited ("IWC"), entered into a three year research agreement with Imperial College of Science, Technology and Medicine ("Imperial College") for a total of £810,000, payable by IWC over a period of three years. Under the terms of this agreement, Imperial College hold an option over 24.9% of the equity share capital of IWC. In return, IWC has the first option, subject to a 60 day option period, of exclusively licencing any IP from Imperial College.

On 26 October 2006 IPSO Management invested £120,000 for a 31% equity interest in Therakind Limited, a spin-out company from the School of Pharmacy, University of London which is involved in the formulation of medicines for children.

On 26 October 2006 IPSO Management invested £44,982 in WildKey Limited, a spin-out company from Oxford Brookes University which is developing educational software for handheld devices.

IPSO Ventures Limited changed its name to IPSO Management Limited on 27 February 2007.

On 27 February 2007 the shareholders of IPSO Management entered into a share for share agreement with IPSO Ventures plc, whereby IPSO Ventures plc acquired the entire issued share capital of IPSO Management.

PART III C

UNAUDITED INTERIM FINANCIAL INFORMATION – IPSO MANAGEMENT LIMITED

PROFIT AND LOSS ACCOUNT

	Note	Unaudited for the 6 months ended 31 October 2006 £	Unaudited for the 6 months ended 31 October 2005 £	Audited for the period ended 30 April 2006 £
Turnover		—	—	—
Administrative expenses		(329,429)	(20)	(62,290)
Operating loss	2	(329,429)	(20)	(62,290)
Net interest receivable	4	17,850	—	7
Loss on ordinary activities before tax		(311,579)	(20)	(62,283)
Tax on profit on ordinary activities	5	—	—	—
Retained loss for the period		<u>(311,579)</u>	<u>(20)</u>	<u>(62,283)</u>

All the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the period as set out above.

BALANCE SHEET

	Note	Unaudited for the 6 months ended 31 October 2006 £	Unaudited for the 6 months ended 31 October 2005 £	Audited for the period ended 30 April 2006 £
Fixed assets:				
Tangible fixed assets	6	12,897	—	—
Investments	7	<u>452,062</u>	<u>—</u>	<u>1,000</u>
		<u>464,959</u>	<u>—</u>	<u>1,000</u>
Current assets:				
Debtors	8	86,796	—	9,089
Cash at bank and in hand		<u>624,720</u>	<u>1,157</u>	<u>1,074</u>
		711,516	1,157	10,163
Creditors: amounts falling due within one year ...	9	<u>(1,549,160)</u>	<u>—</u>	<u>(72,269)</u>
Net current liabilities		<u>(837,644)</u>	<u>—</u>	<u>(62,106)</u>
Net liabilities		<u>(372,685)</u>	<u>1,157</u>	<u>(61,106)</u>
Capital and reserves:				
Called up share capital	10	1,177	1,177	1,177
Profit and loss account	11	<u>(373,862)</u>	<u>(20)</u>	<u>(62,283)</u>
Shareholders' funds		<u>(372,685)</u>	<u>1,157</u>	<u>(61,106)</u>

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985, which would have applied had the non-statutory financial statements been prepared for a financial year of the company.

These non-statutory financial statements were approved by the directors on 22 February 2007 and signed on their behalf by:

S D Hunt
Director

P N Rodgers
Director

CASH FLOW STATEMENT

	Note	Unaudited for 6 months ended 31 October 2006 £	Unaudited for the 6 months ended 31 October 2005 £	Audited for the period ended 30 April 2006 £
Net cash outflow from operating activities	12	(428,842)	(20)	890
<i>Returns on investments and servicing of finance:</i>				
Net interest received		<u>17,850</u>	<u>—</u>	<u>7</u>
		(410,992)	(20)	897
<i>Capital expenditure and financial investment:</i>				
Purchases of investments		(451,062)	—	(1,000)
Purchases of tangible fixed assets		<u>(14,300)</u>	<u>—</u>	<u>—</u>
Net cash outflow before financing		(876,354)	(20)	(103)
<i>Financing:</i>				
Issue of shares		—	1,177	1,177
Issue of loan notes		<u>1,500,000</u>	<u>—</u>	<u>—</u>
Increase in cash	12	<u><u>623,646</u></u>	<u><u>1,157</u></u>	<u><u>1,074</u></u>

NOTES TO THE FINANCIAL INFORMATION

1. Accounting policies

Basis of accounting

The non-statutory financial statements for the 6 months ended 31 October 2006 have been prepared in accordance with accounting policies consistent with those applied in the accounts for the period ended 30 April 2006, which were approved by the directors on 2 August 2006. These non-statutory financial statements do not constitute full financial statements within the meaning of Section 240 of the Companies Act 1985.

The financial statements for the period commencing on 4 April 2005 and ended 30 April 2006 have been filed with the Registrar of Companies and on which the auditors gave an unqualified report.

A summary of the accounting policies which have been applied consistently throughout the period, unless stated, is set out below.

Group accounts

The directors have taken advantage of the exemption not to prepare group accounts since the company and its related undertakings would comprise a small group under the Companies Act 1985, which would have applied had the non-statutory financial statements been prepared for a financial year of the company.

These non-statutory financial statements include information about Ipsos Ventures Limited as an individual undertaking only.

Turnover

Turnover represents net invoiced sales of services, which excludes value added tax, and arises from the Company's principal activities.

Tangible fixed assets

Tangible fixed assets are stated at cost together with any incremental expenses of acquisition less any provision for depreciation. Depreciation of fixed assets is calculated to write off their cost less any residual value over the estimated useful lives on a straight line basis as follows:

Furniture and fittings	5 years
Computer equipment and software	3 years

A full year's depreciation is charged in the year of purchase and none in the year of disposal.

Deferred Tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Investments

Fixed asset investments are stated at cost, less any provision for permanent diminution in value.

Financial Instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

2. Operating loss

The operating loss is stated after charging:

	Unaudited for the 6 months ended 31 October 2006 £	Unaudited for the 6 months ended 31 October 2005 £	Audited for the period ended 30 April 2006 £
Depreciation of tangible fixed assets:	<u>1,403</u>	<u>—</u>	<u>—</u>

3. Directors and employees

	Unaudited for the 6 months ended 31 October 2006 £	Unaudited for the 6 months ended 31 October 2005 £	Audited for the period ended 30 April 2006 £
Wages and salaries	104,698	—	50,000
Social security costs	1,896	—	—
Pension costs	<u>1,325</u>	<u>—</u>	<u>—</u>
	<u>107,919</u>	<u>—</u>	<u>—</u>
	2006 £	2005 £	2006 £
Directors Remuneration (included above):			
Fees	<u>91,998</u>	<u>—</u>	<u>50,000</u>

During the period, there were no (2005 — nil) directors accruing benefits under a defined contribution pension scheme.

4. Interest receivable

	Unaudited for the 6 months ended 31 October 2006 £	Unaudited for the 6 months ended 31 October 2005 £	Audited for the period ended 30 April 2006 £
Bank interest receivable	<u>17,850</u>	<u>—</u>	<u>7</u>

5. Tax on ordinary activities

No taxation arises as a result of the losses during the period. At 31 October 2006, subject to Inland Revenue approval, the company has unrelieved tax losses of approximately £380,000 to carry forward against future taxable trading profits. In the opinion of the directors the future generation of sufficient surpluses to utilise these losses in the immediate future is uncertain, and therefore no deferred tax asset has been recognised in these non-statutory financial statements.

Factors affecting current tax charge

The differences between the tax assessed for the period and the standard rate of corporation tax in the UK (30%) are explained below:

	Unaudited for the 6 months ended 31 October 2006 £	Unaudited for the 6 months ended 31 October 2005 £	Audited for the period ended 30 April 2006 £
Loss on ordinary activities before taxation	<u>(311,579)</u>	<u>(20)</u>	<u>(62,283)</u>
Loss on ordinary activities by rate of tax	(93,474)	(6)	(18,685)
Losses carried forward	<u>93,474</u>	<u>6</u>	<u>18,685</u>
Total current tax	<u>—</u>	<u>—</u>	<u>—</u>

6. Tangible fixed assets

	Fixtures, fittings equipment £
Cost	
As at 1 May 2006	—
Additions	<u>14,300</u>
As at 31 October 2006	<u>14,300</u>
Depreciation	
As at 1 May 2006	—
Charge for the period	<u>(1,403)</u>
As at 31 October 2006	<u>(1,403)</u>
Net book value as at 31 October 2006	<u>12,897</u>
Net book value as at 31 October 2005	<u>—</u>
Net book value as at 30 April 2006	<u>—</u>

7. Investments

Investment in group undertakings

	£
Cost	
As at 1 May 2006	1,000
Additions	<u>451,062</u>
As at 31 October 2006	<u>452,062</u>
As at 31 October 2005	<u>—</u>
As at 30 April 2006	<u>1,000</u>

The company has interests in the following associated and subsidiary undertakings, in which the company's interest exceeds 20%:

<u>Company</u>	<u>Country of registration</u>	<u>Holding</u>	<u>Proportion of voting rights and shares held</u>	<u>Nature of business</u>
Intelligent Wound Care Limited	England and Wales	Ordinary shares	100%	Development of wound care solutions
Therakind Limited	England and Wales	Ordinary shares	31%	Paediatric drug development

Intelligent Wound Care was incorporated on 15 September 2005. Profit and capital and reserves are not available for the 6 month period ended 31 October 2006 as statutory accounts have not yet been prepared. These will be published in the statutory financial statements for the period ended 30 April 2007. As at 1 May 2006, the company had reserves of £1,000 and was dormant.

£270,000 of the £287,080 investment in Intelligent Wound Care Limited is the company's first tranche of an agreed investment of £810,000 in the subsidiary.

Therakind Limited was incorporated on 14 July 2006 and has not yet prepared statutory financial statements and so the profit for the period and the capital and reserves are not available. These will be published in the statutory financial statements for the period ended 30 April 2007.

8. Debtors

	Unaudited for the 6 months ended 31 October 2006 £	Unaudited for the 6 months ended 31 October 2005 £	Audited for the period ended 30 April 2006 £
VAT recoverable	48,431	—	9,089
Prepayments and accrued income	1,430	—	—
Amounts due from group undertakings.	29,735	—	—
Other debtors	<u>7,200</u>	<u>—</u>	<u>—</u>
	<u>86,796</u>	<u>—</u>	<u>9,089</u>

9. Creditors: amounts falling due within one year

	Unaudited for the 6 months ended 31 October 2006 £	Unaudited for the 6 months ended 31 October 2005 £	Audited for the period ended 30 April 2006 £
Trade creditors.	1,846	—	8,659
Accruals	47,314	—	63,610
Secured convertible loan notes	<u>1,500,000</u>	<u>—</u>	<u>—</u>
	<u>1,549,160</u>	<u>—</u>	<u>72,269</u>

The loan notes are secured by way of a debenture dated 4 May 2006 over the current and future assets of the company.

The loan notes are convertible at the rate of 0.7843134 shares for every £1 nominal in the event the company lists on a recognised investment exchange. The loan notes may also be redeemed by the note-holder on or after 1 March 2007. All loan notes not redeemed or converted by 1 June 2007 may be redeemed by the company on or after that date at par upon being given 30 days notice by the note-holder.

Interest is payable on the aggregate nominal amount of the loan notes from the date of issue at 1% per month in the event that the company is not listed on a recognised investment exchange by 30 November 2006. The holders of the loan notes have agreed to waive this interest charge subject to the company being listed on a recognised investment exchange by 28 February 2007.

10. Called up share capital

	Unaudited for the 6 months ended 31 October 2006 £	Unaudited for the 6 months ended 31 October 2005 £	Audited for the period ended 30 April 2006 £
Authorised			
5,000,000 ordinary shares of £0.001 each	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>
Allotted, issued and fully paid			
1,176,470 ordinary shares of £0.001 each	<u>1,177</u>	<u>1,177</u>	<u>1,177</u>

11. Profit and loss account

	£
At 1 May 2006	(62,283)
Loss for the period	<u>(311,579)</u>
At 31 October 2006	<u>(373,862)</u>

12. Notes to the Cash Flow statement

	Unaudited for the 6 months ended 31 October 2006 £	Unaudited for the 6 months ended 31 October 2005 £	Audited for the period ended 30 April 2006 £
<i>Reconciliation of operating loss to operating cash flows</i>			
Operating loss	(329,429)	(20)	(62,290)
Depreciation of tangible fixed assets	1,403	—	—
Increase in debtors	(77,707)	—	(9,089)
Decrease in creditors	<u>(23,109)</u>	<u>—</u>	<u>72,269</u>
Net cash flow from operations	<u>(428,842)</u>	<u>(20)</u>	<u>890</u>
<i>Reconciliation of net cash inflow to movement in net debt</i>			
Increase in cash in the period	623,646	1,157	1,074
Cash inflow from increase in net debt	<u>(1,500,000)</u>	<u>—</u>	<u>—</u>
Change in net debt resulting from cash flows	(876,354)	1,157	1,074
Net debt at 1 st May 2006	<u>1,074</u>	<u>—</u>	<u>—</u>
Net debt at 31 st October 2006	<u>(875,280)</u>	<u>1,157</u>	<u>1,074</u>

13. Controlling party

There is no ultimate controlling party.

14. Related Parties

During the year, the company transferred funds of £270,000 (2005 — £nil) to its subsidiary undertaking, Intelligent Wound Care Limited, in respect of a three year research agreement between Intelligent Wound Care Limited and Imperial College of Science, Technology and Medicine. In addition to this, expenses were also paid on behalf of the subsidiary. At the period end, Intelligent Wound Care Limited owed the company £5,030 (2005 — £nil).

During the year, the company paid expenses on behalf of its associated undertaking, Therakind Limited. At the period end, Therakind Limited owed the company £24,705 (2005 — £nil).

One of the directors, MGCT Baines, has 20,000 share options in the company. These options allow the holder to buy shares in the company at £1.275 each. None of the share options had been exercised at the balance sheet date.

15. Capital Commitments and Contingent Liabilities

On 31 October 2006, the company entered into an agreement with Loughborough University and LUEL. The key elements of the agreement are:

- Loughborough and LUEL undertake to use their best endeavours to ensure that all opportunities for commercialising Intellectual Property via spin-out companies, other than Intellectual Property relating to mobile and wireless telecommunications research, are channeled through the company, with the company having the first opportunity to invest in any such spin-out companies;
- The company is entitled to an equity interest in the relevant spin-out companies which will be determined by the amount of its investment;
- The company is obliged to make available at least £3 million, in aggregate, for investment in Loughborough's spin-out companies formed to commercialise Intellectual Property owned by the University and/or LUEL during the first 5 years of the term of the agreement; and
- the agreement is for an initial term of 10 years.

PART IV

ADDITIONAL INFORMATION

1. RESPONSIBILITY STATEMENT

The Directors, whose names are set out on page 4 of this document, and the Company accept responsibility for the information contained in this document. To the best of the knowledge of the Directors and the Company (who have taken all reasonable care to ensure that such is the case) the information contained in this document for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. THE COMPANY

- 2.1 The Company was incorporated and registered in England and Wales on 27 June 2006 as a public limited company with the name IPSO Holdings Plc and registered number 05859612. The Company changed its name to IPSO Ventures plc on 27 February 2007 by a special resolution of its Shareholders. The liability of its members is limited.
- 2.2 The Company obtained its Section 117 certificate to commence business on 27 February 2007.
- 2.3 The Company is governed by and its securities were created under the Act.
- 2.4 The Company's registered office and principal place of business is located at 62-65 Chandos Place, Covent Garden, London WC2N 4LP. The telephone number of the Company's registered address and principal place of business is 0207 812 6042.
- 2.5 The Company has no administrative, management or supervisory bodies other than the Board of Directors, the remuneration committee and the audit committee, all of whose members are Directors. Details of the composition and constitution of these committees are summarised in Part I of this document.
- 2.6 The Company's auditors during the period since incorporation of IPSO Management on 4 April 2005 to date are Wingrave Yeats, who are members of the Institute of Chartered Accountants of England and Wales.

3. SECURITIES BEING OFFERED/ADMITTED

- 3.1 The Ordinary Shares are ordinary shares of 5 pence each in the capital of the Company and were created under the Act and are to be issued in British Pounds Sterling.
- 3.2 The Ordinary Shares may be held in certificated form or under the CREST system, which is a paperless settlement procedure enabling securities to be evidenced and transferred, otherwise than by a written instrument in accordance with the CREST Regulations. The Company's registrars, Share Registrars Limited are responsible for keeping the Company's register of members. The International Security Identification Number of the Ordinary Shares is GB00B1GDWB47.
- 3.3 The voting and dividend rights attaching to the Ordinary Shares are set out in paragraphs 8.1 and 8.8 of this Part IV.
- 3.4 Section 89 of the Act gives the Shareholders pre-emption rights on any issue of shares by the Company to the extent not disapplied by a special resolution passed pursuant to section 95 of the Act. Details of the current section 95 disapplication are set out in paragraph 3.8 below.
- 3.5 The Ordinary Shares have no right to share in the profits of the Company other than through a dividend, distribution or return of capital; further details of which are set out in paragraph 8.8 below.
- 3.6 Each Ordinary Share is entitled on a pari passu basis with all other issued Ordinary Shares to share in any surplus on a liquidation of the Company.
- 3.7 The Ordinary Shares have no redemption or conversion provisions.

- 3.8 The Directors were authorised to allot and issue the Placing Shares and the Subscription Shares pursuant to:
- (a) an ordinary resolution passed on 27 February 2007 authorising the Directors pursuant to section 80 of the Act to allot ordinary shares with an aggregate nominal value of up to £850,000;
 - (b) a special resolution passed on 27 February 2007 authorising the Directors pursuant to section 95 of the Act to allot the Placing Shares and Subscription Shares for cash pursuant to the authority referred to in 3.8(a) above as if s89(1) of the Act did not apply to such allotment,

such authorities to expire on the date which is fifteen months from the date of the resolution, or, if earlier, at the conclusion of the next Annual General Meeting of the Company (unless previously renewed, varied or revoked by the Company in general meeting).

- 3.9 It is anticipated the Placing Shares and the Subscription Shares will be issued on 7 March 2007, the date of Admission.
- 3.10 The Ordinary Shares are freely transferable provided that such shares are fully paid, the Company has no lien over such shares, the instrument of transfer is duly stamped, is in favour of not more than four joint transferees and is in respect of only one class of shares.
- 3.11 The Placing Shares and the Subscription Shares will be subject to the Code. Under Rule 9 of the Code ("Rule 9"), any person, or group of persons acting in concert, who acquires, whether by a series of transactions over a period of time or not, an interest in shares which taken together with shares in which persons acting in concert with him are interested, carry 30 per cent. or more of the voting rights of a company which is subject to the Code, or any person who, together with persons acting in concert with him, is interested in shares which in aggregate carry not less than 30% of the voting rights of a company but does not hold shares carrying more than 50% of such voting rights and such person, or any person acting in concert with him, acquires an interest in any other shares which increases the percentage of shares carrying voting rights in which he is interested, is normally required by the Panel to make a general offer in cash to acquire the remaining shares in the company to all its shareholders at not less than the highest price paid by him or any persons acting in concert with him within the twelve months preceding the announcement of the offer. Rule 9 is subject to a number of dispensations.

Under the Act, if a person who has made a general offer to acquire Ordinary Shares (the "offeror") were to acquire, or contract to acquire, 90 per cent. of the Ordinary Shares to which the offer relates, within four months of making its offer, the offeror could then compulsorily acquire the remaining 10 per cent. The offeror would do so by sending a notice to outstanding Shareholders telling them that the offeror will compulsorily acquire their Ordinary Shares and then, six weeks later, executing a transfer of the outstanding Ordinary Shares in the offeror's favour and paying the consideration to the Company, which would hold the consideration on trust for outstanding Shareholders. The consideration offered to those Shareholders whose Ordinary Shares are compulsorily acquired under the Act must, in general, be the same as the consideration that was available under the general offer.

The Act gives minority Shareholders a right to be bought out in certain circumstances by a person who has made a general offer as described in the paragraph above. If, at any time before the end of the period within which the general offer can be accepted, the offeror holds, or has agreed to acquire not less than 90% of the Ordinary Shares, any holder of Ordinary Shares to which the general offer relates who has not accepted the general offer can, by a written communication to the offeror, require it to acquire that holder's Ordinary Shares.

The offeror is required to give each Shareholder notice of his right to be bought out within one month of that right arising. The offeror may impose a time limit on the rights of minority shareholders to be bought out, but that period cannot end less than three months after the end of the acceptance period. If a Shareholder exercises his rights, the offeror is entitled and bound to acquire those Ordinary Shares on the terms of the offer or on such other terms as may be agreed.

- 3.12 No person has made a public takeover bid for the Company's issued share capital since incorporation.
- 3.13 A Shareholder is required pursuant to sections 198 to 210 of the Act to notify the Company when he acquires or disposes of a material interest in shares in the capital of the Company equal to or in excess of 3% of the nominal value of that share capital.

4. SHARE CAPITAL OF THE COMPANY

- 4.1 The authorised and issued share capital of the Company as at 31 October 2006 was as follows:

Authorised share capital			Issued and fully paid up share capital	
£	Number		£	Number
50,000	50,000	Ordinary Shares	2	2

- 4.2 The authorised and issued share capital of the Company following the Fundraising and Admission will be as follows:

Authorised share capital			Issued and fully paid up share capital	
£	Number		£	Number
1,000,000	20,000,000	Ordinary Shares	619,411.35	12,388,227

- 4.3 The Fundraising will result in the allotment and issue of 5,294,114 Ordinary Shares and on Admission, existing holders of Ordinary Shares will have their shareholdings diluted by 71.51%.
- 4.4 The par value of each Ordinary Share is 5 pence.
- 4.5 The Company has no issued Ordinary Shares that are not fully paid up.
- 4.6 The Company was incorporated with an authorised share capital of £50,000 divided into 50,000 ordinary shares of £1.00 each of which two shares were nil paid to the subscribers to the memorandum of association of the Company. On 27 June 2006 one subscriber share was transferred to Simon Hunt and the other was transferred to Nick Rodgers.
- 4.7 On 27 February 2007, the Company passed the following shareholder resolutions as ordinary and special resolutions to:
- increase the authorised share capital of the Company from £50,000 to £1,000,000 by the creation of 950,000 ordinary shares of £1 each to rank pari passu in all respects with the existing ordinary shares of £1 each;
 - subdivide each of the ordinary shares of £1 each (both issued and unissued) into 20 Ordinary Shares of 5 pence each;
 - authorise the directors, generally and unconditionally in accordance with Section 80 of the Act, to exercise all the powers of the Company to allot relevant securities (within the meaning of Section 80(2) of the Act) up to a nominal value of £850,000;
 - authorise the directors pursuant to Section 95 of the Act to allot equity securities (as defined in Section 94(2) of the Act) for cash pursuant to the authority referred to in sub-paragraph (c) above as if Section 89(1) of the Act did not apply to such allotment provided that such power was limited to:
 - the grant of options over 120,000 Ordinary Shares in aggregate pursuant to the terms of the individual share option agreements between the Company and each of Michael Baines and John Rawlings;
 - the grant of an option over 23,529 Ordinary Shares to Dr. Chris Wright.
 - the allotment of 17,647, 11,764 and 5,882 Ordinary Shares to each of Michael Baines, Dr. Peter Knox and Rachel Anderson;
 - the allotment of 3,529,410 Ordinary Shares to be issued and allotted on conversion of the RAB Loan Notes on Admission;

- (v) the allotment of equity securities for cash in connection with the Fundraising up to an aggregate nominal amount of £264,705.70;
 - (vi) the allotment of equity securities for cash in connection with rights issues to holders of Ordinary Shares where the equity securities respectively attributable to the interests of such holders are proportionate (as nearly as may be practicable) to the respective numbers of Ordinary Shares held by them, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with any fractional entitlements or any legal or practical problems under the laws or requirements of any regulatory body or any recognised stock exchange in any territory; and
 - (vii) the allotment of equity securities for cash up to a nominal amount of £65,000;
- (e) to adopt the new Articles; and
 - (f) to change the name of the Company to IPSO Ventures plc.
- 4.8 Pursuant to the terms of an agreement entered into on 27 February 2007 between the Company and the then shareholders of IPSO Management (the “Share Exchange Agreement”), the Company acquired the entire issued share capital of IPSO Management. The Company satisfied the consideration by allotting and issuing to each shareholder of IPSO Management 3 Ordinary Shares for each ordinary share of £0.001 each in IPSO Management acquired by the Company, in each case credited as fully paid. The Company allotted and issued 3,529,370 Ordinary Shares in aggregate.
- 4.9 Save as disclosed in paragraphs 4, 5, 9 and 13:
- (a) no share or loan capital of the Company has been issued or is proposed to be issued;
 - (b) there are currently no outstanding convertible securities, exchangeable securities or securities with warrants issued by the Company;
 - (c) there are no shares in the Company not representing capital;
 - (d) there are no shares in the Company held by or on behalf of the Company itself or by subsidiaries of the Company;
 - (e) there are no acquisition rights and/or obligations over authorised but unissued share capital of the Company and the Company has made no undertaking to increase its share capital;
 - (f) no person has any preferential or subscription rights for any share capital of the Company; and
 - (g) no share or loan capital of the Company or any member of the Group is under option or agreed conditionally or unconditionally to be put under option.

5. OPTION SCHEMES

5.1 Long Term Incentive Plan (LTIP)

The Board adopted the LTIP on 28 February 2007 to allow individuals to be granted awards (“Awards”) in respect of Ordinary Shares in the Company, the principal terms of which are summarised below. No awards will be made under the LTIP either before or on Admission. It is proposed that the powers of the Board will be operated through and on the recommendation of the remuneration committee.

Eligibility and grant of awards

The Board may grant Awards to any employee of the Group selected by the Board. Awards may be granted by the Board at any time when there are no restrictions on dealing the Ordinary Shares and the Company is not in a close period. The grant of an Award will be conditional upon the option holder agreeing to indemnify the Company for the cost of any tax, duties, social security contributions and national insurance (including the Company’s secondary contributions).

Limits

The maximum number of Ordinary Shares issued or issuable under the LTIP by the Company shall not exceed 10% of the Company's issued ordinary share capital in any 10 year period when added to any other share rights or other options granted under all Group employee share schemes and similar individual share option agreements (including the Unapproved Share Option Plan). Options or other share rights that have lapsed or were granted before the adoption of the LTIP are excluded.

For an individual participant, the maximum market value, at date of grant, of Ordinary Shares subject to any awards in any year shall not be greater than 100% of the participant's annual salary, save in circumstances which the Board considers to be exceptional.

Awards

Awards may take one of three forms:

- A nil-cost option award, whereby participants may exercise the right to claim an award of free Ordinary Shares subject to the satisfaction of performance conditions;
- Contingent share awards whereby participants become entitled to Ordinary Shares subject to the satisfaction of performance conditions and payment of a pre-determined amount; or
- Forfeitable shares whereby participants become entitled to Ordinary Shares which may be forfeited if performance conditions are not met.

At present the Company only intends to make nil-cost option awards. All Ordinary Shares that are the subject of an Award will be held by the trustees of the Employee Benefit Trust.

Performance conditions

When making Awards, the Board will determine appropriate performance conditions which will be measured over a minimum of three financial years (unless the Board determines otherwise). The Board has the power to deem that performance conditions have been satisfied on a demerger, change of control, compulsory acquisition or in other appropriate circumstances where event(s) have occurred in consequence of which the Board reasonably considers that the existing performance conditions should be amended to afford a more effective incentive to the Award holder or to ensure that the objective criteria against which the performance of the Company will be measured will be a fairer measure of such performance or if the participant leaves the Company other than by reason of misconduct.

Leavers

The following rules will apply if a participant ceases to be employed within the Group:

- If a participant leaves for a specified circumstance (including death, disability, injury, ill-health, redundancy) vested Awards (where the performance conditions are satisfied, may be claimed) and a proportion (determined by the Board) of unvested Awards may be claimed;
- If a participant leaves for misconduct then all Awards lapse; and
- If a participant leaves for any other reason then unvested Awards lapse unless the Board determines otherwise within 30 days. Vested Awards may be exercised in the 12 months following cessation of employment.

Variation of share capital

On an alteration of the ordinary share capital of the Company including by capitalisation or rights issue, consolidation, sub-division or reduction. Awards may be adjusted by the Board in such manner as independent advisers confirm to be fair and reasonable.

Voting, dividend and other rights

For nil-cost option awards and contingent share awards, Ordinary Shares will be held by the trustees of the Employee Benefit Trust and participants have no voting or dividend rights.

For forfeitable share awards, the participant may be required to renounce dividend or other rights in favour of the trustees of the Employee Benefit Trust who may seek irrevocable directions regarding the exercise of voting or other rights. The rights under the LTIP are non pensionable.

Amendments

The Board may alter the rules to LTIP with the approval of the Company in general meeting provided no alteration shall adversely affect the rights of the participant (without his or her agreement). Minor amendments may be made without such approval or agreement.

5.2 **Unapproved Share Option Plan**

The Board adopted the Unapproved Share Option Plan on 28 February 2007 to allow individuals to be granted the options to acquire Ordinary Shares, the principal terms of which are summarised below. Options (“Plan Options”) will be granted under the Unapproved Share Option Plan after Admission. It is proposed that the powers of the Board will be operated through and on the recommendation of the remuneration committee.

Eligibility and grant of plan options

The Board may grant the Plan Options to any director or employee of the Group selected by the Board. Plan Options may be granted by the Board at any time when there are no restrictions on dealing the Ordinary Shares and the Company is not in a close period. The grant of the Plan Options will be conditional upon the option holder agreeing to indemnify the Company for the cost of any tax, duties, social security contributions and national insurance (including the Company’s secondary contributions).

Option price

The price payable on the exercise of the options granted under the Unapproved Share Option Plan will be determined by the Board and will not be less than the market value of Ordinary Shares at the date of grant and not less than the nominal value.

Limits

The maximum number of shares issued or issuable under the Unapproved Share Option Plan shall not exceed 10% of the Company’s issued ordinary share capital in any 10 year period when added to any other options or other share rights granted under all Group employee share schemes (including the LTIP) and similar individual share option agreements. Options or other share rights that have lapsed or were granted or originally granted before the adoption of the Unapproved Share Option Plan are excluded.

Exercise and lapse of plan options and performance condition

Plan Options will normally be exercisable from the third anniversary of grant but the Board may determine alternative appropriate periods and shall determine appropriate performance conditions. Performance conditions may, however, be varied or waived by the Board if it reasonably considers events have affected the viability of the performance conditions. Exercise will not be permitted after the tenth anniversary of grant.

Plan Options may be exercised (subject to the performance conditions unless waived or varied) within six months after the employee ceases to be an employee of the Group as a result of illness, injury, disability or 12 months after death, in which case options are exercisable by personal representatives of the option holder. For cessation for any other reason, exercise is only permitted at the discretion of the Board. Plan Options are exercisable (subject to the performance conditions unless waived or varied) following a change of control of the Company or a trade sale or on commencement of a winding up or on a court sanctioned reconstruction or amalgamation and will thereafter lapse. Plan Options are personal and will lapse on assignment or other transfer by the option holder, except to a personal representative.

Variation of share capital

On an alteration of the ordinary share capital of the Company by capitalisation or rights issue, consolidation, sub-division or reduction or other alteration the number of shares subject to or the option price under any Plan Option may be adjusted by the Board in such manner as the auditors or other valuers confirm to be fair and reasonable.

Voting, dividend and other rights

On exercise Ordinary Shares issued are ranked *pari passu* but, until then, option holders have no voting or dividend rights. The rights under the Plan Options are non-pensionable.

Amendments

The Board may alter the rules to the Unapproved Share Option Plan with the approval of the Company in general meeting provided no alteration shall adversely affect the rights of the option holder (without his or her agreement). Minor amendments may be made without such approval or agreement.

5.3 **The Employee Benefit Trust**

The Company established a trust known as the Employee Benefit Trust on 28 February 2007. The first trustee is IPSO EBT Limited. The LTIP may be operated in conjunction with the Employee Benefit Trust. The Employee Benefit Trust is a general discretionary trust, the beneficiaries of which are primarily employees and former employees of the Group and their dependants. The purpose of the Employee Benefit Trust is to encourage and facilitate the holding of Ordinary Shares for those beneficiaries. This will be achieved by the trustees acquiring Ordinary Shares and distributing them in accordance with the terms of the LTIP.

The Employee Benefit Trust may acquire Ordinary Shares by purchase or by subscription and the funds for the acquisitions may be provided by loans and/or contributions by the Company or any other company within the Group. Alternatively, funds may be obtained from third party sources and guaranteed by the Company or any other company within the Group.

The Company proposes to operate the Employee Benefit Trust so that no Ordinary Shares will be acquired by the trustees of the Employee Benefit Trust if the trustees would control more than 5% of the Ordinary Shares (excluding any Ordinary Shares which the trustees hold as nominee for any other person). Any dividends in respect of Ordinary Shares are waived unless the Company directs otherwise. The trustees will have the right to exercise votes in respect of Ordinary Shares.

Although the Employee Benefit Trust is intended to be used in connection with the LTIP, the trustees do have powers to grant options in respect of the Ordinary Shares and to agree to deliver Ordinary Shares to beneficiaries of the Employee Benefit Trust on the exercise of options or pursuant to awards granted or made by the Board or the Company's remuneration committee pursuant to any other employee share scheme established by the Company or any other company within the Group.

As at Admission, the Employee Benefit Trust will hold no Ordinary Shares.

6. THE GROUP

- 6.1 To the best of the knowledge of the Company, save as disclosed in sub-paragraph 9.2 below, there are no persons who directly or indirectly control the Company, where control means owning 30% or more of the voting rights attaching to the share capital of the Company.
- 6.2 The Company is not aware of any arrangements which may at a subsequent date result in a change in control of the Company.

The Company is the holding company, directly or indirectly, of the following subsidiaries and associated undertakings:

<u>Name</u>	<u>Country of incorporation</u>	<u>Holding</u>
IPSO Management Limited	England and Wales	100%
Intelligent Wound Care Limited*	England and Wales	100%**
Therakind Limited*	England and Wales	31%
IPSO Capital Limited*	England and Wales	100%
IPSO EBT Limited*	England and Wales	100%

* the Company's shareholdings in these companies are held indirectly through IPSO Management

** Assuming the Imperial Option has not been exercised

7. MEMORANDUM OF ASSOCIATION

The memorandum of association of the Company provides that its principal object and purpose is to carry on the business a general commercial company. Its objects and purposes are set out in full in clause 4 of the memorandum of association.

8. ARTICLES OF ASSOCIATION

The Articles include provisions to the following effect:

8.1 Votes of members

Subject to any rights or restrictions as to voting attached to any class of shares, at any general meeting, on a show of hands, every member who is present in person has one vote and, in the case of a poll, every member present in person or by proxy has one vote for every share of which he is the holder. No member is entitled to vote at a general meeting either personally or by proxy if he or any person appearing to be interested in shares held by him has been duly served with a notice under section 212 of the Act and is in default for the prescribed period in supplying to the Company the information required thereby or, unless the directors determine otherwise, if any calls from him have not been paid.

8.2 General meetings of Shareholders

All general meetings which are not annual general meetings are extraordinary general meetings. General meetings may be called by directors, whenever they think fit or within 28 days of receipt of a requisition of members served in accordance with the Act. If there are insufficient directors in the UK to form a quorum, any director or two members may convene an extraordinary general meeting, in the same manner as nearly as possible as that in which meetings may be convened by the directors.

An annual general meeting and an extraordinary general meeting for the passing of a special resolution or a resolution appointing a person a director shall be called by twenty-one clear days' notice at least and all other extraordinary general meetings shall be called by at least fourteen days' notice.

8.3 Class rights

The special rights attached to any class of shares may, subject to any applicable law, be altered or cancelled, either with the consent in writing of the holders of three fourths in nominal value of the issued shares of that class or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of shares of that class.

The provisions of the Articles applicable to general meetings apply mutatis mutandis to class meetings but the necessary quorum is two persons holding or representing by proxy not less than one third of the issued shares of that class except where there is only one holder of the relevant class of shares in which case the quorum shall be that holder.

8.4 Changes to share capital

The Company may by ordinary resolution increase its share capital, consolidate and divide all or any of its shares into shares of a larger amount, cancel any shares not taken or agreed to be taken by any person and sub-divide its shares into shares of a smaller amount.

8.5 Reduction of share capital

The Company may by special resolution (and, with court approval where required) reduce its authorised or issued share capital or any capital redemption reserve and any share premium account in any way subject to authority required by law. Subject to applicable law, the Company may purchase its own shares.

8.6 Directors

- (a) A director is not required to hold any qualification shares.
- (b) The amount of any fees payable to directors shall be determined by the directors provided that they shall not in any year exceed an aggregate amount of £150,000 or such other sum as may from time to time be approved by ordinary resolution. Any such fees shall be divisible among the directors as they may agree, or failing agreement, equally. The directors are also entitled to be repaid all expenses properly incurred by them respectively in the performance of their duties. Any director holding an executive office or otherwise performing services which in the opinion of the directors are outside the scope of his ordinary duties as a director may be paid such remuneration as the directors may determine.
- (c) The directors may establish and maintain or procure the establishment and maintenance of any non-contributory or contributory pension or superannuation funds for the benefit of, and give donations, gratuities, pensions, allowances or emoluments to, any persons who are or were at any time in the employment or service of the Company or any other company which is a subsidiary of the Company or is allied to or associated with the Company or any such subsidiary of any such other company (“associated companies”) and the families and dependants of any such persons and the directors shall have power to purchase and maintain insurance against liability for any persons who are or were at any time directors, officers, employees or auditors of the Company, its associated companies and for trustees of any pension fund in which employees of the Company or its associated companies are interested.
- (d) The directors may from time to time appoint one or more of their body to be the holder of any executive office (including the office of chairman, deputy chairman, managing director or chief executive) on such terms and for such period as they may determine.
- (e) Subject to the provisions of applicable law and provided that he has disclosed to the directors the nature and extent of any material interest of his, a director notwithstanding his office:
 - (i) may be a party to, or otherwise interested in, any contract, transaction or arrangement with the Company or in which the Company is otherwise interested;
 - (ii) may be a director or other officer of, or employed by, or a party to, any transaction or arrangement with, or otherwise interested in, any body corporate promoted by the Company or in which the Company is otherwise interested;
 - (iii) may hold any other office or place of profit under the Company (except that of auditor or auditor of a subsidiary of the Company) in conjunction with the office of director and may act in a professional capacity to the Company on such terms as to remuneration and otherwise as the Directors may arrange; and
 - (iv) shall not, by reason of his office, be accountable to the Company for any benefit which he derives from any such office or employment or from any such contract, transaction or arrangement or from any interest in any such body corporate, and no such contract, transaction or arrangement shall be liable to be avoided on the grounds of any such interest or benefit.

- (f) Save as specifically provided in the Articles, a director may not vote in respect of any contract, transaction or arrangement or any other proposal whatsoever in which he has any material interest otherwise than by virtue of his interests in shares or debentures or other securities of, or otherwise in or through, the Company. A director will not be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting.
- (g) Subject to applicable law, a director is (in the absence of some material interest other than is indicated below) entitled to vote (and will be counted in the quorum) in respect of any resolution concerning any of the following matters, namely:
 - (i) the giving of any guarantee, security or indemnity to a third party in respect of money lent or obligations incurred by him at the request or for the benefit of the Company or any of its subsidiary undertakings;
 - (ii) the giving of any guarantee, security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;
 - (iii) any contract, transaction, arrangement or proposal concerning an offer of shares or debentures or other securities of or by the Company or any of its subsidiary undertakings for subscription or purchase in which offer he is or is to be interested as a participant in the underwriting thereof;
 - (iv) any contract or arrangement in which he is interested by virtue of his interest in shares or debentures or other securities of the Company;
 - (v) any contract or arrangement in which he is interested directly or indirectly and whether as an officer or shareholder or otherwise, provided that he does not hold an interest (as defined in sections 198-211 of the Act) in one per cent. or more of the issued shares of any such body corporate;
 - (vi) any proposal concerning the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates both to the directors and employees of the Company or any of its subsidiaries;
 - (vii) any arrangement for the benefit of employees of the Company or of any of its subsidiaries under which the director benefits in a similar manner to the employees; and
 - (viii) any proposal, contract, transaction or arrangement concerning the purchase or maintenance of insurance for the benefit of directors or persons who include directors.
- (h) Subject to any applicable law, the Company may by ordinary resolution suspend or relax the provisions summarised under sub-paragraphs (vi) and (vii) above either generally or in relation to any particular matter, or ratify any transactions not duly authorised by reason of a contravention of such provision.
- (i) At every general meeting, one third of all directors shall retire by rotation and stand for re-election.
- (j) A director shall not be required to retire upon reaching the age of 70, but shall be required to offer himself for re-election at each subsequent annual general meeting.

8.7 Transfer of shares

All transfers of shares may be effected by transfer in any usual form or in any other form acceptable to the directors and shall be executed by or on behalf of the transferor and, if the share is partly paid, the transferee.

8.8 Dividends

There are no fixed dates on which a dividend entitlement arises. The Company may by ordinary resolution from time to time declare dividends to be paid to Shareholders, although the amount of the dividend cannot exceed the amount recommended by the

directors. In addition the directors may pay interim dividends if justified by the profits of the Company available for distribution.

The dividend payment to each Shareholder shall be calculated proportionately to the amounts paid up on each issued Ordinary Share. All dividend payments shall be non-cumulative.

All unclaimed dividends may be used for the benefit of the Company until claimed and shall not attract interest. Any dividend which remains unclaimed twelve years after the date the dividend becomes due for payment shall, at the option of the directors, be forfeited and shall revert to the Company.

There are no dividend restrictions attaching to the Ordinary Shares, provided they are fully paid up. Payments of dividends may be made by any method the directors consider appropriate and on a cash dividend there are no special arrangements for non-resident Shareholders. The directors may make such arrangements as they consider expedient in connection with a dividend payment in shares to deal with any legal or other difficulties that may arise in any territory in which non-resident shareholders are present.

8.9 Rights of shares

The Ordinary Shares rank *pari passu* as a class in terms of preference, restriction and all other rights.

8.10 Borrowing powers

The directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property, assets and uncalled capital, or any part thereof, and, subject to applicable law, to issue debentures and other securities.

9. DIRECTORS' AND OTHER INTERESTS

- 9.1 As at the date of this document and as expected to be immediately following the Fundraising and Admission, the interests of the Directors and any other members of the administrative, management, or supervisory bodies of the Company, and their immediate families in the share capital of the Company (i) which would have been notified to the Company pursuant to sections 324 and 328 of the Act; or (ii) which would have been required to be disclosed in the Register of Directors Interests pursuant to section 325 of the Act; or (iii) which are interests of a person connected (within the meaning of section 346 of the Act) with a Director which would, if the connected person were a Director, be required to be disclosed under (i) or (ii) above and the existence of which is known to or could with reasonable diligence be ascertained by the Directors are as follows:

<u>Name</u>	<u>Number of Ordinary Shares prior to the Fundraising and Admission</u>	<u>% of the Existing Ordinary Shares</u>	<u>Number of Ordinary Shares following the Fundraising and Admission</u>	<u>% of Enlarged Share Capital</u>	<u>Options</u>
Simon Hunt*	1,500,000	42.5	1,511,765***	12.20	Nil
Dr. Simon Haworth	529,410	15.0	529,410	4.27	Nil
Nick Rodgers**	1,500,000	42.5	1,558,824	12.58	Nil
Michael Baines	Nil	Nil	47,059****	0.38	60,000
Dr. Peter Knox	Nil	Nil	29,412	0.24	Nil

* 300,000 of these Ordinary Shares are held by Simon Hunt's wife, Anna Rosina Gow Hunt.

** 300,000 of these Ordinary Shares are held by Nick Rodgers and his wife, Thea Rodgers, as trustees of both the Thea Rodgers Children's Settlement and the Nick Rodgers Children's Settlement.

*** 11,765 of these Ordinary Shares are held by JM Finn Nominees Limited on behalf of Simon Hunt.

**** 29,412 of these Ordinary Shares are held by Roy Nominees on behalf of Michael Baines.

- 9.2 Save as disclosed in sub-paragraph 9.1 above and this sub-paragraph 9.2 the Company is not aware of any interest (within the meaning of Part VI of the Act) in the Company's ordinary share capital which amounts or would, immediately following the Fundraising and Admission, amount to 3 per cent. or more of the Company's issued ordinary share capital other than the following:

<u>Name</u>	<u>Number of Ordinary Shares prior to the Fundraising and Admission</u>	<u>% of the Existing Ordinary Shares</u>	<u>Number of Ordinary Shares following the Fundraising and Admission</u>	<u>% of Enlarged Share Capital</u>
Credit Suisse Client Nominees (UK) Limited*	Nil	Nil	5,588,233	45.11
Evo Nominees Limited	Nil	Nil	1,191,764	9.62
Wittington Investments Limited	Nil	Nil	1,176,470	9.50

* *Beneficial interest held by RAB Special Situations (Master) Fund Limited*

The voting rights of the Shareholders set out in paragraphs 9.1 and 9.2 do not differ from the voting rights held by other Shareholders.

Following the Fundraising RAB will in aggregate be interested in shares carrying 30 per cent. or more of the Company's voting share capital but will not hold shares carrying more than 50 per cent. of such voting rights and any further increase in that interest in Ordinary Shares will be subject to the provisions of Rule 9 of the Code.

- 9.3 There are no outstanding loans granted or guarantees provided by the Company to or for the benefit of any of the Directors, nor are there any outstanding loans or guarantees provided by the Directors to or for the benefit of the Company.
- 9.4 Save as disclosed in this paragraph 9, no Director has any interest, whether direct or indirect, in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company taken as a whole and which was effected by the Company during the current or immediately preceding financial year, or during any earlier financial year and which remains in any respect outstanding or unperformed.
- 9.5 None of the Directors nor any member of a Director's family is interest in any related financial product (as defined in the AIM Rules) whose value in whole or in part is determined directly or indirectly by reference to the price of the ordinary shares, including a contract for differences or a fixed odds bet.

10. DIRECTORS' SERVICE AGREEMENTS/LETTERS OF APPOINTMENT

- 10.1 On 28 February 2007 Simon Hunt entered into a service agreement with the Company under the terms of which he agreed to act as Executive Chairman. The Agreement is conditional upon and takes effect from Admission and continues thereafter until terminated by either party giving to the other 12 months written notice. He is entitled to a salary of £120,000 together with a discretionary bonus. In addition the Company will make a contribution of 10% of Mr Hunt's basic salary into his personal pension plan, the Company shall also either provide medical insurance or will reimburse the cost of such insurance up to a maximum of £2,000 per annum. Mr Hunt is also entitled to life assurance of 4 times his basic salary. The service agreement contains detailed provisions in relation to confidentiality and includes various post termination restrictions including a restriction against competing with the Company, soliciting/dealing with academic or research institutions with which the Group either deals or is in discussions with, interfering with the Company's relationship with academics and from soliciting key staff. Upon termination, no benefits other than those accruing during the notice period are due to Mr Hunt.
- 10.2 On 28 February 2007 Philip Nicholas Rodgers entered into a service agreement with the Company under the terms of which he agreed to act as Chief Executive Officer. The Agreement is conditional upon and takes effect from Admission and continues thereafter until terminated by either party giving to the other 12 months written notice. He is entitled

to a salary of £120,000 together with a discretionary bonus. In addition the Company will make a contribution of 10% of Mr Rodgers' basic salary into his personal pension plan, the Company shall also either provide medical insurance or will reimburse the cost of such insurance up to a maximum of £2,000 per annum. Mr Rodgers is also entitled to life assurance of 4 times his basic salary. The service agreement contains detailed provisions in relation to confidentiality and includes various post termination restrictions including a restriction against competing with the Company, soliciting/dealing with academic or research institutions with which the Group either deals or is in discussions with, interfering with the Company's relationship with academics and from soliciting key staff. Upon termination, no benefits other than those accruing during the notice period are due to Mr Rodgers.

- 10.3 On 28 February 2007 the Company entered into a consultancy agreement with Team Ventures Limited and Dr. Simon Haworth pursuant to which Team Ventures Limited has agreed to provide the services of Dr. Simon Haworth to act as an executive director. The agreement is conditional upon and takes effect from Admission and continues thereafter until terminated by either party giving to the other 12 months written notice. Team Ventures Limited is entitled to a fee of £30,000 per annum for the provision of the services. In the event that Dr. Simon Haworth provides his services for in excess of one day per week, the consultancy fee to which Team Ventures Limited shall be entitled shall be increased on a pro rata basis. The agreement contains detailed provisions in relation to confidentiality and includes various post termination restrictions including a restriction against competing with the Company, soliciting/dealing with academic or research institutions with which the Group either deals or is in discussions with, interfering with the Company's relationship with academics and from soliciting key staff. Upon termination, no benefits other than those accruing during the notice period are due.
- 10.4 On 28 February 2007 Michael Baines entered into a letter of appointment with the Company pursuant to which he agreed to act as a non executive director for an annual fee of £20,000 and an additional fee of £4,000 per annum for acting as Chairman of the Company's audit committee. The letter is conditional upon and takes effect from Admission and continues thereafter until it is terminated by either side giving not less than 3 months written notice. The letter contains a detailed provision in relation to confidential information. Upon termination, no benefits other than those accruing during the notice period are due to Mr Baines.
- 10.5 On 28 February 2007 Dr. Peter Knox entered into a letter of appointment with the Company pursuant to which he agreed to act as a non executive director for an annual fee of £20,000 and an additional fee of £4,000 per annum for acting as Chairman of the Company's remuneration committee. The letter is conditional upon and takes effect from Admission and continues thereafter until it is terminated by either side giving not less than 3 months written notice. The letter contains a detailed provision in relation to confidential information. Upon termination, no benefits other than those accruing during the notice period are due to Dr. Knox.
- 10.6 Save as disclosed in sub-paragraphs 10.1 to 10.5 above, there are no service contracts, existing or proposed, between any Director and the Company.

- 10.7 Details of the length of time in which the Directors have been in office and the period of their term of office are set out below:

<u>Name</u>	<u>Commencement of Period of office</u>	<u>Date of expiration of term of office</u>
Simon Hunt	27 June 2006	Annual General Meeting to be held in 2007 whereby he will stand for re-election unless otherwise intended at that time
Nick Rodgers	27 June 2006	Annual General Meeting to be held in 2007 whereby he will stand for re-election unless otherwise intended at that time
Dr. Simon Haworth	30 October 2006	Annual General Meeting to be held in 2007 whereby he will stand for re-election unless otherwise intended at that time
Michael Baines	30 October 2006	Annual General Meeting to be held in 2007 whereby he will stand for re-election unless otherwise intended at that time
Dr. Peter Knox	30 October 2006	Annual General Meeting to be held in 2007 whereby he will stand for re-election unless otherwise intended at that time

11. ADDITIONAL INFORMATION ON THE BOARD

- 11.1 In addition to directorships of the Company and its subsidiaries, the Directors hold or have held the following directorships or have been partners in the following partnerships within the five years prior to the date of this document:

<u>Director</u>	<u>Current Directorships and Partnerships</u>	<u>Past Directorships and Partnerships in the last five years</u>
Simon Hunt	Cornerstone Capital Limited Strathdon Investments Plc Allura Plc Filtru Plc Filtru UK Limited Filtru Limited	Telecommedia Partners Limited* Strand Partners Limited Shamrock Partners Limited Strathdon Holdings Limited Fitzmaine Limited Monet Brands Limited Therakind Limited Shackleton Secondaries General Partner Limited
Nick Rodgers	Quickend Limited Avlar Bioventures Fund 1 Limited Partnership Nick Rodgers Financial Limited Oxford Biomedica Plc Morvus Technology Limited Burvale Corporate Governance Advisory Limited TMO Renewables Limited Pelythera Pharma Limited Therakind Limited	Evolution Beeson Gregory Limited Beeson Gregory Limited Spice Holdings Plc
Dr. Simon Haworth	Team Ventures Limited	Moore Associates Limited* The Bird Moore Partnership Limited* Phoenix Search & Selection (Cambridge) Limited* Phoenix Global Search Limited*
Michael Baines	Church House Trust Plc MG Capital Plc Atlas Capital Limited	N/A

<u>Director</u>	<u>Current Directorships and Partnerships</u>	<u>Past Directorships and Partnerships in the last five years</u>
Dr. Peter Knox	Metris Therapeutics Limited DSPI Limited The Automation Partnership plc	N/A

* indicates directorships in companies that have been dissolved.

- 11.2 Save as disclosed in paragraphs 11.3 and 11.4 below, none of the Directors have:
- any unspent convictions in relation to indictable offences;
 - had any bankruptcy order made against him or entered into any voluntary arrangements;
 - been a director of a company which has been placed in receivership, compulsory liquidation, creditors' voluntary liquidation, administration, been subject to a voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors whilst he was a director of that company or within the 12 months after he ceased to be a director of that company;
 - been a partner in any partnership which has been placed in compulsory liquidation, administration or been the subject of a partnership voluntary arrangement whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;
 - been the owner of any assets or a partner in any partnership which has been placed in receivership whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;
 - been publicly criticised by any statutory or regulatory authority (including recognised professional bodies); or
 - been disqualified by a court from acting as a director of any company or from acting in the management or conduct of the affairs of a Company.
- 11.3 Dr. Simon Haworth was a director of Phoenix Global Search Limited when it went into creditors' voluntary liquidation on 11 December 2001 with creditors totalling approximately £500,000. The secured creditor was paid in full but there was no dividend or return to other creditors. The liquidation ceased on 14 February 2005.
- 11.4 Simon Hunt was a non-executive director of FT Moneywise Limited, an investment of a venture capital fund managed by Gartmore Investments Limited, of which Simon Hunt was a venture capital manger, which went into creditors' voluntary liquidation in 1986.

12. EMPLOYEES

As at 27 June 2006, the Group had 3 employees.

As at 31 January 2007, the Group employed the following numbers of employees, in the following areas of expertise:

<u>Function</u>	<u>Total</u>
Management	3
Administration	1
Technical	1
TOTAL	5

As at 31 January 2007, the employees were all employed at the Company's principal place of business.

13. MATERIAL CONTRACTS

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Company or a member of the Group within the two years immediately preceding the date of this document and are, or may be, material:

13.1 Placing Agreement

The placing agreement dated 1 March 2007 between the Company (1), the Directors (2) and Ambrian (3) pursuant to which conditional upon, *inter alia*, Admission taking place on or before 8:00 a.m. on 7 March 2007 (or such later time and or date as the Company, and Ambrian may agree being not later than 30 March 2007), Ambrian have agreed to use reasonable endeavours to procure subscribers for the Placing Shares proposed to be issued by the Company at the Placing Price.

The Placing Agreement contains warranties from the Company and the Directors and indemnities from the Company in favour of Ambrian together with provisions which enable Ambrian to terminate the Placing Agreement in certain circumstances prior to Admission including circumstances where any warranties are found to be untrue or inaccurate in any material respect. The liability of the Directors for breach of warranty is limited. Under the Placing Agreement the Company has agreed to pay Ambrian a fee of £120,000 and commission of 5% on the value of the Placing Shares at the Placing Price.

Pursuant to the Placing Agreement, the Directors have undertaken that they will not dispose of Ordinary Shares save in accordance with the AIM Rules for the period of 18 months from the date of Admission and then for a further 6 months, will only dispose of Ordinary Shares through Ambrian or the Company's broker from time to time so as to ensure an orderly market for the share capital of the Company.

Ambrian will be subscribing for 110,588 Placing Shares in the Placing.

13.2 Nominated Advisor and Broker Agreement

A nominated advisor and broker agreement dated 1 March 2007 between the Company (1), the Directors (2) and Ambrian (3) pursuant to which the Company has appointed Ambrian to act as nominated advisor and broker to the Company for the purposes of the AIM Rules. The Company has agreed to pay Ambrian a fee of £40,000 per annum for its services as nominated advisor and broker under this agreement. The agreement contains certain undertakings and indemnities given by the Company and the Directors in respect of, *inter alia*, compliance with all applicable laws and regulations. The agreement continues for a fixed period of one year from the date of the agreement and, thereafter, is subject to termination on the giving of thirty days' notice.

13.3 RAB Investment Agreement

An investment agreement dated 28 April 2006 between IPSO Management (1) and RAB (2), pursuant to which RAB subscribed for convertible loan notes in IPSO Management for £1,500,000. Under the terms of the RAB Investment Agreement, IPSO Management undertakes to use the subscription monies for the purposes of investing in, and establishing projects and agreement with educational research organisations for the purposes of developing the assets of IPSO Management in connection with the proposed admission of IPSO Management to AIM. The parties agreed to work toward the admission of IPSO Management to AIM by 30 November 2006.

The RAB Investment Agreement also contains warranties from IPSO Management to RAB. The liabilities of IPSO Management under the warranties is limited in time and amount but will terminate upon the termination of the RAB Investment Agreement.

In connection with the completion of the Share Exchange Agreement, the RAB Investment Agreement has been novated from IPSO Management to the Company pursuant to a deed of novation between IPSO Management (1), the Company (2) and RAB (3) dated 28 February 2007 (the "Deed of Novation"). Pursuant to the RAB Deed of Termination and Waiver, further details of which are set out in paragraph 13.14 below, the RAB Investment Agreement and all of RAB's rights under it will terminate with effect from and conditional on Admission.

13.4 RAB Loan Note Instrument

Pursuant to the RAB Loan Note Instrument, IPSO Management resolved on 4 May 2006 to create transferable secured convertible loan notes to the value of £1,500,000 which were issued to RAB convertible into ordinary shares of £0.001 each in IPSO Management. The

RAB Loan Note Instrument has been novated from IPSO Management to the Company pursuant to the Deed of Novation so that the RAB Loan Notes shall convert into 3,529,410 Ordinary Shares on Admission and the RAB Loan Note Instrument and all of RAB's rights under it will terminate with effect from and conditional on Admission.

IPSO Management's and, following the novation referred to above, the Company's obligations under the RAB Loan Note Instrument are secured by the debenture, referred to in paragraph 13.5 below.

13.5 RAB Debenture

A debenture dated 4 May 2006 between IPSO Management (1) and RAB (2) creating a fixed charge over IPSO Management's assets and undertaking in security for the payment and discharge of all monies, liabilities and obligations under the RAB Loan Note Instrument and RAB Investment Agreement.

In conjunction with the conversion of the RAB Loan Notes as set out in paragraph 13.4 above and the termination of the RAB Investment Agreement as set out in paragraph 13.14 below, the debenture will be released by RAB on Admission.

13.6 Share Exchange Agreement

The Share Exchange Agreement described in paragraph 4.8 of this Part IV.

13.7 Imperial College Agreement

A research agreement dated 4 May 2006 between Intelligent Wound Care (1) and Imperial (2) dated 4 May 2006.

This agreement is governed by English law and relates to IWC's sponsorship of Imperial, and, in particular, Danny O'Hare, to undertake research in respect of intelligent wound healing and dressing as more particularly defined in the schedule to the agreement (the "Research") and then to subsequently exploit such Research.

IWC agrees to pay Imperial £810,000 in three instalments of £270,000 payable on the signing of the agreement, 12 months after the signing date and 24 months after the signing date.

The parties agree that Imperial shall own all results from the Research (the "Results"). Imperial grants IWC an option to a royalty bearing exclusive worldwide licence including the right to sub-licence the Results. Such licence is to be on fair and reasonable terms. In consideration for the licence, IWC shall pay Imperial 20 per cent. of net receipts received by IWC in respect of the results in question and 8 per cent. of net sales value received by IWC in respect of such results. The term of the licence is to be the life of the IP underlying the Results. If the parties are unable to agree the terms of this licence within 3 months of starting negotiations, either party may refer the same to an independent expert to resolve such terms. Such expert's decision shall be final and binding on the parties.

The agreement commenced on 4 May 2006 and continues until 30 April 2009 subject to either party's right to terminate on notice after 1 February 2007 where either party reasonably considers termination is justified on the grounds that no further purpose would be served by continuing with the Research. Either party may also terminate if the other is in material breach or undergoes an insolvency a force majeure event continues for 3 months or longer.

Each party agrees to indemnify the other against all third party claims which may be asserted against or suffered by any of their staff which relates to the use of any delivered items or the manufacture, distribution, sale, supply or use of any products or services which incorporate any delivered items.

13.8 Imperial Option Agreement

A call option agreement dated 4 May 2006 between Imperial Innovations (1) and Intelligent Wound Care (2), pursuant to which, Imperial Innovations is granted a call option giving it the right to subscribe for and be issued 332 ordinary shares of £1 each in the capital of Intelligent Wound Care at £1 per share during the period commencing on the date of the Call Option Agreement and ending on the occurrence of the earlier of the sale or admission to AIM of Intelligent Wound Care or the termination of the Imperial College Agreement.

13.9 Therakind Assignment and Investment Deed of Agreement

An assignment and investment deed of agreement dated 26 October 2006 between Therakind (1), School of Pharmacy (2) and IPSO Management (3) pursuant to which the parties have agreed certain arrangements with regard to the commercialisation and development of paediatric drug formulations by Professor Ian Wong (“Professor Wong”) and certain other academic staff working for the School of Pharmacy.

The parties to the deed of agreement other than IPSO Management have procured the assignment to Therakind of certain existing IP relevant to paediatric drug formulation, the availability of Professor Wong and other academic staff on the terms contained in the deed of agreement and the grant to IPSO of an equity interest equal to 31 per cent. of the total shareholding at the time of investment in return for the initial equity investment of £120,000 which was made by IPSO and IPSO agreeing to seek additional equity funding on behalf of Therakind for the second phase of Therakind’s development.

The principal provisions of the deed of agreement are as follows:

- (a) all rights, title and interest held by the parties (other than IPSO Management) in certain relevant IP are assigned to Therakind;
- (b) for the first three years of the term of the deed of agreement the services of Professor Wong shall be made available for one day per week under an ancillary consultancy agreement with Therakind;
- (c) Therakind is granted a limited right of first refusal in relation to the licencing of additional IP which is created and/or developed by Professor Wong or other academic staff entirely separately from Therakind but which could nevertheless be useful to Therakind within its field;
- (d) if Therakind chose to exercise their right of first refusal then the parties have a 90 day period, commencing on the date of notification to Therakind of the existence of any additional IP, to negotiate in good faith an exclusive licence on normal commercial terms. If no such licence terms are agreed between the parties during such 90 day period (or longer as the parties may agree) then the relevant owner shall be entitled to licence such additional IP to third parties as it wishes;
- (e) in the event that Therakind do not wish to exploit their right of first refusal in relation to the licencing of additional IP then the relevant owner shall be entitled to licence such additional IP to third parties as it wishes on the expiration of a 30 day period commencing on the day Therakind was notified of the existence of any additional IP;
- (f) each of the parties warrants and undertakes not to set up any entity or enter into any form of agreement or arrangement of any kind (unless expressly approved in advance and in writing by all parties), whether directly or indirectly, which is in direct competition with Therakind’s business within its field;
- (g) each party has undertaken not to poach certain personnel of Therakind or interfere with the relationship between the key personnel (as defined in the deed of agreement) and Therakind for a period of 12 months following termination of the deed of agreement;
- (h) each party gives certain warranties including warranties that they have the capacity and authority to enter into and perform the deed of agreement, have not entered into any agreement or obligation which would give rise to a conflict of interest and shall act in the best interests of Therakind and not intentionally damage or devalue Therakind’s business and/or interests within its field;
- (i) the deed of agreement may be terminated as follows:
 - (i) forthwith by written notice by IPSO Management if: (aa) any other party commits a material breach of any provision of the deed which is irremediable in the reasonable opinion of IPSO Management or which is not remedied within 30 days after receipt of written notice giving particulars of the breach and requiring it to be remedied; or (bb) any other party suffers some form of insolvency (as more particularly described in the deed of agreement);

- (ii) by any party other than IPSO Management if (aa) IPSO Management commits a material breach of any provision of the deed which is irremediable in the reasonable opinion of the non-breaching party wishing to terminate or which is not remedied within 30 days after receipt of written notice giving particulars of the breach and requiring it to be remedied; or (bb) IPSO Management suffers some form of insolvency (as more particularly described in the deed of agreement).

13.10 Therakind Shareholders' Agreement

A shareholders' agreement dated 26 October 2006 between IPSO Management (1), School of Pharmacy (2), Professor Wong (3), UCL Business (4) and Therakind (5) pursuant to which Professor Wong agreed to subscribe for 7,999 new ordinary shares of £0.01 each in Therakind ("Therakind Shares") at par and purchase one existing ordinary share of £0.01 each from Nick Rodgers for the sum of £0.01, then UCL Business agreed to subscribe for 900 Therakind Shares at par, then the School of Pharmacy agreed to subscribe for 8,900 Therakind Shares in consideration of the entry into by the School of Pharmacy of the Therakind Assignment and Investment Deed of Agreement and the transfer of IP to Therakind effected by its terms and finally IPSO Management agreed to subscribe for 8,000 Therakind Shares in return for an investment of £120,000.

Each of the shareholders, except School of Pharmacy and UCL Business whom will have a joint right to appoint one director to represent both parties, shall have the right to nominate, maintain in office and remove one director of Therakind.

The Therakind Shareholders' Agreement provides that Therakind shall not effect or propose to effect certain matters without the prior written consent of IPSO Management save where such matters are contained within a business plan previously approved by IPSO Management including, *inter alia*, any change to Therakind's articles of association, adjusting the rights attaching to the Therakind Shares or issuing any new Therakind Shares, ceasing to carry on the business as a going concern, entering into any material agreement, creating any new subsidiary or doing any act or thing outside the ordinary course of Therakind's business, including winding up Therakind.

The Therakind Shareholders' Agreement contains provisions which provide IPSO Management with a right of first refusal to provide the second round funding for Therakind for a period of one month from the date on which the parties to the agreement agree that second round funding is required and the other parties agree not to approach any third parties during this time.

If a shareholder wishes to transfer any shares then he or it must comply with the procedure set forth in the new articles of association of Therakind which were adopted at the same time as the Therakind Shareholders' Agreement was entered into, which includes the shares first being offered to the other shareholders of Therakind.

The Therakind Shareholders' Agreement continues until the earlier of (1) the date all the parties agree in writing; (2) in relation to each of the shareholders only, the date on which such party ceases to be beneficially interested in Therakind Shares; (3) the date when a sale or listing becomes effective; and (4) the date when Therakind is wound up.

The Therakind Shareholders' Agreement contains standard confidentiality provisions with customary carve-outs.

13.11 Loughborough Agreement

A framework agreement dated 31 October 2006 between IPSO Management (1), Loughborough (2) and LUEL (3) pursuant to which the parties have agreed certain arrangements with regard to the commercialisation of IP created by Loughborough's academic staff by way of spin-out companies (other than in respect of mobile and wireless telecommunications research).

These arrangements entitle IPSO Management to an equity interest in the relevant spin-out companies which will be determined by the amount of equity invested in each situation, in return for an undertaking to make available not less than £3 million initially for investment in spin-out companies which are approved by the investment committee as

described below. The agreement is expressly conditional upon IPSO Management making available at least £3 million as mentioned above and below.

The principal provisions of the framework agreement are as follows:

- (a) IPSO Management will make available at least £3 million, in aggregate, for investment in Loughborough's spin-out companies formed to commercialise IP owned by Loughborough and/or LUEL during the first five years of the term of the agreement;
- (b) Loughborough and LUEL undertake to grant to each relevant spin-out company immediately prior to investment by IPSO Management an exclusive, irrevocable, royalty-free, worldwide licence granting all necessary and desirable rights to enable it to freely commercialise and exploit all IP identified in the relevant investment proposal;
- (c) Loughborough and LUEL expressly undertake not to amend, withdraw or replace its current IP policy in any way which may, directly or indirectly, avoid or adversely affect any interest which IPSO Management may have at any time in any spin-out company in which it has invested (unless IPSO Management has consented to the same). Loughborough and LUEL also expressly agree and confirm that all IP created and/or developed by any of their personnel during relevant periods of time spent on a spin-out company's business or relating thereto shall vest in that company;
- (d) Loughborough and LUEL undertake to use their best endeavours to ensure that all opportunities for the commercialisation of IP via spin-out companies other than in respect of mobile and wireless telecommunications research are channelled through IPSO Management and the investment committee and that IPSO Management shall have the first opportunity to invest in any such spin-out companies (although IPSO Management does recognise that Loughborough and/or LUEL may have existing relationships with other investment groups which it undertakes to respect, but without prejudicing its rights of first refusal and investment);
- (e) investment decisions in relation to spin-out companies will be made by the investment committee which comprises four individuals, two of whom are nominated by IPSO Management (and one of whom will act as chairman and will have an additional casting vote in the event of deadlock), one of whom is nominated by LUEL and the last of whom will be an appropriately skilled and experienced third party selected by IPSO Management and LUEL (both acting reasonably) but who is not a representative of any of the parties. The investment committee has sole discretion to determine whether or not an investment opportunity is approved or rejected;
- (f) investments in the relevant spin-out companies are made on the basis of a pre-money valuation which will generally be £400,000 (unless exceptionally agreed otherwise by the parties);
- (g) once investment in a spin-out company has been approved by the investment committee and the parties have agreed the relevant investment to be made by IPSO Management (which shall not be more than £400,000 per spin-out company unless agreed by IPSO Management), IPSO Management or its nominee shall be allotted an initial equity interest of up to 5%. The actual allotment ranges from 1% for an investment commitment of £50,000 or more but less than £100,000 to 5% for an investment commitment of £250,000 or more, with increases of 1% occurring for each additional £50,000 investment band in between. An additional equity interest is then allotted to IPSO Management or its nominee upon investment of the relevant amount. Such additional interest will be in the relevant proportion set out in the applicable investment agreement;
- (h) IPSO Management is obliged to make available at least £3 million, in aggregate, for investment in Loughborough's spin-out companies formed to commercialise IP owned by Loughborough and/or LUEL during the first 5 years of the term of the agreement and undertakes to meet with the other parties to agree additional funding requirements where the initial investment funds (or any additional funding) has been allocated to the extent that not more than £500,000 remains available for

investment. Such meetings must occur within 60 days of IPSO Management providing the other parties with a relevant additional funding notice and IPSO Management undertakes to use all reasonable endeavours to secure such funding as is agreed but in any event no later than 8 months after the date of such notice;

- (i) Loughborough and LUJEL expressly recognise that IPSO Management shall be free to agree directly with the relevant board the scope of relevant additional services and assistance it provides to spin-outs;
- (j) IPSO Management is obliged to provide certain assistance and advice in relation to identification and commercialisation of IP and the development of relevant spin-out companies free of charge for up to 2 days per calendar month;
- (k) each of the parties other than IPSO Management warrants, represents and undertakes not to (a) enter into any form of agreement or arrangement of any kind which is similar to the arrangements entered into under the framework agreement (or which relates to the same or substantially the same subject matter), or (b) engage in any business or business venture which they know is or will become competitive with the business of any spin-out company in which IPSO Management has invested or which may otherwise adversely affect the business, interests and/or prospects of any such spin-out (in each case unless expressly approved in advance and in writing by IPSO Management and save that IPSO Management expressly acknowledges that there are pre-existing agreements with the following parties which will remain in place and which are excluded from the above undertaking);
- (l) IPSO Management is not subject to restrictions relating to entering into similar arrangements with third parties provided that it does not engage in any business or business venture which it knows is likely to adversely effect the business, interest and/or prospects of a spin-out in which it has invested;
- (m) Loughborough and LUJEL may request that IPSO Management assists or advises in relation to granting or negotiating licences of IP unrelated to spin-out companies in which it has invested. If IPSO Management agrees to such request and provides the relevant assistance or advice it will be entitled to 5% of the net revenues derived from such licence following its grant;
- (n) each party other than IPSO Management has undertaken not to poach certain personnel of IPSO Management or a spin-out in which it has invested for a period of 12 months following termination of the framework agreement;
- (o) each party warrants that each of them:
 - (i) has the capacity and authority to enter into and perform the deed of agreement;
 - (ii) has not entered into any agreement or obligation which would give rise to a conflict of interest;
 - (iii) shall cooperate with the other parties on request (subject to IPSO Management being entitled to charge fees for any additional services provided);
 - (iv) shall not do anything which it knows may damage or devalue the business and/or interests of a spin-out company in which IPSO Management has invested;
- (p) the framework agreement is conditional on at least £3 million being available for investment in Loughborough spin-outs before 9 March 2007 and is for an initial term of 10 years and shall renew as agreed in writing by the parties for additional successive 5 year periods unless terminated as follows:
 - (i) forthwith by written notice by IPSO Management if: (aa) any other party commits a material breach of any provision of the framework agreement which is irremediable in the reasonable opinion of IPSO Management or which is not remedied within 30 days after receipt of written notice giving particulars of the breach and requiring it to be remedied; (bb) any other

party suffers some form of insolvency (as more particularly described in the framework agreement); (cc) at any point there is a legislative or regulatory change (including any change in applicable tax laws or regimes) which adversely impacts on the involvement of IPSO Management with spin-out companies and results in it no longer being economically desirable for IPSO Management to invest therein; or (dd) the purposes of the framework agreement are frustrated because no formal proposals have been received by the investment committee in any rolling 12 month period); or

- (ii) by any party other than IPSO Management if (aa) IPSO Management commits a material breach of any provision of the framework agreement which if capable of remedy is not remedied within 30 days after receipt of written notice giving particulars of the breach and requiring it to be remedied; (bb) IPSO Management suffers some form of insolvency (as more particularly described in the framework agreement); or (cc) IPSO Management fails to raise sufficient additional funds in accordance with the terms of the framework agreement.

13.12 Michael Baines Stand-alone Option Agreement

An option agreement between IPSO Management and Michael Baines dated 1 June 2006 pursuant to which IPSO Management granted Michael Baines an option to subscribe for 20,000 ordinary shares of £0.001 in the capital of IPSO Management at an exercise price of £1.2725 per ordinary share for a period commencing on the date twenty four months from the date of the option agreement and ending on the fifth anniversary thereof (the "MB Option"). Any exercise of the MB Option shall be for the full amount of the option shares and shall be irrevocable. Pursuant to a deed of release and grant dated 28 February 2007 between IPSO Management, the Company and Michael Baines, the original option agreement was released and the Company granted a new option with the amount of Ordinary Shares to which the original option agreement related and the exercise price per Ordinary Share adjusted to reflect the ratio applied in the Share Exchange Agreement to 60,000 Ordinary Shares at an exercise price of £0.4242 per Ordinary Share.

13.13 John Rawlings Stand-alone Option Agreement

An option agreement between IPSO Management and John Rawlings dated 1 June 2006 pursuant to which IPSO Management granted John Rawlings an option to subscribe for 20,000 ordinary shares of £0.001 in the capital of IPSO Management at an exercise price of £1.2725 per ordinary share for a period commencing on the date twenty four months from the date of the option agreement and ending on the fifth anniversary thereof (the "JR Option"). Any exercise of the JR Option shall be for the full amount of the option shares and shall be irrevocable. Pursuant to a deed of release and grant dated 28 February 2007 between IPSO Management, the Company and John Rawlings, the original option agreement was released and the Company granted a new option with the amount of Ordinary Shares to which the original option agreement related and the exercise price per Ordinary Share adjusted to reflect the ratio applied in the Share Exchange Agreement to 60,000 Ordinary Shares at an exercise price of £0.4242 per Ordinary Shares.

13.14 RAB Deed of Termination and Waiver

A Deed of Termination and Waiver dated 28 February 2007 between IPSO Management (1) the Company (2) and RAB (3), under which all obligations and liabilities under the RAB Investment Agreement (the details of which are set out above at paragraph 13.3) above were terminated with effect from and conditional on Admission.

13.15 RAB Lock In Agreement

A lock in agreement dated 1 March 2007 between RAB (1), the Company (2) and Ambrian (3) pursuant to which RAB have undertaken to the Company and Ambrian that, for a period of six months from Admission, it will not dispose of 3,529,410 Ordinary Shares it was issued pursuant to the conversion of the RAB Loan Note Instrument (referred to in paragraph 13.4) and for a further six months thereafter to deal in 3,529,410 Ordinary Shares only through Ambrian, subject to certain orderly market restrictions.

13.16 WildKey Investment Agreement

An investment agreement dated 26 October 2006 between WildKey (1) Oxford Brookes University (2), Jill Jones (3), Martin Wood (4), Kathleen Wood (5), Zernike Ltd (6), IPSO Management (7), Stewart Thompson (8), Neil Bailey (9), Paul Griffiths (10) and Christopher Wright (11) pursuant to which IPSO Management has invested £44,982.08 in WildKey in return for 208 ordinary shares of £0.01 each in WildKey which represents a shareholding of 6.9%. Each of the parties undertakes not to dispose of their shares in WildKey other than in accordance with the agreement or the articles of association of WildKey. The agreement contains warranties from WildKey in favour of those parties to the agreement who have agreed to subscribe for shares in WildKey. In addition, WildKey has entered into agreements covering intellectual property and software development.

13.17 Dr. Chris Wright Consultancy Agreement

A consultancy agreement dated 4 August 2006 with Dr. Christopher John Wright (1) and IPSO Management (2) which commenced on 1 August 2006. Pursuant to the terms of the consultancy agreement Dr. Wright is to provide assistance in respect of IPSO Management's development projects to assist with targeting potential partner universities. The consultancy agreement is stated to be for a minimum of three months with an automatic extension at the end of each three months for a further three months unless notice is given one month prior to the end of the relevant three month period. Dr. Wright is entitled to a fee of £700 per day excluding VAT, and it is anticipated that he shall provide his services for an average of one day per week. Dr. Wright is also entitled to an equity participation being £20,000 worth of Ordinary Shares (at the Placing Price) at the time of Admission or on 31 December 2006 whichever is earlier, which will be issued to him immediately on the signing of the first university framework agreement which Dr. Wright is materially involved in securing. In addition, a bonus of £10,000 is payable on the signing of any further university framework agreement (in addition to the one above) which he is materially involved in securing, such bonus may be in equity at his election. The consultancy agreement contains detailed provisions in relation to confidentiality and IP. There are also post termination provisions restricting competition.

14. DEPENDENCE ON INTELLECTUAL PROPERTY

Save for the Imperial College Agreement, the Therakind Assignment and Investment Deed of Agreement, the Therakind Shareholders' Agreement, the Loughborough Agreement and prior to its termination, the RAB Investment Agreement, the Group is not dependent on any patents, licences, industrial, commercial or financial contracts or new manufacturing processes which have a material effect on the Company's business or profitability.

15. LITIGATION

No member of the Group is involved nor has been involved in any governmental, legal or arbitration proceedings in the previous twelve months which may have or have had in the recent past a significant effect on the Group's financial position or profitability and, so far as the Directors are aware, there are no such proceedings pending or threatened against any member of the Group.

16. NO SIGNIFICANT CHANGE

Other than as disclosed in this document, there has been no significant change in the financial or trading position of the Company since 31 October 2006 or IPSO Management since 31 October 2006, the dates to which the latest audited or interim financial statements of the Company and IPSO Management respectively have been prepared.

17. RELATED PARTY TRANSACTIONS

During the period from incorporation to the date of this document, the Company has not entered into any related party transactions.

18. WORKING CAPITAL

The Directors are of the opinion, having made due and careful enquiry and having taken into account the net proceeds of the Fundraising, that following Admission, the Company will have sufficient working capital for its present requirements, that is for at least 12 months from the date of Admission.

19. TAXATION

The following paragraphs are intended as a general guide only for Shareholders who are resident and ordinarily resident in the United Kingdom for tax purposes, holding Ordinary Shares as investments and not as securities to be realised in the course of a trade, and are based on current legislation and UK HM Revenue & Customs practice. They should not be construed as constituting advice. Any prospective purchaser of Ordinary Shares who is in any doubt about his tax position, or who is subject to taxation in a jurisdiction other than the UK, should consult his own professional adviser immediately.

19.1 Taxation of Chargeable Gains

For the purpose of UK tax on chargeable gains, the issue of Ordinary Shares pursuant to the Fundraising will be regarded as an acquisition of a new holding in the share capital of the Company.

To the extent that a Shareholder acquires Ordinary Shares allotted to him, the Ordinary Shares so allotted will, for the purpose of tax on chargeable gains, be treated as acquired on the date of allotment. The amount paid for the Ordinary Shares will constitute the base cost of a shareholder's holding.

Individual Shareholders who dispose of their Ordinary Shares will generally be liable to capital gains tax on any gain made on that disposal. The gain may be reduced by the availability of exemptions or reliefs (including possible taper relief) and the deduction of allowable losses in certain circumstances.

Corporate investors within the charge to corporation tax are not eligible for taper relief but can continue to claim indexation allowance. Certain types of company (such as pension funds) and charities are generally exempt from corporation tax on capital gains. In addition, corporate Shareholders who own a substantial shareholding for more than 12 months may qualify for exemption from corporation tax on a chargeable gain under the substantial shareholding exemption, depending, inter alia, upon the Company being considered the holding company of a trading group. For these purposes a substantial shareholding is (broadly) a shareholding of more than 10% of the Company's Ordinary Shares.

If a Shareholder disposes of all or some of his Ordinary Shares, a liability to tax on chargeable gains may, depending on his circumstances, arise.

19.2 Inheritance Tax

Individual Shareholders who are domiciled or deemed to be domiciled in any part of the United Kingdom may be liable to Inheritance tax ("IHT") on the value of any Ordinary Shares held by them. IHT may also apply to individual Shareholders who are not domiciled in the United Kingdom although relief under a double tax convention may apply to those in this position. The chief occasions on which IHT is charged are on the death of the Shareholder; on any gifts made during the seven years prior to the death of the Shareholder; and on certain lifetime transfers, notably when shares are transferred to certain types of trust.

However, a relief from IHT known as business property relief ("BPR") may apply to Ordinary Shares once these have been held for two years. This relief applies notwithstanding that the Company's shares are listed on AIM (although it does not apply to fully listed shares). BPR operates by reducing the value of shares by 100 per cent. for IHT purposes.

19.3 Stamp duty and Stamp Duty Reserve Tax

No liability to stamp duty or stamp duty reserve tax ("SDRT") should arise on the allotment of Placing Shares and Subscription Shares by the Company under the Fundraising. Subsequent sales of Ordinary Shares inside CREST will generally be liable to SDRT at the rate of 0.5 per cent. of the amount or value of the consideration.

Subsequent sales of Ordinary Shares outside CREST will generally give rise to both SDRT and ad valorem stamp duty, both charges being at the rate of 0.5 per cent. of the amount or value of the consideration. However, where an instrument of transfer which completes an unconditional agreement to transfer shares is duly stamped within six years after the

agreement was entered into (or it became unconditional), this will cancel the SDRT liability and any SDRT paid can be recovered. Stamp duty and SDRT are normally the liability of the purchaser or transferee of the Ordinary Shares.

No stamp duty or SDRT will generally arise on a transfer of shares into CREST unless the transfer is itself for consideration, in which case a liability to SDRT will arise, usually at the rate of 0.5 per cent. of the amount or value of the consideration given.

19.4 Dividends and other Distributions

Under current UK legislation, no tax is withheld from dividend payments by the Company and consequentially, the Company accepts no responsibility for withholding taxes at source.

An individual Shareholder resident (for tax purposes) in the United Kingdom who receives a dividend from the Company will be entitled to a notional tax credit in respect of the dividend equal to 10 per cent. of the sum of the dividend plus the notional tax credit. Individual Shareholders who are so resident may set off this notional tax credit against their total income tax liability. Lower and basic rate tax payers would normally have no further liability to tax on the dividend. Higher rate tax payers will be liable to tax on the sum of the dividend plus the notional tax credit at the rate of 32.5 per cent. against which liability the 10 per cent. notional tax credit can be offset — giving an effective rate of 22.5 per cent. of the gross dividend or 25 per cent. of the net dividend.

A UK tax resident corporate shareholder should not be liable to corporation tax in respect of dividends received from the company unless that company is carrying on a trade of dealing in shares.

Trustees of discretionary trusts are liable to account for income tax at the rate applicable to trusts on the trust's dividend income, currently at the rate of 32.5 per cent.

20. GENERAL

- 20.1 The gross proceeds of the Fundraising are expected to be £4.5 million. The total costs and expenses relating to Admission and the Fundraising are payable by the Company and are estimated to amount to approximately £750,000 (excluding Value Added Tax). The net proceeds of the Fundraising are expected to be £3.75 million (excluding Value Added Tax).
- 20.2 Other than the current application for Admission, the Ordinary Shares have not been admitted to dealings on any recognised investment exchange nor has any application for such admission been made nor are there intended to be any other arrangements for dealings in the Ordinary Shares.
- 20.3 Ambrian Partners Limited has given and not withdrawn its written consent to the inclusion in this document of reference to its name in the form and context in which it appears.
- 20.4 Deloitte & Touche LLP has given and has not withdrawn its written consent to the issue of this document with the inclusion of its name and its reports in Part III of this document and the references to such reports and its name, in the form and context in which they appear.
- 20.5 Where information has been sourced from a third party this information has been accurately reproduced. So far as the Company and the Directors are aware and are able to ascertain from information provided by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.
- 20.6 The Placing Price represents a premium over nominal value of 80 pence per Ordinary Share.
- 20.7 It is expected that definitive share certificates will be dispatched by hand or first class post by 14 March 2007. In respect of uncertificated shares it is expected that Shareholders' CREST stock accounts will be credited on 7 March 2007.
- 20.8 Save as disclosed above no person directly or indirectly in the last twelve months received or is contractually entitled to receive, directly or indirectly, from the Company on or after Admission (excluding in either case persons who are professional advisors otherwise than as disclosed in this document and persons who are trade suppliers) any payment or benefit from the Company to the value of £10,000 or more or securities in the Company to such value or any other benefit to such value or entered into any contractual arrangements to receive the same from the Company at the date of Admission.

- 20.9 Save as disclosed in this document, the Directors are not aware of any exceptional factors which have influenced the Group's activities.
- 20.10 As far as the Directors are aware, there are no known trends, uncertainties, demands, or events that are reasonably expected to have a material effect on the Group's prospects for at least the current financial period.
- 20.11 There are no environmental issues that the Company is aware of which may affect the Group's utilisation of its tangible fixed assets.
- 20.12 Save as described in this document, there are no significant investments in progress nor are there any principal future investments upon which the Board have made any firm commitments in relation thereto.

21. AVAILABILITY OF ADMISSION DOCUMENT

Copies of this Admission Document are available free of charge from the Company's registered office and at the offices of Ambrian Partners Limited, 8 Angel Court, London, EC2R 7HP, during normal business hours on any weekday (Saturdays and public holidays excepted) and shall remain available for at least one month after Admission.

Dated: 1 March 2007

