

IPSO Ventures plc

Annual Report and Accounts 2009

Creating commercial value from technology

IPSO Ventures creates commercial value from intellectual property and technology generated by universities and other research institutions. Working with industrial partners we act as a bridge between them and the research ideas found in universities and other research establishments, not only in the UK but worldwide. Working with research partners we help them identify potential commercial opportunities and add value to them so they can be used by industrial partners.

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Highlights

- IPSO model re-engineered to focus on demand led technology commercialisation
- value added to portfolio companies
 - Therakind – external funding at 61% uplift in value
 - Medermica – pH measurement patent filed
 - Axilica – product launched
- second Loughborough company created, Polyfect Solutions
- acquired Cambridge Meditech



Our methodology

From opportunity to exit

demand

source

- Initial technology assessment
- Initial market assessment
- Management review

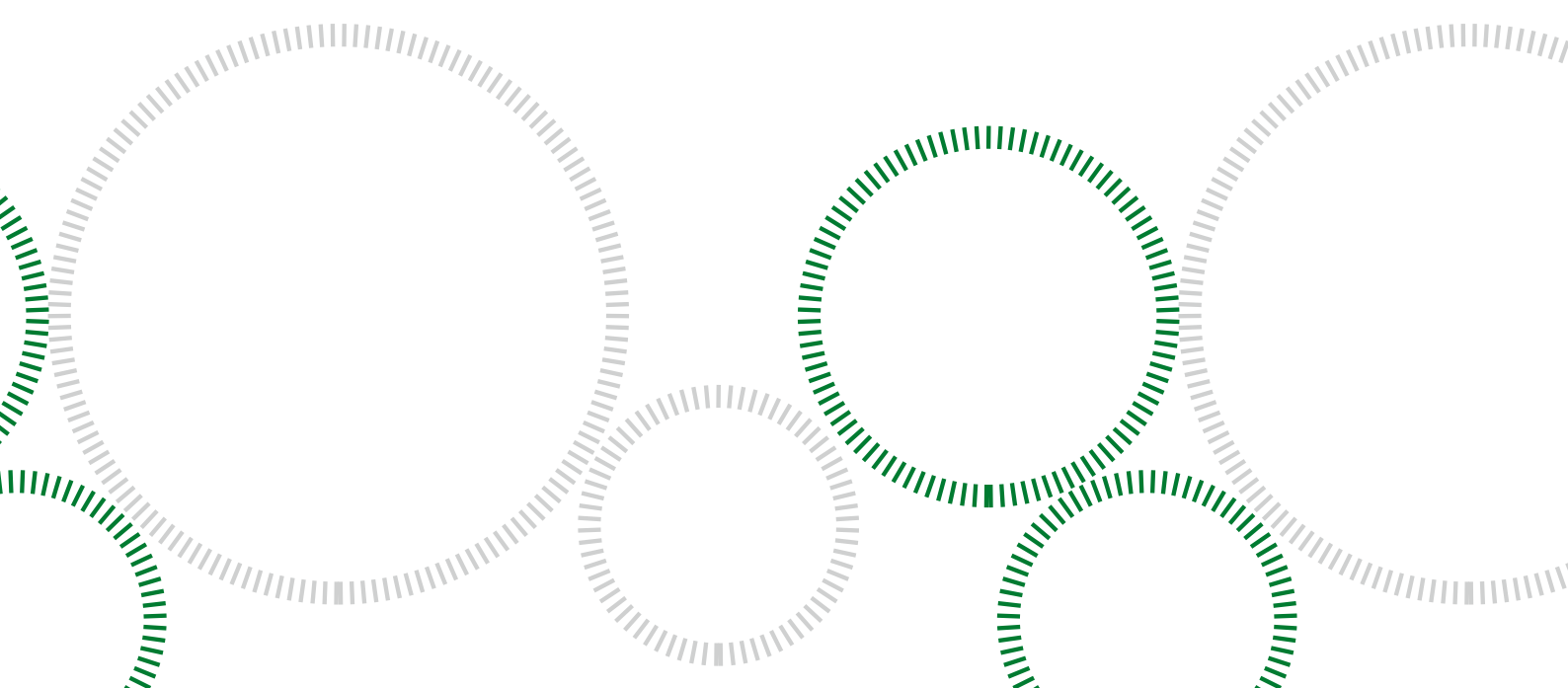


add value

exit

- IP verification
- Market research
- Business plan
- Assess exit route
- Identify and hire key management
- Company formation
- Initial investment
- Hire NEDs
- Additional management
- Assist follow-on financing
- Corporate finance
- Strategic advice

- Licence
- Trade sale
- Merger
- IPO



Chairman's and Chief Executive's review

Summary of Chairman's and Chief Executive's review

"This has been a defining year for IPSO, as we re-engineered our model to focus on demand led technology commercialisation. Early indicators show that this model will be highly productive and create significant opportunities. We anticipate raising further funds in due course to enable us to build on our strategy.

Our portfolio companies are performing well and we are confident of a successful exit from one of these businesses within the next year."

Simon Hunt

Executive Chairman

New model

Under our new model, IPSO is working closely with its industrial collaborators to identify demand for future business opportunities. Once identified, we use our strong relationships with universities and other research institutions to source technologies which have the potential to satisfy that demand.

Over the last year we have met a number of the UK's largest companies to understand their future plans and identify where they are most likely to require technology to support their product strategies. These discussions are yielding many interesting opportunities for us.

On the technology sourcing side, our relationship with Loughborough University is working well and we continue to unearth commercially relevant technologies from within the university. We have made further progress in the development of our relationships with other universities on an informal basis, to broaden our knowledge and awareness of developing IP and technologies which could provide a solution in areas where we have identified demand.

Investments

In addition to the significant amount of hands on management, human capital and administrative support we have given our portfolio companies to help them create value, we have invested a further £762,000 during the year.

An additional £250,000 was invested, as planned, in **Axilica Limited**, our first company from Loughborough. Axilica has a novel software product, FalconML, that accelerates the specification and design of electronic systems. Axilica launched the product in late 2008 after successful beta testing with a major defence company. It is also actively developing customer endorsements for its product to maximise value in preparation for IPSO's planned exit. Lachesis, the university challenge fund at Loughborough, invested £107,000 alongside IPSO.



In November 2008, we acquired the whole of the issued share capital of **Cambridge Meditech Limited** ("CML"), a company with a novel technology that detects infection in wounds. This patent-protected technology will enable the development of a range of products for the healthcare market. The total cost of the acquisition and further investment in patents for CML this year was £97,000. It is IPSO's intention to combine this business with Medermica Limited when appropriate.

Medermica Limited, our joint venture with Imperial Innovations plc, which is developing wound management and other diagnostic and measurement technologies, received a further £135,000 in the period under review. Just after the year end, the company filed a patent application relating to a novel technology for the measurement of pH. This innovative pH measuring device works with ultra small volumes of liquid and is cheap, accurate, rapid and disposable.

In July 2008, we established our second Loughborough company, **Polyfect Solutions Limited**. Polyfect Solution's technology enables low cost, homogeneous dispersion of functional fillers into thermoplastic polymers without the use of chemical compatibilisers. This achieves cost savings and quality improvements over existing industrial methods. The company has established a demonstration facility and is gaining good customer interest. IPSO invested £250,000 with a further £107,000 provided by Lachesis.

Our paediatric healthcare business, **Therakind Limited**, secured a further £350,000 of funding from third party investors in April 2009 at a price that increased the value of its original investment by 61%. Therakind continues to generate revenues but, more importantly, in July 2009 it secured

European regulatory approval to commence the final stage of development for its first paediatric drug. A contract was also signed with a pharmaceutical manufacturer during the year to develop Therakind's second drug for the treatment of pain.

Wildkey Limited (trading as WildKnowledge) provides a software platform for a suite of applications which enable users of handheld devices to receive or create information whilst mobile. The principal market is in education but there are also applications in other areas such as healthcare. In May 2008, IPSO invested an additional £30,000 alongside some of the existing investors. Since the year end, WildKnowledge has completed another fundraising which IPSO did not participate in.

Financial and operational review

Changes in fair value of investments

We recorded an increase of £263,000 in the fair value of our investment in Therakind after securing third party investment at an uplift to our investment cost. This is in accordance with our accounting policies.

Investment activities

Investments during the year totalled £762,000 plus costs of £4,000. Of this, £232,000 was invested in Medermica and CML which are shown as subsidiaries on consolidation and, therefore, are excluded from the investments total of £1,453,000 shown in the consolidated balance sheet.

Operating costs

Operating costs were reduced to £942,000 this year, compared with £1,003,000 in 2008 through reductions in staff, property and other overhead costs. Research and development expenses for Medermica Limited, which is currently a wholly-owned subsidiary, totalled £206,000 compared with £274,000 in 2008 with the deferral of some costs into next year.

Cash

At the year end the Group had cash and short term investments totalling £1,173,000.

Outlook

In the year under review, we sought to control our costs continuing making investments and developing the value of our portfolio. Our re-engineered model has been very favourably received by our industrial collaborators and the research. We are confident that IPSO will begin to enjoy real benefits from this strategy in the current financial year.

We are currently working on the formation of a new energy-related business to capitalise on a clear demand-led opportunity which IPSO has identified. It is pleasing to note that new technologies continue to have real value, despite difficult economic conditions, particularly where they can deliver cost reduction and efficiency benefits.

In order to progress the business over the next few years and continue to develop and expand our portfolio, we will require further funds which will come from raising additional equity capital, revenue generation and sales of investments or a combination of these sources. The Directors are confident that further funds can be raised but, in the event that this is not possible, then the Board has devised a plan which will allow the business to operate successfully on a reduced level.

We are grateful for the support of our colleagues and our collaborators and we look forward to further progress in the current year.

Simon Hunt

Executive Chairman
31 July 2009

Nick Rodgers

Chief Executive
31 July 2009

Directors and advisers

Simon Hunt

Executive Chairman

Simon is a co founder of IPSO Ventures and leads our spin-out activities. He trained as a corporate lawyer, specialising in corporate finance and M&A as well as intellectual property law, before moving into venture capital management with Gartmore Investment Management Limited, focusing mainly on technology in the USA. He later added public company operational experience as well as corporate finance and M&A. Simon has worked with companies at all stages of their development both in the UK and the USA. He is Non-executive Chairman of GEM Biofuels plc and Strathdon Investments plc as well as a number of private companies.

Nick Rodgers

Chief Executive

Nick is a co founder of IPSO Ventures and is responsible for sourcing new technology and relationships. Nick trained as an accountant and then became an investment banker specialising in life sciences. Between 1989 and 2003 he worked for Beeson Gregory (later Evolution Securities) and was responsible for a significant number of IPOs, fundraisings and acquisitions involving life sciences and other companies. As part of his role within Beeson Gregory he was involved in the establishment of the Oxford and Southampton partnerships for IP2IPO plc (now IP Group plc). Nick is also the Senior Independent Director and Deputy Chairman of Oxford Biomedica plc and a Non-executive Director of TMO Renewables Limited and Morvus Technology Limited.

Simon Haworth

Director

Simon is a co founder of IPSO Ventures. He is responsible for development of portfolio companies, for the development of our industry links, and for the management of team building activities. Simon is also a founder director of international recruiter BSG Team Ventures which underpins our team building work and gives IPSO portfolio companies preferential access to a vast international network of connections and potential CEOs, Chairmen/NEDs and other senior executives. Simon has built teams for many startups and for venture capitalists themselves, has founded or co founded four companies following training with Arthur Andersen and holds a PhD in Economics ('The growth of firms').

Michael Baines

Non-executive Director

Michael has worked in the financial services industry for 25 years. From 1985–2000 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 at Robert Fleming Securities. Michael was also a main board director at the bank between 1994 and 1998. Michael is a Non-executive Director of MG Capital plc and Church House Trust plc. He is also an active seed investor in technology focused companies.

Dr Peter Knox

Non-executive Director

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 George's 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. Peter was managing director of Metris Therapeutics Limited until 2005. Metris is a University of Cambridge spin-out that specialises in research and development of medicines that treat gynaecological or women's health disorders. He is Non-executive Director of Metris Therapeutics Limited and The Automation Partnership plc. Peter is Visiting Professor at Imperial College London.

Company registration number

5859612

Registered office

Elizabeth House
39 York Road
London SE1 7NQ

Company secretary

Cargil Management Services Limited
27/28 Eastcastle Street
London W1W 8DH

Nominated adviser and joint broker

Ambrian Partners Limited
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London EC4V 4BJ

Joint broker

Old Park Lane Capital plc
55 Park Lane
London W1K 1NA

Registrars

Share Registrars Limited
Suite E, First Floor
9 Lion & Lamb Yard
Farnham Surrey GU9 7LL

Bankers

HSBC Bank plc
16 King Street
London WC2E 8JF

Solicitors

Memery Crystal
44 Southampton Buildings
London WC2A 1AP

Public relations

Rawlings Financial PR Limited
2 Howsham
York YO60 7PH

Independent auditors

Deloitte LLP
City House
126–130 Hills Road
Cambridge CB2 1RY

Corporate governance statement

The Company is committed to the principles of corporate governance contained in the Code that was issued in 2006 by the Financial Reporting Council for which the Board is accountable to shareholders.

While the Group is not required to report on compliance with the Combined Code of Corporate Governance ('the Code') since its shares are traded on AIM, we make every effort to comply where relevant to a company of our size.

Directors

Board effectiveness

The Board's role is to provide entrepreneurial leadership of the Company within a framework of prudent and effective controls which enables risk to be assessed and managed. The Board sets the Company's strategic aims, ensures that the necessary financial and human resources are in place for the Company to meet its objectives and reviews management performance. The Board also sets the Company's values and standards and ensures that its obligations to its shareholders and others are understood and met.

All Directors take decisions collectively and objectively in the interests of the Company, taking into account their respective roles as Executive and Non-executive Directors.

The Board manages these matters at its regular meetings. Reports are delivered to the Board by the Executive Directors covering key aspects of the business, its strategy and financial position. This ensures that all Directors are aware of the overall performance of the Group and are able to scrutinise and monitor it effectively.

Board meetings and decisions

The Board meets regularly and expects to meet at least ten times a year. In 2009 the Board met a total of 15 times, of which 12 were scheduled Board meetings. The Board has a schedule of matters which are reserved for its decision which includes: senior appointments; approval of interim and annual financial statements; business strategy and budgets; substantial investments; commitments and disposals; financing; executive remuneration and litigation.

Each Board member is supplied with a pack of financial and operational information sufficient for the Board to discharge its duties.

Attendance at scheduled Board meetings:

Simon Hunt	(11 out of 12)
Nick Rodgers	(11 out of 12)
Simon Haworth	(9 out of 12)
Peter Knox	(12 out of 12)
Michael Baines	(12 out of 12)

Directors

The Board consists of three Executive Directors and two Non-executive Directors. Biographies of the Directors are set out on page 6.

In accordance with the Code, the Company is deemed a 'Smaller Company' and meets the requirement to have at least two Non-executive Directors.

The two principal founders of IPSO are Simon Hunt and Nick Rodgers who are Executive Chairman and Chief Executive respectively. Due to the early stage of the business and the fact that they work very closely together, there is no formal division of responsibilities as would typically be expected to apply to these roles. In addition to being Chief Executive, Nick Rodgers is also responsible for the financial direction of the business and the Group Financial Controller reports to him.

As the business grows and develops it is envisaged that the responsibilities of each will be more closely defined and the Board will keep the matter under careful review to ensure that the management team works effectively and efficiently.

The Board does not believe it appropriate to appoint a Senior Independent Director given the size and development of the Company. The Board will keep this matter under review.

The Non-executive Directors provide a wide range of skills and experience to the Group. They bring independent judgement on matters such as risk, business strategy and performance and contribute both at Board meetings and on an ad hoc basis at other times. The Board considers that the Non-executive Directors are both independent in character and judgement and meet the independence criteria set by the Code.

All Directors may take independent professional advice at the Company's expense. The Directors also have access to the impartial advice of the Company Secretary who is responsible for ensuring that the Board procedures are followed.

Whilst the Board retains overall responsibility for the Company, the day-to-day management of the business is conducted by the Executive Directors. The Board also delegates specific responsibility to certain Committees such as the Audit and Remuneration Committees. Each Committee has its own terms of reference set by the Board.

Performance evaluation

The performance of each Director and of each Committee of the Board is formally evaluated annually. The Non-executive Directors meet to consider the performance of the Executive Directors and the Non-executive Directors' performance is considered by the Executive Directors. This year reviews took place in March 2009.

Corporate governance statement continued

Committees of the Board

Audit Committee

The Audit Committee, which was established in February 2007, has written terms of reference and met three times during the current financial year. The members of the Audit Committee are Michael Baines and Peter Knox. Michael Baines chairs the Committee and has considerable financial experience gained in a long career in stockbroking, investment banking and investment management. Both members of the Audit Committee attended all meetings of the Committee.

The Audit Committee is required to meet at least twice per year to discuss the interim and preliminary announcements of results. It monitors the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance. It reviews the Company's internal financial controls and the internal control and risk management systems. It makes recommendations to the Board in relation to the appointment, re-appointment and removal of external auditors and approves the remuneration and terms of engagement of the external auditors. The Audit Committee is also responsible for agreeing the level of audit fees and monitoring the provision of non-audit services provided by the external auditors. The Audit Committee assesses the likely impact on the auditors' independence and objectivity before awarding them any material contract for additional services.

The Audit Committee invites the Chief Executive, Group Financial Controller, all Executive Directors and the external auditors to attend all of its meetings in full, although it reserves the right to request any of these individuals to withdraw.

During the current financial year, the Audit Committee has inter alia:

- agreed the fees to be paid to the external auditors for their audit of the 2009 accounts;
- reviewed and agreed the scope of the audit work to be undertaken by the auditors; and
- reviewed the financial statements in the 2009 report and accounts. As part of this review the Committee received a report from the external auditors on their audit of the financial statements.

Remuneration Committee

The Remuneration Committee was established in February 2007 and meets as and when required. The members of the Committee are Peter Knox and Michael Baines who are both independent, Non-executive Directors. The Committee is chaired by Peter Knox.

No member of the Committee has any personal financial interest other than as shareholders, conflicts of interest arising from cross directorships or day-to-day involvement in running the business. The objective of the Remuneration Committee is to develop remuneration packages for Executive Directors that enable the Group to attract, retain and motivate executives of appropriate calibre without paying more than is necessary. No Director plays a part in any discussion about his or her own remuneration. The Board's policy on executive remuneration and the details of Executive Directors' individual remuneration are set out in the Directors' remuneration report on pages 9 and 10.

Nomination Committee

Due to the size of the Board the Directors do not consider it necessary to have a Nomination Committee. Appointment of Directors is therefore considered by the whole Board.

Internal control

The Board is responsible for the Group's system of internal control and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. The Executive Directors are actively involved in all aspects of the Group's business and this allows the Board to continually monitor and assess significant business, operational, financial and other risks and to review the effectiveness of internal controls. The Board meets monthly and has reports from the Executive Directors covering, inter alia, financial performance, university partnerships, investments and administration.

The Board annually reviews the effectiveness of all significant aspects of internal control. The review in 2009 did not highlight any matters that require reporting to shareholders.

The Board has procedures in place which incorporate the recommendations on internal control: guidance for Directors on the Combined Code (Turnbull).

Relations with shareholders

The Company is committed to having a constructive and regular dialogue with its shareholders. The Board's primary contact is through the Executive Chairman and the Chief Executive. The Company's website provides detailed information about the Group, including all the information necessary to comply with AIM rules regarding investor relations.

The Annual General Meeting is one of the main opportunities for the Board to communicate with the Company's non-institutional shareholders and the Board welcomes all shareholder participation at that meeting.

Financial risk management objectives and policies

Financial risk management objectives and policies are set out in note 15 to the financial statements.

Directors' remuneration report

Unaudited information

Remuneration policy for the Executive Directors

Executive remuneration packages are prudently designed to attract, motivate and retain Directors of the high calibre needed to maintain the Group's position and to reward them for enhancing value to shareholders. The performance measurement of the Executive Directors and key members of senior management and the determination of their annual remuneration package are undertaken by the Remuneration Committee.

There are five main elements of the remuneration package for Executive Directors and senior management:

- basic annual salary;
- benefits-in-kind;
- annual bonus payments;
- share and share option incentives; and
- pension arrangements.

The Company's policy is that a substantial proportion of the remuneration of the Executive Directors should be performance related. As described below, Executive Directors may earn annual incentive payments together with the benefits of participation in share schemes and share option schemes.

Executive Directors are entitled to accept appointments outside the Company providing that the Remuneration Committee's permission is sought.

Basic salary

An Executive Director's basic salary is reviewed by the Remuneration Committee prior to the beginning of each year and when an individual changes position or responsibility. In deciding appropriate levels, the Committee considers the Group as a whole and relies on objective research which gives up-to-date information on a comparator group of companies within the sector. Basic salaries were set in October 2006 and last reviewed in March 2009. Executive Directors' contracts of service, which include details of remuneration, will be available for inspection at the Annual General Meeting.

Benefits-in-kind

The Executive Directors receive certain benefits-in-kind, principally private medical insurance.

Annual bonus payments

The Committee establishes the objectives that must be met for each financial year if a cash bonus is to be paid. The Committee believes that any incentive compensation awarded should be tied to the interests of the Company's shareholders and that the principal measure of those interests is total shareholder return. Account is also taken of the relative success of the different parts of the business for which the Executive Directors are responsible and the extent to which the strategic objectives set by the Board are being met.

Long-term Incentive Plan and Unapproved Share Option Plan

The Long-term Incentive Plan ('LTIP') was established in February 2007. Awards under the LTIP may take the form of conditional shares, forfeitable shares or nil cost options. The Remuneration Committee will, when making awards, determine appropriate performance conditions which will be measured over a minimum of three years.

No awards have yet been made to any Director under the LTIP.

The Unapproved Share Option Plan was established in February 2007. No options were granted to Executive Directors during 2009.

Pension arrangements

Executive Directors are entitled to a contribution of 10% of salary payable to a personal pension scheme of their choice.

Directors' contracts

It is the Company's policy that Executive Directors should have contracts with an indefinite term providing for a maximum of one year's notice.

Non-executive Directors

All Non-executive Directors have specific terms of engagement and their remuneration is determined by the Board within the limits set by the Articles of Association. The basic fee paid to each Non-executive Director in the year was £20,000. The Non-executive Directors receive further fees for additional work performed for the Company in respect of membership of the Remuneration Committee and Audit Committee. The additional fees paid during the year were at a rate of £2,000 per Committee membership. Non-executive Directors cannot participate in any of the Company's share option schemes and are not eligible to benefit from the Company's pension arrangements. Michael Baines was awarded 20,000 options under an individual option agreement immediately prior to his appointment and in recognition of his assistance in the early stages of the Company. These options were converted at the time of the Company's admission to AIM to an option over 60,000 ordinary shares at an exercise price of 42.5p per share.

Directors' remuneration report continued

Audited information

Aggregate Directors' remuneration

The total amounts for Directors' remuneration were as follows:

Name of Director	Fees/basic salary £	Consideration paid to third parties £	Benefits -in-kind £	Pension £	Annual bonuses £	2009 total £	2008 total £
Executive							
Simon Hunt	120,000	—	—	12,000	—	132,000	132,000
Simon Haworth ¹	—	60,000	—	11,500	—	71,500	50,000
Nick Rodgers	120,000	—	—	12,000	—	132,000	132,000
Non-executive							
Michael Baines	24,000	—	—	—	—	24,000	24,000
Peter Knox ²	48,000	—	—	—	—	48,000	40,000
Total emoluments	312,000	60,000	—	35,500	—	407,500	378,000

¹ £60,000 (2008: £50,000) was paid to Team Ventures Limited, a company controlled by Simon Haworth, in respect of Simon Haworth's services as a Director.

² £24,000 (2008: £16,000) relates to Peter's remuneration as Chairman of Medermica Limited.

Directors' share options

Aggregate emoluments disclosed above do not include any amounts for the value of options to acquire ordinary shares in the Company granted to or held by the Directors. No options were exercised during the year.

Details of options for Directors who served during the year are as follows:

Name of Director	1 May 2008	Granted	Exercised	30 April 2009	Exercise price	Date from which exercisable	Expiry date
Michael Baines	60,000	—	—	60,000	42p	01/06/08	01/06/11

There are no performance conditions attached to these options and there have been no variations to the terms and conditions during the year.

The market price of the ordinary shares at 30 April 2009 was 50.0p and the range during the year was 84.5p to 50.0p.

Approval

This report was approved by the Board of Directors on 31 July 2009 and signed on its behalf by:

Peter Knox

Chairman of the Remuneration Committee

31 July 2009

Directors' report

The Directors present their report and the consolidated financial statements of the Group for the year ended 30 April 2009.

Principal activities

The principal activity of the Company during the year was that of a holding company. The principal activity of the Group is the creation of commercial value from intellectual property and technology and the provision of related advice and services. By working with industrial collaborators, IPSO seeks to capitalise on the high-quality research and IP that is generated by universities and other research institutions, particularly in the areas of life sciences, environmental sciences and technology.

Results and dividends

The Group made an overall loss of £767,691 (2008: £1,173,739) for the year ended 30 April 2009, as was expected in this early phase of the business. The Directors do not recommend the payment of a dividend.

The Group's results for the year also include the results for Medermica Limited, the Group's subsidiary, which is developing medical devices.

The Balance Sheet on page 17 shows the net assets of the Group at 30 April 2009. The principal assets were investments of £1,453,124 (2008: £681,027). Cash and short-term deposits were £1,172,530 (2008: £2,677,140).

Capital structure

Details of the authorised and issued share capital, together with details of the movements in the Company's issued share capital during the year are shown in note 17. The Company has one class of ordinary shares which carry no right to fixed income. Each share carries the right to one vote at general meetings of the Company.

There are no specific restrictions on the size of a holding nor on the transfer of shares, which are both governed by the general provisions of the Articles of Association and prevailing legislation. The Directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights.

Details of employee share schemes are set out in note 25. Shares held by the IPSO EBT Limited on behalf of The IPSO Employee Benefit Trust abstain from voting.

No person has any special rights of control over the Company's share capital and all issued shares are fully paid.

With regard to the appointment and replacement of Directors, the Company is governed by its Articles of Association, the Companies Acts and related legislation. The Articles themselves may be amended by special resolution of the shareholders.

Under its Articles of Association, the Company has authority to issue 20,000,000 ordinary shares.

Post balance sheet events

There were no significant post balance sheet events.

Business review

During the year ended 30 April 2009 the Group made one new investment and three follow-on investments. A more detailed review of the Group's business is set out in the Chairman and Chief Executive's review on pages 4 and 5.

Key performance indicators

The Directors consider that the Group's key performance indicators are:

- the number of investee companies created;
- the increase in value of the investment portfolio; and
- the number of investments realised.

Research and development

The Group invests in companies, most of which are researching and developing technology. The Group's subsidiary, Medermica Limited, is also involved in the development of medical devices and, in the year ended 30 April 2009, spent a total of £206,500 on such development.

Directors' report continued

Principal risks and uncertainties

The Directors consider that the Group is exposed to a number of risks and uncertainties.

- the Group is at an early stage of development and, although it is following a model which has been successful for others, there can be no guarantee that IPSO will ultimately be successful;
- there may be changes in legislation or Government policy regarding the commercialisation of intellectual property which render the business model unworkable or less able to create value;
- the loss of key personnel would affect the Group;
- the failure of one or more investments could significantly affect the overall value of the Group and therefore its standing with investors and/or universities; and
- as the business develops the Group is likely to require more capital to make investments and there can be no guarantee that investors will support such a fundraising. If the Group is unable to raise money then it would need to take action to reduce its costs.

The Board regularly reviews the risks facing the Group and seeks to exploit, avoid or mitigate those risks as appropriate.

The Directors and their interests in the shares of the Company

The Directors who served the Company throughout the year together with their beneficial interests, including family holdings, in the shares of the Company were as follows:

	Ordinary shares of £0.05 each		
	At 30 April 2009	At 30 April 2008	Options
Simon Hunt ¹	1,511,765	1,511,765	—
Nick Rodgers ²	1,558,824	1,558,824	—
Simon Haworth	529,410	529,410	—
Peter Knox	29,412	29,412	—
Michael Baines ³	47,059	47,059	60,000

¹ 1,511,765 of these shares are held by JM Finn Nominees Limited on behalf of Simon Hunt.

² 300,000 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.

³ 47,059 of these shares are held by Roy Nominees on behalf of Michael Baines.

Substantial shareholders

As at 30 April 2009 and at 30 July 2009 the Company had been advised of the following shareholders with interests of 3% or more in its ordinary share capital:

	Number	Percentage
Credit Suisse Client Nominees (UK) Limited ¹	5,588,233	43.91
Wittington Investments Limited	1,176,470	9.24
JP Morgan Clearing Corporation ²	1,176,470	9.24

¹ Shares held on behalf of RAB Special Situations (Master) Fund Limited.

² Shares held on behalf of Firebird Global Master Fund Limited and Firebird Global Master Fund II Limited.

Creditor payment policy

The Company and its subsidiaries agree the terms of payment when agreeing the terms and conditions for their transactions with suppliers. Payment is made in compliance with those terms, which is normally within 30 days of the invoice being received.

Going concern

In determining the appropriate basis of preparation of the financial statements, the Directors are required to consider whether the Group can continue in operational existence for the foreseeable future. The Group had cash and cash equivalents of £1,173,000 as at 30 April 2009 and incurred a loss of £768,000 for the 12 months then ended. The Directors have prepared a detailed cash flow forecast ("the forecast") which is based on a number of assumptions including the requirement to secure additional funding, the generation of revenue and the realisation of existing investments.

Having reviewed the forecast and made enquiries into the underlying assumptions, the Directors have a reasonable expectation that the Group will be able to meet its liabilities as they fall due for the foreseeable future.

Additionally, given the current uncertain market conditions, the Directors have prepared a contingency plan in the event that some, or all, of the assumptions above do not materialise within a certain timeframe. This contingency plan includes a significant reduction in staff and other costs sufficient to allow the business to operate for the foreseeable future.

Accordingly, the Directors have a reasonable expectation that the Group will continue to operate for the foreseeable future, even if certain assumptions prove to be unattainable. Therefore, the Directors consider it appropriate to prepare the Group's financial statements on the going concern basis.

Charitable and political donations

The Group made no charitable contributions during the year (2008: £nil). The Group did not make any political donations in either year.

Directors' share options

Details of Directors' share options are provided in the Directors' remuneration report on page 10.

Directors' indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its Directors which were made during the year and remain in force at the date of this report.

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee consultation

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group. This is achieved through formal and informal meetings.

Auditors

In the case of each person who is a Director of the Company at the date when this report is approved:

- so far as each of the Directors is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- each of the Directors has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

On 1 December 2008, Deloitte & Touche LLP changed their name to Deloitte LLP. Deloitte LLP have expressed their willingness to continue in office as auditors and a resolution to appoint them will be proposed at the forthcoming Annual General Meeting.

Signed by order of the Directors:

Simon Hunt

Executive Chairman
31 July 2009

Registered office

Elizabeth House
39 York Road
London SE1 7NQ

Statement of Directors' responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and have also chosen to prepare the parent company financial statements under IFRSs as adopted by the European Union. Under company law the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, International Accounting Standard 1 requires that Directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

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

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with International Financial Reporting Standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the management report, which is incorporated into the Directors' report, includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

By order of the Board

Simon Hunt

Executive Chairman

31 July 2009

Independent auditors' report to the members of IPSO Ventures plc

We have audited the financial statements of IPSO Ventures plc for the year ended 30 April 2009 which comprise the Group and parent company Income statements, the Group and parent company Balance sheets, the Group and parent company Cash flow statements, the Group and parent company Statements of changes in equity and the related notes 1 to 40. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the Company's members, as a body, in accordance with sections 495 and 496 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditors

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and the parent company's affairs as at 30 April 2009 and of the Group's and the parent company's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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

Stuart Henderson (Senior Statutory Auditor) for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditors
 Cambridge, United Kingdom
 3 August 2009

Consolidated income statement for the year ended 30 April 2009

	Note	2009 £	2008 £
Revenue		27,374	3,225
Change in fair value of investments	14	262,663	—
Administrative expenses			
– exceptional aborted acquisition costs	6	—	(109,408)
– other administrative expenses		(942,149)	(1,002,720)
		(942,149)	(1,112,128)
Research and development expenses		(206,500)	(274,000)
Operating loss		(858,612)	(1,382,903)
Investment revenues from cash and cash equivalents	8	85,516	200,358
Loss before tax		(773,096)	(1,182,545)
Tax	9	5,405	8,806
Loss for the year attributable to equity holders of the parent	6	(767,691)	(1,173,739)
Loss per share			
Basic and diluted	10	(6.1)p	(9.4)p

All results derive from continuing operations.

Consolidated statement of changes in equity for the year ended 30 April 2009

	Share capital £	Own shares £	Share premium £	Share option reserve £	Other reserve £	Retained losses £	Total £	Minority interest £	Total equity £
At 30 April 2007	625,647	—	4,941,281	13,676	(175,292)	(930,935)	4,474,377	—	4,474,377
Issue of share capital	2,235	—	37,765	—	—	—	40,000	—	40,000
Own shares held by Employee Benefit Trust	—	(40,000)	—	—	—	—	(40,000)	—	(40,000)
Consolidated loss for the year	—	—	—	—	—	(1,173,739)	(1,173,739)	—	(1,173,739)
Employee share option charge	—	—	—	34,210	—	—	34,210	—	34,210
At 30 April 2008	627,882	(40,000)	4,979,046	47,886	(175,292)	(2,104,674)	3,334,848	—	3,334,848
Issue of share capital	8,461	—	101,539	—	—	—	110,000	—	110,000
Own shares held by Employee Benefit Trust	—	(60,000)	—	—	—	—	(60,000)	—	(60,000)
Consolidated loss for the year	—	—	—	—	—	(767,691)	(767,691)	—	(767,691)
Dilution of investment in subsidiary	—	—	—	—	—	—	—	332	332
Employee share option charge	—	—	—	25,059	—	—	25,059	—	25,059
At 30 April 2009	636,343	(100,000)	5,080,585	72,945	(175,292)	(2,872,365)	2,642,216	332	2,642,548

Consolidated balance sheet

30 April 2009

	Note	2009 £	2008 £
Non-current assets			
Intangible assets	11	88,481	—
Property, plant and equipment	12	9,410	9,121
Investments	14	1,453,124	681,027
		1,551,015	690,148
Current assets			
Other receivables	15	78,567	137,984
Cash and cash equivalents	15	1,172,530	2,677,140
		1,251,097	2,815,124
Total assets		2,802,112	3,505,272
Current liabilities			
Trade and other payables	16	(158,913)	(170,340)
Net current assets		1,092,184	2,644,784
Non-current liabilities			
Deferred tax liabilities	9	(651)	(84)
Total liabilities		(159,564)	(170,424)
Net assets		2,642,548	3,334,848
Equity			
Share capital	17	636,343	627,882
Share premium	18	5,080,585	4,979,046
Own shares	19	(100,000)	(40,000)
Share option reserve	20	72,945	47,886
Other reserve		(175,292)	(175,292)
Retained losses	22	(2,872,365)	(2,104,674)
Equity attributable to equity holders of the parent		2,642,216	3,334,848
Minority interest	21	332	—
Total equity		2,642,548	3,334,848

The financial statements were approved by the Board of Directors and authorised for issue on 31 July 2009. They were signed on its behalf by:

Simon Hunt
Director

Consolidated cash flow statement for the year ended 30 April 2009

	Note	2009 £	2008 £
Net cash from operating activities	24	(1,035,679)	(1,262,670)
Investing activities			
Interest received		85,516	200,358
Purchases of property, plant and equipment		(6,864)	(2,744)
Acquisition of subsidiary net of cash acquired	23	(38,481)	—
Payments to acquire investments		(509,434)	(505,445)
Net cash used in investing activities		(469,263)	(307,831)
Financing activities			
Proceeds on issue of shares		332	—
Net cash from financing activities		332	—
Net decrease in cash and cash equivalents		(1,504,610)	(1,570,501)
Cash and cash equivalents at beginning of year		2,677,140	4,247,641
Cash and cash equivalents at end of year		1,172,530	2,677,140

Notes to the consolidated financial statements for the year ended 30 April 2009

1. General information

IPSO Ventures plc is a company incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is given on page 6. The nature of the Group's operations and its principal activities are set out in note 5 and in the Chairman and Chief Executive's review on pages 4 to 5.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Group operates.

2. Adoption of new and revised standards

Three Interpretations issued by the International Financial Reporting Interpretations Committee are effective for the current period. These are:

- IFRIC 11 IFRS 2 – Group and Treasury Share Transactions
- IFRIC 12 Service Concession Arrangements
- IFRIC 14 IAS 19 – The limit on a Defined Benefit Asset, minimum funding requirements and their interaction.

The adoption of these Interpretations has not led to any changes in the Groups accounting policies.

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective:

→ IFRS 1	First time adoption of IFRS (Revision)	01/01/2009
→ IFRS 1 and IAS 27	Cost of an Investment in a subsidiary, jointly-controlled entity or associate	01/01/2009
→ IFRS 2	Share based payment: Vesting Conditions and Cancellations (Amendment)	01/01/2009
→ IFRS 3	Business Combinations (Revision)	01/07/2009
→ IFRS 7	Amendment – Improving Disclosures about Financial Instruments (Amendment)	
→ IFRS 8	Operating Segments	01/01/2009
→ IAS 1	Presentation of Financial Instruments: A Revised Presentation (Amendment)	01/01/2009
→ IAS 1 and IAS 32	Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation (Amendment)	01/01/2009
→ IAS 23	Borrowing Costs (Amendment)	01/01/2009
→ IAS 27	Consolidated and Separate Financial Statements (Amendment)	01/07/2009
→ IAS 39	Financial Instruments: Recognition and Measurement: Eligible Hedged Items (Amendment)	01/07/2009
→ IFRIC 9 and IAS 39	Embedded Derivatives (Amendment)	
→ IFRIC 15	Agreements for the Construction of Real Estate	01/01/2009
→ IFRIC 16	Hedges of a Net Investment in a Foreign Operation	01/10/2008
→ IFRIC 17	Distribution of Non-cash Assets to Owners	01/07/2009
→ IFRIC 18	Transfers of Assets from Customers	01/07/2009

The Directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Group except for:

- additional segment disclosures when IFRS 8 comes into effect for periods commencing on or after 1 January 2009; and
- treatment of acquisition of subsidiaries when IFRS 3 comes into effect for business combinations for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 July 2009.

3. Significant accounting policies

Basis of accounting

The financial statements have been prepared in accordance with IFRS as adopted by the European Union.

The financial statements have been prepared on the historical cost basis, except for certain financial instruments. The principal accounting policies adopted are set out below.

Going concern

In determining the appropriate basis of preparation of the financial statements, the Directors are required to consider whether the Group can continue in operational existence for the foreseeable future. The Group had cash and cash equivalents of £1,173,000 as at 30 April 2009 and incurred a loss of £768,000 for the 12 months then ended. The Directors have prepared a detailed cash flow forecast ("the forecast") which is based on a number of assumptions including the requirement to secure additional funding, the generation of revenue and the realisation of existing investments.

Having reviewed the forecast and made enquiries into the underlying assumptions, the Directors have a reasonable expectation that the Group will be able to meet its liabilities as they fall due for the foreseeable future.

Additionally, given the current uncertain market conditions, the Directors have prepared a contingency plan in the event that some, or all, of the assumptions above do not materialise within a certain timeframe. This contingency plan includes a significant reduction in staff and other costs sufficient to allow the business to operate for the foreseeable future.

Accordingly, the Directors have a reasonable expectation that the Group will continue to operate for the foreseeable future, even if certain assumptions prove to be unattainable. Therefore, the Directors consider it appropriate to prepare the Group's financial statements on the going concern basis.

Notes to the consolidated financial statements continued

for the year ended 30 April 2009

3. Significant accounting policies continued

Foreign currency

Transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled solely by the Company (its subsidiaries) made up to 30 April each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

Minority interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Minority interests consist of the amount of those interests at the date of the original business combination (see below) and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Business combinations

Subsidiaries include all entities, including investee companies, controlled by the Company.

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, which are recognised and measured at fair value less costs to sell.

Any goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

Any interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

Investments in associates and jointly-controlled entities

An associate is an entity over which the Group is in a position to exercise significant influence, but not control or joint control, through participation in the financial and operating policy decisions of the investee. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A jointly-controlled entity is one over which the Group, together with one or more unrelated entities, is in a position to control the financial and operating policies of the entity.

The Group's equity investments are held with a view to realisation of capital gains and for this reason the Directors have designated such investments in associates and jointly-controlled entities to be measured at fair value through profit or loss in accordance with IAS 39 'Financial Investments: Recognition and Measurement'.

Other investments

Investments over which the Group does not exercise control or significant influence are recognised at fair value.

Operating loss

Operating loss is stated before investment income and finance costs.

Retirement benefit costs

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discounts, VAT and other sales-related taxes. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease.

3. Significant accounting policies continued

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the Income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the Income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Property, plant and equipment

Fixtures and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is charged so as to write off the cost or valuation of assets over their estimated useful lives using the straight-line method, on the following bases:

Computer equipment	three years
Fixtures and equipment	five years

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

Intangible assets

(i) Internally generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally generated intangible asset arising from the Group's development activities is recognised only if all of the following conditions are met:

- an asset is created that can be identified (such as software and new processes);
- it is probable that the asset created will generate future economic benefits; and
- the development cost of the asset can be measured reliably.

Internally generated intangible assets are amortised on a straight-line basis over their useful lives. Where no internally generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

(ii) Acquired intangible assets

Intangible assets that are acquired as a result of a business combination and that can be separately measured at fair value on a reliable basis are separately recognised on acquisition at their fair value. Amortisation is charged on a straight-line basis to the income statement over their expected useful lives and is included within 'Other administrative expenses'.

Patents and trademarks

Patents and trademarks are measured initially at purchase cost and are amortised on a straight-line basis over their estimated useful lives.

Notes to the consolidated financial statements continued

for the year ended 30 April 2009

3. Significant accounting policies continued

Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Financial instruments

Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (at 'FVTPL'), 'available-for-sale' ('AFS') financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets at FVTPL

Financial assets are classified as at FVTPL where the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the Group is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives and IAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset.

The fair value of unlisted investments is established using valuation techniques. The valuation methodology used most commonly by the Group is the 'price for recent investment' contained in the 'International private equity and venture capital valuation guidelines' endorsed by the British & European Venture Capital Associations. The following considerations are used when calculating the fair value of unlisted investments:

- where the investment being valued was itself made recently, its cost will generally provide a good indication of fair value; and
- where there has been any recent investment by third parties, the price of that investment will provide a basis of the valuation.

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

3. Significant accounting policies continued

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For shares classified as available-for-sale ('AFS'), a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment. For all other financial assets, including redeemable notes classified as AFS and finance lease receivables, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity securities, impairment losses previously recognised through profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised directly in equity.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities are classified as 'other financial liabilities'.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or, where appropriate, a shorter period.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that the Group will be required to settle that obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

Share-based payments

The Group has applied the requirements of IFRS 2 'Share-based Payments'.

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non market based vesting conditions.

Fair value is measured by use of the Black Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

Notes to the consolidated financial statements continued

for the year ended 30 April 2009

4. Critical accounting judgements and key sources of estimation uncertainty

Critical judgements in applying the Group's accounting policies

In the application of the Group's accounting policies, which are described in note 3, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(i) Share-based compensation

In order to calculate the charge for share-based compensation as required by IFRS 2, the Group makes estimates principally relating to the assumptions used in its option pricing model as set out in note 25.

(ii) Valuation for unquoted equity investments

As described above, investments in associates are held at fair value with changes in such fair value recorded in the Income statement. This represents a critical accounting policy of the Group. The Group relies on judgements in order to determine the appropriate valuation methodology of unquoted equity investments. These judgements include making assessments of the future earnings potential of associated companies and marketability discounts.

(iii) Impairment

The Group tests intangible assets annually for impairment by comparing carrying values to recoverable amounts. Recoverable amounts are calculated as the present value of future cash flows expected to be derived from each intangible asset. The future cash flows are estimated by relying on certain assumptions and judgements.

5. Business segments

The Group is currently divided between the core business of creating commercial value from technology and the activities of investee companies controlled by the Group and accounted for as subsidiary companies. The results of these business segments, all operations of which are based in the United Kingdom, were as follows:

	Core business 2009 £	Subsidiary business 2009 £	Consolidated 2009 £
Income statement			
Revenue	27,374	—	27,374
Change in fair value of investments	262,663	—	262,663
Administrative expenses	(879,769)	(62,380)	(942,149)
Research and development expenses	—	(206,500)	(206,500)
Operating loss	(589,732)	(268,880)	(858,612)
Finance income – interest receivable	85,409	107	85,516
Loss before taxation	(504,323)	(268,773)	(773,096)
Tax	(567)	5,972	5,405
Loss attributable to equity holders	(504,890)	(262,801)	(767,691)
Balance sheet			
Assets	2,709,948	92,164	2,802,112
Liabilities	(72,370)	(87,194)	(159,564)
Net assets	2,637,578	4,970	2,642,548
Other segment items			
Capital expenditure	6,864	—	6,864
Depreciation	6,575	—	6,575

5. Business segments continued

	Core business 2008 £	Subsidiary business 2008 £	Consolidated 2008 £
Income statement			
Revenue	3,225	—	3,225
Administrative expenses	(1,072,930)	(39,198)	(1,112,128)
– exceptional aborted acquisition costs	(109,408)	—	(109,408)
– other administrative expenses	(963,522)	(39,198)	(1,002,720)
Research and development expenses	—	(274,000)	(274,000)
Operating loss	(1,069,705)	(313,198)	(1,382,903)
Finance income – interest receivable	200,264	94	200,358
Loss before taxation	(869,441)	(313,104)	(1,182,545)
Tax	406	8,400	8,806
Loss attributable to equity holders	(869,035)	(304,704)	(1,173,739)
Balance sheet			
Assets	3,487,818	17,454	3,505,272
Liabilities	(105,216)	(65,208)	(170,424)
Net assets	3,382,602	(47,754)	3,334,848
Other segment items			
Capital expenditure	2,744	—	2,744
Depreciation	5,769	—	5,769

An analysis of the Group's revenue is as follows:

	2009 £	2008 £
Provision of professional services	27,374	3,225
Investment revenue	85,516	200,358
	112,890	203,583

6. Loss for the year

Loss for the year has been arrived at after charging/(crediting):

	2009 £	2008 £
Research and development costs	206,500	274,000
Depreciation of property, plant and equipment	6,575	5,769
Operating lease in respect of property	64,069	74,702
Exceptional administrative expense	—	109,408
Employee costs (see note 7)	626,176	604,067
Net foreign exchange gain	(5,333)	—

The analysis of auditors' remuneration is as follows:

	2009 £	2008 £
Fees payable to the Company's auditors for the audit of the Company's annual accounts	7,250	7,000
Fees payable to the Company's auditors and their associates for other services to the Group		
– the audit of the Company's subsidiaries pursuant to legislation	19,550	18,900
– the audit of the Company's associates pursuant to legislation	3,300	2,100
Total audit fees	30,100	28,000
Other services pursuant to legislation		
– due diligence	—	22,500
– tax services	9,600	8,000
Total non-audit fees	9,600	30,500

Notes to the consolidated financial statements continued

for the year ended 30 April 2009

7. Employee costs (including Directors)

	2009 £	2008 £
Salaries	500,879	481,847
Defined contribution pension cost	47,769	37,589
Employee share option charge	24,001	34,210
Employer's national insurance contributions	53,527	50,421
	626,176	604,067

The average monthly number of employees (including Executive Directors) employed by the Group during the year was five, all of whom were involved in management and administration activities (2008: five). All Company employee costs were borne by another Group Company. The Company did not have any employees during the year. Details of Directors' remuneration and gains on the exercise of share options can be found in the audited section of the Directors' remuneration report on page 10.

8. Investment revenues by asset category

	2009 £	2008 £
Loans and receivables (including interest earned on bank deposits)	85,516	200,358

9. Tax

	2009 £	2008 £
Current tax	5,972	8,400
Deferred tax	(567)	406
	5,405	8,806

Corporation tax is calculated at 28% (2008: 30%) of the estimated assessable profit for the year.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The credit for the year can be reconciled to the loss per the Income statement as follows:

Consolidated tax reconciliation	2009 £	2008 £
Loss before tax	(773,096)	(1,182,545)
Tax at UK corporation tax rate of 28% (2008: 30%)	(216,467)	(354,764)
Effects of:		
Prior year adjustments	6,342	—
Fair value adjustments	(73,546)	—
Expenses not deductible for tax purposes	10,386	5,504
Research and development uplift	(27,641)	(26,325)
Research and development expenditure surrendered for tax credit	24,648	15,750
Research and development	(12,324)	(8,400)
Capital allowances in (excess)/deficit of depreciation	—	684
Tax losses carried forward	283,197	358,745
Total credit for the year	(5,405)	(8,806)

Deferred tax liabilities	2009 £	2008 £
Accelerated capital allowances	(651)	(84)
Total deferred tax liabilities	(651)	(84)

Temporary differences arising in connection with interests in associates and joint ventures are insignificant.

9. Tax continued

Deferred tax assets of £910,705 (2008: £618,962) have not been recognised as the Directors consider there to be insufficient evidence that the assets will be recovered. An analysis of the deferred tax assets not recognised is shown below:

	2009 £	2008 £
Opening balance	618,962	300,546
Accelerated capital allowances	(567)	(84)
Share option costs	2,267	6,937
Unused tax losses	290,043	311,563
Closing balance	910,705	618,962

10. Loss per share

Basic loss per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

In order to calculate diluted loss per share, the weighted average number of ordinary shares in issue was adjusted to assume conversion of all dilutive potential ordinary shares according to IAS 33. Dilutive potential ordinary shares include share options granted to employees and Directors where the exercise price (adjusted according to IAS 33) is less than the average market price of the Company's ordinary shares during the year.

IPSO EBT Limited, a wholly-owned indirect subsidiary of the Group, held 137,000 (2008: 44,692) shares in the Group at 30 April 2009. In accordance with IAS 33, these shares have been accounted for as treasury shares and have therefore not been taken into account in the calculation.

IAS 33 'Earnings per share' requires presentation of diluted earnings per share when a Company could be called upon to issue shares that would decrease net profit or increase net loss per share. Only options that are 'in the money' are treated as dilutive and net loss per share would not be increased by the exercise of such options.

Loss	2009 £	2008 £
Loss for the purposes of basic and diluted earnings per share being net loss attributable to equity holders of the parent	(767,691)	(1,173,739)
Number of shares	Number	Number
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	12,636,576	12,512,932

11. Intangible assets

	Patents £
Cost	
At 1 May 2008	—
Acquired on acquisition of a subsidiary	88,481
At 30 April 2009	88,481
Accumulated amortisation	
At 1 May 2008	—
Charge for the year	—
At 30 April 2009	—
Carrying amount	
At 30 April 2009	88,481
At 30 April 2008	—

Notes to the consolidated financial statements continued

for the year ended 30 April 2009

12. Property, plant and equipment

	Fixtures and fittings £	Computer equipment £	Total £
Cost			
At 1 May 2008	1,445	17,241	18,686
Additions	3,410	3,454	6,864
At 30 April 2009	4,855	20,695	25,550
Accumulated depreciation and impairment			
At 1 May 2008	(308)	(9,257)	(9,565)
Charge for the year	(445)	(6,130)	(6,575)
At 30 April 2009	(753)	(15,387)	(16,140)
Net book value			
At 30 April 2009	4,102	5,308	9,410
At 30 April 2008	1,137	7,984	9,121

	Fixtures and fittings £	Computer equipment £	Total £
Cost			
At 1 May 2007	652	15,290	15,942
Additions	793	1,951	2,744
At 30 April 2008	1,445	17,241	18,686
Accumulated depreciation and impairment			
At 1 May 2007	(98)	(3,698)	(3,796)
Charge for the year	(210)	(5,559)	(5,769)
At 30 April 2008	(308)	(9,257)	(9,565)
Net book value			
At 30 April 2008	1,137	7,984	9,121
At 30 April 2007	554	11,592	12,146

13. Subsidiaries and associates

	2009 £	2008 £
Associates		
Aggregated amounts relating to associates		
Total assets	1,244,512	550,236
Total liabilities	(103,800)	41,486
Revenues	98,456	25,000
Loss	(904,168)	(489,673)

A list of the significant investments in subsidiaries and associates, including the name, country of incorporation and proportion of ownership interest is given to the Company's separate financial statements (see note 34).

14. Investments

The Group held the following equity investments in unquoted companies:

	Available-for-sale investments (fair value) £
At 1 May 2007	175,582
Investments during the year	505,445
At 1 May 2008	681,027
Investments during the year	534,258
Change in fair value in the year	262,663
Reclassifications	(24,824)
At 30 April 2009	1,453,124

All of the available-for-sale investments, held at fair value through profit and loss, were designated as such upon initial recognition.

The investment in Therakind Limited was increased by £262,663 to reflect the change in fair value following investment by a third party.

The reclassification is in respect of Cambridge Meditech Limited; the amount recognised in the prior year related to pre-contract costs.

15. Other financial assets

Categories of financial instruments

	Carrying value	
	2009 £	2008 £
Financial assets		
Designated as FVTPL	1,453,124	681,027
Cash and cash equivalents	1,172,530	2,677,140
Other receivables	52,716	116,391
	2,678,370	3,474,558
Financial liabilities		
Amortised cost	(158,913)	(170,340)
	2009 £	2008 £
Other receivables		
Amount due from investee companies	13,186	2,966
Corporation tax receivable	12,324	8,400
Other receivables	27,206	105,025
Sub-total – financial assets	52,716	116,391
Prepayments and accrued income	25,851	21,593
	78,567	137,984

The Directors consider that the carrying amount of other receivables approximates to their fair value.

Cash and cash equivalents

	2009 £	2008 £
Cash and cash equivalents	270,243	177,140
Short-term deposits	902,287	2,500,000
	1,172,530	2,677,140

Cash and cash equivalents comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates their fair value.

Notes to the consolidated financial statements continued

for the year ended 30 April 2009

15. Other financial assets continued

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders. The capital structure of the Group consists of cash, cash equivalents and equity, comprising issued capital, reserves and retained losses, as disclosed in notes 17 to 22.

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 3 to the financial statements.

Financial risk management objectives

The Group's finance function monitors and manages the financial risks relating to the operations of the Group. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

The Group seeks to minimise the effects of these risks, in accordance with the Group's policies approved by the Board of Directors, which provide written principles on foreign exchange risk, interest rate risk, credit risk and the investment of excess liquidity. The Group does not enter into or trade financial instruments, including derivative financial instruments, for any purpose.

Market risk

The Group's activities expose it primarily to the financial risks of changes in interest rates. There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk.

Interest rate risk

The Group's exposure to interest rate risk is limited to their short-term cash deposits.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

The Group's principal financial assets are bank balances and cash, other receivables and investments.

The Group's credit risk is primarily attributable to its other receivables. The other receivables balance relates to an amount due from two other parties, one being HM Revenue & Customs. The Directors do not consider that there is any significant credit risk associated with this and, therefore, no allowance has been made against this amount. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Board of Directors. The Group manages liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

16. Other financial liabilities

Trade and other payables

	2009 £	2008 £
Trade creditors	105,327	110,484
Other creditors	200	1,733
Accruals and deferred income	53,386	58,123
	158,913	170,340

Trade creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The Directors consider that the carrying amount of trade payables approximates to their fair value.

17. Share capital

	2009 Number	2009 £	2008 Number	2008 £
Authorised:				
Ordinary shares of £0.05 each	20,000,000	1,000,000	20,000,000	1,000,000
Issued and fully paid:				
Ordinary shares of £0.05 each	12,726,855	636,343	12,557,624	627,882

Share issues during the year

Ordinary shares	Number	Nominal value £	£
Issued shares on 1 May 2008	12,557,624	0.05	627,882
Issue of shares	169,231	0.05	8,461
Total	12,726,855	—	636,343

During the year, the Group issued 92,308 (2008: 44,692) ordinary £0.05 shares to the Employee Benefit Trust for consideration of £60,000 (2008: £40,000). A further 76,923 shares were issued as part of the consideration for Cambridge Meditech Limited.

18. Share premium account

	£
Balance at 1 May 2007	4,941,281
Premium arising on issue of equity shares	37,765
Balance at 1 May 2008	4,979,046
Premium arising on issue of equity shares	101,539
Balance at 30 April 2009	5,080,585

19. Own shares

	£
Balance at 1 May 2007	—
Shares issued during the year	(40,000)
Balance at 1 May 2008	(40,000)
Shares issued during the year	(60,000)
Balance at 30 April 2009	(100,000)

This represents shares held by the Employee Benefit Trust on behalf of employees.

20. Share option reserves

	£
Balance at 1 May 2007	13,676
Share option costs recognised during the year	34,210
Balance at 1 May 2008	47,886
Share option costs recognised during the year	25,059
Balance at 30 April 2009	72,945

21. Minority interest

	£
Balance at 1 May 2008	—
Share of loss for the year	332
Balance at 30 April 2009	332

Notes to the consolidated financial statements continued

for the year ended 30 April 2009

22. Retained losses

	£
Balance at 1 May 2007	(930,935)
Net loss for the year	(1,173,739)
Balance at 1 May 2008	(2,104,674)
Net loss for the year	(767,691)
Balance at 30 April 2009	(2,872,365)

23. Acquisition of subsidiary

On 3 November 2008, the Group acquired 100% of the issued ordinary share capital of Cambridge Meditech Limited for a consideration of £88,506. The Company is involved in medical research and development activities. This transaction has been accounted for by the purchase method of accounting.

	Book value £	Fair value £
Net assets acquired		
Patents	59,629	88,481
Cash and cash equivalents	25	25
Total consideration		88,506
Satisfied by:		
Cash		38,506
Issue of shares in IPSO Ventures plc		50,000
		88,506
Net cash outflow arising on acquisition		
Cash consideration		(38,506)
Cash and cash equivalents acquired		25
		(38,481)

Cambridge Meditech Limited contributed £8,896 to loss before tax for the period between the date of acquisition and the balance sheet date. If the acquisition had occurred at the beginning of the financial year, Cambridge Meditech Limited would have contributed a further £3,212 to the consolidated loss for the year.

24. Notes to the cash flow statement

	2009 £	2008 £
Loss for the year	(767,691)	(1,173,739)
Adjustments for:		
Investment revenues	(85,516)	(200,358)
Income tax credit	(5,405)	(8,806)
Fair value movements in investments	(262,663)	—
Depreciation of property, plant and equipment	6,575	5,769
Share based payment expense	25,059	34,210
Operating cash flows before movements in working capital	(1,089,641)	(1,342,924)
Decrease in receivables	59,417	28,672
(Decrease)/increase in payables	(10,860)	51,582
Cash generated by operations	(1,041,084)	(1,262,670)
Income taxes received	5,405	—
Net cash from operating activities	(1,035,679)	(1,262,670)

Cash and cash equivalents (which are presented as a single class of assets on the face of the balance sheet) comprise cash at bank and other short-term highly liquid investments with a maturity of three months or less.

25. Share-based payments

Equity-settled share option scheme

The Directors have established the Unapproved Share Option Plan, the Long-term Incentive Plan ('LTIP') and the Employee Benefit Trust. The Share Option Schemes were adopted on 27 February 2007 and are not approved by HM Revenue and Customs under Schedule 9 of the Income and Corporation Taxes Act 1988. The Schemes are governed by Rules and are administered by the Directors of the Company.

Details of the share options outstanding during the year are as follows:

	2009		2008	
	Number of share options	Weighted average exercise price (in £)	Number of share options	Weighted average exercise price (in £)
Outstanding at beginning of period	188,221	37p	143,529	49p
Granted during the period	92,308	—	44,692	—
Outstanding at the end of the period	280,529	25p	188,221	37p
Exercisable at the end of the period	143,529	49p	—	—

The options outstanding at 30 April 2009 had a weighted average exercise price of 25p, and a weighted average remaining contractual life of two years. In 2009, options were granted on 11 November 2008. The aggregate of the estimated fair values of the options granted on those dates was £60,000. In 2008, options were granted on 23 May 2007 and 10 September 2007. The aggregate of the estimated fair values of the options granted on those dates was £40,000.

The fair value of equity-settled share options granted is estimated as at the date of grant using a Black Scholes model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used for the period ended 30 April 2009.

	Weighted average 2009	Weighted average 2008
Weighted average share price at the date of grant (pence)	60.7	89.5
Weighted average option price (pence)	0.18	—
Expected share price volatility (%)	30	30
Expected life (years)	3.96	3
Risk free interest rate (%)	5	5
Dividend yield (%)	—	—

The expected life of the options is based on academic research and is not necessarily indicative of actual exercise patterns that may occur. Expected volatility was determined by calculating the historical volatility of certain similar businesses. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations. No other features of options granted were incorporated into the measurement of fair value.

The Group recognised total expenses of £25,059 (2008: £34,210) related to equity-settled share-based payment transactions during the year.

26. Retirement benefit schemes

Defined contribution schemes

The Group makes contributions to employees' personal pension schemes.

27. Events after the balance sheet date

There were no significant events after the balance sheet date.

Notes to the consolidated financial statements continued

for the year ended 30 April 2009

28. Operating lease arrangements

The Group as lessee

	2009 £	2008 £
Minimum lease payments under operating leases recognised as an expense in the year	64,069	74,702

At the balance sheet date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2009 £	2008 £
Within one year	27,180	16,458
Between one and five years	4,530	—

Operating lease payments represent rentals payable by the Group for certain of its office properties.

29. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

During the year ended 30 April 2009, fees of £10,250 (2008: £5,000) were paid to Team Ventures Limited in respect of recruitment services, in addition to £60,000 (2008: £50,000) for Simon Haworth's services as a Director.

At 30 April 2009, other debtors included an amount of £nil (2008: £1,322) receivable from Team Ventures Limited in terms of a revenue sharing agreement.

At 30 April 2009, Therakind Limited and Axilica Limited owed £2,277 (2008: £1,187) and £6,073 (2008: £1,779), respectively, to the Group for expenses incurred on behalf of these entities.

Details of Directors' remuneration are given in the audited section of the Directors' remuneration report on page 10.

Company income statement for the year ended 30 April 2009

	Note	2009 £	2008 £
Administrative expenses		(72,088)	(178,674)
Operating loss		(72,088)	(178,674)
Investment income from cash and cash equivalents		252	190
Loss before tax		(71,836)	(178,484)
Tax	33	—	—
Net loss attributable to equity holders of the parent	32	(71,836)	(178,484)

All results derive from continuing operations.

Company statement of changes in equity for the year ended 30 April 2009

	Share capital £	Share premium £	Share option reserve £	Other reserve £	Retained losses £	Total £
At 1 May 2007	625,647	4,941,281	24	4,323,529	(49,342)	9,841,139
Issue of share capital	2,235	37,765	—	—	—	40,000
Loss for the year	—	—	—	—	(178,484)	(178,484)
Employee share option charge	—	—	47,862	—	—	47,862
At 30 April 2008	627,882	4,979,046	47,886	4,323,529	(227,826)	9,750,517
Issue of share capital	8,461	101,539	—	—	—	110,000
Loss for the year	—	—	—	—	(71,836)	(71,836)
Employee share option charge	—	—	25,059	—	—	25,059
At 30 April 2009	636,343	5,080,585	72,945	4,323,529	(299,662)	9,813,740

Company balance sheet

30 April 2009

	Note	2009 £	2008 £
Non-current assets			
Inter-company receivables	35	5,117,495	5,296,453
Investments	34	4,597,399	4,499,997
		9,714,894	9,796,450
Current assets			
Other receivables	35	11,332	16,893
Inter-company receivables	35	100,000	40,000
Cash and cash equivalents	35	15,264	6,802
		126,596	63,695
Total assets		9,841,490	9,860,145
Current liabilities			
Trade and other payables	36	(27,750)	(109,628)
Total liabilities		(27,750)	(109,628)
Net assets		9,813,740	9,750,517
Equity			
Share capital	37	636,343	627,882
Share premium account		5,080,585	4,979,046
Share option reserve		72,945	47,886
Other reserve		4,323,529	4,323,529
Retained losses	38	(299,662)	(227,826)
		9,813,740	9,750,517

The financial statements were approved by the Board of Directors and authorised for issue on 31 July 2009. They were signed on its behalf by:

Simon Hunt

Director
31 July 2009

Company cash flow statement for the year ended 30 April 2009

	Note	2009 £	2008 £
Net cash from operating activities	39	(4,388)	(44,180)
Investing activities			
Acquisition of subsidiary net of cash acquired		(38,481)	—
Loans to investee companies		(8,922)	—
Interest received		253	190
Net cash (used in)/from investing activities		(47,150)	190
Financing activities			
Proceeds on issue of shares		60,000	40,000
Net cash from financing activities		60,000	40,000
Net increase/(decrease) in cash and cash equivalents		8,462	(3,990)
Cash and cash equivalents at beginning of year		6,802	10,792
Cash and cash equivalents at end of year		15,264	6,802

Notes to the company financial statements for the year ended 30 April 2009

30. Significant accounting policies

The separate financial statements of the Company are presented as required by the Companies Act 2006. As permitted by that Act, the separate financial statements have been prepared in accordance with IFRS.

The financial statements have been prepared on the historical cost basis, except for certain financial instruments. The principal accounting policies adopted are the same as those set out in note 3 to the consolidated financial statements. In addition, investments in subsidiaries are stated at cost less, where appropriate, provisions for impairment.

31. Going concern

In determining the appropriate basis of preparation of the financial statements, the Directors are required to consider whether the Company can continue in operational existence for the foreseeable future. This is discussed in the going concern section of the Directors' Report on page 13.

32. Loss for the year

Loss for the year has been arrived at after charging:

	2009 £	2008 £
Audit fees	7,250	7,000

The Company had no employees in either the current or preceding year.

33. Company tax

	2009 £	2008 £
Current tax	—	—
Deferred tax	—	—
	—	—

Corporation tax is calculated at 28% (2008: 30%) of the estimated assessable profit for the year.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The charge for the year can be reconciled to the profit per the Income statement as follows:

Company tax reconciliation

	2009 £	2008 £
Loss before tax	(71,836)	(178,484)
Tax at UK corporation tax rate of 28% (2008: 30%)	(20,114)	(53,545)
Effects of:		
Expenses not deductible for tax purposes	1,309	(6,007)
Tax losses carried forward	18,805	59,552
Total tax charge	—	—

Deferred tax assets of £91,798 (2008: £80,118) have not been recognised as the Directors consider there to be insufficient evidence that the assets will be recovered. An analysis of the deferred tax asset not recognised is shown below:

	2009 £	2008 £
Opening balance	80,118	18,185
Share option costs	2,267	6,937
Unused tax losses	9,413	54,996
Closing balance	91,798	80,118

34. Subsidiaries, associates, jointly-controlled entities and trade investments

Details of the Company's investments at 30 April 2009 are as follows:

Trading subsidiaries

Name	Place of incorporation and operation	Proportion of ownership interest %	Proportion of voting power held %	Method used to account investment
IPSO Management Limited ¹	England and Wales	100%	100%	Purchase method
Cambridge Meditech Limited ¹	England and Wales	100%	100%	Purchase method
Medermica Limited	England and Wales	75%	75%	Purchase method

¹ denotes direct subsidiary

Dormant subsidiaries

Name	Place of incorporation and operation	Proportion of ownership interest %	Proportion of voting power held %	Method used to account for investment
IPSO EBT Limited	England and Wales	100%	100%	—
IPSO Capital Limited	England and Wales	100%	100%	—

The investments in subsidiaries are all stated at cost.

The following investments are all indirectly held by the Company:

Associates

Name	Place of incorporation and operation	Proportion of ownership interest %	Proportion of voting power held %
Axilica Limited	England and Wales	45%	45%
Polyfect Solutions Limited	England and Wales	36%	36%
Therakind Limited	England and Wales	41%	41%

Trade investments

Name	Place of incorporation and operation	Proportion of ownership interest %	Proportion of voting power held %
Wildkey Limited (trading as WildKnowledge)	England and Wales	11%	11%

35. Financial assets

Other receivables and inter-company receivables

Other receivables	2009 £	2008 £
Prepayments	9,515	—
VAT	1,817	16,893
	11,332	16,893

The Directors consider that the carrying amount of trade and other receivables approximates to their fair value.

Cash and cash equivalents

These comprise cash held by the Company and short term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates their fair value.

Capital risk management

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximising the return to stakeholders. The capital structure of the Company consists of cash, cash equivalents and equity, comprising issued capital, reserves and retained losses, as disclosed in notes 37 and 38.

Notes to the company financial statements continued

for the year ended 30 April 2009

35. Financial assets continued

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 3 to the financial statements.

Financial risk management objectives

The Company's financial risk management objectives are consistent with those of the Group, as set out in note 15.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company.

The Company's principal financial assets are bank balances and cash, inter-company receivables, other receivables and investments.

The Company's credit risk on inter-company receivables is limited, as all of the Executive Directors of the Company are also Directors of the relevant subsidiary companies. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Board of Directors. The Company manages liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Categories of financial assets

Financial assets comprised the following:

	2009 £	2008 £
Cash and cash equivalents	15,264	6,802
Inter-company receivables (non-current)	5,117,495	5,296,453
Inter-company receivables (current)	100,000	40,000
VAT	1,817	16,893
	5,234,576	5,360,148

36. Financial liabilities

Trade and other payables

Trade payables principally comprise amounts outstanding for trade purchases and ongoing costs. The Directors consider that the carrying amount of trade payables approximates to their fair value.

Categories of financial liabilities

Financial liabilities comprised an amount of £27,750 (2008: £109,628) in respect of amounts held at amortised cost.

37. Share capital

The movements on these items are disclosed in note 17 to the consolidated financial statements.

38. Retained losses

	£
Balance at 1 May 2007	(49,342)
Net loss for the year	(178,484)
Balance at 30 April 2008	(227,826)
Balance at 1 May 2008	(227,826)
Net loss for the year	(71,836)
Balance at 30 April 2009	(299,662)

39. Notes to the Company cash flow statement

	2009 £	2008 £
Operating loss	(72,088)	(178,674)
Non-cash movement in share option reserve	25,059	47,862
Operating cash flow before movements in working capital	(47,029)	(130,812)
Decrease in receivables	124,519	27,961
(Decrease)/increase in payables	(81,878)	58,671
Net cash from operating activities	(4,388)	(44,180)

40. Related party transactions

The Company issued shares to IPSO EBT Limited during the year for consideration of £60,000 (2008: £40,000). This is represented by the inter-company receivables of £100,000 at 30 April 2009.

The Company also provides financing to IPSO Management Limited. The amount outstanding at 30 April 2009 was £5,117,495 (2008: 5,296,453).

Notice of annual general meeting

Notice is hereby given that the Annual General Meeting of the Company will be held at the offices of IPSO Ventures plc, Elizabeth House, 39 York Road, London SE1 7NQ on 10 September 2009 at 12 noon.

You will be asked to consider and vote on the resolutions below. Resolutions 1 to 6 will be proposed as Ordinary Resolutions and Resolution 7 will be proposed as a Special Resolution.

Ordinary business

To consider and if thought fit to pass the following resolutions which will be proposed as Ordinary Resolutions:

1. To receive and adopt the Directors' report and the audited Accounts for the year ended 30 April 2009.
2. To re-elect Simon Hunt as a Director.
3. To re-elect Nick Rodgers as a Director.
4. To re-appoint Deloitte LLP as auditors, to hold office from the conclusion of this meeting until the conclusion of the next general meeting of the Company at which accounts are laid before the Company in accordance with sections 437 and 438 of the Companies Act 2006.
5. To authorise the Directors to set the auditors' remuneration.

Special business

To consider, and if thought fit, to pass the following resolutions of which Resolution 6 will be proposed as an Ordinary Resolution and Resolution 7 will be proposed as a Special Resolution:

6. That the Directors of the Company be and are hereby generally and unconditionally authorised in accordance with section 80 of the Companies Act 1985 ('the Act') (and in substitution for all existing authorities under the said section 80) to exercise all the powers of the Company to allot relevant securities (within the meaning of the said section 80) up to an aggregate nominal amount of £363,657 provided that this authority hereby conferred shall operate in substitution for and the exclusion of any previous authority given to the Directors pursuant to section 80 of the Act and shall expire on whichever is the earlier of the conclusion of the next Annual General Meeting of the Company held in 2010 or the date falling 15 months from the date of the passing of this resolution unless such power is renewed or extended prior to or at such meeting except that the Company may before such expiry make any offers or agreements which would or might require equity securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such offer or agreement as if the authority hereby conferred had not expired.
7. That, subject to the passing of Resolution 6 above, the Directors of the Company be and they are empowered in accordance with section 95 of the Act to allot equity securities (as defined in section 94 of the Act) for cash pursuant to the authority conferred in the previous resolution as if section 89(1) of the Act did not apply to any such allotment, provided this power shall be limited to the allotment of equity securities:
 - (i) in connection with a rights issue or any other pre-emptive offer in favour of holders of equity securities where the equity securities respectively attributable to the interests of all such holders are proportionate (as nearly as may be) to the respective amounts of equity securities held by them but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or any legal or practical problems under the laws of and the requirements of any recognised regulatory body or stock exchange in any territory; and
 - (ii) otherwise than pursuant to sub paragraph (i) above up to an aggregate nominal amount of £100,000 of equity securities.

And the power hereby conferred shall expire on whichever is the earlier of the conclusion of the next Annual General Meeting of the Company held in 2010 or the date falling 15 months from the date of the passing of this resolution unless such power is renewed or extended prior to or at such meeting except that the Company may before such expiry of any power contained in the resolution make any offers or agreements which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired.

By order of the Board

Cargil Management Services Limited

Company Secretary
27/28 Eastcastle Street, London W1W 8DH
31 July 2009

Notes to the Notice of Annual General Meeting

1. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those members registered on the Company's register of members at 12 noon on 8 September 2009 shall be entitled to attend and vote at the meeting.
2. If you are a member of the Company at the time set out in note 1 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the meeting and you should have received a Proxy form with this Notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the Proxy form.
3. A proxy does not need to be a member of the Company but must attend the meeting to represent you. Details of how to appoint the Chairman of the meeting or another person as your proxy using the Proxy form are set out in the notes to the Proxy form. If you wish your proxy to speak on your behalf at the meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.
4. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, please contact the Company's registrars Share Registrars Limited, Suite E, First Floor, 9 Lion & Lamb Yard, Farnham, Surrey GU9 7LL.
5. The notes to the Proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote.
To appoint a proxy using the Proxy form, the form must be:
 - completed and signed;
 - sent or delivered to Share Registrars Limited, Suite E, First Floor, 9 Lion & Lamb Yard, Farnham, Surrey GU9 7LL; and
 - received by Share Registrars Limited no later than 12 noon on 8 September 2009.

Proxies will be accepted by facsimile transmission to 01252 719232.

In the case of a member which is a company, the Proxy form must be executed under its common seal or signed on its behalf by an officer of the Company or an attorney for the Company.

Any power of attorney or any other authority under which the Proxy form is signed (or a duly certified copy of such power or authority) must be included with the Proxy form.

6. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).
7. Except as provided above, members who have general queries about the meeting should use the following means of communication (no other methods of communication will be accepted) calling our Registrar's shareholder helpline on 01252 821390.

You may not use any electronic address provided either:

- in this Notice of Annual General Meeting; or
- any related documents (including the Chairman's letter and Proxy form) to communicate with the Company for any purposes other than those expressly stated.

8. As at 5.00pm on the day immediately prior to the date of posting of this notice of Annual General Meeting, the Company's issued share capital comprised 12,726,855 ordinary shares of 5p each. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 12 noon on the day immediately prior to the date of posting of this notice of Annual General Meeting is 12,726,855.

Form of proxy

For use at the Annual General Meeting to be held at the offices of IPSO Ventures plc, Elizabeth House, 39 York Road, London SE1 7NQ on 10 September 2009 at 12 noon.

I/We
 (NAMES IN FULL AND IN BLOCK CAPITALS PLEASE)

Of
 (ADDRESS)

Being (a) member(s) of IPSO Ventures plc hereby appoint (please see note 3) or failing him, the Chairman of the meeting, as my/our proxy to attend and, on a poll or on a show of hands, to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on at the offices of IPSO Ventures plc, Elizabeth House, 39 York Road, London SE1 7NQ on 10 September 2009 at 12 noon on any adjournment thereof.

I/We direct the proxy to vote in respect of the resolutions to be proposed as shown below (please indicate with an X in the space below how you with your vote to be cast).

Ordinary Resolutions	FOR	AGAINST	WITHHELD*
1. To receive and adopt the Directors' report and the audited Accounts for the year ended 30 April 2009.			
2. To re-elect Simon Hunt as a Director.			
3. To re-elect Nick Rodgers as a Director.			
4. To re-appoint Deloitte LLP as auditors of the Company.			
5. To authorise the Directors to set the auditors' remuneration.			
6. To allot equity securities up to an aggregate nominal amount of £363,657.			
Special Resolution			
7. To disapply section 89 of the Companies Act 1985 to allot equity securities wholly for cash: (i) in connection with an offer of equity securities by way of rights to holders of equity securities; and (ii) otherwise up to an aggregate nominal amount of £100,000.			

* THE 'WITHHELD' OPTION IS TO ENABLE YOU TO ABSTAIN ON ANY OF THE SPECIFIED RESOLUTIONS.

Please note that a 'withheld' vote has no legal effect and will not be counted in the votes 'for' and 'against' a resolution.

Dated:

Signature(s) or Common Seal:
 (SEE NOTES 2 AND 3)

Notes

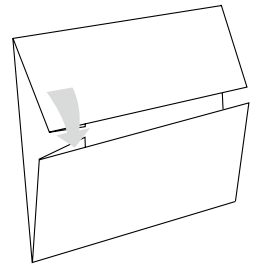
- As a member of the Company you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at a general meeting of the Company. You can only appoint a proxy using the procedures set out in these notes.
- Appointment of a proxy does not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.
- A proxy does not need to be a member of the Company but must attend the meeting to represent you. To appoint as your proxy a person other than the Chairman of the meeting, insert their full name in the box. If you sign and return this Proxy form with no name inserted in the box, the Chairman of the meeting will be deemed to be your proxy. Where you appoint as your proxy someone other than the Chairman, you are responsible for ensuring that they attend the meeting and are aware of your voting intentions. If you wish your proxy to make any comments on your behalf, you will need to appoint someone other than the Chairman and give them the relevant instructions directly.
- You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, please contact the Company's registrars, Share Registrars Limited, Suite E, First Floor, 9 Lion & Lamb Yard, Farnham, Surrey GU9 7LL.
- To direct your proxy how to vote on the resolutions mark the appropriate box with an 'X'. To abstain from voting on a resolution, select the relevant 'Vote withheld' box. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.
- To appoint a proxy using this form, the form must be:
 - completed and signed;
 - sent or delivered to Share Registrars Limited, Suite E, First Floor, 9 Lion & Lamb Yard, Farnham, Surrey GU9 7LL; and
 - received by Share Registrars Limited no later than 12 noon on 8 September 2009.
 Proxies can be sent by way of facsimile transmission to 01252 719232.
- In the case of a member which is a company, this Proxy form must be executed under its common seal or signed on its behalf by an officer of the Company or an attorney for the Company.
- Any power of attorney or any other authority under which this Proxy form is signed (or a duly certified copy of such power or authority) must be included with the Proxy form.
- In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).
- If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.
- To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also applies in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded. Where you have appointed a proxy using the hard-copy Proxy form and you would like to change the instructions using another hard-copy Proxy form, please contact Share Registrars Limited, Suite E, First Floor, 9 Lion & Lamb Yard, Farnham, Surrey GU9 7LL.
- In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard-copy notice clearly stating your intention to revoke your proxy appointment to Share Registrars Limited, Suite E, First Floor, 9 Lion & Lamb Yard, Farnham, Surrey GU9 7LL. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the Company or an attorney for the Company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice. The revocation notice must be received by Share Registrars Limited no later than 12 noon on 8 September 2009. If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.
- You may not use any electronic address provided in this Proxy form to communicate with the Company for any purposes other than those expressly stated.

Business Reply
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GI2155

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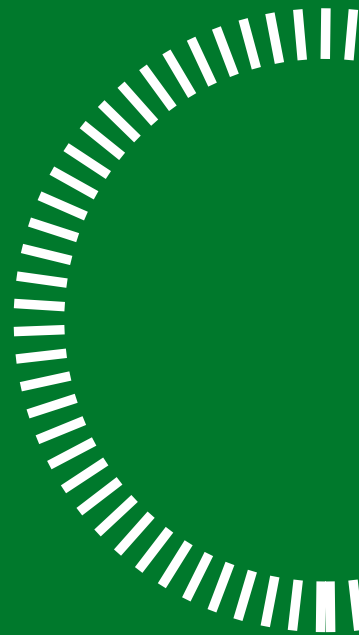
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