



ANGLE plc



Admission to the Alternative Investment Market

Placing by KBC Peel Hunt Ltd



Founded in 1994, ANGLE is an international venture management and consulting company focusing on the commercialisation of technology and the development of technology-based industry. ANGLE creates, develops and advises technology businesses on its own behalf and for its clients.



Founded by ANGLE in August 2000, Acolyte Biomedica Limited is a privately funded UK-based company developing proprietary diagnostic systems for clinical microbiology. Acolyte's technology 'BacLite'® allows micro-organism identification and antibiotic sensitivity testing of bacterial infections in 2-5 hours instead of the 2-3 days required currently. The company intends to deploy this technology first to MRSA, the "hospital super-bug", and then more broadly to a range of infections.



Founded by ANGLE in January 2001, Exago Limited is commercialising eXero, an integrated suite of knowledge discovery, summarisation, collaboration and expertise location software tools which enable individual users and their employers to manage the large volumes of undifferentiated information typical of today's business. Within a single application, eXero provides a personal productivity tool, giving users the ability to find, manage and share only the information that is relevant to their business needs.



Founded by ANGLE in June 2001, IDR Therapeutics LLC has been formed to redesign and modify drug candidates with high sales potential, which have been withdrawn from the market or late stage clinical development due to idiosyncratic events or toxic adverse reactions. The redesigned drugs retain the therapeutic elements but do not have the negative side effects of the original version.



Founded by ANGLE in September 2000, NeuroTargets Limited was created to discover and develop new drugs to treat disease and damage to the central nervous system. The company has developed patented technology for discovering expressed genes which are involved in the pathways of pain perception and nerve repair.



Founded by ANGLE in March 2000, Provexis Limited is an evidence-based business that develops health-promoting products derived from the food chain for application to the functional food and medical food markets. The company's lead product CardioFlow® addresses cardiovascular health.

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document you should consult a person authorised for the purposes of the Financial Services and Markets Act 2000 who specialises in advising on the acquisition of shares and other securities.

This document, which comprises an admission document, has been drawn up in accordance with the rules of the Alternative Investment Market of the London Stock Exchange plc (“AIM”).

Application has been made for the Ordinary Shares, issued and to be issued pursuant to the Placing, of ANGLE plc to be admitted to trading on AIM. AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the United Kingdom Listing Authority.

A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with his or her own independent financial adviser.

The London Stock Exchange plc has not itself examined or approved the contents of this document.

The rules of AIM are less demanding than those of the Official List. It is emphasised that no application is being made for the Ordinary Shares to be admitted to the Official List of the United Kingdom Listing Authority. It is expected that dealings in the Ordinary Shares will commence on AIM on 17 March 2004.

The whole of the text of this document should be read. Your attention is particularly drawn to the section entitled “Risk Factors” in Part II of this document.

ANGLE plc

(Incorporated in England and Wales with Registered No. 4985171)

Placing of 6,250,000 Ordinary Shares of 10p each at 144p per share and Admission to trading on the Alternative Investment Market

Nominated Adviser and Broker KBC Peel Hunt Ltd

SHARE CAPITAL IMMEDIATELY FOLLOWING THE PLACING

<i>Number</i>	<i>Authorised £</i>		<i>Issued and fully paid Number</i>	<i>£</i>
40,000,000	4,000,000	Ordinary Shares of 10p each	16,696,484	1,669,648.40

KBC Peel Hunt Ltd, which is a member of the London Stock Exchange plc and is regulated by the Financial Services Authority, has agreed to act as Nominated Adviser and Broker to the Company. Persons receiving this document should note that, in connection with the Placing and Admission, KBC Peel Hunt Ltd is acting exclusively for the Company and no-one else and will not be responsible to anyone other than the Company for providing the protections afforded to customers of KBC Peel Hunt Ltd, or for advising any other person on the transactions and arrangements described in this document.

This document does not constitute an offer to sell or the solicitation of an offer to buy or subscribe for Ordinary Shares in any jurisdiction in which such offer or solicitation is unlawful and, in particular, is not for distribution in or into the United States, Canada, Australia, the Republic of Ireland, South Africa or Japan. The Ordinary Shares have not been and will not be registered under the applicable laws of the United States, Canada, Australia, the Republic of Ireland, South Africa or Japan. The distribution of this document in other jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.



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DEFINITIONS

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

“Acolyte”	Acolyte Biomedica Limited, a company incorporated in England and Wales with registered number 3863912, being an Associate company of ANGLE
“Act”	the Companies Act 1985 (as amended)
“Admission”	admission of the issued Ordinary Shares (including the Placing Shares) to trading on AIM becoming effective in accordance with the AIM Rules
“AIM”	the Alternative Investment Market of the London Stock Exchange
“AIM Rules”	the rules published by the London Stock Exchange governing admission to, and operation of, AIM
“Associate”	a company (which is not a subsidiary or holding company of the Company) of which less than 50 per cent. of the issued share capital is owned by ANGLE
“ANGLE”	the Company and its subsidiaries
“ANGLE Group” or “Group”	the Company, its subsidiaries and Associates
“ANGLE Technology”	ANGLE Technology Limited, a company incorporated in England and Wales with registered number 2916948, being a wholly owned subsidiary of the Company
“ANGLE Technology Group”	ANGLE Technology, its subsidiaries and Associates
“Articles of Association” or “Articles”	the articles of association of the Company
“Board” or “Directors”	the directors of the Company
“BT”	BT Group plc
“Business Day”	a day on which banks in the City of London are open for a full range of banking transactions
“City Code”	the City Code on Takeovers and Mergers published by the Panel
“Combined Code”	the principles of good governance and code of best practice prepared by the Committee on Corporate Governance, chaired by Sir Ronald Hampel, published in June 1998 and appended to, but not forming part of, the Listing Rules of the UKLA
“Company”	ANGLE plc, a company incorporated in England and Wales with registered number 4985171
“CREST”	the relevant system (as defined in the CREST Regulations) operated by CRESTCo in accordance with which securities may be held or transferred in uncertificated form
“CRESTCo”	CRESTCo Limited, a company incorporated under the laws of England and Wales and the operator of CREST
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001/3755), as amended
“Dstl”	Defence Science and Technology Laboratory, an executive agency of the Ministry of Defence
“Exago Limited”	Exago Limited, a company incorporated in England and Wales with registered number 4087794, being an Associate company of ANGLE



“Existing Ordinary Shares”	the 10,446,484 Ordinary Shares in issue at the date of this document
“FSA”	Financial Services Authority
“FSA Handbook”	the FSA’s handbook of rules and guidance for companies and markets regulated by the FSA, issued pursuant to FSMA
“FSMA”	the Financial Services and Markets Act 2000
“IDR Therapeutics”	IDR Therapeutics LLC, a Virginia limited liability company incorporated in the US, being a subsidiary of the Company
“KBC Peel Hunt”	KBC Peel Hunt Ltd
“London Stock Exchange”	London Stock Exchange plc
“MSD”	Merck Sharp & Dohme Limited
“NeuroTargets”	NeuroTargets Limited, a company incorporated in England and Wales with registered number 3863935, being an Associate company of ANGLE
“Official List”	the Official List of the UKLA
“Ordinary Shares”	the ordinary shares of 10 pence each in the capital of the Company from time to time
“Panel”	the Panel on Takeovers and Mergers
“Placing”	the conditional placing by KBC Peel Hunt of the Placing Shares at the Placing Price pursuant to the Placing Agreement, as described in this document
“Placing Agreement”	the conditional agreement dated 10 March 2004 between the Company (1), the Directors (2) and KBC Peel Hunt (3) relating to the Placing, details of which are set out in paragraph 11 of Part IV of this document
“Placing Price”	144 pence per Placing Share
“Placing Shares”	the 6,250,000 new Ordinary Shares to be allotted and issued by the Company and subscribed for under the Placing
“POS Regulations”	the Public Offers of Securities Regulations 1995 as amended
“Progeny®”	ANGLE’s process for building technology-based companies
“Progeny bioVentures”	Progeny bioVentures Limited, a company incorporated in England and Wales with registered number 3573952, being a subsidiary of the Company
“Progeny® Companies”	companies established by ANGLE under the Progeny® process
“Provexis”	Provexis Limited (formerly Nutrition Enhancements Limited), a company incorporated in England and Wales with registered number 3864033, being an Associate company of ANGLE
“Remuneration Committee”	the remuneration committee of the Board
“Shareholders”	holders of Ordinary Shares
“Share Option Schemes”	the ANGLE Approved Share Option Scheme and the ANGLE Unapproved Share Option Scheme details of which are set out in paragraph 7 of Part IV of this document
“subsidiary”	as defined in section 736 and 736A of the Act
“UK Listing Authority” or “UKLA”	the FSA, acting in its capacity as the competent authority for the purposes of Part VI of FSMA
“United Kingdom” or “UK”	the United Kingdom of Great Britain and Northern Ireland
“United States” or “US” or “USA”	the United States of America, its territories and possessions, any state of the United States and the District of Columbia



GLOSSARY

AIDS	Acquired Immune Deficiency Syndrome
BMI	Biotechnology Mentoring and Incubator
COX	Cyclo-Oxygenase, a factor in regulating inflammation
DTI	Department of Trade and Industry
HIV	Human Immunodeficiency Virus
IBD	Inflammatory Bowel Disease
IDR	Idiosyncratic Drug Reactions
IP	Intellectual Property
IPR	Intellectual Property Rights
IT	Information Technology
Laboratory on a chip	miniaturised, integrated chemical measurement and synthesis devices, based on chip technology with a focus on the needs of the chemical, pharmaceutical and biotechnology industries
Nutraceutical	food, food ingredient or dietary supplement for which specific health benefits may be made above and beyond a nutritional role
Phase II	Phase II clinical studies include the early controlled clinical studies conducted to obtain preliminary data on the effectiveness of a drug for a particular indication or indications in patients with the relevant disease or condition
R&D	Research and Development
RDF	Resource Description Framework, the general framework for describing a Website's metadata, or the information about the information on a site
SMEs	Small and medium sized enterprises
XML	Extensible Mark-up Language, a mark-up language for documents containing structured information



PLACING STATISTICS

Placing Price	144 pence
Number of new Ordinary Shares being issued under the Placing	6,250,000
Market capitalisation following the Placing at the Placing Price	£24,042,937
Number of Ordinary Shares in issue on Admission	16,696,484
Percentage of enlarged issued share capital being subject to the Placing	37.43%
Gross proceeds of the Placing	£9.0 million
Net proceeds to be received by the Company (exclusive of applicable VAT)	£8.2 million

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Admission and dealings in the Ordinary Shares to commence on AIM	17 March 2004
CREST accounts credited by	17 March 2004
Despatch of definitive share certificates (where applicable) by	24 March 2004



DIRECTORS, SECRETARY AND ADVISERS

Directors:	Hance Fullerton, <i>Non-Executive Chairman</i> Andrew David William Newland, <i>Group Chief Executive</i> Charles Dawson Buck, <i>Deputy Chief Executive</i> Ian Francis Griffiths, <i>Director of Finance</i> David William Quysner, <i>Non-Executive Director</i> Iain Gladstone Ross, <i>Non-Executive Director</i> all of whose business address is at Surrey Technology Centre, The Surrey Research Park, Guildford GU2 7YG
Company Secretary:	John Christopher Leeksma Bailey
Registered Office:	Surrey Technology Centre The Surrey Research Park Guildford GU2 7YG
Nominated Adviser and Broker:	KBC Peel Hunt Ltd 111 Old Broad Street London EC2N 1PH
Solicitors to the Company:	Pinsents Dashwood House 69 Old Broad Street London EC2M 1NR
Solicitors to the Placing:	Eversheds Cloth Hall Court Infirmary Street Leeds LS1 2JB
Auditors and Reporting Accountants:	Baker Tilly 2 Bloomsbury Street London WC1B 3ST
Principal Bankers:	NatWest Bank PO Box 121 Haslemere GU27 2YD
Financial Public Relations:	Buchanan Communications Ltd 107 Cheapside London EC2V 6DN
Registrars:	Capita Registrars The Registry 34 Beckenham Road Beckenham Kent BR3 4TU



KEY INFORMATION

The following is derived from, and should be read in conjunction with, the full text of this document.

Consulting and Management businesses

ANGLE has built Consulting and Management businesses in the UK and US, which provide revenues as well as relationships with corporates, government research establishments and universities. In December 2003, ANGLE secured a substantial management contract in the Middle East.

Management combining technological understanding and business experience

The Directors believe that the successful development of new technology companies requires technology, finance and management and that management deficiency is one of the barriers to successfully realising the commercial potential of new technological innovations. ANGLE employees combine a technological understanding with business experience allowing ANGLE to play a role in bridging the gap between research and technology and business and finance.

Working relationships with research establishments providing preferential access to new technology

Through its Consulting and Management businesses, ANGLE has established working relationships with a number of research establishments which have proprietary technology for commercialisation. Working relationships have now been established with over eighty clients developing proprietary technology including over thirty five corporates (such as BT), over ten public sector research organisations (such as Dstl) and over thirty universities (such as the Universities of Virginia and Pennsylvania, US).

Progeny[®], a systematic process for establishing new technology companies

ANGLE has developed Progeny[®], a systematic process for establishing new technology companies. The application of Progeny[®] to the UK biotechnology sector has been recognised and financially supported by the DTI. ANGLE achieved this recognition after they were one of only two winners in 1998 of the prestigious BMI Challenge competition organised by the UK Government.

Substantial equity positions in five technology companies

ANGLE has established and retains substantial equity positions in five technology companies: Acolyte Biomedica Limited, Exago Limited, IDR Therapeutics LLC, NeuroTargets Limited and Provexis Limited.

Other technology opportunities

The Directors believe that the potential exists for establishing more Progeny[®] Companies in the future in such areas as IT, electronics, biotechnology and other technology sub-sectors.

Scaleable diversified business building a portfolio of technology companies

ANGLE's business is scaleable, diversified into international markets, and is based on revenue generating Consulting and Management businesses and a portfolio of companies in a number of technology sectors ranging from IT to biotechnology.



PART I

INFORMATION ON THE GROUP

1. Introduction

The Company is the holding company of ANGLE Technology.

ANGLE Technology was established in April 1994 by former executives from KPMG's High Technology Consulting Group. From this base and through the recruitment of new executives bringing with them additional expertise, ANGLE has built a management team experienced in the commercialisation of technology.

Around the world, there are researchers and technologists developing a vast array of IP in diverse fields. The Directors believe that much of the technology being developed has the potential to address major markets but is rarely commercially exploited to its full potential.

In the Directors' experience, the researchers and technologists creating IP are often scientists and not businessmen and frequently their interests and skills are in moving the boundaries of science and not building commercial businesses and often the research organisations which employ these individuals do not have commerce as their primary imperative. ANGLE employees combine a technological understanding with business experience allowing ANGLE to play a role in bridging the gap between research and technology and business and finance.

2. The Business

ANGLE's objective is to build value for Shareholders through its integrated business model combining its revenue-earning Consulting and Management businesses with its capital-growth Ventures business:

- *Consulting*: consulting on the commercialisation of technology, including consulting for major corporations, SMEs, regional and national economic development agencies and governments in the UK and overseas;
- *Management*: taking direct management responsibility for activities such as the operation of research parks and technology incubators and the management of innovation and product development programmes in the UK and overseas; and
- *Ventures*: establishment and ownership of significant equity stakes in a portfolio of technology companies, primarily in the biotechnology, electronics and IT sectors, with a view to realising value in the medium to long term.

3. History

ANGLE Technology's aim in 1994 was to build a successful consulting business with a strong management team, profitable revenues and a solid market reputation. In 1996, ANGLE Technology expanded its consulting business into longer term management services which enabled ANGLE to begin providing implementation services to its clients, solidify its relationships with owners of IP, and strengthen the revenue base of the business.

The next major milestone was the establishment of the Ventures business in 1999. Unlike the revenue generating Consulting and Management businesses, this activity required substantial upfront investment by ANGLE. ANGLE invested cash generated by its Consulting and Management businesses as well as approximately £420,000, secured by winning a competitive DTI grant, as a contribution to certain biotech start-up costs over a three year period from July 1999.

In December 1999, ANGLE secured its first private equity investment of £1.1 million into its own business which was subsequently deployed primarily to accelerate the Ventures business in the UK and support the expansion of the Consulting and Management businesses into the United States. The Directors' rationale behind the expansion into the US was the strategic importance of a presence in this market given the global nature of the technology industry. In February 2000 ANGLE secured a management contract with the University of Virginia to support the establishment of the North Fork Research Park, which contributed to its US market entry costs and increased its US market credibility.



During 1999, the Ventures business established three biotechnology companies: NeuroTargets, Provoxis and Acolyte and in 2000 and 2001, ANGLE secured approximately £1.9 million through a further round of private equity investment. This was deployed to build the Progeny® Companies that had already been established, to further the US expansion and to develop a Progeny® Company focussing on IT, Exago, and a US Progeny® Company, IDR Therapeutics.

In 2001 and 2002, the Directors believed that financial market conditions were not conducive to ANGLE raising a new round of investment funds at an acceptable price. Accordingly, a strategic plan was implemented to reconfigure ANGLE's business and reduce its investment programme. Emphasis was placed on expanding the revenue generating Consulting and Management businesses and the creation of new Progeny® Companies was suspended even though the opportunities to commercialise IP were significant. Despite difficult funding conditions, ANGLE was successful in securing third party investment and/or generating revenues in its Progeny® Companies to ensure that they were as financially independent as possible.

In the six months ended 31 October 2003, ANGLE generated sufficient profits to support it and its costs relating to its Ventures business during that period without any requirement to seek external funding.

4. Consulting and Management

The Directors believe that the successful development of new technology businesses requires a combination of elements including technological skills, finance and management. ANGLE's management team includes executives with technological, financial and commercial backgrounds in bioscience, IT, electronics, life sciences and new materials. ANGLE provides consulting and management services to design, develop and manage technology commercialisation support programmes for clients in the private and public sectors, including economic development agencies, research establishments, academic institutions and the European Commission.

Areas of Consulting and Management activities include:

- new product development programmes to support corporate R&D;
- developing IP commercialisation strategies;
- commercial market appraisals and technology due diligence;
- design of public sector policies and programmes relating to the development of technology-based industry; and
- establishing and managing science and research parks and technology incubators.

In addition to generating revenue, these activities provide ANGLE with access to investment opportunities for its Ventures business.

4.1 Consulting

Consulting contracts undertaken by ANGLE on a fee-for-service basis include:

- assisting the London Development Agency to develop a growth strategy for London's research led biotechnology sector;
- development of a commercialisation strategy for IP arising from research at the University of St Andrews;
- provision of strategic business advice to high-growth start-ups and SMEs in Northern Ireland;
- preparation of proposals for the NHS Innovation Hub initiatives in London, Yorkshire, North West and East of England; and
- investigating the global market and UK IP position for "laboratory on a chip" technology, with the provision of advice to the DTI on future interventions to support the emergence of a viable "laboratory on a chip" industry sector in the UK.



4.2 Management

Management contracts undertaken by ANGLE on a fee-for-service basis include:

- development, management and operation of research parks and technology incubators, for example, the bioAccelerator in Fairfax County VA (US), and the iCentre in Mansfield (UK);
- establishment of The Qatar Foundation Science & Technology Park in Qatar (Middle East);
- provision of innovation support to SMEs in London under contract to the London Development Agency; and
- management of the NITECH Growth Fund in Northern Ireland (a seed fund for new technology companies).

5. Ventures

Through the Progeny® process ANGLE seeks to commercialise technology where the IP source organisation has already carried out work in the development of the relevant technology.

ANGLE's approach to establishing new Progeny® Companies is to build close relationships with its Consulting and Management clients, whereby ANGLE is then better able to assess their technology and negotiate, where the Directors believe there to be prospects for capital growth from the commercialisation of the relevant IP or technology, a joint venture arrangement with the relevant client. The existing relationship facilitates the successful development of the resulting Progeny® Company with the aim of benefiting both ANGLE and its client.

In the case of four of the Progeny® Companies, the IP on which they are based was identified through relationships established during Consulting and Management contracts. In the fifth case (NeuroTargets) the IP was identified as a result of the contract awarded under the DTI BMI programme. In these cases it was not necessary to pay to access the technologies until such time as the commercial potential had been evaluated and the acquisition (through assignment or licences) of the technology rights or IPR was subsequently achieved by issuing shares in the relevant Progeny® Company which was established to commercialise the IP.

5.1 ANGLE's preferential access to IP

There are many sources of proprietary technology, including universities, public sector research establishments and corporates. The Directors believe that a successful working relationship is a means by which one can gain preferential access to these proprietary technologies without assuming a significant financial risk in advance of identifying commercial potential.

Through its Consulting and Management businesses, ANGLE has been engaged on a fee-for-service basis by over eighty clients developing proprietary technology, including over thirty five corporates, over ten public sector research establishments and over thirty universities. Through these engagements, ANGLE has developed working relationships with its clients and former clients which have provided ANGLE with access to opportunities to collaborate in the establishment of new technology companies.

At this time ANGLE has a number of relationships which are subject to non-disclosure agreements including:

- twenty six such agreements are in place in the UK, twelve with universities and fourteen with corporates and/or government research organisations; and
- within the US, ANGLE has three such agreements with universities and eighteen with corporates and/or government research organisations.

5.2 ANGLE's Progeny® process for building technology-based companies

ANGLE has developed the Progeny® process which generally involves:

- *Initial commercial appraisal.* A preliminary and relatively rapid filtering process is applied which interrogates the core issues associated with IPR;



- *Further commercial appraisal.* The evaluation of IPR, prior agreements, costings and a market opportunity appraisal are critical steps at this stage;
- *Establishment and management of the new technology company.* This includes acquisition of IPR in consideration for the issue of shares in the new company;
- *Securing external investment.* Third party investment capital for the new company is generally secured as soon as possible;
- *Ongoing management and support.* ANGLE provides administrative and financial management support, assists the company in developing collaborative agreements and preparing the company for securing further external funding;
- *Securing further external investment as required;* and
- *Realisation or partial realisation of ANGLE's equity stake.*

The systematic application of the Progeny® process across a spread of research organisations and a range of technology applications is believed by the Directors to enable ANGLE to be in a better position to spread its risks.

ANGLE has not as yet realised or partially realised its equity stake in any of the Progeny® Companies.

6. Progeny® Companies

6.1 Characteristics

Since 1999, ANGLE has founded, developed and operated five Progeny® Companies in which it has retained equity stakes. All these companies were founded by ANGLE and at inception prior to the acquisition of the IPR were wholly owned by ANGLE. ANGLE's shareholdings have been subsequently diluted as shares in these companies have been issued to, *inter alia*, acquire technology rights and secure third party financial investment.

Brief details of the current holdings are set out below:

<i>Company</i>	<i>Original source of IP</i>	<i>Technology</i>	<i>Principal application</i>	<i>Equity position</i>
Acolyte	Dstl, Porton Down	Medical diagnostics	Rapid bacterial and antibiotic susceptibility testing	10.30% ¹
Exago	BT	Productivity software	Productivity software for finding and sharing information	49.90%
IDR Therapeutics	Professor T Macdonald	Drug redevelopment	Redesign of drugs to remove toxic side effects	64.00% ²
NeuroTargets	University of Bristol	Functional genomics	Analgesia, diabetes complications, spinal cord injury	30.09% ¹
Provexis	Rowett Research Institute	Nutraceuticals	Cardiovascular health	32.02% ¹

Notes:

1. Subject to minority interests leading to a reduction in ANGLE's beneficial interest to not less than 96.5 per cent. of that shown above.
2. Subject to conditions that may result in a reduction of 3 per cent. in ANGLE's equity position.

The IPR in respect of the technologies are licensed or assigned to the relevant Progeny® Company from the relevant original source.



To date the original sources of IPR have been:

- The Rowett Research Institute: a leading nutrition research institute in Europe;
- The University of Bristol's Department of Biochemistry: awarded a 5★ rating (the top rating possible under the UK's five-yearly research assessment exercise, last carried out in 2001);
- Dstl: the UK Government defence research and development organisation;
- BT; and
- Professor Timothy Macdonald of the University of Virginia: a leading publicly funded university in the US.

6.3 *Acolyte*

ANGLE founded Acolyte in 1999 to commercialise technology for rapid diagnosis of bacterial infection, with simultaneous identification of the antibiotics required to treat the relevant infection. Acolyte is commercialising a novel technology platform, BacLite®, which the Directors believe could revolutionise clinical diagnostic microbiology by replacing current methods taking approximately forty eight to seventy two hours with automated systems giving a diagnosis in approximately two to five hours. The Directors believe that there is no system currently widely available that is able to compete with BacLite®.

The current market for diagnostic clinical microbiology which the Directors hope will be capable of being accessed by Acolyte is estimated by the Directors to exceed £1.3 billion per annum. The Directors believe that the BacLite® platform may be capable of capturing a large proportion of the current diagnostic clinical microbiological market and, by automating and accelerating testing, may expand the market by stimulating increased demand from clinicians.

In the UK, it is estimated that hospital-acquired infections (“HAI”) affect approximately one hospital patient in ten, costing approximately £900 million per annum in England. Acolyte has strategically positioned itself to exploit the opportunity created by the need to reduce the economic cost and patient burden of HAI, by licensing and developing technology that enables a diagnostic test result in two to five hours as opposed to the forty eight hours to seventy two required at present. It is believed by the Directors that this reduction in time for diagnosis provides the potential for significant cost and patient benefits through:

- faster treatment with the correct antibiotic, reducing patient mortality and the time spent in hospital;
- rapid screening for control of infection, reducing the spread of hospital superbugs; and
- a decrease in the indiscriminate use of antibiotics reducing hospital drug costs and the development of antibiotic resistant bacteria.

BacLite® is based upon technology originally developed by Dstl at Porton Down, for rapid detection of bacteria in air (“AK Technology”). Acolyte has an exclusive, worldwide licence to Dstl's IP estate in AK Technology for identification and antibiotic resistance testing of micro-organisms in medical diagnosis.

6.4 *Exago*

In May 2002 ANGLE, through Exago, formed a joint venture with BT using IP developed by BT. Exago has launched eXero, an integrated suite of advanced knowledge discovery, summarisation, collaboration and expertise location software tools that gives users the ability to find, manage and share information that is relevant to their business needs.

Exago's strategy has been to seek to generate revenue from the licensing of eXero to third parties for selling on to their customer base or for building into wider solutions. In its first year of trading, Exago achieved sales of £438,000, the majority in the UK, through a combination of direct and indirect sales channels.



The market addressed by Exago's products is forecast to grow from approximately £436 million globally in 2003 to approximately £647 million in 2005.

The eXero product suite is made up of a set of proven individual capabilities which can be sold individually or together. These are:

- *eXero Collaborate* – a collaboration tool that automatically shares information with users who have appropriate interest profiles, provides a knowledge repository for communities of practice and allows expertise location;
- *eXero Agent Search* – an intelligent agent-based search facility that automatically finds and filters relevant information that matches users' interests;
- *eXero Summariser* – a summarisation tool that can provide a summary of a document, down to a single sentence or set of key words and can tailor summaries to users' interests;
- *eXero Search* – a search engine that enables information held on Intranet-based or Internet-based Web servers to be searched and indexed and accurately ranks results by relevance; and
- *eXero Connect* – a module that enables people to be located according to their skills, activities, roles, publications, questions asked or answered.

In addition to the core products described above, the Directors expect that Exago will develop advanced products, which include XML and RDF search engines. The Directors believe that these products will become part of future releases of eXero.

6.5 *IDR Therapeutics*

Founded by ANGLE in March 2001, IDR Therapeutics was formed to redesign and modify "highly invested" drug candidates with high sales potential, which have been withdrawn from the market or late stage clinical development market due to idiosyncratic drug reactions. IDR Therapeutics is commercialising a drug redesign strategy based on understanding the molecular mechanisms which yield toxic metabolites that may cause idiosyncratic drug reactions. IDR Therapeutics' aim is for the redesigned drugs to retain the therapeutic elements but exclude the negative side effects of the original version.

As part of its strategy to develop close ties with the pharmaceutical industry, IDR Therapeutics aims to assist pharmaceutical companies to resolve late stage toxicity problems associated with their drug candidates.

IDR Therapeutics' core technology is derived from its joint venture with Professor Timothy Macdonald of the University of Virginia who has developed the process and technical know-how.

The commercial strategy is founded on the successful redesign of the anti-epileptic drug Felbamate. Felbamate (Felbatol®) was redesigned to produce a number of derivatives and preliminary animal studies showed that some of these new chemical entities might be safer and more effective than Felbamate. The Directors believe that the successful redesign of Felbamate provides proof-of-principle for IDR Therapeutics' commercial strategy.

The business model is based on three complementary approaches to generating revenue:

- securing fee-based contracts for redesigning drugs withdrawn or discarded due to IDRs;
- redesigning drugs in-house with the intention of generating novel IP, leading to licensing and development partnerships; and
- developing a predictive toxicology programme for use in proactive screening for candidate drugs likely to induce IDRs.



The company has billed initial revenues, having completed a contract for a pharmaceutical company, of approximately US\$70,000.

6.6 *NeuroTargets*

ANGLE founded NeuroTargets in 1999; a joint venture was subsequently formed with the University of Bristol and Professor David Wynick to discover and develop new drugs to treat diseases related to nerve damage. NeuroTargets focuses in particular on:

- damage to the peripheral nervous system (peripheral neuropathy) caused by diabetes, HIV/AIDS, chemotherapy treatments and alcohol abuse;
- pain associated with peripheral nerve damage (neuropathic pain), including diabetic neuropathic pain, chronic lower back pain, post herpetic neuralgia, phantom limb pain and pain associated with HIV/AIDS retroviral and certain chemotherapy treatments; and
- damage to the central nervous system such as Alzheimer's disease, traumatic brain injury and stroke.

NeuroTargets' research is driven by patented technology which enables the discovery of expressed genes that are difficult to identify using conventional means and that are involved in the biochemical pathways of the above disorders.

NeuroTargets has nine development programmes at preclinical stage, based on internally-discovered drug targets. NeuroTargets derives its novel targets from gene libraries that it builds and sequences in-house for both its internal proprietary drug pipeline and partnership with pharmaceutical companies.

NeuroTargets' products are based on nine years of research into the neuropeptide galanin, led by Professor David Wynick at the University of Bristol. NeuroTargets' primary objective is to develop a limited number of new chemical entities through preclinical and early clinical testing using its own cash resources before partnering at Phase II with major pharmaceutical companies. The current gene discovery approach used by NeuroTargets (funded initially by a research collaboration with MSD) has already generated more potential drug targets than it intends to develop in-house, which has created the opportunity to form multiple R&D collaboration agreements with third parties.

The Directors believe that at present the disease areas that NeuroTargets focuses on are generally poorly treated and that there could be significant global markets for the treatment of such diseases.

6.7 *Provexis*

ANGLE founded Provexis in 1999. In March 2000 a joint venture was formed with the Rowett Research Institute to source and develop patented bioactive products derived from food for application in the medical food and functional food markets.

Functional foods are foods which are consumed for the maintenance of health and they have the potential to carry health claims to this effect. Medical foods are a separately regulated category of products in the US and Europe, based on food but used under the supervision of a physician.

Provexis' approach is to prove the efficacy of its products in human trials. The Directors believe this approach supports the development of higher value products, with the potential for stronger patent positions, capable of being marketed with substantive health claims.

Provexis has three products in development and an on-going pipeline agreement with the Rowett Research Institute. The lead product, CardioFlow®, is a patented natural extract from fruit which has been shown in human trials to have an effect on reducing the propensity to the blood clotting which is typically associated with Cardiovascular Disease. The first patent application for the antiplatelet product was filed in Europe, US, Japan, Canada, Mexico and Australia in 1998. The patent was granted in Europe in July 2003 and the Directors hope that further patents may be granted in other territories over the next twenty four months.

The market for heart healthy foods worldwide has been estimated at US\$3.4 billion and is forecast to reach US\$4.6 billion by 2005. Whilst there are food products for the management of cholesterol levels the Directors believe there is currently no mainstream food product supported by scientific substantiation and claims for the maintenance of a "healthy circulation" or blood "thinning".



In 2004, Provexis aims to sign a licence deal with a major brand-holding food company for the development of a new range of functional beverages and foods containing CardioFlow® designed to reduce the risk of heart attack, stroke and deep vein thrombosis.

Other products in development include:

- a medical food for the treatment of patients with IBD, such as Crohn's Disease (which is believed to affect 43 per cent. of those infected with IBD) and Ulcerative Colitis (which is believed to affect 57 per cent. of those infected with IBD). Provexis has entered a collaboration agreement with the University of Liverpool to commercialise their technology in this field which is the subject of a patent application filed in February 2003; and
- selective plant-derived COX-2 inhibitors as anti-inflammatory products. Provexis has an option over the COX inhibitors which are the subject of the Rowett Research Institute's patent application filed in April 2003.

7. Directors and Management

7.1 Board of Directors

Hance Fullerton, 69, Non-Executive Chairman

Hance Fullerton has a BSc in Chemistry and from 1958 to 1976 he held technical, production and senior operational management positions in the paper industry with three international paper groups at Aberdeen, London, Fort William and Fife. From 1976 to 1981 Dr Fullerton was a general manager of Wiggins Teape Limited before becoming divisional director of industrial intermediates at their headquarters. He was appointed as general manager of the Grampian Health Board in 1986 and chief executive of Grampian Enterprise Limited from 1991 to 1996. He is the former chairman of Grampian University Hospitals NHS Trust and AURIS (the University of Aberdeen's commercial company). From 1996 to 1999, he was the chairman of Cordah Limited, an environmental technology company, which he chaired from its creation as a joint venture between Scottish Enterprise Grampian, the University of Aberdeen and other Grampian Higher Education Institutes to its eventual sale to British Marine Technology Limited. In 1995, Dr Fullerton was awarded an OBE for Services to Industry and an LLD by the University of Aberdeen. Dr Fullerton joined ANGLE as a Director in 1996.

Andrew Newland, 42, Group Chief Executive

Andrew Newland is the founder of ANGLE and Group Chief Executive. He has an MA in Engineering Science from the University of Cambridge, and is a qualified chartered accountant. After working with the engineering conglomerate, TI plc, he worked for KPMG from 1982 to 1994; from 1985 to 1987 he was based in the US as a manager providing corporate finance and business advice to high technology firms in the area around Route 128, Boston, Massachusetts. From 1987 to 1994 he worked in the UK in KPMG's High Technology Consulting Group. Mr Newland founded ANGLE in 1994.

Dawson Buck, 57, Deputy Chief Executive

Dawson Buck has over twenty years' experience within the UK, US and international electronic security, property, retail and IT industries, holding management, director and officer positions during that time. Mr Buck began his career as a graduate trainee with Unilever holding a number of management positions within the group. In 1975 he joined Automated Security Holdings plc where before becoming group chief executive officer, he held positions of responsibility in sales, marketing, public relations, buying, manufacturing, operations and human resources. Mr Buck was a founder and the chief executive officer of Automated Loss Prevention Ltd, which he led from its inception to its sale to the Sensormatic Electronic Corporation Inc for £150 million in 1992. After the sale to the Sensormatic Electronic Corporation Inc he became President of Sensormatic International and Senior Vice President of Sensormatic Electronic Corporation Inc from 1992 until 1996. He joined ANGLE in 2000.



Ian Griffiths, 39, Finance Director

Ian Griffiths has a BSc in Mathematics with Management Applications and is qualified as a chartered accountant. For seven years he worked for KPMG, initially in accountancy (1986 to 1990), then in management consulting (1990 to 1993) within KPMG's High Technology Consulting Group where he specialised in financial modelling, business planning, corporate finance, market development and strategy work. He has been closely involved with the development and delivery of the UK and US Consulting and Management businesses working on a broad range of technology commercialisation activities. He has also been closely involved in developing new Ventures and supporting Progeny® Companies. Mr Griffiths has been with ANGLE since 1995.

David Quysner, 57, Non-Executive Director

David Quysner has an MA from the University of Cambridge. He began his career at ICFC (now known as 3i) in 1969, where he gained experience in development and venture capital investment and corporate finance. In 1982, he joined Abingworth Management Limited, a venture capital fund management company, and became its managing director in 1994 and its chairman in 2001. He was chairman of the British Venture Capital Association in 1996/97. He has served and is also currently on the boards of numerous companies and is the chairman of Comino Group plc and Quester VCT3 PLC. He was a member of the Stock Exchange Smaller Companies Working Party, which led to the creation of London's AIM market and subsequently sat on the AIM Advisory Committee. More recently, he was a member of the Treasury Working Party on the Financing of High Technology Companies and of the University Challenge Fund Committee. Mr Quysner joined ANGLE in 2004.

Iain Ross, 50, Non-Executive Director

Iain Ross has a BSc in Biochemistry from the University of London. Having held senior commercial and general management positions in Sandoz AG (Novartis), Fisons plc and Hoffmann-La-Roche, he was appointed to the board of Celltech Group plc, where from 1991 to 1995 he was chief executive officer of Celltech Biologics plc. From 1995 to 2000 he was chief executive officer of Quadrant Healthcare plc, which listed in 1998, merged with Andaris Ltd in 1999 and was sold to Elan in 2000. Currently Mr Ross is chairman of Biomer Technology Ltd and he is also a director of a number of life sciences companies including Eden Biopharma Group Ltd, Pegasus Therapeutics Ltd and Callisto Pharmaceuticals Inc. Mr Ross joined ANGLE in 2004.

7.2 Executive Management

Gary Evans, 43, US Chief Executive Officer, Director of ANGLE Technology

Gary Evans has a BSc in Chemistry, a PhD in Physical Chemistry and a Diploma in Management Science and was Visiting Professor in Innovation Management at the Robert Gordon University, Aberdeen from 1997 to 1999. Dr Evans undertook post-doctoral research in solid-state physics at the University of Cambridge from which he moved into the private sector, working in R&D management with Cambridge Life Sciences plc, where he was responsible for collaborative R&D, and managed a portfolio of development projects with partners which included Abbott Laboratories Inc and Ciba-Corning Diagnostics Corporation in the US and Fresenius AG in Germany. He then joined the development agency, Scottish Enterprise. Dr Evans joined ANGLE in 1997.

Eulian Roberts, 41, Middle East Chief Executive Officer, Director of ANGLE Technology

Eulian Roberts has a BSc in Microbiology, a PhD in Molecular Biology and an MBA. He gained three years' post-doctoral experience and then joined the Scottish Development Agency (which later became Scottish Enterprise) where he was initially involved in the identification, development and delivery of a range of strategic economic development and environmental initiatives. Dr Roberts latterly had responsibility for technology development in the Lothians. He then became the chief executive of the Stirling University Innovation Park, went on to become the managing director of Coventry University Enterprises Limited and was a director of the UK Science Park Association. Dr Roberts joined ANGLE in 1998.



Graeme Nicol, 57, Director, Consulting and Management (UK)

Graeme Nicol has an MA in Mathematics from the University of Aberdeen and an MBA. Mr Nicol's early career was in manufacturing with Goodyear before becoming managing director of Kilgour & Walker, a specialist clothing manufacturer and distributor headquartered in Aberdeen. His next appointment was with the specialist medical services provider Offshore Medical Services. Mr Nicol led the company from university ownership into a fully commercial environment where it was acquired by Liberty Mutual Group of Boston, US. Mr Nicol joined ANGLE in February 2001.

Theresa Wallis, 46, Director, Investor Relations

Theresa Wallis has an MA in Zoology from the University of Oxford. From 1979 to 1985, she worked for Hambros Bank and between 1985 and 1988 she worked for the Canadian Imperial Bank of Commerce in London. From 1988 to 2001 she worked at the London Stock Exchange where, from 1995, she was chief operating officer of AIM, having managed the market's design, development and launch in 1994 to 1995. She was also appointed head of Companies Business Development for the London Stock Exchange in 1999. Ms Wallis is non-executive chairman of LiDCO Group Plc and a non-executive director of T&G AIM VCT plc. In addition she is a member of the London Stock Exchange's AIM Advisory Group and the Quoted Companies Alliance's Markets and Regulation Committee. Ms Wallis joined ANGLE in April 2001.

8. Current trading and prospects

The Directors have been encouraged by current trading across each of its business units and believe that ANGLE's future prospects are promising.

The Consulting and Management businesses are yielding pipeline opportunities for future possible commercialisation via the establishment of Progeny® Companies through the Ventures business. The Consulting and Management businesses generated approximately £1.8 million revenue in the year to 30 April 2003. The Consulting and Management businesses' revenue in the six months to 31 October 2003 was approximately £1.0 million which is an increase of 39.7 per cent. compared to the same period in the previous year.

The future prospects for the Consulting and Management businesses' revenue are also encouraging. Engagements are in place for the provision of services in the future with anticipated revenues of over £3.5 million.

In addition to the established UK and US businesses, ANGLE won a major contract in the Middle East in December 2003 to establish The Qatar Foundation Science & Technology Park in Qatar. The first phase of this work is a management contract to establish and operate this park over an initial two year period supporting the establishment of ANGLE's operations in the Middle East. The Directors believe that there may be follow-on opportunities resulting from this contract.

The Directors intend to use part of the net proceeds of the Placing to expand the Ventures business. IP sectors considered include bioscience, electronics, IT, materials, nanotechnology and software. Progeny® Companies are selected from hundreds of opportunities and access to IP is not the limiting factor. Opportunities are presently being considered in the fields of:

- digital power controlling technology allowing next generation microprocessors;
- information technology security systems; and
- skin cancer diagnostics and treatment.

ANGLE is currently in talks with and will continue to enter into dialogue with third parties and the existing Progeny® Companies regarding further investments in and/or the realisation of its stakes in the Progeny® Companies. ANGLE is currently in advanced discussions regarding the possible disposal of its stake in one of the Progeny® Companies; these discussions may or may not lead to the conclusion of a legally binding agreement for such disposal. Any such further investment and/or realisation will only be undertaken after careful inquiry by the Directors.

In the six months to 31 October 2003, ANGLE moved into operating profit.



9. Details of the Placing and Dealing Arrangements

The Company is raising approximately £8.2 million (net of expenses and applicable VAT) by the placing of 6,250,000 new Ordinary Shares. The Placing Shares have been placed, conditional upon, *inter alia*, Admission with institutional and other investors. The Placing Shares will represent approximately 37.43 per cent. of the issued share capital of the Company on Admission. The Placing, which is not underwritten or guaranteed, is conditional, *inter alia*, upon Admission becoming effective. Further details of the Placing Agreement are set out in paragraph 11 of Part IV of this document.

None of the existing shareholders are selling shares in the Placing. Immediately following Admission, the Directors and employees of ANGLE and their immediate families and associates are expected to hold in aggregate approximately 8,399,150 Ordinary Shares amounting to approximately 50.3 per cent. of the issued share capital on Admission.

Each of the Directors together with Gary Evans, Eulian Roberts and Mr Aidan Waine, who will hold approximately 56.7 per cent. following the Placing have agreed, pursuant to the Placing Agreement and certain orderly market agreements referred to in paragraph 11 of Part IV of this document, save in limited circumstances, not to dispose of any interest in Ordinary Shares held by them on the date of Admission within the first year following Admission, and only to sell a maximum of 50 per cent. of such shares held at the date of Admission within the second year following Admission unless both the Company and KBC Peel Hunt consent to any sale exceeding such 50 per cent. limit.

Application has been made for the whole of the issued and to be issued Ordinary Shares immediately following the Placing to be admitted to AIM. It is expected that Admission will become effective and that dealings in the Ordinary Shares will commence on 17 March 2004. The Placing Shares will rank *pari passu* in all respects with the Existing Ordinary Shares.

10. Reasons for the Placing

The Company wishes to raise £9.0 million (£8.2 million net of expenses and applicable VAT) for working capital principally to enable it to further finance and develop its business strategy, including:

- building the Ventures business leading to the establishment and development of new Progeny® Companies; and
- accelerating the growth of the Consulting and Management businesses through the provision of resources for expansion of the professional team.

The Directors further believe that the associated benefits of the Placing and Admission include the following:

Corporate profile

The Directors believe that the status of being listed on AIM may provide additional flexibility or opportunities in ANGLE's commercial activities.

Access to capital markets

The Company may wish to raise further funds in the future. In the opinion of the Directors, the cost of capital for a publicly traded company may be lower and capital should be more freely available than for an equivalent private company.

Incentives for staff

The Directors consider that the recruitment, retention and incentivisation of key staff through the use of share options will be important to ANGLE's development. They consider that the ability to grant options over publicly traded shares is potentially more attractive to key staff than the grant of options over unquoted shares.

11. Summary Financial Information

The tables below set out summary consolidated financial information for ANGLE Technology for the three years ended 30 April 2003 and the six months to 31 October 2003. This information has



been extracted from the audited financial information set out in Part III of this document. As this is only a summary, investors are advised to read the whole of this document and not rely solely on the summarised information.

Accounting practices dictate that the costs associated with Progeny® Companies are charged to the consolidated profit and loss account in the period incurred and not carried on the balance sheet as a cost of investment. The effect of this accounting policy is that the value generated by ANGLE Technology's Ventures business is not reflected in the consolidated profit and loss account until ANGLE Technology disposes of or otherwise realises its equity stakes in the Progeny® Companies.

11.1 Summary Profit and Loss Account

	Year ended 30 April			6 months to 31 October
	2001 £'000	2002 £'000	2003 £'000	2003 £'000
Turnover	<u>1,172</u>	<u>1,786</u>	<u>1,983</u>	<u>1,131</u>
Operating (loss)/profit	(1,223)	(1,122)	(676)	10
Share of operating losses in associated undertakings	—	(165)	(397)	(344)
Profits on disposals of interests in associated undertakings ¹	—	324	464	74
Other costs	<u>(103)</u>	<u>(16)</u>	<u>(2)</u>	<u>(3)</u>
Loss on ordinary activities before taxation	<u>(1,326)</u>	<u>(979)</u>	<u>(611)</u>	<u>(263)</u>

Note:

1. Profit on disposals of interests in associated undertakings relate to losses previously consolidated which are reversed on change from subsidiary undertaking to associated undertaking following the dilution of ANGLE Technology's holdings.

In the two years from 30 April 2001 to 30 April 2003, revenues have grown from £1,172,000 to £1,983,000, an increase of 69.2 per cent. Primarily as a result of the reduction of investment in the Ventures business, operating costs have been reduced by a total of 25.7 per cent. since 2002. As a result the operating loss of £1.12 million in the year ended 30 April 2002 has been turned round into an operating profit of £10,000 in the half year to 31 October 2003.

In respect of the period from 1 July 2002 to 31 January 2003, a number of the Directors and staff of ANGLE Technology agreed to waive all or part of their remuneration. The Directors are of the opinion that if salaries had been paid in full in such period then the operating loss would have increased by approximately £90,000 during that period.

11.2 Summary Balance Sheet

	2001 £'000	As at 30 April 2002 £'000	2003 £'000	As at 31 October 2003 £'000
Investments in associates	—	84	214	137
Provisions – share of net liabilities in associates	—	—	(87)	(225)
Cash at bank and in hand	996	706	93	2
Other assets less liabilities (net)	<u>305</u>	<u>119</u>	<u>150</u>	<u>210</u>
Net assets	<u>1,301</u>	<u>909</u>	<u>370</u>	<u>124</u>

The net assets have reduced over the period from 1 May 2001 to 31 October 2003 as ANGLE Technology has utilised its resources, *inter alia*, in the development of its US operations and the Progeny® Companies.

All costs in establishing and developing Progeny® Companies are written off as incurred. The consolidated balance sheet does not reflect the market value of the Progeny® Companies. Where



ANGLE has greater than 50 per cent. ownership of a Progeny® Company (subsidiary), it is fully consolidated into the Group's balance sheet with all minority interest assets fully provided if that Progeny® Company has been incurring losses. Where ANGLE has less than 50 per cent. ownership of a Progeny® Company (Associate), it is held on the balance sheet at ANGLE's share of that Progeny® Company's net assets.

12. Share Options

To assist in the recruitment, retention and incentivisation of high quality employees, the Company has adopted share option schemes. The main provisions of the share option schemes are summarised in paragraph 7 of Part IV of this document. There are currently 2,301,400 Ordinary Shares under option. In addition, options have been granted over 103,610 Ordinary Shares under the ANGLE Approved Share Option Scheme subject to Admission. Furthermore, options have also been granted over 786,390 Ordinary Shares under the ANGLE Unapproved Share Option Scheme subject to Admission. In addition, subject to completion of the Placing and Admission, an option to subscribe Ordinary Shares, the number of which represents 5 per cent. of the value of the Placing Shares, at the Placing Price was issued to KBC Peel Hunt as part consideration of its services in connection with the Placing.

Following Admission, the Directors currently intend to limit the number of new options granted under the Share Option Schemes to not more than 10 per cent. of the aggregate Ordinary Shares in issue or reserved for issue from time to time, including the options referred to above.

13. Corporate Governance

The Board supports high standards of corporate governance and confirms that, following Admission, it intends (having regard to the size and nature of the Group) to comply, so far as it considers practicable and appropriate, with the Combined Code.

The Board has also considered the guidance published by the Institute of Chartered Accountants in England and Wales concerning the internal control requirements of the Combined Code and has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Company.

The Directors will hold regular board meetings at which operating and financial reports will be considered. The Board is responsible for formulating, reviewing and approving the Company's strategy, budgets, major items of capital expenditure and senior personnel appointments.

An Audit Committee has been established which consists of the Non-Executive Chairman and the Non-Executive Directors. It will meet at least twice each year and will be responsible for ensuring that the financial performance of the Company is properly reported on and monitored, for meeting the auditors and reviewing the reports from the auditors relating to accounts and internal control systems.

A Remuneration Committee has been established which consists of the Non-Executive Chairman and the Non-Executive Directors. It will meet at least twice each year and has a primary responsibility to review the performance of executive Directors and senior employees and set the scale and structure of their remuneration having due regard to the interests of shareholders. It will also be responsible for administering the Share Option Schemes.

14. Dividends

It is the intention of the Directors to aim for capital growth. The Directors are not currently in a position to give an indication of the likely level of any future dividends.

15. Taxation

15.1 *Enterprise Investment Scheme ("EIS") and Venture Capital Trust ("VCT")*

The shares to be issued under the Placing will not be eligible for EIS relief and will not form qualifying holdings by VCTs.

15.2 *Substantial Shareholding Relief*

The Directors are advised that the Group as currently structured should be eligible for substantial shareholding relief i.e. there would be no corporation tax assessed on a gain as a result of the disposal of any of the UK trading subsidiaries or associates. However, qualification (which includes



a requirement that all holdings of at least 10 per cent. are held for a minimum of twelve months in the last twenty four months) relates to the time of any disposal. Whilst the Directors currently intend to preserve this status as far as possible, no assurance is given that any disposal of the ANGLE's holdings will qualify for such relief.

15.3 *Capital Gains Tax – Business Assets Taper Relief*

The Directors consider that ANGLE operates as a trading group and accordingly should qualify eligible investors for business assets taper relief. Whilst the Directors intend to continue to operate ANGLE in this way, there is no assurance that the Inland Revenue will regard ANGLE as such or will continue so to do.

Information regarding taxation in relation to the Placing and Admission is set out in paragraph 14 of Part IV of this document. **If you are in any doubt as to your tax position you should consult your own independent financial adviser immediately.**

16. CREST

CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by written instrument. The Articles of Association of the Company permit the holding of Ordinary Shares under the CREST system. All the Ordinary Shares will be in registered form and no temporary documents of title will be issued. The Company will apply for the Ordinary Shares to be admitted to CREST and it is expected that the Ordinary Shares will be so admitted and, accordingly, enabled for settlement in CREST on the date of Admission. Accordingly, settlement of transactions in the Ordinary Shares following Admission may take place within the CREST system if the relevant shareholder so wishes.

However, CREST is a voluntary system and holders of Ordinary Shares who wish to receive and retain share certificates will be able to do so.

Further Information

Your attention is drawn to the additional information in Parts II to IV of this document.



PART II

RISK FACTORS

This Part II contains what the Directors believe to be the principal risk factors associated with an investment in the Company. If any of the following risks, which are not exhaustive, were to materialise, the Group's business, financial condition, results or future operations could be materially adversely affected. In any such case, the market price of the Ordinary Shares could decline and an investor may lose all or part of his investment. Additional risks and uncertainties not presently known to the Directors, or which the Directors currently deem immaterial, may also have an adverse effect on the Group. Prospective investors should carefully consider the other information in this document. The risks listed below do not necessarily comprise all the risks associated with an investment in the Company.

Industry Factors

The Directors believe that ANGLE is well placed to take advantage of relevant and recent advances in technology, but there can be no certainty that competitors will not seek to use these technologies to compete with the Group.

It is anticipated that the Group's revenues, for the foreseeable future, will be derived, *inter alia*, from products and services provided to a number of industries including the healthcare, biotechnology, software and electronics industries. Accordingly, the Group's success may depend upon such industries' demand for the products and services. Demand may vary as a result of factors outside the Group's control such as changes in economic conditions and regulatory environment, pricing pressures and reimbursement policies, market driven pressures on companies to consolidate and reduce costs, and other factors affecting research and development spending.

Access to appropriate investment opportunities

The future growth of ANGLE is dependent on suitable investment opportunities being identified and on terms which are attractive to ANGLE. There can be no guarantee that ANGLE will be able to identify and complete investments in technology and or businesses which meet ANGLE's investment criteria on terms which are attractive to ANGLE. Further to continue to grow, ANGLE needs access to developing technologies and other information. It may compete with many other companies for such technology and information and may not be able to obtain access to these technologies and information on acceptable terms, if at all. In addition, government regulation in the relevant jurisdiction could result in restricted access to, or use of, certain technologies and information. If ANGLE loses access to such technologies and information, or if tighter restrictions are imposed on the Group's use of such technologies and information, then it may have a material adverse effect on the Group's business.

Future Funding

The Company cannot give any assurance that further equity capital or other funding will not be required and, if required, that such capital or other funding will be available in the future.

If required funds are not available, ANGLE may have to reduce expenditure on maintaining, establishment and development of its Ventures business which could have a material adverse effect on ANGLE's business, financial condition and prospects.

Technological risk

With each new technology company established, there is likely to be a risk that the technology application cannot be developed successfully within the timescale of the market opportunity.



Attracting and retaining staff

ANGLE is a people-based business and thus recruiting new staff to support growth and retaining key members of staff is critical to its success. The inability to attract and retain personnel could impair the growth of the Group's business. The Directors believe that there is currently a shortage of skilled executives and employees with relevant technical expertise, and this shortage is likely to continue. As a result, competition for skilled personnel is intense and competition for experienced scientists from numerous companies, academic and other research institutions may limit its ability to attract and retain appropriately qualified staff. The Group's business operations may require additional expertise in specific industries and areas applicable to products identified and developed by the Group. These activities may require additional new personnel, including management and technical personnel and the development of additional expertise by existing employees. The inability to attract such personnel or to develop such expertise could impair the growth of the Group's business.

Disposals of equity stakes delayed

An important factor in the success of ANGLE will be the disposal of equity stakes in Progeny® Companies. It may be difficult to realise such stakes at all or on terms considered advantageous by the Directors. In addition, any delay in such disposal may reduce the cash position and potentially the value of ANGLE.

Reliance on strategic partners

The Group relies on a number of relationships including relationships with academic institutions, Government agencies and corporates for funding, networking, development, commercialisation and marketing of its products. Any benefits that are received by the Group through these relationships are dependent upon these relationships continuing. The termination of these relationships could restrict the growth of the Group and materially and adversely affect the Group's business. The Group does not have the resources necessary to independently develop and commercialise all the potential products that may result from the technologies it develops. The Group has limited or no control over the resources any strategic partner may devote to its products. Any of the Group's present or future strategic partners may not perform their obligations as expected. These strategic partners may breach or terminate their agreements with the Group or otherwise fail to conduct their collaborative activities successfully and in a timely manner. Further, the Group's strategic partners may not develop products arising out of the collaborative arrangements or devote sufficient resources to the development, marketing or commercialisation of these products and technologies. If the Group fails to enter into or maintain strategic alliance agreements, or if any of these events occur, it may not be able to commercialise products, grow its business or generate sufficient revenues to support its operations. Further, there can be no assurance that future agreements with strategic partners can be made on commercially acceptable terms, or at all.

Conflicts with strategic partners

The Group's pursuit of opportunities in research markets may result in conflicts with strategic partners. Moreover, disagreements with strategic partners may develop over rights to the Group's products and technology. In addition, collaborative agreements entered into or to be entered into with collaborators may have provisions that could give rise to disputes regarding rights and obligations of the parties. Any conflict with strategic partners could lead to termination of any agreement/arrangements the Group may have with such parties or result in litigation or arbitration and could negatively impact upon the relationship with existing strategic partners, which could materially and adversely affect the Group's business. Further, some of the strategic partners are or may become competitors in the future. If strategic partners develop competing products, preclude the Group from entering into collaborations with its competitors, fail to obtain necessary regulatory approvals, terminate their agreements with the Group prematurely, or fail to devote sufficient resources to the development and commercialisation of the Group's products and technologies, the Group's development efforts and business could be materially and adversely affected.



Changes in Government policy or legislation

A number of the products of the Group companies may in future fail to satisfy Government policy or fail to receive regulatory approval. Further, there can be no assurance that regulatory approvals will not be withdrawn, restricted or changed.

Competition

Organisations or corporations that have more capital than the Group may result in the formation of a more competitive marketplace. The Group may not be able to compete on a significantly equal footing. The industry areas in which the Group operates are characterised by rapid technological changes and intense competition. The Group competes with private companies, research departments of pharmaceutical and biotechnology companies and other commercial enterprises, as well as numerous academic and research institutions. Another technology provider may develop a product to compete with the Group's products. Moreover, the Group's competitors may merge or enter into alliances with other companies and become substantial competitors. The Group's technological approach in a particular area may be rendered obsolete or uneconomical by advances in existing technological approaches or the development of different approaches by the Group's current or future competitors. The Group's success depends upon its ability to gain and/or maintain a competitive position with respect to technological advances and it may not be able to gain and/or maintain such a position.

There can be no assurance that other companies will not develop competing products, including products about which information is not presently available, that are more efficacious and/or cost effective and/or which are brought to the market earlier than those being developed by the Group, thereby making the Group's products economically unviable or unattractive to potential purchasers or consumers.

Investments made by ANGLE are in early stage companies

There is an inherent risk in that the companies may not emerge successfully from the initial stages if the research and development fails. Other risks include the failure to secure further funding to support ongoing research and development and entrance to the market of competing technologies.

Intellectual property creation and its value

The Group's development of IP depends on its relationships with strategic partners to create value from the IP in which it has an interest. Termination of these relations could have a negative impact on the IP that is held. The Group may be open to claims in relation to infringement of IPR. This could lead to long and protracted litigation to protect the Group's position. This process itself would divert resources away from the purposes of the Group, which include nurturing companies through research and development and creating value in IP. Any adverse judgments against the Group could lead to substantial fees, fines and the inability to manufacture, market or sell any infringing products. This would lead to substantial losses for the company involved and, further, to the Group as a whole.

The Group can also incur costs in protecting its IPR. However, there is no guarantee that protection will be granted, for example through registration. Even if protection is granted, the Group may suffer an infringement of its IPR. This would lead to costs in order to protect its rights and, as a result may lead to loss for the Group. Notwithstanding the problems surrounding the Group's IPR, it may be that competitors of the Group may produce similar products without involving an infringement of the Group's IPR. The Group could suffer loss without possibly having any remedy.

Acquisitions and investments

A portion of any future growth may be accomplished by acquiring complementary businesses and technologies. Factors that will affect the success of any acquisition include the Group's ability to integrate acquired personnel, operations, products and technologies into its organisation effectively, to motivate key personnel and to retain customers of acquired businesses. The Group may not be able to identify suitable acquisition opportunities, obtain necessary financing on acceptable terms to finance such acquisitions or successfully integrate acquired personnel and



operations. In addition, the cost of acquiring companies may increase. These difficulties could disrupt the Group's ongoing business, distract management and employees, increase expenses and materially and adversely affect the Group's business. Any future acquisitions could involve certain other risks, including the assumption of additional liabilities and potentially dilutive issuance of equity securities. If the Company issues equity securities in connection with any acquisitions, the existing shareholders' percentage holding of shares in the Company would be reduced.

Dependency on key personnel

The performance of the Group is dependent upon the services and performance of the principal members of its management team and the loss of key personnel could have a materially adverse effect on the Group and its profitability, the achievement of its objectives and the continuation of existing collaborations.

Ethical, political and other concerns regarding the use of certain biotechnological and genetic information

Some of the Group's technologies may involve genetic engineering. If the Group is unable to overcome the ethical, political and social concerns relating to genetic engineering, its technologies may not be accepted. Any of the risks listed below could result in expenses, delays or other impediments to the Group's business operations or the public acceptance and commercialisation of products depending upon the Group's technology or inventions. The Group's ability to develop and commercialise one or more of its technologies and products could be limited by the following factors:

- public attitude about the safety and environmental hazards of, and ethical concerns over, genetic research and genetically engineered products, which could influence public acceptance of the technology and products;
- public attitude regarding, and potential changes to law governing, ownership of genetic material which could harm the Group's IPR with respect to the genetic material and discourage strategic partners from supporting, developing or commercialising the Group's products and technologies; and
- governmental reaction to negative publicity concerning genetically modified organisms, which could result in greater government regulation of research and derivative products including labelling or other requirements. The subject of genetic research has received negative publicity which has aroused public debate. The adverse publicity could lead to greater regulation and trade restrictions on imports of genetically altered products.

Potentially volatile share price and liquidity

The share prices of publicly traded companies that are, or are perceived to be, within the technology sector are often subject to significant fluctuations. Following Admission, the market price of the Ordinary Shares may be volatile. The price at which the Ordinary Shares will be quoted and the price at which investors may realise their Ordinary Shares will be influenced by a large number of factors, some specific to ANGLE and its operations and some which may affect the quoted technological sector or quoted companies generally. These factors could include the performance of ANGLE and its future revenues, large purchases or sales of Ordinary Shares, legislative changes in the technology environment and general economic conditions. The value of the Ordinary Shares may go down as well as up.

Admission to AIM should not be taken as implying that there is a liquid market for the Ordinary Shares. It may be more difficult for an investor to realise his investment on AIM than to realise an investment in a company whose shares are quoted on the Official List.

Currency risk

ANGLE expects to conduct its business in various currencies, including US Dollars, Euros and Sterling. As a result, ANGLE is subject to foreign currency risk due to exchange rate fluctuations which will affect ANGLE's transaction costs and the translation of its results.



PART III
ACCOUNTANTS' REPORT

The following is the full text of a report on ANGLE plc from Baker Tilly, the Reporting Accountants, to the Directors of ANGLE plc and KBC Peel Hunt Ltd.



BAKER TILLY

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The Directors
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The Surrey Research Park
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Surrey GU2 7YG

and

The Directors
KBC Peel Hunt Ltd
111 Old Broad Street
London EC2N 1PH

10 March 2004

Dear Sirs

ANGLE PLC (“the Company”)

Introduction

We report in connection with the proposed placing of ordinary shares of the Company (“the Placing”) and the admission of the ordinary share capital of the Company to trading on the Alternative Investment Market (“the Admission”). This report has been prepared for inclusion in the admission document dated 10 March 2004 (“the Admission Document”). We report separately on the Company (Section A) and ANGLE Technology Limited (“ANGLE Technology”) (Section B), its subsidiary undertaking.

Section A – the Company

Introduction

The Company was incorporated on 4 December 2003 as PINCO 2055 Limited and on 29 January 2004, the Company changed its name to ANGLE Limited. The Company re-registered as a public limited company on 27 February 2004 and changed its name to ANGLE plc.

The Company has not earned income and has incurred no expenditure, prepared any financial statements for presentation to members, incurred neither profit nor loss, and has neither declared nor paid dividends or made any other distributions since the date of incorporation. There have been no transactions other than the allotment of shares described below and the execution of the material contracts referred to in paragraph 11 of Part IV of the Admission Document. Accordingly, no profit and loss account information is presented in this report.



Basis of preparation

The financial information set out below has been extracted from financial records of the Company for the period ended 29 February 2004, no adjustments being considered necessary. No audited financial statements have been prepared for submission to members in respect of any period since incorporation.

Responsibility

The financial records are the responsibility of the directors of the Company (“the Directors”). The Directors of the Company are also responsible for the contents of the Admission Document dated 10 March 2004 in which this report is included.

It is our responsibility to compile the financial information set out below from the Company’s financial records and to make a report in accordance with paragraphs 45 of Schedule 1 to the Public Offers of Securities Regulations 1995. Our work has been undertaken so that we might state those matters we are required to state in our report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone for any other purpose for our work, for this report or for the opinions we have formed.

Basis of opinion

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

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

Opinion

In our opinion, the financial information set out below gives, for the purpose of the Admission Document, a true and fair view of the state of affairs of the Company as at 29 February 2004.

BALANCE SHEET

	<i>Notes</i>	<i>As at 29 February 2004 £'000</i>
Fixed assets		
Investments	2	<u>1,045</u>
Capital and reserves		
Share capital	3	<u>1,045</u>



NOTES TO THE FINANCIAL INFORMATION

1. Accounting policies

The principal accounting policies, which have been consistently applied in the Company's financial information throughout the period under review, are as follows:

Accounting convention

The financial information is prepared under the historical cost convention.

Compliance with accounting standards

The financial information is prepared in accordance with applicable accounting standards in the United Kingdom.

Investments

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

2. Fixed asset investments

As at
29 February
2004
£'000

Investments in subsidiaries

Cost

Acquisition of fully paid shares in ANGLE Technology	1,023
Acquisition of partly paid shares in ANGLE Technology	<u>22</u>
As at 29 February 2004	<u><u>1,045</u></u>

On 17 February 2004, the Company entered into an agreement with all the shareholders of ANGLE Technology, and acquired the whole of the issued share capital of ANGLE Technology, the consideration for which was satisfied by the receipt by the shareholders of ANGLE Technology of 10,446,474 new Ordinary Shares credited as fully paid and 10 Ordinary Shares which were transferred to Andrew Newland.

Holdings of more than 20 per cent.

The Company holds 100 per cent. of the issued share capital of ANGLE Technology. All other indirect subsidiary and associated undertakings are disclosed in note 13 of section B of this report.

3. Share capital

As at
29 February
2004
£'000

Authorised 40,000,000 Ordinary Shares of 10p each	<u><u>4,000</u></u>
Allotted, called up and fully paid 10,446,484 Ordinary Shares of 10p each	<u><u>1,045</u></u>

The Company was incorporated with an authorised share capital of £1,000 divided into 1,000 ordinary shares of £1 each, of which 1 share was issued fully paid, on incorporation.

On 5 February 2004, each of the issued and unissued ordinary shares of £1 each was then sub-divided into 10 Ordinary Shares of 10p each. On the same date, the authorised share capital was increased to £4,000,000 by the creation of 39,990,000 further Ordinary Shares of 10p each.

Details of share option schemes of the Company are given in paragraph 7 of Part IV of the Admission Document.



Section B – ANGLE Technology Limited (“ANGLE Technology”)

Basis of preparation

The financial information set out below is based on the audited consolidated financial statements of ANGLE Technology and its subsidiary and associated undertakings (together “ANGLE Technology Group”) for the three years ended 30 April 2003, the audited consolidated non-statutory accounts of ANGLE Technology Group for the six months ended 31 October 2003 and the financial records of the ANGLE Technology Group for the three years and six months ended 31 October 2003, after making such adjustments as we consider necessary. The consolidated accounts of ANGLE Technology Group for the three years ended 30 April 2003 and the six months ended 31 October 2003 were audited by Baker Tilly, Chartered Accountants who gave unqualified reports thereon. No audited financial statements have been prepared for ANGLE Technology Group in respect of any subsequent period.

Responsibility

The consolidated financial statements are the responsibility of the directors of ANGLE Technology who approved their issue. The Directors are responsible for the contents of the Admission Document dated 10 March 2004 in which this report is included.

It is our responsibility to compile the financial information set out below from the Company’s financial records and to make a report in accordance with paragraphs 45 of Schedule 1 to the Public Offers of Securities Regulations 1995. Our work has been undertaken so that we might state those matters we are required to state in our report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone for any other purpose for our work, for this report or for the opinions we have formed.

Basis of opinion

We conducted our work in accordance with the Statements of Investment Circular Reporting Standards issued by the Auditing Practices Board. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. The evidence included that previously obtained by us relating to the audit of the financial statements underlying the financial information. It also included an assessment of the significant estimates and judgements made by those responsible for the preparation of the financial statements underlying the financial information and whether the accounting policies are appropriate to ANGLE Technology Group’s circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion, the financial information set out below gives, for the purpose of the Admission Document, a true and fair view of the losses, cash flows and total recognised gains and losses of ANGLE Technology Group for the three years ended 30 April 2003 and the six months ended 31 October 2003 and of the state of affairs of ANGLE Technology Group at the end of each of the four periods.



CONSOLIDATED PROFIT AND LOSS ACCOUNTS

	Notes	Year ended 30 April			6 months to
		2001 £'000	2002 £'000	2003 £'000	31 October 2003 £'000
Turnover	2	1,172	1,786	1,983	1,131
Operating costs	3	(2,566)	(3,018)	(2,665)	(1,121)
Other operating income	4	171	110	6	—
Operating profit/(loss)		(1,223)	(1,122)	(676)	10
Share of operating losses in associated undertakings	6	—	(165)	(397)	(344)
Amortisation of goodwill in associated undertakings		—	—	(5)	(3)
Profit on disposals of interests in associated undertakings	7	—	324	464	74
Finance charges	8	(106)	(30)	—	—
Net interest receivable					
– Group	9	3	12	5	3
– Associates		—	2	(2)	(3)
(Loss) on ordinary activities before taxation		(1,326)	(979)	(611)	(263)
Tax on loss on ordinary activities					
– Group	10	—	16	(2)	(17)
– Associates		—	12	52	34
(Loss) on ordinary activities after taxation		(1,326)	(951)	(561)	(246)
Equity minority interests	11	—	—	—	—
Retained (loss) for the period		(1,326)	(951)	(561)	(246)

The profit and loss accounts have been prepared on the basis that all operations are continuing operations.

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



CONSOLIDATED BALANCE SHEETS

		<i>As at 30 April</i>			<i>As at</i>
	<i>Notes</i>	<i>2001</i>	<i>2002</i>	<i>2003</i>	<i>31 October</i>
		<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>2003</i>
					<i>£'000</i>
Fixed assets					
Tangible assets	12	84	70	41	31
Investments in associates	13	—	84	214	137
		<u>84</u>	<u>154</u>	<u>255</u>	<u>168</u>
Current assets					
Debtors – due within one year	14	578	370	611	777
Debtors – due after one year	14	—	58	—	—
Cash at bank and in hand		996	706	93	2
		<u>1,574</u>	<u>1,134</u>	<u>704</u>	<u>779</u>
Creditors: Amounts falling due within one year	15	<u>(345)</u>	<u>(352)</u>	<u>(490)</u>	<u>(588)</u>
Net current assets		<u>1,229</u>	<u>782</u>	<u>214</u>	<u>191</u>
Total assets less current liabilities		1,313	936	469	359
Creditors: Amounts falling due after more than one year	16	(12)	(27)	(12)	(10)
Provisions for liabilities and charges	17	—	—	(87)	(225)
Net assets		<u>1,301</u>	<u>909</u>	<u>370</u>	<u>124</u>
Capital and reserves					
Called up share capital	18	987	1,006	1,028	1,028
Share premium account	19	2,013	2,553	2,553	2,553
Profit and loss account	20	<u>(1,699)</u>	<u>(2,650)</u>	<u>(3,211)</u>	<u>(3,457)</u>
Shareholders' funds – equity interests	21	1,301	909	370	124
Equity minority interest	11	—	—	—	—
		<u>1,301</u>	<u>909</u>	<u>370</u>	<u>124</u>



CONSOLIDATED CASH FLOW STATEMENTS

	Notes	Year ended 30 April			6 months to
		2001 £'000	2002 £'000	2003 £'000	31 October 2003 £'000
Net cash (outflow) from operating activities	22(a)	(1,204)	(1,047)	(596)	(253)
Returns on investments and servicing of finance:					
Interest received		8	16	11	—
Interest paid		(5)	(4)	(6)	(3)
Net cash (outflow)/inflow from returns on investments and servicing of finance		3	12	5	(3)
Taxation		—	2	—	—
Capital expenditure and financial investment:					
Payments to acquire tangible fixed assets		(29)	(16)	(5)	—
Proceeds on disposal of tangible fixed assets		—	1	—	2
Net cash inflow/(outflow) for capital expenditure		(29)	(15)	(5)	2
Acquisitions and disposals					
Net cash disposed with subsidiaries		—	(75)	—	—
Net cash (outflow) from acquisitions and disposals		—	(75)	—	—
Net cash (outflow) before management of liquid resources and financing		(1,230)	(1,123)	(596)	(254)
Financing:					
Issue of ordinary share capital		1,575	857	7	—
Capital element of finance lease contracts		(18)	(24)	(24)	(10)
Net cash (outflow)/inflow from financing		1,557	833	(17)	(10)
(Decrease)/increase in cash in the period		<u>327</u>	<u>(290)</u>	<u>(613)</u>	<u>(264)</u>



NOTES TO THE FINANCIAL INFORMATION

1. Accounting policies

The principal accounting policies, which have been consistently applied in ANGLE Technology Group's financial information throughout the period under review, are as follows:

Accounting convention

The financial information is prepared under the historical cost convention.

Compliance with accounting standards

The financial information is prepared in accordance with applicable accounting standards in the United Kingdom.

Basis of consolidation

The consolidated profit and loss account and balance sheet include the financial information relating to ANGLE Technology and its subsidiary and associate undertakings. The results of subsidiaries sold or acquired are included in the profit and loss account up to, or from the date control passes. Intra-group transactions and balances are eliminated fully on consolidation.

Associates

Associates have been accounted for using the equity method in accordance with Financial Reporting Standard 9 – Associates and Joint Ventures (“FRS 9”). The consolidated profit and loss account includes ANGLE Technology Group's share of the profits less losses of associates. The consolidated balance sheet includes ANGLE Technology Group's share of its interests in their net assets in investments or net liabilities in provisions for liabilities and charges.

Funding and technology acquisition activities may result in ANGLE Technology Group's shareholdings in its Ventures being diluted and as a result the status of an investee company may change from subsidiary to associate or associate to trade investment. From ANGLE Technology Group's perspective this dilution results in a “deemed disposal” and hence a related profit or loss.

Goodwill is stated at cost less amortisation. Goodwill is the difference between the cost of acquisition of shares in subsidiaries and associates and the aggregate fair value of the entity's identifiable assets and liabilities at the date of acquisition. Goodwill is amortised on a straight-line basis over the shorter of its estimated useful economic life or ten years. At each balance sheet date, consideration is given on a case-by-case basis to the effect changing circumstances have on the value of goodwill and in the event that a business is considered to have suffered an impairment in value the carrying value of goodwill is adjusted by a goodwill write-off to the recoverable amount.

If a subsidiary or associate is subsequently sold or closed, any goodwill arising on consolidation that has not been amortised through the profit and loss account is taken into account in determining the profit or loss on sale or closure.

Turnover

Turnover represents amounts receivable for goods and services net of value added tax.

Consulting & Management revenues are recognised in proportion to the stage of completion of each project. The stage of completion takes into account the milestones achieved in relation to the project deliverables.

Government grants

Grants receivable in respect of revenue expenditure are released to the profit and loss as the related expenditure is incurred.

Pensions

The pension costs charged in the financial information represents the contributions payable by ANGLE Technology Group during the period in accordance with Financial Reporting Standard 17 – Retirement Benefits (“FRS 17”).



Deferred taxation

Deferred taxation is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Computer equipment	33.33 per cent. Straight line
Fixtures, fittings & equipment	33.33 per cent. Straight line

Leases

Assets obtained under hire purchase contracts and finance leases, and any other leases that entail taking substantially all the risks and rewards of ownership of an asset, are capitalised on the balance sheet and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Investments

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

Investment in the development of new technology ventures

In furtherance of its core activity of commercialising technology, ANGLE Technology Group invests sums towards the establishment and development of biotechnology and technology ventures. These expenditures may take the form of management costs and expenses, external market research, professional fees, technology research and development and acquisition costs. Each project is entered into in the expectation of establishing highly valuable technology ventures in which ANGLE Technology Group retains a significant equity stake that has the potential for disposal at a high commercial return.

Accounting practices dictate that the costs associated with these new ventures are charged to the consolidated profit and loss account in the period incurred and not carried on the balance sheet as a cost of investment. The effect of this accounting policy is that the value generated by ANGLE Technology Group's core venture activity is not reflected in the consolidated profit and loss account until ANGLE Technology Group disposes of or otherwise realises its equity stakes in the new ventures developed.

Research and development

Expenditure on research and development is charged to the profit and loss account in the period in which it is incurred.



2. Segmental analysis

ANGLE Technology Group's turnover and operating profits for the period has been derived as follows:

	<i>Year ended 30 April</i>			<i>6 months to</i>
	<i>2001</i>	<i>2002</i>	<i>2003</i>	<i>31 October</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>2003</i>
				<i>£'000</i>
Turnover				
Consulting & Management (UK)	932	1,299	1,093	704
Consulting & Management (US)	240	424	705	309
Technology Ventures (UK)	—	—	84	58
Biotechnology Ventures (UK)	—	63	96	37
Biotechnology Ventures (US)	—	—	5	23
	<u>1,172</u>	<u>1,786</u>	<u>1,983</u>	<u>1,131</u>
Operating costs				
Consulting & Management (UK)	(839)	(1,049)	(1,083)	(598)
Consulting & Management (US)	(517)	(611)	(822)	(355)
Technology Ventures (UK)	(378)	(433)	(168)	(58)
Biotechnology Ventures (UK)	(805)	(768)	(456)	(77)
Biotechnology Ventures (US)	(27)	(157)	(136)	(33)
	<u>(2,566)</u>	<u>(3,018)</u>	<u>(2,665)</u>	<u>(1,121)</u>
Other operating income				
Biotechnology Ventures (UK)	<u>171</u>	<u>110</u>	<u>6</u>	<u>—</u>
Operating profit/(loss)				
Consulting & Management (UK)	93	250	10	106
Consulting & Management (US)	(277)	(187)	(117)	(46)
Technology Ventures (UK)	(378)	(433)	(84)	—
Biotechnology Ventures (UK)	(634)	(595)	(354)	(40)
Biotechnology Ventures (US)	(27)	(157)	(131)	(10)
	<u>(1,223)</u>	<u>(1,122)</u>	<u>(676)</u>	<u>10</u>

Geographical analysis of the turnover of ANGLE Technology Group

The geographical analysis, as defined by the country or area in which the customer is based, is as follows:

	<i>Year ended 30 April</i>			<i>6 months to</i>
	<i>2001</i>	<i>2002</i>	<i>2003</i>	<i>31 October</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>2003</i>
				<i>£'000</i>
Turnover				
United Kingdom	931	1,417	1,224	775
Other EU Countries	59	93	41	29
North America	182	276	718	326
Rest of the World	—	—	—	1
	<u>1,172</u>	<u>1,786</u>	<u>1,983</u>	<u>1,131</u>

During the period under review, ANGLE Technology Group's interests in four subsidiary undertakings have been reduced (see note 13) and have become associated undertakings. The turnover, operating costs and operating loss for each of the four associated undertakings and IDR Therapeutics LLC, a subsidiary of ANGLE Technology Group as at 31 October 2003, are shown below:

	Year ended 30 April 2001					Year ended 30 April 2002				
	Consolidated as subsidiary £'000	Not consolidated £'000	Total of company £'000	ANGLE Technology Group's share of associate %	ANGLE Technology Group's share of associate £'000	Consolidated as subsidiary £'000	Not consolidated £'000	Total of company £'000	ANGLE Technology Group's share of associate %	ANGLE Technology Group's share of associate £'000
Turnover										
Acolyte Biomedica Limited	—	—	—			—	—	—		
NeuroTargets Limited	—	—	—			13	62	75		
Provexis Limited	—	—	—			1	—	1		
Exago Limited	—	—	—			—	—	—		
IDR Therapeutics LLC	—	—	—			—	—	—		
	<u>—</u>	<u>—</u>	<u>—</u>			<u>14</u>	<u>62</u>	<u>76</u>		
Operating costs										
Acolyte Biomedica Limited	(91)	—	(91)			(14)	(732)	(746)		
NeuroTargets Limited	(6)	—	(6)			(40)	(99)	(139)		
Provexis Limited	(170)	—	(170)			(130)	—	(130)		
Exago Limited	—	—	—			(41)	—	(41)		
IDR Therapeutics LLC	—	—	—			—	—	—		
	<u>(267)</u>	<u>—</u>	<u>(267)</u>			<u>(225)</u>	<u>(831)</u>	<u>(1,056)</u>		
Operating profit/(loss)										
Acolyte Biomedica Limited	(91)	—	(91)	—	—	(14)	(732)	(746)	20.56*	(150)
NeuroTargets Limited	(6)	—	(6)	—	—	(27)	(37)	(64)	40.00*	(15)
Provexis Limited	(170)	—	(170)	—	—	(129)	—	(129)	—	—
Exago Limited	—	—	—	—	—	(41)	—	(41)	—	—
IDR Therapeutics LLC	—	—	—	—	—	—	—	—	—	—
	<u>(267)</u>	<u>—</u>	<u>(267)</u>	<u>—</u>	<u>—</u>	<u>(211)</u>	<u>(769)</u>	<u>(980)</u>		<u>(165)</u>

*The effective ANGLE Technology Group holdings shown are before the minority interest in Progeny bioVentures Limited.





	Year ended 30 April 2003					Six months ended 31 October 2003				
	Consolidated as subsidiary £'000	Not consolidated £'000	Total of company £'000	ANGLE Technology Group's share of % associate £'000		Consolidated as subsidiary £'000	Not consolidated £'000	Total of company £'000	ANGLE Technology Group's share of % associate £'000	
Turnover										
Acolyte Biomedica Limited	—	15	15							
NeuroTargets Limited	—	150	150							
Provexis Limited	—	—	—							
Exago Limited	—	438	438							
IDR Therapeutics LLC	3	—	3							
	<u>3</u>	<u>603</u>	<u>606</u>			<u>23</u>	<u>367</u>	<u>390</u>		
Operating costs										
Acolyte Biomedica Limited	—	(1,477)	(1,477)							
NeuroTargets Limited	—	(227)	(227)							
Provexis Limited	(116)	(271)	(387)							
Exago Limited	(15)	(582)	(597)							
IDR Therapeutics LLC	(3)	—	(3)							
	<u>(134)</u>	<u>(2,557)</u>	<u>(2,691)</u>			<u>(33)</u>	<u>(1,744)</u>	<u>(1,777)</u>		
Operating profit/(loss)										
Acolyte Biomedica Limited	—	(1,462)	(1,462)	13.56*	(198)				11.56*	
NeuroTargets Limited	—	(77)	(77)	30.95*	(24)				30.95*	
Provexis Limited	(116)	(271)	(387)	38.17*	(103)				38.17*	
Exago Limited	(15)	(144)	(159)	49.90	(72)				49.90	
IDR Therapeutics LLC	—	—	—	—	—				—	
	<u>(131)</u>	<u>(1,954)</u>	<u>(2,085)</u>		<u>(397)</u>	<u>(10)</u>	<u>(1,377)</u>	<u>(1,387)</u>		<u>(344)</u>

*The effective ANGLE Technology Group holdings shown are before the minority interest in Progeny bioVentures Limited.

The accounts for all four associated undertakings, Acolyte Biomedica Limited, NeuroTargets Limited, Provexis Limited and Exago Limited for the six months ended 31 October 2003 are non-statutory and are not publicly available. The analysis of the turnover, operating costs and operating profit/(loss) have therefore not been shown for the six months ended 31 October 2003 on an entity basis.



3. Operating costs

	Year ended 30 April			6 months to
	2001 £'000	2002 £'000	2003 £'000	31 October 2003 £'000
Raw materials and consumables	98	—	—	—
Staff Costs – employees (note 5)	1,513	2,007	1,667	780
Staff Costs – subcontractors	81	27	7	—
Depreciation	40	49	48	16
Research and development	69	98	27	—
Other Operating costs	751	773	894	316
Auditors' remuneration				
– for audit work	14	17	17	9
– for non-audit work	—	6	5	—
Bad debts	—	41	—	—
	<u>2,566</u>	<u>3,018</u>	<u>2,665</u>	<u>1,121</u>

4. Other operating income

	Year ended 30 April			6 months to
	2001 £'000	2002 £'000	2003 £'000	31 October 2003 £'000
Biotechnology Ventures (UK)				
Government grants	<u>171</u>	<u>110</u>	<u>6</u>	<u>—</u>

Other operating income relates to income from Government grants in connection with the competitive award made to ANGLE Technology under the DTI BMI Challenge. The aim of the BMI Challenge was to promote the establishment of new companies based on the commercialisation of intellectual property of UK universities and research institutes.

5. Employees

Employment costs

The aggregate employment costs of staff (including directors) for the period was:

	Year ended 30 April			6 months to
	2001 £'000	2002 £'000	2003 £'000	31 October 2003 £'000
Wages and salaries	1,357	1,820	1,517	711
Social security costs	135	167	141	63
Pension costs	21	20	9	6
	<u>1,513</u>	<u>2,007</u>	<u>1,667</u>	<u>780</u>

On 30 June 2002, certain directors and employees of ANGLE Technology waived a portion of their gross salary for a six month period amounting to £84,000 in return for a future conditional bonus amounting to £218,550.

At the same time, the directors and employees subscribed to 218,550 ordinary shares of 10p each at £1 per share but called up to only its par value. ANGLE Technology undertook not to call up the remaining 90p per share until such committed remuneration or bonuses had been paid.

As described in note 25, between 6 and 12 February 2004 the relevant directors and employees renounced their rights to the bonus.



Number of employees

The average number of employees (including directors) during the period was:

	Year ended 30 April			6 months to 31 October 2003
	2001 Number	2002 Number	2003 Number	Number
Executives	20	27	22	17
Administration	7	7	7	7
	<u>27</u>	<u>34</u>	<u>29</u>	<u>24</u>

Directors' emoluments

	Year ended 30 April			6 months to 31 October 2003
	2001 £'000	2002 £'000	2003 £'000	£'000
Directors' emoluments:				
Remuneration for qualifying services	<u>466</u>	<u>599</u>	<u>508</u>	<u>267</u>

Emoluments disclosed above include the following amounts paid to the highest paid director:

Highest paid director:

Remuneration for qualifying services	<u>210</u>	<u>218</u>	<u>211</u>	<u>106</u>
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No director accrued retirement benefits in the period under review.

Pension costs

	Year ended 30 April			6 months to 31 October 2003
	2001 £'000	2002 £'000	2003 £'000	£'000
Pension costs:				
US defined contribution scheme	12	6	8	3
UK direct to personal pensions	<u>9</u>	<u>13</u>	<u>1</u>	<u>—</u>
Included in year end creditors	<u>2</u>	<u>1</u>	<u>1</u>	<u>1</u>

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

ANGLE Technology Group also made pension costs payments directly to personal pension plans for a number of UK employees.



6. Share of operating losses in associated undertakings

ANGLE Technology Group's share of associated undertakings comprises:

	Year ended 30 April			6 months to
	2001 £'000	2002 £'000	2003 £'000	31 October 2003 £'000
<i>Group share of all associated undertakings</i>				
Share of turnover of associate	—	25	267	103
Share of (losses) before tax	—	(163)	(399)	(347)
Share of taxation	—	12	52	34
Share of (losses) after tax	—	(151)	(347)	(313)
Share of fixed assets	—	7	9	9
Share of current assets	—	143	284	203
Share of liabilities due within one year	—	(104)	(294)	(425)
Share of liabilities due after more than one year	—	(12)	—	—
Additional share of redeemable shares	—	—	83	83
Share of net assets/(liabilities)	—	34	82	(130)

Included in the above analysis are the four associated undertakings of ANGLE Technology Group.

The accounts for all four associated undertakings, Acolyte Biomedica Limited, NeuroTargets Limited, Provexis Limited and Exago Limited for the six months ended 31 October 2003 are non-statutory and are not publicly available. Therefore the disclosures required by FRS 9 for significant associates have not been shown for each entity for the six months ended 31 October 2003.

The share of each associated undertaking for the three years ended 30 April 2003 is as follows:

Acolyte Biomedica Limited

Acolyte Biomedica Limited was a 100 per cent. subsidiary undertaking of ANGLE Technology Group until 6 July 2001 when it became an associate.

	Year ended 30 April		
	2001 £'000	2002 £'000	2003 £'000
<i>Acolyte Biomedica Limited</i>			
Share of turnover of associate	—	—	2
Share of profit before tax	—	(148)	(198)
Share of taxation	—	9	18
Share of (loss) after tax	—	(139)	(180)
Share of fixed assets	—	1	3
Share of current assets	—	112	62
Share of liabilities due within one year	—	(62)	(28)
Share of liabilities due after more than one year	—	(12)	—
Share of net assets	—	39	37



NeuroTargets Limited

NeuroTargets Limited was a 100% subsidiary undertaking of ANGLE Technology Group until 28 November 2001 when it became an associate.

	Year ended 30 April		
	2001 £'000	2002 £'000	2003 £'000
<i>NeuroTargets Limited</i>			
Share of turnover of associate	—	25	46
Share of profit before tax	—	(15)	(24)
Share of taxation	—	3	7
Share of profit after tax	—	(12)	(17)
Share of fixed assets	—	6	4
Share of current assets	—	31	87
Share of liabilities due within one year	—	(42)	(33)
Share of liabilities due after more than one year	—	—	—
Share of net assets	—	(5)	58

Provexis Limited

Provexis Limited was a subsidiary undertaking of ANGLE Technology Group until 23 September 2002 when it became an associate. The company changed its name from Nutrition Enhancement Limited to Provexis Limited on 6 November 2002.

	Year ended 30 April		
	2001 £'000	2002 £'000	2003 £'000
<i>Provexis Limited</i>			
Share of turnover of associate	—	—	—
Share of profit before tax	—	—	(102)
Share of taxation	—	—	11
Share of profit after tax	—	—	(91)
Share of fixed assets	—	—	1
Share of current assets	—	—	54
Share of liabilities due within one year	—	—	(64)
Share of liabilities due after more than one year	—	—	—
Additional share of redeemable shares	—	—	83
Share of net assets	—	—	74



Exago Limited

Exago Limited was a subsidiary undertaking of ANGLE Technology Group until 30 May 2002 when it became an associate.

	Year ended 30 April		
	2001 £'000	2002 £'000	2003 £'000
<i>Exago Limited</i>			
Share of turnover of associate	—	—	219
Share of profit before tax	—	—	(75)
Share of taxation	—	—	16
Share of profit after tax	—	—	(59)
Share of fixed assets	—	—	1
Share of current assets	—	—	81
Share of liabilities due within one year	—	—	(169)
Share of liabilities due after more than one year	—	—	—
Share of net assets	—	—	(87)

7. Profit on disposals of interests in associated undertakings

Profit on disposals of interests in associated undertakings relates to reversal of losses previously consolidated into the Group accounts arising from a change in the ANGLE Technology Group's stake in and thus accounting treatment of subsidiary and associated undertakings of the ANGLE Technology Group.

8. Finance charges

Finance charges relate to third party legal and accountancy costs that the ANGLE Technology Group incurred relating to separate fund raising exercises during the period under review. The ANGLE Technology Group successfully raised private funds in the period under review.

	Year ended 30 April			6 months to 31 October
	2001 £'000	2002 £'000	2003 £'000	2003 £'000
Finance charges	106	30	—	—
Remuneration of auditors for non-audit work included within finance charges	50	—	—	—

9. Net interest receivable – Group

	Year ended 30 April			6 months to 31 October
	2001 £'000	2002 £'000	2003 £'000	2003 £'000
Interest receivable	8	16	11	6
Interest payable				
Bank interest	2	—	2	1
Lease finance charges	3	4	4	2
Other interest	—	—	—	—
	5	4	6	3
Net interest receivable	3	12	5	3



10. Tax on loss on ordinary activities

As a result of ANGLE Technology Group's furtherance of its core activity of establishing and developing technology and biotechnology companies, taxable losses have been incurred which are available for offset against future taxable profits. A deferred tax asset has not been recognised in respect of these losses as ANGLE Technology Group does not anticipate taxable profits to arise within the immediate future;

The estimated value of the deferred tax asset not recognised, measured at a standard rate of 30 per cent. is shown in the table below:

	Year ended 30 April			6 months to
	2001 £'000	2002 £'000	2003 £'000	31 October 2003 £'000
Estimated deferred tax asset not recognised	<u>456</u>	<u>565</u>	<u>728</u>	<u>745</u>
	Year ended 30 April			6 months to
	2001 £'000	2002 £'000	2003 £'000	31 October 2003 £'000
Loss on ordinary activities before tax	<u>(1,326)</u>	<u>(979)</u>	<u>(611)</u>	<u>(263)</u>
Tax on loss on ordinary activities at 30 per cent.	(397)	(294)	(183)	(79)
Factors effecting charge:				
Share of operating losses in associates	—	50	119	104
Amortisation of goodwill	—	—	2	1
Profit on disposal of interests in associates	—	(97)	(139)	(22)
Share of net interest receivable in associates	—	(1)	—	—
Capital allowances for period in excess of depreciation	(4)	—	5	1
Disallowable expenses	40	13	—	—
R&D Tax Credits claimed	—	2	—	—
Unutilised losses carried forward	361	313	196	16
Losses brought forward utilised	—	—	—	(1)
Small company relief	—	—	—	(3)
Prior year adjustment	—	(2)	2	—
Current tax charge / (credit) for the period	<u>—</u>	<u>(16)</u>	<u>2</u>	<u>17</u>

In the year ended 30 April 2002, ANGLE Technology Group had qualifying expenditure in its subsidiaries that met the criteria for R&D Tax Credits for Small and Medium sized businesses. The balance of unrelieved qualifying expenditure carried forward was 31 October 2003 £nil (30 April 2003: £nil, 30 April 2002: £20,203; 30 April 2001: £nil).

11. Equity minority interests

Equity minority interests assets as at 31 October 2003 totalled £59,000 and have been fully provided for by ANGLE Technology Group.



12. Tangible assets

	<i>Cost</i> £'000	<i>Depreciation</i> £'000	<i>Net Book</i> <i>Value</i> £'000
Plant and machinery			
At 1 May 2000	149	76	73
Additions	50	—	50
Disposals	(12)	(12)	—
Exchange movements	1	—	1
Depreciation charge for period	—	40	(40)
At 30 April 2001	188	104	84
Additions	35	—	35
Disposals	(37)	(37)	—
Depreciation charge for period	—	49	(49)
At 30 April 2002	186	116	70
Additions	22	—	22
Disposals	(6)	(6)	—
On associate company disposals	(2)	—	(2)
Exchange movements	(2)	(1)	(1)
Depreciation charge for period	—	48	(48)
At 30 April 2003	198	157	41
Additions	7	—	7
Disposals	(19)	(18)	(1)
Exchange movements	(1)	(1)	—
Depreciation charge for period	—	16	(16)
At 31 October 2003	<u>185</u>	<u>154</u>	<u>31</u>

Included above are assets held under finance leases as follows:

	<i>2001</i> £'000	<i>As at 30 April</i> <i>2002</i> £'000	<i>2003</i> £'000	<i>As at</i> <i>31 October</i> <i>2003</i> £'000
Net book values	<u>46</u>	<u>34</u>	<u>41</u>	<u>20</u>
Depreciation charge for the period	<u>16</u>	<u>21</u>	<u>33</u>	<u>11</u>

Obligations under finance leases are secured on the assets to which they relate.



13. Fixed asset investments

	2001 £'000	As at 30 April 2002 £'000	2003 £'000	As at 31 October 2003 £'000
Investments in associates				
Balance at the beginning of the period	—	—	84	214
Transfer from subsidiaries	—	185	4	—
Profit on deemed disposals	—	—	258	101
Goodwill amortisation	—	—	(5)	(3)
Loan conversion	—	50	133	—
Share of losses in period	—	(151)	(347)	(313)
Reclassified to provisions	—	—	87	138
Balance at the end of the period	<u>—</u>	<u>84</u>	<u>214</u>	<u>137</u>
Represented by:				
Share of net assets	<u>—</u>	<u>34</u>	<u>169</u>	<u>95</u>
Goodwill				
Balance at the beginning of the period	—	—	50	45
Additions	—	50	—	—
Amortisation	—	—	(5)	(3)
Balance at the end of the period	<u>—</u>	<u>50</u>	<u>45</u>	<u>42</u>
Net Book Value	<u>—</u>	<u>84</u>	<u>214</u>	<u>137</u>

Holdings of more than 20 per cent.

ANGLE Technology holds more than 20 per cent. of the share capital of the following companies as at 31 October 2003:

Company	Country of Registration or Incorporation	Class	Effective ANGLE Technology Group holding	
			before minority interests %	after minority interests %
Subsidiaries				
ANGLE Technology Licensing Limited*	Great Britain	Ordinary	100	100
ANGLE Technology Ventures Limited*	Great Britain	Ordinary	100	100
ANGLE Technology Ventures QW Ltd	Great Britain	Ordinary	100	100
ANGLE Technology Ventures 3 Ltd	Great Britain	Ordinary	100	100
Progeny bioVentures Limited*	Great Britain	Ordinary	96.50	96.50
Microcide Therapeutics Limited	Great Britain	Ordinary	100	96.50
Micropenem Therapeutics Limited	Great Britain	Ordinary	100	96.50
London Bioventures Limited*	Great Britain	Ordinary	100	100
ANGLE Technology LLC*	USA	Membership Units	100	100
IDR Therapeutics LLC ⁽¹⁾	USA	Membership Units	64.00	64.00
Associates				
Acolyte Biomedica Limited ⁽²⁾	Great Britain	Ordinary	11.56	11.19
Exago Limited	Great Britain	Ordinary	49.90	49.90
NeuroTargets Limited	Great Britain	Ordinary	30.95	29.87
Provexis Limited ⁽³⁾	Great Britain	Ordinary	38.17	36.84

* subsidiaries held directly

(1) Formerly Recovery Therapeutics LLC. The holding is subject to conditions which may result in a 3 per cent. reduction in ANGLE Technology Group's equity position.

(2) Due to ANGLE Technology's board representation and influence on decision-making, ANGLE Technology continue to account for this as an associate. The ANGLE Technology Group has entered into a conditional agreement with Acolyte Biomedica Limited along with other funding organisations that will see ANGLE Technology Group's shareholding, before minority interests in Progeny bioVentures Limited, reduced from 11.56 per cent. to 11.27 per cent.

(3) Formerly Nutrition Enhancement Limited



The principal activity of these businesses during the period under review was as follows:

<i>Subsidiaries</i>	<i>Principal activity</i>
ANGLE Technology Licensing Limited	Dormant
ANGLE Technology Ventures Limited	Establishment and growth of technology companies
ANGLE Technology Ventures QW Ltd	Dormant
ANGLE Technology Ventures 3 Ltd	Dormant
Progeny bioVentures Limited	Establishment and growth of biotech companies
Microcide Therapeutics Limited	Dormant
Micropenem Therapeutics Limited	Dormant
London Bioventures Limited	Dormant
ANGLE Technology LLC	US subsidiary covering all of ANGLE Technology Group's business in the US
IDR Therapeutics LLC	Re-development of withdrawn pharmaceuticals
<i>Associates</i>	<i>Principal activity</i>
Acolyte Biomedica Limited	Development of medical diagnostic systems
Exago Limited	Development of knowledge management software
NeuroTargets Limited	Development of new drug targets
Provexis Limited	Development of nutraceutical products

ANGLE Technology Group's percentage of shares held in the associated undertakings, Acolyte Biomedica Limited, Exago Limited, NeuroTargets Limited and Provexis Limited have changed significantly during the period under review. The changes in holdings are shown as follows:

Acolyte Biomedica Limited

	<i>Number of shares subscribed by ANGLE Technology Group No.</i>	<i>Total number of shares held by ANGLE Technology Group after subscription No.</i>	<i>Total number of shares in issue after subscription No.</i>	<i>Price per share of £1 each £</i>	<i>Effective ANGLE Technology Group's percentage holding* %</i>
ANGLE Technology Group Holdings					
On incorporation (October 1999)	1†	1	1	1.00	100.00
Subscription (July 2001)	299†	300	1,459	1.00	20.56
Debt conversion of £15,353 (November 2002)	9‡	309	1,932	1,705.85	15.99
Debt conversion of £15,353 (February 2003)	9‡	318	2,345	1,705.85	13.56
Debt conversion of £13,647 (June 2003)	8‡	326	2,647	1,705.85	12.32
Debt conversion of £13,647 (October 2003)	8‡	334	2,890	1,705.85	11.56

As at 31 October 2003, ANGLE Technology Group's holdings shown above in Acolyte Biomedica Limited are held between Progeny bioVentures Limited (300† shares), a 96.5 per cent. subsidiary of ANGLE Technology and ANGLE Technology (34‡ shares).

* The effective ANGLE Technology Group holdings shown are before the minority interest in Progeny bioVentures Limited.



NeuroTargets Limited

	<i>Number of shares subscribed by ANGLE Technology Group No.</i>	<i>Total number of shares held by ANGLE Technology Group after subscription No.</i>	<i>Total number of shares in issue after subscription No.</i>	<i>Price per share of £1 each £</i>	<i>Effective ANGLE Technology Group's percentage holding* %</i>
ANGLE Technology Group Holdings					
On incorporation (December 1999)	1	1	1	1.00	100.00
Subscription (November 2001)	399	400	1,000	2.00	40.00
Subscription (November 2002)	—	400	1,047	2.00	38.20
Scrip issue 49:1 (January 2003)	19,600	20,000	52,350	—	38.20
Subscription (January 2003)	—	20,000	62,038	16.00	32.24
Debt conversion of £107,500 of debt (April 2003)	—	20,000	64,623	41.59	30.95

ANGLE Technology Group's holdings in NeuroTargets Limited shown above are held solely by Progeny bioVentures Limited, which is a 96.5 per cent. subsidiary of ANGLE Technology.

* The effective ANGLE Technology Group holdings shown are before the minority interest in Progeny bioVentures Limited.

Provexis Limited

	<i>Number of shares subscribed by ANGLE Technology Group No.</i>	<i>Total number of shares held by ANGLE Technology Group after subscription No.</i>	<i>Total number of shares in issue after subscription No.</i>	<i>Price per share of £1 each £</i>	<i>Effective ANGLE Technology Group's percentage holding* %</i>
ANGLE Technology Group Holdings					
<i>Ordinary, A1 ordinary and deferred shares</i>					
On incorporation (October 1999)	1†	1	1	1.00	100.00
Subscription for ordinary shares (April 2002)	682†	683	900	1.00	75.89
Debt conversion of £250,000 of debt to ordinary share (September 2002)	1‡	684	901	250,000	75.92
Subscription for A1 ordinary shares (September 2002)	—	684	1,724	182.26	39.68
Subscription for ordinary shares (September 2002)	—	684	1,790	181.81	38.21
Subscription for deferred shares (September 2002)	—	684	1,791	8,000	38.19
Subscription for deferred shares (September 2002)	—	684	1,792	100,000	38.17
<i>Redeemable shares</i>					
Debt conversion of £133,045 to redeemable shares (April 2003)	133,045‡	133,045	133,045	1.00	100.00



As at 31 October 2003, ANGLE Technology Group's holdings shown above in Provexis Limited are held between Progeny bioVentures Limited (683† ordinary shares), a 96.5 per cent. subsidiary of ANGLE Technology and ANGLE Technology (1‡ ordinary shares and 133,045‡ redeemable shares).

* The effective ANGLE Technology Group holdings shown are before the minority interest in Progeny bioVentures Limited.

Exago Limited

	<i>Number of shares subscribed by ANGLE Technology Group No.</i>	<i>Total number of shares held by ANGLE Technology Group after subscription No.</i>	<i>Total number of shares in issue after subscription No.</i>	<i>Price per share of £1 each £</i>	<i>Effective ANGLE Technology Group's percentage holding %</i>
ANGLE Technology Group Holdings					
On incorporation (October 2000)	1	1	1*	1.00*	100.00
Subdivision to 10 shares of £0.10 each (July 2001)	—	10	10	0.10	100.00
Subscription (July 2001)	4,590	4,600	5,000	0.10	92.00
Disposal (February 2002)	(200)	4,400	5,000	0.10	88.00
Disposal (May 2002)	(242)	4,158	5,000	0.10	83.16
Subscription (May 2002)	—	4,158	8,333	0.10	49.90

* 1 ordinary share of £1 each, prior to the subdivision to 10 shares of £0.10 each in July 2001.

ANGLE Technology Group's holdings in Exago Limited shown above are held solely by ANGLE Technology Ventures Limited, a 100 per cent. subsidiary of ANGLE Technology.

14. Debtors

	<i>2001 £'000</i>	<i>As at 30 April 2002 £'000</i>	<i>2003 £'000</i>	<i>As at 31 October 2003 £'000</i>
Amounts falling due within one year:				
Trade debtors	162	239	240	341
Amounts owed by associates	—	5	199	233
Other debtors	325	9	10	11
Prepayments and accrued income	91	101	150	180
Taxation	—	16	—	—
Directors' loans	—	—	12	12
	<u>578</u>	<u>370</u>	<u>611</u>	<u>777</u>

Directors' loans are deemed small loans (less than £5,000 in total per individual) for the purpose of s330 of the Companies Act 1985. Loans are interest free and relate to the acquisition of part-paid shares.

	<i>2001 £'000</i>	<i>As at 30 April 2002 £'000</i>	<i>2003 £'000</i>	<i>As at 31 October 2003 £'000</i>
Amounts falling due after more than one year:				
Amounts owed by associates	—	58	—	—
	<u>—</u>	<u>58</u>	<u>—</u>	<u>—</u>



The amounts owed by associates falling due after more than one year as at 30 April 2002 related to a Subordinated Unsecured Loan Note. In the year ended 30 April 2003 ANGLE Technology agreed to capitalise this as additional investment in Acolyte Biomedica Limited. The investment has been made in stages against the completion of agreed milestones. As at 31 October 2003 all of the milestones have been completed with the associated capitalisation.

15. Creditors: Amounts falling due within one year

	2001 £'000	As at 30 April 2002 £'000	2003 £'000	As at 31 October 2003 £'000
Bank overdraft	—	—	—	173
Trade creditors	92	87	44	87
Corporation tax	—	—	—	17
Other taxes and social security costs	71	74	92	89
Net obligations under finance leases.	15	9	18	16
Accruals and deferred income	156	174	301	141
Other creditors	11	8	35	65
	<u>345</u>	<u>352</u>	<u>490</u>	<u>588</u>

The bank overdraft is secured by a fixed and floating charge over ANGLE Technology Group's assets.

16. Creditors: Amounts falling due after more than one year

	2001 £'000	As at 30 April 2002 £'000	2003 £'000	As at 31 October 2003 £'000
Net obligations under finance leases.	<u>12</u>	<u>27</u>	<u>12</u>	<u>10</u>
Net obligations under finance leases				
Repayable within one year	17	11	21	18
Repayable between one and five years	14	33	14	13
	<u>31</u>	<u>44</u>	<u>35</u>	<u>31</u>
Finance charges allocated to future periods	(4)	(8)	(5)	(5)
	<u>27</u>	<u>36</u>	<u>30</u>	<u>26</u>
Included in creditors falling due within one year	(15)	(9)	(18)	(16)
	<u>12</u>	<u>27</u>	<u>12</u>	<u>10</u>

Obligations under finance leases are secured on the assets to which they relate.

17. Provisions for liabilities and charges

	2001 £'000	As at 30 April 2002 £'000	2003 £'000	As at 31 October 2003 £'000
Share of net liabilities in associates				
Balance as at the beginning of the period	—	—	—	87
Increase in the period	—	—	87	138
	<u>—</u>	<u>—</u>	<u>87</u>	<u>225</u>
Balance as at the end of the period	<u>—</u>	<u>—</u>	<u>87</u>	<u>225</u>



18. Share capital

	2001 £'000	<i>As at 30 April</i> 2002 £'000	2003 £'000	<i>As at</i> 31 October 2003 £'000
Authorised				
40,000,000 ordinary shares of 10p each	<u>4,000</u>	<u>4,000</u>	<u>4,000</u>	<u>4,000</u>
Allotted, called up and fully paid				
10,058,767 ordinary shares of 10p each	987	1,006	1,006	1,006
Allotted, called up and part paid				
218,550 ordinary shares of 10p each	<u>—</u>	<u>—</u>	<u>22</u>	<u>22</u>
	<u>987</u>	<u>1,006</u>	<u>1,028</u>	<u>1,028</u>

During the year ended 30 April 2003 218,550 ordinary shares of 10p each were issued at a price of £1.00 per share with 10p called up and paid.

During the year ended 30 April 2002 24,000 ordinary shares of 10p each were issued for cash at a price of £2.50 per share and 169,167 ordinary shares of 10p each were issued for cash at a price of £3.00 per share

During the year ended 30 April 2001 765,600 ordinary shares of 10p each were issued for cash at a price of £2.50 per share.

In the year ended 30 April 2002 warrants, subject to specific conditions, were granted over a maximum of 169,167 ordinary shares of 10p each. They are exercisable at par value on the date the ordinary shares of ANGLE Technology are tradeable on a recognised stock exchange or there is the sale of the whole of the issued and allotted share capital of ANGLE Technology.

ANGLE Technology operates Approved and Unapproved Share Option Schemes as a means of encouraging ownership and aligning interests of staff and external shareholders. Share options are a key part of the remuneration package and are granted at the discretion of the Remuneration Committee taking into account the need to motivate, retain and recruit high calibre executives.

On 31 October 2003 the following options over ordinary shares of 10p each in ANGLE Technology were outstanding to ANGLE Technology's directors and employees pursuant to the terms of ANGLE Technology's share option schemes:

<i>Period of grant</i>	<i>Number of Options</i>	<i>Option price</i>
Year ended 30 April 2000	523,000	£1.00
Year ended 30 April 2001	483,600	£2.50
Year ended 30 April 2002	22,000	£2.50
Year ended 30 April 2003	530,000	£1.00
6 months ended 31 October 2003	<u>833,000</u>	<u>£1.00</u>
	<u>2,391,600</u>	

Options are not exercisable until three years after the date of grant and cease to be exercisable after 7 years from the date of grant.

Share option agreements in place require the employee to reimburse ANGLE Technology for the cost of employer's National Insurance Contributions and accordingly ANGLE Technology does not accrue for National Insurance that would otherwise be due on share option gains.

All share options were transferred to the Company after the period end, as described in note 25.



19. Share premium account

	<i>As at 30 April</i>			<i>As at</i>
	2001	2002	2003	31 October
	£'000	£'000	£'000	2003
				£'000
As at the beginning of the period	210	2,013	2,553	2,553
Premium on shares issued during the period	1,803	540	—	—
As at the end of the period	<u>2,013</u>	<u>2,553</u>	<u>2,553</u>	<u>2,553</u>

20. Profit and loss account

	<i>As at 30 April</i>			<i>As at</i>
	2001	2002	2003	31 October
	£'000	£'000	£'000	2003
				£'000
As at the beginning of the period	(366)	(1,699)	(2,650)	(3,211)
Retained loss for the period	(1,326)	(951)	(561)	(246)
Exchange loss on opening balances	(7)	—	—	—
As at the end of the period	<u>(1,699)</u>	<u>(2,650)</u>	<u>(3,211)</u>	<u>(3,457)</u>

21. Reconciliation of movements in shareholders' funds

	<i>Year ended 30 April</i>			<i>6 months to</i>
	2001	2002	2003	31 October
	£'000	£'000	£'000	2003
				£'000
(Loss) for the period	(1,326)	(951)	(561)	(246)
Proceeds from issue of shares	1,880	559	22	—
Other recognised gains and losses	(7)	—	—	—
Net addition/(reduction) to shareholders' funds	547	(392)	(539)	(246)
Opening shareholders' funds	754	1,301	909	370
Closing shareholders' funds	<u>1,301</u>	<u>909</u>	<u>370</u>	<u>124</u>

22a. Reconciliation of operating profit/(loss) to net cash inflow/(outflow) from operating activities

	<i>Year ended 30 April</i>			<i>6 months to</i>
	2001	2002	2003	31 October
	£'000	£'000	£'000	2003
				£'000
Operating profit/(loss)	(1,223)	(1,122)	(676)	10
Finance charges	(106)	(31)	—	—
Depreciation of tangible assets	40	49	48	16
Loss/(profit) on disposal of fixed assets	—	(1)	1	(1)
(Increase)/decrease in debtors	52	(133)	(142)	(187)
(Decrease)/increase in creditors	33	191	172	(91)
Exchange differences	—	—	1	—
Net cash outflow from operating activities	<u>(1,204)</u>	<u>(1,047)</u>	<u>(596)</u>	<u>(253)</u>



22b. Reconciliation of net cash flow to movement in net (debt)/funds

	Year ended 30 April			6 months to
	2001 £'000	2002 £'000	2003 £'000	31 October 2003 £'000
(Decrease)/increase in cash in the period	327	(290)	(613)	(264)
Cash outflow from decrease in debt and lease financing	18	24	24	10
New finance leases	(31)	(33)	(18)	(6)
Movement in net (debt)/funds in the period	314	(299)	(607)	(260)
Opening net funds	655	969	670	63
Closing net (debt)/funds	<u>969</u>	<u>670</u>	<u>63</u>	<u>(197)</u>

22c. Analysis of net (debt)/funds

	Year ended 30 April			6 months to
	2001 £'000	2002 £'000	2003 £'000	31 October 2003 £'000
Cash at bank and in hand				
As at the beginning of the period	669	996	706	93
Cash flow	327	(290)	(613)	(91)
As at the end of the period	<u>996</u>	<u>706</u>	<u>93</u>	<u>2</u>
Bank overdraft				
As at the beginning of the period	—	—	—	—
Cash flow	—	—	—	(173)
As at the end of the period	<u>—</u>	<u>—</u>	<u>—</u>	<u>(173)</u>
Debt: Finance leases				
As at the beginning of the period	(14)	(27)	(36)	(30)
Cash flow	18	24	24	10
Other non-cash changes	(31)	(33)	(18)	(6)
As at the end of the period	<u>(27)</u>	<u>(36)</u>	<u>(30)</u>	<u>(26)</u>
Closing net (debt)/funds				
As at the beginning of the period	655	969	670	63
Cash flow	345	(266)	(589)	(254)
Other non-cash changes	(31)	(33)	(18)	(6)
As at the end of the period	<u>969</u>	<u>670</u>	<u>63</u>	<u>(197)</u>

23. Controlling party

The ultimate controlling party is the Director and majority shareholder Mr Andrew D W Newland.

24. Related party transactions

The ANGLE Technology Group provided executive management and support services to associated undertakings as follows:

	Year ended 30 April			6 months to
	2001 £'000	2002 £'000	2003 £'000	31 October 2003 £'000
Acolyte Biomedica Limited	—	49	64	9
Exago Limited	—	—	90	58
NeuroTargets Limited	—	—	3	7
Provexis Limited	—	—	29	21



The balances owed at each period end by each of the associated undertakings are as follows:

	<i>Year ended 30 April</i>			<i>6 months to</i>
	<i>2001</i>	<i>2002</i>	<i>2003</i>	<i>31 October</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>2003</i>
				<i>£'000</i>
Acolyte Biomedica Limited	—	63	27	1
Exago Limited	—	—	117	165
NeuroTargets Limited	—	—	3	—
Provexis Limited	—	—	52	67
	<u>—</u>	<u>63</u>	<u>199</u>	<u>233</u>

During the six months ended 31 October 2003 the directors A D W Newland, I F Griffiths and G P Evans have deferred part of their current salaries. As at 31 October 2003 £52,750, £4,250 and US\$10,800 had been deferred respectively and are included in accruals or other creditors.

25. Post balance sheet events

Since 31 October 2003 90,200 share options have lapsed following certain employees ceasing employment, and 174,687 share options were cancelled and the same number of options were issued to another employee at the same exercise price.

On 30 January 2004, all warrants were exercised and were converted into 169,167 ordinary shares of 10p each at par.

On 17 February 2004, the Company acquired the entire issued share capital in ANGLE Technology in consideration for the receipt by the ANGLE Technology shareholders of 10,446,484 Ordinary Shares (including 10 Ordinary Shares transferred to Andrew Newland) on the basis of one Ordinary Share for every one ordinary share of 10 pence each in the capital of ANGLE Technology.

Between 6 and 12 February, the directors and employees who participated in the salary waiver scheme in the year ended 30 April 2003, described in note 5, renounced their rights to the bonus receivable.

On 30 January 2004, Acolyte Biomedica Limited raised further funding from shareholders and accordingly ANGLE Technology Group's shareholding, before minority interests in Progeny bioVentures Limited, reduced from 11.56 per cent. to 11.27 per cent.

On 11 February 2004 ANGLE Technology agreed to subscribe for fully paid shares in Provexis in consideration for the release of £50,000 of deferred fees due to ANGLE Technology by the company and ANGLE Technology was granted a loan note in the principal amount of £30,000 in consideration for the release of £30,000 of fees due to ANGLE Technology. ANGLE Technology Group's shareholding, before minority interests in Progeny bioVentures Limited, reduced from 38.17 per cent. to 32.02 per cent.

On 20 February 2004, ANGLE Technology agreed to subscribe further shares in Acolyte Biomedica in consideration for the payment of £106,151 and pursuant to which it agreed to make further subscriptions, as described in paragraphs 11.6 and 11.7 in Part IV of the Admission Document, subject to certain milestone events having occurred. ANGLE Technology Group's shareholding, before minority interests in Progeny bioVentures reduced from 11.27 per cent. to 10.30 per cent.

On 1 March 2004, NeuroTargets Limited raised further funding from third parties and accordingly ANGLE Technology Group's shareholding, before minority interest in Progeny bioVentures Limited, reduced from 30.95 per cent. to 30.09 per cent.

26. Nature of financial information on standard report

The financial information presented above in respect of the three years ended 30 April 2003 and six months ended 31 October 2003 does not constitute statutory accounts for each of the periods. Statutory accounts for the three years ended 30 April 2003 have been delivered to the Registrar of Companies. In respect of the statutory accounts for the three years ended 30 April 2003, Baker Tilly have made an unqualified report under Section 235 of the Companies Act 1985 and such report did not contain any statement under section 237(2) or (3) of that Act.



Consent

We consent to the inclusion of this report in the Admission Document dated 10 March 2004 and accept responsibility for this report for the purposes of paragraphs 45 of Schedule 1 to the Public Offers of Securities Regulations 1995.

Yours faithfully

Baker Tilly
Chartered Accountants
Registered Auditor



PART IV

ADDITIONAL INFORMATION

1. Responsibility Statement

The Directors of the Company whose names appear on page 7 of this document accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. The Company and its Subsidiaries

- 2.1 The Company was incorporated in England and Wales with registration number 4985171 on 4 December 2003 as a private company limited by shares under the name Pinco 2055 Limited. The Company changed its name to ANGLE Limited on 29 January 2004.
- 2.2 The Company was re-registered as a public limited company on 27 February 2004 and changed its name to ANGLE plc. The liability of the members is limited.
- 2.3 The Company's registered office and head office is at Surrey Technology Centre, The Surrey Research Park, Guildford GU2 7YG.
- 2.4 The principal legislation under which the Company operates is the Act.
- 2.5 The business of the Company, and its principal activity, is to act as a holding company.
- 2.6 ANGLE Technology Limited, a company incorporated in England and Wales and the Company's wholly owned subsidiary, is the holding company of the following companies:

<i>Company</i>	<i>Country of Registration or Incorporation</i>	<i>Class of shares or stock</i>	<i>Percentage of issued shares or stock held by ANGLE</i>
ANGLE Technology Ventures Ltd	England and Wales	Ordinary	100
ANGLE Technology Ventures QW Ltd	England and Wales	Ordinary	100
ANGLE Technology Ventures 3 Ltd	England and Wales	Ordinary	100
ANGLE Technology Licensing Ltd	England and Wales	Ordinary	100
London BioVentures Ltd	England and Wales	Ordinary	100
Progeny bioVentures Ltd	England and Wales	Ordinary	96.5
Micropenem Therapeutics Ltd	England and Wales	Ordinary	100
Microcide Therapeutics Ltd	England and Wales	Ordinary	100
ANGLE Technology LLC	US	Membership Units	100
IDR Therapeutics LLC	US	Membership Units	64 ¹

Note:

1. ANGLE's equity stake is held by ANGLE Technology LLC. The holding is subject to conditions which may result in a 3 per cent. reduction in ANGLE's equity position.

- 2.7 The registered office of each of the above companies, except for ANGLE Technology LLC and IDR Therapeutics LLC is at Surrey Technology Centre, The Surrey Research Park, Guildford, Surrey GU2 7YG.

ANGLE Technology LLC's principal offices are situated at 1,000 Research Park Boulevard, Suite 103, Charlottesville, VA 22911. IDR Therapeutics LLC's principal offices are situated at 1000 Research Park Boulevard, Suite 103, Charlottesville, VA 22911.



3. Share Capital

- 3.1 On 4 December 2003, the Company was incorporated with an authorised share capital of £1,000 divided into 1,000 ordinary shares of £1.00 each, of which one ordinary share of £1 was allotted fully paid to the subscriber of the memorandum of association.
- 3.2 On 5 February 2004, the subscriber share was transferred from Pinsents Director Limited to Andrew Newland.
- 3.3 Pursuant to resolutions of the members of the Company passed on 5 February 2004:
- (a) each of the issued and unissued ordinary shares of £1.00 each in the capital of the Company was sub divided into ten ordinary shares of 10 pence each; and
 - (b) the authorised share capital of the Company was increased from £1,000 to £4,000,000 by the creation of an additional 39,990,000 ordinary shares of 10 pence each;
 - (c) in substitution for any previous authority, the Directors were generally and unconditionally authorised, in accordance with section 80 Companies Act 1985, to allot relevant securities (as defined in that section) up to a maximum aggregate nominal amount of relevant securities of £3,999,999 provided that this authority will expire on the date being five years from the date on which the resolution was passed, but the Company may before this authority expires make an offer or agreement which would or might require relevant securities to be allotted after this authority expires and the directors may allot relevant securities pursuant to such offer or agreement as if this authority had not expired;
 - (d) the Directors were given power in accordance with section 95 Companies Act 1985 to allot equity securities (within the meaning of section 94 of that Act) pursuant to the authority conferred by resolution (c) above as if section 89(1) of the Act did not apply to the allotment provided that such power shall expire on the date being five years from the date on which this resolution was passed unless previously renewed, varied or revoked by the Company in general meeting but the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of that offer or agreement as if this power had not expired; and
 - (e) the Company adopted new articles of association in substitution for and to the exclusion of all existing articles of association of the Company.
- 3.4 On 17 February 2004, the Company acquired the entire issued share capital in ANGLE Technology in consideration for the ANGLE Technology shareholders receiving 10,446,484 Ordinary Shares in aggregate comprising 10,446,474 new Ordinary Shares and 10 Ordinary Shares which were transferred to Andrew Newland as described in paragraph 3.2 above on the basis of one Ordinary Share for every one ordinary share of 10 pence each in the capital of ANGLE Technology.
- 3.5 On 9 March 2004 resolutions to the following effect were passed:
- (a) that in substitution for all existing authorities, the Directors were generally and unconditionally authorised, pursuant to section 80 of the Act to allot relevant securities (as defined in that section) up to a maximum aggregate nominal amount of £1,733,943.20 for a period expiring (unless previously renewed, varied or revoked by the Company in general meeting) at the conclusion of the next annual general meeting of the Company following the passing of this resolution or, if earlier, the date falling fifteen months after the date on which this resolution was passed, save that the Company may, before the expiry, make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of that offer or agreement;



- (b) the Board was empowered pursuant to Section 95 of the Act to allot equity securities (as defined in section 94(2) of the Act) as if section 89(1) of the Act did not apply during the period of authority referred to in paragraph (b) above provided that such power be limited to (i) the allotment of equity securities pursuant to the Placing and the option granted to KBC Peel Hunt referred to at paragraph 11 below, (ii) the allotment of Shares pursuant to a rights issue or similar share offering, and (iii) in addition to (i) to (ii) above up to an aggregate nominal value of £166,964.80; and
 - (c) the Company adopted new articles of association in substitution for and to the exclusion of all existing articles of association of the Company.
- 3.6 As at the date of this document, the Company has an authorised share capital of £4,000,000 divided into 40,000,000 Ordinary Shares and a fully paid up issued share capital of £1,044,648.40 divided into 10,446,484 Ordinary Shares.
- 3.7 Immediately following the Placing and Admission, the authorised share capital of the Company will be £4,000,000 divided into 40,000,000 Ordinary Shares, and the issued share capital will be £1,669,648.40 divided into 16,696,484 Ordinary Shares each fully paid or credited as fully paid.
- 3.8 Immediately following the Placing and Admission, the Directors will have authority pursuant to section 80 of the Act to allot relevant securities up to an aggregate amount of £1,108,943.30 being an amount equal to 66.4 per cent. of the aggregate nominal amount of the Ordinary Shares issued and fully paid immediately after Admission.
- 3.9 Save as disclosed in this document the Directors have no present intention of issuing any part of the authorised but unissued share capital.
- 3.10 The provisions of section 89(1) of the Act confer on shareholders rights of pre-emption in respect of the allotment of equity securities (as defined in section 94(2) of the Act) which are, or are to be, paid up in cash and upon Admission will apply to the whole of the authorised but unissued share capital of the Company except to the extent disapplied by the resolutions referred to at paragraph 3.5 above.
- 3.11 As at the date of this document, options are outstanding over an aggregate of 2,301,400 Ordinary Shares. In addition, options have been granted over 103,610 Ordinary Shares under the ANGLE Approved Share Option Scheme, subject to Admission. Furthermore, options have also been granted over 786,390 Ordinary Shares under the ANGLE Unapproved Share Option Scheme subject to Admission. In addition, subject to completion of the Placing and Admission, an option to subscribe Ordinary Shares, the number of which represents 5 per cent. of the value of the Placing Shares, at the Placing Price was issued to KBC Peel Hunt as part consideration of its services in connection with the Placing. Further details of these options are set out in paragraph 7 of this Part IV of this document.
- 3.12 Save as disclosed in this document:
 - (a) no unissued share or loan capital of the Company has been issued or is now proposed to be issued, fully or partly paid, either for cash or for a consideration other than cash;
 - (b) there has been no listed or unlisted securities issued by the Company not representing share capital and there are no convertible securities issued by the Company;
 - (c) no unissued share or loan capital of the Company is under option or is agreed conditionally or unconditionally to be put under option;
 - (d) there are no shares in the capital of the Company currently in issue with a fixed date on which entitlement to a dividend arises; and
 - (e) no commission, discount, brokerage or other special terms has been granted by the Company or is now proposed in connection with the issue or sale of any part of the share or loan capital of the Company.



- 3.13 The Placing Shares that are being issued by the Company under the Placing are being issued at a price of 144 pence per share, representing a premium of 134 pence over their nominal value. The Placing Price is payable in full in cash on application. No applications for Placing Shares have been or will be accepted other than under the terms of the Placing Agreement and the Placing letters sent to prospective placees under the Placing. All the Placing Shares have been conditionally placed.
- 3.14 None of the Ordinary Shares have been sold or are available in whole or in part to the public in conjunction with the application for Admission.

4. Memorandum of Association

The Memorandum of Association of the Company provides the Company's principal object is to carry on the business of a holding company. The objects of the Company are set out in full in Clause 3 of the Memorandum of Association of the Company.

5. Articles of Association

New Articles of Association of the Company (which were adopted subject to and conditionally upon Admission taking place) contain provisions, *inter alia*, to the following effect:

5.1 Voting Rights

Subject to disenfranchisement as provided in paragraph 5.4 below and subject to any special terms as to voting on which any shares may be issued (no such shares currently being in issue), on a show of hands every member present in person (or, being a corporation, present by a duly authorised representative) shall have one vote and on a poll every member present in person or by proxy shall have one vote for every share of which he is the holder.

5.2 Transfer of shares

The Ordinary Shares are in registered form and are capable of being held in uncertificated form.

A member may transfer all or any of his uncertificated shares by means of a relevant system, as defined in the CREST Regulations, which includes CREST. The Directors may refuse to register any transfer of an uncertificated share where permitted by the CREST Regulations. If the Directors refuse to register a transfer of an uncertificated share they shall, within two months of the date on which the transfer instruction relating to such a transfer was received by the Company, send to the transferee notice of the refusal.

All transfers of certificated shares must be effected by a transfer in writing in any usual form or any other form approved by the Directors. The instrument of transfer shall be executed by or on behalf of the transferor and, in the case of a partly paid share, by or on behalf of the transferee. The Directors may refuse to register any transfer of a partly paid share held in certificated form and may also refuse to register any transfer of a certificated share unless the instrument of transfer is:

- (a) duly stamped (if so required), is lodged with the Company's registrars or at such other place as the Directors may appoint and is accompanied by the certificate for the shares to which it relates and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer;
- (b) in respect of only one class of shares; and
- (c) in favour of not more than four transferees.

5.3 Dividends

The Company in general meeting may declare dividends in accordance with the respective rights of the members, provided that no dividend shall be payable in excess of the amount recommended by the Directors. The Directors may pay such interim dividends as appear to them to be justified. No dividend or other moneys payable in respect of a share shall bear interest as against the Company.

There are no fixed dates on which entitlement to dividends arises.

All dividends unclaimed for a period of twelve years after becoming due for payment shall be forfeited and shall revert to the Company.



5.4 *Disclosure of interests in shares*

If any member or other person appearing to be interested in shares of the Company is in default in supplying within fourteen days after the date of service of a notice requiring such member or other person to supply to the Company in writing all or any such information as is referred to in section 212 of the Act, the Directors may, for such period as the default shall continue, impose sanctions upon the relevant shares.

The sanctions available are the suspension of voting or other rights conferred by membership in relation to meetings of the Company in respect of the relevant shares and, additionally, in the case of a shareholding representing at least 0.25 per cent. by nominal value of any class of shares of the Company then in issue, the withholding of payment of any dividends on, and the restriction of transfers of, the relevant shares.

5.5 *Distribution of assets on liquidation*

On a winding-up any surplus assets will be divided amongst the holders of the Ordinary Shares according to the respective numbers of shares held by them and in accordance with the provisions of the Act, subject to the rights of any shares which may be issued with special rights or privileges (no such shares presently being in issue). The Articles provide that the liquidator may, with the sanction of an extraordinary resolution and any other sanction required by the Act, divide amongst the members in specie the whole or any part of the assets of the Company in such manner as he may determine.

5.6 *Changes in share capital*

- (a) Without prejudice to any rights attached to any existing shares, any share may be issued with such rights or restrictions as the Company may by ordinary resolution determine, or in the absence of such determination as the Directors may determine. Subject to the Act, the Company may issue shares which are, or at the option of the Company or the holder are liable, to be redeemed.
- (b) The Company may by ordinary resolution increase its share capital, consolidate and divide all or any of its share capital into shares of larger amount, subdivide its shares or any of them into shares of smaller amount or cancel or reduce the nominal value of any shares which have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amounts so cancelled or the amount of the reduction.
- (c) Subject to the Act, the Company may by special resolution reduce its share capital, any capital redemption reserve and any share premium account, and may also, subject to the Act, purchase its own shares.

5.7 *Variation of rights*

Whenever the capital of the Company is divided into different classes of shares, the rights attached to any class may (unless otherwise provided by the terms of issue of that class) be varied or abrogated either with the consent in writing of the holders of three-fourths of the issued shares of the class or with the sanction of an extraordinary resolution passed at a separate meeting of such holders.

5.8 *Directors' interests*

- (a) A Director who is in any way, directly or indirectly, interested in a transaction or arrangement with the Company shall, at a meeting of the Directors, declare in accordance with the Act the nature of his interest.
- (b) Provided that he has declared his interest in accordance with paragraph (a), a Director may be a party to or otherwise interested in any transaction or arrangement with the Company or in which the Company is otherwise interested and may be a director or other officer or otherwise interested in any body corporate promoted by the Company or in which the Company is otherwise interested. No director so interested shall be accountable to the Company, by reason of his being a Director, for any benefit which he derives from such office or interest or any such transaction or arrangement.



- (c) Any Director may act by himself or his firm in a professional capacity for the Company (otherwise than as auditor) and he or his firm shall be entitled to remuneration for professional services as if he were not a Director.
- (d) A Director shall not vote at a meeting of the Directors in respect of a matter in which he has any material interest otherwise than by virtue of his interest in shares, debentures or other securities of, or otherwise in or through, the Company unless his interest arises only because the case falls within one or more of the following paragraphs:
 - (i) the giving to him of any guarantee, security or indemnity in respect of money lent or an obligation incurred by him at the request of or for the benefit of the Company or any of its subsidiary undertakings;
 - (ii) the giving to a third party of any guarantee, security or indemnity in respect of any obligation of the Company or any of its subsidiary undertakings for which he has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;
 - (iii) the subscription by him for shares, debentures or other securities of the Company or any of its subsidiary undertakings or by virtue of his participation in the underwriting or sub-underwriting of an offer of such shares, debentures or other securities for subscription, purchase or exchange;
 - (iv) any proposal concerning any other company in which he is interested, directly or indirectly, whether as an officer or shareholder or otherwise, provided that the shares in which he is interested do not represent one per cent or more of any class of the equity share capital of such company or of the voting rights available to members of the relevant company;
 - (v) any proposal relating to an arrangement in whole or in part for the benefit of the employees of ANGLE which does not award to him as such any privilege or advantage not awarded to the employees to whom such arrangement relates;
 - (vi) any proposal concerning the purchase or maintenance of insurance against any liability which would otherwise attach to all or any of the Directors.
- (d) Where proposals are under consideration concerning the appointment of two or more Directors to offices or employments with the Company or any company in which the Company is interested the proposals may be divided and considered in relation to each Director separately and (if not otherwise precluded from voting) each of the Directors concerned shall be entitled to vote and be counted in the quorum in respect of each resolution except that concerning his own appointment.
- (e) The Company may by ordinary resolution suspend or relax these provisions to any extent or ratify any transaction not duly authorised by reason of a contravention of these provisions.

5.9 *Remuneration of Directors*

- (a) The ordinary remuneration of the Directors (other than an executive director) shall be such amount as the Directors shall from time to time determine (provided that unless otherwise approved by the Company in general meeting the aggregate of the ordinary remuneration of such Directors shall not exceed £300,000 per year) to be divided among them in such proportion and manner as the Directors may determine. The Directors shall also be paid by the Company all travelling, hotel and other expenses as they may incur in attending meetings of the Directors or general meetings or otherwise in connection with the discharge of their duties.
- (b) Any Director who, by request of the Directors, performs special services or goes or resides abroad for any purposes of the Company may be paid such extra remuneration as the Directors may determine.



- (c) The emoluments and benefits of any executive director for his services as such shall be determined by the Directors and may be of any description, including membership of any pension or life assurance scheme for employees or their dependants, or apart from membership of any such scheme, the payment of a pension or other benefits to him or his dependants on or after retirement or death.

5.10 *Retirement of Director*

A Director shall be capable of being appointed or reappointed a Director despite having attained the age of 70 or any other age and shall not be required to retire by reason of his having attained any particular age and section 293 of the Act (relating to the appointment and retirement as Directors of persons who are aged 70 or over) shall not apply.

5.11 *Borrowing powers*

The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital.

The Directors shall restrict the borrowings of the Company and by the exercise of the Company's voting and other rights or powers of control over its subsidiary undertakings secure that they restrict their borrowings so that the aggregate amount at any time outstanding in respect of money borrowed by ANGLE (excluding borrowings between members of the group comprising ANGLE) shall not without the previous sanction of an ordinary resolution of the Company exceed a sum equal to three times the aggregate of the amount paid up or credited as paid up on the allotted or issued share capital of the Company and the amount standing to the credit of the consolidated capital and revenue reserves of the Company as shown by the latest audited consolidated balance sheet of ANGLE adjusted as specified in the Articles.

6. **Directors' and Other Interests**

6.1 The interests of the Directors and the persons connected with them within the meaning of section 346 of the Act (all of which are beneficial unless otherwise stated) in the issued share capital of the Company which:

- (a) have been notified by each Director to the Company pursuant to section 324 or section 328 of the Act;
- (b) are required to be entered into the Register of Directors interests pursuant to Section 325 of the Act; or
- (c) are interests of a connected person (within the meaning of section 346 of the Act) of a Director which would, if the connected person were a director, be required to be disclosed under paragraphs (a) and (b) above and the existence of which is known to or could with reasonable diligence be ascertained by that Director;

were as at 9 March 2004 (being the last practicable date prior to publication of this document) and will be, immediately following Admission, as follows:

	<i>Immediately before Admission</i>		<i>Following Admission</i>	
	<i>Number of Ordinary Shares</i>	<i>Percentage of issued share capital</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of issued share capital</i>
Hance Fullerton ⁽¹⁾	81,525	0.78	81,525	0.49
Andrew Newland ⁽²⁾	6,794,686	65.04	6,794,686	40.69
Ian Griffiths	520,614	4.98	520,614	3.12
Dawson Buck	385,028	3.69	385,028	2.31
David Quysner	20,000	0.19	20,000	0.12
Iain Ross	0	0.00	0	0.00

Notes:

- (1) Of the 81,525 Ordinary Shares beneficially held by Hance Fullerton, 50,000 are held by Jeannie Fullerton, Mr Fullerton's wife.
- (2) Of the 6,794,686 Ordinary Shares beneficially held by Andrew Newland, 800,000 are held by Harriet Newland, Mr Newland's wife.



- 6.2 Save as disclosed in paragraph 6, none of the Directors (nor any person connected with them within the meaning of section 346 of the Act) has or will immediately following Admission have any interest in the share capital of the Company or any of its subsidiaries.
- 6.3 As at 9 March 2004 (being the last practicable date prior to the publication of this document), insofar as it is known to the Directors, the following persons (in addition to those disclosed in paragraph 6.1 above) were or will immediately following Admission be interested in 3 per cent. or more of the Company's issued share capital:

	<i>Immediately before admission</i>		<i>Following admission</i>	
	<i>Number of Ordinary Shares</i>	<i>Percentage of issued share capital</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of issued share capital</i>
Eulian Roberts	328,941	3.15	328,941	1.97
Aidan Waine	1,113,334	10.66	1,113,334	6.67
Michael Marshall	524,000	5.02	524,000	3.14

- 6.4 As at 9 March 2004 (being the latest practicable date prior to publication of this document) and save as disclosed in this paragraph 6, the Directors are not aware of any person who is, or will immediately following Admission, be interested (within the meaning of the Act) directly or indirectly in three per cent or more of the issued share capital of the Company or of any persons who directly or indirectly, jointly or severally, will exercise or could exercise control over the Company.
- 6.5 Save as disclosed in this document, no Director has or has had any interest, whether direct or indirect, in any transaction which is or was unusual in its nature or conditions or significant to the business of the Group and which was effected by any member of the Group during the current or immediately preceding financial year, or during any earlier financial year and which remains in any respect outstanding or unperformed.
- 6.6 There are no warranties or guarantees granted or provided by ANGLE to or for the benefit of any of the Directors which are now outstanding.
- 6.7 Other than as set out below there is no arrangement under which any Director has waived or agreed to waive future emoluments nor has there been any waiver of emoluments during the financial year immediately preceding the date of this document.

On 30 June 2002 and 31 July 2002, eight employees, including Hance Fullerton, Dawson Buck and Ian Griffiths, agreed to waive a proportion of their gross salaries over a six month period (amounting in aggregate to £58,695 in respect of the three directors) in return for ANGLE Technology allotting and issuing shares to them. Messrs Fullerton, Buck and Griffiths were issued 21,525, 129,150 and 18,375 shares respectively (approximately 1.6 per cent. of the issued share capital) in ANGLE Technology respectively which were issued to them as part of this arrangement.

ANGLE Technology lent funds to such employees to enable the employees to fund the payment of the nominal value of such shares. The loans and the unpaid premium on such shares were to be paid by way of bonus payments which would be deferred until certain conditions had been met.

Between 6 and 12 February 2004, all of the employees referred to above paid back the loans to ANGLE Technology and renounced all their rights in respect of the bonus arrangements. During the six months ended 31 October 2003, three employees delayed drawing their salaries, including Andrew Newland and Ian Griffiths, in the amounts of £52,750 and £4,250 respectively. The relevant costs were charged to the profit and loss account in the relevant period.

- 6.8 Ian Griffiths holds 938 shares in NeuroTargets, representing approximately 1.4 per cent. of the current issued share capital of NeuroTargets.
- 6.9 Dawson Buck holds options over 208 shares in Exago, representing approximately 2.5 per cent. of the current issued share capital of Exago.
- 6.10 None of the Directors or persons connected with them within the meaning of section 346 of the Act has a related financial product (as defined in the AIM Rules) referenced to the Ordinary Shares.



6.11 At the close of business on 9 March 2004 (being the last practicable date prior to the publication of this document) the following options over Ordinary Shares have been granted to the Directors and remain outstanding:

<i>Director</i>	<i>Dates of Grant</i>		<i>No. of Ordinary Shares</i>	<i>Option Price (p)</i>		<i>Expiry Date</i>	
	<i>From</i>	<i>To</i>		<i>From</i>	<i>To</i>	<i>From</i>	<i>To</i>
Hance Fullerton	16.02.01	18.07.03	82,000	100	250	15.02.08	18.07.10
Andrew Newland	06.03.00	16.02.01	125,313	100	250	05.03.07	05.02.08
Ian Griffiths	02.03.00	18.07.03	240,000	100	250	01.03.07	18.07.10
Dawson Buck	09.03.00	18.07.03	200,000	100	250	08.03.07	18.07.10

In addition, it is to be noted that each of the above Directors was also granted on 9 March 2004, conditional on Admission of the Ordinary Shares, options over 40,000 Ordinary Shares at the Placing Price under the Unapproved Share Option Scheme further details of which are set out in paragraph 7 below.

6.12 *City Code on Takeovers and Mergers*

Pursuant to Rule 9 of the City Code, when any person, or group of persons acting in concert, acquires shares which, when taken together with shares already held by such person or persons, carry 30 per cent. of more of the voting rights of a company which is subject to the City Code, such person or persons, is or are normally required to make a general offer to all remaining shareholders in that company to acquire their shares.

Further, when any person, or group of persons acting in concert, holds shares which carry not less than 30 per cent., but not more than 50 per cent. of the voting rights of a company which is subject to the City Code, such person or persons, may not normally acquire further shares without making a general offer to all shareholders in that company to acquire their shares.

A general offer under Rule 9 of the City Code must be in cash and at the highest price paid within the preceeding twelve months for any shares in the Company by the person required to make the Offer or any person acting in concert with him.

Andrew Newland's interest in Ordinary Shares on Admission will equate to 40.69 per cent. of the voting rights. In addition, Mr Newland has been granted options to acquire a further 165,313 Ordinary Shares at various prices, which will increase Mr Newland's interest to a maximum of 41.28 per cent. of the voting rights attaching to the Company's issued ordinary share capital after Admission. These options are exercisable at various times between the date of this document and 2011 at prices of between 100 pence and 250 pence per Ordinary Share.

A table showing the individual holding of Andrew Newland on Admission and also following the exercise of the options on the basis set out above is set out below:

	<i>No. of Ordinary Shares on Admission¹</i>	<i>% of issued share capital</i>	<i>No. of Ordinary Shares on Admission and exercise of all options</i>	<i>Maximum % of issued share capital²</i>
Andrew Newland	6,794,686	40.69%	6,959,999	41.28%

Notes

1. Of the 6,794,686 Ordinary Shares beneficially held by Andrew Newland, 800,000 are held by Harriet Newland, Mr Newland's wife.
2. Assuming exercise of options by Andrew Newland but not by any other Optionholders

Following Admission, Mr Newland's interest in the Company's voting rights may rise from 40.69 per cent. up to a maximum of 41.28 per cent. assuming the exercise of all options held on Admission by Mr Newland. The potential increase in Mr Newland's aggregate interest in the Company's voting rights would normally oblige him under Rule 9 of the City Code to make a general offer in cash to all Shareholders to acquire the Ordinary Shares held by them. However, the Panel has agreed to waive the obligation to make a general offer that would otherwise arise as a result of the exercise of options as described above.



Both before the exercise of options and after the exercise of options as described above, Mr Newland will hold more than 30 per cent. (but not more than 50 per cent.) of the Company's voting share capital and any increase in his share holding, otherwise than by way of exercise of share options as described above, will be subject to the provisions of Rule 9 of the City Code.

7. Share Option Schemes

7.1 As at 9 March 2004 (being the last practicable date prior to publication of this document), in addition to the options issued to Directors and connected persons (as defined in paragraph 6.1 above) and the options granted under the Share Option Schemes as described in paragraph 3.11 above, the Company has granted the following further options to employees of the Group:

<i>No. of Ordinary Shares</i>	<i>Date of Grant of Options/Warrants</i>	<i>Exercise Price (£)</i>	<i>Percentage of the Company's issued share capital on Admission</i>
315,000	2/03/00-9/03/2000	1.00	1.89
290,400	16/02/2001	2.50	1.74
22,000	31/10/2001-22/01/2002	2.50	0.13
320,000	27/09/2002	1.00	1.92
532,000	17/07/2003	1.00	3.19
174,687	14/01/2004	1.00	1.05

7.2 The options are not exercisable until three years from the date of grant and cease to be exercisable after seven years from the date of grant. Further details of the schemes under which the options have been granted are set out below.

7.3 Pursuant to an option agreement, completion of which is conditional, inter alia, upon Admission becoming effective no later than 16 April 2004, the Company granted to KBC Peel Hunt an option to subscribe for Ordinary Shares in the Company (the number of which will be equal to 5 per cent. of the value of the Placing Shares at the Placing Price).

7.4 The Directors intend to grant additional options over Ordinary Shares to employees and/or Directors in the future at an exercise price which takes into account the changes in the value of the Ordinary Shares.

7.5 Following completion of the agreement referred to in paragraph 11.4 in Part IV of this document options over shares in ANGLE Technology were exchanged for options over Ordinary Shares in the Company on terms similar to those of the Share Option Schemes.

7.6 The Company has established employee share option schemes, the principal terms of which are set out below. Key decisions regarding the Company's Share Options Schemes will be made by the Remuneration Committee. All decisions relating to any participation of executive directors will be made by the Remuneration Committee.

Outline

The Company intends to operate an Inland Revenue approved company share option scheme (the "Approved Share Option Scheme") and an unapproved discretionary share option scheme (the "Unapproved Share Option Scheme"). Options under the Share Options Schemes will not be pensionable.

(a) Eligibility

All full time employees and directors of the Company are eligible to participate.

(b) Grants of options

Options will normally be granted within the period of forty-two days commencing on the date of announcement of the results for the last preceding financial year, half year or any period of the Company in any year. In addition, options may be granted within forty two



days following Admission. Options may also be granted at any other time when, in the opinion of the Board, circumstance are considered to be exceptional and to justify such grant. No consideration is payable for the grant of an option. No options may be granted more than ten years after the date of adoption of the Share Option Schemes.

(c) *Option price*

The option price must not be less than the average market value of an Ordinary Share over the three Business Days before the date of grant.

(d) *Individual limit*

No option may be granted under the Approved Share Option Scheme to an eligible employee or director if the grant would result in the total initial market value (as determined at the time of grant) of all shares over which the participant holds unexercised Inland Revenue approved share options exceeding £30,000.

(e) *Rights and Restrictions*

An option granted under the Share Option Schemes cannot be assigned or transferred (other than to the personal representatives of an option holder who has died).

All options must be exercised within seven years of the date of grant. Options cannot be exercised within three years of grant except in certain circumstances:

- (i) if the option holder dies or ceases to be employed within the Company by reason of disability, injury, redundancy or retirement on reaching the age of sixty-five or as a result of the sales of the business or subsidiary by which the optionholder is employed;
- (ii) if employment ceases for any other reason options will lapse unless the Board determines otherwise, in which case the options must be exercised within certain time periods;

(f) *Change of Control*

An optionholder may exercise an option early in the event of a change of control of the Company. Alternatively, an optionholder may exchange his existing options for options over Shares in the acquiring company or an associated company.

(g) *Allotment of Ordinary Shares*

The Ordinary Shares allotted under the Share Option Schemes will rank *pari passu* with the Company's issued Ordinary Shares except that they will not rank for any dividend payable by reference to a record date before the date of allotment of such shares.

(h) *Amendment*

The Board has power to administer, interpret and amend the Share Option Schemes. No amendment may be made to the material advantage of option holders without the previous sanction of the Company in general meeting. Amendments involving key features of the Approved Share Option Scheme are subject to the prior approval of the Inland Revenue while the Approved Share Option Scheme retains its approved status.

8. Directors' Service Agreements

8.1 Directors' service contracts which have been entered into between the Company and the Executive Directors are summarised below:

- (a) Andrew Newland has entered into a service agreement with the Company dated 9 March 2004, which commences on and is conditional upon Admission, in substitution for his existing service contract which will cease to have any force or effect on Admission. His continuous period of employment shall be treated as having begun on 1 May 1994. The service agreement is terminable by either party on the



giving of twelve months' written notice. Mr Newland's annual basic salary is £212,625. The service agreement provides for sickness absence of up to twenty weeks per year (depending upon length of service) and a holiday entitlement of twenty five days (plus public holidays). There is provision for the Remuneration Committee to award a discretionary bonus at such times and in such amounts as it shall decide. There are no further benefits. The service agreement also contains certain restrictions on Mr Newland following termination of his employment. There are no other arrangements that require disclosure to enable investors to estimate the possible liability of the Company upon early termination of the service agreement.

- (b) Dawson Buck has entered into a service agreement with the Company dated 9 March 2004, which commences on and is conditional upon Admission, in substitution for his existing service contract which will cease to have any force or effect on Admission. His continuous period of employment shall be treated as having begun on 13 March 2000. The service agreement is terminable by either party on the giving of twelve months' written notice. Mr Buck's annual basic salary is £129,150. The service agreement also contains certain restrictions on Mr Buck following termination of his employment. The service agreement provides for sickness absence of up to twenty weeks per year (depending upon length of service) and a holiday entitlement of twenty five days (plus public holidays). There is provision for the Remuneration Committee to award a discretionary bonus at such times and in such amounts as it shall decide. There are no further benefits. There are no other arrangements that require disclosure to enable investors to estimate the possible liability of the Company upon early termination of the service agreement.
- (c) Ian Griffiths has entered into a service agreement with the Company dated 9 March 2004, which commences on and is conditional upon Admission, in substitution for his existing service contract which will cease to have any force or effect on Admission. His continuous period of employment shall be treated as having begun on 1 March 1995. The service agreement is terminable by either party on the giving of twelve months' written notice. Mr Griffiths' annual basic salary is £85,000. The service agreement provides for sickness absence of up to twenty weeks per year (depending upon length of service) and a holiday entitlement of twenty five days (plus public holidays). There is provision for the Remuneration Committee to award a discretionary bonus at such times and in such amounts as it shall decide. There are no further benefits. The service agreement also contains certain restrictions on Mr Griffiths following termination of his employment. There are no other arrangements that require disclosure to enable investors to estimate the possible liability of the Company upon early termination of the service agreement.

8.2 Hance Fullerton entered into a non-executive letter of engagement with the Company on 9 March 2004, which commences on and is conditional upon Admission. His appointment is until his turn comes to retire by rotation under the Articles. His remuneration is £35,000 per annum for approximately thirty days per year. Any additional services are to be remunerated on terms to be agreed between the Remuneration Committee at the time such services are commissioned. The appointment is terminable with immediate effect on notice by either party.

8.3 David Quysner entered into a non-executive letter of engagement with the Company on 9 March 2004, which commences on and is conditional upon Admission. His appointment is until his turn comes to retire by rotation under the Articles. His remuneration is £25,000 per annum for approximately twenty days per year. Any additional services are to be remunerated on terms to be agreed between the Remuneration Committee at the time such services are commissioned. The appointment is terminable with immediate effect on notice by either party.



- 8.4 Iain Ross entered into a non-executive letter of engagement with the Company on 9 March 2004, which commences on and is conditional upon Admission. His appointment is until his turn comes to retire by rotation under the Articles. His remuneration is £25,000 per annum for approximately twenty days per year. Any additional services are to be remunerated on terms to be agreed between the Remuneration Committee at the time such services are commissioned. The appointment is terminable with immediate effect on notice by either party.
- 8.5 Save as disclosed in paragraphs 8.1 to 8.2 above, there are no service agreements, existing or proposed, between any Director and the Company or any of its subsidiaries.
- 8.6 The total aggregate of the remuneration paid and benefits in kind granted to the Directors by any member of the group comprising ANGLE during the financial year ending 30 April 2003 amounted to approximately £508,000. It is estimated that the aggregate amounts payable to the Directors of the Company by any member of the group comprising ANGLE for the current financial year ending 30 April 2004 under the arrangements in force at the date of this document will be approximately £500,000, there may also be future payments made under discretionary bonus arrangements referred to above.

9. Additional Information on the Board

- 9.1 In addition to the directorships of the Company, the Directors are or have been directors or partners in the following companies and partnerships within the five years prior to the date of this document:

<i>Director</i>	<i>Current Directorships</i>	<i>Past Directorships</i>
Hance Fullerton	ANGLE Technology Limited	Aberdeen University Research and Industrial Services Limited Aurora Instruments Limited BMT Cordah Limited Cordah Research Limited Grampian Careers

Andrew Newland Acolyte Biomedica Limited
ANGLE Technology Licensing Limited
ANGLE Technology Limited
ANGLE Technology LLC
Progeny Bioventures Limited
ANGLE Technology Ventures Limited
ANGLE Technology Ventures (3)Limited
ANGLE Technology Ventures QW Limited
Exago Limited
Greencroft Businesses Limited
London Bioventures Limited
Micropenem Therapeutics Limited
Microcide Therapeutics Limited
NeuroTargets Limited
Provexis Limited



<i>Director</i>	<i>Current Directorships</i>	<i>Past Directorships</i>
Dawson Buck	ANGLE Technology Limited Exago Limited ANGLE Technology Licensing Limited ANGLE Technology Ventures Limited ANGLE Technology Ventures QW Limited Provexis Limited Feature Forward Limited	British Breeding British Horse Industry Confederation
Ian Griffiths	ANGLE Technology Limited	None
David Quysner	Abingworth Executives Limited Abingworth Management Limited Abingworth Management Holdings Limited Abingworth Trustee Limited Abingworth Ventures (GP) Limited Blease Medical Holdings Limited Comino Group plc Daniel Stewart Securities plc Enterprise Capital plc Finsbury Technology Trust plc Quester VCT 3 plc	Abingworth Management Inc Cambridge Research and Innovation Limited Chiltern Invadex Holdings Limited Enterprise Capital Trust plc Manakin Limited Manakin Holdings plc REL Consultancy Group Limited Umist Ventures Fund Management Limited
Iain Ross	Advanced Power Conversion plc Callisto Pharmaceuticals Inc Biomer Technology Ltd Eden Biopharm Limited Eden Biopharma Group Limited Gladstone Partners Limited Pegasus Therapeutics Ltd	Allergy Therapeutics Limited Allergy Therapeutics (Holdings) Limited Andaris Group Limited Andaris (DDS) Limited Metabometrix Limited Microshot Limited Protosome Limited Quadrant Bioresources Limited Quadrant Healthcare plc Quadrant Holdings Cambridge Limited Quadrant Trustee Limited Qdose Limited Inprint Systems Limited SR Pharma plc TTR Biotech Limited

- 9.1 Mr Quysner was a non-executive nominee director of Keen Computers Limited which had a receiver appointed on 21 November 1984. A winding up order was made on 21 January 1985.
- 9.2 Mr Quysner was a non-executive nominee director of New Media Productions Limited which had an administrative receiver appointed on 1 December 1995. The receivers gave notice of ceasing to act on 3 April 1997 and the company was subsequently wound up.
- 9.3 Save as disclosed above, none of the Directors has:
- any unspent convictions in relation to indictable offences;
 - had any bankruptcy order made against him or entered into any individual voluntary arrangements;



- (c) been a director of a company which has been placed in receivership, compulsory liquidation, creditors' voluntary liquidation or administration or which has entered into any company voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors whilst he was a director of that company or within the twelve months preceding such an event;
- (d) been a partner in any partnership which has been placed in compulsory liquidation, administration or been the subject of a partnership voluntary arrangement whilst he was a partner in that partnership or within the twelve months preceding such an event;
- (e) been the owner of any assets or a partner in any partnership which has been placed in receivership whilst he as a partner in that partnership or within the twelve months preceding such an event;
- (f) been publicly criticised by any statutory or regulatory authority (including recognised professional bodies); or
- (g) been disqualified by a court from acting as a director of any company or from acting in the management or conduct of the affairs of a company.

10. Premises

Details of the principal properties occupied by ANGLE are as follows:

<i>Location</i>	<i>Tenure</i>	<i>Rent</i>	<i>Lease Date</i>	<i>Expiry</i>
56-57 Surrey Technology Centre 40 Occam Road The Surrey Research Park Guildford GU2 7YG	Licence	£66,362 (inclusive of services and rates)	01.04.2000	Monthly
Balgownie Technology Park Aberdeen Science & Technology Park Aberdeen AB22 8GW	Lease	£9,750	05.01.2004	Three years
1000 Research Park Boulevard Suite 103 Charlottesville VA 22911	Lease	US\$15,442	22.11.2000	12 months with the option to extend for 2 consecutive renewal terms of 5 years

11. Material Contracts

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by ANGLE during the two years immediately prior to the date hereof and are, or may be, material in the context of ANGLE's business:

- 11.1 An engagement letter dated 17 December 2003 pursuant to which KBC Peel Hunt was appointed as nominated adviser and nominated broker to the Company on the terms set out therein and pursuant to which the Company has agreed to pay KBC Peel Hunt a fee of £35,000 plus VAT per annum for its ongoing services in the period following Admission.
- 11.2 The Placing Agreement dated 10 March 2004 between the Company (1), the Directors (2) and KBC Peel Hunt (3), pursuant to which KBC Peel Hunt have agreed conditionally, *inter alia*, on Admission occurring by no later than on 16 April 2004, as agent for the Company, to use its reasonable endeavours to find subscribers in cash for the Placing Shares at the Placing Price. KBC Peel Hunt is under no obligation to subscribe for any Placing Shares for which it is not able to procure subscribers.



KBC Peel Hunt will receive a fee of £200,000 for its services and a commission of an amount equal to 3 per cent. of the value at the Placing Price of the total number of Placing Shares subscribed for pursuant to the Placing subject to a minimum commission of £150,000. KBC Peel Hunt will additionally receive an option, the exercise of which is conditional on the Placing Agreement becoming unconditional, over such number of Ordinary Shares as has an aggregate value at the Placing Price of £450,000. Fees and commissions are payable together with VAT where applicable.

The Placing Agreement contains warranties given by the Company and the Directors, *inter alia*, as to the accuracy of the information contained in this document and other matters relating to the Company and its subsidiaries. In addition, the Company and the Directors have given an indemnity to KBC Peel Hunt in respect of certain matters.

KBC Peel Hunt are entitled to terminate the Placing Agreement in specified circumstances prior to Admission, principally in the event of a breach of the Placing Agreement or a material breach of any of the warranties contained in it or if an adverse change in financial, economic, political or market conditions occurs.

Pursuant to the Placing Agreement the Directors have each covenanted with the Company and KBC Peel Hunt that, save with the prior consent of the Company and KBC Peel Hunt, they will not dispose of any interest in securities of the Company for a period of one year from the date of Admission, that they will not dispose of more than 50 per cent. of such interests in the Company during the period from the first anniversary to the second anniversary of the date of Admission without the consent of the Company and KBC Peel Hunt and that during the same period they will not dispose of the balance of their interests in the Company except through KBC Peel Hunt. The covenant is subject to exceptions, *inter alia*, in the event of an intervening court order or a takeover offer relating to the Company's shares becoming or being declared unconditional in all respects.

- 11.3 Orderly market agreements dated 10 March 2004 between the Company, KBC Peel Hunt and certain shareholders in respect of 2,431,381 Ordinary Shares representing an aggregate of 14.56 per cent. of the issued share capital of the Company following Admission pursuant to which such shareholders have entered into certain restrictions on the disposal of their Ordinary Shares.
- 11.4 An agreement dated 17 February 2004 whereby the Company acquired the entire issued share capital in ANGLE Technology in consideration for the receipt by the ANGLE Technology shareholders of 10,446,484 Ordinary Shares (including the 10 Ordinary Shares referred to in paragraph 3.4) above on the basis of one Ordinary Share for every one ordinary share of 10 pence each in the capital of ANGLE Technology.
- 11.5 A shareholders agreement relating to Acolyte dated 6 November 2002 entered into between the Secretary of State for Defence acting through Dstl (1), BioProjects International plc (2), ANGLE Technology (3), Progeny bioVentures (4), the Executives (as defined therein) (5) and Acolyte (6) pursuant to which a £2,800,000 total investment was regulated and whereby ANGLE Technology agreed to subscribe for fully paid shares in Acolyte in consideration of the release of all and any rights to the repayment by Acolyte to ANGLE Technology of loan notes in the aggregate principal amount of £57,998 and pursuant to which ANGLE gave certain warranties and undertakings.
- 11.6 A shareholders agreement relating to Acolyte dated 20 February 2004 entered into between the Secretary of State for Defence acting through Dstl (1), BioProjects International plc (2), Partnerships UK PLC (3), ANGLE Technology (4), Circus Capital Technology (5), the Executives (as defined therein) (6) and Acolyte (7) pursuant to which subscriptions for new Acolyte shares of up to approximately £2,568,000 were regulated and pursuant to which ANGLE Technology made a cash subscription of £106,151 at completion and pursuant to which it agreed to make further subscriptions in Acolyte in the amounts of £106,151 and £105,744 subject to certain milestone events having occurred.



Pursuant to the agreement, ANGLE Technology also entered into an option agreement with, *inter alia*, Acolyte pursuant to which ANGLE Technology was granted an option to subscribe further new shares in Acolyte at an aggregate subscription price of £141,757 subject to the terms and conditions of such agreement. ANGLE Technology gave certain undertakings under the agreements referred to above.

- 11.7 An investment agreement relating to Nutrition Enhancement Limited (now renamed Provexis Limited) dated 23 September 2002 entered into between, *inter alia*, (1) Progeny bioVentures, (2) ANGLE Technology, (3) Nutrition Enhancement Limited and (4) RisingStars Growth Funding pursuant to which, *inter alia*, ANGLE Technology made an investment of £249,999 in release of certain inter company debts due from Provexis and pursuant to which ANGLE Technology gave certain undertakings. Pursuant to a further agreement dated 11 February 2004 ANGLE Technology agreed to subscribe for fully paid shares in Provexis in consideration for the release of £50,000 of deferred fees due to ANGLE Technology by the company and ANGLE Technology was granted a loan note in the principal amount of £30,000 in consideration for the release of £30,000 of fees due to ANGLE Technology.
- 11.8 An investment agreement relating to Exago dated 30 May 2002 entered into between (1) ANGLE Technology Ventures Limited, (2) BT and (3) Exago pursuant to which BT agreed to enter into a patent, software and know-how agreement in consideration for the allotment and issue to it of a number of shares equal to 40 per cent. of the issued share capital of Exago. ANGLE Technology Ventures Limited gave certain warranties and undertakings under the agreement.
- 11.9 ANGLE Technology entered into an agreement with Gainventure Limited on 12 February 2004 and undertook to pay Gainventure Limited the sum of £55,000 in full and final settlement of outstanding commission and fees owing to Gainventure Limited in respect of the provisions of services to ANGLE Technology.
- 11.10 A letter dated 24 November 2003 pursuant to which Pinsents were engaged and pursuant to which Pinsents are to be paid certain fees in respect of their advice in connection with the flotation together with a non-refundable retainer of £2,500 per month for the 12 months following Admission.

12. Litigation

Save as disclosed in this document neither the Company nor any of its subsidiaries is or has been involved in any legal or arbitration proceedings, nor, so far as the Directors are aware, are there any legal or arbitration proceedings active, pending or threatened against or being brought by the Company or any of its subsidiaries which are having or may have or have had during the twelve months preceding the date of this document a significant effect on ANGLE's financial position.

13. Working Capital

The Directors are of the opinion that, having made due and careful enquiry, and after taking into account the net proceeds of the Placing receivable by the Company, the working capital available to the Company and its subsidiaries will be sufficient for its present requirements, that is for at least the next twelve months from the date of Admission.

14. United Kingdom Taxation

The following paragraphs are intended as a general guide only for shareholders who are resident and ordinarily resident in the United Kingdom for tax purposes, (except to the extent that reference is made to shareholders resident outside the United Kingdom) holding Ordinary Shares beneficially as investments and not as securities to be what is understood to be realised in the course of a trade, and are based on current legislation and UK Inland Revenue practice. The taxation position of certain categories of shareholders who are subject to special rules, such as dealers in securities, broker-dealers, insurance companies and collective investment schemes is not considered. Any prospective purchaser of Ordinary shares who is in any doubt about his tax position or who is subject to taxation in a jurisdiction other than the UK, should consult his own professional adviser immediately.



14.1 *Taxation of Chargeable Gains*

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

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

Shareholders should note that from 6 April 2000 all shares listed on AIM qualify for "business assets" taper relief. The effect of this relief is to reduce the proportion of any capital gain chargeable to tax each complete year that the shares are held. Maximum relief is obtained once shares have been held for two years.

Under current United Kingdom law the effect of taper relief is as follows:

<i>Number of years shares held</i>	<i>Percentage of Gain Chargeable</i>	<i>Effective rate when higher rate tax payer (40%)</i>
0-1	100	40
1-2	50	20
More than 2	25	10

14.2 *Loss Relief*

If an investor is an individual or an investment company, relief for losses incurred by that investor on disposal of the Ordinary Shares may be available under Sections 573 to 576 of the Income and Corporation Taxes Act 1988, against income of the same or prior year.

This relief should be available provided the Company and the investor satisfy the relevant statutory requirements.

14.3 *Inheritance Tax*

In certain circumstances unquoted Ordinary shares held by an individual shareholder in trading companies such as the Company potentially qualify for 100 per cent. business property relief which gives up to 100 per cent. exemption from Inheritance Tax. Therefore, where an investor makes a lifetime gift of shares or dies while still owner of the shares, no inheritance tax will be payable in respect of the value of the shares, provided certain conditions are met. The main condition is that the investor held the shares for two years before the date of transfer or death. However, other conditions also apply and a shareholder should take individual professional advice.

14.4 *Stamp duty and Stamp Duty Reserve Tax*

No stamp duty or stamp duty reserve tax ("SDRT") will generally be payable on the issue of the Ordinary Shares.

14.5 *Shares held outside the CREST system*

The conveyance or transfer on sale of the Ordinary Shares will usually be subject to stamp duty on the instrument of transfer, generally at the rate of 0.5 per cent. of the amount or value of the consideration. Stamp duty is charged in multiples of £5. An obligation to account for stamp duty reserve tax ("SDRT") at the rate of 0.5 per cent. of the amount or value of the consideration will also arise if an unconditional agreement to transfer the Ordinary Shares is not completed by a duly stamped instrument of transfer before the "accountable date" for SDRT purposes. The accountable date is the seventh day of the month following the month in which the agreement for the transfer is made. Payment of the stamp duty will cancel the liability to account for SDRT. It is the purchaser who is in general liable to account for stamp duty or SDRT.

14.6 *Shares held within the CREST system*

The transfer of the Ordinary Shares in uncertificated form in the CREST system will generally attract a liability to SDRT at the rate of 0.5 per cent of the amount or value of the consideration.



The SDRT is payable on the fourteenth day following the date of the unconditional agreement for the transfer of the Ordinary Shares. The above statements are intended as a general guide to the current position. Certain categories of person are not liable to stamp duty or SDRT, and others may be liable at a higher rate or may, although not primarily liable for the tax, be required to notify and account for it under the Stamp Duty Reserve Tax Regulations 1986. In addition, special rules apply in relation to depositing receipts and clearance services.

14.7 Dividends and other Distributions

Under current United Kingdom legislation, no taxation will be withheld at source, from dividends paid by the Company.

An individual United Kingdom resident shareholder is generally entitled to a tax credit in respect of the dividend, which he can set off against his total liability to United Kingdom income tax. The amount of the tax credit is equal to one ninth of the cash dividend. The cash dividend aggregated with the amount of the tax credit (the “gross dividend”) will be included in the Shareholder’s income for United Kingdom tax purposes and will be treated as the top slice of the Shareholder’s income. Thus, a Shareholder receiving a dividend of £90 will be treated as having received income of £100 which has a tax credit of £10 attached to it.

An individual United Kingdom resident Shareholder who, after taking into account the gross dividend, pays income tax at the lower rate or basic rate will pay tax on the gross dividend at the Schedule F ordinary rate of 10 per cent. against which he can set the tax credit. Such a Shareholder will have no further liability to account for income tax on the dividend.

An individual United Kingdom resident Shareholder who, after taking into account the gross dividend, pays income tax at the higher rate will pay tax on the gross dividend at the Schedule F upper rate of 32.5 per cent. against which he can set the tax credit. Such a Shareholder will have a liability to account for additional tax on the gross dividend, calculated by multiplying the gross dividend by the Schedule F upper rate and deducting the tax credit. This will be equivalent to 25 per cent. of the cash dividend received.

An individual United Kingdom resident Shareholder who does not pay income tax or whose liability to income tax does not exceed the amount of the tax credit will not be entitled to claim repayment of the tax credit attaching to the dividend.

Trustees who are liable to income tax at the rate applicable to trusts (currently 34 per cent.) will pay tax on the gross dividend at the Schedule F trust rate of 25 per cent. against which they can set the tax credit. To the extent that the tax credit exceeds the trustees’ liability to account for income tax the trustees will have no right to claim repayment of the tax credit. Trustees of discretionary trusts should note that the changes to the tax treatment of dividends might impact adversely on beneficiaries who receive income from the trust. Trustees who are in any doubt as to their position should consult their own professional advisers immediately.

A United Kingdom resident corporate Shareholder will not generally be liable to corporation tax on any dividend received. Such Shareholders will not be able to claim repayment of tax credits attaching to dividends.

United Kingdom pensions funds and charities are generally exempt from tax on dividends which they receive but are not entitled to claim repayment of the tax credit. Charities will receive some compensation for the loss of the tax credit until 5 April 2004.

Whether a non United Kingdom resident shareholder is entitled to repayment of any part of the tax credit in respect of dividends paid to him, will depend upon the provisions of the double tax treaty (if any) between the country in which the shareholder is resident and the United Kingdom. A non United Kingdom resident Shareholder should consult his own professional advisers on the possible application of such provisions, the procedure for claiming repayment and what relief or credit (if any) may be claimed for such tax credit in the jurisdiction in which he is resident.

Intellectual Property

The Company (and the Group) are, or may be, dependent upon licences, patents and other IP and contracts relating thereto which are, or may be, of fundamental importance to the Group’s business.



Members of the Group have filed and hold various patents.

Members of the Group continue as part of their research and development programme to generate IP relating to their business which may, or may not, lead to new applications for patents being made.

Members of the Group have entered into a number of agreements including licence and assignment agreements relating to the use, ownership, development and exploitation of patents and other IP owned by others.

15. General

- 15.1 The gross proceeds of the Placing are expected to be £9.0 million. The total costs and expenses relating to Admission and the Placing (including registration and London Stock Exchange fees, printing, advertising and distribution costs, legal, accounting, corporate finance and public relations fees and expenses) are payable by the Company and are estimated to amount to approximately £800,000 (excluding applicable Value Added Tax) of which approximately £270,000 is payable in commission pursuant to the Placing Agreement.
- 15.2 Monies received from applicants pursuant to the Placing will be held by KBC Peel Hunt until such time as the Placing Agreement becomes unconditional in all respects. If the Placing Agreement does not become unconditional in all respects by 16 April 2004 (or such later date as KBC Peel Hunt and the Company may agree), application monies will be returned to applicants at their risk without interest prior to delivery of the Ordinary Shares. The period within which the Placing applications may be accepted pursuant to the Placing are set out in the Placing Agreement and in the Placing letters sent to places.
- 15.3 The new Articles of Association adopted conditionally on Admission, are in respect of Ordinary Shares, in all respects, consistent with (a) the holding of the Ordinary Shares in uncertificated form, (b) the transfer of title to Ordinary Shares by means of a relevant system and (c) the CREST Regulations. Accordingly, the Directors have resolved to permit the holding of Ordinary Shares in uncertificated form and the transfer of title to Ordinary Shares each by means of a relevant system. For these purposes CREST is the relevant system.
- 15.4 The minimum amount which, in the opinion of the Directors, must be raised by the Placing for the purposes set out in paragraph 21(a) of Schedule 1 of the POS Regulations, is £6.0 million which will be applied as follows:
- (a) purchase price of property – £nil
 - (b) commissions and expenses of the issue – £700,000
 - (c) repayment of borrowings – £nil
 - (d) working capital – £5.3 million
- No amounts are to be provided in respect of the matters referred to in sub paragraphs (a) to (d) above otherwise than out of the proceeds of the Placing.
- 15.5 Baker Tilly, as reporting accountants, have given and not withdrawn their written consent to the inclusion of references to it herein in the form and context in which they appear and to the inclusion of their report in this document and accept responsibility for such report.
- 15.6 KBC Peel Hunt has given and not withdrawn its written consent to the inclusion in this document of references to its name in the form and context in which it appears.
- 15.7 KBC Peel Hunt, in its capacity as market maker, has agreed to subscribe for 50,694 Placing Shares at the Placing Price.
- 15.8 Other than the current application for Admission, the Ordinary Shares have not been admitted to dealing on any investment exchange nor has any application for such admission been made nor are there intended to be any other arrangements for there to be dealings in the Ordinary Shares.



- 15.9 The accounting reference date of the Company is 30 April.
- 15.10 The Placing Price represents a premium of 134 pence over the nominal value of 10 pence per Ordinary Share.
- 15.11 It is expected that definitive share certificates will be dispatched by hand or first class post by 24 March 2004. In respect of uncertificated shares it is expected that Shareholders' CREST stock accounts will be credited on 17 March 2004.
- 15.12 Save as disclosed in this document the Directors are unaware of any exceptional factors which have influenced the Company's activities.
- 15.13 Save as disclosed in this document, the Directors are not aware of any patents or other IPR, licences or particular contracts which are or may be of fundamental importance to the Company's business.
- 15.14 Save as disclosed in this document, there are no investments in progress which are significant.
- 15.15 Save as disclosed in this document, there have been no significant recent trends concerning the development of ANGLE's business since 30 April 2003.
- 15.16 Save as disclosed in this document, there has been no significant change in the trading or financial position of the Company since 4 December 2003, being the date of its incorporation.
- 15.17 Save as disclosed in this document, there has been no significant change in the trading or financial position of ANGLE Technology and its subsidiaries since 31 October 2003, being the date of the financial information contained in the Accountants' Report set out in section B of Part III of this document.
- 15.18 The Directors are not aware of any arrangements under which future dividends are waived or agreed to be waived.
- 15.19 The making of an offer in relation to Ordinary Shares to persons who are resident in, or citizens of, countries other than the UK may be affected by the law or regulatory requirements of the relevant jurisdictions. Any person outside the UK wishing to acquire Ordinary Shares must satisfy himself as to the full observance of the laws of any relevant territory in connection therewith, including obtaining and observing any requisite formalities and paying any issue, transfer or other taxes due in such territory.
- 15.20 No person receiving a copy of this document in any territory other than the UK may treat the same as constituting an offer or invitation to him unless, in the relevant territory, such an invitation or offer can lawfully be made to him without contravention of any registration or other legal requirements.
- 15.21 Save as disclosed in this document no person directly or indirectly (other than the Company's professional advisers and trade suppliers or save as disclosed in this document) has:
- (a) received, directly or indirectly, from the Company, within the twelve months preceding the date of this document; or
 - (b) entered into contractual arrangements to receive, directly or indirectly, from the Company on or after Admission any of the following:
 - (i) fees totalling £10,000 or more;
 - (ii) securities in the Company where these have a value of £10,000 or more calculated by reference to the Placing Price; or
 - (iii) any other benefit with a value of £10,000 or more at the date of Admission.
- 15.22 The financial information given in Part III of this document does not constitute statutory accounts within the meaning of section 240 of the Act.



15.23 KBC Peel Hunt have approved this document as a financial promotion for the purposes of section 21 FSMA.

16. Availability of Admission Document

Copies of this Admission Document are available free of charge from the Company's registered office and downloadable from their web site www.ANGLEplc.com and at the offices of KBC Peel Hunt, 111 Old Broad Street, London EC2N 1PH, during normal business hours on any weekday (Saturdays and public holidays excepted) from the date of this document and for a period of one month from the date of Admission.

Dated: 10 March 2004

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