

G

COMPANIES FORM No. 12

12**Statutory Declaration of compliance
with requirements on application
for registration of a company**Please do not
write in
this margin

Pursuant to section 12(3) of the Companies Act 1985

Please complete
legibly, preferably
in black type, or
bold block lettering

To the Registrar of Companies

For official use

For official use

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--

Name of company

* insert full
name of Company

* GROWTHRISE PUBLIC LIMITED COMPANY

I, MICHAEL RICHARD COUNSELL, signing on behalf
of SWIFT INCORPORATIONS LIMITED
2 BACHES STREET
LONDON N1 6UB

† delete as
appropriate

do solemnly and sincerely declare that I am a [~~Solicitor engaged in the formation of the~~
~~company~~]† [person named as director or secretary of the company in the statement delivered to
the registrar under section 10(2)† and that all the requirements of the above Act in respect of the
registration of the above company and of matters precedent and incidental to it have been
complied with,

And I make this solemn declaration conscientiously believing the same to be true and by virtue of
the provisions of the Statutory Declarations Act 1835

Declared at 11, SHIP STREETBRECON,POWYS

Declarant to sign below

15 FEB 1993

before me

A Commissioner for Oaths or Notary Public or Justice of
the Peace or Solicitor having the powers conferred on a
Commissioner for Oaths.

Presenter's name, address and
reference (if any):

For official use

New Companies Section

Post room

Printed and supplied by

Jordans

Jordan & Sons Limited

21 St. Thomas Street, Bristol BS1 6JS
Tel: 0272 230600 Telex 449119

CHA108

10

**Statement of first directors and
secretary and intended situation
of registered office**

This form should be completed in black.

CN

2792457

For official use

☐

Company name (in full)

GROWTHRISE PUBLIC LIMITED COMPANY

Registered office of the company on
incorporation.

RO

2 BACHES STREET

Post town

LONDON

County/Region

Postcode

N1 6UB

If the memorandum is delivered by an
agent for the subscribers of the
memorandum mark 'X' in the box
opposite and give the agent's name
and address.

☒

Name

JORDAN & SONS LIMITED

RA

21 ST. THOMAS STREET

Post town

BRISTOL

County/Region

Postcode

BS1 6JS

Number of continuation sheets attached

☐

To whom should Companies House
direct any enquiries about the
information shown in this form?

C.F.P.U. JORDAN & SONS LIMITED

21 ST. THOMAS STREET

BRISTOL

Postcode

BS1 6JS

Telephone

0272 230600

Extension

349

SPRM10

3P8040


Company Secretary (See notes 1 - 5)

Name ***Style/Title**
Forenames
Surname
***Honours etc**
Previous forenames
Previous surname

Address

Usual residential address must be given.
In the case of a corporation, give the
registered or principal office address.

Consent signature

CS			
SWIFT INCORPORATIONS LIMITED			
		N/A	
		N/A	
		N/A	
AD	2 BACHES STREET		
Post town		LONDON	
County/Region			
Postcode		N1 6UB	Country
			ENGLAND
I consent to act as secretary of the company named on page 1			
Signed			
		(Authorised Signatory)	Date
			15 FEB 1993

Directors (See notes 1 - 5)

Please list directors in alphabetical order.

Name ***Style/Title**
Forenames
Surname
***Honours etc**
Previous forenames
Previous surname

Address

Usual residential address must be given.
In the case of a corporation, give the
registered or principal office address.

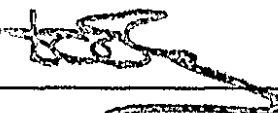
Date of birth

Business occupation

Other directorships

* Voluntary details

Consent signature

CD			
INSTANT COMPANIES LIMITED			
		N/A	
		N/A	
		N/A	
AD	2 BACHES STREET		
Post town		LONDON	
County/Region			
Postcode		N1 6UB	Country
			ENGLAND
DO	1	8	0
	2	8	1
Nationality		NA	UK REGISTERED
OC	COMPANY REGISTRATION AGENT		
OD	NONE		
I consent to act as director of the company named on page 1			
Signed			
		(Authorised Signatory)	Date
			15 FEB 1993

Directors (continued)

(See notes 1 - 5)

Name *Style/Title
Forenames
Surname
*Honours etc
Previous forenames
Previous surname

Address

Usual residential address must be given.
In the case of a corporation, give the
registered or principal office address.


Date of birth

Business occupation


Other directorships

* Voluntary details

Consent signature

CD			
	N/A		
	SWIFT INCORPORATIONS LIMITED		
	N/A		
	N/A		
	N/A		
AD	2 BACHES STREET		
	Post town	LONDON	
	County/Region		
	Postcode	N1 6UB	Country
			ENGLAND
DO	1	0	0 9 8 5
			Nationality
			NA UK REGISTERED
OC	COMPANY REGISTRATION AGENT		
OD			
	I consent to act as director of the company named on page 1		
Signed			(Authorised Signatory) Date
			15 FEB 1993

Delete if the form
is signed by the
subscribers.

	
Signature of agent on behalf of all subscribers	Date
	15 FEB 1993

2792457



Memorandum of Association

1. The Company's name is

GROWTHRISE PUBLIC LIMITED COMPANY

2. The Company is to be a public company.

3. The Company's registered office is to be situated in England and Wales.

4. The Company's objects are:-

(a) (i) To carry on all or any of the businesses of general merchants and traders, cash and credit traders, manufacturers' agents and representatives, insurance brokers and consultants, estate and advertising agents, mortgage brokers, financial agents, advisers, managers and administrators, hire purchase and general financiers, brokers and agents, commission agents, importers and exporters, manufacturers, retailers, wholesalers, buyers, sellers, distributors and shippers of, and dealers in all products, goods, wares, merchandise and produce of every description, to participate in, undertake, perform and carry on all kinds of commercial, industrial, trading and financial operations and enterprises; to carry on all or any of the businesses of marketing and business consultants, advertising agents and contractors, general storekeepers, warehousemen, discount traders, mail order specialists, railway, shipping and forwarding agents, shippers, traders, capitalists and financiers either on the Company's own account or otherwise, printers and publishers; haulage and transport contractors, garage proprietors, operators, hirers and letters on hire of, and dealers in motor and other vehicles, craft, plant, machinery, tools and equipment of all kinds; and to purchase or otherwise acquire and take over any businesses or undertakings which may be deemed expedient, or to become interested in, and to carry on or dispose of, remove or put an end to the same or otherwise deal with any such businesses or undertakings as may be thought desirable.

(ii) To carry on the business of an investment company in all its branches, and to acquire by purchase, lease, concession, grant, licence or otherwise such businesses, options, rights, privileges, lands, buildings, leases, underleases, stocks, shares, debentures, debenture stock, bonds, obligations, securities, reversionary interests, annuities, policies of assurance and other property and rights and interests in property as the Company shall deem fit and generally to hold, manage, develop, lease, sell or dispose of the same and to vary any of the investments of the Company, to act as trustees of

any deeds constituting or securing any debentures, debenture stock or other securities or obligations.

(b) To carry on any other trade or business whatever which can in the opinion of the Board of Directors be advantageously carried on in connection with or ancillary to any of the businesses of the Company.

(c) To purchase or by any other means acquire and take options over any property whatever, and any rights or privileges of any kind over or in respect of any property.

(d) To apply for, register, purchase, or by other means acquire and protect, prolong and renew, whether in the United Kingdom or elsewhere any patents, patent rights, brevets d'invention, licences, secret processes, trade marks, designs, protections and concessions and to disclaim, alter, modify, use and turn to account and to manufacture under or grant licences or privileges in respect of the same, and to expend money in experimenting upon, testing and improving any patents, inventions or rights which the Company may acquire or propose to acquire.

(e) To acquire or undertake the whole or any part of the business, goodwill, and assets of any person, firm, or company carrying on or proposing to carry on any of the businesses which the Company is authorised to carry on and as part of the consideration for such acquisition to undertake all or any of the liabilities of such person, firm or company, or to acquire an interest in, amalgamate with, or enter into partnership or into any arrangement for sharing profits, or for co-operation, or for mutual assistance with any such person, firm or company, or for subsidising or otherwise assisting any such person, firm or company, and to give or accept, by way of consideration for any of the acts or things aforesaid or property acquired, any shares, debentures, debenture stock or securities that may be agreed upon, and to hold and retain, or sell, mortgage and deal with any shares, debentures, debenture stock or securities so received.

(f) To improve, manage, construct, repair, develop, exchange, let on lease or otherwise, mortgage, charge, sell, dispose of, turn to account, grant licences, options, rights and privileges in respect

of, or otherwise deal with all or any part of the property and rights of the Company.

(g) To invest and deal with the moneys of the Company not immediately required in such manner as may from time to time be determined and to hold or otherwise deal with any investments made.

(h) To lend and advance money or give credit on any terms and with or without security to any person, firm or company (including without prejudice to the generality of the foregoing any holding company, subsidiary or fellow subsidiary of, or any other company associated in any way with, the Company), to enter into guarantees, contracts of indemnity and suretyships of all kinds, to receive money on deposit or loan upon any terms, and to secure or guarantee in any manner and upon any terms the payment of any sum of money or the performance of any obligation by any person, firm or company (including without prejudice to the generality of the foregoing any such holding company, subsidiary, fellow subsidiary or associated company as aforesaid).

(i) To borrow and raise money in any manner and to secure the repayment of any money borrowed, raised or owing by mortgage, charge, standard security, lien or other security upon the whole or any part of the Company's property or assets (whether present or future), including its uncalled capital, and also by a similar mortgage, charge, standard security, lien or security to secure and guarantee the performance by the Company of any obligation or liability it may undertake or which may become binding on it.

(j) To draw, make, accept, endorse, discount, negotiate, execute and issue cheques, bills of exchange, promissory notes, bills of lading, warrants, debentures, and other negotiable or transferable instruments.

(k) To apply for, promote, and obtain any Act of Parliament, order, or licence of the Department of Trade or other authority for enabling the Company to carry any of its objects into effect, or for effecting any modification of the Company's constitution, or for any other purpose which may seem calculated directly or indirectly to promote the Company's interests, and to oppose any proceedings or applications which may seem calculated directly or indirectly to prejudice the Company's interests.

(l) To enter into any arrangements with any government or authority (supreme, municipal, local, or otherwise) that may seem conducive to the attainment of the Company's objects or any of them, and to obtain from any such government or authority any charters, decrees, rights, privileges or concessions which the Company may think desirable and to carry out, exercise, and comply with any such charters, decrees, rights, privileges, and concessions.

(m) To subscribe for, take, purchase, or otherwise acquire, hold, sell, deal with and dispose of, place and underwrite shares, stocks, debentures, debenture stocks, bonds, obligations or securities issued or guaranteed by any other company constituted or carrying on business in any part of the world, and debentures, debenture stocks, bonds, obligations or securities issued or guaranteed by any government or authority, municipal, local or otherwise, in any part of the world.

(n) To control, manage, finance, subsidise, co-ordinate or otherwise assist any company or companies in which the Company has a direct or indirect financial interest, to provide secretarial, administrative, technical, commercial and other services and facilities of all kinds for any such company or companies and to make payments by way of subvention or otherwise and any other arrangements which may seem desirable with respect to any business or operations of or generally with respect to any such company or companies.

(o) To promote any other company for the purpose of acquiring the whole or any part of the business or property or undertaking or any of the liabilities of the Company, or of undertaking any business or operations which may appear likely to assist or benefit the Company or to enhance the value of any property or business of the Company, and to place or guarantee the placing of, underwrite, subscribe for, or otherwise acquire all or any part of the shares or securities of any such company as aforesaid.

(p) To sell or otherwise dispose of the whole or any part of the business or property of the Company, either together or in portions, for such consideration as the Company may think fit, and in particular for shares, debentures, or securities of any company purchasing the same.

(q) To act as agents or brokers and as trustees for any person, firm or company, and to undertake and perform sub-contracts.

(r) To remunerate any person, firm or company rendering services to the Company either by cash payment or by the allotment to him or them of shares or other securities of the Company credited as paid up in full or in part or otherwise as may be thought expedient.

(s) To pay all or any expenses incurred in connection with the promotion, formation and incorporation of the Company, or to contract with any person, firm or company to pay the same, and to pay commissions to brokers and others for underwriting, placing, selling, or guaranteeing the subscription of any shares or other securities of the Company.

(t) To support and subscribe to any charitable or public object and to support and subscribe to any institution, society, or club which may be for the benefit of the Company or its Directors or employees, or may be connected with any town or place where the Company carries on business; to give or award pensions, annuities, gratuities, and superannuation or other allowances or benefits or charitable aid and generally to provide advantages, facilities and services for any persons who are or have been Directors of, or who are or have been employed by, or who are serving or have served the Company, or any company which is a subsidiary of the Company or the holding company of the Company or a fellow subsidiary of the Company or the predecessors in business of the Company or of any such subsidiary, holding or fellow subsidiary company and to the wives, widows, children and other relatives and dependants of such persons; to make payments towards insurance including insurance for any Director, officer or Auditor against any liability as is referred to in Section 310(1) of the Act; and to set up, establish, support and maintain superannuation and other funds or schemes (whether contributory or non-contributory) for the benefit of any of such persons and of their wives, widows, children and other relatives and dependants; and to set up, establish, support and maintain profit sharing or share purchase schemes for the benefit of any of the employees of the Company or of any such subsidiary, holding or fellow subsidiary company and to lend money to any such employees or to trustees on their behalf to enable any such purchase schemes to be established or maintained.

(u) If and only to the extent permitted by the Act, to give, whether directly or indirectly, any kind of financial assistance (as defined in Section 152(1)(a) of the Act) for any such purpose as is specified in Section 151(1) and/or Section 151(2) of the Act.

(v) To distribute among the Members of the Company in kind any property of the Company of whatever nature.

(w) To procure the Company to be registered or recognised in any part of the world.

(x) To do all or any of the things or matters aforesaid in any part of the world and either as principals, agents, contractors or otherwise, and by or through agents, brokers, sub-contractors or otherwise and either alone or in conjunction with others.

(y) To do all such other things as may be deemed incidental or conducive to the attainment of the Company's objects or any of them.

AND so that:-

(1) None of the objects set forth in any sub-clause of this Clause shall be restrictively construed but the widest interpretation shall be given to each such object, and none of such objects shall, except where the context expressly so requires, be in any way limited or restricted by reference to or inference from any other object or objects set forth in such sub-clause, or by reference to or inference from the terms of any other sub-clause of this Clause, or by reference to or inference from the name of the Company.

(2) None of the sub-clauses of this Clause and none of the objects therein specified shall be deemed subsidiary or ancillary to any of the objects specified in any other such sub-clause, and the Company shall have as full a power to exercise each and every one of the objects specified in each sub-clause of this Clause as though each such sub-clause contained the objects of a separate Company.

(3) The word "Company" in this Clause, except where used in reference to the Company, shall be deemed to include any partnership or other body of persons, whether incorporated or unincorporated and whether domiciled in the United Kingdom or elsewhere.

(4) In this Clause the expression "the Act" means the Companies Act 1985, but so that any reference in this Clause to any provision of the Act shall be deemed to include a reference to any statutory modification or re-enactment of that provision for the time being in force.

5. The liability of the Members is limited.

6. The Company's share capital is £100,000 divided into 100,000 shares of £1 each.

WE, the subscribers to this Memorandum of Association, wish to be formed into a Company pursuant to this Memorandum; and we agree to take the number of shares shown opposite our respective names.

Names and addresses of Subscribers	Number of shares taken by each Subscriber
---------------------------------------	--

1. For and on behalf of Instant Companies Limited 2 Baches Street London N1 6UB	- One
--	-------



2. For and on behalf of Swift Incorporations Limited 2 Baches Street London N1 6UB	- One
---	-------



Total shares taken	- Two
--------------------	-------

Dated 15 FEB 1993

Witness to the above Signatures:-

Mark Anderson
2 Baches Street
London N1 6UB



THE COMPANIES ACTS 1985 to 1989

PUBLIC COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

PRELIMINARY

1. (a) The Regulations contained in Table A in the Schedule to the Companies (Tables A to F) Regulations 1985 (SI 1985 No. 805) as amended by the Companies (Tables A to F) (Amendment) Regulations 1985 (SI 1985 No. 1052) (such Table being hereinafter called "Table A") shall apply to the Company save in so far as they are excluded or varied hereby and such Regulations (save as so excluded or varied) and the Articles hereinafter contained shall be the regulations of the Company.

(b) In these Articles the expression "the Act" means the Companies Act 1985, but so that any reference in these Articles to any provision of the Act shall be deemed to include a reference to any statutory modification or re-enactment of that provision for the time being in force.

ALLOTMENT OF SHARES

2. (a) Shares which are comprised in the authorised but unissued share capital of the Company shall be under the control of the Directors who may (subject to Sections 80 and 89 of the Act and to paragraphs (b) and (c) below) allot, grant options over or otherwise dispose of the same, to such persons, on such terms and in such manner as they think fit.

(b) The Directors are generally and unconditionally authorised for the purposes of Section 80 of the Act, to exercise any power of the Company to allot and grant rights to subscribe for or convert securities into shares of the Company up to the amount of the authorised share capital with which the Company is incorporated at any time or times during the period of five years from the date of incorporation and the Directors may, after that period, allot any shares or grant any such rights under this authority in pursuance of an offer or agreement so to do made by the Company within that period. The authority hereby given may at any time (subject to the said Section 80) be renewed, revoked or varied by Ordinary Resolution of the Company in General Meeting.

(c) The Directors are empowered to allot and grant rights to subscribe for or convert securities into shares of the Company pursuant to the authority conferred under paragraph (b) above as if Section 89(1) of the Act did not apply. This power shall enable the Directors so to allot and grant rights to subscribe for or convert securities into shares of the Company after its expiry in pursuance of an offer or agreement so to do made by the Company before its expiry.

(d) Save as authorised by the Act, the Company shall not give, whether directly or indirectly, any financial assistance (as defined in Section 152(1)(a) of the Act) for any such purpose as is specified in Section 151 of the Act.

(e) Save as permitted by Section 101(2) of the Act, no shares of the Company shall be allotted except as paid up at least as to one quarter of their nominal value and the whole of any premium.

SHARES

3. The liability of any Member in default in respect of a call shall be increased by the addition at the end

of the first sentence of Clause 18 in Table A of the words "and all expenses that may have been incurred by the Company by reason of such non-payment".

GENERAL MEETINGS AND RESOLUTIONS

4. (a) A notice convening a General Meeting shall be required to specify the general nature of the business to be transacted only in the case of special business and Clause 38 in Table A shall be modified accordingly.

All business shall be deemed special that is transacted at an Extraordinary General Meeting, and also all that is transacted at an Annual General Meeting, with the exception of declaring a dividend, the consideration of the accounts, balance sheets, and the reports of the Directors and Auditors, and the appointment of, and the fixing of the remuneration of, the Auditors.

(b) Every notice convening a General Meeting shall comply with the provisions of Section 372(3) of the Act as to giving information to Members in regard to their right to appoint proxies; and notices of and other communications relating to any General Meeting which any Member is entitled to receive shall be sent to the Directors and to the Auditors for the time being of the Company.

5. (a) Clause 40 in Table A shall be read and construed as if the words "at the time when the Meeting proceeds to business" were added at the end of the first sentence.

(b) If a quorum is not present within half an hour from the time appointed for a General Meeting the General Meeting shall stand adjourned to the same day in the next week at the same time and place or to such other day and at such other time and place as the Directors may determine; and if at the adjourned General Meeting a quorum is not present within half an hour from the time appointed therefor such adjourned General Meeting shall be dissolved.

(c) Clause 41 in Table A shall not apply to the Company.

APPOINTMENT OF DIRECTORS

6. (a) Clause 64 in Table A shall not apply to the Company.

(b) The maximum number and minimum number respectively of the Directors may be determined from time to time by Ordinary Resolution in General Meeting of the Company. Subject to and in default of any such determination there shall be no maximum number of Directors and the minimum number of Directors shall be two.

(c) The Directors shall not be required to retire by rotation and Clauses 73 to 80 (inclusive) in Table A shall not apply to the Company.

(d) No person shall be appointed a Director at any General Meeting unless either:-

(i) he is recommended by the Directors; or

(ii) not less than fourteen nor more than thirty-five clear days before the date appointed for the General Meeting, notice executed by a Member qualified to vote at the General Meeting has been given to the Company of the intention to propose that person for appointment, together with notice executed by that person of his willingness to be appointed.

(e) Subject to paragraph (d) above, the Company may by Ordinary Resolution in General Meeting appoint any person who is willing to act to be a Director, either to fill a vacancy or as an additional Director.

(f) The Directors may appoint a person who is willing to act to be a Director, either to fill a vacancy or as an additional Director, provided that the appointment does not cause the number of Directors to exceed any number determined in accordance with paragraph (b) above as the maximum number of Directors and for the time being in force.

BORROWING POWERS

7. The Directors may exercise all the powers of the Company to borrow money without limit as to amount and upon such terms and in such manner as they think fit, and subject (in the case of any security convertible into shares) to Section 80 of the Act to grant any mortgage, charge or standard security over its undertaking, property and uncalled capital, or any part thereof, and to issue debentures, debenture stock, and other securities whether outright or as security for any debt, liability or obligation of the Company or of any third party.

ALTERNATE DIRECTORS

8. (a) An alternate Director shall not be entitled as such to receive any remuneration from the Company, save that he may be paid by the Company such part (if any) of the remuneration otherwise payable to his appointor as such appointor may by notice in writing to the Company from time to time direct, and the first sentence of Clause 66 in Table A shall be modified accordingly.

(b) A Director, or any such other person as is mentioned in Clause 66 in Table A, may act as an alternate Director to represent more than one Director, and an alternate Director shall be entitled at any meeting of the Directors or of any committee of the Directors to one vote for every Director whom he represents in addition to his own vote (if any) as a Director, but he shall count as only one for the purpose of determining whether a quorum is present.

DISQUALIFICATION OF DIRECTORS

9. The office of a Director shall be vacated if he becomes incapable by reason of illness or injury of managing and administering his property and affairs, and Clause 81 in Table A shall be modified accordingly.

GRATUITIES AND PENSIONS

10. (a) The Directors may exercise the powers of the Company conferred by Clause 4(t) of the Memorandum of Association of the Company and shall be entitled to retain any benefits received by them or any of them by reason of the exercise of any such powers.

(b) Clause 87 in Table A shall not apply to the Company.

PROCEEDINGS OF DIRECTORS

11. (a) A Director may vote, at any meeting of the Directors or of any committee of the Directors, on any resolution, notwithstanding that it in any way concerns or relates to a matter in which he has, directly or indirectly, any kind of interest whatsoever, and if he shall vote on any such resolution as aforesaid his vote shall be counted; and in relation to any such resolution as aforesaid he shall (whether or not he shall vote on the same) be taken into account in calculating the quorum present at the meeting.

(b) Clauses 94 to 97 (inclusive) in Table A shall not apply to the Company.

INDEMNITY

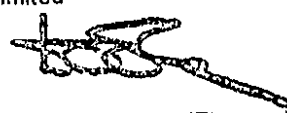
12. (a) Every Director or other officer of the Company shall be indemnified out of the assets of the Company against all losses or liabilities which he may sustain or incur in or about the execution of the duties of his office or otherwise in relation thereto, including any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in connection with any application under Section 144 or Section 727 of the Act in which relief is granted to him by the Court, and no Director or other officer shall be liable for any loss, damage or misfortune which may happen to or be incurred by the Company in the execution of the duties of his office or in relation thereto. But this Article shall only have effect in so far as its provisions are not avoided by Section 310 of the Act.

(b) The Directors shall have power to purchase and maintain for any Director, officer or Auditor of the Company insurance against any such liability as is referred to in Section 310(1) of the Act.

(c) Clause 118 in Table A shall not apply to the Company.

Names and addresses of Subscribers

1. For and on behalf of
Instant Companies Limited
2 Baches Street
London N1 6UB



2. For and on behalf of
Swift Incorporations Limited
2 Baches Street
London N1 6UB



Dated

15 FEB 1993

Witness to the above Signatures:-

Mark Anderson
2 Baches Street
London N1 6UB



FILE COPY



**CERTIFICATE OF INCORPORATION
OF A PUBLIC LIMITED COMPANY**

No. 2792457

I hereby certify that

GROWTHRISE PUBLIC LIMITED COMPANY

is this day incorporated under the Companies Act 1985
as a public company and that the Company is limited.

Given under my hand at the Companies Registration Office,
Cardiff the 22 FEBRUARY 1993

M. Rose
M. ROSE

an authorised officer

Company No: 2792457



THE COMPANIES ACT 1985

COMPANY LIMITED BY SHARES

SPECIAL RESOLUTION

of

GROWTHRISE PUBLIC LIMITED COMPANY

Passed on 28th May 1993

At an extraordinary general meeting of the above-named Company duly convened and held on 28th May, 1993 the following resolution was duly passed as a special resolution of the Company:-

SPECIAL RESOLUTION

THAT, subject to the right of the Registrar of Companies to refuse registration, the name of the Company be changed to "Anagen plc".

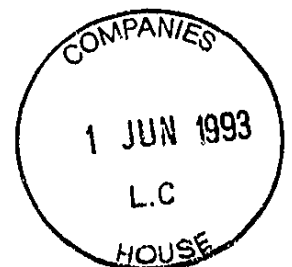
.....*Am Scannell*.....

Chairman

RBS, 032184. £400 =
C/N. £200 = 2/2.
Same Day

A:\MJA(D)\D0152.DEM\28 May 1993(1)

- 1 -



FILE COPY



**CERTIFICATE OF INCORPORATION
ON CHANGE OF NAME**

Company No. 2792457

The Registrar of Companies for England and Wales hereby certifies that
GROWTHRISE PUBLIC LIMITED COMPANY

having by special resolution changed its name, is now incorporated
under the name of

ANAGEN PLC

Given at Companies House, London, the 1st June 1993

A handwritten signature in dark ink, appearing to read 'C. Carr'.

MR. C. CARR
For The Registrar Of Companies



C O M P A N I E S H O U S E

Application by a public company for certificate to commence business and statutory declaration in support

Please do not
write in
this margin

Pursuant to section 117 of the Companies Act 1985

Please complete
legibly, preferably
in black type, or
bold block lettering

To the Registrar of Companies

For official use

Company number

--	--	--	--	--	--

2792457

Name of company

* ANAGEN PLC

* insert full name
of company

applies for a certificate that it is entitled to do business and exercise borrowing powers.

For that purpose I, MERVYN NAPOLEON SENNETT

of UNIT 4, SPRINGLAKES ESTATE, DEADBROOK LANE,
ALDERSHOT, HANTS GU12 4UH

† delete as
appropriate

~~the secretary~~ ☒ ~~a director~~ ☒ of the above company,

do solemnly and sincerely declare that;

- 1 the nominal value of the company's allotted share capital is not less than the authorised minimum
- 2 the amount paid up on the allotted share capital of the company at the time of this application is
- 3 the ~~estimated~~ amount of the preliminary expenses of the company is

£ 12,501.50

£ 500

and ~~has been paid~~ (is payable) by

§ insert name of
person(s) by whom
expenses paid
or payable

§ ANAGEN PLC

Presentor's name address and
reference (if any):

McKenna & Co
Mitre House
160 Aldersgate Street
London EC1A 4DD
071-606-9000
Ref: 4DEM/42095.1/SMW

For official Use
General Section

Post room



[4a. ~~no amount or benefit has been paid or given or is intended to be paid or given to any of the promoters of the company.~~†

[4b the amount or benefit paid or given or intended to be paid or given to any promoter of the company is:]†

Please do not write in this margin

Please complete legibly, preferably in black type, or bold black lettering

† delete as appropriate

Promoter No.1; MERVYN NAPOLEON SENNETT

The amount paid or intended to be paid to him £ 500 to be paid by Anagen

Any benefit given or intended to be given to him (Bermuda) Limited and benefit of an indemnity given by Anagen (Bermuda)

The consideration for such payment or benefit Limited

Promoter No.2; GORDON COULTER FORREST

The amount paid or intended to be paid to him £ 500 to be paid by Anagen (Bermuda)

Any benefit given or intended to be given to him Limited and benefit of an indemnity

The consideration for such payment or benefit given by Anagen (Bermuda) Limited

Promoter No.3;

The amount paid or intended to be paid to him £

Any benefit given or intended to be given to him

The consideration for such payment or benefit

Promoter No.4;

The amount paid or intended to be paid to him £

Any benefit given or intended to be given to him

The consideration for such payment or benefit

Note
Please continue on a separate sheet if necessary

And I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1835.

Declared at Mitre House, 160 Abchurch Lane, London EC2

Declarant to sign below



the 7th day of June
one thousand nine hundred and ninety three
before me [Signature]

A Commissioner for Oaths or Notary Public or Justice of the Peace or Solicitor having the powers conferred on a Commissioner for Oaths.

FILE COPY



**CERTIFICATE THAT A PUBLIC COMPANY
IS ENTITLED TO DO BUSINESS AND BORROW**

Company No. 2792457

I hereby certify that the provisions of section 117(1) of the Companies Act 1985 have been complied with in relation to

ANAGEN PLC

and that the company is entitled to do business and borrow.

Given at Companies House, Cardiff, the 9th June 1993

A handwritten signature in black ink, appearing to read 'M B May'.

M. B. MAY (MRS.)

For The Registrar Of Companies



C O M P A N I E S H O U S E

Company No: 2792457

THE COMPANIES ACT 1985

COMPANY LIMITED BY SHARES

ORDINARY RESOLUTION

of

ANAGEN PLC

Passed on

11th

June 1993

At an extraordinary general meeting of the above-named Company duly convened and held on 11th June, 1993 the following resolution was duly passed as an ordinary resolution of the Company:-

ORDINARY RESOLUTION

THAT each share of £1 each in the capital of the Company, whether issued or unissued, be and is hereby sub-divided into 10 Ordinary shares of 10 pence each.

.....*Handwritten Signature*.....

Chairman



Notice of accounting reference date (to be delivered within 9 months of incorporation)

Please do not
write in
this margin

Pursuant to section 224 of the Companies Act 1985
as inserted by section 3 of the Companies Act 1989

Please complete
legibly, preferably
in black type, or
bold block lettering

To the Registrar of Companies
(Address overleaf)

Company number

2792457

Name of company

* ANAGEN PLC

* Insert full name
of company

gives notice that the date on which the company's accounting reference period is to be treated as
coming to an end in each successive year is as shown below:

Important
The accounting
reference date to
be entered along-
side should be
completed as in the
following examples:

Day Month

3 1 1 2

5 April
Day Month

0 5 0 4

30 June
Day Month

3 0 0 6

31 December
Day Month

3 1 1 2

† Insert
Director,
Secretary,
Administrator,
Administrative
Receiver or
Receiver
(Scotland) as
appropriate

Signed

W. C. C. V.

Designation†

Secretary

Date

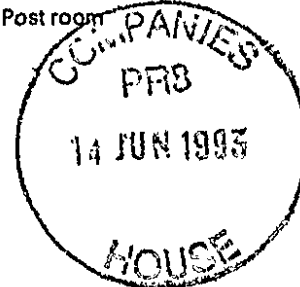
11 June 93.

Presenter's name address W 77
telephone number and reference (if any):

CK Corporate Services Ltd
Bank Chambers
2 Botley Rd, Fair Oak
EASTLEIGH Hants SO57AN

For official use
D.E.B.

Post room



Registered No. 2792457

The Companies Acts 1985 to 1989

Public Company Limited by Shares

**MEMORANDUM AND NEW ARTICLES
OF ASSOCIATION**

of

ANAGEN PLC

Incorporated 22nd February 1993



in respect of such investments and holdings all the rights, powers and privileges of ownership including the right to vote thereon;

- (ii) to carry on the business of an investment company in all its branches, and to acquire by purchase, lease, concession, grant, licence or otherwise such businesses, options, rights, privileges, lands, buildings, leases, underleases, stocks, shares, debentures, debenture stock, bonds, obligations, securities, reversionary interests, annuities, policies of assurance and other property and rights and interests in property as the Company shall deem fit and generally to hold, manage, develop, lease, sell or dispose of the same and to vary any of the investments of the Company, to act as trustees of any deeds constituting or securing any debentures, debenture stock or other securities or obligations.
- (b) To carry on any other trade or business whatever which can in the opinion of the Board of Directors be advantageously carried on in connection with or ancillary to any of the businesses of the Company.
- (c) To purchase or by any other means acquire and take options over any property whatever, and any rights or privileges of any kind over or in respect of any property.
- (d) To apply for, register, purchase, or by other means acquire and protect, prolong and renew, whether in the United Kingdom or elsewhere any patents, patent rights, brevets d'invention, licences, secret processes, trade marks, designs, protections and concessions and to disclaim, alter, modify, use and turn to account and to manufacture under or grant licences or privileges in respect of the same, and to expend money in experimenting upon, testing and improving any patents, inventions or rights which the Company may acquire or propose to acquire.
- (e) To acquire or undertake the whole or any part of the business, goodwill, and assets of any person firm, or company carrying on or proposing to carry on any of the businesses which the Company is authorised to carry on and as part of the consideration for such acquisition to undertake all or any of the liabilities of such person, firm or company, or to acquire an interest in, amalgamate with, or enter into partnership or into any arrangement for sharing profits, or for co-operation, or for mutual assistance with any such person, firm or company, or for subsidising or otherwise assisting any such person,

The Companies Acts 1985 to 1989

Public Company Limited by Shares

MEMORANDUM OF ASSOCIATION

OF

ANAGEN PLC

1. The Company's name is "ANAGEN PLC".
2. The Company is to be a public company.
3. The Company's registered office is to be situated in England and Wales.
4. The Company's objects are:-
 - (a) (i) to act as and to carry on the business of a holding and co-ordinating company of the group of companies of which the Company is for the time being the holding company and to carry on the business of an investment company and to do all lawful acts and things whatever that are necessary or convenient in acting as or in carrying on the business of a holding company or in carrying on the business of an investment company or both and to acquire by purchase, exchange, subscription or otherwise and to hold the whole or any part of the shares, stocks, debentures and other securities and interests of and in any corporations, companies, associations or firms for the time being engaged, concerned or interested in any industry, trade or business and to promote the beneficial co-operation of any such corporations, companies, associations or firms as well with one another as with the Company and to exercise

¹ The name of the Company was changed from Growthrise Public Limited Company on 1st June 1993 pursuant to a special resolution passed on 28th May 1993.

firm or company, and to give or accept, by way of consideration for any of the acts or things aforesaid or property acquired, any shares, debentures, debenture stock or securities that may be agreed upon, and to hold and retain, or sell, mortgage and deal with any shares, debentures, debenture stock or securities so received.

- (f) To improve, manage, construct, repair, develop, exchange, let on lease or otherwise, mortgage, charge, sell, dispose of, turn to account, grant licences, options, rights and privileges in respect of, or otherwise deal with all or any part of the property and rights of the Company.
- (g) To invest and deal with the moneys of the Company not immediately required in such manner as may from time to time be determined and to hold or otherwise deal with any investments made.
- (h) To lend and advance money or give credit on any terms and with or without security to any person, firm or company (including without prejudice to the generality of the foregoing any holding company, subsidiary or fellow subsidiary of, or any other company associated in any way with, the Company), to enter into guarantees, contracts of indemnity and suretyships of all kinds, to receive money on deposit or loan upon any terms, and to secure or guarantee in any manner and upon any terms the payment of any sum of money or the performance of any obligation by any person, firm or company (including without prejudice to the generality of the foregoing any such holding company, subsidiary, fellow subsidiary or associated company as aforesaid).
- (i) To borrow and raise money in any manner and to secure the repayment of any money borrowed, raised or owing by mortgage, charge, standard security, lien or other security upon the whole or any part of the Company's property or assets (whether present or future), including its uncalled capital, and also by a similar mortgage, charge, standard security, lien or security to secure and guarantee the performance by the Company of any obligation or liability it may undertake or which may become binding on it.
- (j) To draw, make, accept, endorse, discount, negotiate, execute and issue cheques, bills of exchange, promissory notes, bills of lading, warrants, debentures, and other negotiable or transferable instruments.

- (k) To apply for, promote, and obtain any Act of Parliament, order, or licence of the Department of Trade or other authority for enabling the Company to carry any of its objects into effect, or for effecting any modification of the Company's constitution, or for any other purpose which may seem calculated directly or indirectly to promote the Company's interests, and to oppose any proceedings or applications which may seem calculated directly or indirectly to prejudice the Company's interests.
- (l) To enter into any arrangements with any government or authority (supreme, municipal, local, or otherwise) that may seem conducive to the attainment of the Company's objects or any of them, and to obtain from any such government or authority any charters, decrees, rights, privileges or concessions which the Company may think desirable and to carry out, exercise, and comply with any such charters, decrees, rights, privileges, and concessions.
- (m) To subscribe for, take, purchase, or otherwise acquire, hold, sell, deal with and dispose of, place and underwrite shares, stocks, debentures, debenture stocks, bonds, obligations or securities issued or guaranteed by any other company constituted or carrying on business in any part of the world, and debentures, debenture stocks, bonds, obligations or securities issued or guaranteed by any government or authority, municipal, local or otherwise, in any part of the world.
- (n) To control, manage, finance, subsidise, co-ordinate or otherwise assist any company or companies in which the Company has a direct or indirect financial interest, to provide secretarial, administrative, technical, commercial and other services and facilities of all kinds for any such company or companies and to make payments by way of subvention or otherwise and any other arrangements which may seem desirable with respect to any business or operations of or generally with respect to any such company or companies.
- (o) To promote any other company for the purpose of acquiring the whole or any part of the business or property or undertaking or any of the liabilities of the Company, or of undertaking any business or operations which may appear likely to assist or benefit the Company or to enhance the value of any property or business of the Company, and to place or guarantee the placing of, underwrite, subscribe for, or otherwise acquire all or any part of the shares or securities of any such company as aforesaid.

- (p) To sell or otherwise dispose of the whole or any part of the business or property of the Company, either together or in portions, for such consideration as the Company may think fit, and in particular for shares, debentures, or securities of any company purchasing the same.
- (q) To act as agents or brokers and as trustees for any person, firm or company, and to undertake and perform sub-contracts.
- (r) To remunerate any person, firm or company rendering services to the Company either by cash payment or by the allotment to him or them of shares or other securities of the Company credited as paid up in full or in part or otherwise as may be thought expedient.
- (s) To pay all or any expenses incurred in connection with the promotion, formation and incorporation of the Company, or to contract with any person, firm or company to pay the same, and to pay commissions to brokers and others for underwriting, placing, selling, or guaranteeing the subscription of any shares or other securities of the Company.
- (t) To support and subscribe to any charitable or public object and to support and subscribe to any institution, society, or club which may be for the benefit of the Company or its Directors or employees, or may be connected with any town or place where the Company carries on business; to give or award pensions, annuities, gratuities, and superannuation or other allowances or benefits or charitable aid and generally to provide advantages, facilities and services for any persons who are or have been Directors of, or who are or have been employed by, or who are serving or have served the Company, or any company which is a subsidiary of the Company or the holding company of the Company or a fellow subsidiary of the Company or the predecessors in business of the Company or of any such subsidiary, holding or fellow subsidiary company and to the wives, widows, children and other relatives and dependants of such persons; to make payments towards insurance including insurance for any Director, officer or Auditor against any liability as is referred to in Section 310(1) of the Act; and to set up, establish, support and maintain superannuation and other funds or schemes (whether contributory or non-contributory) for the benefit of any of such persons and of their wives, widows, children and other relatives and dependants; and to set up, establish, support and maintain profit sharing or share purchase schemes for the benefit of any of the employees of the Company or of any such subsidiary, holding or fellow subsidiary company and to lend

money to any such employees or to trustees on their behalf to enable any such purchase schemes to be established or maintained.

- (u) If and only to the extent permitted by the Act, to give, whether directly or indirectly, any kind of financial assistance (as defined in Section 152(1)(a) of the Act) for any such purpose as is specified in Section 151(1) and/or Section 151(2) of the Act.
- (v) To distribute among the Members of the Company in kind any property of the Company of whatever nature.
- (w) To procure the Company to be registered or recognised in any part of the world.
- (x) To do all or any of the things or matters aforesaid in any part of the world and either as principals, agents, contractors or otherwise, and by or through agents, brokers, sub-contractors or otherwise and either alone or in conjunction with others.
- (y) To do all such other things as may be deemed incidental or conducive to the attainment of the Company's objects or any of them.

AND so that:-

- (1) None of the objects set forth in any sub-clause of this Clause shall be restrictively construed but the widest interpretation shall be given to each such object, and none of such objects shall, except where the context expressly so requires, be in any way limited or restricted by reference to or inference from any other object or objects set forth in such sub-clause, or by reference to or inference from the terms of any other sub-clause of this Clause, or by reference to or inference from the name of the Company.
- (2) None of the sub-clauses of this Clause and none of the objects therein specified shall be deemed subsidiary or ancillary to any of the objects specified in any other such sub-clause, and the Company shall have as full a power to exercise each and every one of the objects specified in each sub-clause of this Clause as though each such sub-clause contained the objects of a separate Company.

- (3) The word "Company" in this Clause, except where used in reference to the Company, shall be deemed to include any partnership or other body of persons, whether incorporated or unincorporated and whether domiciled in the United Kingdom or elsewhere.
- (4) In this Clause the expression "the Act" means the Companies Act 1985, but so that any reference in this Clause to any provision of the Act shall be deemed to include a reference to any statutory modification or re-enactment of that provision for the time being in force.
5. The liability of the Members is limited.
6. The Company's share capital is £100,000² divided into 100,000 shares of £1 each³.

² By an ordinary resolution passed on 15th June 1993 the share capital of the Company was increased from £100,000 to £6,400,000 by the creation of an additional 63,000,000 Ordinary shares of 10p each.

³ By an ordinary resolution passed on 11th June 1993 the shares in the capital of the Company, whether issued or unissued, were sub-divided into 1,000,000 Ordinary shares of 10p each.

WE, the subscribers to this Memorandum of Association, wish to be formed into a Company pursuant to this Memorandum; and we agree to take the number of shares shown opposite our respective names.

Names and addresses of Subscribers

Number of shares taken by
each Subscriber

1.	Instant Companies Limited 2 Baches Street London N1 6UB	-	One
----	---	---	-----

2.	Swift Incorporations Limited 2 Baches Street London N1 6UB	-	One
----	--	---	-----

Total shares taken	-	Two
--------------------	---	-----

Dated this 15th day of February, 1993

Witness to the above Signatures:-

Mark Anderson
2 Baches Street
London N1 6UB

Registered No. 2792457

The Companies Acts 1985 to 1989

Public Company Limited by Shares

NEW ARTICLES OF ASSOCIATION

of

ANAGEN PLC

(Adopted by a special resolution passed on 15th June 1993.

DEFINITIONS AND INTERPRETATION

1. Definitions and interpretation

1.1 In these Articles, the following words and expressions have the meanings set opposite them:-

"Act"	the Companies Act 1985 as amended by the Companies Act 1989
"these Articles"	these articles of association as originally adopted or as altered from time to time
"Auditors"	the auditors of the Company for the time being or, in the case of joint auditors, any one of them
"Board"	the Directors or those Directors present at a duly convened meeting of the Directors at which a quorum is present

"clear days"	in relation to the period of a notice, that period excluding the day when the notice is given or deemed to be given and the day for which it is given or on which it is to take effect
"Director"	a director for the time being of the Company
"executed"	includes any mode of execution
"holder"	in relation to shares, the member whose name is entered in the Register as the holder of the shares
"Office"	the registered office of the Company
"paid up"	paid up or credited as paid up
"person entitled by transmission"	a person entitled to a share in consequence of the death or bankruptcy of a member or of any other event giving rise to its transmission by operation of law and whose name is entered in the Register in respect of the share
"recognised clearing house"	a recognised clearing house within the meaning of the Financial Services Act 1986 acting in relation to a recognised investment exchange within the meaning of that Act and "recognised investment exchange" has the same meaning as in that Act
"Register"	the register of members of the Company
"Seal"	the common seal of the Company or any official seal kept by the Company pursuant to the Statutes
"Secretary"	the secretary of the Company or any other person appointed to perform the duties of the secretary of the Company, including a joint, assistant or deputy secretary

and any person appointed to perform the duties of secretary temporarily or in any particular case

"Statutes"

every statute (including any statutory instrument, order, regulation or subordinate legislation made under it) for the time being in force concerning companies and affecting the Company

"The Stock Exchange"

The International Stock Exchange of the United Kingdom and the Republic of Ireland Limited

"United Kingdom"

Great Britain and Northern Ireland

- 1.2 The expressions "debenture" and "debenture holder" include "debenture stock" and "debenture stockholder".

References to writing include any method of reproducing or representing words in a legible and non-transitory form.

Unless the context otherwise requires, any words or expressions defined in the Statutes bear the same meaning in these Articles (or any part of these Articles) as the meaning in force at the date of the adoption of these Articles (or that part).

A reference to a statute or a statutory provision includes any amendment or re-enactment of it.

Words importing the singular number only include the plural and vice versa. Words importing the masculine gender include the feminine and neuter gender. Words importing persons include corporations.

References to a meeting shall not be taken as requiring more than one person to be present if any quorum requirement can be satisfied by one person.

Headings are inserted for convenience only and shall not affect the construction of these Articles.

2. Table "A" excluded

None of the regulations contained in Table A in the Schedule to the Companies (Tables A to F) Regulations 1985 or any other Statute shall apply to the Company.

3. Form of resolutions

A special or extraordinary resolution shall be effective for any purpose for which an ordinary resolution is expressed to be required under the Statutes or these Articles and a special resolution shall be effective for any purpose for which an extraordinary resolution is expressed to be required.

SHARE CAPITAL

4. Share capital

At the date of adoption of these Articles the capital of the Company is £6,400,000 divided into 64,000,000 Ordinary shares of 10 pence each.

5. Rights attached to shares

Subject to the provisions of the Statutes and 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 any such determination or in so far as such ordinary resolution does not make specific provision, as the Board may determine).

6. Redeemable shares

Subject to the provisions of the Statutes and without prejudice to any rights attached to any existing shares, shares may be issued which are to be redeemed or which are liable to be redeemed at the option of the Company or of the holder on such terms and in such manner as may be provided for by these Articles.

7. Unissued shares

Subject to the provisions of the Statutes and these Articles, the Board may offer, allot, grant options over, or otherwise dispose of shares or rights to subscribe for, or to convert any security into, shares to such persons and on such terms as they think fit.

8. Payment of commissions

The Company may exercise the powers of paying commissions and brokerage conferred or permitted by the Statutes. Subject to the provisions of the Statutes, any such commission may be satisfied by the payment of cash or by the allotment (or an option to call for the allotment) of fully or partly paid shares or partly in one way and partly the other.

9. Trusts not recognised

Except as required by law, no person shall be recognised by the Company as holding any share upon any trust and the Company shall not be bound by or recognise (except as otherwise provided by these Articles or by law or under an order of a court of competent jurisdiction) any interest in any share except an absolute right to the whole of the share in the holder.

10. Variation of rights

Subject to the provisions of the Statutes, the rights attached to any class may (unless otherwise provided by the terms of issue of the shares of that class) be varied with the written consent of the holders of three-fourths in nominal value of the issued shares of that class, or with the sanction of an extraordinary resolution passed at a separate meeting of the holders of the shares of that class. The provisions of the Statutes and of these Articles relating to general meetings shall mutatis mutandis apply to any such separate meeting, except that (1) the necessary quorum shall be at least two persons holding or representing by proxy not less than one-third in nominal amount of the issued shares of that class or, at any adjourned meeting of holders of shares of that class at which such a quorum is not present, shall be any such holder who is present in person or by proxy whatever the number of shares held by him; (2) any holder of shares of that class present in person or by proxy may demand a poll; and (3) every holder of shares of that class shall on a poll have one vote in respect of every share of that class held by him.

11. Pari passu issues

The rights attached to any share or class of shares shall not, unless otherwise expressly provided by its terms of issue, be deemed to be varied by the creation or issue of further shares ranking pari passu with it.

SHARE CERTIFICATES

12. **Right to certificates**

Every person, upon becoming the holder of shares in the Company, shall be entitled within the time specified by the Statutes and without payment to one certificate for all the shares of each class registered in his name. Upon a transfer of part of the shares of any class registered in his name, every holder shall be entitled without payment to one certificate for the balance of his holding. Upon request and upon payment for every certificate after the first of such reasonable sum (if any) as the Board may determine, every holder shall be entitled to receive several certificates for shares of one class registered in his name (subject to surrender for cancellation of any existing certificate representing such shares). Every holder shall be entitled to receive one certificate in substitution for several certificates for shares of one class registered in his name upon surrender to the Company of all the share certificates representing such shares. No certificate will normally be issued in respect of shares held by a recognised clearing house or a nominee of a recognised clearing house or of a recognised investment exchange.

13. **Issue of certificate to joint holders**

The Company shall not be bound to issue more than one certificate in respect of shares registered in the names of two or more persons and delivery of a certificate to one joint holder shall be a sufficient delivery to all of them.

14. **Sealing of certificates**

Every certificate for shares shall be issued under the Seal (or in such other manner as the Board, having regard to the terms of issue, the Statutes and the regulations of The Stock Exchange, may authorise) and shall specify the shares to which it relates, the distinguishing number (if any) of the shares and the amount paid up on the shares.

15. **Replacement certificates**

If a share certificate is worn out, defaced or damaged then, upon surrender to the Company, it shall be replaced free of charge. If a share certificate is or is alleged to have been lost or destroyed it may be replaced without fee but on such terms (if any) as to evidence and indemnity and to payment of and any exceptional out-of-pocket expenses of the Company in investigating such evidence and preparing such indemnity as the Board thinks fit.

LIEN

16. Company's lien

The Company shall have a first and paramount lien on every share (not being a fully paid share) for all moneys (whether presently payable or not) called or payable at a fixed time in respect of that share. The Company's lien on a share shall extend to any amount payable in respect of it. The Board may at any time resolve that any share shall be wholly or in part exempt from the provisions of this Article.

17. Enforcing lien by sale after notice

The Company may sell, in such manner as the Board determines, any shares on which the Company has a lien if a sum in respect of which the lien exists is presently payable and is not paid within fourteen clear days after a notice has been given to the holder of the share or the person entitled by transmission to his share, demanding payment and stating that if the notice is not complied with the shares will be sold.

18. Manner of sale

To give effect to a sale, the Board may authorise some person to execute an instrument of transfer of the shares sold to, or in accordance with the directions of, the purchaser. The transferee shall not be bound to see to the application of the purchase money and his title to the shares shall not be affected by any irregularity or invalidity of the proceedings in reference to the sale.

19. Application of sale proceeds

The net proceeds of the sale, after payment of the costs, shall be applied in or towards payment of so much of the sum for which the lien exists as is presently payable, and any residue shall

(upon surrender to the Company for cancellation of the certificate for the shares sold and subject to a like lien for any moneys not presently payable as existed upon the shares before the sale) be paid to the person entitled to the shares immediately before the sale.

CALLS ON SHARES

20. **Calls**

Subject to the terms of issue, the Board may from time to time make calls upon the members in respect of any money unpaid on their shares (whether in respect of the nominal amount or premium). Each member shall (subject to receiving at least fourteen clear days' notice specifying when and where payment is to be made) pay to the Company as required by the notice the amount called on his shares. A call may be made payable by instalments. A call may, at any time before receipt by the Company of any sum due under the call, be revoked in whole or in part and payment of a call may be postponed in whole or in part, as the Board may determine. A person upon whom a call is made shall remain liable for all calls made upon him notwithstanding the subsequent transfer of the shares in respect of which the call was made.

21. **Time of call**

A call shall be deemed to have been made at the time when the resolution of the Board authorising the call was passed.

22. **Liability of joint holders**

The joint holders of a share shall be jointly and severally liable to pay all calls in respect of the share.

23. **Interest**

If a call remains unpaid after it has become due and payable, the person from whom it is due and payable shall pay interest on the amount unpaid from the day it became due and payable until the day it is paid at the rate fixed by the terms of issue of the share or in the notice of the call or, if no rate is fixed, at the appropriate rate (as defined by the Companies Act 1985) and all

expenses that may have been incurred by the Company by reason of such non-payment but the Board may waive payment of the interest and expenses wholly or in part.

24. Sums due on allotment or by way of instalment treated as calls

An amount payable in respect of a share on allotment or at any fixed date, whether in respect of the nominal amount of the share or by way of premium or as an instalment of a call, shall be deemed to be a call and, if it is not paid, the provisions of these Articles shall apply as if that amount had become due and payable by virtue of a call.

25. Power to differentiate

Subject to the terms of issue, the Board may, on the issue of shares, differentiate between the allottees or holders in the amount of calls to be paid and the times of payment.

26. Advance payment of calls

The Board may, if it thinks fit, receive from any member willing to advance them all or any part of the moneys unpaid and uncalled upon the shares held by him and may pay interest upon the moneys so advanced (to the extent such moneys exceed the amount of the calls due and payable upon the shares in respect of which they have been advanced) at such rate (not exceeding 15 per cent. per annum unless the Company by ordinary resolution otherwise directs) as the Board may determine. A payment in advance of calls shall extinguish, to the extent of it, the liability upon the shares in respect of which it is advanced.

FORFEITURE OF SHARES

27. Notice if call not paid

If a call remains unpaid after it has become due and payable, the Board may at any time give not less than fourteen clear days' notice to the holder requiring payment of so much of the call as remains unpaid together with any interest which may have accrued. The notice shall name the place where payment is to be made and shall state that if the notice is not complied with the shares in respect of which the call was made will be liable to be forfeited. The Board may accept

the surrender of any share liable to be forfeited and, in such case, references in these Articles to forfeiture shall include surrender.

28. **Forfeiture if notice not complied with**

If the notice is not complied with, any share in respect of which the notice was given may, before the payment required by the notice is made, be forfeited by (and with effect from the time of the passing of) a resolution of the Board that such share be forfeited. The forfeiture shall include all dividends declared and other moneys payable in respect of the forfeited shares and not paid before the forfeiture.

29. **Notice of forfeiture**

When any share has been forfeited, notice of the forfeiture shall be served upon the person who was, before the forfeiture, the holder of the share, but a forfeiture shall not be invalidated by any failure to give such notice.

30. **Sale of forfeited share**

Subject to the provisions of the Statutes, a forfeited share shall be deemed to be the property of the Company and may be sold, re-allotted or otherwise disposed of either to the person who was the holder before the forfeiture or to any other person, upon such terms and in such manner as the Board thinks fit. To give effect to a sale or other disposal, the Board may authorise some person to execute an instrument of transfer to the designated transferee. At any time before a sale, re-allotment or other disposition, the forfeiture may be cancelled on such terms as the Board thinks fit.

31. **Arrears to be paid notwithstanding forfeiture**

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares and shall surrender to the Company for cancellation the certificate for the forfeited shares but shall remain liable to the Company for all moneys which at the date of forfeiture were presently payable by him to the Company in respect of those shares with interest thereon from the date of forfeiture until payment at such rate (not exceeding fifteen per cent. per annum) as the Board may determine. The Board may waive payment wholly or in part and the Board may

enforce payment without any allowance for the value of the shares at the time of forfeiture or for any consideration received on their disposal.

32. Statutory declaration and validity of sale

A statutory declaration by a Director or the Secretary that a share has been forfeited on a specified date shall be conclusive evidence of the facts stated in it as against all persons claiming to be entitled to the share. The declaration shall (subject to the execution of an instrument of transfer, if necessary) constitute a good title to the share and the person to whom the share is disposed of shall be registered as the holder of the share and shall not be bound to see to the application of the consideration (if any), nor shall his title to the share be affected by any irregularity in or invalidity of the proceedings in reference to the forfeiture, sale, re-allotment or other disposal of the share.

UNTRACED SHAREHOLDERS

33. Power to sell shares of untraced shareholders

33.1 The Company shall be entitled to sell at the best price reasonably obtainable at the time of sale any shares of a holder or any shares to which a person is entitled by transmission if and provided that:-

33.1.1 for a period of at least twelve years ("the qualifying period") no cheque or warrant sent by the Company in the manner authorised by these Articles has been cashed; the Company has paid at least three dividends (whether interim or final); and no dividend has been claimed;

33.1.2 the Company has at the expiration of the qualifying period given notice of its intention to sell such shares by two advertisements, one in a leading national daily newspaper published in the United Kingdom and the other in a newspaper circulating in the area of the address shown in the Register of the holder or person entitled by transmission;

33.1.3 so far as the Board is aware, the Company has not during the qualifying period or the period of three months after the date of such advertisements (or the later of the

two dates if they are published on different dates) and prior to the exercise of the power of sale received any communication from the holder or person entitled by transmission; and

33.1.4 if any part of the share capital of the Company is admitted to the Official List of The Stock Exchange or dealt in on the Unlisted Securities Market of The Stock Exchange, the Company has given notice in writing to the Quotations Department of The Stock Exchange of its intention to sell such share.

33.2 If during the qualifying period referred to in Article 33.1.1 above or the three month period referred to in Article 33.1.3 above further shares have been issued in respect of those held at the beginning of the qualifying period or of any previously issued during the qualifying period or the three month period and all the other requirements of Article 33.1 have been satisfied in respect of the further shares, the Company may also sell such further shares.

34. Manner of sale and creation of debt in respect of net proceeds

To give effect to any such sale, the Board may authorise some person to execute an instrument of transfer of the shares and such instrument of transfer shall be as effective as if it had been executed by the holder of, or person entitled by transmission to, the shares. The transferee shall not be bound to see to the application of the purchase money and his title shall not be affected by any irregularity or invalidity of the proceedings in reference to the sale. The net proceeds of sale shall belong to the Company which shall be permanently indebted to the former holder or person entitled by transmission for an amount equal to such proceeds and shall enter the name of such former member or other person in the books of the Company as a creditor for such amount. No trust shall be created in respect of the debt, no interest shall be payable in respect of it and the Company shall not be required to account for any moneys earned on the net proceeds, which may be employed in the business of the Company or otherwise invested as the Board thinks fit.

35. Undelivered or uncashed dividends

If on two consecutive occasions cheques, warrants or orders in payment of dividends or other moneys payable in respect of any share have been sent through the post or otherwise in accordance with the provisions of these Articles but have been returned or undelivered or left uncashed during the periods for which the same are valid or any transfer by bank or other funds

transfer system has not been satisfied, the Company need not thereafter despatch further cheques, warrants or orders and need not thereafter transfer any sum (as the case may be) in payment of dividends or other moneys payable in respect of the share in question until the member or other person entitled thereto shall have communicated with the Company and supplied in writing to the office an address for the purpose.

TRANSFER OF SHARES

36. Form and execution of transfer

Subject to such of the restrictions of these Articles as may be applicable, a member may transfer all or any of his shares by an instrument of transfer in any usual form or in any other form which the Board may approve. A transfer shall be executed by or on behalf of the transferor and (unless the share is fully paid) by or on behalf of the transferee. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the Register in respect thereof.

37. Right to refuse registration of partly paid share

The Board may refuse to register the transfer of:-

- 37.1 a share which is not fully paid to a person of whom they do not approve without giving any reason for so doing and it may refuse to register the transfer of a share on which the Company has a lien; and
- 37.2 a share prior to the date of admission of the Ordinary share capital of the Company to the Official List of The Stock Exchange.

38. Other rights to refuse registration

The Board may also refuse to register the transfer of a share unless:-

- 38.1 it is lodged, duly stamped (if necessary), at the Office or at such other place as the Board may appoint and accompanied by the certificate(s) for the shares to which it relates (where a certificate

has been issued in respect of the shares) and/or such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer;

38.2 it is in respect of one class of share only;

38.3 it is in favour of not more than four transferees; and

38.4 it is not in favour of a minor, bankrupt or person of unsound mind.

39. **Notice of refusal**

If the Board refuses to register a transfer it shall, within two months after the date on which the transfer was lodged, send to the transferee notice of the refusal.

40. **Suspension of registration**

The registration of transfers may be suspended at such times and for such periods (not exceeding thirty days in any calendar year) as the Board may determine and either generally or in respect of any class of shares.

41. **No fee for registration**

No fee shall be charged for the registration of any instrument of transfer or other document relating to or affecting the title to any share.

42. **Retention of documents**

Any instrument of transfer which is registered may be retained by the Company, but any instrument of transfer which the Board refuses to register shall be returned to the person lodging it when notice of the refusal is given.

43. **Destruction of documents**

43.1 The Company may destroy:-

- 43.1.1 any instrument of transfer of shares and any other document on the basis of which an entry is made in the Register, at any time after the expiration of six years from the date of registration;
- 43.1.2 any dividend mandate or any variation or cancellation thereof and any notification of change of name or address, at any time after the expiration of two years from the date it was recorded; and
- 43.1.3 any share certificate which has been cancelled, at any time after the expiration of one year from the date of cancellation.
- 43.2 It shall conclusively be presumed in favour of the Company that every instrument of transfer so destroyed was a valid and effective instrument duly and properly registered and that every share certificate so destroyed was a valid and effective document duly and properly cancelled and that every other document so destroyed was a valid and effective document in accordance with its particulars recorded in the books or records of the Company, provided always that :-
- 43.2.1 the provisions of this Article shall apply only to the destruction of a document in good faith and without express notice that its retention was relevant to any claim (regardless of the parties to the claim);
- 43.2.2 nothing contained in this Article shall be construed as imposing upon the Company any liability in respect of the destruction of any such document earlier than the times mentioned above or in any case where the conditions of Article 43.2.1 are not fulfilled; and
- 43.2.3 references in this Article to the destruction of any document include references to its disposal in any manner.

TRANSMISSION OF SHARES

44. Transmission on death

If a member dies, the survivor or survivors where he was a joint holder, and his personal representatives where he was a sole holder or the only survivor of joint holders shall be the only persons recognised by the Company as having any title to his shares; but nothing contained in this Article shall release the estate of a deceased member from any liability in respect of any share solely or jointly held by him.

45. Election by person entitled by transmission

Any person becoming entitled to a share in consequence of the death or bankruptcy of a member or of any other event giving rise to its transmission by operation of law may, upon such evidence being produced as the Board may require, elect either to become the holder of the share or to have some person nominated by him registered as the transferee. If he elects to become the holder, he shall give notice to the Company to that effect. If he elects to have another person registered, he shall execute a transfer of the share in favour of that person. All the provisions of these Articles relating to the transfer of shares shall apply to the notice or instrument of transfer as if the death or bankruptcy of the member or other event giving rise to the transmission had not occurred and the notice or instrument of transfer was an instrument of transfer executed by the member.

46. Rights in respect of the share

A person becoming entitled to a share in consequence of the death or bankruptcy of a member or of any other event giving rise to its transmission by operation of law shall have the same rights to which he would be entitled if he were the holder of that share, except that he shall not be entitled in respect of it to attend or vote at any general meeting of the Company or at any separate meeting of the holders of any class of shares in the Company until he is registered as the holder of the share. The Board may at any time give notice to such person requiring him to elect either to become the holder of the share or to transfer the share and if the notice is not complied with within sixty clear days the Board may withhold payment of all dividends and other moneys payable in respect of the share until he complies with the notice.

ALTERATION OF CAPITAL

47. Increase, consolidation, sub-division and cancellation

The Company may by ordinary resolution:-

- 47.1 increase its share capital by new shares of such amount as the resolution prescribes;
- 47.2 consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
- 47.3 subject to the provisions of the Statutes, sub-divide its shares, or any of them, into shares of smaller amount and the resolution may determine that, as between the shares resulting from the sub-division, any of them may have any preference or advantage or be subject to any restrictions as compared with the others; and
- 47.4 cancel any shares which, at the date of the passing of the resolution, have not been taken, or agreed to be taken, by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

48. Fractions

Whenever as a result of a consolidation of shares any member would become entitled to fractions of a share, the Board may deal with the fractions as it thinks fit and, in particular, may sell the shares representing the fractions to any person (including, subject to the provisions of the Statutes, the Company) and may distribute the net proceeds of sale in due proportion among those members save for amounts of £3.00 or less which shall be retained for the benefit of the Company. To give effect to any such sale, the Board may authorise some person to transfer or deliver the shares to, or in accordance with the directions of, the purchaser. The transferee shall not be bound to see to the application of the purchase money and his title shall not be affected by any irregularity or invalidity of the proceedings in reference to the sale.

49. Reduction of capital

Subject to the provisions of the Statutes, the Company may by special resolution reduce its share capital, any capital redemption reserve and any share premium account or other undistributable reserve in any manner.

STOCK

50. Conversion of shares into stock

The Company may by ordinary resolution convert any fully paid up shares into stock and re-convert any stock into fully paid up shares of any denomination.

51. Transfer of stock

Stock may be transferred in accordance with the provisions of these Articles which, prior to conversion, applied to the shares from which the stock arose or as near thereto as circumstances allow, but the Board may from time to time fix the minimum amount of stock which is transferable (which minimum amount shall not exceed the nominal amount of the shares from which the stock arose), in which case stock may be transferred in the sum of the minimum amount or a multiple of it.

52. Rights attaching to stock

A holder of stock shall, according to the amount of the stock held by him, have the same rights as if he held the shares from which the stock arose, but no such rights (except participation in dividends and in assets on a winding-up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred those rights.

53. Articles applicable to stock

The provisions of these Articles applicable to paid up shares shall apply to stock, and the words "share" and "holder" shall include "stock" and "stockholder".

PURCHASE OF OWN SHARES

54. Purchase of own shares

Subject to the provisions of the Statutes, the Company may purchase its own shares (including any redeemable shares). If any shares of the Company convertible into shares of another class are outstanding, the Company may not purchase any of its own shares unless the purchase has been sanctioned (at the time that authority for a market purchase is given or an off market purchase contract is approved) by an extraordinary resolution passed at a separate meeting (or meetings if there is more than one class) of the holders of the convertible shares. Neither the Company nor the Board shall be required to select the shares to be purchased rateably or in any particular manner as between the holders of shares of the same class or as between them and the holders of shares of any other class or in accordance with the rights as to dividends or capital attached to any class of shares.

GENERAL MEETINGS

55. Extraordinary general meetings

All general meetings other than annual general meetings shall be called extraordinary general meetings.

56. Convening an extraordinary general meeting

The Board may convene an extraordinary general meeting whenever it thinks fit.

NOTICE OF GENERAL MEETINGS

57. Length of notice period

An annual general meeting and an extraordinary general meeting called for the passing of a special resolution shall be called by at least twenty-one clear days' notice. All other extraordinary general meetings shall be called by at least fourteen clear days' notice but a general meeting may be called by shorter notice if it is so agreed:-

- 57.1 in the case of an annual general meeting, by all the members entitled to attend and vote at the meeting; and

- 57.2 in the case of any other meeting, by a majority in number of the members having a right to attend and vote being a majority together holding not less than ninety-five per cent. in nominal value of the shares giving that right.

The notice shall specify the day, time and place of the meeting and the general nature of the business to be transacted and, in the case of an annual general meeting, shall specify the meeting as such. Subject to the provisions of these Articles and to any restrictions imposed on any shares, the notice shall be given to all the members, to all persons entitled by transmission and to the Directors and Auditors.

58. Omission

The accidental omission to give notice of a meeting or to send an instrument of proxy with a notice (where required by these Articles) to, or the non-receipt of a notice or instrument of proxy by, any person entitled to receive either or both shall not invalidate the proceedings at that meeting.

PROCEEDINGS AT GENERAL MEETINGS

59. Quorum

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business. Save as otherwise provided in these Articles, two persons entitled to vote upon the business to be transacted, each being a member or a proxy for a member or a duly authorised representative of a corporation, shall be a quorum.

60. Procedure if a quorum not present

If a quorum is not present within half an hour from the time appointed for the meeting or if a quorum ceases to be present during a meeting, the meeting, if convened on the requisition of members, shall be dissolved. In any other case, it shall stand adjourned to such other day (being not less than seven nor more than twenty-eight days later) time and place as the chairman of the meeting may decide (or, in default, the Board.) When a meeting is adjourned for fourteen days or more, at least seven clear days' notice of any meeting adjourned because of the lack of a quorum shall be given. If a quorum is not present at the adjourned meeting within half an hour from the time appointed for the meeting or if a quorum ceases to be present during the meeting, the meeting shall be dissolved.

61. Chairman

The chairman (if any) of the Board or, in his absence, a deputy chairman (if any) shall preside as chairman at every general meeting. If there is no such chairman or deputy chairman, or if at any meeting neither the chairman nor a deputy chairman is present within fifteen minutes after the time appointed for holding the meeting, or if neither of them is willing to act as chairman, the Directors present shall choose one of their number to act, or if one Director only is present he shall preside as chairman, if willing to act. If no Director is present, or if each of the Directors present declines to take the chair, the persons present and entitled to vote on a poll shall elect one of their number to be chairman.

62. Meeting at more than one place and/or in a series of rooms

62.1 A general meeting or adjourned meeting may be held at more than one place. The notice of meeting will specify the place at which the Chairman will be present (the "Principal Place") and a letter accompanying the notice will specify any other place(s) at which the meeting will be held simultaneously.

62.2 A general meeting or adjourned meeting may be held in one room or a series of rooms at the place specified in the notice of meeting or any other place at which the meeting is to be held simultaneously.

62.3 If the meeting is held in more than one place and/or in a series of rooms, it will not be validly held unless all persons entitled to attend and speak at the meeting are able:-

62.3.1 if excluded from the Principal Place or the room in which the Chairman is present, to attend at one of the other places or rooms; and

62.3.2 to communicate with one another audio visually throughout the meeting.

The Board may make such arrangements as it thinks fit for simultaneous attendance and participation at the meeting and may vary any such arrangements or make new arrangements. Arrangements may be notified in advance or at the meeting by whatever means the Board thinks appropriate to the circumstances. Each person entitled to attend the meeting will be bound by the arrangements made by the Board.

62.4 Where a meeting is held in more than one place and/or a series of rooms, then for the purpose of these Articles a meeting shall consist of all those persons entitled to attend and participate in the meeting who attend at any of the places or rooms.

63. Adjournments

The chairman may with the consent of a meeting at which a quorum is present (and shall if so directed by the meeting) adjourn the meeting from time to time or from place to place. In addition, the chairman may, without the consent of the meeting, adjourn the meeting from time to time and from place to place if it appears to the chairman that:-

63.1 the number of persons wishing to attend cannot be conveniently accommodated in the place(s) appointed for the meeting; or

63.2 the unruly conduct of persons attending the meeting prevents, or is likely to prevent, the orderly continuation of the business of the meeting; or

63.3 an adjournment is otherwise necessary so that the business of the meeting may be properly conducted.

No business shall be transacted at an adjourned meeting other than business which might properly have been transacted at the meeting had the adjournment not taken place. When a meeting is adjourned for fourteen days or more, at least seven clear days' notice shall be given specifying the time and place of the adjourned meeting and the general nature of the business to be transacted. Otherwise it shall not be necessary to give any such notice.

64. Voting

At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless before, or on the declaration of the result of, the show of hands a poll is duly demanded. Subject to the provisions of the Statutes, a poll may be demanded:-

- 64.1 by the chairman; or
- 64.2 by at least five members entitled to vote at the meeting; or
- 64.3 by a member or members representing at least one-tenth of the total voting rights of all the members having the right to vote at the meeting; or
- 64.4 by a member or members holding shares conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right;

and a demand by a person as proxy for a member shall be the same as a demand by the member. Unless a poll is duly demanded, a declaration by the chairman that a resolution has been carried, or carried unanimously, or by a particular majority, or lost, or not carried by a particular majority and an entry to that effect in the minutes of the meeting shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.

65. Right to withdraw demand for a poll

The demand for a poll may, before the earlier of the close of the meeting and the taking of the poll, be withdrawn but only with the consent of the chairman and, if a demand is withdrawn, any other members entitled to demand a poll may do so. If a demand is withdrawn, it shall not be

taken to have invalidated the result of a show of hands declared before the demand was made. If a poll is demanded before the declaration of the result of a show of hands and the demand is duly withdrawn, the meeting shall continue as if the demand had not been made.

66. Procedure if poll demanded

If a poll is duly demanded, it shall be taken in such manner as the chairman directs (including the use of ballot or voting papers or tickets) and he may appoint scrutineers (who need not be members) and fix a time and place for declaring the result of the poll. The result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. A poll demanded on the election of a chairman or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken either forthwith or at such date (being not more than thirty days after the poll is demanded) and at such time and place as the chairman directs. No notice need be given of a poll not taken forthwith unless the chairman otherwise directs.

67. Continuance of other business after poll demanded

The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll was demanded.

68. Chairman's casting vote

In the case of an equality of votes, whether on a show of hands or on a poll, the chairman shall be entitled to a casting vote in addition to any other vote he may have.

69. Amendment of resolution

If an amendment is proposed to any resolution under consideration which the chairman in good faith rules out of order, the proceedings on the substantive resolution shall not be invalidated by any error in such ruling. In the case of a resolution proposed as an extraordinary resolution or special resolution, no amendment (other than a clerical amendment to correct a patent error) may be considered or voted upon.

VOTES OF MEMBERS

70. Votes of members

Subject to any rights or restrictions attached to any shares, on a show of hands every member who (being an individual) is present in person or (being a corporation) is present by a duly authorised representative, not being himself a member entitled to a vote, shall have one vote and on a poll every member shall have one vote for every share of which he is the holder.

71. Votes of joint holders

In the case of joint holders of a share the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders; and seniority shall be determined by the order in which the names of the holders stand in the Register.

72. Votes of member suffering incapacity

A member in respect of whom an order has been made by any court or official having jurisdiction (whether in the United Kingdom or elsewhere) in matters concerning mental disorder or incapacity to manage one's affairs may vote, whether on a show of hands or on a poll, by his receiver, curator bonis or other person authorised in that behalf appointed by the court or official and any such receiver, curator bonis or other person may, on a poll, vote by proxy. Evidence to the satisfaction of the Board of the authority of the person claiming to exercise the right to vote shall be deposited at the Office, or at such other place as is specified in accordance with these Articles for the deposit of instruments of proxy, not later than the last time at which an instrument of proxy could have been delivered in order to be valid for use.

73. No right to vote where sums overdue on shares

No member shall vote at any general meeting or at any separate meeting of holders of any class of shares in the Company, either in person or by proxy, in respect of any share held by him unless all moneys presently payable by him in respect of that share have been paid.

74. Votes on a poll

On a poll votes may be given either personally or by proxy.

75. Suspension of voting rights

75.1 If any member, or any other person appearing to be interested in shares held by such member, has been duly served with a notice (the "First Notice") under section 212 of the Act and is, in the opinion of the Board, in default for the Prescribed Period (as defined below) in supplying to the Company the information required by the First Notice, then the Board may in its absolute discretion at any time thereafter by notice (the "Sanction Notice") to such member direct that in respect of the shares in relation to which the default occurred (the "Default Shares", which expression shall include any further shares which are issued in respect of such shares) the member shall not be entitled to vote at a general meeting or separate meeting of any class of shares either personally or by representative or by proxy or to exercise any other right conferred by membership in relation to any such meetings.

75.2 Where the Default Shares represent one quarter of one per cent. or more of the class of shares concerned then the Sanction Notice may additionally direct that:-

75.2.1 any dividend or other money which would otherwise be payable on the Default Shares shall be retained by the Company without any liability to pay interest thereon when such money is finally paid to the member; and

75.2.2 no transfer (other than an Approved Transfer (as defined below)) of any of the Default Shares shall be registered unless:-

75.2.2.1 the member is not himself in default as regards supplying the information requested; and

75.2.2.2 the transfer is of part only of the member's holding and when presented for registration is accompanied by a certificate by the member in a form satisfactory to the Board to the effect that, after due and careful enquiry, the member is satisfied that no person in default as regards supplying such information is interested in any of the shares which are the subject of the transfer.

75.3 The Company shall send to each other person appearing to be interested in the shares which are the subject of any Sanction Notice a copy of the notice, but the failure or omission by the Company to do so or the non-receipt by any such person of the copy shall not invalidate the notice.

75.4 A Sanction Notice shall have effect in accordance with its terms for as long as the default in respect of which that Sanction Notice was issued continues, but shall cease to have effect:-

75.4.1 on compliance with the Sanction Notice; and/or

75.4.2 in relation to any shares which are transferred by means of an Approved Transfer; and/or

75.4.3 if the board in its absolute discretion so decides.

75.5 For the purpose of this Article:-

75.5.1 a person shall be treated as appearing to be interested in any shares if the member holding such shares has given to the Company a notification under section 212 of the Act which either (a) names such person as being so interested or (b) fails to establish the identities of those interested in the shares and (after taking into account the said notification and any other relevant section 212 notification) the Board knows or has reasonable cause to believe that the person in question is or may be interested in the shares;

75.5.2 the "Prescribed Period" in respect of any particular member is twenty-eight days from the date of service of the First Notice or, if the Default Shares represent one quarter of one per cent. or more of the shares in issue at the date of the Sanction Notice (or, if there are two or more classes in issue, of the issued shares of the class of shares concerned) fourteen days from the date of the First Notice;

75.5.3 a transfer of shares is an "Approved Transfer" only if:-

75.5.3.1 it is a transfer of shares to an offeror by way, or in pursuance, of acceptance of a takeover offer (as defined in section 14 of the Companies Securities (Insider Dealing) Act 1985); or

75.5.3.2 the Board is satisfied that the transfer is made pursuant to a sale of the whole of the beneficial ownership of the shares to a party unconnected with the member and with other persons appearing to be interested in such shares; or

75.5.3.3 the transfer results from a sale made through a recognised investment exchange within the meaning of the Financial Services Act 1986 or any other stock exchange outside the United Kingdom on which the Company's shares are normally traded.

75.6 Nothing contained in this Article shall limit the power of the Company under section 216 of the Act.

76. **Objections or errors in voting**

If:-

76.1 any objection shall be raised to the qualification of any voter; or

76.2 any votes have been counted which ought not to have been counted or which might have been rejected; or

76.3 any votes are not counted which ought to have been counted;

the objection or error shall not vitiate the decision of the meeting or adjourned meeting on any resolution unless it is raised or pointed out at the meeting or, as the case may be, the adjourned meeting at which the vote objected to is given or tendered or at which the error occurs. Any objection or error shall be referred to the chairman of the meeting and shall only vitiate the decision of the meeting on any resolution if the chairman decides that the same may have affected the decision of the meeting. The decision of the chairman on such matters shall be conclusive.

PROXIES

77. **Execution of an instrument of proxy**

An instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign it. A proxy need not be a member of the Company.

78. **Times for deposit of an instrument of proxy**

The instrument appointing a proxy and any authority under which it is executed or a copy of such authority certified notarially or in some other way approved by the Board shall:-

78.1 be deposited not less than forty-eight hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote at the Office or at such other place within the United Kingdom as is specified in the notice convening the meeting or in any instrument of proxy sent out by the Company in relation to the meeting; or

78.2 in the case of a poll taken forty-eight or more hours after it is demanded, be deposited as aforesaid after the poll has been demanded and not less than twenty-four hours before the time appointed for the taking of the poll; or

78.3 where the poll is not taken forthwith but is taken within forty-eight hours after it was demanded, be delivered at the meeting at which the poll was demanded to the chairman or to the Secretary or to any Director;

and an instrument of proxy which is not deposited or delivered in a manner so permitted shall be invalid. An instrument of proxy shall cease to be valid after the expiration of twelve months from the date of its execution. When two or more valid but inconsistent instruments of proxy are delivered in respect of the same share for use at the same meeting the one which is last delivered (regardless of its date or of the date of execution) shall be treated as replacing the others as regards that share; if the Company is unable to determine which was last delivered none of them shall be treated as valid in respect of that share.

79. Form of proxy

An instrument of proxy shall be in any usual or common form or any other form which the Board may approve. The instrument of proxy shall be deemed to include the right to demand or join in demanding a poll. The proxy shall, unless the contrary is stated in it, be as valid for any adjournment of the meeting as for the meeting to which it relates.

80. Validity of proxy

A vote given or poll demanded by proxy or by the duly authorised representative of a corporation shall be valid, notwithstanding the previous determination of the authority of the person voting or demanding a poll unless notice in writing of such determination was received by the Company at the Office (or at such other place in the United Kingdom as was specified for the delivery of instruments of proxy in the notice convening the meeting or in any instrument of proxy sent out by the Company in relation to the meeting or adjourned meeting) not later than the last time at which an instrument of proxy could have been delivered in order to be valid for use.

81. Written resolutions

Subject to the provisions of the Statutes, a resolution in writing signed by all the members for the time being entitled to receive notice of and to attend and vote at general meetings (or being corporations by their duly authorised representations) shall be as valid and effectual as if it had been passed at a general meeting of the Company duly convened and held and may be contained in one document or in several documents in like form each signed by one or more of the members.

DIRECTORS

82. Number of Directors

Unless otherwise determined by ordinary resolution, the number of Directors (disregarding alternate directors) shall not be less than two nor more than ten.

83. No shareholding qualification for Directors and right to attend general meetings etc.

No shareholding qualification for Directors shall be required. Each Director shall be entitled to receive notice of and attend and speak at any general meeting or separate meeting of the holders of any class of shares or debentures of the Company.

REMUNERATION OF DIRECTORS

84. Ordinary remuneration

Each of the Directors shall be paid a fee for his services at a rate determined by the Board from time to time provided that the aggregate of such fees (excluding any amounts payable under any other provision of these Articles) shall not exceed £100,000 per annum or such higher amount as the Company by ordinary resolution may determine from time to time. Such fee shall be deemed to accrue from day to day.

85. Expenses

The Directors may be paid all reasonable travelling, hotel and other expenses properly incurred by them in performing their duties as Directors including all such expenses incurred in connection with attendance at meetings of the Board or any committee of the Directors or general meetings or separate meetings of the holders of any class of shares or debentures of the Company.

86. Special remuneration

Any Director who at the request of the Board performs special services or goes or resides abroad for any purposes of the Company shall (unless the Company by ordinary resolution determines

otherwise) receive such extra remuneration by way of salary, percentage of profits or otherwise as the Board may determine.

ALTERNATE DIRECTORS

87. Appointment, removal and resignation

Any Director (other than an alternate Director) may appoint any other Director, or any other person approved by resolution of the Board and willing to act, to be his alternate and may revoke any such appointment. An alternate shall (subject to his giving to the Company an address for service within the United Kingdom) be entitled to receive notice of meetings of the Board, to attend and vote as a Director at any meeting at which his appointor is not personally present, and generally, in the absence of his appointor, at the meeting to exercise all the functions of his appointor as a Director. A Director present at a meeting of the Board and appointed alternate for another Director shall have an additional vote for each of his appointors absent from such meeting (but shall count as one only for the purpose of determining whether a quorum is present). An alternate Director shall cease to be an alternate Director if he resigns or if for any reason his appointment is revoked or if his appointor ceases to be a Director; but, if a Director retires by rotation or otherwise but is reappointed or deemed to have been reappointed at the meeting at which he retires, any appointment of an alternate Director made by him which was in force immediately prior to his retirement shall continue after his reappointment. The appointment of an alternate Director shall be revoked on the happening of any event which, if he were a Director, would cause him to vacate such office under the provisions of these Articles. All appointments and revocations of appointments and resignations of alternate Directors shall be in writing and left at the Office or delivered at a meeting of the Board.

88. Alternate to be responsible for his own acts and remuneration of alternate

An alternate Director shall be deemed an officer of the Company and not the agent of his appointor. An alternate Director may contract and be interested in and benefit from contracts or arrangements or transactions and be repaid expenses and indemnified to the same extent mutatis mutandis as if he were a Director but, save to the extent that his appointor directs the payment to him of part or all of the remuneration which would otherwise be payable to his appointor, he shall not be entitled to any remuneration from the Company for acting in that capacity.

EXECUTIVE DIRECTORS

89. Executive Directors

The Board may from time to time appoint one or more of its body to hold any employment or executive office with the Company (including that of a managing director) for such period (subject to the provisions of the Statutes) and on such other terms as the Board may decide and may revoke or terminate any appointment so made. Any revocation or termination of the appointment shall be without prejudice to any claim for damages that the Director may have against the Company or that the Company may have against the Director for any breach of any contract of service between him and the Company. A Director appointed to an executive office may be paid such remuneration in such manner as the Board may decide and either in addition to or in place of his ordinary remuneration as a Director. A managing director shall not be subject to retirement by rotation.

POWERS AND DUTIES OF DIRECTORS

90. General powers of the Company vested in the Board

Subject to the provisions of the Statutes, the Memorandum of Association of the Company and these Articles and to any directions given by special resolution, the business of the Company shall be managed by the Board which may exercise all the powers of the Company. No alteration of the Memorandum of Association or these Articles and no such direction shall invalidate any prior act of the Board which would have been valid if that alteration had not been made or that direction had not been given. The powers given by this Article shall not be limited by any special power given to the Board by these Articles and a meeting of the Board at which a quorum is present may exercise all powers exercisable by the Board.

DELEGATION OF DIRECTORS' POWERS

91. Local boards

The Board may establish local or divisional boards or agencies for managing any of the affairs of the Company, either in the United Kingdom or elsewhere, and may appoint any persons to be members of the local or divisional boards or to act as managers or agents and may fix their

remuneration. The Board may delegate any of its powers, authorities and discretions (other than the powers of borrowing and of making calls) (with power to sub-delegate) to any local or divisional board, manager or agent and may authorise the members of any local or divisional board or any of them to fill any vacancies and to act notwithstanding vacancies. Any such appointment or delegation may be made on such terms and subject to such conditions as the Board may decide and the Board may remove any person so appointed and may revoke or vary the delegation but no person dealing in good faith and without notice of the revocation or variation shall be affected by it.

92. **Powers of attorney**

The Board may, by power of attorney or otherwise, appoint any person to be the agent of the Company on such terms (including terms as to remuneration) and subject to such conditions as it may decide and may delegate to any person so appointed any of its powers, authorities and discretions (with power to sub-delegate). The Board may remove any person so appointed and may revoke or vary the delegation but no person dealing in good faith and without notice of the revocation or variation shall be affected by it.

93. **Delegation to individual Directors**

The Board may entrust to and confer upon a Director any of its powers, authorities and discretions (with power to sub-delegate) on such terms (subject to the provisions of the Statutes) and subject to such conditions as it may decide and either collaterally with or to the exclusion of its own powers, authorities and discretions. The Board may from time to time revoke or vary all or any of them but no person dealing in good faith and without notice of the revocation or variation shall be affected by it.

94. **Delegation to committees**

- 94.1 The Board may delegate any of its powers, authorities and discretions (with power to sub-delegate) to any committee consisting of such person or persons as it thinks fit provided that the majority of the members of the committee consists of Directors of the Company. Subject to any regulations imposed on it by the Board, the proceedings of the committee shall be governed by the provisions in these Articles for regulating proceedings of the Board so far as applicable except that no resolution of a committee shall be effective unless a majority of the committee present at

the meeting and entitled to vote on that resolution are Directors. A member of a committee shall be paid such remuneration (if any) in such manner as the Board may decide, and, in the case of a Director, either in addition to or in place of his ordinary remuneration as a Director. Where the Board has delegated any of its powers, authorities and discretions to a committee in accordance with this Article, the expression the "Board" shall, unless the context otherwise requires, be deemed for the purposes of these Articles to include that committee or the members of that committee present at a duly convened meeting of that committee at which a quorum is present.

94.2 Without prejudice to the generality of sub-paragraph 1 of this Article and notwithstanding any other provision of these Articles, the Board may delegate its powers:-

94.2.1 to determine or vary the remuneration of any Director (whether ordinary, additional or special remuneration) or other officer of the Company; and/or

94.2.2 to provide benefits of the kind referred to in Article 109

to a committee duly appointed in accordance with sub-paragraph 1 of this Article provided that the committee shall not have power:-

94.2.3 to determine or vary the remuneration of any of its own members, but only to make recommendations to the Board in respect of any such remuneration; and/or

94.2.4 to provide benefits of the kind referred to in Article 109 for any of its own members unless a Director would be entitled under these Articles to vote on and be counted in the quorum in respect of any resolution concerning any contract comprising any such benefits, but only to make recommendations to the Board in respect of such benefits.

SPECIFIC POWERS

95. Provision for employees

The Board may exercise any power conferred by the Statutes to make provision for the benefit of persons employed or formerly employed by the Company or any of its subsidiaries in connection with the cessation or the transfer to any person of the whole or part of the undertaking of the Company or that subsidiary.

96. Power to effect insurance for officers and Auditors of the Company

The Board may exercise any power conferred by the Statutes to purchase and maintain insurance for any officer of the Company or any Auditor against any liability which by virtue of any rule of law would otherwise attach to him in respect of any negligence, default, breach of duty or breach of trust of which he may be guilty in relation to the Company.

97. Borrowing Powers

97.1 The Board may exercise all the powers of the Company to borrow money and to mortgage or charge all or any part of the undertaking, property and assets (present and future) and uncalled capital of the Company and, subject to the Statutes, to issue debentures and other securities, whether outright or as collateral security, for any debt, liability or obligation of the Company or of any third party.

97.2 The Board shall restrict the borrowings of the Company and exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiary undertakings (if any) so as to secure (but as regards subsidiary undertakings only in so far as by the exercise of such rights or powers of control the Board can secure) that the aggregate principal amount from time to time outstanding of all borrowings by the Group (exclusive of borrowings owing by one member of the Group to another member of the Group) shall not at any time without the previous sanction of an ordinary resolution of the Company exceed an amount equal to three times the Adjusted Capital and Reserves.

97.3 For the purposes of this Article:-

97.3.1 "the Adjusted Capital and Reserves" means the aggregate of:-

- 97.3.1.1** the amount paid up on the issued share capital of the Company;
- 97.3.1.2** the amounts standing to the credit of the capital and revenue reserves of the Company and its subsidiary undertakings (including any share premium account, capital redemption reserve, reserves arising on a revaluation of fixed assets or on consolidation and any credit balance on profit and loss account);
- 97.3.1.3** the amounts, so far as attributable to the Company or a subsidiary, standing to the credit of investment grants equalisation account, deferred regional development grants equalisation account or any other equalisation account of a similar nature; and
- 97.3.1.4** the amounts, so far as attributable to the Company or a subsidiary, set aside for the purpose of deferred tax or any other account of a similar nature;

as shown by the then latest audited balance sheet but after:-

- 97.3.1.5** making such adjustments as may be appropriate to reflect any variation in the amount of the paid up share capital or reserves since the date of the relevant audited balance sheet and any variation in the amounts attributable to the interest of the Company in the share capital of any subsidiary undertaking and so that for this purpose if any issue or proposed issue of shares by a member of the Group for cash has been underwritten then such shares shall be deemed to have been issued and the amount (including any premium) of the subscription monies payable in respect thereof (not being monies payable later than six months after the date of allotment) shall to the extent so underwritten be deemed to have been paid up on the date when the issue of such shares was

underwritten (or, if such underwriting was conditional, on the date when it became unconditional); and

97.3.1.6 making such adjustments as may be appropriate in respect of any distribution declared, recommended or made by any member of the Group (otherwise than to a member of the Group) out of profits earned up to and including the date of the audited balance sheet of the Group to the extent that such distribution is not provided for in such balance sheet;

97.3.1.7 deducting the amount of any debit balance on profit and loss account existing at the date of the relevant audited balance sheet to the extent that a deduction has not already been made on that account; and

97.3.1.8 adding back sums equivalent to the amount of goodwill arising on acquisitions after 1st July 1993 of companies and businesses remaining part of the Group at the date of calculation and which, at that date, had been written off against share capital and reserves in accordance with United Kingdom accounting practice.

97.3.2 "borrowings" include not only items referred to as borrowings in the audited balance sheet but also the following, except in so far as otherwise taken into account:-

97.3.2.1 the nominal amount of any issued share capital and the principal amount of any debentures or borrowed moneys of any person, the beneficial interest in which is not for the time being owned by a member of the Group, but the payment or repayment of which is the subject of a guarantee or indemnity by a member of the Group or is secured on the assets of any member of the Group;

97.3.2.2 the outstanding amount raised by acceptances by any bank or accepting house under any acceptance credit opened on behalf of and in favour of any member of the Group, not being acceptances of trade bills for the purchase of goods or services in the ordinary course of business;

- 97.3.2.3 the principal amount of any debenture (whether secured or unsecured) of a member of the Group, which debenture is owned otherwise than by another member of the Group. Provided that where the amount raised by the Company or any of its subsidiaries by the issue of any debentures, debenture stocks, loan stocks, bonds, notes or other indebtedness is less than the nominal or principal amount thereof (including for these purposes any fixed or minimum premium payable on final redemption or repayment but disregarding the expenses of any such issue) the amount to be treated as monies borrowed for the purpose of this Article shall, so long as the nominal or principal amount of such monies borrowed is not presently due and payable, be the nominal or principal amount thereof (together with any fixed or minimum premium payable on final redemption or repayment) but after deducting therefrom the unexpired portion of any discount applied to such amount in the audited balance sheet of the Group. Any references in this Article to debentures or monies borrowed or the nominal or principal amount thereof shall, accordingly, be read subject to the provisions of this Article 97.3.2.3;
- 97.3.2.4 the principal amount of any preference share capital of any subsidiary undertaking owned otherwise than by a member of the Group; and
- 97.3.2.5 any fixed or minimum premium payable on the repayment of any borrowing or deemed borrowing;
- 97.3.2.6 the capital value of any finance lease required to be capitalised and treated as a liability in the audited balance sheet by any applicable accounting standard (as defined in section 256 of the Act) from time to time in force;
- but do not include:-
- 97.3.2.7 monies borrowed by a member of the Group for the purpose of repaying the whole or any part of any borrowings of such member of the Group or any other member of the Group for the time being

outstanding and so to be applied within six months of being so borrowed, pending their application for such purpose within such period;

- 97.3.2.8 monies borrowed by a member of the Group for the purpose of financing any contract in respect of which any part of the price receivable by that member or any other member of the Group is guaranteed or insured by the Export Credits Guarantee Department, or by any other governmental department or agency fulfilling a similar function, up to an amount equal to that part of the price receivable under the contract which is so guaranteed or insured;
- 97.3.2.9 for a period of twelve months from the date upon which a company becomes a member of the group, an amount equal to the monies borrowed by such company outstanding at the date when it becomes such a member provided always that monies borrowed by the Group (including monies otherwise excluded by the application of this subparagraph) must not exceed an amount equal to four times the Adjusted Share Capital and Reserves; and
- 97.3.2.10 an amount equal to the minority proportion of monies borrowed by a partly owned subsidiary of the Group (after excluding any monies borrowed owing between members of the Group) except to the extent that such monies borrowed are guaranteed by the Company or any wholly owned subsidiary of the Company. For these purposes the minority proportion shall be the proportion of the issued equity share capital of such partly owned subsidiary which is not for the time being beneficially owned within the Group. Monies borrowed by a member of the Group from a partly owned subsidiary of the Group which would fall to be excluded as being monies borrowed owing between members of the Group shall nevertheless be included to the extent of an amount equal to such minority proportion of such monies borrowed; and
- 97.3.2.11 sums advanced or paid to any member of the Group (or its agents or nominee) by customers of any member of the Group as unexpended

customer receipts or progress payments pursuant to any contract between such customer and a member of the Group in relation thereto;

provided that, in calculating borrowings under this Article there shall be credited (subject, in the case of any item held or deposited by a partly owned subsidiary undertaking, to the exclusion of a proportion thereof equal to the proportion of the issued equity share capital of the partly owned subsidiary undertaking which is not attributable to the Company or any subsidiary undertaking of the Company) against the amount of any monies borrowed the aggregate of:-

- (a) cash in hand of the Group; and
- (b) cash deposits and the balance on each current account of the Group with banks in the United Kingdom and/or elsewhere if the remittance of the cash to the United Kingdom is not prohibited by any law, regulation, treaty or official directive; and
- (c) the amount of all assets ("short term assets") as might be included in "Investments - short term loans and deposits" in a consolidated balance sheet of the Group prepared as at the date of the relevant calculation in accordance with the principles with which the then latest audited balance sheet was produced; and
- (d) the amount of any cash or short term assets securing the repayment by the Group of any amount borrowed by the Group deposited or otherwise placed with the trustee or similar entity in respect of the relevant borrowing; and

97.3.3 where the aggregate principal amount of borrowings required to be taken into account for the purposes of this Article on any particular date is being ascertained:-

97.3.3.1 monies borrowed by the Company or any subsidiary expressed in or calculated by reference to a currency other than sterling shall be converted into sterling by reference to the rate of exchange used for the conversion of such currency in preparation of the audited balance sheet

which forms the basis of the calculation of the Adjusted Capital and Reserves or, if such calculation did not involve the relevant currency, by reference to the rate of exchange or approximate rate of exchange ruling as at the date of the aforesaid audited balance sheet as the Auditors may consider appropriate for this purpose; and

- 97.3.3.1 if under the terms of any borrowing, the amount of money that would be required to discharge the principal amount of such borrowing in full if it fell to be repaid (at the option of the Company or by reason of default) on such date is less than the amount that would otherwise be taken into account in respect of such borrowing for the purpose of this Article, the amount of such borrowing to be taken into account for the purpose of this Article shall be such lesser amount;
- 97.3.4 "audited balance sheet" means the audited balance sheet of the Company prepared for the purposes of the Statutes or, if an audited consolidated balance sheet of the Company and its subsidiary undertakings (with such exceptions as may be permitted in the case of a consolidated balance sheet prepared for the purposes of the Statutes) has been prepared for those purposes for the same financial year, means that audited consolidated balance sheet in which event all references to reserves and profit and loss account shall be deemed to be references to consolidated reserves and consolidated profit and loss account respectively and there shall be excluded any amounts attributable to outside interests in subsidiary undertakings;
- 97.3.5 the Company may from time to time change the accounting convention on which the audited balance sheet is based, provided that any new convention adopted complies with the requirements of the Statutes; if the Company should prepare its main audited balance sheet on the basis of one such convention, but a supplementary audited balance sheet or statement on the basis of another, the main audited balance sheet shall be taken as the audited balance sheet for the purposes of this Article; and
- 97.3.6 "the Group" means the Company and its subsidiary undertakings (if any) other than those subsidiary undertakings authorised or required to be excluded from consolidation in the Company's group accounts pursuant to section 229 of the Act.

- 97.4 The certificate of the Auditors as to the amount of the Adjusted Capital and Reserves at any time shall be conclusive and binding on all concerned. Nevertheless the Board may act in reliance on a bona fide estimate of the amount of the Adjusted Capital and Reserves at any time and if in consequence the limit contained in this Article is inadvertently exceeded an amount of borrowings equal to the excess may be disregarded until the expiration of three months after the date on which by reason of a certificate of the Auditors or otherwise the Board became aware that such a situation has or may have arisen.
- 97.5 Notwithstanding the foregoing, no lender or other person dealing with the Company shall be concerned to see or inquire whether the limit imposed by this Article is observed and no borrowing incurred or security given in excess of such limit shall be invalid or ineffectual, except in the case of express notice to the lender or the recipient of the security at the time when the borrowing was incurred or the security given that the limit imposed by this Article had been or was thereby exceeded.

APPOINTMENT, RETIREMENT AND REMOVAL OF DIRECTORS

98. **Number to retire by rotation**

At every annual general meeting one third of the Directors who are subject to retirement by rotation or, if their number is not three or a multiple of three, the number nearest to one-third shall retire from office; but, if there is only one Director who is subject to retirement by rotation, he shall retire.

99. **Identity of Directors to retire**

Subject to the provisions of the Statutes and of these Articles, the Directors to retire by rotation shall be those who have been longest in office since their last appointment or re-appointment, but as between persons who became or were last re-appointed Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot. The Directors to retire on each occasion (both as to number and identity) shall be determined by the composition of the Board at start of business on the date of the notice convening the annual general meeting and no Director shall be required to retire or be relieved from retiring by reason of any change in the number or identity of the Directors after that time on the date of the notice but before close of the meeting.

100. Retiring Director to remain in office until successor appointed

If the Company, at the meeting at which a Director retires by rotation, does not fill the vacancy the retiring Director shall, if willing to act, be deemed to have been re-appointed unless at the meeting it is resolved not to fill the vacancy or unless a resolution for the re-appointment of the Director is put to the meeting and lost.

101. Eligibility for appointment as a Director

No person other than a Director retiring whether by rotation or otherwise shall be appointed or re-appointed a Director at any general meeting unless:-

101.1 he is recommended by the Board; or

101.2 not less than seven nor more than twenty-one clear days before the date appointed for the meeting, notice executed by a member qualified to vote at the meeting (not being the person to be proposed) has been delivered to the Office of the intention to propose that person for appointment or re-appointment stating the particulars which would, if he were so appointed or re-appointed, be required to be included in the Company's register of Directors together with notice executed by that person of his willingness to be appointed or re-appointed.

102. Power of the Company to appoint Directors

Subject to the provisions of these Articles, the Company may by ordinary resolution appoint a person who is willing to act to be a Director either to fill a vacancy or as an additional Director and may also determine the rotation in which any additional Directors are to retire.

103. Power of the Board to appoint Directors

The Board may appoint a person who is willing to act to be a Director, either to fill a vacancy or as an additional Director, provided that the appointment does not cause the number of Directors to exceed any number fixed by or in accordance with these Articles as to the maximum number of Directors. A Director so appointed shall hold office only until the next following annual general meeting and shall not be taken into account in determining the number of Directors

who are to retire by rotation at the meeting. If not re-appointed at such annual general meeting, he shall vacate office at the conclusion of the meeting.

104. Position of retiring Directors

Subject to the provisions of these Articles, a Director who retires at an annual general meeting may, if willing to act, be re-appointed. If he is not re-appointed, he shall retain office until the meeting appoints someone in his place, or if it does not do so, until the end of the meeting.

105. Company's power to remove a Director and appoint another in his place

The Company may (in addition to any power conferred by the Statutes) by an ordinary resolution remove any Director before the expiration of his period of office and may (subject to these Articles) by ordinary resolution appoint another person who is willing to act to be a Director in his place. Any person so appointed shall be treated, for the purposes of determining the time at which he or any other Director is to retire, as if he had become a Director on the day on which the person in whose place he is appointed was last appointed or re-appointed a Director.

106. Vacation of office by Directors

The office of a Director shall be vacated if:-

- 106.1 he resigns his office by notice delivered to the Office or tendered at a meeting of the Board; or
- 106.2 he becomes bankrupt or makes any arrangement or composition with his creditors generally; or
- 106.3 he becomes of unsound mind or a patient for any purpose of any statute relating to mental health and the Board resolves that his office is vacated; or
- 106.4 he is absent without leave from meetings of the Board for 6 consecutive months (whether or not an alternate appointed by him attends) and the Board resolves that his office is vacated; or
- 106.5 he ceases to be a Director by virtue of any provision of the Statutes or he becomes prohibited by law from being a Director; or

106.6 his resignation is requested by all other Directors (provided those Directors are not less than three in number) by notice delivered to the Office or tendered at a meeting of the Board.

107. Director not to retire on account of age

No person shall be disqualified from being appointed a Director, and no Director shall be required to vacate that office, by reason only of the fact that he has attained the age of seventy years or any other age nor shall it be necessary by reason of his age to give special notice under the Statutes of any resolution. Where the Board convenes any general meeting of the Company at which (to the knowledge of the Board) a Director will be proposed for appointment or re-appointment who will have attained the age of seventy years or more at the date for which the meeting is convened, the Board shall give notice of his age in years in the notice convening the meeting or in any document accompanying the notice, but the accidental omission to do so shall not invalidate any proceedings, or any appointment or re-appointment of that Director, at that meeting.

DIRECTORS' INTERESTS

108. Contracts between a Director and the Company or a company in which the Company is interested

108.1 Subject to the provisions of the Statutes, and provided that he has disclosed to the Board the nature and extent of any material interest of his, a Director notwithstanding his office:-

108.1.1 may hold any other office or place of profit under the Company (except that of Auditor) in conjunction with the office of Director and may act by himself or through his firm in a professional capacity for the Company (otherwise than as Auditor) and in either such case on such terms as to remuneration and otherwise as the Board may determine; any such remuneration shall be in addition to any remuneration provided for by any other Article;

108.1.2 may be a party to, or otherwise interested in, any contract with the Company or in which the Company is otherwise interested;

108.1.3 may be a director or other officer of, or employed by, or a party to any contract with, or otherwise interested in, any body corporate promoted by the Company or in which the Company is otherwise interested; and

108.1.4 shall not, by reason of his office, be accountable to the Company for any remuneration or benefit which he derives from any such office or employment or from any such contract or from any interest in such body corporate and no such contract shall be liable to be avoided on the ground of any such interest or benefit.

For the purposes of this sub-Article:-

108.1.5 a general notice given to the Board that a Director is to be regarded as having an interest of the nature and extent specified in the notice in any contract in which a specified person or class of persons is interested shall be deemed to be a disclosure that the Director has an interest in any such contract of the nature and extent so specified; and

108.1.6 an interest of which a Director has no knowledge and of which it is unreasonable to expect him to have knowledge shall not be treated as an interest of his.

108.2 The Board may cause any voting power conferred by the shares in any other company held or owned by the Company or any power of appointment to be exercised in such manner in all respects as it thinks fit, including the exercise of either of such powers in favour of a resolution appointing the Directors, or any of them, to be directors or officers of the other company, or in favour of the payment of remuneration to the directors or officers of the other company.

108.3 Save as otherwise provided by this Article, a Director shall not vote on, or be counted in the quorum in relation to, any resolution of the Board or of a committee of the Board concerning any matter in which he has to his knowledge, directly or indirectly, an interest (other than his interest in shares or debentures or other securities of the Company) or duty which is material and which conflicts or may conflict with the interests of the Company and, if he shall do so, his vote shall not be counted. A Director shall be entitled to vote on and be counted in the quorum in respect of any resolution concerning any of the following matters:-

- 108.3.1 the giving to him of any guarantee, security or indemnity in respect of money lent or obligations undertaken by him for the benefit of the Company or any of its subsidiaries;
- 108.3.2 the giving by the Company of any guarantee, security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which he himself has assumed responsibility in whole or in part and whether alone or jointly with others under a guarantee or indemnity or by the giving of security;
- 108.3.3 his subscribing or agreeing to subscribe for any shares, debentures or other securities of the Company or any of its subsidiaries, or his being, or intending to become, a participant in the underwriting or sub-underwriting of an offer of any such shares, debentures, or other securities by the Company or any of its subsidiaries for subscription, purchase or exchange;
- 108.3.4 any contract concerning any other company (including any subsidiary of the Company), not being a company in which the Director owns one per cent. or more (as defined below), in which he is interested, directly or indirectly, and whether as an officer, shareholder, creditor or otherwise;
- 108.3.5 any contract concerning the adoption, modification or operation of a superannuation fund, retirement, death or disability benefit scheme or personal pension scheme which relates both to Directors and employees of the Company or of any of its subsidiaries and which either:-
- 108.3.5.1 has been approved by or is subject to and conditional upon approval by the Board of Inland Revenue for taxation purposes; or
- 108.3.5.2 which does not accord to any Director as such any privilege or advantage not accorded to the employees to which such fund or scheme relates;
- 108.3.6 any contract for the benefit of employees of the Company or any of its subsidiaries under which he benefits in a similar manner as the employees and which does not

accord to any Director as such any privilege or advantage not accorded to the employees to whom the contract relates; and

108.3.7 any contract concerning any insurance which the Company is empowered to purchase and/or maintain for, or for the benefit of, any Directors of the Company or for persons who include Directors of the Company.

108.4 A Director shall not vote on, or be counted in the quorum in relation to, any resolution concerning his own appointment, or the settlement or variation of the terms or the termination of his own appointment, as the holder of any office or place of profit with the Company or any company in which the Company is interested but, where proposals are under consideration concerning the appointment, or the settlement or variation of the terms or the termination of the appointment, of two or more Directors to offices or places of profit with the Company or any other company in which the Company is interested, a separate resolution may be put in relation to each Director and in that case each of the Directors concerned shall be entitled to vote on and be counted in the quorum in relation to each resolution which does not concern either (a) his own appointment or the settlement or variation of the terms or the termination of his own appointment; or (b) the appointment of another Director to an office or place of profit with a company in which the Company is interested and in which the Director seeking to vote and be counted in the quorum is interested by virtue of a holding of one per cent. or more (as defined below).

For the purposes of this sub-paragraph (4) of this Article, an interest of a person who is, for any purpose of the Statutes (excluding any statutory modification thereof not in force when this sub-Article becomes binding on the Company), connected with a Director shall be treated as an interest of the Director and, in relation to an alternate director, an interest of his appointor shall be treated as an interest of the alternate director without prejudice to any interest which the alternate director has otherwise.

108.5 The Company shall be deemed to be a company in which a Director has a holding of or owns one per cent. or more if and so long as he is directly or indirectly the holder of or beneficially interested in 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 such company. For this purpose, there shall be disregarded any shares held by a Director as bare or custodian trustee and in which he has no beneficial interest, any share comprised in a trust in which the Director's interest is in reversion or remainder (if and so long as some other person is entitled to receive the income from such

trust) and any shares comprised in any authorised unit trust scheme in which the Director is interested only as a unit holder.

- 108.6 Where a company in which a Director holds or owns one per cent. or more is materially interested in a contract, he shall also be deemed to be materially interested in that contract.
- 108.7 References in this Article to a contract include references to any proposed contract and to any transaction or arrangement whether or not constituting a contract.
- 108.8 If any question shall arise at any meeting of the Board as to the materiality of the interest of a Director (other than the chairman of the meeting) or as to the entitlement of any Director (other than the chairman of the meeting) to vote or be counted in the quorum and the question is not resolved by his voluntarily agreeing to abstain from voting or not to be counted in the quorum, the question shall be referred to the chairman of the meeting and his ruling in relation to the Director concerned shall be conclusive except in a case where the nature or extent of his interest (so far as it is known to the Director) has not been fairly disclosed to the Board. If any question shall arise in respect of the chairman of the meeting, the question shall be decided by resolution of the Board (for which purpose the chairman shall be counted in the quorum but shall not vote on the matter) and the resolution shall be conclusive except in a case where the nature or extent of the interest of the chairman (so far as it is known to the chairman) has not been fairly disclosed to the Board.
- 108.9 Subject to the provisions of the Statutes, the Company may by ordinary resolution suspend or relax the provisions of this Article to any extent or ratify any contract not duly authorised by reason of a contravention of this Article.

DIRECTORS' GRATUITIES AND PENSIONS

109. **Directors' gratuities and pensions**

The Board may provide benefits, whether by the payment of gratuities, pensions, annuities, allowances, bonuses or by insurance or otherwise, for any Director or former Director who holds or who has held but no longer holds any executive office or employment with the Company or with any body corporate which is or has been a subsidiary of the Company or a predecessor in business of the Company or of any such subsidiary, and for any member of his family (including

a spouse and a former spouse) or any person who is or was dependent on him, and may (as well before as after he ceases to hold such office or employment) establish maintain support subscribe to and contribute to any scheme trust or fund for the benefit of all or any such persons and pay premiums for the purchase or provision of any such benefits. The Board may procure any of these matters to be done by the Company either alone or in conjunction with any other person.

PROCEEDINGS OF THE BOARD

110. Board meetings

The Board may meet together for the despatch of business, adjourn and otherwise regulate its meetings as it thinks fit. A Director may, and the Secretary on the requisition of a Director shall, call a meeting of the Board.

111. Notice of Board meetings

Notice of a Board meeting shall be deemed to be properly given to a Director if it is given to him personally or by word of mouth or sent in writing to him at his last known address or any other address given by him to the Company for this purpose. A Director absent or intending to be absent from the United Kingdom may request the Board that notice of Board meetings shall during his absence be sent in writing to him at an address given by him to the Company for this purpose, but such notice need not be given any earlier than notices given to Directors not so absent and in the absence of any such request it shall not be necessary to give notice of a Board meeting to any Director who is for the time being absent from the United Kingdom. A Director may waive notice of any meeting either before or after the meeting.

112. Voting

Questions arising at a meeting shall be decided by a majority of votes. In the case of an equality of votes, the chairman shall have a second or casting vote. A Director who is also an alternate Director shall be entitled in the absence of his appointor to a separate vote on behalf of his appointor in addition to his own vote.

113. Quorum

The quorum necessary for the transaction of the business of the Board may be fixed by the Board and unless so fixed at any other number shall be two. A person who holds office only as an alternate Director shall, if his appointor is not present, be counted in the quorum.

114. Board vacancies below minimum number

The continuing Directors or a sole continuing Director may act notwithstanding any vacancies in the Board, but, if the number of Directors is less than the minimum number fixed by or in accordance with these Articles, the continuing Directors or Director may act only for the purpose of filling vacancies in the Board or of calling a general meeting of the Company. If there are no Directors or Director able or willing to act, then any two members may call a general meeting of the members of the Company for the purpose of appointing Directors.

115. Appointment of chairman and deputy chairman

The Board may appoint one of its number to be the chairman and one of its number, other than the Director appointed as chairman to be the deputy chairman of the Board and may at any time remove him and/or them from that office. Unless they are unwilling to do so, the Directors so appointed shall preside at every meeting of the Board at which they are present. If the Director holding the office of chairman is unwilling to preside or is not present within ten minutes after the time appointed for the meeting, the deputy chairman shall act as chairman in his place at such meeting and if the deputy chairman is unwilling to preside or is not present within ten minutes after the time appointed for the meeting, or if there are no Directors holding the offices of chairman and deputy chairman the Directors present may appoint one of their number to be chairman of the meeting.

116. Competence of the Board

A meeting of the Board at which a quorum is present shall be competent to exercise all powers authorities and discretions for the time being vested in or exercisable by the Board.

117. Participation at meetings by telephone

All or any of the Directors may participate in a meeting of the Board by means of conference telephone or any communication equipment which allows all persons participating in the meeting

to hear each other. A person so participating shall be deemed to be present in person at the meeting and shall be entitled to vote or be counted in a quorum accordingly. Such a meeting shall be deemed to take place where the largest group of those participating is assembled, or, if there is no such group, where the chairman of the meeting is.

118. Written resolutions

A resolution in writing signed by all the Directors entitled to receive notice of a meeting of the Board or of a committee appointed by the Board shall be as valid and effectual as if it had been passed at a meeting of the Board or such committee (as the case may be) duly convened and held and may be contained in one document or in several documents in like form each signed by one or more of the Directors or members of the committee concerned. The signature of an alternate Director shall, if his appointor has not signed, suffice in place of the signature of his appointor.

119. Company books

The Board shall cause minutes to be made in books kept for the purpose of:-

119.1 all appointments of officers made by the Board;

119.2 all proceedings at meetings of the Company, of the holders of any class of shares in the Company and of the Board and of committees appointed by the Board, including the names of the Directors present at each such meeting.

Any such minutes, if purporting to be signed by the chairman of the meeting at which the appointments were made or proceedings held or by the chairman of the next succeeding meeting, shall be sufficient evidence of the facts therein stated without any further proof.

120. Validity of acts of the Board or a committee

All acts done by a meeting of the Board, or of a committee appointed by the Board, or by a person acting as a Director shall, notwithstanding that it is afterwards discovered that there was some defect in the appointment of any Director, committee, or person acting as a Director, or that any of them were disqualified from holding office, or had vacated office, or were not entitled to

vote, be as valid as if every such person had been duly appointed and was qualified and had continued to be a Director and had been entitled to vote.

SECRETARY

121. Appointment of Secretary

Subject to the provisions of the Statutes, the Secretary shall be appointed by the Board at such remuneration and upon such terms as it thinks fit; and any Secretary so appointed may be removed by the Board.

THE SEAL

122. Use of seal

The Seal shall only be used by the authority of the Board or of a committee appointed by the Board. The Board or any such committee may determine who shall sign any instrument to which the Seal is affixed and unless otherwise so determined it shall be signed by one Director and the Secretary or by two Directors.

123. Execution as a deed without sealing

Where the Statutes so permit, any instrument signed by one Director and the Secretary or by two Directors and expressed to be executed by the Company shall have the same effect as if executed under the Seal, provided that no instrument shall be so signed which makes it clear on its face that it is intended by the person or persons making it to have effect as a deed without the authority of the Board or of a committee appointed by the Board in that behalf save that as regards any certificates for shares or debentures or other securities of the Company the Directors may by resolution determine that such signatures or either of them shall be dispensed with or affixed by some method or system of mechanical signature.

124. Official seal

The Company may exercise the powers conferred by the Statutes with regard to having an official seal for use abroad, and such powers shall be vested in the Board.

AUTHENTICATION OF DOCUMENTS

125. Authentication of documents

Any Director or the Secretary or any person appointed by the Board for the purpose shall have power to authenticate any documents affecting the constitution of the Company (including the memorandum and articles of association) and any resolutions passed by the Company or the Board, or any committee appointed by the Board, and any books, records, documents and accounts relating to the business of the Company, and to certify copies thereof or extracts therefrom as true copies or extracts; and where any books, records, documents or accounts are kept elsewhere than at the Company's head office, the local manager or other officer of the Company having the custody thereof shall be deemed to be a person appointed by the Board as aforesaid.

DIVIDENDS

126. Company may declare dividends

Subject to the provisions of the Statutes, the Company may by ordinary resolution declare dividends in accordance with the respective rights of the members, but no dividend shall exceed the amount recommended by the Board.

127. Board may pay interim dividends

Subject to the provisions of the Statutes, the Board may pay interim dividends if it appears to the Board that they are justified by the financial position of the Company. If the share capital of the Company is divided into different classes, the Board may pay interim dividends on shares which confer deferred or non-preferred rights with regard to dividends as well as on shares which confer preferential or special rights with regard to dividends, but no interim dividend shall be paid on shares carrying deferred or non-preferred rights if, at the time of payment, any preferential dividend is in arrears. The Board may also pay at intervals settled by it any dividend payable at a fixed date if it appears to it that the financial position of the Company justifies the payment. Provided that the Board acts in good faith it shall not incur any liability to the holders of shares conferring preferred rights for any loss they may suffer by reason of the lawful payment of an interim dividend on any shares having deferred or non-preferred rights.

128. Dividends paid according to amount and period paid up

Except in so far as the rights attaching to any share otherwise provide, all dividends shall be declared and paid according to the amounts paid on the shares on which the dividend is paid, but (for the purposes of this Article only) no amount paid on a share in advance of calls shall be treated as paid on the share. All dividends shall be apportioned and paid proportionately to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid; but, if any share is issued on terms providing that it shall rank for dividend as from a particular date, that share shall rank for dividend accordingly.

129. Non-cash dividends

A general meeting declaring a dividend may, upon the recommendation of the Board, by ordinary resolution direct that it shall be satisfied wholly or partly by the distribution of assets and, in particular, of paid-up shares or debentures of any other company and, where any difficulty arises in regard to such distribution, the Board may settle the same and in particular may issue fractional certificates and fix the value for distribution of any assets and may determine that cash shall be paid to any member upon the footing of the value so fixed in order to adjust the rights of members and may vest any assets in trustees.

130. Scrip dividends

Subject to the provisions of the Statutes, the Board may, if authorised by an ordinary resolution of the Company, offer the holders of ordinary shares (subject to such exclusions or other arrangements as the Board may consider necessary or expedient in relation to any legal or practical problems under the laws of any overseas territory or the requirements of any regulatory body or stock exchange) the right to elect to receive new ordinary shares credited as fully paid, instead of cash, in respect of all or part of the dividend specified by the ordinary resolution. The following provisions shall apply:-

- 130.1 an ordinary resolution may specify a particular dividend or dividends, or may specify all or any dividends declared within a specified period, but such period may not end later than the beginning of the annual general meeting next following the date of the meeting at which the ordinary resolution is passed;
- 130.2 the basis of allotment to each holder shall be such number of ordinary shares credited as fully paid as have a value as nearly as possible equal to (but not greater than) the amount of the dividend (disregarding any tax credit) which he has elected to forego. For this purpose the "value" of an ordinary share shall be deemed to be whichever is the greater of its nominal value and the average of the middle market quotations of an ordinary share on The Stock Exchange as derived from the Daily Official List on the day on which the shares are first quoted "ex" the relevant dividend and the four subsequent dealing days or in such other manner as may be determined by or in accordance with the ordinary resolution. A certificate or report by the Auditors as to the amount of the value in respect of any dividend shall be conclusive evidence of that amount;
- 130.3 no fraction of an ordinary share shall be allotted and if any holder would otherwise be entitled to fractions of a share, the Board may deal with the fractions as it thinks fit;
- 130.4 the Board, after determining the basis of allotment, shall notify the holders of ordinary shares in writing of the right of election offered to them, and shall send with, or following, such notification, forms of election and shall specify the procedure to be followed and place at which, and the latest date and time by which, duly completed forms of election must be lodged in order to be effective;
- 130.5 the dividend (or that part of the dividend in respect of which a right of election has been offered) shall not be payable on ordinary shares in respect of which an election has been duly made (the "elected shares") and instead additional ordinary shares shall be allotted to the holders of the elected shares on the basis of allotment determined as aforesaid. For such purpose the Board shall capitalise, out of any amount standing to the credit of any reserves or fund (including the profit and loss account), whether or not the same is available for distribution, as the Directors may determine, a sum equal to the aggregate nominal amount of the additional ordinary shares to be allotted on such basis and apply it in paying up in full the appropriate number of unissued ordinary shares for allotment and distribution to the holders of the elected shares on such basis;

130.6 the additional ordinary shares so allotted shall be allotted as of the record date for the dividend in respect of which the right of election has been offered and shall rank pari passu in all respects and form one uniform class with the fully paid ordinary shares then in issue except that they will not rank for any dividend or other distribution or other entitlement which has been declared, made, paid or payable by reference to such record date.

131. Right to deduct amounts due on shares from dividends

The Board may deduct from any dividend or other moneys payable in respect of a share to a member all sums of money (if any) presently payable by him to the Company on account of calls or otherwise in respect of shares of the Company.

132. No interest on dividends

No dividend or other moneys payable in respect of a share shall bear interest against the Company unless otherwise provided by the rights attached to the share.

133. Payment procedure

Any dividend or other moneys payable in respect of a share may be paid by cheque or warrant sent through the post to the registered address of the person entitled or, in the case of joint holders, to the registered address of the holder whose name stands first in the Register in respect of the share or to such person and such address as the holder or joint holders may in writing direct. Every cheque or warrant shall be made payable to the order of the person or persons entitled or to such person as the person or persons entitled may in writing direct and payment of the cheque or warrant shall be a good discharge to the Company. Every such cheque or warrant shall be sent at the risk of the person entitled to the money represented thereby. If any such cheque or warrant has, or shall be alleged to have, been lost, stolen or destroyed, the Board may, on request of the person entitled, issue a replacement cheque or warrant subject to compliance with such conditions as to evidence and indemnity and the payment of out of pocket expenses of the Company in connection with the request as the Board thinks fit. In addition, any such dividend or other moneys may be paid by any bank or other funds transfer system or such other means and to or through such person as the person or persons entitled may in writing direct and the Company shall have no responsibility for any sums lost or delayed in the course of any such transfer or where it has acted on any such directions.

134. Receipt by joint holders

If several persons are registered as joint holders of any share, any one of them may give effectual receipts for any dividend or other moneys payable in respect of the share.

135. Where payment of dividends need not be made

The Company may cease to send any cheque or warrant through the post for any dividend or other moneys payable in respect of a share which is normally paid in that manner on that share if in respect of at least two consecutive dividends payable on that share the cheques or warrants have been returned undelivered or remained uncashed but, subject to the provisions of these Articles, the Company shall recommence sending cheques or warrants in respect of dividends or other moneys payable on that share if the holder or person entitled by transmission claims the arrears of dividend and does not instruct the Company to pay future dividends in some other way.

136. Forfeiture of unclaimed dividends

Any dividend which has remained unclaimed for twelve years from the date when it became due for payment shall, unless the Board otherwise resolves, be forfeited and revert to the Company.

CAPITALISATION OF PROFITS

137. Capitalisation of profits

The Board may with the authority of an ordinary resolution of the Company:-

- 137.1 subject as hereinafter provided, resolve to capitalise any undivided profits of the Company not required for paying any preferential dividend (whether or not they are available for distribution) or any sum standing to the credit of the Company's share premium account or capital redemption reserve;
- 137.2 appropriate the sum resolved to be capitalised to the members who would have been entitled to it if it were distributed by way of dividend and in the same proportions and apply such sum on their behalf either in or towards paying up the amounts, if any, for the time being unpaid on any shares held by them respectively, or in paying up in full unissued shares or debentures of the

Company of a nominal amount equal to that sum, and allot the shares or debentures credited as fully paid to those members, or as they may direct, in those proportions, or partly in one way and partly in the other; but the share premium account, the capital redemption reserve, and any profits which are not available for distribution may, for the purposes of this Article, only be applied in paying up unissued shares to be allotted to members credited as fully paid;

- 137.3 make such provision by the issue of fractional certificates or by payment in cash or otherwise as it determines in the case of shares or debentures becoming distributable under this Article in fractions; and
- 137.4 authorise any person to enter on behalf of all the members concerned into an agreement with the Company providing for the allotment to them respectively, credited as fully paid, of any shares or debentures to which they are entitled upon such capitalisation, any agreement made under such authority being binding on all such members.

RECORD DATES

138. **Power to choose record date**

Notwithstanding any other provision of these Articles, the Company or the Board may fix any date as the record date for any dividend, distribution, allotment or issue and such record date may be on or at any time before or after any date on which the dividend, distribution, allotment or issue is declared, paid or made.

ACCOUNTS

139. **Records to be kept**

The Board shall cause accounting records to be kept sufficient to give a true and fair view of the Company's state of affairs and to comply with the Statutes.

140. **Copy of accounts to be sent to members**

A printed copy of every profit and loss account and balance sheet, including all documents required by law to be annexed to the balance sheet which is to be laid before the Company in

general meeting, together with copies of the Directors' and of the Auditors' reports (or such documents which may be required or permitted by law to be sent in place) shall not less than twenty-one clear days before the date of the meeting be sent to every member (whether he is or is not entitled to receive notices of general meetings of the Company), and to every holder of debentures of the Company (whether he is or is not so entitled), and to the Auditors Provided that if the Company is permitted by law to send to any member, to any holder of debentures of the Company or to the Auditors any summary financial statement in place of all or any of such profit and loss account and balance sheet or other documents, this Article shall impose no greater obligation on the Company than that imposed by law; but this Article shall not require a copy of those documents to be sent to any member or holder of debentures of whose address the Company is unaware or to more than one of the joint holders of any shares or debentures. The requisite number of copies of these documents shall at the same time be forwarded to the appropriate department of The Stock Exchange.

141. Inspection of records

The accounting records shall be kept at the Office or, subject to the Statutes, at such other place or places as the Board thinks fit, and shall always be open to the inspection of the Directors. No member (other than as Director) shall have any right of inspecting any accounting records or other book or document of the Company except as conferred by the Statutes or authorised by the Board or by ordinary resolution of the Company.

NOTICES

142. Notices must be in writing

Any notice to be given to or by any person pursuant to these Articles shall be in writing except that a notice calling a meeting of the Board need not be in writing.

143. Service of notice

The Company may serve any notice or other document (including a share certificate) on a member either personally or by sending it by post in a prepaid envelope addressed to the member at his registered address or by leaving it at that address. In the case of joint holders of a share, all notices shall be given to the joint holder whose name stands first in the Register in respect of the joint holding and notice so given shall be sufficient notice to all the joint holders. A member whose registered address is not within the United Kingdom and who gives to the Company an address within the United Kingdom at which notices may be given to him shall be entitled to have notices given to him at that address, but otherwise no such member shall be entitled to receive any notice from the Company.

144. When notice deemed received

A member present, either in person or by proxy, at any meeting of the Company or of the holders of any class of shares in the Company shall be deemed to have received notice of the meeting and, where requisite, of the purposes for which it was called.

145. Successors in title bound by previous notices

Except as otherwise provided in these Articles, every person who becomes entitled to a share shall be bound by any notice in respect of that share which, before his name is entered in the Register, has been duly given to a person from whom he derives his title.

146. Evidence of service of notice

Proof that an envelope containing a notice was properly addressed, prepaid and posted shall be conclusive evidence that the notice was given. A notice shall be deemed to be given at the expiration of 24 hours if pre-paid as first class and at the expiration of 72 hours if pre-paid as second class after the envelope containing it was posted.

147. Notice to persons entitled by transmission

A notice may be given by the Company to the persons entitled to a share by transmission by sending or delivering it, in any manner authorised by these Articles for the giving of notice to a

member, addressed to them by name, or by the title of representatives of the deceased, or trustee of the bankrupt or by any like description at the address, if any, within the United Kingdom supplied for that purpose by the persons claiming to be so entitled. Until such an address has been supplied, a notice may be given in any manner in which it might have been given if the death or bankruptcy had not occurred.

148. Notice by advertisement

If at any time postal services within the United Kingdom are suspended or curtailed so that the Company in the opinion of the Directors is unable effectively to convene a general meeting by notice sent through the post, a general meeting may be convened by a notice advertised in at least two daily newspapers with a national circulation and in that event the notice shall be deemed to have been served on all members and persons entitled by transmission, who are entitled to have notice of the meeting served upon them, at noon on the day when the advertisement has appeared in at least two such papers. If at least six clear days prior to the meeting the giving of notice by post to addresses throughout the United Kingdom has, in the Board's opinion, become practicable, the Company shall send confirmatory copies of the notice by post to the persons entitled to receive them.

WINDING-UP

149. Distribution in kind

If the Company is wound up, the liquidator may, with the sanction of an extraordinary resolution of the Company and any other sanction required by the Statutes:-

149.1 divide among the members in kind the whole or any part of the assets of the Company (whether the assets are of the same kind or not) and may, for that purpose, value any assets and determine how the division shall be carried out as between the members or different classes of members; and/or

149.2 vest the whole or any part of the assets in trustees upon such trusts for the benefit of the members as the liquidator, with the like sanction, determines

but no member shall be compelled to accept any assets upon which there is a liability

150. Power of sale

The power of sale of the liquidator shall include a power to sell wholly or partly for shares or debentures or other obligations of another company, either then already constituted or about to be constituted, for the purpose of carrying out the sale.

INDEMNITY

151. Officer's indemnity

Subject to the provisions of the Statutes but without prejudice to any indemnity to which a Director may otherwise be entitled, every Director or other officer or Auditor of the Company shall be indemnified out of the assets of the Company against any liability incurred by him in defending any proceedings (whether civil or criminal) in which judgment is given in his favour or he is acquitted or in connection with any application in which relief is granted to him by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Company.

NAMES, ADDRESSES AND DESCRIPTIONS OF SUBSCRIBERS

Instant Companies Limited
2 Baches Street
London N1 6UB

Swift Incorporations Limited
2 Baches Street
London N1 6UB

Dated this 15th day of February 1993.

Witness to the above Signatures:

Mark Anderson
2 Baches Street
London N1 6UB

NEW ARTICLES OF ASSOCIATION

of

ANAGEN PLC

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COMPANIES FORM No. 123

**Notice of increase
in nominal capital****123**Please do not
write in
this margin

Pursuant to section 123 of the Companies Act 1985

Please complete
legibly, preferably
in black type, or
bold block lettering

To the Registrar of Companies

For official use

Company number

--	--	--	--

2792457

Name of company

* ANAGEN PLC

* Insert full name
of company

gives notice in accordance with section 123 of the above Act that by resolution of the company
dated 15th June 1993 the nominal capital of the company has been
increased by £ 6,300,000 beyond the registered capital of £ 100,000.

5 the copy must be
printed or in some
other form approved
by the registrar

A copy of the resolution authorising the increase is attached.5

The conditions (eg. voting rights, dividend rights, winding-up rights etc.) subject to which the new
shares have been or are to be issued are as follow:

The new additional 63,000,000 Ordinary shares of 10p each to rank
pari passu in all respects with the existing Ordinary shares
of 10p each carrying the rights attributed thereto in the new
Articles of Association adopted by a special resolution passed on
15th June 1993.

† Insert
Director,
Secretary,
Administrator,
Administrative
Receiver or
Receiver
(Scotland) as
appropriatePlease tick here if
continued overleaf

Signed

Designation†

Date

25 June 93

Presentor's name address and
reference (if any):

McKenna & Co
Mitre House
160 Aldersgate Street
LONDON EC1A 4DD
4DEM/JNCR/42095.0001/SW

For official Use
General Section

Post room

26 JUN 1993

HOUSE

Jordans

Jordan & Sons Limited

21 St. Thomas Street, Bristol BS1 6JS Tel. 0272-230800 Telex 449119

2.89

Company No: 2792457

THE COMPANIES ACT 1985

COMPANY LIMITED BY SHARES

ORDINARY AND SPECIAL RESOLUTIONS

of

ANAGEN PLC

Passed on 15th June 1993

At an extraordinary general meeting of the above-named Company duly convened and held on 15th June, 1993 the following resolutions were duly passed as ordinary and special resolutions of the Company:-

ORDINARY RESOLUTIONS

1. THAT the authorised share capital of the Company be increased from £100,000 to £6,400,000 by the creation of an additional 63,000,000 Ordinary shares of 10p each carrying the rights attributed thereto in the Articles of Association referred to below.
2. THAT the directors be generally and unconditionally authorised, in accordance with section 80 of the Companies Act 1985 (as amended by the Companies Act 1989 (the "Act")) to allot relevant securities (within the meaning of section 80(2) of the Act) up to an aggregate nominal amount of £6,350,000 such authority to expire on the earlier of the first Annual General Meeting of the Company and 15th September 1994 but so that the Company may, before such 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 pursuant to any such offer or agreement as if such authority had not expired.



SPECIAL RESOLUTIONS

3. THAT the directors be authorised and empowered until the earlier of the conclusion of the first Annual General Meeting of the Company and 15th September 1994 (save that the Company may before such expiry make an offer, agreement or other arrangement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities pursuant to any such offer or agreement as if such authority had not expired), pursuant to section 95 of the Act, to allot equity securities (as defined in section 94 of the Act) for cash pursuant to the authority referred to in the resolution numbered 2 above as if section 89(1) of the Act did not apply to any such allotment, such authority and power being limited to:
- (1) the allotment of equity securities in connection with an issue or offer by way of rights in favour of Ordinary shareholders where the equity securities respectively attributable to the interests of all Ordinary shareholders are proportionate (as nearly as may be) to the respective numbers of Ordinary shares held by them but subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements or any legal or practical problems under the laws of any overseas territory or the requirements of any regulatory body or stock exchange;
 - (2) the allotment (otherwise than pursuant to the powers referred to in (1) above) of equity securities up to an aggregate nominal amount of £232,500.
4. THAT the Company's Memorandum of Association be amended by the adoption of a new clause 4(i)(a) in the form of the clause 4(i)(a) contained in the printed document marked "A", and signed for the purposes of identification by the chairman of the meeting, in substitution for and to the exclusion of the existing clause 4(i)(a) of the Company's Memorandum of Association.
5. THAT the regulations contained in the printed document marked "B", and signed for the purposes of identification by the chairman of the meeting, be adopted in substitution for and to the exclusion of the existing Articles of Association of the Company.

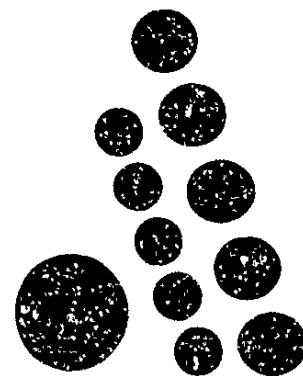
..... 

Chairman

2792457

ANAGEN PLC

Placing by
ALBERT E SHARP & CO





Copies of this document, which comprises listing particulars relating to Anagen PLC in accordance with the listing rules made under section 142 of the Financial Services Act 1986, have been delivered to the Registrar of Companies in England and Wales for registration in accordance with section 149 of that Act. ✓

The Directors of Anagen PLC, whose names appear on page 5 of this document, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors of Anagen PLC (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.

Application has been made to the London Stock Exchange (and to no other stock exchange) for the whole of the Ordinary share capital of the Company, issued and to be issued pursuant to the Placing described herein, to be admitted to the Official List. It is expected that admission of the Ordinary shares to the Official List will become effective and that dealings in the Ordinary shares will commence on 24th June 1993.

ANAGEN ✓

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(Incorporated and registered in England under the Companies Act 1985
with register number 2792457) ✓

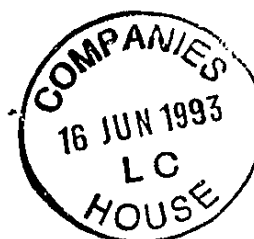
PLACING

by

ALBERT E SHARP & CO

of

15,000,000 Ordinary shares of 10p each at 100p per share



SHARE CAPITAL

Authorised			Issued and to be issued fully paid	
Number	Amount		Number	Amount
64,000,000	£6,400,000	Ordinary shares of 10p each	46,500,000	£4,650,000

The Ordinary shares now being placed will rank *pari passu* in all respects with the existing issued Ordinary shares including the right to receive all dividends and other distributions hereafter declared, paid or made on the Ordinary share capital of the Company.

INDEBTEDNESS

At the close of business on 21st May 1993 the Group had outstanding secured term loans of £2,294,690, unsecured term loans of £5,908,204, hire purchase commitments of £107,965 and finance lease commitments of £5,343. At that date the Group had given a guarantee limited to £5,000 in respect of duty deferment. Save as aforesaid and apart from intra-group liabilities, neither the Company nor any of its subsidiaries had at that date any loan capital (including term loans) outstanding or created but unissued, or any mortgages, charges, debentures or other borrowings or indebtedness in the nature of borrowing including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits, hire purchase commitments or obligations under finance leases or guarantees or other contingent liabilities.

At the close of business on the same date the Group had cash balances of £389,513.

As part of the transaction described in paragraph 1 (vi) of Part 8 of this document, the unsecured term loans were transferred to the Company, thereby becoming an intra-group liability, in exchange for the issue of Ordinary shares and the secured term loans will be repaid from the proceeds of the Placing.



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DEFINITIONS

"Act"	the Companies Act 1985 (as amended by the Companies Act 1989)
"Anagen"	Anagen (U.K.) Limited, a wholly-owned subsidiary of Bermuda
"Anagen assays"	the seventeen immunoassays under development by Anagen for thyroid assessment (8), fertility assessment (7), renal function (1) and cardiac trauma (1)
"Bermuda"	Anagen (Bermuda) Limited, a wholly-owned non-trading subsidiary of the Company, details of which are set out in paragraph 2(vii) of Part 8 of this document
"cardiac trauma test"	the immunoassay being developed by Anagen for the measurement of Creatine Kinase MB (CK-MB), an indicator of heart muscle damage
"Company"	Anagen PLC
"Directors" or "Board"	the directors of the Company
"FDA"	the United States Food and Drug Administration
"fertility assessment tests"	the immunoassays being developed by Anagen for the measurement of Human Chorionic Gonadotropin (hCG); Luteinising Hormone (LH); Follicle Stimulating Hormone (FSH); Prolactin (Prl); Estradiol (E2); Progesterone (Prog); Testosterone (Testo)
"Group"	the Company and its subsidiaries from time to time
"the London Stock Exchange"	the International Stock Exchange of the United Kingdom and the Republic of Ireland Limited
"Marketing Agreement"	the marketing and distribution agreement dated 20th April 1993 and made between Anagen and Teknika
"New Unsecured Loan Stock"	the new variable rate unsecured loan stock 1996 of Bermuda, details of which are set out in paragraph 3 of Part 8 of this document
"Ordinary shares"	ordinary shares of 10p each in the capital of the Company
"Original Unsecured Loan Stock"	the original variable rate unsecured loan stock 1996 of Bermuda, details of which are set out in paragraph 3 of Part 8 of this document
"Placing"	the placing by Sharps of 15,000,000 Ordinary shares as described in this document
"Placing Agreement"	the agreement referred to in paragraph 11 of Part 8 of this document
"Placing price"	100p per Ordinary share
"ProMed"	ProMed Diagnostics Limited, a wholly-owned subsidiary of Anagen
"renal function test"	the immunoassay being developed by Anagen for the measurement of B2-microglobulin (B2M)
"Secured Loan Stock"	the fixed rate secured loan stock of Bermuda, details of which are set out in paragraph 3 of Part 8 of this document
"Serono"	Serono Diagnostics Limited
"Sharps"	Albert E Sharp & Co
"Teknika"	Organon Teknika B.V.
"thyroid assessment tests"	the immunoassays being developed by Anagen for the measurement of Thyroxine (T4); free-Thyroxine (f-T4); Triiodothyronine (T3); free-Triiodothyronine (f-T3); Thyroid Stimulating Hormone (TSH); Thyroid Hormone Uptake (TU); Thyroid Microsomal Antibody (Tm); Thyroglobulin Antibody (Tg)
"TIC"	Technicon Instruments Corporation now part of Miles Inc., one of the world's largest clinical chemistry instrument manufacturers
"toxoplasma tests"	the immunoassays being developed by Anagen for the detection of Toxoplasma IgG and Toxoplasma IgM antibodies, the presence of which is indicative of the infectious disease toxoplasmosis
"TWG"	The Wilkerson Group Inc.
"Unsecured Loan Stock"	the New Unsecured Loan Stock and the Original Unsecured Loan Stock
"Wilj"	Wilj International Limited

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GLOSSARY

"assay"	a means of testing for the presence or concentration of a substance of clinical interest in order to assist in diagnosing the cause of a particular set of symptoms
"analyte"	a substance to be detected and measured in an assay
"antibody"	a protective or defensive substance found in the body or produced by it in response to the introduction of an antigen
"antigen"	any substance which, upon introduction to the body, activates the response of the body's immune system thereby stimulating the formation of antibodies
"enzyme"	a molecule, generally a protein, that facilitates or speeds up specific chemical reactions
"immunoassay"	a test procedure which exploits antigen-antibody reactions
"immunodi- agnostics"	the branch of medical diagnostics which exploits the interaction between antigens and antibodies to determine the nature of a disease or disorder
"in vitro"	"in glass" or in a test tube, as opposed to in the body
"monoclonal antibody"	an antibody that can be produced in large quantities by a single, specially "engineered" cell which has resulted from the fusion of a cell producing the desired antibody with a fast-growing tumour cell
"polyclonal antibodies"	antibodies produced in animals by many different populations of antibody-producing cells in response to the introduction of an antigen
"reagents"	the chemical and biochemical materials added to patient samples in order to perform an assay
"thyroid"	an endocrine gland located in the neck, which produces hormones controlling the metabolic rate of the body



DIRECTORS AND ADVISERS

Directors	Dr Henry Simon (Non-executive Chairman) Mervyn Napoleon Sennett (Managing Director) Dr Gordon Coulter Forrest (Technical Director) Keith Nicholas Bowhill (Finance Director) Andrew William Marchant (Non-executive) Dr Joseph Stuart Burgess (Non-executive) all of 4 Spring Lakes Estate, Deadbrook Lane, Aldershot, Hants GU12 4UH and all of whom are of British nationality except Dr Henry Simon who is a German national
Secretary and Registered Office	Thomas Charles Leonard Webb FCIS 4 Spring Lakes Estate Deadbrook Lane Aldershot Hants GU12 4UH
Sponsors and Stockbrokers	Albert E Sharp & Co Edmund House 12 Newhall Street Birmingham B3 3ER
Auditors and Joint Reporting Accountants	Kidsons Impey Chartered Accountants Spectrum House 20-26 Cursitor Street London EC4A 1HY
Joint Reporting Accountants	Coopers & Lybrand Chartered Accountants 1 Embankment Place London WC2N 6NN
Solicitors to the Company	McKenna & Co Mitre House 160 Aldersgate Street London EC1A 4DD
Solicitors to the Placing	Evershed Wells & Hind 10 Newhall Street Birmingham B3 3LX
Registrars and Transfer Office	Independent Registrars Group Limited Balfour House 390/398 High Road Ilford Essex IG1 1NQ
Bankers	Midland Bank plc Wellington Street Aldershot Hants GU11 1DY
Patent Agents	Hepworth Lawrence Bryer & Bizley Gate House South West Gate Harlow Essex CM20 1JN

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KEY INFORMATION

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

Business

The Group's objective is to be a leading international supplier of automated immunoassay systems based on the technology of magnetic particle separation and the know-how accumulated by its experienced scientific team.

Anagen's first system, the AN2000, which focuses on the human clinical market, is substantially complete. This system will be targeted at a worldwide market currently estimated at US\$5 billion and which is predicted to grow at around 10 per cent. per annum for at least the next five years.

Following the signing of a marketing agreement with a major international partner for the worldwide distribution rights for the AN2000, the Directors feel that it is now appropriate to seek admission to the Official List which will enhance the profile of the Group and assist the development of its business.

The Group intends to use its technology base and know-how to increase its assay range and to develop new automated systems for other markets. A system, the AN500, is being planned to address the growing requirements for food testing, for introduction in late 1995.

Placing Statistics

Placing price	100p
Number of Ordinary shares in issue following the Placing	46,500,000
Number of Ordinary shares being placed	15,000,000
Market capitalisation at the Placing price	£46.5 million
Percentage of enlarged issued Ordinary share capital being placed	
- on behalf of the Company	31.2 per cent.
- on behalf of existing shareholders (Note 1)	1.1 per cent.
Net proceeds of the Placing receivable by the Company (Note 2)	£11.5 million

Notes

1. The Ordinary shares being placed on behalf of existing shareholders are being sold to enable them to fund their commitment to the Company pursuant to the undertaking described in Part 8 of this document.
2. The net proceeds are stated after repayment of the Secured Loan Stock and other transactions described in The Placing in Part 1 of this document.

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INFORMATION ON THE GROUP

BACKGROUND

The Group's objective is to be a leading international supplier of automated immunoassay systems based on the technology of magnetic particle separation and the know-how accumulated by its experienced scientific team.

The first step towards this objective has been to focus the Group's activities on the human clinical market, where immunoassay techniques have become well established over the last thirty years. Development of Anagen's first system, the AN2000, an automated immunodiagnostic instrument ("the instrument") and a range of assays for performing tests on human blood and urine samples, is substantially complete. In April 1993, Anagen achieved a significant milestone by signing a marketing agreement for the worldwide distribution of the AN2000 with Teknika. Teknika, a specialist in diagnostic systems for hospitals and blood banks, is a part of the Akzo N.V. group.

Anagen now intends to develop an automated system targeted at the food testing market where significant growth in the use of immunoassays is predicted to occur as the speed of food testing and costs involved become of increasing importance.

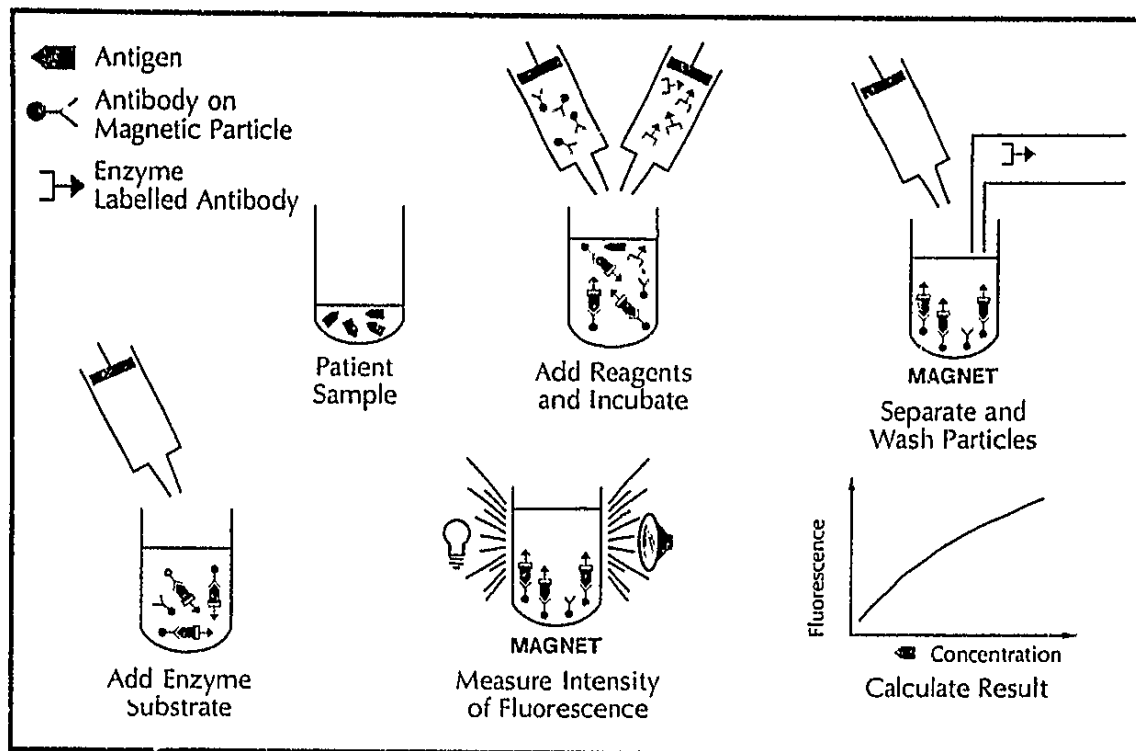
BIOCHEMICAL DIAGNOSTICS AND IMMUNOASSAY TECHNOLOGY

A common method of diagnosing diseases is to determine the chemical constituents of body fluids such as blood and urine through the use of manufactured reagents. However, the concentration of certain substances, such as hormones and cancer markers, in samples can be so low that analytical chemistry methods fail to work and immunoassay techniques are the only practical alternative.

Immunoassay is an analytical technique based on the reaction of an antigen with a specific antibody which provides the specificity (ie. the ability to discriminate between the substance of interest and other closely related substances) and sensitivity necessary to detect and measure very low concentrations of substances in many types of sample.

Anagen's magnetic separation technology is used in conjunction with polyclonal or monoclonal antibodies. Many assay formats are possible but typically one antibody, which is chemically linked to a magnetic particle, is used to identify the antigen by "locking on" to it. Another antibody, which is labelled with an enzyme, locks on to a different part of the antigen. The complex formed is then separated from the sample by a magnet. The enzyme reacts with added substrate which generates fluorescence, the intensity of which can be measured to calculate very precisely the concentration of the antigen in the sample. This process is illustrated below showing the addition of the various reagents to a patient sample to perform such an assay:





Applications for immunoassay in the clinical field are many and the technique is now beginning to be used in other areas such as bacteria analysis of food (eg detecting salmonella), water monitoring (eg pesticide analysis) and the detection of drugs of abuse in human and animal sports.

BUSINESS

Market

Worldwide sales in the in vitro clinical diagnostics market were estimated by TWG and others to be around US\$13 billion in 1992, of which approximately US\$5 billion was attributed to immunoassay testing. The immunoassay segment of this market is estimated by TWG to continue to grow over at least the next five years at a compound annual growth rate of around 10 per cent. A letter from TWG describing the market is included in Part 6 of this document.

Within this segment, increasing demands are being placed on clinical laboratories to provide a cost-effective service. The clinical laboratory is also being asked to provide faster test results. Automation is the key method of achieving these aims as it reduces the required manning and skill levels of laboratory staff and test turnaround times. As TWG comments in its letter, automation has seen substantial growth as a proportion of all assays performed and this is expected to continue.

The Directors believe that, within Anagen's principal target markets of Western Europe, the United States and Japan, there are over 17,000 sites with test volumes sufficient to make installation of the AN2000 an attractive proposition. Generally these sites are medium to large commercial laboratories and hospitals with over 200 beds. Teknika has stated that it believes it can achieve 1,500 instrument placements by the year 2000.

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The AN2000

The AN2000 is a fully-automated, clinical, immunodiagnostic system for performing tests on human blood and urine samples. It incorporates several features which include:

- a multi-test random access capability;
- the flexibility to handle a wide range of assays with up to 20 different types on board the instrument at any one time;
- the ability to perform several different assays on each patient sample including programmable follow-on testing whereby the instrument decides on the basis of a particular assay result whether further assays should be carried out;
- an interrupt and prioritisation facility whereby a patient sample can be processed to give an urgently awaited result;
- fully computerised operation through user-friendly touch screen technology which requires a lower level of operator skill than manual systems and allows the operator to leave the instrument unattended for up to 2 1/2 hours; and
- the ability to perform assays currently at a rate in excess of 70 per hour with the majority taking less than 30 minutes from start to finish. It is planned to increase this rate of throughput prior to launch.

The design of the AN2000 incorporates a number of innovations for which patent protection has been sought and which are more fully described in the Patent Agents' Report in Part 7 of this document.

A technical assessment of the AN2000 indicates that the system has a high level of precision over a wide assay range which, coupled with its flexibility of operation and the marketing strength of Teknika, will, the Directors believe, place the system in a strong competitive position.

From the outset, the AN2000 will offer laboratories and hospitals a comprehensive range of 17 assays, of which 15 are for thyroid and fertility assessment. The Directors anticipate this will be an important factor in gaining market share for the system as they are clinical areas where immunoassay testing is commonly performed. The Anagen assays will enable the system to cover around 30 per cent. of the world immunoassay clinical market by value.

This proportion will be increased by three further assays aimed at anaemia detection. In addition, Anagen is developing, on behalf of Teknika, two infectious disease assays for the detection of toxoplasma antibodies.

Based on the assay range planned to be available at launch, it is estimated that average usage for each instrument will be 185 tests per day rising to around 200 per day in 1996.

Marketing Agreement

Anagen and Teknika have entered into the Marketing Agreement with the objective of achieving a rapid placement of the instrument in the major world markets. Under the terms of this agreement Teknika has been granted worldwide marketing and distribution rights for the AN2000 within the clinical field. In consideration for the grant of these rights Teknika has agreed to pay Anagen £2.5 million of which £1.25 million has already been paid. The balance of £1.25 million is payable in three instalments upon the achievement of certain milestones. The rights granted to Teknika include the exclusive right to purchase twenty specified assays from Anagen for use on the instrument (including the Anagen assays) and the right to market the AN2000 under Teknika's chosen name.

Anagen will receive a payment for each of its assays sold by Teknika and in addition will receive a payment for each instrument placed after the first one hundred.

Teknika is a major supplier of immunoassays for the diagnosis of infectious diseases such as hepatitis and AIDS. Under the terms of the Marketing Agreement,

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Teknika has the right to develop, manufacture and sell infectious disease and other assays for use on the instrument in the clinical field ("Teknika assays"). These have to be converted to magnetic separation format before they can be run on the instrument. Conversion of the Teknika assays has already commenced and Teknika has created a substantial team to work on the AN2000 project. Early indications give the Board every confidence that conversion will prove successful. Anagen will receive payments for all Teknika assays sold.

In 1992, sales of infectious disease assays accounted for around 30 per cent. of the in vitro immunoassay market. The availability of Teknika's range of infectious disease assays is expected to give the AN2000 an assay range which covers around 60 per cent. of such immunoassay market by value and will, the Directors believe, significantly strengthen the competitive position of the system.

In support of regulatory approval submissions, third party evaluation of the AN2000, which is the responsibility of Teknika, is due to commence in November 1993 and is expected to run in parallel with the regulatory approval process. Seven sites are likely to be used for evaluation, one each in France, Germany, Holland, Italy and the United Kingdom and two in the United States. The sites in France, Germany and the United States will be selected to assist with the obtaining of necessary regulatory approvals for the AN2000 in those countries.

Further details of the Marketing Agreement are set out in paragraph 16 of Part 8 of this document.

Competition

A number of companies have developed automated diagnostic systems based on immunoassay in recent years. Other systems currently available, which may be considered to be competitors, include the Abbot IMx Select, Baxter Status II, PB Diagnostics OPUS and the CIBA Corning ACS-180. The Directors are aware that a number of other systems are under development.

However, the Board believes that the combination of the features of the AN2000 will mean that, at launch, the system will be one of the most versatile available.

Manufacturing

Assays

Anagen will manufacture assays at the Group's premises in Aldershot which have been equipped to handle a capacity of around 20 million assays per annum. Current staffing is at an appropriate level for small-scale manufacturing and additional production staff will be employed as production demand expands. Based on demand projections, the Group's output is expected to exceed 20 million assays per year at the beginning of 1997, when additional facilities may be required for labelling and packing.

Instruments

The Group is not, and does not intend to be, a manufacturer of immunoassay instruments. For this reason, the design and development of the instrument was contracted to Wilj, an experienced manufacturer of immunoassay instrumentation. Teknika has assumed responsibility for the manufacture of the instrument once the development phase has been completed and, to that end, has reached agreement with Wilj for the manufacture and sale to it of an initial quantity of approximately 300 instruments.

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Quality Management

The Group has a formal quality programme which sets out detailed procedures to be adopted in the development and manufacture of its assays. Anagen aims to qualify for BS5750 (Part 1) in readiness for the forthcoming EC Directive on in vitro medical devices, expected to come into force in 1997.

All the Group's quality procedures and practices are designed to comply with current Good Manufacturing Practices laid down by the FDA, and, where it is thought appropriate for the manufacture of immunoassays, experimental design and validation of assays is performed according to guidelines laid down by the United States National Committee for Clinical Laboratory Standards.

Regulatory Approvals

Teknika will be required to obtain regulatory approval before it can market the AN2000 system in certain countries. Submissions will be made as test results become available from third party validations as described in the section headed Marketing Agreement above.

In respect of the instrument, Anagen has identified a number of regulations which are believed to be the most important. These regulations are Underwriters Laboratories Inc. (UL1262) (United States), Canadian Standards Association C22.2 No 151-m 1986, International Electrotechnical Commission 1010 Issue 1 1990, Federal Code of Communications Class A (United States) and Verband der Deutschen Elektrotechniker Level A (Germany) and they have been considered in the specification for the instrument. The Directors believe that approval under these regulations will assist significantly in the obtaining of approval under other regulations. It is anticipated that submissions for approval of the instrument and a specimen assay in the target markets of the United States and Western Europe will be made towards the end of this year.

As regards the Anagen assays, in Western Europe, only France requires pre-marketing approval which the Directors expect to be obtained by the end of March 1994. In the United States, FDA 510k clearance will be required for the Anagen assays. Submissions are expected to be made in respect of the individual assays between November 1993 and July 1994 with clearance expected within approximately six months from submission in each case. Pre-marketing approval will be required for the Teknika assays in the United States and also certain European countries.

Pre-marketing approval for the instrument and all assays to be used on the instrument is also required in Japan, for which market Teknika plans to submit applications in 1994.

The Directors have employed a consultant, who, together with Teknika, have advised them that the Group's current procedures should be sufficient to obtain the relevant regulatory approvals for the system in its targeted markets.

Intellectual Property Rights

The Group will continue to protect its intellectual property, where appropriate by applying for patents in those trading territories where the Directors consider patent protection is desirable to safeguard and enhance the Group's commercial interests. To date, the Group has not instituted or threatened proceedings regarding infringements of intellectual property rights against any third party nor has any third party threatened or instituted such proceedings against any member of the Group. The Group has not carried out a comprehensive worldwide search to detect possible third party patents of relevance to the Group's technology as the Directors understand that such an investigation would be virtually impossible to perform.

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A number of patent applications have been filed relating to certain functions of the AN2000. Anagen is beneficial owner of a patent and patent applications for the ceramic magnetic particles which are a fundamental part of the assays used by the AN2000 and has developed a substantial body of knowledge and experience related to the preparation of such assays. The patent on the method of manufacturing magnetic particles was issued in the United States on 13th August 1991 and the remaining applications in the United States and certain other territories are pending.

The detailed specification of the AN2000 was developed in collaboration with Wilj and all design rights and copyright in designs developed for the AN2000 by Wilj are beneficially owned by Anagen. Where patent applications have resulted from the collaboration with Wilj, Anagen is the beneficial owner of all patent applications.

Application software has been written specifically for the AN2000 by Wilj and copyright has been assigned to Anagen. Other software used in the AN2000 was written by Wilj prior to the development of the system and has been licensed to Anagen by a licence agreement dated 26th February 1993. The effective operation of the assays depends on bespoke software which must be written specifically for each assay and is owned by Anagen. This software performs an important calibration function by enabling the instrument to distinguish in operation between assays from different batches and calculate the results accordingly.

TRADING RECORD

Since incorporation, Anagen has been engaged, principally, in the development of the AN2000. Sales and gross profit to date represent the sale of sourced immunoassays to laboratories, sundry other sales and the receipt during 1992 of a non-refundable deposit in respect of a proposed marketing agreement which was not signed.

The trading record of Anagen is set out in Part 4 of this document.

The Company has produced illustrative financial projections for the four years ending 31st December 1996. These projections, together with accompanying letters from Messrs Coopers & Lybrand, TWG and Sharps, are set out in Part 3 of this document.

DIRECTORS, MANAGEMENT AND EMPLOYEES

Directors

The Board consists of three executive Directors and three non-executive Directors. The Directors of the Company are as follows:

Dr Henry Simon Tekn. lic. (PhD), aged 63, Non-executive Chairman.

Henry Simon has been non-executive Chairman of Anagen since February 1989. He is a partner in Schroder Ventures, which advises a number of shareholders in Anagen. Formerly, he was president of Technicon Corporation of Tarrytown, N.Y., an international manufacturer of diagnostic equipment. Previously, he was vice-president of ITT Europe and group executive of the Business Systems Group which then had a turnover of US\$450m. He is also a director of several other companies.

Mervyn Sennett, aged 56, Managing Director.

Mervyn Sennett has extensive experience in the successful marketing of medical systems. He was, with Gordon Forrest, a founder member of Anagen in 1989. From 1981 to 1987 he was managing director of Serono, a diagnostics company which won the Queen's Award for Exports for the period from 1984 to 1987. He was formerly director of marketing for the UK division of TIC from 1976 to 1980, and, prior to that,

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spent seventeen years at Rank Xerox including four years as head of new product planning.

Dr Gordon Forrest BSc (Hons), PhD, aged 48, Technical Director.

Gordon Forrest is a research chemist who has been responsible for some important innovative developments in immunoassay. Prior to co-founding Anagen in 1989, he was technical director of Serono where he established a collaborative research project with Addenbrooke's Hospital, University of Cambridge. This work resulted in some of the first commercial applications for monoclonal antibodies in immunoassay. Whilst working in TIC's Methods and Standards Laboratory he was the lead inventor of the first patented automated immunoassay system to apply magnetic separation technology. Dr Forrest has worked in clinical diagnostic research for over twenty-two years and is the author of a number of scientific papers, textbook contributions and patents in the field of immunodiagnosics. In 1976 he was awarded the Ames Medal of the Association of Clinical Biochemists.

Keith Bowhill FCCA, aged 43, Finance Director.

Keith Bowhill joined Anagen in 1991 and was appointed finance director in July 1992. Prior to joining Anagen, he had wide-ranging experience including six years as finance director of a specialist software company serving several internationally renowned hospitals and research institutes between 1983 and 1989. From 1989 to 1990 he was director of operations of Consultancy International Limited.

Andrew Marchant BA, ACA, aged 38, Non-executive Director

Andrew Marchant was appointed a director of Anagen in February 1989. He is a director of CINVen Limited, which he joined in 1988. He has over eleven years of experience in venture capital including involvement with a number of technology-based companies.

Dr Stuart Burgess CBE, PhD, FRSC, aged 64, Non-executive Director

Stuart Burgess was appointed a Director in June 1993. He is presently chairman of the Oxford Regional Health Authority, a consultant to Immuno AG, a Vienna-based healthcare company, and a non-executive director of Haemonetics Corporation USA. Prior to this he was chief executive of Amersham International plc, a high-technology UK-based healthcare company with a £200 million turnover.

All the executive Directors have service agreements with the Company. A summary of the principal terms of these agreements is set out in paragraph 7 of Part 8.

Corporate Governance

The Company aims to operate in accordance with the terms of the Code of Best Practice issued by the Cadbury Committee concerning the financial aspects of corporate governance. Accordingly, certain of the Board's powers have been delegated to an audit committee and a remuneration committee comprising a majority of Non-executive Directors.

Senior Management

The senior management of the Group is as follows:

Dr Simon Rattle BSc (Hons), PhD, aged 42.

Dr Rattle is head of the AN2000 Business Unit which develops additional assays

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for the AN2000 and supports manufacturing activities. Dr Rattle joined Anagen in 1989 from Serono, where, over a period of eight years, he held senior management positions within manufacturing, project management, and research and development. Prior to this he was involved in the research and development of automated immunoassays with a UK subsidiary of TIC. Dr Rattle is an enzyme chemist, and has worked in the diagnostics industry for over fifteen years. He has considerable experience in the development and commercialisation of magnetic particle assays and automated immunodiagnostic systems.

Tim Cockrill MIST, aged 43.

Tim Cockrill is head of the New Markets Unit, which has recently been formed to develop an automated system for the food and environmental markets. He has previously been involved in the project management of the AN2000. Before joining Anagen in 1989, he was engaged in sales and marketing with various diagnostics companies. Before moving into commercial activities, he spent seven years in veterinary research, working at the Royal Veterinary College.

Dr John Clements BSc (Hons), PhD, aged 61.

Dr Clements is head of Instrumentation Development at Anagen. Prior to joining Anagen full time in 1990, he was an independent consultant to Anagen and other clients, including the Atomic Weapons Research Establishment at Aldermaston. Before this, he was with TIC for seventeen years, spending ten years as technical director and deputy general manager of its German subsidiary. Subsequently, he became manager of TIC's Methods and Standards Laboratory in London. He has academic qualifications in analytical chemistry, geology and mathematics, and industrial experience in instrument development in clinical chemistry.

John Taylor C.Biol, MIBiol, aged 45.

John Taylor is a microbiologist and joined Anagen as head of the Quality Department in April 1991. Before joining Anagen he was quality manager at Cambridge Life Sciences and Cambridge Veterinary Sciences between 1986 and 1991. Prior to this he was quality assurance manager at Unipath, a division of Unilever, from 1978 to 1986. In his earlier career, he held various quality assurance positions with Miles Laboratories Inc.. John Taylor is qualified for lead assessor status in respect of quality assurance auditing, is a member of the British Institute of Regulatory Affairs and is a member of the regulatory affairs working party of the British In Vitro Diagnostics Association.

Steve Buxton BSc (Hons), aged 31.

Steve Buxton is head of the Manufacturing Department and joined Anagen in March 1991 to establish a pilot manufacturing facility for the Anagen assays. Between 1986 and 1991, he was with Mercia Diagnostics, being appointed production manager for infectious disease immunoassay products in 1988. Steve Buxton gained his early diagnostics experience with Brocades (GB), a division of the Gist Brocades Corporation.

Employees

The Group's total staff includes a number of highly-qualified people, of whom ten have PhDs. Employee relations are considered to be excellent.

Over the three years to 31st December 1992, the average weekly number of persons employed by Anagen, including executive Directors, was:

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	Year ended 31st December		
	1990	1991	1992
Administration	2	7	9
Research and Development	25	40	51
Manufacturing and Quality Assurance	-	9	15
	<u>27</u>	<u>56</u>	<u>75</u>

REASONS FOR THE PLACING

Following the signing of the Marketing Agreement, the Directors now feel it is appropriate to seek admission to the Official List. The Directors believe that listing will enhance the profile of the Group and thereby assist the development of its business. Listing is also likely to provide significant commercial advantages to the Group by increasing its standing with potential customers, suppliers and future collaborative partners in respect of new products. In the longer term, it will also enable the Company to fund further opportunities more easily through direct access to the financial markets.

After the repayment of short-term borrowings described below, and costs of the issue, the net proceeds will amount to approximately £11.5 million.

Of these net proceeds, approximately 40 per cent. will be used to fund development of the AN500 food testing system and approximately 20 per cent. will be used to complete the development of the AN2000, including extension of the assay range, and fund the costs of bringing the instrument into full scale production. Approximately 15 per cent. of the net proceeds will be utilised in funding other development projects with the balance providing working capital for the Group.

THE PLACING

Of the 15,000,000 Ordinary shares which are the subject of the Placing, 14,500,000 are new Ordinary shares being issued to raise approximately £13.9 million, net of expenses, for the Company. The remainder are existing Ordinary shares which are being placed on behalf of M.N. Sennett and G.C. Forrest in order to raise £0.5 million, which sum will be paid to the Company. The Ordinary shares were issued to M.N. Sennett and G.C. Forrest to enable the Company to obtain a trading certificate.

Except for the reason mentioned above, existing Directors and institutional shareholders in the Company are not realising any part of their investment at this time. The institutional shareholders in the Company have undertaken to Sharps that they will not sell any shares in the Company without Sharps' prior written consent during the period ending on the date of publication of the results of the Group for the year ending 31st December 1994. The Directors, other than Dr Burgess, have undertaken to Sharps in the Placing Agreement not to dispose of any Ordinary shares held by them, save in certain limited circumstances, during the same period.

Approximately £2.65 million of the proceeds of the Placing will be applied in repaying the Secured Loan Stock (and accrued interest thereon up until the date of repayment) and accrued interest on the Unsecured Loan Stock up to 15th June 1993 (being the date on which the Unsecured Loan Stock was transferred to the Company). In addition, £0.24 million of the proceeds of the Placing, being an amount equal to the accrued but unpaid dividends on the preference shares in Bermuda up to 15th June 1993, will be paid to those persons who were holders of the preference shares in Bermuda immediately prior to their acquisition by the Company as described in Part 8 of this document. The balance of the proceeds will be used as described in the paragraph headed Reasons for the Placing above.

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FUTURE DEVELOPMENTS

Following the recent signing of the Marketing Agreement, the Group and Teknika will be investing considerable management and financial resources to ensure the commercial success of the AN2000. Sales of the AN2000 are not scheduled to commence until 1994 and the Group will continue to incur ongoing operational and development costs which are in line with budgets during the current financial year.

The Group intends to use its technology base and know-how to increase its assay range and to develop new automated systems for other markets. A system, the AN500, is being planned to address the growing requirements for food testing, for introduction in late 1995. The world food market is becoming increasingly subject to regulatory requirements and this, together with increased public concern over food contamination, is resulting in a requirement for greater quality assurance. Immunoassays have begun to gain acceptance in this market because of the much shorter test times compared with other methods. The Directors believe that automated immunoassay systems such as those to be developed by Anagen will offer a cost effective solution to demands for rapid screening and certification of various food products.

The emerging technology of antibody engineering is seen by the Directors as an important future development in immunodiagnostics. A project will be established to explore the commercial potential for such antibodies.

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RISK FACTORS

In addition to the other information in this document, the following risk factors should be considered carefully when evaluating whether to make an investment in the new Ordinary shares in the Placing.

Continuing losses

The Group has incurred net losses since inception. As at 31st December 1992, the Group's accumulated losses were approximately £13.3 million. These losses have resulted principally from the costs incurred in research and development of the Group's immunoassay products and from general and administrative costs associated with the Group's operations. The Group expects to incur further losses over the next three years ending 31st December 1995. There can be no assurance that the Group will achieve significant revenues or profitable operations. It should be also noted that there can be no assurance that the AN500 system will make a positive contribution to the profits of the Group.

Requirement for additional funds

The Company anticipates that its existing capital resources, including the net proceeds of the Placing and interest earned thereon, will enable the Group to conduct its planned operations until it achieves a positive operating cash flow. No assurance can be given that changes will not occur that would consume available capital resources before such time. The Group's future capital requirements will depend on many factors, including the timing of receipts under the Marketing Agreement, the progress of the Group's collaborative and independent research and development projects, the costs of testing of the Group's products, the filing, defence and enforcement of patent rights and development of manufacturing, marketing and sales capabilities. The Company may need to raise additional funds to continue the development of its technologies and complete the commercialisation of new products, if any. There can be no assurance that additional funds will be available or that such funds, if raised, will be sufficient to permit the Group to conduct its operations as currently contemplated.

Regulation

It is possible that delays or rejections may be encountered in the regulatory process for the grant of the necessary approvals to market the Group's products.

Proprietary Technology and Patent Protection

In common with other technology-based companies, the commercial success of the Group may depend in part on its ability to obtain patent protection for its products in the United Kingdom, the United States and other countries. No assurance can be given that the Group will develop products which are patentable, or that patents will be sufficiently broad in their scope to provide protection for the Group's proprietary rights and exclude competitors with similar technology advantages. In addition, no assurance can be given that any patents granted to, or acquired by, Anagen will not be challenged, infringed or designed around by third parties, or that the rights granted thereunder will provide competitive advantages to the Group.

As patent applications in the United States are not published until grant, and since details of new discoveries tend to become public knowledge only some time after the actual discovery, Anagen cannot be certain that it was the first to make the inventions covered by each of its pending applications in the United States (or indeed that Anagen was the first to file applications for such inventions).

The commercial success of the Group will also depend in part on the non-

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infringement of patents granted to third parties. There can be no assurance that Anagen's products will not become involved in proceedings instituted by third parties which could involve substantial costs and the outcome of which could not be anticipated. If patents granted to third parties contain claims embracing the Group's technology the Group may have to cease or alter certain activities or processes or develop or obtain alternative technology or seek to obtain an appropriate licence under such patent. No assurance can be given that the Group will be able, in such a situation, to develop or obtain suitable alternative technology or that it would be able to obtain a licence to such patent on reasonable commercial terms, if at all. Failure to obtain a licence for any technology it may require may have a material adverse effect on the Group.

Competitors or potential competitors may have filed applications for, or may have been granted, patents or may obtain additional patents that may relate to products competitive with those of Anagen.

Attention is drawn to a report from the Group's patent agents, describing the Group's patent procedures and the current status of patent applications, set out in Part 7 of this document.

Competition

Competitors of the Group include, amongst others, major pharmaceutical and chemical companies. There can be no assurance that competitors will not succeed in developing technologies and products that are more effective than any which are being developed by the Group or which would render its technology and products obsolete and non-competitive.

Dependence on third parties

There can be no assurance that the Marketing Agreement will be successful in its objective to maximise placements of the AN2000 instrument and thereby sales of the assays. In addition, there can be no assurance that Teknika or any other collaborative partner will not pursue alternative technologies which compete with those of Anagen.

Responsibility for the manufacture of the instrument for the AN2000 system has now been assumed by Teknika which has entered into a contract with Wilj. The Group's business would be adversely affected by the non performance or failure of any collaborative partner in this regard.

Share price volatility

There has been a history of significant volatility in the market prices of the shares of biotechnology companies and the share price of the Company could behave similarly. Factors such as the poor results of trials, delay in obtaining regulatory approvals and announcement of technological innovations by the Group's competitors may have an adverse effect on the Company's share price.

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ILLUSTRATIVE FINANCIAL PROJECTIONS

The Directors have prepared estimates of instrument placements and associated assay sales over an extended period. **Attention is drawn to the risk factors set out in Part 2 of this document, which should be carefully considered in conjunction with these projections.**

These estimates are based on the results of market research and on the experience of the Directors and Teknika in similar markets. The Directors have utilised these estimates in preparing illustrative financial projections of the Group for the four years to 31st December 1996.

The illustrative financial projections are as follows:

	1993	Year ending 31st December		1996
	£'000	1994	1995	£'000
		£'000	£'000	£'000
Turnover	2,100	1,801	4,143	9,726
Profit/(loss) before taxation	(4,320)	(3,085)	(762)	3,649

The principal assumptions made by the Directors in preparing the illustrative financial projections are as follows:

1. Instrument placements and assay usage

It has been assumed that the first placements of the AN2000 instrument will be made in 1994 amounting to 75 in that year, a further 175 in 1995 and 250 in 1996. Assay usage has been estimated at 185 per day per instrument in 1994, rising to 200 in 1996.

It is anticipated that the AN500 system will be introduced in late 1995 for the food testing market; 35 instrument placements are assumed for 1995, with a further 85 for 1996. The expected assay usage on the food testing instrument is 150 per system per day. The AN500 is not projected to make any material contribution to the Group's profits over the period of the illustrative financial projections.

2. Specific exclusions

The illustrative financial projections only take account of potential sales for the two systems described above. No account has been taken, therefore, of any other diagnostic product in any other diagnostic market. Sundry sales of reagents by ProMed are also excluded.

3. Continuing development expenditure

The above projections of profit/(loss) before taxation are after charging the following for development expenditure:

	Year ending 31st December		1996
	1993	1994	1995
	£'000	£'000	£'000
	3,750	3,044	2,589
	2,549		

4. Interest rates

Following the Placing, cash at bank will attract interest at 6 per cent. per annum.

5. Legislative impacts

There will be no changes in legislation, government regulations or policies which will materially adversely affect the Group's trading.

6. Business disruption

The Group will not be materially affected by the consequences of industrial disputes or by any other circumstances beyond the Group's control.

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The following is the full text of a letter from Coopers & Lybrand relating to the illustrative financial projections:

The Directors
Anagen PLC
4 Spring Lakes Estate
Deadbrook Lane
Aldershot
Hants
GU12 4UH

Coopers
& Lybrand

1 Embankment Place
London WC2N 6NN

The Directors
Albert E Sharp & Co
Edmund House
12 Newhall Street
Birmingham
B3 3ER

16th June 1993

Dear Sirs

We have reviewed the accounting policies and calculations for the illustrative financial projections of Anagen PLC ("the Company") and its subsidiaries ("the Group") for the four years ending 31st December 1996, as set out in Part 3 of the listing particulars dated 16th June 1993.

The illustrative financial projections, for which the Directors of the Company are solely responsible, are based upon assumptions made by the Directors which cannot be confirmed and verified in the same way as past results. The principal assumptions are summarised in Part 3 of the listing particulars.

It should be appreciated that the projections have been prepared for purposes of illustration and do not constitute a forecast. We express no opinion on the validity of the assumptions on which the projections are based, nor on how closely the results actually achieved will compare with the projections.

A venture of this nature carries a number of significant risks which could have an adverse effect on the profitability of the Group. We draw attention to the section "Risk factors" described in Part 2 of the listing particulars.

In our opinion the illustrative financial projections have been properly compiled, so far as the accounting policies and calculations are concerned, on the basis of the assumptions referred to above made by the Directors, and are presented on the basis of the accounting policies normally adopted by the Group.

Yours faithfully

Coopers & Lybrand
Chartered Accountants

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The following is the full text of a letter from Sharps relating to the illustrative financial projections:

The Directors
Anagen PLC
4 Spring Lakes Estate
Deadbrook Lane
Aldershot
Hampshire GU12 4UH

ALBERT E SHARP & CO
Edmund House
12 Newhall Street
Birmingham
B3 3ER
16th June 1993

Dear Sirs

We refer to the illustrative financial projections of Anagen PLC and its subsidiaries as set out in Part 3 of the listing particulars dated 16th June 1993.

We have discussed with you the assumptions on which your illustrative financial projections have been based and we have considered the letter from Coopers & Lybrand regarding the accounting policies and calculations adopted in arriving at the illustrative financial projections.

As a result of these discussions and in light of the letter from Coopers & Lybrand, we consider that the illustrative financial projections, for which you as Directors are solely responsible, have been prepared after due and careful enquiry.

Yours faithfully

C. J. Hawkey
Director

The following is the full text of a letter from The Wilkerson Group, Inc. relating to the illustrative financial projections:

The Directors
Anagen PLC
4 Spring Lakes Estate
Deadbrook Lane
Aldershot
Hampshire GU12 4UH

 **THE WILKERSON
GROUP, INC.**
666 THIRD AVENUE
NEW YORK, NY 10017-4011

The Directors
Albert E Sharp & Co
Edmund House
12 Newhall Street
Birmingham B3 3ER

16th June 1993

Dear Sirs

We have reviewed the principal assumptions with regard to the AN2000 system for the clinical market made by the Directors of Anagen PLC in preparing the illustrative financial projections of Anagen PLC and its subsidiaries for the four years ending 31st December 1996, as set out in Part 3 of the listing particulars dated 16th June 1993.

In our opinion the principal assumptions made by the Directors are fair and reasonable for the purposes of the illustrative financial projections.

Yours faithfully

Kenneth D Noonan PhD
Vice President
The Wilkerson Group, Inc.

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ACCOUNTANTS' REPORT

The following is the full text of a joint report on Anagen PLC and its subsidiary companies by Kidsons Impey, Chartered Accountants and Coopers & Lybrand, Chartered Accountants:

The Directors
Anagen PLC
4 Spring Lakes Estate
Deadbrook Lane
Aldershot
Hampshire GU12 4UH

The Directors
Albert E Sharp & Co
Edmund House
12 Newhall Street
Birmingham B3 3ER



Spectrum House 20-26 Cursitor Street
London EC4A 3HY

Coopers
& Lybrand

1 Embankment Place
London WC2N 6NN

16th June 1993

Dear Sirs

We report in connection with the application by Anagen PLC for its shares to be admitted to the Official List of the London Stock Exchange.

Anagen PLC ("the Company") was incorporated in England as Growthrise Public Limited Company on 22nd February 1993 and changed its name to Anagen PLC on 1st June 1993. On 15th June 1993 the Company acquired the whole of the issued share capital of Anagen (Bermuda) Limited. No financial statements for the Company have been made up and audited since incorporation. The remainder of this report, except for note 23, "Subsequent Events", refers to Anagen (Bermuda) Limited and its subsidiary companies.

Anagen (Bermuda) Limited ("Bermuda") was incorporated in Bermuda as Second UK Buyout Limited on 29th November 1988, changed its name to Anagen Holdings Limited on 27th May 1992 and to Anagen (Bermuda) Limited on 1st June 1993.

On 17th July 1992 Bermuda acquired the whole of the issued Ordinary share capital of Anagen (U.K.) Limited ("Anagen") (a company incorporated in England and then known as Anagen Limited) from its existing shareholders on the basis of one share of an identical class in Bermuda for each share in Anagen. Bermuda and its subsidiaries are referred to as "the Group" in this report.

We have examined the audited financial statements of the companies which constituted the Group for the three years and eleven and a half months ended 31st December 1992. This covers the period since the incorporation of Anagen on 10th January 1989. Kidsons Impey, London, have been the auditors to all companies in the Group, except for Bermuda, for all periods. Arthur Morris & Co, Bermudan associates of Kidsons Impey, were auditors to Bermuda for the period 29th November 1988 to 31st December 1991 and the year ended 31st December 1992. The consolidated financial statements of Bermuda for the year ended 31st December 1992 have been audited by Kidsons Impey. Bermuda was dormant until 17th July 1992. The auditors' reports on the financial statements of all companies in the Group covering the period since incorporation have been unqualified. No financial statements have been made up and audited for any period subsequent to 31st December 1992.

The financial information set out in this report is based on the audited financial statements, to which no adjustments are considered necessary. Our work has been carried out in accordance with the Auditing Guideline "Prospectuses and the Reporting Accountant".

In our opinion the financial information set out below gives, for the purposes of the listing particulars dated 16th June 1993, a true and fair view of the state of affairs of the Group as at 31st December 1989, 1990, 1991 and 1992 and of its consolidated loss and cash flows for each of the periods then ended.

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CONSOLIDATED PROFIT AND LOSS ACCOUNTS

		10th January to 31st December	1990	Years ended 31st December	1992
	Notes	1989 £000	£000	1991 £000	£000
Turnover - continuing operations		-	20	39	45
- special fee		-	-	-	193
	1(a)	-	20	39	238
Cost of sales		-	(11)	(23)	(29)
Gross profit		-	9	16	209
Administrative expenses		(333)	(351)	(547)	(854)
Marketing, quality assurance and production expenses		-	(215)	(869)	(1,336)
Research and development expenses		(1,249)	(1,833)	(2,841)	(2,805)
Operating loss	1(b), 2	(1,582)	(2,390)	(4,241)	(4,786)
Interest receivable	3	97	144	167	93
Interest payable	4	(4)	(12)	(38)	(701)
Loss on ordinary activities before taxation		(1,489)	(2,258)	(4,112)	(5,394)
Tax on loss on ordinary activities	5	-	(11)	-	-
Loss on ordinary activities after taxation	19	(1,489)	(2,269)	(4,112)	(5,394)
Dividends	6	-	-	-	-
(Loss) per share (pence)	7	(509.9)p	(457.5)p	(510.8)p	(511.3)p

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CONSOLIDATED CASH FLOW STATEMENTS

		10th January to 31st December	Years ended 31st December		
	Notes	1989 £000	1990 £000	1991 £000	1992 £000
Net cash outflow from operating activities	8	<u>(1,526)</u>	<u>(2,305)</u>	<u>(4,150)</u>	<u>(4,077)</u>
Returns on investments and servicing of finance					
Interest received		95	142	171	93
Interest paid		<u>(4)</u>	<u>(12)</u>	<u>(38)</u>	<u>(52)</u>
Net cash inflow from returns on investments and servicing of finance		<u>91</u>	<u>130</u>	<u>133</u>	<u>41</u>
Taxation					
Corporation tax paid		<u>-</u>	<u>-</u>	<u>(11)</u>	<u>-</u>
Investing activities					
Payments to acquire tangible fixed assets		<u>(132)</u>	<u>(421)</u>	<u>(830)</u>	<u>(270)</u>
Net cash outflow before financing		<u>(1,567)</u>	<u>(2,596)</u>	<u>(4,858)</u>	<u>(4,306)</u>
Financing					
Issue of share capital		1,173	2,305	2,509	6,281
Redemption of preference share capital		-	-	-	(5,280)
Issue of loan stock		880	1,760	440	3,520
Hire purchase loans		29	89	171	(131)
Capital element of finance lease rentals		<u>(5)</u>	<u>(10)</u>	<u>(10)</u>	<u>(9)</u>
Net cash inflow from financing	9	<u>2,077</u>	<u>4,144</u>	<u>3,110</u>	<u>4,381</u>
Increase (decrease) in cash and cash equivalents	10	<u>510</u>	<u>1,548</u>	<u>(1,748)</u>	<u>75</u>

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CONSOLIDATED BALANCE SHEETS

		1989	As at 31st December		
	Notes	£000	1990 £000	1991 £000	1992 £000
Fixed assets					
Tangible fixed assets	11	<u>159</u>	<u>537</u>	<u>1,152</u>	<u>1,011</u>
Current assets					
Stocks	12	1	1	22	120
Debtors	13	146	270	263	216
Cash at bank		<u>510</u>	<u>2,058</u>	<u>310</u>	<u>385</u>
		<u>657</u>	<u>2,329</u>	<u>595</u>	<u>721</u>
Creditors: amounts falling due within one year	14	<u>(209)</u>	<u>(359)</u>	<u>(386)</u>	<u>(2,059)</u>
Net current assets (liabilities)		<u>448</u>	<u>1,970</u>	<u>209</u>	<u>(1,338)</u>
Total assets less current liabilities		607	2,507	1,361	(327)
Creditors: amounts falling due after more than one year	15	<u>(923)</u>	<u>(2,727)</u>	<u>(3,244)</u>	<u>(5,949)</u>
Net liabilities	1(c)	<u>(316)</u>	<u>(220)</u>	<u>(1,883)</u>	<u>(6,276)</u>
Capital and reserves					
Called up share capital	17	733	2,044	3,279	3,786
Share premium account	18	440	1,494	2,708	3,202
Profit and loss account	19	<u>(1,489)</u>	<u>(3,758)</u>	<u>(7,870)</u>	<u>(13,264)</u>
Shareholders' funds (deficit)		<u>(316)</u>	<u>(220)</u>	<u>(1,883)</u>	<u>(6,276)</u>

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ACCOUNTING POLICIES

The financial information set out in this report has been prepared in accordance with applicable Accounting Standards in the United Kingdom. The principal accounting policies, which have been applied consistently for all periods covered by this report, are as follows:

Basis of accounting

The financial information has been prepared under the historical cost accounting convention.

Basis of preparation

The financial information is based on the audited financial statements of Bermuda and its subsidiary undertakings. The principles of merger accounting have been applied in consolidating the financial statements of Anagen.

Turnover

Turnover represents the value, excluding value added tax, of goods sold and services provided.

Cost of sales

Cost of sales is stated as all those costs directly incurred by the Group to bring each product sold to its saleable condition and to provide the services to customers.

Depreciation

Depreciation is calculated to write off the cost of all tangible fixed assets in equal annual instalments over their estimated useful lives at the following rates:-

Manufacturing equipment	25%
Manufacturing fixtures and fittings	15%
Laboratory and office fixtures and fittings	15%
Laboratory and other equipment	25%
Motor vehicles	25%
Tooling	50%

Stocks

Stocks are stated at the lower of cost and net realisable value.

Deferred taxation

Deferred taxation is provided, using the liability method, on all timing differences between the profit computed for taxation purposes and the profit stated in the financial statements to the extent that it is probable the liability will crystallise.

Research and development

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

Leasing and hire purchase transactions

Where an asset is acquired under a finance lease or hire purchase agreement, the asset is capitalised and the corresponding liability to the finance company is included in creditors. Depreciation on leased assets and assets being acquired under hire purchase agreements is provided in accordance with the Group's depreciation policy as stated above. Leasing payments and hire purchase repayments are treated as consisting of capital and interest elements and the interest is charged to the profit and loss account on a straight line basis over the period of the lease or hire purchase agreement.

All other leases are operating leases and rentals payable are charged to the profit and loss account on a straight line basis.

Pensions

The Group operates a Money Purchase Scheme of which membership is optional. Members contribute 5% of salary, the Group contributes 7%. The assets of the pension scheme are held separately in an independently administered fund. In addition, the Group provides, for the majority of employees, death in service life assurance, pension for spouses following death in service and permanent health insurance benefits. Certain directors have non-contributory pension arrangements, which are funded by the Group.

Foreign currencies

Amounts receivable and payable in foreign currencies are translated into sterling at the rates ruling at the balance sheet date. Differences arising during the year are dealt with in the profit and loss account.

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NOTES TO THE FINANCIAL INFORMATION

	10th January to 31st December 1989 £000	1990 £000	Years ended 31st December 1991 £000	1992 £000
1. Geographical analysis				
(a) Turnover				
The analysis of turnover by destination was:				
European Economic Community (including United Kingdom)	-	20	39	44
Rest of Europe	-	-	-	1
North America	-	-	-	193
	<u>-</u>	<u>20</u>	<u>39</u>	<u>238</u>
Turnover in 1992 includes a non-recurring fee of £193,000.				
(b) Operating loss				
The analysis of operating loss by geographical area was:				
United Kingdom	(1,582)	(2,390)	(4,241)	(4,522)
Bermuda	-	-	-	(264)
	<u>(1,582)</u>	<u>(2,390)</u>	<u>(4,241)</u>	<u>(4,786)</u>
(c) Net liabilities				
The geographical location of the net liabilities of the Group was:				
United Kingdom	(316)	(220)	(1,883)	(4,554)
Bermuda	-	-	-	(722)
	<u>(316)</u>	<u>(220)</u>	<u>(1,883)</u>	<u>(6,276)</u>
	1989 £000	As at 31 December 1990 £000	1991 £000	1992 £000
2. Operating loss				
Operating loss is stated after charging:				
Depreciation of tangible fixed assets				
- owned assets	6	26	149	294
- assets held under finance leases	4	10	9	9
- assets held under hire purchase agreements	2	9	57	108
	<u>12</u>	<u>45</u>	<u>215</u>	<u>411</u>
Staff costs (including executive directors)				
- wages and salaries	169	508	1,074	1,356
- social security costs	17	52	109	147
- contributions to pension schemes	18	66	82	116
	<u>204</u>	<u>626</u>	<u>1,265</u>	<u>1,619</u>
Leasing and hire charges				
- plant and machinery (including vehicles)	6	38	72	71
- leasehold property	45	107	150	146
Auditors' remuneration - as auditors	2	5	6	14
- other services	-	-	-	9
Directors' emoluments	<u>125</u>	<u>161</u>	<u>186</u>	<u>216</u>

Directors' emoluments include the emoluments of all directors of Bermuda and Anagen.

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3. Interest receivable

	10th January to 31st December 1989 £000	1990 £000	Years ended 31st December 1991 £000	1992 £000
Bank interest	97	144	167	93

4. Interest payable

	10th January to 31st December 1989 £000	1990 £000	Years ended 31st December 1991 £000	1992 £000
Variable Rate Unsecured Loan Stock 1996	-	-	-	628
15% Secured Loan Stock 1993/2000	-	-	-	21
Hire purchase	1	6	32	48
Finance leases	3	5	5	4
Other short term interest	-	1	1	-
	4	12	38	701

5. Tax on loss on ordinary activities

The corporation tax charge of £11,000 in the year ended 31st December 1990 represents a liability agreed with the Inland Revenue in respect of interest received before the commencement of trading for corporation tax purposes. No other liability to corporation tax has arisen in any of the periods to 31st December 1992.

The Group has losses, as computed for taxation purposes, of approximately £12,306,000 at 31st December 1992 available to be carried forward to future periods of which £121,000 has been offset against the liability to deferred taxation. Losses of £4,366,000 for the year ended 31st December 1992 have yet to be formally agreed with the Inland Revenue, although provisional agreement based on draft accounts, which have not been amended, has been obtained.

6. Dividends

No dividends have been paid by any company in the Group since incorporation.

7. Loss per share

	10th January to 31st December 1989	1990	Years ended 31st December 1991	1992
Attributable loss (£000)	(1,489)	(2,269)	(4,112)	(5,394)
Average number of ordinary shares in issue (000)	292	496	805	1,055
Loss per share (pence)	(509.9)	(457.5)	(510.8)	(511.3)

There would be no significant dilution of losses per share in each of the periods if the then outstanding share options had been exercised.

8. Reconciliation of operating loss to net cash outflow from operating activities

	10th January to 31st December 1989 £000	1990 £000	Years ended 31st December 1991 £000	1992 £000
Operating loss	(1,582)	(2,390)	(4,241)	(4,786)
Depreciation charges	12	45	215	411
(Increase) in stocks	(1)	-	(21)	(98)
(Increase) decrease in debtors	(144)	(62)	(57)	47
Increase (decrease) in creditors	189	102	(46)	349
Net cash outflow from operating activities	<u>(1,526)</u>	<u>(2,305)</u>	<u>(4,150)</u>	<u>(4,077)</u>

9. Analysis of changes in financing

	Share capital including premium £000	Loan stock £000	Hire purchase loans £000	Finance leases £000
Balance on incorporation	-	-	-	-
New finance lease contracts	-	-	-	39
Cash inflow from financing	1,173	880	34	-
Cash outflow from financing	-	-	(5)	(5)
Balance at 31st December 1989	1,173	880	29	34
New finance lease contracts	-	-	-	2
Cash inflow from financing	2,305	1,760	112	-
Cash outflow from financing	-	-	(23)	(10)
Called up share capital not paid	60	-	-	-
Balance at 31st December 1990	3,538	2,640	118	26
Cash inflow from financing	2,509	440	289	-
Cash outflow from financing	-	-	(118)	(10)
Called up share capital paid relating to previous year	(60)	-	-	-
Balance at 31st December 1991	5,987	3,080	289	16
Cash inflow from financing	6,281	3,520	-	-
Cash outflow from financing	(5,280)	-	(131)	(9)
Balance at 31st December 1992	<u>6,988</u>	<u>6,600</u>	<u>158</u>	<u>7</u>



10. Cash and cash equivalents

	10th January to 31st December 1989 £000	1990 £000	Years ended 31st December 1991 £000	1992 £000
(a) Analysis of changes during the period				
Opening balance	-	510	2,058	310
Net cash inflow (outflow)	510	1,548	(1,748)	75
Closing balance	<u>510</u>	<u>2,058</u>	<u>310</u>	<u>385</u>
(b) Analysis of balances as shown in the balance sheet				
	1989 £000	As at 31st December 1990 £000	1991 £000	1992 £000
Cash at bank	<u>510</u>	<u>2,058</u>	<u>310</u>	<u>385</u>

11. Tangible fixed assets

	1989 £000	As at 31st December 1990 £000	1991 £000	1992 £000
Cost:				
Manufacturing equipment	-	-	242	282
Manufacturing fixtures and fittings	-	-	190	201
Laboratory fixtures and fittings	74	298	322	329
Laboratory equipment	57	205	275	277
Office fixtures and fittings	15	15	19	20
Other equipment (including computers)	11	11	79	155
Motor vehicles	14	14	14	14
Tooling	-	51	283	416
	<u>171</u>	<u>594</u>	<u>1,424</u>	<u>1,694</u>
Accumulated depreciation:				
Manufacturing equipment	-	-	12	77
Manufacturing fixtures and fittings	-	-	11	41
Laboratory fixtures and fittings	4	24	69	118
Laboratory equipment	6	23	85	153
Office fixtures and fittings	-	3	5	8
Other equipment (including computers)	2	4	8	35
Motor vehicles	-	3	7	11
Tooling	-	-	75	240
	<u>12</u>	<u>57</u>	<u>272</u>	<u>683</u>
Net book amount	<u>159</u>	<u>537</u>	<u>1,152</u>	<u>1,011</u>
Net book amount includes:				
Assets held under finance leases	35	27	18	9
Assets held under hire purchase agreements	32	135	367	255
	<u>67</u>	<u>162</u>	<u>385</u>	<u>264</u>

At 31st December 1992 there were outstanding contracts placed for capital expenditure amounting to £117,000.

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12. Stocks

	1989 £000	As at 31st December		1992 £000
		1990 £000	1991 £000	
Consumables	<u>1</u>	<u>1</u>	<u>22</u>	<u>120</u>

13. Debtors

	1989 £000	As at 31st December		1992 £000
		1990 £000	1991 £000	
Amounts falling due within one year:				
Trade debtors	–	2	6	7
Other debtors	111	68	138	83
Prepayments and accrued income	2	68	47	54
Called up share capital	–	60	–	–
	<u>113</u>	<u>198</u>	<u>191</u>	<u>144</u>
Amounts falling due after more than one year:				
Rent deposits	33	72	72	72
	<u>146</u>	<u>270</u>	<u>263</u>	<u>216</u>

14. Creditors: amounts falling due within one year

	1989 £000	As at 31st December		1992 £000
		1990 £000	1991 £000	
Trade creditors	146	208	158	436
Corporation tax	–	11	–	–
Other taxation and social security	17	25	38	41
Other creditors	7	29	–	–
Accruals and deferred income	19	29	49	138
Obligations under finance leases	9	10	8	5
Obligations under hire purchase agreements	11	47	133	119
15% Secured Loan Stock 1993/2000	–	–	–	1,320
	<u>209</u>	<u>359</u>	<u>386</u>	<u>2,059</u>

The 15% Secured Loan Stock 1993/2000 is secured by a fixed and floating charge over the assets and undertaking of Anagen.

Interest is payable on the loan stock from the date of issue on 24th November 1992 at a rate of 15% per annum. The first interest payment date was 31st March 1993. In accordance with the instrument creating the loan stock, as the interest was not paid on the due date, Bermuda was obliged to issue further 15% Secured Loan Stock 1993/2000, credited as fully paid at par, of a nominal value equal to the unpaid interest, to the stockholders, pro rata to their existing holdings of stock, in lieu of payment of the interest. This additional loan stock, with a nominal value of £94,693, has been issued since 31st December 1992. Accrued interest up to 31st December 1992, amounting to £20,557, is included in accruals and deferred income.

The 15% Secured Loan Stock 1993/2000 is repayable on 12th May 1993 or at such later date as the stockholders may determine. The latest repayment date is 31st August 2000. The stockholders have resolved that the repayment date is to be 25th June 1993.



15. Creditors: amounts falling due after more than one year

	1989 £000	As at 31st December		1992 £000
		1990 £000	1991 £000	
Variable Rate Unsecured Loan Stock 1996	880	2,640	3,080	5,280
Accruals and deferred income	—	—	—	628
Obligations under finance leases	25	16	8	2
Obligations under hire purchase agreements	18	71	156	39
	<u>923</u>	<u>2,727</u>	<u>3,244</u>	<u>5,949</u>

The Variable Rate Unsecured Loan Stock 1996 is repayable on 31st August 1996. Bermuda has the option to redeem all or part of the stock at par at an earlier date if it so wishes. Interest is payable from 1st January 1992 until redemption at a rate of 4% per annum over the base rate of Midland Bank plc. This rate represents the net rate of interest payable after deduction of income or other tax withheld or deducted by Bermuda.

The whole of the Variable Rate Unsecured Loan Stock 1996 of Anagen in issue on 17th July 1992 was acquired by Bermuda from the stockholders on that date in exchange for identical loan stock in Bermuda.

Interest on the Variable Rate Unsecured Loan Stock 1996 amounting to £628,031 was payable on 31st December 1992. In accordance with the terms of an amendment to the instruments creating the loan stock, as the interest was not paid on the due date, Bermuda was obliged to issue further Variable Rate Unsecured Loan Stock 1996, credited as fully paid at par, of a nominal value equal to the unpaid interest, to the stockholders, pro rata to their existing holdings of stock, in lieu of payment of the interest. This additional loan stock has been issued since 31st December 1992 and, in view of this, the interest of £628,031 is shown as a creditor falling due after more than one year at 31st December 1992.

The repayment terms of creditors falling due after more than one year were as follows:

	1989 £000	As at 31st December		1992 £000
		1990 £000	1991 £000	
Over one and under two years	20	55	124	41
Over two and under five years	23	32	3,120	5,908
Repayable beyond five years	880	2,640	—	—
	<u>923</u>	<u>2,727</u>	<u>3,244</u>	<u>5,949</u>

16. Deferred taxation

The potential liability to deferred taxation at the end of each of the periods to 31st December 1992, computed at 33 per cent, was as follows:

	1989 £000	As at 31st December		1992 £000
		1990 £000	1991 £000	
Capital allowances in advance of depreciation	7	34	76	40
Other timing differences	1	2	1	—
Available tax losses applied	(7)	(34)	(77)	(40)
	<u>1</u>	<u>2</u>	<u>—</u>	<u>—</u>

No provision has been made for deferred taxation in the financial statements in any of the periods to 31st December 1992.

17. Share capital

The authorised and issued share capital of Bermuda at 31st December 1992 was made up as follows:

Authorised:	Number	£000
Original 'A' Ordinary Shares of £1 each	668,813	669
New 'A' Ordinary Shares of 50p each	51,852	26
'B' Ordinary Shares of £1 each	1,127,707	1,128
10% Redeemable Cumulative Preference Shares of 50p each	5,280,173	2,640
Deferred Shares of £1 each	7,500	7
	<u>7,136,045</u>	<u>4,470</u>
Allotted, called up and fully paid:		
Original 'A' Ordinary Shares of £1 each	62,830	63
New 'A' Ordinary Shares of 50p each	34,568	17
'B' Ordinary Shares of £1 each	1,066,168	1,066
10% Redeemable Cumulative Preference Shares of 50p each	5,280,173	2,640
	<u>6,443,739</u>	<u>3,786</u>
Allotted (nil paid):		
Deferred Shares of £1 each	7,500	—
	<u>6,451,239</u>	<u>3,786</u>

On 17th July 1992 Bermuda acquired the whole of the issued Ordinary share capital of Anagen from the existing shareholders in exchange for identical shares in Bermuda.

The subscription dates and prices of the Ordinary Shares were as follows:

	Original 'A' Ordinary Shares of £1 each		New 'A' Ordinary shares of 50p each		'B' Ordinary Shares of £1 each	
	Number	Price per Share	Number	Price per Share	Number	Price per Share
February 1989	50,000	1.00	—	—	240,000	1.00
May 1989	2,000	1.00	—	—	—	—
December 1989	1,000	1.00	—	—	—	—
March 1990	1,350	1.00	—	—	—	—
June 1990	—	—	—	—	355,555	1.35
September 1990	3,000	1.00	—	—	—	—
December 1990	—	—	—	—	70,588	1.70
May 1991	2,650	1.00	—	—	—	—
May 1991	1,960	1.35	—	—	—	—
July 1991	495	1.70	—	—	—	—
October 1991	—	—	—	—	307,718	1.95
December 1991	375	1.70	4,586	0.70	—	—
April 1992	—	—	1,386	0.70	—	—
October 1992	—	—	28,596	0.70	—	—
December 1992	—	—	—	—	92,307	1.95
	<u>62,830</u>		<u>34,568</u>		<u>1,066,168</u>	

Anagen issued the following 10% Redeemable Cumulative Preference Shares of 50p each at £1 per share in the period up to 17th July 1992:

	Number
February 1989	560,000
May 1989	320,000
June 1990	1,020,000
September 1990	740,000
February 1991	130,000
March 1991	310,000
October 1991	1,399,950
January 1992	800,223
	<u>5,280,173</u>

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On 17th July 1992 Anagen issued 5,280,173 10% Redeemable Cumulative Preference Shares of 50p each at £1 per share to Bermuda. On the same date Anagen redeemed and cancelled the previously existing preference shares at £1 per share and Bermuda issued 5,280,173 10% Redeemable Cumulative Preference Shares of 50p each at £1 per share to the former preference shareholders of Anagen, such that the preference shareholdings in Bermuda were identical to those in Anagen immediately before the issue and redemption of preference shares which took place on 17th July 1992.

The preference shares do not carry the right to a cumulative dividend for periods prior to 1st January 1993. Preference shares with a nominal value of £440,000 are redeemable at a premium of 50 pence per share on 31st December 1993. The remaining preference shares are redeemable at a premium of 50 pence per share on 31st December 1994. Dividends are payable on the total amount of the preference capital including share premium (see note 18).

8,000 Common Shares of £1 each were issued by Bermuda, nil paid, in May 1989. In November 1991 the number of issued Common Shares of £1 each, nil paid, was reduced to 7,500. In July 1992 the 7,500 Common Shares of £1 each were redesignated as Deferred Shares of £1 each.

At 31st December 1992 the following unissued shares in Bermuda were reserved in respect of share options:

	Original 'A' Ordinary Shares of £1 each
Exercisable at £1.35 per share	4,950
Exercisable at £1.70 per share	7,059
	<u>12,009</u>

These options have not been exercised and have lapsed.

In addition, a shareholders' agreement dated 24th November 1992 authorised the grant of options over a further 17,284 Original 'A' Ordinary Shares of £1 each at £1.95 per share. These options may be issued to management and employees of the Group at the discretion of a committee of the board of directors and are exercisable only in the event of a realisation or listing before 24th November 1995. These options had not been issued by 31st December 1992 and they will not now be issued.

18. Share premium account

The movements on the share premium account for each of the periods to 31st December 1992 are set out below:

	10th January to 31st December 1989 £000	1990 £000	Years ended 31st December 1991 £000	1992 £000
Opening balance	--	440	1,494	2,708
Arising on issue of shares during the period	440	1,054	1,214	3,134
Redemption of preference shares	--	--	--	(2,640)
Closing balance	<u>440</u>	<u>1,494</u>	<u>2,708</u>	<u>3,202</u>
Amount included in the closing balance in respect of the preference shares	<u>440</u>	<u>1,320</u>	<u>2,240</u>	<u>2,640</u>

19. Profit and loss account

The movements on the profit and loss account for each of the periods to 31st December 1992 are set out below:

	10th January to 31st December 1989 £000	1990 £000	Years ended 31st December 1991 £000	1992 £000
Opening balance	--	(1,489)	(3,758)	(7,870)
Loss for the period	(1,489)	(2,269)	(4,112)	(5,394)
Closing balance	<u>(1,489)</u>	<u>(3,758)</u>	<u>(7,870)</u>	<u>(13,264)</u>

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20. Operating lease commitments

At 31st December 1992 the Group had the following commitments under operating leases for the year ending 31st December 1993:

	Land and buildings £000	Other operating leases £000
Leases expiring within one year	—	22
Leases expiring in the second to fifth years	—	27
Leases expiring after more than five years	143	2
	<u>143</u>	<u>51</u>

21. Contingent liabilities

At 31st December 1992 the Group had no significant contingent liabilities.

22. Directors' interests in contracts

M H Shamos & Associates, a business in which Professor M H Shamos has an interest, invoiced consultancy fees to the Group, including re-imbursed expenses, as set out below:

	£000
Year ended 31st December 1991	10
Year ended 31st December 1992	15

Professor Shamos was until 17th July 1992 a director of Anagen and has since that date been a director of Bermuda. He is not a director of the Company.

23. Subsequent events

The following significant non-adjusting events have taken place since 31st December 1992:

- on 21st January 1993 Bermuda issued 61,538 'B' Ordinary Shares of £1 each at £1.95 per share and £879,998 15% Secured Loan Stock 1993/2000 at par.
- on 7th April 1993 Bermuda issued £628,031 Variable Rate Unsecured Loan Stock 1996, credited as fully paid at par, in lieu of the payment of interest due on the existing Variable Rate Unsecured Loan Stock 1996 for the year ended 31st December 1992 as described in note 15.
- on 7th April 1993 Bermuda issued £94,693 15% Secured Loan Stock 1993/2000, credited as fully paid at par, in lieu of the payment of interest due on the existing 15% Secured Loan Stock 1993/2000 for the period 24th November 1992 to 31st March 1993 as described in note 14.
- on 20th April 1993 Anagen signed a worldwide marketing agreement for the AN2000 automated immunodiagnostic system with Organon Teknika B.V.
- the holders of the 15% Secured Loan Stock 1993/2000 in Bermuda have resolved that the repayment date of this loan stock is to be 25th June 1995.
- on 15th June 1993 the Company acquired the whole of the issued share capital and Variable Rate Unsecured Loan Stock 1996 of Bermuda on the following basis:
 - 16,5795 Ordinary Shares of 10p each in the Company for every one New 'A' Ordinary Share of 50p, Original 'A' Ordinary Share of £1 or 'B' Ordinary Share of £1 in Bermuda.
 - 1 Ordinary Share of 10p each in the Company and 4.548p cash for every one 10% Redeemable Cumulative Preference Share of 50p in Bermuda.
 - 1 Ordinary Share of 10p each in the Company for every £1 nominal value of Variable Rate Unsecured Loan Stock 1996 in Bermuda.
- on 16th June 1993 the Company signed the Placing Agreement relative to the flotation of its shares on the London Stock Exchange.

Yours faithfully

KIDSONS IMPEY
Chartered Accountants

COOPERS & LYBRAND
Chartered Accountants

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PRO FORMA CONSOLIDATED STATEMENT OF NET ASSETS

The following, prepared for illustrative purposes only, is an unaudited pro forma consolidated statement of the net assets of the Group immediately following the Placing.

	Bermuda (Note (i)) £000	Adjustments (Note (ii)) £000	Group £000
Fixed assets			
Tangible fixed assets	<u>1,011</u>	<u>-</u>	<u>1,011</u>
Current assets			
Stock	120	-	120
Debtors	216	-	216
Cash at bank	<u>1,385</u>	<u>11,512</u>	<u>12,897</u>
	1,721	11,512	13,233
Creditors: amounts falling due within one year	<u>(2,939)</u>	<u>2,221</u>	<u>(718)</u>
Net current assets (liabilities)	<u>(1,218)</u>	<u>13,733</u>	<u>12,515</u>
Total assets less current liabilities	(207)	13,733	13,526
Creditors: amounts falling due after more than one year	<u>(5,949)</u>	<u>5,908</u>	<u>(41)</u>
Net assets (liabilities)	<u>(6,156)</u>	<u>19,641</u>	<u>13,485</u>

Notes

- (i) The net assets of Bermuda are derived from the consolidated balance sheet of Bermuda at 31st December 1992 set out in Part 4. An adjustment has been made to reflect the issue of shares and Secured Loan Stock in January 1993 as explained in paragraph 2(v)(g) of Part 8. No adjustments have been made in respect of the trading results of Bermuda and its subsidiary companies for the period 1st January 1993 to the date of this document.
- (ii) The adjustments reflect:
- The formation of the Company and its acquisition of the whole of the issued share capital and Unsecured Loan Stock of Bermuda in exchange for an issue of Ordinary shares in the Company and a cash consideration as set out in note 23(f) of the Accountants' Report set out in Part 4.
 - The estimated net proceeds of the Placing of £11,512,000, calculated as follows:

	£000	£000
15,000,000 Ordinary shares of 10p each at 100p per share		15,000
Less: Estimated expenses (excluding VAT) of the issue	600	
Repayment of Secured Loan Stock	2,295	
Estimated accrued interest on Unsecured and Secured Loan Stock	353	
Cash element of the acquisition by the Company of the Preference Shares of Bermuda	<u>240</u>	
		<u>(3,488)</u>
Net proceeds		<u><u>11,512</u></u>



EXPERTS' REPORTS

Medical Diagnostics

Professor John Landon has been Professor of Chemical Pathology at the Medical College of St Bartholomew's Hospital, London, since 1968. His department houses one of the largest immunoassay analytical laboratories in Europe and, for over thirty years, he has been actively involved in the design and introduction of novel immunoassays for a wide range of analyses. Professor Landon has published more than 250 scientific papers relating to the topic and has a particular interest in the use of magnetisable particles and fluorescent end-point detection, as well as the application of antibodies for therapeutic purposes. In addition to his academic role, he is actively engaged in several commercial activities and is Chairman and Research Director of Polyclonal Antibodies Limited and Therapeutic Antibodies Inc respectively.

The following is the full text of a letter from Professor John Landon:

The Directors
Anagen PLC
4 Spring Lakes Estate
Deadbrook Lane
Aldershot
Hampshire GU12 4UH

The Medical College of Saint Bartholomew's Hospital
University of London
Department of Chemical Pathology
Charterhouse Square,
London EC1M 6BQ

The Directors
Albert E Sharp & Co
Edmund House
12 Newhall Street
Birmingham B3 3ER

16th June 1993

Dear Sirs

Currently clinical practice is concerned mainly with the diagnosis and treatment of established disease and immunoassays have proved to be of immense value both diagnostically and in the monitoring of therapy. Their importance is increasing still further as attention is focused on presymptomatic diagnosis and prevention. Thus by definition, presymptomatic diagnosis must often depend upon the laboratory and it is in this area that the sensitivity, specificity and wide applicability of immunoassay offers so much. Such assays are now available for many hundreds of analyses of medical importance and their use is being extended to several non-clinical fields, such as food contamination, the detection of environmental pollution and veterinary and horticultural practice. Since the introduction in 1960 of the first immunoassay, research workers in the United Kingdom have always been at the forefront and indeed no other country (with the possible exception of the United States) has made so many important contributions to the subject. Unfortunately, with the exception of Amersham International plc, this country has failed to take full commercial advantage of such developments. Thus I was delighted to be asked to express my views as to the suitability of another UK company, Anagen, to receive support from the financial community.

The success of any company depends in large measure on the calibre of its management and staff. Anagen is particularly fortunate in this respect. The chairman, Dr Henry Simon, was president of Technicon (one of the world's leading manufacturers of automated clinical equipment) prior to joining Schroder Ventures. Day-to-day management is the responsibility of Mervyn Sennett and Dr Gordon Forrest, who have an established reputation in the building up of a successful immunodiagnostics business. Indeed they are now aware of the many intricacies and pitfalls of designing, producing and marketing an immunoassay system. Dr Forrest was also a pioneer in the use of magnetisable particles, which so greatly facilitate the automation of this



analytical technique. Finally, and of equal importance, they have attracted a substantial team of highly experienced and well-motivated staff, several of whom have worked closely with them for over a decade.

Currently many immunoassays are performed using manual kits and are both labour-intensive and require skilled staff. A progressive increase in sample numbers and the need to contain costs is leading inevitably to a demand for automation. Thus it is certain that such kits will soon be largely replaced by systems comprising reagents designed solely for use on a dedicated instrument. As would be expected from people well versed in automation, the founders of Anagen have appreciated this need. Thus Anagen is a biotechnology company which, over the last four years, has developed and produced a fully automated immunoassay system capable of the rapid and accurate measurement of low levels of a wide range of clinically relevant analyses. The system makes extensive use of monoclonal antibodies and is based on the application of magnetisable particles, an enzyme label and a fluorescent end-point. None of these factors is itself unique but, when used in combination, they provide a formidable approach that is unlikely to require substantial modification for several years. To my knowledge, no patents have been infringed, while the patents which are being applied for, or have been granted, provide a measure of protection.

Details about the AN2000 instrument have appeared in the scientific literature and it is now in pre-production. The final step prior to commercial placement of the system will be to obtain relevant regulatory approvals which are expected to be in mid-1994 onwards, depending upon the country. I anticipate that no, or only very minimal, modifications will be required, based on further experience gained in the workplace. Novelty has been matched with reliability and the instrument is fully computerized, with its own barcode reader. All that is required of the operator is that he/she load the samples and instruct the instrument as to what is to be measured in each. All the requirements of a busy clinical laboratory have been met, including rapid sample throughput, random access and excellent precision. As expected, the latter is much better than can be achieved manually, while standards need only to be run at monthly intervals or longer. My only concern is that instrument (as opposed to reagent) manufacture may not be able to meet demands but all appropriate steps are being taken to avoid this problem. The research and development required to provide the reagents for the measurement of some seventeen analytes has been substantially completed and the assays are now undergoing validation. All employ common formats and are divided into four groups. One group is used to diagnose thyroid disorders (the commonest hormonal disturbance); another for the assessment of reproductive function. The other two (one assay for each) measure renal function and heart damage. Arrangements are in place for Teknika to provide the reagents for complementary groups of immunoassays, to detect infectious diseases, such as AIDS and hepatitis. Thus an impressive range of assays will be available from the outset, while Anagen has the facilities and expertise to rapidly increase the range still further.

Once such equipment has been installed there is a continuing and insatiable requirement for ever larger amounts of reagent as both sample numbers and the range of assays available rise inexorably. The agreement reached between Anagen and Teknika will, in my view, ensure that the AN2000 is installed in many laboratories worldwide. Teknika has an excellent track record and the expertise and professionalism to make an ideal partner and to maximise turnover and profitability. The arrangement will enable Anagen to do what it can do best, namely to manufacture existing products of the highest quality and to introduce new products, both in the immediate and long term.

Yours faithfully

Professor J Landon MD, FRCP, St Bartholomew's Hospital, London

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The Market

The Wilkerson Group, Inc. provides management consultancy services to medical and biotechnology-related industries. Founded in 1967, TWG claims to be the world's oldest and largest independent consulting firm which focuses exclusively on the medical industry. Its work encompasses many areas but includes specifically third party due diligence evaluations comprising the market position and prospects for medical and biotechnology companies which are seeking new finance. Since 1985, TWG has worked on due diligence studies with a combined transaction value of more than US\$12 billion. As the medical and technology markets developed globally, TWG has established a presence in each of the major world markets including the USA, Europe, Australia and Japan.

The following is the full text of a letter from The Wilkerson Group, Inc.:

The Directors
Anagen PLC
4 Spring Lakes Estate
Deadbrook Lane
Aldershot
Hampshire GU12 4UH



The Directors
Albert E Sharp & Co
Edmund House
12 Newhall Street
Birmingham B3 3ER

16th June 1993

Dear Sirs

Background – in vitro Diagnostics Industry

The in vitro diagnostics industry had sales of approximately \$13 billion in 1992. The industry as a whole is growing at a compounded annual growth rate (CAGR) of approximately 5-7%. According to research by TWG, the market served by the in vitro diagnostics industry is composed of a number of different segments (Table 1) with immunoassay (the segment which will be served by Anagen) being the largest and fastest growing (at approximately 10% CAGR). TWG expects this market segment to continue to grow at around 10% CAGR for at least the next five years. Within the immunoassay segment, automation has seen substantial growth as a proportion of all assays performed and this trend we would also expect to continue.

Worldwide Revenues by Major Disciplines – 1992	
\$ Millions	
Immunodiagnostics	4,785
Chemistry	4,400
Microbiology	1,575
Hæmatology	1,110
Other*	945
Total	12,815
*Includes coagulation, urinalysis, blood bank and miscellaneous testing.	

Table 1

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The in vitro diagnostics industry is a maturing industry in which both product and company success depends on technological innovation tied to global sales, marketing, service and distribution infrastructures. Product success in this industry depends on a company's ability to develop or in-license highly automated systems (i.e. assays plus instruments) which serve the laboratory's growing needs for high test throughput combined with relatively low labour costs, which, in turn, lowers the overall cost per test.

AN2000 Automated Immunoassay System

The AN2000 is an automated immunoassay system built around a proprietary assay system capable of testing for virtually all the analyses requested in a general purpose clinical immunoassay laboratory. The instrument itself is a highly innovative testing platform which can process currently over 70 tests per hour in either a random access or a batch mode (it should be noted that random access operation is becoming the preferred mode of operation for all in vitro diagnostic systems). In order to take advantage of the relatively high throughput, the system has been designed to hold up to 20 different assays "on board" at any one time. The system employs highly sensitive fluorescent enzyme immunoassay reagents to determine the concentration of a particular antigen. This assay system will give the AN2000 an advantage over competitors with regard to the sensitivity achieved by the assays.

The system is designed to be very user friendly with much of the information required for operation being input via a bar code system. The system has an integrated computer capable of both controlling the system and performing data calculations and calibration curve adjustment. These latter capabilities are becoming more critical as the different regulatory bodies have become more insistent on the importance of routine system calibration and control.

The AN2000 is expected to have nineteen of the assays most frequently used by the laboratorian available at launch (Table 2). The availability of this large menu of assays at the time of launch will help to establish the AN2000 as an excellent solution to all of the general purpose immunoassay laboratory's product needs.

Assays on the AN2000	
hCG	Anti-Thyroglobulin
LH	Anti-Thyroid Microsomal
FSH	Beta-2 Microglobulin
Prolactin	CK-MB
Estradiol	Testosterone
TSH	Progesterone
T4	T3
Free T4	Free T3
Toxoplasma IgG	TU
Toxoplasma IgM	

Table 2

Strategic Alliance

Teknika is a well-respected in vitro diagnostics company with a leading position in the blood virus testing segment of the immunoassay market (e.g., tests for hepatitis and AIDS). Teknika has an established global sales, service, marketing and distribution infrastructure which can readily take on the challenge of distributing and supporting the AN2000. Anagen's decision to establish a strategic alliance with Teknika speaks for the experience of Anagen's management who recognised quite early on the need for a partner to ensure the global success of the AN2000.



Competition

The primary risk factor facing Anagen in the clinical laboratory market is competition. A substantial number of established and development stage diagnostic companies have announced efforts to attack the immunoassay market with automated immunoassay systems, however relatively few have yet launched products to market. The key competitors in the market today include Abbott, Baxter, PB-Diagnostics and CIBA Corning.

The specifications of the AN2000 will, in our opinion, ensure its success against this and likely future competition.

The AN2000 is the most automated immunoassay system aimed at the largest segment of the in vitro diagnostics market, being commercial laboratories and medium to large hospitals seeking an all-purpose immunoassay analyser for their general immunoassay laboratories. The features of the AN2000 discussed above, allied with the market presence of Teknika, will, in our opinion, make it a significant product success worldwide.

Market Opportunity, Clinical Market

TWG has estimated the five year (1994 – 1998) cumulative, worldwide market opportunity (including sales of instruments, assays and after market service) for a system like the AN2000 sold to commercial laboratories and to the medium to large hospital segment of the market to be approximately \$1.5 billion. The features of the AN2000 combined with the market presence of Teknika will allow Anagen and its partner to capture a significant share of that market. Although it is impossible to gauge accurately the ultimate success of the product until it has been tested in the hands of the customer, TWG would expect the AN2000 to capture more than 25% of this market.

Other Markets

Immunodiagnostic technology is now being applied to a number of other segments of the broadly defined "testing markets". The most rapidly growing of these new segments are food and environmental testing. These segments of the market have gained significant momentum from increased regulatory requirements in the U.S. and various European countries. It is anticipated that as immunodiagnostic tests become accepted in these markets the need for automation will increase in direct response to a demand for low cost per test and lower labour costs. The experience gained in the development of the AN2000 should enable the Group to develop a system to penetrate these new markets for immunodiagnostic tests. Furthermore the development team at Anagen is capable of developing the innovative reagents which will be necessary to produce a quantum jump in the number of immunodiagnostic tests performed in these markets.

Summary

The AN2000 is a highly attractive automated immunoassay system which will find much success in the medium and large hospital segments of the in vitro diagnostics market. The strategic alliance with Teknika is likely to be successful because it allies an innovative development stage company with an established diagnostic manufacturer to attack an obvious product need. TWG anticipates that Anagen's system will be highly successful in the marketplace and that this success will provide Anagen with both the resources and the momentum needed to develop the next generation AN2000 or another diagnostic system which itself fills an un-met need in the marketplace. We therefore believe that Anagen will be a highly successful participant in the in vitro diagnostics industry into the foreseeable future.

Yours faithfully

The Wilkerson Group, Inc.
Kenneth D. Noonan, Ph.D.
Vice President

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PATENT AGENTS' REPORT

The following is the full text of a report from Hepworth Lawrence Bryer & Bizley,
Chartered Patent Agents:

The Directors
Anagen PLC
4 Spring Lakes Estate
Deadbrook Lane
Aldershot
Hampshire GU12 4UH

The Directors
Albert E Sharp & Co
Edmund House
12 Newhall Street
Birmingham B3 3ER

HEPWORTH
LAWRENCE
BRYER &
BIZLEY

Patent & Trade Mark Attorneys
Gate House South
West Gate
Harlow
Essex
CM20 1JN
United Kingdom

16th June 1993

Dear Sirs

Hepworth Lawrence Bryer & Bizley represent Anagen (U.K.) Limited ("Anagen") in their intellectual property matters, and this report is prepared from the records of Hepworth Lawrence Bryer & Bizley, from the files of Anagen cases and from the personal knowledge of Hepworth Lawrence Bryer & Bizley personnel.

Since its foundation in February 1989, Anagen has followed a cautious approach to patents. In the first place, development of the Anagen prototype immunoassay instrumentation leading to the AN2000 apparatus followed a philosophy of using well established, reliable technology as far as possible, not depending upon the development of novel procedures. Additionally, however, Anagen has designed the chemistry of its immunoassay-based tests so as not to be dependent upon third party patented technology.

Development of the AN2000 apparatus has been carried out in conjunction with Wilj International Limited ("Wilj") in accordance with a Technical Development Agreement dated 9th June 1989. According to that Agreement, intellectual property created as a result of the development work is the property of Anagen, and Anagen is licensed on a non-exclusive basis in relation to any relevant pre-existing Wilj technology.

In developing the Anagen AN2000 immunoassay apparatus Anagen has, however, sought patent protection in relation to some aspects of the development work. Thus, inevitably in the design of complex instrumentation and corresponding assay procedures ideas have arisen which are central to achieving most efficient functioning of the immunoassay system. The patent filings which have been made seek to protect against competitors by putting Anagen in a position where legal proceedings may ultimately be taken against competitive copies after corresponding patents have been granted. Since Anagen patent filings have long since been published (with the normal exception of US filings, which are not published until the patent is granted), competitors have already been put on notice to this effect.

As it moves into new technological areas, Anagen is also conscious of the competitive advantages which can be secured by applying for patent protection in relation to new developments which may be patentable, and will actively seek such protection where it believes that there is a reasonable chance of success and a commercial edge to be gained.

Current Patent Portfolio

Inventions for which Protection has been Sought

Anagen currently owns three sets of patent filings, discussed below. The respective inventions are referred to, for sake of conciseness only, as "Spinning Container", "Pegasus System" and "Magnetic Particles".

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The "Spinning Container" patent filings protect the reagent pack in which assay reagents are supplied by Anagen. The general inventive concept is that individual reagent or component containers in immunoassay apparatus (which might normally be mounted upon a rotatable carousel) are mounted in such a way as to be separately and individually rotatable. By this means, the "shelf life" of reagents and components can be prolonged.

The "Pegasus System" patent filings protect the unique concept of modularity of the AN2000 system. The Anagen apparatus offers the ability to perform a wide variety of tests, which tests can be progressed in a fairly short space of time in a coherent and efficient manner, and without individual tests influencing the pathway through the machine of adjacent samples which may be undergoing other tests.

The "Magnetic Particles" invention is concerned with protectively coated magnetic particles fundamental to the assay reagents used in the Anagen immunoassay system. Such particles have the property of being redispersible, and permit particular components in any given test or assay to be separated using specific targeted magnetic attraction, washed, and then measured in quantity terms free from other components of the test or assay.

Derivation of Ownership

The "Magnetic Particles" invention was originally the property of Alcan International Limited. Anagen has now acquired beneficial ownership of the patent filings for this invention. The "Spinning Container" and "Pegasus System" patent filings relate to intellectual property which was created during the course of the development work with Wilj and Anagen is accordingly their beneficial owner.

Territorial extent and Priority

Anagen's policy to date has been to file an initial British application to obtain priority under the Paris Convention, followed by applications in the European Patent Office, the United States, Canada and Japan (possibly initially via a multinational Patent Co-operation Treaty (PCT) filing), and any other territories considered appropriate for a particular case. The priority applications for the Spinning Container and Pegasus cases were filed respectively on 22nd December 1989 and 18th September 1990; both have now been abandoned, since the UK is designated in the corresponding European application.

The magnetic particle patents claim priority from a British application filed on 24th May 1988 (which has now been abandoned) and a Canadian application filed on 20th June 1988. Further applications were filed in Canada, the United States, Japan and Europe (designating all States then members of the European Patent Convention). At the time of acquisition of the patents, the priority year had expired and so Anagen has not been able to apply for patents elsewhere.

Status

The bulk of the Anagen patent filings are still at pending application status. However, Portuguese application 96355 in relation to the "Spinning Container" invention is shortly to be granted, and US Patent 5039559 has been granted in relation to the "Magnetic Particles" invention, specifically the process for making such particles.

In relation to the current United States application for the "Spinning Container" invention, the first examination report on the merits has just been received by Anagen and is in the process of being examined by ourselves.

In relation to the current United States application for the "Pegasus System" invention, it will be seen that this is a continuation application, which, through a stream of continuation applications, claims priority back to the original basic British date of 18th September 1990. Because of the resulting deferment of prosecution (carried out purely for formalities reasons), examination on the merits of this United States case has not yet started.

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The Japanese patent applications and the European patent applications relating to the "Spinning Container" and "Pegasus System" inventions, have not yet been subject to examination. In the case of the European applications this is a result of ordinary delays at the European Patent Office. In the case of the Japanese applications this is because a system of deferred examination applies in Japan, and it is conventional practice to take advantage of such deferment to gain experience of prosecution of corresponding cases in other countries.

Validity of Patent Applications

"Magnetic Particle" Cases

In relation to the "Magnetic Particle" cases, Anagen has only very recently become the beneficial owner. Consequently, there has been insufficient time for a full assessment to be made of these applications. However, it is to be noted (see above) that US Patent 5039559 has been granted with claims to processes for making the particles.

In the case of the European application, 89 305215.9, the first substantive Official Letter on the merits raises a number of clarity objections which are not considered significant and cites a Japanese abstract and patent application which describe magnetic particles which are believed to differ from the Anagen particles. In this context, the Anagen "Magnetic Particles" are critically redispersible. There is no evidence of redispersibility in the Japanese particles, and reworded claims and an appropriate argument are to be submitted to the European Patent Office. The reworded claims should be fully sufficient to cover Anagen's commercial interests.

United States patent application serial number 712079, which claims the particles, has been the subject of a prior art objection which it has not yet been possible to analyse, because Anagen has only recently become beneficial owner and has not yet had time to assess it fully with us. The position of the immediately preceding owners, Q-Life Systems, Inc, was that their particles were patentably distinguished from the art since the art did not disclose magnetic cores encapsulated by impermeable shells preventing leaching of the cores into surrounding medium. Steps have therefore been taken to preserve Anagen's position by filing a continuation application and this application has not yet, of course, been subjected to examination. Regarding the two Canadian applications relating to the "Magnetic Particle" invention, 600349 has been amended to be consistent with granted US patent 5039559, and 569920 relates to a process for making coated particles which is not at present limited to magnetic particles.

"Spinning Container" Cases

In relation to the "Spinning Container" cases, the first substantive Official Letter on the merits issued in Australia has already been answered. As a consequence, the Examiner has withdrawn significant prior art objections which were raised against the most important claims. These objections were based upon art already cited in the corresponding European search report.

The European "Spinning Container" case, application 90 313114.2 has been searched by the European Patent Office. Art has been cited, none of which is believed to destroy patentability in the "Spinning Container" concept for an immunoassay system.

As noted above, the United States application for "Spinning Container" has just been the subject of the first Official Action on the merits. Some indefiniteness and clarity objections are raised and other formalities objections of no particular significance. Art has been cited in which a blood sampling device is described. Although the device described involves independent rotation of sampling tubes, it fails to solve the twin problems, which the Anagen "Spinning Container" invention solves,

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namely both providing for selective agitation and avoiding the risk of stirrer-carried contamination from one container to another. Consequently, it is not believed that this prior art destroys the potential patentability of the "Spinning Container" concept although claims may need to be reworded.

"Pegasus System" Cases

As far as the "Pegasus System" cases are concerned, a European Patent Office search has been conducted and this has cited prior art disclosing an automatic analysing apparatus in which, inter alia, test sample containers proceed along a single processing path. It is however considered that there are important differences between this prior art and Anagen's "Pegasus System" invention, although it is recognised that redrafting of claims may be necessary during the prosecution phase of Anagen "Pegasus System" applications. Redrafting claims during the prosecution of a patent application is a perfectly ordinary event in response to cited prior art. The specifications for the Anagen "Pegasus System" cases also contain disclosure of a number of features which, if necessary, may be used to further limit claims while retaining reasonable commercial coverage.

The Japanese, Australian, Canadian and European "Pegasus System" cases are all derived from a PCT application, PCT/GB91/01580, filed 16th September 1991. In the International Preliminary Examination Report for this PCT case some of the prior art cited by the European Patent Office was also cited, but no response was filed to this Report since it was not necessary to do so. Anagen intends to deal with any objections arising from that prior art during prosecution of individual applications derived from the PCT case, whether by amendment or argument or both.

Infringement of Third Party Patents

It will be appreciated that, in general, third party patents which contain claims which may embrace Anagen technology (if such exist) are potentially capable of compelling Anagen either to redesign to avoid such a situation, to negotiate appropriate licence terms, or to contest validity of the relevant third party right(s).

Anagen have not conducted any systematic patent search to detect possible third party patents of relevance in relation to Anagen technology worldwide. However, such a comprehensive investigation would be virtually impossible to perform, and Anagen are in possession of a considerable amount of information regarding third party rights.

Anagen personnel, as a result of their activities before the founding of Anagen, are aware of a range of patent interests in relation to immunoassays, magnetic particle technology, monoclonal antibodies, and enzyme labels for testing or assay purposes. Moreover, Anagen personnel have specifically performed key word searches using a computer database on the subject of magnetic particle technology, enzyme label/conjugation, assay calibration, free hormone assays, and bar code readers/light pens. Additionally, since 1991 two separate multinational corporations have conducted "due diligence" studies.

Information obtained from the above various sources is, of course, additional to information obtained from patent searches conducted in relation to Anagen patent filings as detailed above. It is now generally acknowledged that the European Patent Office search is perhaps the best Patent Office search in the world, and, as can be seen from the above, European Patent Office searches have been conducted in relation to the subject matter of each of the three sets of Anagen patent filings described above.

Anagen's intellectual property advisers have also been asked, from time to time, to consider the third party position and possible infringement in relation to a range of specified patents and patent applications and a number of separate topics. Those topics have included the use of enzymes as labels in an assay system, use of magnetic particles as a separation facility in an assay system, the use of at least one monoclonal

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antibody in a sandwich type immunoassay, various immunoassay formats, the use of alkaline phosphase enzyme label, the use of low concentrations of detergent, and assays for free hormones. On the basis of information as to their technology supplied by Anagen, we have not found as a result of these considerations any patent or patent application that appears to provide a serious risk of infringement of a third party right.

The literature relating to immunoassays and related subject matter is immense. As far as our knowledge of the situation allows, Anagen appears to have taken a responsible commercial attitude to the design of its system, having regard to the available patent knowledge from time to time.

Finally, with respect to the third party patents or applications revealed by the European searches in connection with the "Spinning Container", "Pegasus System", and "Magnetic Particles" inventions, as far as present investigations have been able to determine it is not believed that any of this European search-revealed art is likely to be infringed by the Anagen technologies or procedures.

Yours faithfully

HEPWORTH LAWRENCE BRYER & BIZLEY

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ADDITIONAL INFORMATION

1. Incorporation and share capital of the Company

- (i) The Company was incorporated in England on 22nd February 1993 under the Act (registered number 2792457) as a public company limited by shares under the name of Growthrise Public Limited Company. On incorporation, the Company had an authorised share capital of £100,000 divided into 100,000 shares of £1 each of which two subscriber shares were in issue and paid. On 1st June 1993 the name of the Company was changed to Anagen PLC. The Company operates under the Act. The registered office and principal place of business of the Company is Unit 4 Spring Lakes Estate, Deadbrook Lane, Aldershot, Hants. GU12 4UH.
- (ii) On 28th May 1993, one of the subscriber shares was transferred to M. N. Sennett and the other to G.C. Forrest and they were both paid up in full in cash at par.
- (iii) On 7th June 1993, pursuant to authorities contained in the articles of association of the Company, 25,000 shares of £1 each in the capital of the Company were allotted to M. N. Sennett and 24,998 shares of £1 each in the capital of the Company were allotted to G. C. Forrest against irrevocable undertakings from each of them to pay up the shares allotted to them in cash, or procure such payment, as to one quarter of their nominal value by no later than 30th June 1993 and, conditional on admission of the Ordinary share capital of the Company to the Official List of the London Stock Exchange and such admission becoming effective by the posting of a notice under Rule 520 of the Rules of the London Stock Exchange ("Admission"), to pay, or procure the payment of, the balance of the nominal value and a capital contribution of 90p in respect of each of such shares on the date of Admission. The above was effected in order to obtain a trading certificate for the Company and on 9th June 1993 the Registrar of Companies issued the Company with a certificate to commence business under section 117 of the Act.
- (iv) By an ordinary resolution passed by the shareholders of the Company on 11th June 1993, each share of £1 each in the capital of the Company was sub-divided into 10 Ordinary shares of 10p each.
- (v) At an Extraordinary General Meeting of the Company held on 15th June 1993 resolutions were passed by the shareholders of the Company to:
 - (a) increase the authorised share capital of the Company from £100,000 to £6,400,000 by the creation of an additional 63,000,000 Ordinary shares;
 - (b) grant a general and unconditional authority to the Directors, in accordance with section 80 of the Act, to allot relevant securities (within the meaning of section 80(2) of the Act) up to an aggregate nominal amount of £6,350,000 such authority to expire on the earlier of the first Annual General Meeting of the Company and 15th September 1994 but so that the Company may, before such 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 pursuant to any such offer or agreement as if such authority had not expired;
 - (c) authorise and empower the Directors until the earlier of the conclusion of the first Annual General Meeting of the Company and 15th September 1994 (save that the Company may before such expiry make an offer, agreement or other arrangement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities pursuant to any such offer or agreement as if such authority had not expired), pursuant to section 95 of the Act, to allot equity securities (as defined in section 94 of the Act) for cash pursuant to the authority referred to in paragraph 1(v)(b) above as if section 89 (1) of the Act did not apply to any such allotment, such authority and power being limited to:
 - (1) the allotment of equity securities in connection with an issue or offer by way of rights in favour of Ordinary shareholders where the equity securities respectively attributable to the interests of all Ordinary shareholders are proportionate (as nearly as may be) to the respective numbers of Ordinary shares held by them but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or any legal or practical problems under the laws of any overseas territory or the requirements of any regulatory body or stock exchange;
 - (2) the allotment (otherwise than pursuant to the power referred to in (1) above) of equity securities up to an aggregate nominal amount of £232,500; and
 - (d) amend the Memorandum of Association of the Company with respect to the objects of the Company and adopt new Articles of Association of the Company.
- (vi) On 15th June 1993 the entire issued share capital of Bermuda and the issued Unsecured Loan Stock were acquired by the Company in consideration for, *inter alia*, the issue to the shareholders of Bermuda of 25,591,796 fully paid Ordinary shares, the issue to holders of the Unsecured Loan Stock of 5,908,204 fully paid Ordinary shares and the payment to the holders of preference shares in Bermuda of 4.548p for each such preference share acquired, such amount to be paid on 25th June 1993.
- (vii) On 23rd June 1993 14,500,000 Ordinary shares will be issued pursuant to the Placing, subject to Admission.
- (viii) As at 16th June 1993, options to subscribe for 2,288,249 Ordinary shares have been granted under the Anagen PLC Unapproved Executive Share Option Scheme described in paragraph 10 below. No consideration was paid for the grant of the options and the exercise of such options is conditional on Admission occurring not later than 1st October 1993. The date of grant, number of Ordinary shares subject to options, exercise period and exercise price are as follows:



Date of grant	Exercise price (pence)	Exercise period	Number of Ordinary shares under option
15.6.1993	11.8	15.6.96-14.6.2000	1,312,484
15.6.1993	100	15.6.96-14.6.2000	975,765

- (ix) Following the Placing, the authorised share capital of the Company will be £6,400,000, divided into 64,000,000 Ordinary shares, of which 46,500,000 Ordinary shares have been or will, pursuant to the Placing, be issued and are or will be fully paid or credited as fully paid.
- (x) The provisions of section 89 of the Act (which confer on shareholders rights of pre-emption in respect of the allotment of equity securities (as defined in section 94 of the Act) which are, or are to be, paid up in cash) apply to the authorised but unissued share capital of the Company to the extent such rights are not disapplied by the resolution referred to in paragraph 1(v)(c) above or otherwise pursuant to the provisions of section 95 of the Act.
- (xi) Save as disclosed in this paragraph 1 and paragraphs 2, 7 and 11 below, in the three years immediately preceding the date of this document, there have been no changes in the amount of the issued share capital of the Company and no change in the amount of the issued share or loan capital of any of its subsidiaries and no commissions, discounts, brokerages or other special terms have been granted by the Company or any of its subsidiaries in connection with the issue or sale of any such share or loan capital.
- (xii) The Placing price of 100p represents a premium of 90p over the nominal value of 10p per Ordinary share.
- (xiii) The Ordinary shares are in registered form.
- (xiv) Other than pursuant to the Placing or pursuant to the share option schemes described in paragraph 10 below, no material issue of Ordinary shares (other than to Ordinary shareholders pro rata to their existing holdings) will be made within one year of the date of this document and no issue of Ordinary shares will be made which would effectively alter the control of the Company or the nature of its business without, in either case, the prior approval of the shareholders of the Company in general meeting.
- (xv) Following the Placing, 17,500,000 Ordinary shares, (representing 27.3 per cent. of the authorised share capital of the Company) will remain authorised but unissued. Of this amount 2,288,249 Ordinary shares are reserved for issue pursuant to options granted under the share option schemes referred to in paragraph 10 below.
- (xvi) Save as disclosed in this paragraph 1, no share or loan capital of the Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option.
- (xvii) Other than pursuant to the Placing, no Ordinary shares have been sold or are available in whole or in part to the public in conjunction with the application for the Ordinary shares to be admitted to the Official List. In connection with the Placing, temporary documents of title will not be issued.

2. The Company and its Subsidiaries

- (i) The Company acts as the holding company of the Group, the principal activities of which are the design and development of automated immunodiagnostic systems and the provision of manual and automated immunoassay tests.
- (ii) Anagen is a wholly-owned subsidiary of Bermuda and was incorporated in England on 10th January 1989 (registered number 2333601) as a private company limited by shares under the Act under the name Crossblend Limited. On 8th March 1989, Crossblend Limited changed its name to Anagen Limited and, on 1st June 1993, Anagen Limited changed its name to Anagen (U.K.) Limited. The principal activity of Anagen is the development of automated immunodiagnostic systems. Anagen's registered office and principal place of business is at Unit 4, Spring Lakes Estate, Deadbrook Lane, Aldershot, Hants. GU12 4UH.

Since 16th June 1990, there have been the following changes to the issued share and loan capital of Anagen:

- (a) on 10th September 1990, 3000 original "A" ordinary shares of £1 each in the capital of Anagen ("A" Shares") were issued to employees and/or officers of Anagen at 100p per share, 740,000 10 per cent. new redeemable cumulative preference shares of 50p each in the capital of Anagen ("Preference Shares") were issued to certain institutional investors at 100p per share and £760,000 New variable rate unsecured loan Stock 1996 ("Anagen New Loan Stock") was issued to certain institutional investors;
- (b) on 6th December 1990, 70,588 "B" ordinary shares of £1 each in the capital of Anagen ("B" Shares") were issued to certain institutional investors at 170p per share and £1,000,000 Anagen New Loan Stock was issued to certain institutional investors;
- (c) on 18th February 1991, 130,000 Preference Shares were issued to certain institutional investors at 100p per share;
- (d) on 12th March 1991, 310,000 Preference Shares were issued to certain institutional investors at 100p per share and £65,000 Anagen New Loan Stock was issued to certain institutional investors;
- (e) on 14th April 1991, £375,000 Anagen New Loan Stock was issued to certain institutional investors;
- (f) on 8th May 1991, 2,650 "A" Shares and 1,960 "B" Shares were issued to employees and/or officers of Anagen at 100p per share and 135p per share respectively;

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- (g) on 19th July 1991, 495 "A" Shares were issued to employees and/or officers of Anagen at 170p per share;
 - (h) on 1st October 1991, 307,718 "B" Shares were issued to certain institutional investors at 195p per share and 1,199,950 Preference Shares were issued to certain institutional investors at 100p per share;
 - (i) on 16th December 1991, 4,586 new "A" ordinary shares of 50p each in the capital of Anagen ("New "A" Shares") and 375 "A" Shares were issued to employees and/or officers of Anagen at 70p per share and 170p per share respectively;
 - (j) on 17th January 1992, 800,223 Preference Shares were issued to certain institutional investors at 100p per share and £1,199,893 Anagen Loan Stock was issued to certain institutional investors;
 - (k) on 29th April 1992, 1,386 New "A" Shares were issued to employees and/or officers of Anagen at 70p per share;
 - (l) on 17th July 1992, 880,000 10 per cent. original redeemable cumulative preference shares of 50p each in the capital of Anagen ("Original Preference Shares") and 4,400,173 Preference Shares were issued to Bermuda. On the same date Anagen redeemed and cancelled all of the Original Preference Shares and Preference Shares at £1 per share in issue prior to that date at £1 per share. On the same date all the issued loan stock in Anagen (including the Anagen New Loan Stock) was re-designated as new variable rate unsecured loan stock 1996 (the "Anagen Loan Stock") and the New "A" Shares, the "A" Shares and the "B" Shares were all converted into ordinary shares of 50p each in the capital of Anagen ("Anagen Ordinary Shares") on the basis of one Anagen Ordinary Share for every New "A" Share and two Anagen Ordinary Shares for every "A" Share or "B" Share;
 - (m) on 14th August 1992, £1,000,280 Anagen Loan Stock was issued to Bermuda; and
 - (n) on 17th November 1992, 28,596 Anagen Ordinary Shares were issued to Bermuda at 70p per share.
- (iii) At the date of this document the authorised share capital of Anagen is £4,300,044.50 divided into 3,319,916 Anagen Ordinary Shares, 880,000 Original Preference Shares and 4,400,173 Preference Shares of which 2,107,950 Anagen Ordinary Shares and all of the Original Preference Shares and Preference Shares have been issued. The Anagen Ordinary Shares, the Original Preference Shares and the Preference Shares are all fully paid.
- (iv) ProMed, a wholly-owned subsidiary of Anagen, was incorporated in England on 3rd November 1989 (registered number 2439424) as a private company limited by shares under the Act under the name Datesound Limited. On 18th January 1990, Datesound Limited changed its name to ProMed Diagnostics Limited. The principal activity of ProMed is the provision of manual immunoassay tests for the detection of substances to diagnose specialised disease conditions. ProMed's registered office is at Unit 4 Spring Lakes Estate, Deadbrook Lane, Aldershot, Hants. GU12 4UH. ProMed has an issued fully paid share capital of £100.
- (v) Bermuda is a wholly-owned subsidiary of the Company. Bermuda was incorporated in Bermuda on 29th November 1988 (registered number EC-14173) as an exempted company under The Companies Act 1981 with the name Second UK Buyout Limited. On 27th May 1992 Second UK Buyout Limited changed its name to Anagen Holdings Limited and on 1st June 1993 Anagen Holdings Limited changed its name to Anagen (Bermuda) Limited. Bermuda is a holding company and was dormant from its incorporation until 17th July 1992. The registered office of Bermuda is 22 Church Street, Hamilton HM11, Bermuda. Since 16th June 1990, there have been the following changes to the issued share and loan capital of Bermuda:
- (a) on 26th November 1991, the issued common shares of £1 each in the capital of Bermuda, nil paid, were reduced from 8,000 to 7,500;
 - (b) on 17th July 1992, 5,972 new "A" ordinary shares of 50p each in the capital of Bermuda ("New "A" Bermuda Shares"), 62,830 original "A" ordinary shares of £1 each in the capital of Bermuda ("A" Bermuda Shares"), 973,861 "B" ordinary shares of £1 each in the capital of Bermuda ("B" Bermuda Shares"), £880,000 Original Unsecured Loan Stock and £3,399,893 New Unsecured Loan Stock were issued to the existing shareholders of Anagen in connection with the acquisition of the whole of the issued ordinary share capital and loan stock capital of Anagen. On the same date, 4,400,173 10 per cent new redeemable cumulative preference shares of 50p each in the capital of Bermuda ("Bermuda Preference Shares") and 880,000 10 per cent original redeemable cumulative preference shares of 50p each in the capital of Bermuda ("Original Bermuda Preference Shares") were issued to the holders of Preference Shares and Original Preference Shares at £1 per share, such that the preference shareholdings in Bermuda were identical to those in Anagen immediately before the issue and redemption of Original Preference Shares and Preference Shares took place. On 17th July 1992, the 7,500 common shares of £1 each in the capital of Bermuda were redesignated as deferred shares of £1 each in the capital of Bermuda ("Deferred Shares");
 - (c) on 14th August 1992, £1,000,280 New Unsecured Loan Stock was issued to certain institutional investors;
 - (d) on 9th October 1992, 28,596 New "A" Bermuda Shares were issued to certain directors of Anagen at 70p per share;
 - (e) on 24th November 1992, £1,319,999 Secured Loan Stock was issued to certain institutional investors;
 - (f) on 8th December 1992, 92,307 "B" Bermuda Shares were issued to certain institutional investors at 195p per share;
 - (g) on 21st January 1993, 61,538 "B" Bermuda Shares were issued to certain institutional investors at 195p per share and £879,998 Secured Loan Stock was issued to certain institutional investors; and
 - (h) on 7th April 1993, £104,668 Original Unsecured Loan Stock, £523,363 New Unsecured Loan Stock and £94,693 Secured Loan Stock was issued to certain institutional investors in lieu of payment of interest as referred to in paragraph 3(i) below.

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(vi) At the date of this document, the authorised share capital of Bermuda is £4,470,032.50 divided into 51,852 New "A" Bermuda Shares, 668,813 "A" Bermuda Shares, 1,127,707 "B" Bermuda Shares, 880,000 Original Bermuda Preference Shares, 4,400,173 Bermuda Preference Shares and 7,500 Deferred Shares, of which 34,568 New "A" Bermuda Shares, 62,830 "A" Bermuda Shares, 1,127,706 "B" Bermuda Shares and all of the Original Bermuda Preference Shares, Bermuda Preference Shares and Deferred Shares have been issued. The Deferred Shares are nil paid and all other issued shares in Bermuda are fully paid.

(vii) In 1992, Anagen was involved in negotiations which were expected to lead to the signing of a marketing agreement similar to that signed with Teknika. At that time the board of directors of Anagen believed that, in order to obtain maximum benefit from this potential agreement, a holding company of Anagen should be established, domiciled overseas. For that reason Anagen became a subsidiary of Bermuda. Talks with the potential partner ceased after the acquisition of Anagen by Bermuda. On 15th June 1993, Bermuda was acquired by the Company.

(viii) Other than Bermuda, Anagen and ProMedi, the Company has no subsidiaries.

3. Loan capital

(i) Bermuda

- (a) On 13th July 1992, Bermuda created the Original Unsecured Loan Stock and the New Unsecured Loan Stock. At the date of this document, £984,668 Original Unsecured Loan Stock and £4,923,536 New Unsecured Loan Stock has been issued and is registered in the name of the Company.
- (b) Interest is payable on the Unsecured Loan Stock from 1st January 1992 until redemption at a rate (net of income or other tax withheld or deducted by Bermuda) which is equal to the aggregate of 4% plus the published base rate from time to time of Midland Bank plc. The first interest payment date was 31st December 1992. Interest in respect of the period from 1st January 1993 to 15th June 1993 (inclusive) is payable to the holders of the Unsecured Loan Stock on the register at the opening of business on 15th June 1993. Interest in respect of the period commencing on 16th June 1993 and ending on 31st December 1993 is payable on 31st December 1993. Thereafter, interest is payable by half-yearly instalments on 30th June and 31st December.
- (c) The Unsecured Loan Stock is repayable at par on 31st August 1996, or at an earlier date at Bermuda's option.
- (d) Under the terms of an amendment to the instruments creating the Unsecured Loan Stock, if interest remains unpaid seven days after the due payment date, Unsecured Loan Stock having a principal amount equal to the interest payable on that payment date shall be issued to the stockholders (pro rata to their holding of Unsecured Loan Stock) credited as fully paid up at par. This requirement can be waived by holders of not less than 75% of the Unsecured Loan Stock not later than eight days after the interest payment date. Unsecured Loan Stock required to be issued as a result of the interest payment date which has already passed, 31st December 1992, was issued on 7th April 1993 and amounted to £104,668 in respect of the Original Unsecured Loan Stock and £523,363 in respect of the New Unsecured Loan Stock.
- (e) On 24th November 1992, Bermuda created the Secured Loan Stock the principal amount of which was limited to £2,200,000. On 7th April 1993, the principal amount of the Secured Loan Stock was increased to £2,294,690 to permit the issue of Secured Loan Stock in lieu of payment of interest for the period 24th November 1992 to 31st March 1993. The Secured Loan Stock is secured by a fixed and floating charge over the assets and undertaking of Anagen. At the date of this document, £2,294,690 of Secured Loan Stock has been issued.
- (f) Interest is payable on the Secured Loan Stock at a rate of 15% (gross) per annum by half-yearly instalments on 31st March and 30th September, the first payment to be made on 31st March 1993 in respect of the period from the date of issue of the Secured Loan Stock to that date. The interest due on 31st March 1993 has not been paid and further Secured Loan Stock has been issued in accordance with paragraph 3(i)(h) below.
- (g) The Secured Loan Stock (and accrued interest thereon) will be repaid on 25th June 1993 out of the proceeds of the Placing made available to Bermuda by the Company.
- (h) Under the terms of the instrument creating the Secured Loan Stock, if interest remains unpaid seven days after the due payment date, Secured Loan Stock having a principal amount equal to the interest payable on that payment date shall be issued to the stockholders (pro rata to their holding of Secured Loan Stock) credited as fully paid up at par. This requirement can be waived by holders of not less than 75% of the Secured Loan Stock not later than eight days after the interest payment date. Secured Loan Stock required to be issued as a result of the interest payment date which has already passed was issued on 7th April 1993 and amounted to £94,693.

(ii) Anagen

- (a) As at the date of this document, £5,280,173 Anagen Loan Stock has been issued and is registered in the name of Bermuda.
- (b) The rights attaching to the Anagen Loan Stock referred to in 3(ii)(a) above are in all material respects the same as the Unsecured Loan Stock, other than in respect of the requirement to issue further loan stock in lieu of payment of interest.

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4. Premises

Details of the premises occupied by the Group, both of which are leasehold, are as follows:

Property	Approximate area (sq. ft.)	Term	Rent per annum and review	Use
Unit 1 Spring Lakes Estate Deadbrook Lane Aldershot Hants.	11,800	25 years from 29.09.88	£76,608 with review in September 1993 and every five years thereafter	Offices and laboratory space
Unit 4 Spring Lakes Estate Deadbrook Lane Aldershot Hants.	9,462	25 years from 29.09.88	£66,235 with review in September 1993 and every five years thereafter	Offices and laboratory space

5. Employees

At the date of this document, the Group employed the following number of staff (excluding the executive Directors):

	Number
Management and administration	9
Research and development	45
Manufacturing and quality assurance	15
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6. Directors' and other interests

- (i) The interests (all of which are beneficial) of the Directors which will, immediately following the Placing, have been notified under section 324 of the Act, and which will appear in the register maintained under section 325 of the Act, and persons connected with the Directors, within the meanings of sections 328 and 346 of the Act, in the issued share capital of the Company immediately following the Placing will be as follows:

Directors	Number of Ordinary shares	Percentage of issued Ordinary share capital	Number of Ordinary shares under option
H. Simon	-	-	-
M. N. Sennett	651,542	1.40	992,428
G. C. Forrest	651,542	1.40	992,428
K. N. Bowhill	31,683	0.07	160,882
A. W. Marchant	7,411	0.02	-
J. S. Burgess	-	-	-

H. Simon is a partner of Schroder Ventures which advises funds which in aggregate, will be interested in a total of 16,467,133 Ordinary shares following Admission equivalent to 35.41 per cent. of the issued share capital of the Company and H. Simon has a personal economic interest in some of these funds.

- (ii) Save as disclosed in paragraph 6(i) above, following the Placing no Director will have any interest in the share capital of the Company or any of its subsidiaries.
- (iii) In addition to the Directors' interests set out in paragraph 6(i) above, the Directors are aware of the following persons who will, immediately following the Placing, be interested (within the meaning of the Act) directly or indirectly in 3 per cent. or more of the issued share capital of the Company.

Name	Number of Ordinary shares	Percentage of issued Ordinary share capital
Funds advised by Schroder Ventures	16,467,133	35.41
Funds advised by CINVen	4,551,727	9.79
Norwich Union	3,036,899	6.53
Funds advised through Quester Limited	2,613,309	5.62
The Electra Innvotec Limited Partnership	1,777,909	3.82

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Save as disclosed in this paragraph 6, the Directors are not aware of any person who will, immediately following the Placing, be interested (within the meaning of the Act) directly or indirectly in 3 per cent. or more of the issued Ordinary share capital of the Company or who could, directly or indirectly, jointly or severally, exercise control over the Company.

- (iv) Save as disclosed in paragraph 7(iv) below no Director has any interest in any transactions which are or were unusual in their nature or conditions or are or were significant to the business of the Group in the current or immediately preceding financial year or which were effected during an earlier financial year and which remain in any respect outstanding or unperformed.
- (v) There are no outstanding loans granted by any member of the Group to any of the Directors, nor has any guarantee been provided by any member of the Group for their benefit.

7. Directors' service agreements and arrangements

- (i) Each of M. N. Sennett, G.C. Forrest and K.N. Bowhill has a service agreement with the Company for a term of three years commencing on 15th June 1993, and thereafter determinable by not less than twelve months' notice given by either party to the other expiring on the third anniversary of the service agreement or at any time thereafter. Under their respective agreements, M. N. Sennett, G. C. Forrest and K. N. Bowhill are each entitled to receive an annual remuneration of £80,000, £75,000 and £55,000 respectively (subject to review annually) and to participate in the senior executive bonus plan in force from time to time, the terms of which are determined by the remuneration committee of the Board. The maximum bonus receivable is 25% of the annual fixed salary of the relevant Director for the relevant year.
- (ii) Save as disclosed in paragraph 7(i) above, there are no existing or proposed service contracts between the Directors and any member of the Group.
- (iii) The aggregate of the remuneration paid and benefits in kind granted to the Directors in respect of the financial year ended 31st December 1992 was £ 235,933. The aggregate of the remuneration payable (excluding benefits in kind but including pension contributions) to the Directors in respect of the year ending 31st December 1993 under the arrangements in force at the date of this document, is expected to amount to approximately £246,000.
- (iv) The promoters of the Company are, or may be considered to be, G.C. Forrest and M.N. Sennett. On 28th May 1993 G. C. Forrest and M.N. Sennett each acquired one share of £1 each in the capital of the Company from the subscribers to the Company. On 7th June 1993 M.N. Sennett was allotted 25,000 shares of £1 each in the capital of the Company and G.C. Forrest was allotted 24,998 shares of £1 each in the capital of the Company and Bermuda has agreed to pay each such allottee a commission of £500 in respect of that allotment. Bermuda has agreed to indemnify each of G.C. Forrest and M.N. Sennett in connection with such allotment in the event that Admission does not take place. The indemnity was secured by a deposit by Bermuda of the sum of £12,499.50. The indemnity will cease on Admission. G.C. Forrest and M.N. Sennett are entitled to be paid remuneration and other benefits under their service agreements, as set out in paragraph 7(i) above.

8. Memorandum of Association

The objects clause of the Memorandum of Association of the Company provides that its principal objects include the carrying on of the business of a holding company. The objects of the Company are set out in full in clause 4 of its Memorandum of Association, which is available for inspection at the address specified in paragraph 19 below.

9. Articles of Association

The Articles of Association of the Company ("the Articles") were adopted on 15th June 1993 and contain provisions, inter alia, to the following effect:

(i) Voting rights

- (a) Subject to any rights or restrictions attached to any shares, every member present in person or (being a corporation) present by a duly authorised representative, not being himself a member entitled to vote, shall have one vote and, on a poll, every member shall have one vote for every share of which he is a holder. On a poll, votes may be given either personally or by proxy. A member in respect of whom an order has been made by any court or official having jurisdiction in matters concerning mental disorder or incapacity to manage one's affairs may vote, whether on a show of hands or on a poll, by his receiver, curator bonis or other authorised person and such receiver, curator bonis or other person may, on a poll, vote by proxy.
- (b) If two or more persons are jointly entitled to shares for the time being conferring a right to vote, any one of such persons may vote at any meeting, either personally or by proxy, in respect thereof as if he were solely entitled thereto, and if more than one of such joint holders be present at any meeting, either personally or by proxy, the vote of the member whose name stands first on the Register as one of the holders of such shares, shall be accepted to the exclusion of the votes of the other joint holders.
- (c) No member shall vote, either in person or by proxy, at any general meeting or at any separate meeting of holders of any class of shares in the Company:

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- (1) in respect of any shares held by him, unless all moneys presently payable by him in respect of those shares have been paid; or
- (2) if any other person appearing to be interested in shares held by such member has been duly served with a notice under section 212 of the Act concerning the disclosure of interests in voting shares, and having failed to supply the Company with the information required by the notice or having supplied information which is false or misleading in a material respect, he or such other person is in default in complying with such notice.

(ii) Dividends and other distributions

Subject to the provisions of the Act, the Company may, by ordinary resolution, declare dividends in accordance with the respective rights of the members not exceeding the amount recommended by the Board. The Board may pay interim dividends if it appears that they are justified by the financial position of the Company.

Except insofar as the rights attaching to any share otherwise provide, all dividends will be apportioned and paid proportionately to the amounts paid up on the shares during any portion of the period in respect of which the dividend is paid.

Any dividend unclaimed after a period of twelve years from the date when it becomes due for payment will be forfeited and revert to the Company.

The Board may, if authorised by an ordinary resolution of the Company, offer shareholders in respect of any dividend the right to elect to receive Ordinary shares by way of scrip dividend instead of cash.

The Company may stop sending dividend cheques or warrants by post in respect of any shares if at least two consecutive payments have been returned undelivered or remained uncashed. The Company must resume sending cheques or warrants if the holder claims the arrears.

In a winding-up, a liquidator may, with the sanction of an extraordinary resolution, and any sanction required by law, divide among the members the whole or any part of the assets of the Company (whether the assets are of the same kind or not).

(iii) Variation of rights

Subject to the provisions of the Act, the rights attached to any class may (unless otherwise provided by the terms of issue of the shares of that class) be varied with the written consent of the holders of three-fourths in nominal value of the issued shares of that class, or with the sanction of an extraordinary resolution passed at a separate meeting of the holders of the shares of that class. The provisions of the Act and of the Articles relating to general meetings shall mutatis mutandis apply to any such separate meeting, except that (1) the necessary quorum shall be at least two persons holding or representing by proxy not less than one-third in nominal amount of the issued shares of that class or, at any adjourned meeting of holders of shares of that class at which such a quorum is not present, shall be any such holder who is present in person or by proxy, whatever the number of shares held by him; (2) any holder of shares of that class present in person or by proxy may demand a poll; and (3) every holder of shares of that class shall, on a poll, have one vote in respect of every share of that class held by him.

(iv) Transfer of shares

(a) Subject to such restrictions of the Articles as may be applicable, a member may transfer all or any of his shares by an instrument of transfer in any usual form or in any other form which the Board may approve. A transfer shall be executed by or on behalf of the transferor and (unless the share is fully paid) by or on behalf of the transferee. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the Register in respect thereof.

(b) The Board may refuse to register the transfer of:

- (1) a share which is not fully paid to a person of whom they do not approve, without giving any reason for so doing, and it may refuse to register the transfer of a share on which the Company has a lien; and
- (2) a share prior to the date of admission of the Ordinary share capital of the Company to the Official List.

(c) The Board may also refuse to register the transfer of a share unless:

- (1) it is lodged duly stamped (if necessary), at the Office or at such other place as the Board may appoint, and accompanied by the certificate(s) for the shares to which it relates (where a certificate has been issued in respect of the share) and/or such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer;
- (2) it is in respect of one class of share only;
- (3) it is in favour of not more than four transferees; and
- (4) it is not in favour of a minor, bankrupt or person of unsound mind.

(d) If the Board refuses to register a transfer, it shall, within two months after the date on which the transfer was lodged, send to the transferee notice of the refusal.

The registration of transfers may be suspended at such times and for such periods (not exceeding thirty days in any calendar year) as the Board may determine and either generally or in respect of any class of shares.

No fee shall be charged for the registration of any instrument of transfer or other document relating to or affecting the title to any share.



Any instrument of transfer which is registered may be retained by the Company, but any instrument of transfer which the Board refuses to register shall be returned to the person lodging it when notice of the refusal is given.

(v) **Directors**

(a) **Voting**

- (1) Save as provided in this paragraph 9(v)(a), a Director shall not vote in respect of any contract, arrangement, transaction or proposed contract, transaction or arrangement or any other proposal whatever in which he has any material interest otherwise than by virtue of his interests in shares or debentures or other securities of or otherwise in or through the Company. A Director shall not be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting.
- (2) A Director shall (in the absence of some other material interest than is indicated below) be entitled to vote (and be counted in the quorum) in respect of any resolution concerning any of the following matters, namely:-
 - (i) the giving of any security or indemnity to him in respect of money lent or obligations undertaken by him for the benefit of the Company or any of its subsidiaries;
 - (ii) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which he himself has assumed responsibility in whole or in part, and, whether alone or jointly with others, under a guarantee or indemnity or by the giving of security;
 - (iii) his subscribing or agreeing to subscribe for any shares, debentures or other securities of the Company or any of its subsidiaries, or his being, or intending to become, a participant in the underwriting or sub-underwriting of an offer of any such shares, debentures or other securities by the Company or any of its subsidiaries for subscription, purchase or exchange;
 - (iv) any contract concerning any other company (including any subsidiary of the Company) not being a company in which he owns 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 (any such interest being deemed for the purpose of this Article to be a material interest in all circumstances) in which he is interested, directly or indirectly, whether as an officer or shareholder or creditor or otherwise;
 - (v) any contract concerning the adoption, modification or operation of a superannuation fund, retirement, death or disability benefit scheme or personal pension scheme which relates to both employees and Directors, or has been approved by, or is subject to and conditional upon approval by, the Board of the Inland Revenue for taxation purposes and does not accord to any Director as such any privilege or advantage not accorded to the employees to which such scheme or fund relates;
 - (vi) any contract for the benefit of employees of the Company or any of its subsidiaries under which the Director benefits in a similar manner as the employees, and which does not accord to him as such any privilege or advantage not accorded to the employees to whom the contract relates; and
 - (vii) any contract concerning any insurance which the Company is empowered to purchase and/or maintain for, or for the benefit of, any Directors or for persons who include Directors.
- (3) A Director shall not vote or be counted in the quorum on any resolution concerning his own appointment as the holder of any office or place of profit with the Company or any company in which the Company is interested including settling or varying the terms of his appointment or the termination thereof.

(b) **Remuneration**

- (1) Each of the Directors shall be paid a fee for his services at a rate determined by the Board from time to time provided that the aggregate of such fees (excluding any amounts payable under any other provision of the Articles) shall not exceed £100,000 per annum or such higher amount as the Company, by ordinary resolution, may determine from time to time. Such fee shall be deemed to accrue from day to day.
- (2) The Directors may be paid all travelling, hotel and other expenses properly incurred by them in performing their duties as Directors including all such expenses incurred in connection with attendance at meetings of the Board or any committee of the Directors or general meetings or separate meetings of the holders of any class of shares or debentures of the Company.
- (3) Any Director who, at the request of the Board, performs special services or goes or resides abroad for any purpose of the Company shall (unless the Company by ordinary resolution determines otherwise) receive such extra remuneration by way of salary, percentage of profits or otherwise as the Board may determine.
- (4) A Director appointed to an executive office may be paid such remuneration in such manner as the Board may decide and either in addition to, or in place of, his ordinary remuneration as a Director.



(c) Borrowing Powers

- (1) The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge all or any part of its undertaking, property and assets (present and future) and uncalled capital, and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.
- (2) The Directors shall restrict the borrowings of the Company and exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiary undertakings (if any), so as to secure (as regards subsidiary undertakings, so far as by such exercise they can secure) that the aggregate principal amount from time to time outstanding of all borrowings by the Group (exclusive of moneys borrowed by the Company or any of its subsidiaries from any other of such companies) shall not at any time, without the previous sanction of an ordinary resolution of the Company, exceed an amount equal to three times the adjusted capital and reserves.

(d) Retirement

No person shall be disqualified from being appointed a Director, and no Director shall be required to vacate that office, by reason only of the fact that he has attained the age of seventy years or any other age, nor shall it be necessary by reason of his age to give special notice under the Act of any resolution. Where the Board convenes any general meeting of the Company at which (to the knowledge of the Board) a Director will be proposed for appointment or re-appointment who will have attained the age of seventy years or more at the date for which the meeting is convened, the Board shall give notice of his age in years in the notice convening the meeting or in any document accompanying the notice, but the accidental omission to do so shall not invalidate any proceedings, or any appointment or re-appointment of that Director, at that meeting.

10. Share option schemes

(i) The Anagen PLC Executive Share Option Scheme ("the Executive Scheme")

The Executive Scheme was adopted by the Company on 11th June 1993 and has been preliminarily approved by the Inland Revenue under Schedule 9 of the Income and Corporation Taxes Act 1988 and has been drafted to comply with the Association of British Insurers guidelines.

Options may only be granted under the Executive Scheme as the Directors so allow. All Directors and employees who are contracted to work for at least twenty-five hours and twenty hours respectively per week for the Company or any participating subsidiaries are eligible to be nominated for participation in the Executive Scheme. It is intended that the grant of options will be made by a committee of Directors ("the Committee"), comprising three Directors of whom two are non-executive Directors. No payment will be required for the grant of an option.

Options so granted (which will be granted under seal) will be exercisable within a period of ten years and will entitle the holders to acquire shares at a price determined by the Committee, which may not be less than the higher of:

- (a) if the shares are listed on the Stock Exchange, the average middle market quotations for such shares as derived from the Daily Official List of the Stock Exchange on the three dealing days preceding the relevant date of grant or in the case of options granted at any other time, the market value (as agreed with the Inland Revenue) of the shares as at the date of grant; and
- (b) if the shares are to be subscribed, their nominal value.

Each individual's participation will be limited so that the aggregate price payable on the exercise of all options granted to him or her under the Executive Scheme (or any other approved executive share option scheme adopted by the Company) in any ten year period (but leaving out of account options which have been exercised) will not exceed four times his or her annual remuneration.

Employees may be granted options to replace those which have been exercised. In granting such replacement options, the Committee will be expected to satisfy itself that the grant of such options is justified by a significant improvement in the performance of the Company in the preceding three years.

No grant of options may be made until after Admission. Options may normally be granted only within six weeks after the announcement of the Company's results for any period. No options may be granted more than ten years after the adoption of the Executive Scheme, or during a period when the grant of options is prevented in accordance with the Model Code for Securities Transactions by Directors of Listed Companies. In granting options the Remuneration Committee will have due regard to guidelines issued by the Association of British Insurers from time to time.

Options will normally only be exercisable after the expiry of three years from the date of their grant and by a person who remains a Director or employee. Options may, however, be exercised for a limited period in certain specified circumstances, including death, and ceasing employment on account of injury, disability, redundancy, pregnancy, retirement, the sale of the business or subsidiary for which the employee works, or (at the discretion of the Committee), if the employee ceases to be employed in any other circumstances. Exercise is allowed in the event of an amalgamation, reconstruction or take-over of the Company; alternatively, options may, with the agreement of an acquiring company, be exchanged for options over shares in the acquiring company or a company associated with the acquiring company. Options may also be exercised in the event of

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the voluntary winding-up of the Company.

Options are not transferable and may only be exercised by the persons to whom they were granted or their personal representatives. Shares will be allotted or transferred within thirty days of the exercise of an option.

In the event of any capitalisation or rights issue by the Company, or any consolidation, sub-division or reduction of its share capital, the number of shares subject to any option and/or the exercise price may be adjusted by the Committee with the approval of the Inland Revenue, subject to the auditors confirming in writing that such adjustment is, in their opinion, fair and reasonable.

Shares allotted under the Executive Scheme will rank *pari passu* in all respects with the other shares then in issue, except for dividends and other entitlements arising by reference to a date prior to the date on which an option is exercised. Application will be made to the London Stock Exchange for the listing of any newly-issued shares.

The Executive Scheme is subject to the following overall limits on the number of shares which may be acquired through it:

- (a) not more than 4,650,000 shares representing 10 per cent. in aggregate of the issued Ordinary share capital of the Company immediately following the date on which the shares are first admitted to the Official List, may be issued under the Executive Scheme and any other executive share scheme set up by the Company after the date on which the shares are first admitted to the Official List;
- (b) in any three year period not more than 3 per cent. of the issued share capital of the Company for the time being may, in aggregate, be placed under option under the Executive Scheme or any other employees' share scheme set up by the Company after the date on which the shares are first admitted to the Official List;
- (c) in any 10 year period not more than 10 per cent. of the issued share capital of the Company for the time being may, in aggregate, be placed under option under the Executive Scheme or any other employees' share scheme set up by the Company after the date on which the shares are first admitted to the Official List;
- (d) in any 10 year period not more than 5 per cent. of the issued share capital of the Company for the time being may be placed under option under the Executive Scheme or any other executive share scheme set up by the Company after the date on which the shares are first admitted to the Official List; and
- (e) in the four year period commencing on the date of adoption of the Executive Scheme not more than 2.5 per cent. of the issued share capital of the Company for the time being may be placed under option under the Executive Scheme.

The Directors consider that the limit described in sub-paragraph (d) above is adequate for the purposes of the Executive Share Option Scheme. For the purposes of the limits described in sub-paragraphs (b) to (e) above, options which lapse in accordance with the Rules of the Executive Scheme cease to count. The limit in sub-paragraph (a) above may be adjusted to take account of rights and capitalisation issues, and any sub-division, consolidation or reduction of the Company's share capital.

The Directors may alter the provisions of the Executive Scheme with the prior approval of the Inland Revenue, but its basic structure (and in particular the limitations on the number of shares that may be issued thereunder) cannot be altered without the prior sanction of the Company in general meeting.

(ii) **The Anagen PLC Unapproved Executive Share Option Scheme ("the Unapproved Scheme")**

The Unapproved Scheme was adopted by the Company on 11th June 1993. Options may be granted under the Unapproved Scheme as the Directors so allow. Not more than 4,000,000 or 8 per cent. in aggregate of the issued share capital of the Company from time to time if greater, may be placed under option under the Unapproved Scheme.

After Admission no further options may be granted under the Unapproved Scheme but its provisions shall, in relation to options then subsisting, continue in full force and effect.

Options so granted will entitle the holders to acquire shares at a price determined by the Directors. No payment is required on the grant of an option.

The Directors may provide that the exercise of options granted under the Unapproved Scheme be conditional upon Admission.

Options are normally exercisable between three and seven years from the date of grant of the options although not more than one third of an option holder's options may be exercised in each of the three years following the date on which options first become exercisable. The options will lapse to the extent that they have not been exercised at the end of this seven year period.

If an option holder leaves the employment of the Company his options will remain exercisable. If an option holder dies his options will immediately become exercisable by his personal representatives in the twelve month period following his death, but options are not otherwise transferable. Options may also be exercised for a limited period in the event of an amalgamation, reconstruction or take-over of the Company and in the event of the voluntary winding-up of the Company.

In the event of any capitalisation or rights issue by the Company, or of any consolidation, sub-division or reduction of its share capital, the number of shares subject to any option and/or the exercise price may be adjusted by the Directors in such a manner as, in their opinion, is fair and reasonable.

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11. Placing Arrangement

Under an agreement dated 16th June 1993 and made between the Directors (1) certain of the shareholders of the Company ("the Shareholders") (2) the Company (3) and Sharps (4), Sharps has agreed (conditionally, *inter alia*, upon Admission taking place not later than 28th June 1993, or such later date as Sharps may agree) as agent for the Company, to procure subscribers for 14,500,000 Ordinary shares ("the Subscription Shares") and, as agent for M. N. Sennett and G. C. Forrest, to procure purchasers for 500,000 Ordinary shares ("the Sale Shares") in each case at the Placing price or, failing that, itself to subscribe for the Subscription Shares and purchase the Sale Shares at the Placing price. In consideration of its services, the Company has agreed to pay Sharps a fee and a commission of 0.75 per cent on the value at the Placing price of the Subscription Shares and Sale Shares, together, in each case, with any applicable value added tax. The Company has agreed to bear all charges and expenses of, or incidental to the Placing.

The agreement contains warranties from the Directors (other than Dr J. S. Burgess) in favour of Sharps as to the accuracy of information contained in this document and certain other warranties from the executive Directors in favour of Sharps and an indemnity from the Company in favour of Sharps. Sharps may terminate the Placing in specified circumstances prior to Admission, including in the event where any statement contained in this document is misleading in any material respect.

The Shareholders have agreed in the terms set out in the agreement not to dispose of any Ordinary shares (other than as part of the Placing) held by them at any time prior to announcement of the results of the Company for the year ending 31st December 1994 without the prior consent of the Company's stockbrokers from time to time.

12. Taxation

(i) Clearances

Clearances have been obtained under section 707 of the Income and Corporation Taxes Act 1988 in respect of the transactions described in paragraphs 1(iii), 1(vi) and 2(v)(b) above.

The Directors have been advised that no material liability for inheritance tax would be likely to fall upon the Company or any subsidiary.

(ii) Stamp duty

In relation to stamp duty and stamp duty reserve tax ("SDRT"):

- (a) where Ordinary shares which are the subject of the Placing are registered in the name of the original placee no liability to stamp duty or SDRT will arise;
- (b) transfers of Ordinary shares, once registered, will be liable to stamp duty in the usual way, normally at the rate of 50p per £100 (or part of £100) of the price paid, and
- (c) the Company has undertaken in the Placing Agreement to pay any stamp duty or SDRT (if any) payable on the purchase of the Sale Shares or the subscription of the Subscription Shares.

The provisions of this paragraph 12(ii) are intended only as a general guide to the current position. Special rules apply to agreements made by market-makers and broker-dealers in the ordinary course of their business as such and certain categories of person may be liable to stamp duty or SDRT at higher rates.

(iii) Taxation of dividends

Under current United Kingdom taxation legislation, no tax will be withheld from dividend payments by the Company, but the Company will generally have to account to the United Kingdom Inland Revenue for advance corporation tax ("ACT") in respect of any dividend it pays. If the Finance (No 2) Bill 1993 is enacted in its draft form, with effect from 6th April 1993 the rate of ACT will be 9/31sts (and with effect from 6th April 1994 it will be 20/80ths) of any dividend paid.

With effect from 6th April 1993, assuming the Finance (No 2) Bill 1993 is enacted in its draft form, individual shareholders resident in the United Kingdom receive a tax credit which is equal to 20/80ths (and not 9/31sts) of the dividend paid and are liable to income tax at the lower or higher rate (but not at the basic rate) on the amount of the dividend plus the accompanying tax credit. The tax credit will discharge the liability of such shareholders to lower rate income tax in respect of the dividend. Individual shareholders who are liable to income tax at the higher rate in respect of the dividend will have to account to the Inland Revenue for the difference between the lower and the higher rates. To the extent that the shareholder's total tax credits exceed his overall United Kingdom tax liability, the shareholder may claim to have the excess paid to him by the Inland Revenue.

A United Kingdom resident corporate shareholder will be able to treat any dividend received (together with the associated tax credit) as franked investment income. If the Finance (No 2) Bill 1993 is enacted in its current form, a corporate shareholder paying a dividend of an amount up to the amount of any dividend paid to it by the Company will, notwithstanding the general difference between the rate of ACT and the amount of tax credit attaching to a dividend for the fiscal year 1993/94, have no further liability to account for ACT in relation to the dividend that it pays.

A non-United Kingdom resident shareholder is not generally entitled to the benefit of a tax credit in respect of any dividend received from the Company. Subject to certain exceptions for Commonwealth citizens, citizens of the Republic of Ireland, residents



of the Isle of Man or the Channel Islands and certain others, the right of shareholders who are resident in countries other than the United Kingdom "to receive an amount in respect of the tax credit depends in general on the provision of any double tax convention or agreement which exists between such countries and the United Kingdom. Such a shareholder should consult his own tax adviser on the possible application of such provisions and what relief or credit may be claimed in the jurisdiction in which he is resident.

The provisions of this paragraph 12(iii) are intended only as a general guide to the current position and do not deal with the proposal made in the Budget of 16th March 1993 for consultation on the implementation of a system under which certain dividends paid out of foreign source profits will not carry a tax credit. A shareholder who is in any doubt as to his tax position or is resident in a jurisdiction other than the United Kingdom should consult his tax adviser without delay.

13. Working capital

The Directors estimate that the Group's net funding requirements for the two years following admission to the Official List amount to approximately £7.3 million. In the opinion of the Directors, having regard to the estimated net proceeds of the Placing, the working capital available to the Group will be sufficient for such period.

14. Litigation

No member of the Group is involved in any legal or arbitration proceedings which may have, or have had during the twelve months preceding the date of this document, a significant effect on the Group's financial position, nor are any such proceedings pending or threatened against any member of the Group.

15. Material contracts

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

- (i) By a letter of agreement dated 27th November 1991 from Anagen (1) to Wilj (2) Anagen agreed to make a number of additional payments to Wilj by way of an agreed amendment to a technical development agreement dated 9th June 1989. These payments are £270,375 for productionisation costs (including an item of £34,125 for contingencies), £62,000 for the manual (£32,000 pre-paid) and £42,000 for consultancy fees for case-work design (£11,064 pre-paid). The terms of the payment, in five tranches, for development works (£214,000) and for jigs and tooling (£278,300) were agreed.
- (ii) By a manufacturing and supply agreement dated 31st July 1992 between Wilj (1) and Anagen (2) (the "Manufacturing Agreement") Wilj agreed to manufacture and supply to Anagen six pre-production AN2000 instruments and 300 production instruments. Anagen was granted an option to place orders for further instruments on substantially the same terms as the Manufacturing Agreement. Wilj has agreed to supply spare parts and to continue supplying them for seven years after the date of termination of the Manufacturing Agreement or delivery of the last instrument. Anagen is responsible for the servicing and repair of the instruments manufactured and supplied and also to pay all insurance and freight charges. Under the terms of the Manufacturing Agreement all inventions developed by Wilj and its employees relating to the manufacture, use or sale of the instrument will be assigned to Anagen.
- (iii) By an agreement dated 12th February 1993 between Q-Life Systems Inc ("Q-Life")(1) and Anagen (2) Q-Life granted Anagen the option to purchase the patent applications relating to the magnetic particles and their method of manufacture for a consideration of US\$15,000. The consideration for the purchase of these patent applications is a total of US\$135,000 of which US\$45,000 was tendered on 7th April 1993 with the letter giving notice of the exercise of the option by Anagen. Two further payment instalments of US\$45,000 each are due from Anagen if various stated US and European patent applications proceed to grant. If these US and European patents are not issued within four years of the date of this agreement the relevant instalment of the purchase price is not payable.
- (iv) By a licence dated 26th February 1993 between Wilj (1) and Anagen (2) (the "Licence") Anagen was granted a non-exclusive licence of the existing intellectual property rights of Wilj (principally comprising software) in the manufacture, sale or other disposal of immunoassay instruments. Under the Licence a royalty of 6 per cent of the net manufacturing costs of the instruments and 4 per cent of the net manufacturing costs of the spare parts is payable to Wilj by Anagen on any instruments manufactured for Anagen by a manufacturer other than Wilj.
- (v) By an agreement dated 20th April 1993 between Anagen (1) Wilj (2) and Teknika (3) (the "Production Agreement") the Manufacturing Agreement referred to in paragraph 15(ii) above was modified and provision was made for its termination as set out below. The Production Agreement limits the obligation of Wilj to supply Anagen with six pre-production instruments (which had already been paid for at the date of the Production Agreement) and twenty-four production instruments. The price for seventeen of these twenty-four production instruments is not more than £31,000 per instrument and for the remaining seven instruments not more than £26,500 each. The Manufacturing Agreement terminates on delivery of the last of those instruments. Under the Production Agreement Teknika has agreed to purchase twenty instruments from Anagen at a price of not more than £31,000 for the first thirteen instruments and not more than £26,500 for the remaining seven. Anagen has agreed to the manufacture by Wilj of instruments for Teknika and a licence of certain intellectual property rights was granted by Anagen to Wilj for such purpose. Anagen has no liability under the Production Agreement to pay royalties to Wilj under the Licence referred to in paragraph 15(iv) above in respect of the manufacture of instruments by Teknika or any manufacturer appointed by Teknika.

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(vi) Individual letters of agreement, each dated 15th June 1993, between the Company and each of the shareholders in Bermuda and holders of the Unsecured Loan Stock (each a "Shareholder") setting out the terms and conditions pursuant to which the Company agreed to acquire, and a Shareholder agreed to sell, the shares in Bermuda and/or the Unsecured Loan Stock registered in the name of the Shareholder.

(vii) An agreement dated 15th June 1993 made between Bermuda (1) and the Company (2) whereby the Company agreed to purchase the entire issued share and loan stock capital of Anagen for an aggregate consideration of £12,088,681, such consideration to be left outstanding as an inter-company debt repayable on demand. Completion of this agreement is to take place on 24th June 1993 subject to the satisfaction (or waiver) of certain conditions. Under the agreement Bermuda has given certain limited warranties in favour of the Company.

(viii) The Placing Agreement.

16. Marketing Agreement

Pursuant to the Marketing Agreement, Anagen granted Teknika the worldwide marketing and distribution rights, for an unlimited period, in respect of the system comprising the AN2000 and the related assays. Teknika was granted the right to purchase instruments for use in the analysis of human samples and to manufacture instruments or to have them manufactured by third parties. Anagen also granted Teknika the exclusive right to purchase the Anagen assays for use on the instruments. Teknika is obliged to purchase Anagen assays and the magnetic particles from Anagen and is prevented from manufacturing or selling other assays with the same function or other magnetic particles. Under the Marketing Agreement Teknika is granted the right to develop assays using Anagen's magnetic particles and other confidential know-how of Anagen licensed under the Marketing Agreement. Anagen has agreed to develop the toxoplasma tests at Teknika's expense and applications for all necessary regulatory approvals in respect of these assays will be made by Teknika. As consideration for the granting of these marketing and distribution rights Teknika paid Anagen £1,000,000 and a further £1,500,000 is to be paid on the occurrence of specified milestones, of which £250,000 has already been paid. Teknika has agreed to purchase twenty instruments and the magnetic particles from Anagen. The one hundred and first and each subsequent instrument manufactured by Teknika or acquired by Teknika from Wilj will be subject to a royalty payment by Teknika to Anagen. The price of the Anagen assays is determined on a percentage basis of the net sales value. A commission is also payable to Anagen on the sale of all Teknika assays.

17. Consents

- (i) Sharps has given, and has not withdrawn, its written consent to the issue of this document with the inclusion herein of its letter and the references thereto and to its name in the form and context in which they appear. Sharps is a member of the Securities and Futures Authority and the London Stock Exchange.
- (ii) Coopers & Lybrand and Kidsons Impey have each given, and have not withdrawn, their written consent to the issue of this document with the inclusion herein of their joint report (and in the case of Coopers & Lybrand their letter) and the references to such report and letter and to their names in the form and context in which they are included.
- (iii) Hepworth Lawrence Bryer and Bizley has given, and has not withdrawn, its written consent to the issue of this document with the inclusion herein of its report and the references to such report and its name in the form and context in which they are included.
- (iv) Professor John Landon has given, and has not withdrawn, his written consent to the issue of this document with the inclusion herein of his letter and the references to such letter and his name in the form and context in which they are included.
- (v) TWG has given, and has not withdrawn, its written consent to the issue of this document with the inclusion herein of its report and letter and the references to such report and letter and its name in the form and context in which they are included.

18. General

- (i) The total expenses in connection with the Placing (including listing fees, the cost of preparing, printing, circulating and advertising this document, the fee to Sharps, all accounting expenses, the Registrar's fee and expenses, and all legal expenses) which are payable by the Company are estimated to amount to £600,000 (exclusive of VAT) of which £112,500 is payable to financial intermediaries in respect of commissions.
- (ii) Keyman insurance for the benefit of Anagen has been taken out on the lives of M. N. Sennett and G. C. Forrest, with cover of £1,000,000 each.
- (iii) The financial information set out in this document relating to the Company or any of its subsidiaries does not constitute statutory accounts of any of the companies within the meaning of section 240 of the Act. Kidsons Impey, Chartered Accountants of Spectrum House, 20-26 Cursitor Street, London EC4A 3HY reported upon the consolidated accounts of Anagen for each of the two financial years ended 31st December 1992 within the meaning of section 235 of the Act. Each such report was unqualified within the meaning of section 262(1) of the Act and did not contain a statement under sections 237(2) or (3) of the Act. The accounts for the year ended 31st December 1991 have been delivered to the Registrar of Companies in England and Wales, and the accounts for the year ended 31st December 1992 will be so delivered, pursuant to section 242 of the Act. The consolidated accounts of Bermuda for the year ended 31st December 1992 have been audited by Kidsons Impey. No statutory accounts have been prepared for the Company.

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19. Material changes

Save for (i) the funds received from shareholders by Bermuda in respect of the share and loan stock issues on 21st January 1993 described in paragraph 2(v)(g) above; (ii) receipts totalling £1.25 million under the Marketing Agreement described in paragraph 16 above; and (iii) losses incurred in the normal course of business since 1st January 1993, there has been no significant change in the trading or financial position of the Company since the date of its incorporation and of its subsidiaries since 31st December 1992, the date to which the last audited consolidated accounts of Bermuda were drawn up.

20. Documents available for inspection

Copies of the following documents will be available for inspection at the offices of McKenna & Co at Mitre House, 160 Aldersgate Street, London EC1A 4DD during normal business hours on any weekday (Saturdays and public holidays excepted) up to and including 1st July 1993;

- (i) the Memorandum and Articles of Association of the Company;
- (ii) the consolidated audited accounts of Bermuda for the year ended 31st December 1992 and of Anagen for each of the two years ended 31st December 1991 and 1992,
- (iii) the report by Kidsons Impey and Coopers & Lybrand set out in Part 4 of this document;
- (iv) the service agreements referred to in paragraph 7 above;
- (v) the rules of the Anagen PLC Executive Share Option Scheme and the Anagen PLC Unapproved Executive Share Option Scheme referred to in paragraph 10 above;
- (vi) the material contracts referred to in paragraph 15 above;
- (vii) the written consents referred to in paragraph 17 above;
- (viii) the letters from Coopers & Lybrand, TWG and Sharps set out in Part 3 of this document;
- (ix) the Experts' Reports set out in Part 6 of this document.; and
- (x) the Patent Agents' Report set out in Part 7 of this document.

16th June 1993

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THE AN2000 INSTRUMENT BEING PREPARED FOR OPERATION



Figure 1. AN2000 instrument being prepared for operation.



Figure 2. AN2000 instrument being prepared for operation.



Figure 3. AN2000 instrument being prepared for operation.



Figure 4. AN2000 instrument being prepared for operation.

APPENDIX 3

The PLC NLS Ordinary Shares shall be calculated as follows:-

$$\frac{\text{NLS}}{\text{IP}}$$

where:-

NLS is the nominal value of the ABL New Loan Stock.

Fractions of new ordinary shares in Anagen PLC will not be allotted. The board of Anagen PLC may round fractional entitlements up or down in its absolute discretion.

APPENDIX 4

The PLC OP Ordinary Shares shall be calculated as follows:-

$$\frac{OPS}{IP}$$

where:-

OPS is the number of the ABL Original Preference Shares.

Fractions of new ordinary shares in Anagen PLC will not be allotted. The board of Anagen PLC may round fractional entitlements up or down in its absolute discretion.

The OPS Cash Consideration is a cash amount calculated as follows:-

$$OPS \times 4.548p$$

APPENDIX 5

The PLC NP Ordinary Shares shall be calculated as follows:-

$$\frac{NPS}{IP}$$

where:-

NPS is the number of the ABL New Preference Shares.

Fractions of new ordinary shares in Anagen PLC will not be allotted. The board of Anagen PLC may round fractional entitlements up or down in its absolute discretion.

The NPS Cash Consideration is a cash amount calculated as follows:

$$NPS \times 4.548p$$

APPENDIX 6

Market Capitalisation =

$A \times IP$

A =

the number of ordinary shares in Anagen PLC envisaged by the Listing Particulars to be in issue at the time of the Listing including:-

- i) any shares to be issued by Anagen PLC in consideration for the acquisition of the share and the unsecured loan stock capital of ABL ("the Consideration Shares");
- ii) any shares to be issued by Anagen PLC for the purposes of raising money as part of the Listing arrangements.

New Money =

$B \times IP$

B =

the number of ordinary shares in Anagen PLC envisaged by the Listing Particulars to be in issue at the time of Listing excluding the Consideration Shares.

Non-equity value =

Preference Share Value plus the Unsecured Loan Stock Value.

Preference Share Value =

£5,280,173

Unsecured Loan Stock
Value =

£5,908,204

ABL equity value =

Market Capitalisation less:

- i) New Money; and
- ii) Non-equity value

Value per ABL share =

ABL equity value
1,225,104

C =

Value per ABL share
IP

The PLC equity consideration is calculated as follows

$$\text{BOS} \times C$$

Fractions of new ordinary shares in Anagen PLC will not be allotted. The board of Anagen PLC may round fractional entitlements up or down in its absolute discretion.

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ANAGEN PLC

4 Springlakes Estate, Deadbrook Lane, Aldershot, Hants GU12 4UH
Incorporated in England
Registered No. 2792457

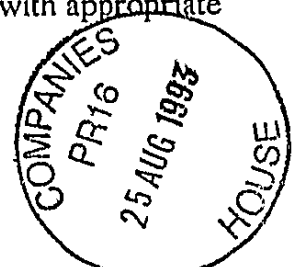
Registered copy
Van Leer
Company Secretary

Declan Barry

15th. June 1993

Dear Sirs,

1. Subject to the terms and conditions herein and to your acceptance of the arrangements set forth herein we shall purchase from you the ABL Securities and in consideration we will issue and allot to you the PLC Ordinary Shares.
2. The consideration for the allotment of the PLC Ordinary Shares is to be provided by the transfer to us of the ABL New 'A' Ordinary Shares and the ABL Original 'A' Ordinary Shares.
3. Each of the PLC Ordinary Shares will be issued credited as fully paid and will rank pari passu with the issued ordinary shares in Anagen PLC, including the right to receive in full all dividends and other distributions, if any, declared, made or paid after the date hereof.
4. The ABL Securities will and by agreeing these arrangements you will be deemed to warrant to us that the ABL Securities will, be sold free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature whatsoever and together with all rights now or hereafter attaching thereto, including the right to receive in full all interest and all dividends and other distributions, if any, declared, made or paid after the date hereof.
5. On the Completion Date:
 - a) You will deliver to us in Bermuda duly completed and signed transfers of the ABL Securities in our favour or in favour of our nominees together with the relative share and loan stock certificates or an indemnity in terms reasonably satisfactory to us in respect of any such certificates which have been lost or defaced; and
 - b) We will issue to you the PLC Ordinary Shares together with appropriate share certificates.



6. The following provisions of this paragraph will only apply if you are a 'US person' for the purposes of the Securities Act of 1933 as amended ('the US Act') of the United States of America. You confirm that you are purchasing the PLC Ordinary Shares in your stated capacity (and, subject thereto, for your own account) and that the PLC Ordinary Shares are being purchased for the purposes of investment only and not with a view to the distribution thereof and you acknowledge that the PLC Ordinary Shares to be issued hereunder have not been and will not be registered under the US Act and you agree that you will not offer or sell or otherwise transfer any such PLC Ordinary Shares in the United States or to any national or resident thereof except in compliance with the US Act.
7. You give the Relevant Consents.
8. These arrangements are subject to and conditional upon the shareholders of Anagen PLC passing all necessary resolutions to enable Anagen PLC to issue the PLC Ordinary Shares.
9. The definitions in the appendix apply throughout this document.
10. This letter and any agreement resulting from your agreement hereto will be governed by and shall be construed in accordance with English law.
11. Kindly acknowledge your agreement to the above arrangements by signing and returning the enclosed counterpart original hereof.

Yours sincerely

.....
for and on behalf of
Anagen PLC

Accepted and agreed to on 15th June 1993

.....
H.B. MURPHY as attorney for Declan Barry

APPENDIX 1

'ABL'	Anagen (Bermuda) Limited incorporated in Bermuda under No. EC-14173
'the ABL New 'A' Ordinary Shares'	23 New 'A' Ordinary Shares of £0.50 each in the capital of ABL registered in your name
'the ABL Original 'A' Ordinary Shares'	50 'A' Ordinary Shares of £1 each in the capital of ABL registered in your name
'the ABL Securities'	the ABL New 'A' Ordinary Shares and the ABL Original 'A' Ordinary Shares
'BOS'	the number of the ABL New 'A' Ordinary Shares plus the number of the ABL Original 'A' Ordinary Shares
'Completion Date'	15th June 1993
'IP'	is the price at which ordinary shares in Anagen PLC are to be sold under the Placing Agreement expressed in units of pounds sterling
'Listing Particulars'	the listing particulars to be approved by the board of Anagen PLC on the Completion Date
'Listing'	the admission of the ordinary shares of Anagen PLC to the Official List of The International Stock Exchange of the United Kingdom and the Republic of Ireland Limited envisaged by the Listing Particulars
'Placing Agreement'	the placing agreement to be approved by the board of Anagen PLC on the Completion Date
'PLC equity consideration'	the number of ordinary shares of Anagen PLC calculated in accordance with Appendix 2
'PLC Ordinary Shares'	the PLC equity consideration
'the Relevant Consents'	consent to: <ol style="list-style-type: none"> a) the transfer of all or any shares in ABL to us or our nominees for the purposes of the Bye-laws of ABL (including without limitation bye-laws 12.4 and 18.1); b) the sale to us of shares and loan stock in ABL and/or Anagen (UK) Limited (formerly Anagen Limited) for the purposes of the Bye-laws of ABL and the Shareholders Agreements (as defined in the said Bye-laws);

APPENDIX 2

Market Capitalisation =

 $A \times IP$

A =

the number of ordinary shares in Anagen PLC envisaged by the Listing Particulars to be in issue at the time of the Listing including:

- i) any shares to be issued by Anagen PLC in consideration for the acquisition of the share and the unsecured loan stock capital of ABL ('the Consideration Shares');
- ii) any shares to be issued by Anagen PLC for the purposes of raising money as part of the Listing arrangements.

New Money =

 $B \times IP$

B =

the number of ordinary shares in Anagen PLC envisaged by the Listing Particulars to be in issue at the time of Listing excluding the Consideration Shares.

Non-equity value =

Preference Share Value plus the Unsecured Loan Stock Value.

Preference Share value =

£5,280,173

Unsecured Loan Stock value =

£5,908,204

ABL equity value =

Market Capitalisation less:

- i) New Money; and
- ii) Non-equity value

Value per ABL share =

ABL equity value
1,225,104

C =

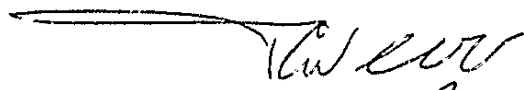
Value per ABL share
IP

Special Resolution passed at first Annual General Meeting of 8 June 1994

THAT, subject to the passing of Resolution 5, the directors be and are hereby generally and unconditionally authorised and empowered until the conclusion of the annual general meeting of the Company in 1995 unless this power is renewed varied or revoked by the Company in general meeting, (save that the Company may before such expiry make an offer, agreement or other arrangement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities pursuant to any such offer or agreement as if the authority conferred hereby had not expired), pursuant to section 95 of the Act, to allot equity securities (as defined in section 94 of the Act) for cash pursuant to the authority referred to in Resolution number 5 above as if section 89(1) of the Act did not apply to any such allotment, such authority and power being limited to:-

(1) the allotment of equity securities in connection with an issue or offer in favour of ordinary shareholders where the equity securities respectively attributable to the interests of all ordinary shareholders on a fixed record date are proportionate (as nearly as may be) to the respective numbers of ordinary shares held by them but subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements or to deal with any legal or practical problems under the laws of any overseas territory or the requirements of any regulatory body or any stock exchange in any territory and;

(2) the allotment (otherwise than pursuant to the power referred to in (1) above) of equity securities up to an aggregate nominal amount of £232,500



Secretary



2792457

Anagen PLC

Ordinary Resolution passed at first Annual General Meeting of 8 June 1994

THAT the directors be and are hereby generally and unconditionally authorised in accordance with section 80 of the Companies Act 1985 ("the Act") to exercise all the powers of the Company, to allot relevant securities (as defined by section 80(2) of the Act) up to an aggregate nominal amount of £1,550,000 such authority to expire at the conclusion of the Annual General Meeting of the Company to be held in 1995 unless renewed, varied or revoked by the Company in general meeting but so that the Company may, before such 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 pursuant to any such offer or agreement as if the authority conferred hereby had not expired and this authority is in substitution for and revokes any other such authorities.

W. L. W. Ackman



AAA2U26H

A27 RECEIPT DATE: 17/06/94