

IQUR LIMITED

(formerly HEPCGEN LIMITED)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

31ST MARCH 2006

Registered Number 04665665

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DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH 2006

The Directors present their report and financial statements for the year ended 31st March 2006.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The Company is involved in ongoing research and development, diagnostics and treatment for chronic liver disease, focusing mainly on hepatitis C viral infections. The Company is very well positioned to offer the best in class service to the NHS, with partial reimbursement by its pharmaceutical partners.

During the year, ongoing work has been taking place in connection with a contract with a leading US Company in the field of drug discovery and toxicology to cooperate in dealing with more effective anti-viral drug loading. In addition, an agreement was concluded in respect of European licensing and distribution for therapeutic products which are expected to be released to the market once regulatory approval is obtained.

RESULTS

The results for the year and the Company's position at 31st March 2006 are set out in the attached financial statements. The Company made a loss of £1,708,427 (2005:- £724,090), which was, as in the previous year, largely through research and development work and administration upon which there was no sales income, with a cumulative deficit on profit and loss account of £2,693,312 (2005:- £1,181,535).

The Directors do not recommend the payment of a dividend.

DIRECTORS AND DIRECTORS' INTERESTS

The Directors who served during the year and to the date of this report were as follows:

Mr. J. B. Boyer	(Chairman)
Dr. D. B. Campbell	(appointed 9 th November 2005)
Mr. T. P. Colford	(Chief Executive Officer, resigned 22 nd August 2006)
Mr. D. R. Norwood	(resigned 9 th November 2005)
Dr. W. M. C. Rosenberg	
Mr S Leonard	(appointed 13 September 2006)

At 31st March 2006 and 1st April 2005, Dr. W. M. C. Rosenberg held 27,750 ordinary shares of £0.01 each.

At 31st March 2006, Mr. T. P. Colford held options on 8,470 (1st April 2005 – 5,500) ordinary shares of £0.01 each. Details of these share options are set out in note 12 to the accounts.

At 31st March 2006, Mr. J. B. Boyer held 6,919 ordinary shares of £0.01 each (1st April 2005 – nil) and had options on 3,956 (1st April 2005 – 7,680) ordinary shares of £0.01 each. Details of these share options are set out in note 12 to the accounts.

None of the other Directors held any beneficial interest in the shares of the Company.

IQR LIMITED

DIRECTORS' REPORT (continued)

AUDITORS

All the current Directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Company's Auditors for the purpose of their audit and to establish that the Auditors are aware of that information. The Directors are not aware of any relevant audit information of which the Auditors are unaware.

A resolution to re-appoint BDO Stoy Hayward LLP will be proposed at the next Annual General Meeting.

DIRECTORS' RESPONSIBILITIES

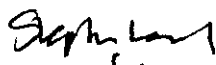
Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:-

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This report was approved by the Board of Directors on 26th January 2007.



Stephen Leonard,
Secretary,
26th January 2007

MP811, Level D, South Block,
Southampton General Hospital
Tremona Road
Southampton,
SO16 6YD

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF IQUR LIMITED

We have audited the financial statements of iQur Limited for the year ended 31 March 2006 which comprise the Profit and Loss Account, the Balance Sheet, Statement of Cash Flows and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of Directors and Auditors

The Directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985 and whether the information given in the Directors' Report is consistent with those financial statements. We also report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF IQUR
LIMITED (Continued)**

Opinion

In our opinion:-

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs at 31 March 2006 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

Emphasis of Matter

In forming our opinion, which is not qualified, we have considered the adequacy of the disclosures made in note 1 of the financial statements concerning the ability of the company to continue as a going concern which depends on its ability to raise further funding to continue in operational existence. The financial statements do not include any adjustments that would result if the company was unable to continue as a going concern.

BDO Stoy Hayward LLP

BDO Stoy Hayward LLP
Chartered Accountants and Registered Auditors
Southampton

26th January 2007

IQR LIMITED**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH 2006**

	Note	2006 £	2005 £
TURNOVER	2	213,623	97,522
Cost of sales		(263,299)	(77,637)
		<hr/>	<hr/>
GROSS (LOSS)/PROFIT		(49,676)	19,885
Administrative costs		(1,964,855)	(789,782)
		<hr/>	<hr/>
OPERATING LOSS	3	(2,014,531)	(769,897)
Bank interest receivable		53,822	45,807
		<hr/>	<hr/>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(1,960,709)	(724,090)
TAXATION	6	252,282	-
		<hr/>	<hr/>
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION AND RETAINED DEFICIT FOR THE FINANCIAL YEAR	13	£(1,708,427)	£(724,090)
		<hr/>	<hr/>

There are no recognised gains or losses other than the loss for the year and the loss for the prior year.

All activities of the Company are continuing operations.

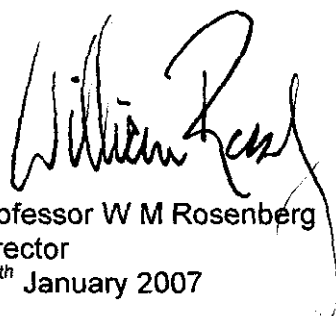
The notes on pages 8 to 17 form part of these financial statements.

IQUR LIMITED

BALANCE SHEET AS AT 31ST MARCH 2006

	Note	2006 £	2005 £
FIXED ASSETS			
Intangible assets	7	72,119	-
Tangible assets	8	153,950	156,212
Investments in subsidiaries	9	103	99
		<hr/>	<hr/>
		226,172	156,311
		<hr/>	<hr/>
CURRENT ASSETS			
Debtors and prepayments	10	510,284	98,528
Investments: Short term deposits		1,780,000	800,000
Cash at bank and in hand		3,305	34,605
		<hr/>	<hr/>
		2,293,589	933,133
CREDITORS: Amounts falling due within one year	11	(778,186)	(404,396)
		<hr/>	<hr/>
NET CURRENT ASSETS		1,515,403	528,737
		<hr/>	<hr/>
TOTAL ASSETS			
LESS CURRENT LIABILITIES		£1,741,575	£685,048
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Called-up share capital	12	2,175	1,536
Share premium account	13	4,431,712	1,865,047
Profit and loss account	13	(2,692,312)	(1,181,535)
		<hr/>	<hr/>
SHAREHOLDERS' FUNDS	13	£1,741,575	£685,048
		<hr/>	<hr/>

These financial statements were approved and authorised for issue by the Board of Directors on 26th January 2007.


 Professor W M Rosenberg
 Director
 26th January 2007

The notes on pages 8 to 17 form part of these financial statements.

IQR LIMITED**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST MARCH 2006**

		2006 £	2005 £
Net cash outflow from operating activities	14(a)	(1,543,292)	(630,300)
Returns on investments and servicing of finance		53,822	45,807
Capital expenditure and financial investment	14(b)	(129,134)	(79,540)
		<hr/>	<hr/>
Cash inflow before management of liquid resources and financing		(1,618,604)	(664,033)
Management of liquid resources		(980,000)	699,000
Financing	14(b)	2,567,304	(1,249)
		<hr/>	<hr/>
(Decrease) / increase in cash		£(31,300)	£33,718
		<hr/>	<hr/>

The notes on pages 8 to 17 form part of these financial statements.

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 2006**

1. ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material to the Company's financial statements.

(a) Basis of preparation

The financial statements are prepared in accordance with applicable accounting standards on a going concern basis and under the historical cost convention.

(b) Consolidated financial statements

The company is exempt from the requirement to prepare consolidated financial statements by virtue of section 248 of the Companies Act 1985 as the group it heads qualifies as a small group. These financial statements therefore present information about the company as an individual undertaking and not about its group.

(c) Going Concern

The Company's cash position at 31st March 2006 is £1,783,305 (2005:- £834,605) as a result of a funding round during the year. At the date of signing these accounts the directors recognise that the company will need to raise additional funds in due course and intend to refinance the company in the 1st or 2nd quarter of 2007. Interim "bridge" finance has been agreed with a current shareholder should the company need to draw upon it and the company has also reached agreement with a major creditor to defer payments of certain year end creditors (see note 11).

The directors believe that this funding will be available and as a consequence that the company will have adequate resources to continue operations for the foreseeable future. Although there is some inherent uncertainty, until the successful completion of negotiations to secure additional equity, the Directors believe that the Company will continue to operate as normal, and accordingly they consider that the going concern basis of preparation continues to be appropriate. The financial statements do not include any adjustments that would result if the going concern basis of preparation were no longer appropriate.

(d) Turnover

Turnover represents amounts receivable for services provided in the normal course of business, net of VAT.

Turnover is recognised only to the extent that the Company has performed its contractual obligations, principally as certain technical or clinical targets are reached, based on the fair value of the right to consideration for each component of the agreement.

IQR LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2006

1. ACCOUNTING POLICIES (continued)

(e) Deferred tax

Deferred taxation is recognised on all timing differences where the transactions or events that give the Company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using the rates of tax that have been enacted or substantially enacted by the balance sheet date. Deferred tax balances are not discounted.

(f) Intangible fixed assets

Intangible fixed assets comprise acquired patents and know-how, and trade mark registrations directly relating to future licensing and distribution activities. These are recorded at cost and are amortised in equal installments over their useful lives, subject to reviews for impairment when events or circumstances indicate that the carrying value may not be recoverable. The period over which the Company expects to derive economic benefit does not exceed 20 years.

(g) Depreciation

Equipment is depreciated on a straight-line basis over its estimated useful life of five years. Leasehold improvements are depreciated over three years.

(h) Research and development

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

Development costs are also charged to the profit and loss account in the year of expenditure, unless individual projects satisfy all of the following criteria:

- The project is clearly defined and related expenditure is separately identifiable;
- The project is technically feasible and commercially viable;
- Current and future costs are expected to be exceeded by future sales;
- and
- Adequate resources exist for the project to be completed.

Any capitalised amounts are subsequently amortised over the Directors' estimate of their useful economic life.

(i) Share-based employee remuneration

When shares and share options are awarded to employees a charge is made to the profit and loss account based on the difference between the market value of the company's shares at the date of grant and the option exercise price in accordance with UITF Abstract 17 (revised 2003) 'Employee Share Schemes'. The credit entry for this charge is taken to the profit and loss reserve and reported in the reconciliation of movements in shareholders' funds.

IQUR LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2006

2. TURNOVER

	2006 £	2005 £
Liver Diagnostic Testing : UK	94,200	97,522
: USA	5,745	-
	<hr/> 99,945	<hr/> 97,522
Milestone Income from Development Projects : USA	113,678	-
	<hr/> 213,623	<hr/> 97,522

3. OPERATING LOSS

	2006 £	2005 £
The operating loss is stated after charging:-		
Auditors' remuneration:-		
- audit services	£4,000	£3,750
- non-audit services	£1,000	£800
Research and development	£667,551	£392,967
UITF 17 charge	£197,650	£-
Depreciation	£53,667	£19,637
Amortisation of intangible assets	£5,607	£-
	<hr/>	<hr/>

4. DIRECTORS' EMOLUMENTS

	2006 £	2005 £
Directors' emoluments	£244,000	£176,833
	<hr/>	<hr/>

The emoluments of the highest paid director were £124,000

5. STAFF COSTS

	2006 £	2005 £
Wages and salaries	638,837	243,947
Social security costs	65,619	25,046
	<hr/>	<hr/>
	£704,944	£268,993
	<hr/>	<hr/>

The average monthly number of employees (including directors) directly employed by the Company during the year was 16 (2005:- 6).

IQUR LIMITED

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 2006**

6. TAXATION

(a) Tax on profit on ordinary activities:-

	2006 £	2005 £
UK corporation tax	(166,411)	-
Adjustment in respect of previous periods	(85,871)	-
	<hr/>	<hr/>
Current tax credit for the year	(252,282)	-
	<hr/>	<hr/>

(b) Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the period is different to the standard rate of corporation tax in the UK of 30%. The differences are reconciled below:-

	2006 £	2005 £
Loss on ordinary activities before tax	(1,960,709)	(724,090)
	<hr/>	<hr/>
Loss on ordinary activities before tax multiplied by the standard rate of corporation tax in the UK of 30%	(588,213)	(217,227)
Effects of:-		
Expenses not deductible for corporation tax	741	1,762
R&D enhancement relief	(104,007)	(53,669)
Fixed asset timing differences	2,281	(10,040)
Other timing differences	59,295	-
Losses carried forward	317,883	279,174
Losses surrendered for R&D tax credit	145,609	-
Over provision in respect of previous years	(85,871)	-
	<hr/>	<hr/>
Current tax charge for the year	(252,282)	-
	<hr/>	<hr/>

There are tax losses available for carry forward against future trading profits of approximately £2,073,000 (2005:- £1,478,000). A deferred tax asset in respect of these losses of approximately £585,000 (2005:- £424,000) and in respect of other timing differences of £53,000 (2005:- £nil) has not been recognised in the accounts, as the full utilisation of these losses in the foreseeable future is uncertain.

IQUR LIMITED

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 2006**

7. INTANGIBLE FIXED ASSETS

	Patents & Trademarks £
Cost	
At 1 st April 2005	-
Additions	77,726
	<hr/>
At 31 st March 2006	77,726
	<hr/>
Amortisation	
At 1 st April 2005	-
Charge for the year	5,607
	<hr/>
At 31 st March 2006	5,607
	<hr/>
Net Book Value	
At 31 st March 2006	£72,119
	<hr/>
At 31 st March 2005	£-
	<hr/>

IQUR LIMITED

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 2006**

8. FIXED ASSETS

	Leasehold Improvements £	Equipment £	Total £
Cost			
At 1 st April 2005	53,192	122,806	175,998
Additions	-	51,405	51,405
	<hr/>	<hr/>	<hr/>
At 31 st March 2006	53,192	174,211	227,403
	<hr/>	<hr/>	<hr/>
Depreciation			
At 1 st April 2005	5,875	13,911	19,786
Charge for the year	17,731	35,936	53,667
	<hr/>	<hr/>	<hr/>
At 31 st March 2006	23,606	49,847	73,453
	<hr/>	<hr/>	<hr/>
Net Book Value			
At 31 st March 2006	£29,586	£124,364	£153,950
	<hr/>	<hr/>	<hr/>
At 31 st March 2005	£47,317	£108,895	£156,212
	<hr/>	<hr/>	<hr/>

IQUR LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2006

9. INVESTMENTS IN SUBSIDIARIES

	£
At 1 April 2005	99
Additions	4
	<hr/>
At 31 March 2006	£103
	<hr/>

The principal undertakings in which the Company's interest at the year end is 20% or more are as follows.

Subsidiary undertaking	Proportion of voting rights and ordinary share capital held	Nature of business
Convention Associates Limited	100%	Dormant
IQur Diagnostics Limited	100%	Dormant
IQur Therapeutics Limited	100%	Dormant
IQur Chemicals Limited	100%	Dormant
IQur Services Limited	100%	Dormant

All companies are registered in England.

10. DEBTORS	2006 £	2005 £
Trade debtors	94,842	53,051
Prepayments and accrued income	29,689	15,366
Other debtors	133,471	30,111
Corporation tax recoverable	252,282	-
	<hr/>	<hr/>
	£510,284	£98,528
	<hr/>	<hr/>

11. CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR

	2006 £	2005 £
Trade creditors	423,238	96,184
Other tax and social security	27,944	11,517
Accruals and deferred income	327,004	296,695
	<hr/>	<hr/>
	£778,186	£404,396
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Subsequent to the year end the Company has reached agreement with one of its creditors to defer repayment of £262,400 of its trade creditors until the earlier of the next funding round or 15 June 2007.

IQUR LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2006

12. SHARE CAPITAL	2006	2005
	£	£
Authorised		
250,000 (2005:- 200,000) ordinary shares of £0.01	£2,500	£2,000
	<hr/>	<hr/>
Allotted, called-up and fully-paid		
217,499 (2005:- 153,603) ordinary shares of £0.01	£2,175	£1,536
	<hr/>	<hr/>

Share Issues and Share Options Exercised

In August 2005, the Company issued 38,243 ordinary shares of £0.01 each in consideration for cash at £62.47 per share.

At the same time, Mr. J. Boyer exercised options on 6,919 ordinary shares of £0.01 at an average price of £27.27 per share, Evolution Securities Limited (formerly Evolution Beeson Gregory Limited) exercised options on 2,933 ordinary shares of £0.01 at par, and Southampton Asset Management Limited exercised options on 15,801 shares of £0.01 at par.

Share Options

At 1st April 2005, Mr. P. Colford had options over:

- (a) 3,300 ordinary shares of £0.01 (two thirds of these options have vested, and the final third vest on 23rd April 2006). These options are exercisable, once vested, at any time before 23rd April 2013 and are exercisable at a price of £10.00 per share; and
- (b) a further 2,200 ordinary shares of £0.01 at a price of £10.00 per share (the performance criteria associated with these options has already been met, and therefore these options have vested).

During the year, Mr. P. Colford was granted options over a further 2,970 ordinary shares of £0.01 at a price of £27.27 per share which have already vested by year end.

At 1st April 2005, Mr. J. Boyer held options over 7,680 ordinary shares of £0.01 each. During the year he exercised 6,919 of these options and was granted options over a further 3,195 ordinary shares of £0.01 each, leaving him with options over 3,956 ordinary shares of £0.01 each at year end. Of these remaining options 331 have vested, 1,813 vest on 24 November 2006 and 1,812 vest on 24 November 2007. Once vested these options are exercisable at any time before 24 November 2114 and are exercisable at a price of £27.27 per share.

IQUR LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2006

13. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	Share Capital £	Share premium £	Profit & loss Account £	Total Shareholders' funds £
At 1 st April 2004	1,536	1,866,296	(457,445)	1,410,387
Share issue costs	-	(1,249)	-	(1,249)
Loss for the year	-	-	(724,090)	(724,090)
At 1 st April 2005	1,536	1,865,047	(1,181,535)	685,048
Share issue	639	2,580,713	-	2,581,352
Share issue costs	-	(14,048)	-	(14,048)
Loss for the year	-	-	(1,708,427)	(1,708,427)
Reversal of UITF 17 charge	-	-	197,650	197,650
At 31 st March 2006	£2,175	£4,431,712	£(2,692,312)	£1,741,575

14. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of operating loss to net cash outflow from operating activities	2006 £	2005 £
Operating loss	(2,014,531)	(769,897)
Increase in debtors	(159,474)	(60,143)
Increase in creditors	373,790	180,103
Depreciation and amortisation of intangible assets	59,274	19,637
UITF 17 charge	197,650	-
Net cash outflow from operating activities	£(1,543,292)	£(630,300)
(b) Analysis of cash flows for headings netted in the statement of cash flows	2006 £	2005 £
<i>Capital expenditure and financial investment:-</i>		
Payments to acquire tangible fixed assets	(51,404)	(79,441)
Payments to acquire intangible fixed assets	(77,726)	-
Payments to acquire investments	(4)	(99)
	£(129,134)	£(79,540)

IQR LIMITED**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 2006 (continued)****14. NOTES TO THE STATEMENT OF CASH FLOWS (continued)****(b) Analysis of cash flows for headings netted in the statement of cash flows
(continued)***Financing:-*

Issue of ordinary shares	2,581,352	-
Share issue costs	(14,048)	(1,249)
	<hr/>	<hr/>
	£2,567,304	£(1,249)
	<hr/>	<hr/>

(c) Analysis of changes in net funds

	At 30 th April 2005 £	Cash Flow £	At 30 th April 2006 £
Investments: Short-term deposits	800,000	980,000	1,780,000
Cash at bank and in hand	34,605	(31,300)	3,305
	<hr/>	<hr/>	<hr/>
	£834,605	£948,700	£1,783,305
	<hr/>	<hr/>	<hr/>

15. RELATED PARTY TRANSACTIONS AND BALANCES

During the year ended 31st March 2006, the Company paid fees and expenses of £80,066 (2005:- £50,311) to IP2IPO Limited for the provision of business consultancy services. IP2IPO Limited has an interest in the Company and Mr. D. Norwood is a Director of IP2IPO Limited. At the balance sheet date the amount unpaid in respect of these charges was £17,384 (2005:- £37,991).

During the year ended 31st March 2006, the Company incurred costs of £237,158 (2005:- £337,212) with the University of Southampton in connection with research and development activities, including capital items. At the balance sheet date the amount unpaid in respect of these costs was £455,116 (2005: £278,589). The University of Southampton is the controlling shareholder of Southampton Asset Management Limited, which has an interest in the Company, and Mr J B Boyer is a Director of Southampton Asset Management Limited.