5969271

OXECO PLC

Report & Accounts
For The Period Ended
31 January 2008

DIRECTORS AND OFFICERS

DIRECTORS
Jussi Westergren (Executive Chairman)
Michael Anthony Bretherton (Finance Director)
David Robert Norwood (Non-Executive Director)
Professor Stephen Davies (Non-Executive Director)
Professor William Graham Richards (Non-Executive Director)

COMPANY SECRETARY
Nigel Raymond Gordon

COMPANY NUMBER
5969271 (England & Wales)

COMPANY WEBSITE
www oxecoplc com

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CHAIRMAN'S STATEMENT

Your Company was established in October 2006 and was admitted to trading on AIM in December of that year with a net £2 84 million raised in cash and a stated strategy of seeking investments in or acquiring assets, businesses or companies in the technology and science sectors.

Oxeco Plc acquired the entire issued share capital of Oxray Limited ("Oxray") on 29 June 2007 The total consideration payable for Oxray was approximately £2 1 million satisfied by the issue new Ordinary Shares with a value of £2 0 million and the cash settlement of related acquisition costs amounting to £0 1 million

The Group's loss before tax for the period from incorporation on 17 October 2006 to 31 January 2008 was £58,000 and total equity shareholders funds at the period end amounted to £4 87 million including cash balances of £2 76 million

On completion of the acquisition of Oxray, I joined the Board as Executive Chairman, Professor Stephen Davies joined as a Non-executive Director and Professor Graham Richards changed his role from Non-executive Chairman to that of Non-executive Director

Oxray's primary objectives are the development of novel X-ray crystallography structure determination software and the provision of small-molecule X-ray crystallography structure services to both industry and academic institutions This is to be achieved by developing novel molecular structure determination software in-house, licensing IP and potentially making acquisitions in this field

Oxray has made good progress in the development of its X-ray crystallography structure determination software and the Company secured its first revenue contact in January 2008 The service will use a web portal behind which the Company will work to maximise the extent to which the service can be automated The Company intends to offer standardised response times to its customers but will also market premium services such as a fast-response and extended scientific reporting suitable to support customers' patent applications

Your Directors are continuing to evaluate a range of new commercial and acquisition opportunities which they believe fulfill the Company's original objectives of investing in the technology and science sectors and especially those which are complementary to the Company's enlarged business.

I would like to conclude by thanking our employees and management for their support in the growth and development of the Company in the period

Jussi Westergren
Executive Chairman

29 April 2008

DIRECTORS' REPORT

The Directors submit their report and the financial statements of Oxeco Plc for the period from incorporation on 17 October 2006 to 31 January 2008

PRINCIPAL ACTIVITIES

Oxeco Plc is a holding and management company, incorporated and domiciled in the UK The Group's principal activities are to invest in or acquire assets or companies in the technology and science sectors as well as to develop businesses in this field

BUSINESS REVIEW

A review of the Group's performance and future prospects is included in the Chairman's Statement on page 2

SOFTWARE DEVELOPMENT

The Company's subsidiary, Oxray Ltd, is in the process of developing X-ray crystallography structure determination software and intends to use a web portal to maximise the extent to which the service can be automated

All costs associated with the development of the software are expensed to the income statement as incurred

RESULTS AND DIVIDENDS

The consolidated trading loss for the period after taxation was £63,000 which has been transferred to reserves The Directors do not recommend the payment of a dividend

SHARE CAPITAL AND FUNDING

Full details of the Company's share capital movements during the period from incorporation on 17 October 2006 to 31 January 2008 are given in note 13 of the financial statements.

The Company has an authorised share capital of £1,000,000 divided into 1,000,000,000 ordinary shares of 0 1p each of which 600,000,000 had been issued at the balance sheet date

DIRECTORS AND THEIR INTERESTS

The Directors who held office during the period are given below

Jussi Westergren	*(appointed 29 June 2007)*	*(Executive Chairman)*
Michael Bretherton	*(appointed 17 October 2006)*	*(Finance Director)*
David Norwood	*(appointed 28 November 2006)*	*(Non-Executive Director)*
Professor Stephen Davies	*(appointed 29 June 2007)*	*(Non-Executive Director)*
Professor William Graham Richards	*(appointed 28 November 2006)*	*(Non-Executive Director)*

Directors' interests

Directors' interests in the shares of the Company, including family interests at 31 January 2008, were as follows

	Ordinary shares of 0 1p each 2008	Percentage of the issued share capital 2008
Jussi Westergren*	nil	nil
Michael Bretherton	2,000,000	0 33
David Norwood	56,500,000	9 41
Professor Stephen Davies	56,000,000	9 33
Professor William Graham Richards	1,000,000	0 17

* IPX Global Limited, one of the beneficiaries of which is Jussi Westergren, holds 56,000 000 shares in the Company

Directors' remuneration

The remuneration of the individual Directors who served in the period from incorporation on 17 October 2006 to 31 January 2008 was

	2008
	£
Jussi Westergren	5,833
Michael Bretherton	10,833
David Norwood	10,833
Professor Stephen Davies	5,833
Professor William Graham Richards	10,833
Total	44,165

All of the Directors are employed on letters of appointment for an initial period of 12 months which may be terminated on not less than 3 months notice thereafter The basic fee payable to each of the Directors is £10,000 per annum

The consulting fee payable by Oxeco Plc to Ora Capital Partners Plc as referred to in note 17 to the financial statements relates to executive services provided by Michael Bretherton

Profile of the Directors

Jussi Westergren, *Aged 36, Executive Chairman*

Jussi's academic background lies in theoretical physics and mathematics (McGill University, Montreal, the University of Helsinki and the University of Oxford respectively) In 1994 he founded his first company, Lateral Logic, in Montreal to develop complex simulation software primarily for specialised engineering and gaming applications In 1998, Jussi sold Lateral Logic and in 2000 he set up a second company, Gamecluster, Oy, a distributed computing company based in Helsinki Gamecluster, Oy was sold in 2003 to Softbank In 2001, Jussi launched Capacity Networks, based in the UK and Helsinki, which focuses on providing technology solutions to the leading games companies. Jussi is a founder shareholder of SRC Holdings (BVI) Limited, a holding company with diverse technology and research interests and which owns all of the share capital of IPX Global Limited, a company that focuses on the commercialisation of IP in the field of molecular physics

Michael Anthony Bretherton, BA, ACA, *Aged 52, Finance Director*

Michael Bretherton graduated in Economics from University of Leeds and then worked as an accountant and manager with PricewaterhouseCoopers for 7 years in both London and the Middle East He subsequently worked for The Plessey Company Plc before being appointed finance director of the fully listed Bridgend Group Plc in 1988 where he held the position for 12 years More recently, he has worked at the property and services company, Mapeley Limited as financial operations director and then at the entertainment software games developer, Lionhead Studios Limited, where he helped to complete a trade sale of the business to Microsoft in March 2006 Michael is currently also the finance director of Ora Capital Partners Plc

David Robert Norwood, MA, *Aged 38, Non-Executive Director*

David Norwood is the founder and former Executive Chairman of IP Group Plc David graduated in Modern History from Keble College, Oxford following which he worked as a foreign exchange trader at Bankers Trust and then as an investment analyst at Duncan Lawrie In 1997 he joined Williams de Broe to advise quoted and unquoted technology companies. David founded IndexIT Partnership in 1999, a technology advisory boutique which was subsequently acquired by Beeson Gregory Group Plc at which time he joined the board of Beeson Gregory and was appointed chief executive at the beginning of 2001 David joined the board of The Evolution Group Plc following its merger with Beeson Gregory in July 2002 and then became chief executive of IP Group Plc (formerly IP2IPO) when it floated on AIM in October 2003 David subsequently became Executive Chairman of IP Group Plc until October 2007 when he changed his role to that of Special Projects Director in order to focus on business development

Professor Stephen Davies, MA, DPhil, DSc, CChem, MRSC, *Aged 57, Non-executive Director*

Steve is currently chairman of the Department of Chemistry at the University of Oxford He has published over 420 research papers, and has been the recipient of numerous awards for his contribution to organic synthesis, including the Hickinbottom Fellowship (1984), the Pfizer Award for Chemistry (both 1985 and 1988), the Royal Society of Chemistry Award for Organometallic Chemistry (1987)

In 1992 Steve founded the spin-out chemistry service company Oxford Asymmetry, followed in 1995 by the Combinatorial chemistry company Oxford Diversity These were combined in 1998 for the flotation of Oxford Asymmetry International which was subsequently merged in 2000 with Evotec (to form Evotec-OAI) for £316 0 million In early 2003, Steve became a founding shareholder of VASTox Limited, the holding company of which floated on AIM in 2004

Professor William Graham Richards, CBE, MA, DPhil, DSc, CChem, FRSC, *Aged 67, Non-executive Director*

Graham Richards graduated in Chemistry from Brasenose College, Oxford in 1962 Graham has been a lecturer in the University of Oxford for over 35 years where he was also Chairman of Chemistry from 1997 to July 2006 Graham is a leading figure in the field of computer-aided drug design and is the author of over 300 scientific articles and 15 books He was awarded the Royal Society Mullard Award for his work on the development of the methods of computer aided molecular design, their application and exploitation and has been named as the recipient of the American Chemical Society's award for computers in chemical and pharmaceutical research Graham has also been a visiting professor at Stanford University and at the University of California, Berkeley

Graham has consulted for a number of major pharmaceutical companies and was a director of Catalyst Biomedica Limited, the technology transfer company of the Wellcome Trust, from 1998 to 2002 Graham is the scientific founder of Oxford Molecular Group Plc of which he was Chairman from 1989 to 1994 and Inhibox Limited of which he remains a director Graham is also a director of the University of Oxford technology transfer company Isis Innovation Limited and is senior Non Executive at IP Group Plc

SUBSTANTIAL SHAREHOLDERS

The Company is aware that, in addition to the holdings disclosed under Directors' interests in shares above, at 31 January 2008 the following persons had an interest in three per cent or more of the issued Ordinary Share capital of the Company

Name	Number of Ordinary Shares of 0 1p each	Percentage of the issued share capital
Ora Capital Partners Plc	271,500,000	45 25
Bainunah Trading Limited	76,000,000	12 67
David Watkin	20,000,000	3 33

CORPORATE GOVERNANCE

Ora Capital Partners Plc holds, as at 31 January 2008, shares representing approximately 45 25 per cent of the Company's issued share capital The Directors are satisfied that the Company is capable of carrying on its business independently of Ora and that all transactions and relationships between Ora and the Company are and will continue to be at arm's length and on commercial terms.

To ensure that Shareholders are adequately protected in this regard, the Company has entered into a relationship agreement with Ora pursuant to which it has given certain undertakings to the Company to the effect that the Board can amongst other things operate on an independent basis

The Directors recognise the importance of sound corporate governance and intend that the Company will comply with the main provisions of the QCA Guidelines insofar as they are appropriate given the Company's size and stage of development

The Board is responsible for formulating, reviewing and approving the Company's strategy, budgets and corporate actions The Directors hold Board meetings quarterly and at other times as and when required

The Company has established audit and remuneration committees of the Board with formally delegated duties and responsibilities.

Adoption of new articles of association (resolution 11)

It is proposed to adopt new articles of association (the "New Articles") with effect from 1 June 2008 The New Articles update the Company's current articles of association (the "Current Articles") primarily to take account of changes in English company law brought about by certain provisions of the Companies Act 2006 that will be in force by or on 1 October 2008 The principal changes introduced in the New Articles are set out in Appendix 1 behind the Notice of Annual General Meeting The changes, which are of a minor, technical or clarifying nature and also some more minor changes which merely reflect changes made by the Companies Act 2006 have not been noted Resolution 11 will be proposed as a special resolution

The Board

The Board currently comprises two executive and three non-executive Directors.

Audit Committee

The Board has established an audit committee with formally delegated duties and responsibilities The audit committee comprises two of the non-executive Directors, Stephen Davies and Graham Richards with Stephen as Chairman

Remuneration Committee

The remuneration committee comprises two of the non-executive Directors, Stephen Davies and Graham Richards It meets as required and at least annually to consider all aspects of the remuneration of the executive Directors of the Company

Internal Control

The Board is responsible for maintaining a sound system of internal control The Board's measures are designed to manage, not eliminate risk and such a system provides reasonable but not absolute assurance against material misstatement or loss

Some key features of the internal control system are

(i) Management accounts information and business risk issues are regularly reviewed by the Board who meet at least 4 times per year,

(ii) The Company has operational, accounting and employment policies in place,

(iii) There is a clearly defined organisational structure and there are well-established financial reporting and control systems,

(iv) Accounting systems and procedures will be reviewed at least annually as the business grows in order to ensure that they are appropriate to the size and complexity of the business, and

(v) The precise accounting controls and procedures to be adopted by the Company following an acquisition of a subsidiary business will be determined at the time an acquisition is made

Going Concern

The Directors confirm that they are satisfied that the Company has adequate resources to continue in business for the foreseeable future For this reason, they continue to adopt the going concern basis in preparing the financial statements

RISK MANAGEMENT

Details of the principal risks and uncertainties facing the Company and its risk management objectives and policies are disclosed in note 11 to the financial statements.

DONATIONS

No charitable or political donations were made in the period

POLICY ON PAYMENT OF CREDITORS

It is Group and Company policy to agree and clearly communicate the terms of payment as part of the commercial arrangements negotiated with suppliers and then to pay according to those terms based on the timely receipt of an accurate invoice

Creditor days at 31 January 2008 are 60 days.

EMPLOYMENT POLICIES

The Group supports employment of disabled people wherever possible through recruitment, by retention of those who become disabled and generally through training, career development and promotion

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

UK Company law requires the Directors to prepare Group and Company financial statements for each financial year Under that law the Directors are required to prepare Group financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU and have elected to prepare the Company financial statements in accordance with IFRS as adopted by the EU

The Group financial statements are required by law and IFRS adopted by the EU to present fairly the financial position and performance of the Group, the Companies Act 1985 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation

The Company financial statements are required by law to give a true and fair view of the state of affairs of the Company

In preparing each of the Group and Company financial statements, the Directors are required to

(a) select suitable accounting policies and then apply them consistently,

(b) make judgements and estimates that are reasonable and prudent,

(c) state whether they have been prepared in accordance with IFRSs adopted by the EU, and

(d) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and 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 requirements of the Companies Act 1985 They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

The Directors are also responsible for the maintenance and integrity of the Oxeco website, www oxecoplc com

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITORS

The Directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware Each of the Directors have confirmed that they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor

AUDITORS

Baker Tilly UK Audit LLP, Chartered Accountants, were appointed auditors to the Company and in accordance with section 385 of the Companies Act 1985, a resolution to reappoint them will be put to the members at the Annual General Meeting

Approved by the board

Nigel Gordon
Company Secretary

29 April 2008

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF OXECO PLC

We have audited the Group and Parent Company financial statements on pages 10 to 21

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985 Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and International Financial Reporting Standards ("IFRSs") as adopted by the European Union ("EU") 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 whether the financial statements have been properly prepared in accordance with the Companies Act 1985 We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

The information given in the Directors' Report includes that specific information presented in the Chairman's Statement that is cross referenced from the Business Review section in the Directors' Report

In addition we 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 other transactions is not disclosed

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements The other information comprises only the Directors' Report and Chairman's Statement We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information

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 Group's and 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

OPINION

In our opinion

- the Group financial statements give a true and fair view, in accordance with IFRSs as adopted by the EU, as applied in accordance with the provisions of the Companies Act 1985, of the state of the Group's affairs as at 31 January 2008 and of its loss for the period then ended,
- the Parent Company financial statements give a true and fair view, in accordance with IFRSs as adopted by the EU as applied in accordance with the provisions of the Companies Act 1985, of the state of the Parent Company's affairs as at 31 January 2008,
- 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.

BAKER TILLY UK AUDIT LLP Baker Tilly UK Audit LLP
Registered Auditor
Chartered Accountants

2 Bloomsbury Street
London WC1B 3ST

29 April 2008

CONSOLIDATED INCOME STATEMENT

For the period from incorporation on 17 October 2006 to 31 January 2008

	Notes	2008 £'000
Revenue		7
Administrative expenses		(243)
Operating loss	2	(236)
Finance income	3	178
Loss before taxation		(58)
Taxation	5	(5)
Retained loss for the period		(63)
Loss per share		
Basic and diluted	6	(0 01)p

The loss for the period arises from the Group's continuing operations and includes contributions from subsidiaries acquired in the period as set out in note 15 of the financial statements

STATEMENTS OF CHANGES IN EQUITY

For the period from incorporation on 17 October 2006 to 31 January 2008

The Group

	Share Capital £'000	Share Premium £'000	Retained Deficit £'000	Total Equity £'000
At 17 October 2006	–	–	–	–
Loss for the period	–	–	(63)	(63)
Issue of shares	600	4,500	–	5,100
Expenses of issue of shares	–	(167)	–	(167)
At 31 January 2008	600	4,333	(63)	4,870

The Company

	Share Capital £'000	Share Premium £'000	Retained Earnings £'000	Total Equity £'000
At 17 October 2006	–	–	–	–
Profit for the period	–	–	21	21
Issue of shares	600	4,500	–	5,100
Expenses of issue of shares	–	(167)	–	(167)
At 31 January 2008	600	4,333	21	4,954

BALANCE SHEETS

As at 31 January 2008

	Notes	Group 2008 £'000	Company 2008 £'000
Assets			
Non-current assets			
Property, plant and equipment	7	2	–
Intangible assets-goodwill	8	2,120	–
Investments	9	–	2,100
		2,122	2,100
Current assets			
Trade and other receivables	10	29	223
Cash and cash equivalents	11	2,761	2,646
		2,790	2,869
Total assets		4,912	4,969
Liabilities			
Current liabilities			
Trade and other payables	12	(37)	(10)
Current taxation	5	(5)	(5)
Total liabilities		(42)	(15)
Net assets		4,870	4,954
Equity			
Attributable to equity holders of parent			
Issued share capital	13	600	600
Share premium	14	4,333	4,333
Retained (deficit)/earnings		(63)	21
Total equity		4,870	4,954

Approved by the board of Directors and authorised for issue on 29 April 2008 and signed on its behalf by

M A Bretherton
Finance Director

CASH FLOW STATEMENTS

For the period from incorporation on 17 October 2006 to 31 January 2008

	Group 2008 £'000	Company 2008 £'000
Operating activities		
Operating loss	(236)	(152)
Increase in trade and other receivables	(29)	(223)
(Decrease)/increase in trade and other payables	(15)	10
Net cash outflow from operations	(280)	(365)
Investing activities		
Purchase of property, plant and equipment (see note 7)	(2)	–
Acquisitions of subsidiaries (see note 15)	(100)	(100)
Cash in subsidiaries at acquisition	32	–
Net cash outflow from investing activities	(70)	(100)
Financing activities		
Proceeds from issue of share capital	3,100	3,100
Expenses of issue of share capital	(167)	(167)
Interest received	178	178
Net cash inflow from financing activities	3,111	3,111
Increase in cash and cash equivalents	2,761	2,646
Cash and cash equivalents at 17 October 2006	–	–
Cash and cash equivalents at 31 January 2008	2,761	2,646

NOTES TO THE FINANCIAL STATEMENTS

For the period from incorporation on 17 October 2006 to 31 January 2008

1. Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU

Consolidation

The consolidated financial statements incorporate those of Oxeco Plc and its subsidiary undertaking, Oxray Ltd

Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than half of the voting rights The existence and effects of potential voting rights are considered when assessing whether the Group controls the entity Subsidiaries are fully consolidated from the date control passes

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group The costs of an acquisition are measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are initially measured at fair value at acquisition date irrespective of the extent of any minority interest The difference between the cost of acquisition of shares in subsidiaries and the fair value of the identifiable net assets acquired is capitalised as goodwill and reviewed annually for impairment Any deficiency of the cost of acquisition below the fair value of identifiable net assets acquired (i e discount on acquisition) is recognised directly in the income statement

All intra-group transactions, balances, and unrealised gains on transactions between Group companies are eliminated on consolidation Subsidiaries' accounting policies are amended where necessary to ensure consistency with the policies adopted by the Group All financial statements are made up to 31 January 2008

As provided by section 230 of the Companies Act 1985, no income statement is presented for Oxeco Plc The profit after tax dealt with in the income statement of the Company for the period from incorporation on 17 October 2006 to 31 January 2008 amounted to £21,000

Property, plant and equipment

Property, plant and equipment assets are stated at historical cost

Depreciation is provided on all property, plant and equipment assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows

Office furniture and equipment over 3 years

Investments

Investments in subsidiaries are stated in the balance sheet of the Parent Company at cost less provision for any impairment

Intangible assets – goodwill

Goodwill arising on consolidation of subsidiaries represents the excess of fair value of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities at the date of acquisition

Goodwill is tested for impairment annually and whenever there is an indication that the asset may be impaired

Impairment of property, plant and equipment and intangible assets

At each balance sheet date, the Group reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any)

Discounted cash flow valuation techniques are generally applied for assessing recoverable amounts using 5 year forward looking cash flow projections and terminal value estimates, together with discount rates appropriate to the risk of the related cash generating units

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount An impairment loss is recognised as an expense immediately

Financial assets and liabilities

Trade and other receivables

Trade and other receivables do not carry any interest and are initially recognised at fair value They are subsequently measured at amortised cost using the effective interest rate method, less any provision for impairment

Trade and other payables

Trade and other payables are not interest bearing and are initially recognised at fair value They are subsequently measured at amortised cost using the effective interest method, less any provision for impairment

Cash and cash equivalents

Cash and cash equivalents comprise cash at hand and deposits on a term of not greater than 3 months

Revenue

Revenue is measured at the fair value of the consideration received or receivable in the normal course of business, net of discounts, VAT and other sales related taxes and is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow in to the Group

Software development

All costs associated with the development of software are expensed to the income statement as incurred

Segmental reporting

The Group's activities are considered to comprise one business and one geographical segment which consists of the provision of molecular structure determination software services to both industry and academic institutions in the UK

Taxation

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

The tax currently payable is based on taxable loss for the period The Group's liability for current tax is calculated by using tax rates that have been enacted or substantively enacted by the balance sheet date deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable loss, and is accounted for using the balance sheet liability method

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that itis probable that taxable profits will be available against which deductible temporary differences can be utilised Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled Deferred tax is charged or credited in the income statement, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity

Critical accounting estimates and areas of judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances Actual results may differ from these estimates

The estimates and assumptions in relation to goodwill are considered to have the most significant effect on the carrying amount of the assets in the financial statements as discussed below The Group is required to test at least annually, whether goodwill has suffered any impairment The recoverable amount is determined using value in use calculations. The use of this method requires the estimation of future cash flows and the selection of a suitable discount rate in order to calculate the present value of these cash flows.

Accounting standards and interpretations not applied

At the date of authorisation of these financial statements, the following Standards and Interpretations that have not been applied in these financial statements were in issue but not yet effective or endorsed (unless otherwise stated)

IFRS 2	Share based payment – Amendments relating to vesting conditions and cancellations
IFRS 3	Business Combinations – Amendments
IFRS 7	Financial Instruments Disclosures – Consequential amendments arising from amendments to IAS32
IFRS 8	Operating Segments (endorsed)
IAS 1	Presentation of Financial Statements – Revised
IAS 1	Presentation of Financial Statements – Amendments relating to Puttable Financial Instruments and obligations arising on liquidation
IAS 23	Borrowing Costs – Amendment
IAS 27	Consolidated and separate Financial Statements – Consequential amendments arising from amendments from IFRS3
IAS 28	Investments in Associates – Consequential amendments arising from amendments to IFRS3
IAS 31	Interest in Joint Ventures – Consequential amendments arising from amendments to IFRS3
IAS 32	Financial Instruments Presentation – Amendments relating to Puttable Financial Instruments and obligations arising on liquidation
IAS 39	Financial Instruments Recognition and Measurement – Consequential amendments arising from amendments to IAS 32
IFRIC 2	Members' Shares in Co-operative Entities and Similar Instruments – Consequential amendments arising from amendments to IAS 32
IFRIC 11	IFRS 2 – Group and Treasury Share Transactions (endorsed)
IFRIC 12	Service Concession Arrangements
IFRIC 13	Customer loyalty programmes
IFRIC 14	IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction

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

2 Operating loss

	Period to 31 January 2008 £'000
Operating loss is stated after charging	
Depreciation of property, plant and equipment	1
Operating lease rentals on land and buildings	4
Other operating lease rentals	3
Staff costs (see note 4)	73
Auditor's remuneration	
Fees payable to the Company's auditor for the audit of the Company's annual accounts	10
Fees payable to the Company's auditor for the audit of the annual accounts of subsidiary	7
Other services pursuant to legislation (charged to share premium)	35
Other fees paid	3
Total auditor's remuneration	55

3. Finance income

	Period to 31 January 2008 £'000
Bank interest receivable	178

4. Staff costs

The average monthly number of persons (including Directors) employed by the Group during the period was

	2008 Number
Administration and management	6

The aggregate remuneration comprised

	Period to 31 January 2008 £'000
Wages and salaries	70
Social Security costs	3
	73

Director's remuneration included in the aggregate remuneration above comprised

	Period to 31 January 2008 £'000
Emoluments for qualifying services	44

In addition, the Group paid fees of £18,000, (see note 17), to Ora Capital Partners Plc for consultancy services provided by Michael Bretherton

5. Taxation

The Group

	Period to 31 January 2008 £'000
Current tax:	
UK corporation tax on losses of period	5
Deferred tax:	
Origination and reversal of timing differences	–
Tax on loss on ordinary activities	5

Factors affecting tax charge for the year
The tax assessed for the period varies from the standard rate of corporation tax as explained below

The Group	
Loss on ordinary activities before tax	(58)
Loss on ordinary activities multiplied by the standard rate of corporation tax (30%)	(17)
Effects of	
Expenses not deductable for tax purposes	8
Unutilised tax losses	14
Current tax charge for the year	5

The Group has estimated losses of £163,000 in subsidiaries available for carry forward against future trading profit The Group has not recognised deferred tax assets of £45,000 relating to these losses as their recoverability is uncertain

6. Loss per share

Basic loss per share is based on the net loss for the period of £63,000 attributable to equity shareholders related to the weighted average number of ordinary shares in issue during the period of 456,050,955 Fully diluted loss per share is the same as basic loss per share

7 Property, plant and equipment

The Group

	Fixtures and equipment £'000
Cost	
At 17 October 2006	–
Acquisition of subsidiary (see note 15)	1
Additions	2
At 31 January 2008	3
Depreciation	
At 17 October 2006	–
Charge for the period	1
At 31 January 2008	1
Net book value	
At 31 January 2008	2
At 17 October 2006	–

8. Intangible assets – goodwill

The Group

	2008 £'000
At 17 October 2006	–
Arising on acquisition of subsidiary (see note 15)	2,120
At 31 January 2008	2,120

Goodwill arising on the acquisition of the subsidiary relates to the Group's Oxray Ltd subsidiary cash generating unit and is principally attributable to anticipated future earnings growth

9. Investment in subsidiary

The Company

	2008 £'000
Cost and book value at 17 October 2006	–
Additions (see note 15)	2,100
Cost and book value at 31 January 2008	2,100

There has been no impairment loss to the investment in the subsidiary in the period

At 31 January 2008 the Company had an investment in a subsidiary where it holds 50 per cent or more of the issued share capital of the following companies

Undertaking	Sector	Website	31 January 2008 Share of issued ordinary share capital and voting rights %
Oxray Ltd	Technology	www oxray com	100

The Company is incorporated in England and Wales and operates wholly or mainly in the country of incorporation

All subsidiaries have been included in the consolidated financial statements

10 Trade and other receivables

	Group 2008 £'000	Company 2008 £'000
Trade receivables	6	–
Prepayments and accrued income	23	23
Amounts owed by subsidiary undertakings	–	200
	29	223

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

11. Risk management of financial assets and liabilities

The Group is exposed to a number of risks through its normal operations, the most significant of which are market, credit and liquidity risks. The management of these risks is vested in the Board of Directors.

Categorisation of financial instruments

	Loans and receivables £'000	Financial liabilities at amortised cost £'000	Total £'000
At 31 January 2008			
Trade and other receivables	6	–	6
Cash and cash equivalents	2,761	–	2,761
Trade and other payables	–	(35)	(35)
Total	2,767	(35)	2,732

The Group had no gains at fair value through profit and loss

The disclosures above are only provided on a Group consolidated basis as the Directors do not believe there is any material benefit in providing similar information for the Company

Management of market risk

The most significant area of market risk to which the Group is exposed is interest risk

As the Group has no significant borrowings it has only a limited interest rate risk The principal impact to the Group is the result of interest-bearing cash and cash equivalent balances held as set out below

	31 January 2008		
	Fixed rate £'000	Floating rate £'000	Total £'000
Cash and cash equivalents	2,111	650	2,761

The impact of an increase/decrease by 1 percentage point in the rate of interest earned on the above period end interest-bearing cash and cash equivalent balances equates to £27,610 per annum on the Group's pre tax results for the period and on equity

Management of credit risk

The Group's principal financial assets are bank balances and cash

The Group deposits surplus liquid funds with counterparty banks that have high credit ratings

The maximum exposure to credit risk on the Group's financial assets and liabilities is represented by their carrying amounts as outlined in the categorisation of financial instruments table above

The Group does not consider that any changes in fair value of financial assets or liabilities in the year are attributable to credit risk

No aged analysis of financial assets is presented as no financial assets are part due at the reporting date with the exception of trade receivables and other receivables, which the Directors do not consider to be material

Management of liquidity risk

The Group seeks to manage liquidity risk to ensure that sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably The Group deems there is sufficient liquidity for the foreseeable future

No maturity analysis for financial liabilities is presented, as the Directors consider that liquidity risk is not material

The Group and the Company had cash and cash equivalents at 31 January 2008 of £2,761,000

As at 31 January 2008 all financial assets and liabilities mature for payment within one year

12. Trade and other payables

	Group 2008 £'000	Company 2008 £'000
Trade payables	17	–
Other taxes and social security	2	–
Accruals	18	10
	37	10

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

13. Share capital

The Group and the Company

	2008 Number	2008 £'000
Authorised·		
Ordinary shares of 0 1p	1,000,000,000	1,000
Allotted, issued and fully paid:		
Ordinary shares of 0 1p	600,000,000	600

The Company was incorporated on 17 October 2006, on which date the authorised share capital was £1,000,000 divided into 100,000,000 shares of 0 1p each, 2 of which were issued at par value

On 19 October 2006 the Company allotted and issued 99,999,998 shares of 0 1p each for cash at par value

On 21 December 2006 the Company placed 300,000,000 shares of 0 1p each on the Alternative Investment Market (AIM) for cash at a price of 1p per share, resulting in a share premium of £2,700,000

On 29 June 2007 the Company allotted 200,000,000 shares of 0 1p each at a price of 1p per share in connection with the acquisition by the Company of the entire issued share capital of Oxray Ltd, resulting in a share premium of £1,800,000 (see note 15)

14. Share premium account

The Group and the Company

	2008 £'000
At 17 October 2006	–
Premium on issue of shares in the period	4,500
Expenses of issue of shares	(167)
At 31 January 2008	4,333

See note 13 to the financial statements for details of shares issued in the period

15. Purchase of subsidiary undertakings

On the 29 June 2007, the Company acquired 100 per cent of the issued share capital of Oxray Ltd by issue of 200,000,000 ordinary shares at 1p share for a value of £2,000,000 together with the settlement in cash of costs of £100,042

The 1p price was agreed with the Oxray vendors as the appropriate fair value of the Oxeco shares not with standing that the quoted market price of the shares on the date of announcing the deal on 27 March 2007 was 5 5p The 1p price was determined to be the appropriate fair value taking into account the following factors

(i) there was very limited liquidity in the Oxeco shares between the date of admission to the AIM market in December 2006 and agreeing terms with the Oxray vendors and announcing the deal on 27 March 2007,

(ii) 1p was the actual subscription price at which £3 0 million of new money was raised by the Company on admission to the AIM market in December 2006, and

(iii) Oxeco had not traded or made any acquisitions or announced any valuation changing events between the date of admission to AIM and the date of agreeing terms with the Oxray vendors.

The aggregate amount of the difference between the value attributed to these equity instruments and the published price, is £8,500,000

This acquisition has been accounted for by the purchase method of accounting as summarised below Assets and liabilities acquired represent the carrying value at date of acquisition The Director's believe that carrying value is a reasonable approximation of fair value

	Oxray Ltd £'000
Net assets/(liabilities) acquired (100%)	
Fixed assets	1
Cash	32
Other net liabilities	(53)
Net liabilities acquired	(20)
Goodwill on acquisition	2,120
Total Consideration	2,100
Satisfied by.	
Issue of shares	2,000
Cash	100
Total	2,100

The above values of net liabilities on acquisition of the subsidiary comprise book value carrying amounts which the Directors estimate to be the same as their fair value amount

For the period between the date of acquisition on 29 June 2007 and 31 January 2008, Oxray contributed revenues of £6,870 and the loss before tax contribution amounted to £83,388 If Oxray had been consolidated in full from the period of incorporation of Oxeco, the revenue of Oxray would have been the same and the loss before tax contribution of Oxray would have been £203,834

16. Commitments under operating leases

At 31 January 2008, the Company had no commitments under non-cancellable leases and the Group had commitments falling due as follows

	Motor Vehicle 2008 £'000
Expiring within one year	5
Expiring between one and five years	5
Total commitments	10

17. Related party transactions

Trading transactions

During the period the Company entered into the following transactions with Ora Capital Partners Plc which as at 31 January 2008 holds 45 25 per cent of the Company's issued share capital

	Group 2008 £'000	Company 2008 £'000
Management consultancy fees charged by Ora Capital Partners Plc in the period	18	18

The outstanding balance owed to Ora Capital Partners Plc at the balance sheet date was £1,175

During the period, Oxray borrowed £200,000 from the Company for working capital purposes. The loan is non-interest bearing and is repayable on demand, the outstanding balance at 31 January 2008 was £200,000

Transactions with Key Management Personnel

The Group's key management personnel comprised only the Directors of the Company

During the period Group companies entered into the following transactions in which the Directors' had an interest

(i) *Directors' remuneration*

The remuneration of the individual Directors is provided in the Directors' Report and disclosed in note 4 of the financial statements

(ii) Directors' had investments in Ora Capital Partners Plc as follows as at 31 January 2008

Director	Percentage of issued share capital of Ora held
David Norwood	3 00
Michael Bretherton	0 06

Michael Bretherton and David Norwood are both Directors of Ora Capital Partners Plc

18. Ultimate controlling party

The Directors do not believe that there is an ultimate controlling party

NOTICE OF THE ANNUAL GENERAL MEETING

Oxeco Plc

(Incorporated in England and Wales under the Companies Act 1985 with registered number 05969271)

Notice is hereby given that the 2008 Annual General Meeting of Oxeco Plc will be held at the offices of Fasken Martineau Stringer Saul LLP, Fourth Floor, 17 Hanover Square, London W1S 1HU on Thursday, 29 May 2008 at 10 30 a m to transact the following business

ORDINARY BUSINESS

1 To receive and adopt the Directors' Report, the Audited Statement of Accounts and Auditors' report for the period that commenced on incorporation and ended 31 January 2008

2 To re-elect David Robert Norwood as a Director of the Company, who retires by rotation pursuant to the Articles of Association of the Company

3 To re-elect Michael Anthony Bretherton as a Director of the Company, who retires by rotation pursuant to the Articles of Association of the Company

4 To re-elect Stephen Graham Davies as a Director of the Company, who retires by rotation pursuant to the Articles of Association of the Company

5 To re-elect William Graham Richards as a Director of the Company, who retires by rotation pursuant to the Articles of Association of the Company

6 To re-elect Jussi Pekka Westergren as Director of the Company, who retires by rotation pursuant to the Articles of Association of the Company

7 To appoint Baker Tilly UK Audit LLP as auditors of the Company and to authorise the Directors to determine their remuneration

SPECIAL BUSINESS

As special business to consider and, if thought fit, pass the following resolutions, of which Resolution 8 will be proposed as an ordinary resolution and Resolutions 9, 10 and 11 will be proposed as special resolutions

Allotment of shares

8 THAT the Directors be and they hereby are generally and unconditionally (in substitution for all previous powers granted thereunder) to allot relevant securities (within the meaning of section 80 of the Companies Act 1985) (the "Act") up to an aggregate nominal amount of £200,000 00 provided that this authority shall expire at the conclusion of the annual general meeting of the Company to be held in 2009 or 31 July 2009 (whichever is the earlier), unless and to the extent that such authority is renewed or extended prior to such date, 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 in pursuance of such offer or agreement as if the authority conferred hereby has not expired This authority shall be in substitution for any other authority to allot relevant securities but is without prejudice to the continuing authority of the Directors to allot relevant securities in pursuance of an offer or agreement made before the expiry of the authority pursuant to which such offer or agreement was made

Disapplication of pre-emption rights

9 THAT the Directors be and they hereby are authorised and empowered pursuant to section 95 of the Act (in substitution for all previous powers granted thereunder) to allot equity securities (within the meaning of section 94 of the Act) for cash pursuant to the authority conferred by the ordinary resolution at Resolution 8 above as if section 89(1) of the Act did not apply to such allotment provided that this power shall be limited to

(a) the allotment of equity securities on a pro rata basis in favour of shareholders where the equity securities respectively attributable to the interests of such shareholders are proportionate (as nearly as maybe) to the respective number of ordinary shares held by them, but subject to such exclusions and other arrangements as the Directors may deem necessary or expedient to deal with legal or practical problems in respect of overseas holders, fractional entitlements or otherwise,

(b) the allotment (other than pursuant to sub-paragraph (a) above) of equity securities having in the case of relevant shares (as defined for the purpose of section 89 of the Act) a nominal amount or, in the case of other equity securities, giving the right to subscribe for or convert into relevant shares having a nominal amount not exceeding £60,000 00 (representing 10 per cent of the issued share capital of the Company at the date of this notice) in aggregate,

provided that this power shall expire at the exclusion of the annual general meeting of the Company to be held in 2009 or 31 July 2009 (whichever is earlier) unless and to the extent that such authority is received or extended prior to such date that the Company may, before expiry of this power, make any offer or agreement which would or might require equity securities to be allotted after the expiry of this power and the directors may allot equity securities in pursuance of such offer or agreement as if the power had not expired

Buy-back of shares

10 THAT the Company be and is hereby generally and unconditionally authorised, pursuant to section 166 of the Companies Act 1985 to make market purchases (as defined in section 163 of the Companies Act 1985) of its own ordinary shares of 1p each ("Ordinary Shares") on such terms and in such manner as the directors of the Company shall determine, the general authority conferred by this resolution shall

(a) be limited to a maximum of 89,940,000 Ordinary Shares (being 14 99 per cent of the issued share capital of the Company as at 28 April 2008),

(b) not permit payment of a price per Ordinary Share, exclusive of expenses of less than 1p or more than 105 per cent of the average price at which business was done in the Ordinary Shares of the Company in the five business days preceding the purchase,

(c) expire on the earlier of the conclusion of the Annual General Meeting of the Company to be held in 2009 and 15 months after the passing of this resolution save that the Company may before the expiry of the power hereby conferred contract to purchase its own Ordinary Shares which contract requires or might require the purchase of such Ordinary Shares wholly or partly after such expiry

Amendment to Articles of Association

11 That the Articles of Association produced to the meeting and signed by the Chairman for the purposes of identification be approved and adopted as the Articles of Association of the Company in substitution for and to the exclusion of the current Articles of Association, with effect from the conclusion of the 2008 annual general meeting of the Company

By order of the Board

Nigel Gordon
Secretary

29 April 2008

Registered office
Fifth Floor
17 Hanover Square
London
W1S 1HU

EXPLANATORY NOTES

Entitlement to attend and vote

1 Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those members registered on the Company's register of members at

- 10 30 a m on Tuesday, 27 May 2008, or,
- if this Meeting is adjourned, at 10 30 a m on the day two days prior to the adjourned meeting, shall be entitled to attend and vote at the Meeting

Appointment of proxies

2 If you are a member of the Company at the time set out in note 1 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the Meeting and you should have received a proxy form with this notice of meeting You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form

3 A proxy does not need to be a member of the Company but must attend the Meeting to represent you Details of how to appoint the Chairman of the Meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form If you wish your proxy to speak on your behalf at the Meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them

4 A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution If you either select the "Discretionary" option or if no voting indication is given, your proxy will vote or abstain from voting at his or her discretion Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting

Appointment of proxy using hard copy proxy form

5 The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote

To appoint a proxy using the proxy form, the form must be

- completed and signed,
- sent or delivered to Capita Registrars (Proxies), The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, and received by Capita Registrars no later than 10 30 a m on Tuesday, 27 May 2008

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

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

Appointment of proxy by joint members

6 In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior)

Changing proxy instructions

7 To change your proxy instructions simply submit a new proxy appointment using the methods set out above Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions, any amended proxy appointment received after the relevant cut-off time will be disregarded

Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact Capital Registrars (Proxies), The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU

If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence

Termination of proxy appointments

8 In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment as above In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice

The revocation notice must be received by Capita Registrars no later than 10 30 a m on Tuesday, 27 May 2008 If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid

Appointment of a proxy does not preclude you from attending the Meeting and voting in person If you have appointed a proxy and attend the Meeting in person, your proxy appointment will automatically be terminated

Issued shares and total voting rights

9 As at 6 00 p m on 28 April 2008, the Company's issued share capital comprised 600,000,000 ordinary shares of 0 01p each Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 6 00 p m on 28 April 2008 is 600,000,000

APPENDIX 1 – ADOPTION OF NEW ARTICLES OF ASSOCIATION

EXPLANATORY SUMMARY FOR PROPOSED AMENDMENTS TO BE INCORPORATED IN NEW ARTICLES

Set out below is a summary of the main differences between the current Articles of Association and the proposed new Articles of Association ("the New Articles")

The number used below to identify each article, unless otherwise indicated, corresponds to the numbering used in the Company's current Articles.

1. Definitions (Article I)

Article 1 1 is amended as follows

New definitions of "CA 1985", "CA 2006" and "the Acts" are inserted to cater for the fact that the 2006 Act is being brought into force and the Act is being repealed in stages between January 2007 and October 2009 Consequential amendments are made throughout the New Articles to reflect the inclusion of these new definitions

The definition of "Electronic Communication" is deleted, as the previous definition related to provisions in the CA 1985 which have been repealed in January 2007 Instead, the definition of

"Electronic Form" is inserted to reflect the new terms under the CA 2006

A new definition of "address" is inserted As well as the ordinary meaning of the word "Address" also means any number or address used for the purposes of sending or receiving notices, documents or information by electronic means. This definition corresponds with the relevant definition of "address" in the CA 2006 and is inserted because the term is used frequently in the new Articles of Association

Further amendments to Article 1 1 clarify that the documents and information which are sent electronically or placed on a website by the Company are "in writing" for the purposes of New Articles.

2. Notice of General Meetings (Article 62)

Article 62 is amended to stay in line with the provisions of the CA 2006 regarding notice periods for general meetings

The CA 2006 reduces the minimum notice period for all general meetings (with the exception of annual general meetings) to 14 (fourteen) clear days and the amendments to Article 62 allows the Company to take advantage of such provisions.

Article 62 is also amended to reflect the position under the CA 2006 that a Shareholder may appoint more than one proxy in relation to a meeting

3. Adjournment (Article 68 and new Article 69 and 70)

The provisions on adjournment have been updated to authorise the chairman to adjourn the meeting, without the consent of the meeting, if such an adjournment is, in the chairman's opinion, necessary to ensure that there is sufficient room for all Shareholders and proxies who wish to attend, to preserve the orderly conduct of the meeting, to protect the safety of any person attending or to ensure the business of the meeting can he properly carried out

4. Security of general meeting (New Articles 77 and 78)

New Articles 77 and 78 are proposed to allow for appropriate security measures to be taken in order to secure the safety of the people attending a general meeting and enable arrangements to be made to allow simultaneous attendance of the general meeting at satellite meeting places

5. Electronic Proxies (Article 81 (now Article 85) and new Article 86)

The CA 2006 provides that when a company has given an electronic address in a notice of meeting or form of proxy, it is treated as having accepted that a communication in relation to that notice of meeting or form of proxy can be sent to that electronic address Amendments to Article 81 (now

Article 85) and new Article 86 are inserted to enable the Company to receive appointments of proxies in electronic form subject to the conditions or limitations which are specified in the notice of meeting

6 **Corporate representatives (Articles 82, now Article 87)**

Article 82 is amended in line with the provisions of the CA 2006 Under the CA 2006, multiple corporate representatives may be appointed, but if they purport to exercise their rights in different way, then the power is treated as not being exercised

7. **Disclosure of Interests in Shares (Articles 871 and 88, now Article 92 and 93)**

The provisions relating to the disclosure of interests in shares contained in the CA 1985 including Section 212 on company investigation powers, were repealed in January 2007 Provisions of the CA 2006, which contain the corresponding company investigation powers previously contained in Section 212, were brought into force simultaneously Articles 87 and 88 are amended to reflect the replacement of the old provisions with the new

The definition of "approved transfer" in Article 88 5 3 1 (now Article 93 5 3 1) is amended to refer to the definition of "takeover offer" set out in Section 974 and Part 23 of the CA 2006 to replace the definition in the CA 1985 This is because the definition in the CA 1985 was repealed and replaced by that in the CA 2006 in April 2007

8 **Remuneration of Directors (Article 91, now Article 96)**

Article 91 is amended, by replacing the maximum aggregate remuneration figure of £100,000 with £200,000

9. **Notices and Electronic Communication by the Company (Articles 186 to 192, now Articles 191 to 197)**

Articles 186 to 192 are amended in line with CA 2006 to provide the Company with a general power to send or give any notice, document or information to any Shareholder by a variety of methods such as in person, by post or in electronic form (such as by email), or by making it available on the Company's website depending on the individual Shareholder's preference In addition to any notice, document or information which is specifically required to be supplied under the CA 2006 or the Articles of Association, Articles 191 to 197 in the New Articles will also allow the Company to send any other document or information to Shareholders by the variety of methods described above

If the Company gives any notice or sends any document or information to its Shareholders by making it available on the Company's website, it must comply with the requirements of the CA 2006 and Articles 196 to 197 in the New Articles

The Company will be able to ask each individual Shareholder for his or her consent to receive communications from the Company via its website If the Shareholder does not respond to the request for consent within 28 days, the Company may take that as consent by the Shareholder to receive communications in this way When the Company makes a document available on its website, it must notify each Shareholder who has consented (or is deemed to have consented) to receive documents via the website, either by post or by email (if the Shareholder has previously provided their email address), that the document has been made available on the website A Shareholder who has received a document electronically can request a hard copy of any document at any time Shareholders can also revoke their consent to receive electronic communications at any time

The new Article 197 4 deals with the ease of joint holders of shares and provides that the agreement of the first named holder on the register of shareholders to accept notices, documents or information electronically or via a website will be binding on the other joint holders

The new Article 197 5 is to cater for situations where the provision of corporate information in electronic form may amount to a breach of securities laws of another jurisdiction The effect of this new Article is to permit the Company not to give or send any notice, document or information to a Shareholder whose registered address is not within the UK unless that Shareholder has given a non electronic address within the UK

10. Communication to the Company (New Articles 198 to 201)

New provisions have been added to the Articles in order to clarify the methods by which Shareholders can communicate with the Company This is extended (from hard copy documents or information sent or supplied by hand or by post) pursuant to the new electronic communication provisions in the CA 2006 to include electronic communication to an address specified for the purpose by the Company for the purposes of receiving such communication

11. Indemnity (Article 196, now Article 205)

The provisions relating to the indemnity of directors and other officers are amended in line with the CA 2006 to extend the scope of potential indemnities which may be granted to directors of pension trustee companies. Under Section 235 of the CA 2006, a director of a pension trustee company can be indemnified by the pension trustee company itself or an associated company against liability incurred in connection with the Company's activities as a trustee of the scheme The indemnity cannot extend to liabilities to pay criminal or regulatory fines or to defending criminal proceedings in which the director is convicted