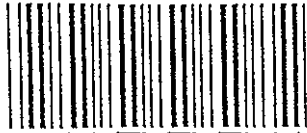


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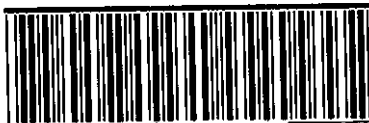
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THE BIOSCIENCE INNOVATION CENTRE PLC

See cover



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THIS DOCUMENT IS IMPORTANT. If you are in any doubt about the contents of this document you should consult your broker, bank manager, solicitor, accountant or other independent professional adviser authorised pursuant to the Financial Services Act 1986, who specialises in advising on the acquisition of shares and securities.

Any person receiving a copy of this document (or an Application Form) in any territory other than the United Kingdom should refer to paragraph 6 of Part V of this document.

This document comprises a Prospectus which has been drawn up in accordance with the Public Offers of Securities Regulations 1995 (the "Regulations"). A copy has been delivered to the Registrar of Companies in England and Wales for registration in accordance with Regulation 4(2) of those Regulations. ✓

Beaumont Cornish, regulated by the Securities and Futures Authority, is the Company's Corporate Adviser for the purposes of the Offer. Beaumont Cornish is acting for the Company and will not be responsible to anyone other than the Company for providing the protections afforded to their clients or for advising any other person on the transactions and arrangements proposed in this Prospectus.

The Directors, whose names appear in the section entitled "Directors" on page 3 of this document, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

The share capital of the Company is not presently listed or dealt in on any stock exchange. It is intended that an application will be made for the Ordinary Shares of the Company to be traded through OFEX, a facility operated by J P Jenkins Limited, which allows trading in the shares of unquoted companies. OFEX is not a regulated market. **It is emphasised that no application is being made for admission of these securities to the Official List of the London Stock Exchange or to trade on the Alternative Investment Market.**

Prospective investors should be aware that an investment in an unquoted company at an early stage of development is speculative and involves a higher than normal degree of risk and should be made only by those who have the necessary expertise to appraise the investment. Prospective investors should consider carefully the risk factors which are described in Part II of this document.



(The Bioscience Innovation Centre plc incorporated in England and Wales under the Companies Act 1985 with Registered No. 3263349) ✓

**Offer for Subscription
of up to 2,200,000 ordinary shares of 1p each
at 50p per share
payable in full upon application**

Share Capital following the Issue

<i>Authorised</i>			<i>Issued and fully paid*</i>	
£	Number		£	Number
1,000,000	100,000,000	ordinary shares of 1p each	89,502	8,950,200

*On the basis that the Issue is fully subscribed.

The Ordinary Shares now being offered will, following allotment, rank pari passu in all respects with the existing issued ordinary share capital of the Company including the right to receive all dividends declared or paid on the ordinary share capital of the Company after the date of this document.

Copies of this document will be available free of charge during normal business hours on any weekday (except Saturdays and public holidays) at the offices of Ruegg & Co., Georgian House, 63 Coleman Street, London EC2R 5BB and shall remain available for at least 14 days after the date of Admission.

The application list under the Offer for Subscription will open on 24 July 1998 and may be closed at any time thereafter and in any event no later than 7 September 1998 unless extended by the Directors. The procedure for and terms and conditions of application under the Offer for Subscription, together with a detachable Application Form, are set out at the end of this document. The Offer is conditional upon the Minimum Subscription of £250,000 being raised.

Completed Application Forms must be posted to IRG plc so as to be received as soon as possible.

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Issue statistics*

Issue Price per Ordinary Share	50p
Maximum number of Ordinary Shares in issue immediately following the Issue	8,950,200
Maximum number of Ordinary Shares comprised in the Issue	2,200,000
Maximum percentage of the issued share capital represented by the Issue	24.6
Maximum proceeds of the Issue receivable by the Company, net of expenses	£1 million

*On the basis that the Issue is fully subscribed.

Directors

John Hustler
Chairman

David Best
Chief Executive

John Reed FCA
Finance Director

Walter Herriot
Non-Executive Director

Dudley Earl
Non-Executive Director

All of St John's Innovation Centre, Cowley Road, Cambridge, CB4 4WS

Company Secretary and Registered Office

John Reed FCA
St. John's Innovation Centre
Cowley Road
Cambridge CB4 4WS

Advisers

Corporate Adviser

Beaumont Cornish Limited
107/112 Leadenhall Street
London EC3A 4AH

Bankers

National Westminster Bank plc
Kings Parade
Cambridge CB2 3PU

Solicitors to the Company

Barlow Lyde & Gilbert
Beaufort House
15 St. Botolph Street
London EC3A 7NJ

Auditors & reporting accountants

Baker Tilly
2 Bloomsbury Street
London WC1B 3ST

Property Advisers

Januaries Chartered Surveyors
York House
Dukes Court
54-62 Newmarket Road
Cambridge CB5 8DZ

Registrars

IRG plc
Balfour House
390/398 High Road
Ilford
Essex IG1 1NQ

DEFINITIONS

In this document, unless the context otherwise requires, the following expressions have the following meanings:

"Act"	the Companies Act 1985 (as amended)
"Admission"	admission of the Ordinary Shares, in issue and to be issued pursuant to the Issue, to trading on OFEX becoming effective
"Application Form"	the application form for use in connection with the Offer set out at the end of this document
"Beaumont Cornish"	Beaumont Cornish Limited, regulated by the Securities and Futures Authority
"Centre"	the Bioscience Innovation Centre, to be managed by the Company
"Company" or "BIC"	The Bioscience Innovation Centre plc
"Directors" or "Board"	the directors of the Company listed on page 3 of this document
"East Anglia"	the counties of Cambridgeshire, Bedfordshire, Hertfordshire, Essex, Suffolk and Norfolk
"Harefield"	Harefield Pharma Associates Limited
"Issue"	the Offer for Subscription
"Issue Price"	50p per Ordinary Share
"Issue Shares"	the 2,200,000 Ordinary Shares the subject of the Issue
"London Stock Exchange"	London Stock Exchange Limited
"MMI"	Medical Marketing International Group plc
"Minimum Subscription"	£250,000
"OFEX"	a facility operated by J P Jenkins Limited, a member of the London Stock Exchange, to allow trading in the shares of unquoted companies
"Offer" or "Offer for Subscription"	the offer for subscription of up to 2,200,000 Ordinary Shares, described in this document
"Ordinary Shares"	ordinary shares of 1p each in the capital of the Company
"Regulations"	the Public Offers of Securities Regulations 1995
"Ruegg & Co."	Ruegg & Co. Limited
"Scottish Life" or "SLAC"	Scottish Life Assurance Company

KEY INFORMATION

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

Introduction

The business of the Company will be to operate a purpose-built bioscience-specific business incubator. Promising embryonic bioscience businesses will be carefully selected and provided with appropriate laboratory and office facilities along with the necessary mentoring skills to assist them in becoming successful bioscience companies. The Company will receive rent and fees from up to twelve client companies at any one time and will have the opportunity of taking an equity stake in some or all of these companies.

The Opportunity

The UK has a world class science base, which is strong in basic and strategic research in the biological sciences. The UK accounts for nearly 25 per cent. of all bioscience firms in Europe and some 90 per cent. of publicly quoted ones. A significant cluster of well known biotechnology companies has formed in and around Cambridge. The Directors believe that there are considerable opportunities to create and foster further bioscience companies in Cambridge, given the necessary management and financial skills and suitable accommodation. The Company intends to provide these resources and to attempt to realise this potential.

The Centre

The Company intends to operate a bioscience incubator in a new laboratory and office building on the prestigious St. John's Innovation Park, Cambridge. St John's College has agreed to let the site on a long lease to Scottish Life which will finance the construction of the Centre, which in turn will be let to the Company on a 25 year lease. Detailed planning consent for the 25,000 square feet research and development Centre has now been granted.

Business Strategy

The objective is to accelerate the development of bioscience companies within the incubator through active mentoring until such time as they are mature enough to justify moving to their own premises and recruit the resources previously provided by BIC. During their tenancy of BIC premises it is envisaged that client companies will seek additional finance through seed or venture capital investment, a flotation, a major collaborative venture or a major investment by a corporate partner and the value of the equity stakes taken by BIC will rise. BIC will therefore build up a portfolio of investments in growing bioscience companies and the Board intend to realise these investments at the appropriate time, most probably after their tenancy of BIC premises has expired.

The Directors would like to provide the opportunity for shareholders in BIC to participate in appropriate financings of client companies.

During client companies' tenancy of the BIC premises, the Company will benefit from the receipt of commercial rents in respect of the accommodation and also from the payment of fees in respect of the various mentoring services provided.

Suitable clients will be chosen after a review of the science, ownership, market potential, intellectual property, finance and the management team of the prospective client. Clients will pay BIC rent and fees. Some of these fees may be commuted to equity. BIC will not intend to seek control of client companies. Typically, in the case of start-up companies, BIC will seek to hold 10-25 per cent. of the initial equity by a combination of commuting fees and also by investing small amounts of initial capital.

Management Team

The Board forms an experienced team with individual skills in managing, developing and financing fledgling high-tech companies, including those whose business is based in bioscience. In addition, the Board intends to establish an Advisory Panel consisting of individuals drawn from a range of relevant disciplines, including academics and those with related commercial experience, to assist the Directors in identifying suitable client companies.

The Company has the benefit of an agreement with MMI, a company specialising in commercialising bioscience technologies, pursuant to which it can obtain some of the required services for its clients. These include the services of professionals in intellectual property management; sales and marketing; licensing; and commercial exploitation.

The Board believes that collectively the team contains the key skills required to manage, develop, and operate a successful bioscience business incubator. The Company will recruit a general manager prior to the completion of the Centre.

The Company has established a Share Option scheme to provide for the incentivisation of Directors and of employees, who will be recruited in line with the Company's requirements.

Key Strengths of the Company

The Directors believe that the Company's key strengths will include:

- the use of a purpose built office and laboratory Centre on an established site;
- a team of professionals with the necessary experience to run a bioscience business incubator;
- rental and fee income generated as soon as the Centre has been built and occupied;
- the potential of an equity stake in a portfolio of selected bioscience companies; and
- the backing of a major financial institution in financing the construction of the Centre.

Use of Proceeds

The net proceeds of the issue will be used to finance:

- the identification and selection of suitable client companies;
- the reimbursement of costs incurred by MMI associated with the planning application, financing of the building and prospectus, more fully described on page 13 of this document;
- certain fitting out costs in the Centre;
- the Company's general working capital requirements; and
- the investment in client companies.

Once the Centre has been built by Scottish Life, and handed over to the Company, suitable clients are likely to have been identified and ready to move into the Centre. At that stage it is the Directors' intention to establish a timescale whereby further funds are to be raised in order to provide the additional working capital required to enable it to mentor its clients through to the next stage of its development.

Future Prospects

The Directors believe that the excellence of the UK science-base, the growing number of young bioscience companies and the strength in this sector in the East Anglian region will all combine to provide a strong future for BIC. It is believed that there are, therefore, good prospects of filling the Centre with high quality businesses.

Once established, the Centre should serve to attract other young companies who will move into laboratories vacated by those who have grown and moved out. BIC will therefore expect to benefit from a growing portfolio of equity stakes.

In addition to growing the Cambridge business, BIC may consider the development and management of incubators on other sites as well as considering working with property partners to develop larger centres to meet the requirements of bioscience clients who will grow larger than the Centre can accommodate.

Details of the Issue

Up to 2,200,000 Ordinary Shares are being offered to the public under the Offer for Subscription. The Issue is dependent upon a minimum number of 500,000 Ordinary Shares being applied for under the Offer for Subscription. Existing shareholders in BIC have the right to make preferential applications under the Offer on the basis of 1 new Ordinary Share for every two Ordinary Shares held.

The Directors and MMI have agreed not to sell or otherwise dispose of any Ordinary Shares held by them for a period of two years following Admission.

Risk Factors

Prospective investors should be aware that an investment in the Company involves a higher than normal degree of risk. The attention of prospective investors is drawn to the risk factors set out in Part II of this document.

PART I

Introduction

The business of the Company will be to operate a purpose-built bioscience-specific business incubator. Promising embryonic bioscience businesses will be carefully selected and provided with appropriate laboratory and office facilities along with the necessary mentoring skills to assist them in becoming successful bioscience companies. The Company will receive rent and fees from up to some twelve client companies at any one time and will have the opportunity of taking an equity stake in some or all of these companies. Client companies will have access to professionals from the following areas:

- intellectual property management
- commercial management
- licensing and collaboration management
- marketing
- R&D and regulatory management
- financial planning and management

The Opportunity

The Directors believe that the lack of management skills and access to the necessary finance can restrict the commercial potential of UK-based technology. The Directors believe that there is a substantial opportunity for the Bioscience Innovation Centre to promote the commercial exploitation of bioscience within the UK.

The Centre will be approximately 25,000 square feet and will be located on the St. John's Innovation Park, which is situated close to The Cambridge Science Park. St John's Innovation Park is already the home to over 50 technology-based businesses. The Centre will have the capacity to house up to twelve client companies at any one time, together with space for MMI, which will provide mentoring services for client companies. It is the intention that BIC will seek opportunities to take minority equity stakes in client companies by a combination of commuting a proportion of chargeable fees to equity and also by investing small amounts of initial capital.

The objective is to accelerate the development of client companies enabling them to realise significant increases in value, for example through a flotation, major collaborative venture or a major investment within the short to medium term, thereby allowing BIC to benefit from such realisation.

To provide BIC with initial capital, it undertook a private placement in November 1996 and raised £353,000, which has been used to arrange the lease, complete the planning application, arrange the finance for the building of the Centre and prepare this Prospectus to raise further capital to open the Centre. Most of the work in carrying out these tasks has been performed by MMI and the Board have agreed that MMI should be reimbursed in cash for the direct cost of the time expended. These arrangements are more fully described on page 13 of this document.

Originally it was intended to raise sufficient equity funds to construct the Centre but following initial meetings with financial institutions, the Board decided that the Company's objectives (in particular the return to ordinary shareholders) would be better achieved by arranging for a financial institution to finance the construction of the Centre, following which the Company would take a lease. Its capital will therefore be used predominantly to establish and run the Centre and invest in the mentoring of client companies.

The Market

Bioscience is defined by the Directors to cover a broad range of biological science-based activities including biotechnology and pharmaceuticals. The Company intends to focus on those aspects of bioscience which predominantly relate to therapeutic applications, although environmental science using biological processes will also be considered.

The UK has a world-class science-base, which is strong in basic and strategic research in the biological sciences. The UK accounts for nearly 25 per cent. of all bioscience firms in Europe and some 90 per cent. of publicly quoted bioscience firms in Europe.

Multinational pharmaceutical companies are now taking equity positions in emerging bioscience companies as a way of supplementing their in-house research efforts. The UK government is encouraging the formation of bioscience companies through its Biotechnology Means Business Initiative. The Directors believe that these factors combine to provide many opportunities to create bioscience companies. By providing under one roof the skills and resources these emerging companies require, the Directors believe that the Company is well placed to realise these opportunities.

Cambridge is the home to a significant cluster of well known biotechnology companies. The quality of Cambridge science, the local entrepreneurial culture and quality of life, have all combined to make Cambridge the hub of a fast growing region.

The St John's Innovation Park, owned by St John's College Cambridge and located in the north of Cambridge, houses over 50 technology-based businesses.

The Centre

The Centre will be built on land which forms part of the site of the St. John's Innovation Park ("Innovation Park"). BIC has arranged for Scottish Life to lease the site of the Centre on a 126½ year lease from 1st September 1998 and finance the full construction costs of the Centre at a total cost of some £4.5 million. BIC, in turn, has agreed to lease the Centre from Scottish Life for 25 years at an initial annual rent of £336,000 commencing two months after BIC takes occupation together with a participation in the profits of the Centre from the third anniversary of occupation together with a reduction in rent.

Further details of the arrangements with Scottish Life are set out in paragraph 14 in Part IV of this document.

Detailed planning consent for the 25,000 square feet research and development Centre has been granted. Following the completion of the acquisition of the site by Scottish Life, it is intended that building will

commence as soon as is reasonably practicable and it is envisaged that the building will be available for occupation during the last quarter of 1999. The Centre will include offices, of which MMI have agreed to lease approximately 3,500 sq. ft. for 5 years in order to produce an early rental flow for BIC. The Company is in preliminary discussions with a number of fledgling companies who have the potential to become clients of BIC. The Board anticipates that the Centre will take two years after opening to be fully let.

Januarys Chartered Surveyors, as property advisers and project co-ordinators to BIC, have advised BIC that the rent agreed with Scottish Life is below that being currently achieved for laboratory space in the Cambridge area and that demand for such space currently exceeds supply.

Business Strategy

The objective is to accelerate the development of bioscience companies within the incubator through active mentoring until such time as they are mature enough to justify moving to their own premises and recruit the resources previously provided by BIC. During their tenancy of BIC premises it is envisaged that client companies will seek additional finance through seed or venture capital investment, a flotation, a major collaborative venture or a major investment by a corporate partner and the value of the equity stakes taken by BIC will rise. BIC will therefore build up a portfolio of investments in growing bioscience companies and the Board intend to realise these investments at the appropriate time, most probably after the client companies' tenancy of BIC premises has expired.

The Directors would like to provide the opportunity for shareholders in BIC to participate in appropriate financings of client companies.

During client companies' tenancy of the BIC premises, they will pay rent to BIC and will also pay fees for the mentoring services received. A proportion of these fees may be commuted to equity in the client companies. The level of equity participation will vary from client to client but is expected to be an initial minority stake in the region of 10-25 per cent. in the case of start-up companies. In addition, the Company may directly invest small amounts in the client companies. The holding of equity stakes by BIC, in the manner envisaged, will allow BIC shareholders to benefit from the opportunities which have been shown to be available from companies in the bioscience sector.

The Company's strategy for identifying and selecting suitable companies will include a review of the science, ownership, market potential, intellectual property, finance and the management team. The selection procedure will take into account the ability of the clients to meet the Company's business strategy and the final selection decision will be made by the Board. Client companies will be given short-term tenancy agreements thus allowing companies to move on as they achieve success. It is also the intention that the agreements with client companies will contain provisions allowing BIC to terminate the tenancies of those clients who do not meet pre-agreed milestones.

If insufficient client companies are available in the short-term, BIC has the right to let up to 20 per cent. of the space available in the Centre for non-bioscience general research and development uses.

Directors

The Board comprises a Chairman, two executive Directors and two non-executive Directors.

The Directors are:

John Hustler FCA MSI (51) CHAIRMAN

John joined KPMG in 1965 and became a partner in 1983. Since leaving KPMG in 1993 to start Hustler Venture Partners Limited, he has advised and been a director of a number of growing companies. He is a Director of Northern Venture Trust plc and a Director of Quester Capital Management Limited. He is also a member of the Audit Committee of University College, London, a Member of the Council of the Institute of Chartered Accountants and Chairman of the Institute's Corporate Finance Faculty. He has previously been Treasurer of the Council of the British Venture Capital Association and a member of the Valuation Committee of the European Venture Capital Association.

David Best (48) CHIEF EXECUTIVE

David joined the pharmaceutical industry in 1973. He has held various senior positions in sales, marketing and business development with multinational companies such as Pfizer Limited, Roussel Laboratories Limited and Roche Products Limited. He was a member of the international business development group for biotechnology in Roche. He is now Chairman and Chief Executive of MMI, a company which he co-founded in 1988 and which is traded on OFEX. He was instrumental in managing technologies emanating from the Royal Free Hospital School of Medicine, London, which became PolyMASC Pharmaceuticals plc, a biotechnology company which is listed on the Alternative Investment Market.

John Reed FCA (54) FINANCE DIRECTOR

Since qualifying as an accountant, John has worked with multinational corporations in the chemical industry and allied services. For ten years from 1986 he was UK director of finance for the multinational pharmaceutical company Marion Merrell Dow Limited. He is also finance director of MMI.

Dudley Earl (60) NON-EXECUTIVE DIRECTOR

Dudley joined ICI Pharmaceuticals in 1967. He became General Manager Research, responsible for 230 scientists and for the selection and development of promising research leads. He then assumed responsibility for technology licensing and acquisition involving negotiations with worldwide pharmaceutical/biotechnology companies and academic institutions. He is now an independent pharmaceutical consultant and an adviser to a number of other pharmaceutical companies, including Chugai Pharmaceuticals. He is also a non-executive director of Cortecs International Limited and a director of Inter Medica Limited.

Walter Herriot (54) NON-EXECUTIVE DIRECTOR

Walter has held senior positions with Barclays Bank plc and was a director of Corporate Finance at Coopers and Lybrand. Whilst with Barclays, he assisted a significant number of high technology companies in the

Cambridge area. Since 1990, he has been the managing director of St John's Innovation Centre Limited, managing the Innovation Park for St. John's College. Walter was a director of the United Kingdom Science Park Association (1992–1997), and is currently a member of the CBI SME council. Walter contributed to the Tech Stars Report produced by the CBI in 1997 and to the Enterprise Panel Report "Growing Success" (1997).

Corporate Governance The Board is aware of the provisions of the Code of Best Practice published by the committee on the financial aspects of corporate governance, usually referred to as the "Cadbury Committee", the report of the Greenbury Committee on directors' remuneration and the Combined Code issued by the Committee on Corporate Governance chaired by Sir Ronald Hampel. It has appointed a Chairman and two non-executive Directors. In addition, when appropriate to the development of the Company's operations, the Company will establish both an audit committee and a remuneration committee, each of which will be chaired by the Chairman and will consist of a majority of non-executive Directors.

The Board intends to ensure that the Company adopts procedures in line with the recommendations of the Committees referred to above in so far as it considers them to be appropriate to the size and stage of development of the Company.

Advisory Panel During the course of the next year the Company intends to form an Advisory Panel consisting of individuals drawn from a range of relevant disciplines, including academics and those experienced in the selection and financing of emerging high-tech businesses, to assist the Directors in identifying suitable client companies.

In addition, the Directors believe that the Company has access to experts within the bioscience sector who will be consulted on technical and scientific matters concerning client companies as and when required.

Future Staffing Requirements The Company recognises the need to recruit a general manager at an early stage, and meanwhile MMI will administer the initial set-up phase.

MMI MMI is an OFEX traded company founded in 1988, in which David Best and his wife, Margaret Mitchell, own the controlling interest. MMI provides professional services to the bioscience industry and employs experienced professionals in intellectual property, commercial management, licensing, marketing and financial planning and management.

The Directors believe that the success of BIC is to a large extent dependent upon the availability of professionals with the requisite skills to identify, assess and mentor the embryonic companies. Accordingly, in addition to the experience of the Directors, BIC has entered into a service agreement with MMI for an initial period of four years following which twelve months' notice is required by either party to terminate. MMI will not be prevented from providing similar services to other bioscience incubators, but has agreed not to do so in the region of East Anglia without the consent of the Board.

The services to be provided by MMI include: assistance with the identification of potential clients; an assessment of the science; an assessment of intellectual property and its ownership; an assessment of market potential; the provision of general intellectual property advice, licensing and marketing strategy advice; and assistance with general management and fund raising.

BIC's Agreement with MMI is more fully summarised in paragraph 14 of Part IV of this document.

The Directors of BIC (excluding David Best and John Reed, who are also Directors of MMI) have agreed with the Board of MMI that time spent by MMI executives in the preparation of the planning application, negotiation of building finance and preparation of the Prospectus should be reimbursed on the basis of the direct costs incurred. These costs have been calculated to be no more than £150,000 over the last two years, subject to verification by Baker Tilly (the "Agreed Costs"). The Directors of BIC (excluding David Best and John Reed) have agreed that the Agreed Costs shall be payable in cash to MMI, and the Company has available adequate funds to meet the repayment schedule.

When the proceeds are received, the Company has agreed to pay the whole amount of the Agreed Costs to MMI, provided that the Offer is fully subscribed. If the Minimum Subscription is raised, the Company has agreed to pay half the Agreed Costs on receipt of the proceeds of the Issue and the rest when the Company's resources permit. Interest shall accrue on any outstanding amount at NatWest base rate plus 1%. If an amount greater than the Minimum Subscription is raised but the Offer is not fully subscribed, the amount payable in cash and the amount deferred will be adjusted pro rata.

In addition to the reimbursement of the Agreed Costs, and in recognition of the overheads and profit normally included in MMI's charge out rates, the Board have agreed to grant MMI options over 500,000 Ordinary Shares exercisable at the Issue Price. David Best or his wife will not be granted any options in BIC personally. BIC's arrangements regarding share options are more fully summarised in paragraph 5.2 of Part IV of this document.

Harefield

Harefield has agreed to provide regulatory affairs and product development services to the Company as and when they may be required. Harefield employs professionals who are experienced in these areas.

Harefield and certain of its directors each hold a minority equity stake in the Company.

Competition

The Directors are not aware of any existing purpose-built, fully mentored, bioscience specific, business incubators currently operating in the UK. A number of buildings on university campuses have been set aside as incubators, and a new complex is being built in Manchester. However, the Directors believe that these centres will not, in the short-term, be able to offer the same services and mentoring skills as BIC.

It is known that there are a number of other centres conducting feasibility studies into the setting up of bioscience incubators and these include Hinxton Hall and the Babraham Institute near Cambridge. Each proposed incubator is likely to be developed to take into account specific issues, such as links with the science base, laboratory requirements and planning regulations and may service a different client base. In addition, planning applications for incubators at Hinxton and Babraham have been rejected and, although the subject of separate appeals, the Directors believe that any purpose-built centres could not commence operations until BIC is firmly established. The Directors believe therefore that the BIC business is more advanced than potential competitors who will need to gain planning consent and recruit and establish a professional mentoring team.

Share Option Scheme

The Board attaches considerable importance to the motivation of staff on whose efforts the success of the Company is dependent. In addition, the Directors have contributed to the establishment of the Company over the last 12 months for reduced remuneration. The Company has therefore established an unapproved share option scheme, which is reserved for the benefit of Directors and, in due course, selected members of staff. Under the scheme, options over a maximum number of Ordinary Shares equivalent to 10 per cent. in aggregate of the Company's issued share capital from time to time may be granted. Further details about the scheme may be found in paragraph 8 of Part IV of this document and details of the options which the Directors intend to grant before Admission may be found in paragraph 5.2 of Part IV of this document.

Dividend Policy

It is unlikely that dividends will be declared in the foreseeable future.

Use of Proceeds

The net proceeds of the Issue will be used to finance:

- the identification and selection of suitable client companies;
- the reimbursement of costs incurred by MMI associated with the planning application, financing of the building and prospectus, more fully described on page 13 of this document;
- certain fitting out costs in the Centre;
- the Company's general working capital requirements; and
- the investment in client companies.

Once the Centre has been built by Scottish Life, and handed over to the Company, suitable clients are likely to have been identified and ready to move into the Centre. At that stage it is the Directors' intention to establish a timescale whereby further funds are to be raised in order to provide the additional working capital required to enable it to mentor its clients through to the next stage of its development.

Future Prospects

The Directors believe that the excellence of the UK science-base, the growing number of young bioscience companies and the strong bioscience sector in the East Anglian region will all combine to provide a strong future for BIC. It is believed that there are, therefore, good prospects of filling the Centre with high quality businesses.

Once established, the Centre should serve to attract other young companies who will move into laboratories vacated by those who have grown and moved out. BIC will therefore benefit from a growing portfolio of equity stakes.

In addition to growing the Cambridge business, BIC may consider the development and management of incubators on other sites as well as considering working with property partners to develop larger centres to meet the requirements of bioscience clients who may grow larger than the Centre can accommodate.

Details of Issue

Up to 2,200,000 Ordinary Shares are being offered to the public under the Offer for Subscription. The Issue is dependent upon a minimum of 500,000 Ordinary Shares being applied for under the Offer for Subscription.

Existing shareholders in BIC have the right to make preferential applications under the Offer on the basis of 1 new Ordinary Share for every two Ordinary Shares held.

The terms and conditions of, and procedure for, application under the Offer for Subscription are set out on page 36 to 38 of this document. If you wish to apply for Ordinary Shares you should read the terms and conditions of application carefully and then complete and sign the Application Form in accordance with the instructions set out therein.

Completed Application Forms, accompanied by a cheque or banker's draft for the appropriate amount in pounds sterling, should be sent by post to IRG plc, Balfour House, 390/398 High Road, Ilford, Essex IG1 1NQ, so as to be received as soon as possible but in any event not later than 7 September 1998.

Application will be made for all the Ordinary Shares issued and to be issued pursuant to the Issue, to be admitted to trading on OFEX.

Lock-in Agreement

Following the Issue and assuming full take up under the Offer, MMI will hold 33.5 per cent. of the issued share capital of BIC and David Best (together with his wife) will hold 16.8 per cent.

The Directors (together with David Best's wife, Margaret Mitchell) and MMI have agreed with Beaumont Cornish not to sell or otherwise dispose of any Ordinary Shares held by them for a period of two years following Admission.

Further details of the Lock-In Agreement may be found in paragraph 10 of Part IV of this document.

Marketability of Ordinary Shares and OFEX

The Ordinary Shares are intended to be dealt in on OFEX, which is a share dealing facility operated by JP Jenkins Limited. OFEX provides a facility for member firms of the London Stock Exchange to deal through an independent market-maker, by way of screen based prices, and access to a comprehensive company information and announcement system provided by Newstrack Limited and distributed by Bloomberg, ICV-Topic, Reuters and QST. Newstrack is an electronic news and information service for professional intermediaries, which is available to private investors to access through the Internet (<http://www.newstrack.co.uk>). In addition, price information on OFEX stocks is available in the *Financial Times* daily. Any individual wishing to buy or sell shares that have a trading facility on OFEX must complete his trade through his stockbroker, as JP Jenkins Limited does not deal directly with the public.

PART II

RISK FACTORS

Prospective investors should consider, in particular, the following risk factors before making a decision to subscribe for Issue Shares. The value of the Ordinary Shares may go down as well as up. Shareholders may, therefore, realise less than the original amount subscribed pursuant to the Offer and could lose their entire investment.

The risks associated with subscribing for Issue Shares include (but may not be limited to) the following identifiable risks, which, individually or in the aggregate, could have a materially adverse effect on the Company and on holders of Ordinary Shares.

(a) Those applicable to BIC

Building

Although a comprehensive professional team has been assembled by Scottish Life to plan, design and build the Centre to an agreed budget, and although various contingency plans are in place, there may be building, site or financial problems which may prevent the Centre being completed or cause delay in its construction.

Initial Costs

If the building of the Centre is not completed, certain costs will still have been incurred and investors may not get their investment back if the project is aborted.

Competition

The Directors are aware of a number of initiatives and feasibility studies to develop bioscience business incubators. New business incubators along with existing and future science parks and innovation parks may compete with the Company and prevent the Company from securing sufficient clients to make the business viable.

Working capital

Although the Company intends to raise sufficient working capital by way of this Issue for its present requirements, the long term future of the Company and its client companies may be dependent on raising further funds. This may not be possible.

Client companies

The ultimate success of BIC will depend on the ability of the Company to identify and attract promising projects with commercially viable prospects. Market conditions, competition and other such factors may mean that it is not possible to secure any client companies to move into the Centre. It may not be possible to take equity stakes in the companies.

Client companies may be start-up companies with projects or products at a very early stage of development. Considerable research, development and testing may be required before any of these companies are able to progress these products to the market, which will require both time and further investment. These processes may not be successful and the product may fail to reach the market, which may result in the commercial failure of the companies.

The ability of the Company to achieve capital growth will, to a large extent, be dependent on the successful flotation or other realisation of client companies. Client companies may not always be in a position to float and/or the market conditions may not be suitable for such realisation. In these circumstances, the Company is unlikely to be able to realise any capital return from its equity stakes.

(b) General

Suitability

Investment in the Company may not be suitable for all recipients of this document. In particular, potential investors should note that investment in the Company should be treated as a long term investment, which carries a higher risk than shares quoted on the main market. Potential investors are recommended to seek advice from their independent financial advisers before investing.

Lack of liquidity

The Ordinary Shares are not listed on the Official List of the London Stock Exchange and, although the Ordinary Shares are to be traded on OFEX, this should not be taken as implying that there will be a liquid market in the Ordinary Shares. Accordingly, in certain circumstances, an investment in the Ordinary Shares may be difficult to realise.

PART III

ACCOUNTANT'S REPORT

The following is the text of a report on the Company by Baker Tilly, Chartered Accountants and Registered Auditor:

The Directors
The Bioscience Innovation Centre plc
St John's Innovation Centre
Cowley Road
Cambridge CB4 4WS

The Directors
Beaumont Cornish Limited
107-112 Leadenhall Street
London EC3A 4AH

Dear Sirs



BAKER TILLY

Chartered Accountants
2 Bloomsbury Street
London WC1B 3ST

24 July 1998

The Bioscience Innovation Centre plc

Introduction

We report on the financial information set out below relating to The Bioscience Innovation Centre plc ("BIC" or "the Company") and its wholly owned subsidiary The Bioscience Innovation Centre (Cambridge) Limited ("the Subsidiary") together referred to as the "Group". This financial information has been prepared in connection with the Offer for Subscription for Ordinary Shares in the Company and admission to OFEX referred to in the prospectus dated 24 July 1998 ("the Prospectus").

Basis of Preparation

Both the Company and the Subsidiary have prepared statutory financial statements for presentation to shareholders. The financial information set out below has been extracted from the consolidated statutory accounts of the Group for the period ended 31 March 1998 and covers the period from incorporation of the Subsidiary to 31 March 1998. The current period's figures cover the period from incorporation of the Company to 31 March 1998 and the comparative figures cover the period from inception of the Subsidiary to 14 October 1996.

Responsibility

The directors of the Company are responsible for the contents of the Prospectus in which this report is included. It is our responsibility to form an opinion on the financial information and report our opinion to you.

Basis of Opinion

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

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

Fundamental Uncertainty

In forming our opinion, we have considered the adequacies of the disclosures made in this report concerning the basis on which the financial information has been prepared on a going concern basis as described in the Accounting Policies. Our opinion is not qualified in this respect.

Opinion

In our opinion, the financial information set out below gives, for the purpose of the Prospectus, a true and fair view of the state of affairs of the Company and the Subsidiary as at 31 March 1998.

Consent

We consent to the inclusion of this report in the Prospectus and accept responsibility for this report for the purposes of paragraph 45(8)(b) of Schedule 1 to the Public Offers of Securities Regulations 1995.

Financial Information

The Group

The Company was incorporated on 15 October 1996 as Savetrack Public Limited Company and changed its name to The Bioscience Innovation Centre (Cambridge) plc on 26 November 1996 and then to The Bioscience Innovation Centre plc on 26 February 1997.

The Company had an authorised share capital of 100,000 ordinary shares of £1 each on incorporation. On 26 November 1996 a resolution was passed to increase the authorised share capital to £1,000,000 comprising 100,000,000 ordinary shares of 1p each.

Under the terms of an agreement dated 29 January 1997 the Company issued 6,750,000 ordinary shares of 1p each in return for 6,750,000 ordinary shares of 0.1p each of the issued share capital of The Bioscience Innovation Centre (Cambridge) Limited.

The Company currently has an issued share capital of 6,750,200 ordinary shares of 1p each.

Under the terms of an agreement dated 29 January 1997 the Company acquired 5,000,000 ordinary shares of 0.1p each in the Subsidiary at par value.

No dividends have been declared or paid since incorporation.

The Subsidiary Undertaking

The Bioscience Innovation Centre (Cambridge) Limited ("the Subsidiary") was incorporated on 7 March 1995 as Mainstay Investments Limited. It changed its name to Team Asset Management Limited on 22 March 1995, then to The Bioscience Innovation Centre Limited on 16 February 1996 and then to The Bioscience Innovation Centre (Cambridge) Limited on 26 February 1997.

The Subsidiary had an authorised share capital of 10,000 ordinary shares of £1 each on incorporation which, on 6 September 1996, was increased to 50,000,000 ordinary shares of 0.1p each.

Between 14 March 1995 and 19 August 1996 the Subsidiary allotted a further 9,998,000 ordinary shares of 0.1p each at par. On 15 November 1996 the Subsidiary allotted an aggregate of 1,750,000 ordinary shares of 0.1p each pursuant to a private placing memorandum at a price of 20p per share, raising an aggregate amount of approximately £350,000 less costs of £35,000.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Notes	15 October 1996 to 31 March 1998 £	7 March 1995 to 14 October 1996 £
Operating expenses (net)	1	323,178	3,734
OPERATING LOSS		(323,178)	(3,734)
Investment income	2	7,260	—
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	3	(315,918)	(3,734)
RETAINED LOSS FOR THE PERIOD		(315,918)	(3,734)
Loss per share	11	42.1p	0.11p

The operating loss for the period arises from the Group's continuing operations.

No separate statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the profit and loss account.

CONSOLIDATED BALANCE SHEET

	Notes	31 March 1998 £	14 October 1996 £
CURRENT ASSETS			
Debtors			
Cash at bank and in hand	5	131,451 89,608	653 5,613
CREDITORS: Amounts falling due within one year	6	221,059 (220,709)	6,266 —
NET CURRENT ASSETS		350	6,266
TOTAL ASSETS LESS CURRENT LIABILITIES		350	6,266
CAPITAL AND RESERVES			
Called up share capital	7	67,502	10,000
Merger reserve	8	252,500	—
Profit and loss account	8	(319,652)	(3,734)
SHAREHOLDERS' FUNDS		350	6,266

CONSOLIDATED CASH FLOW STATEMENT

	Notes	15 October 1996 to 31 March 1998 £	7 March 1995 to 14 October 1996 £
Cash flow from operating activities	10a	(233,267)	(4,387)
Returns on investments and servicing of finance	10b	7,260	—
Taxation		—	—
Capital expenditure and financial investment	10c	—	—
CASH OUTFLOW BEFORE FINANCING		(226,007)	(4,387)
Financing	10d	310,002	10,000
INCREASE IN CASH IN THE PERIOD		83,995	5,613

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN FUNDS

	Notes	15 October 1996 to 31 March 1998 £	7 March 1995 to 14 October 1996 £
Increase in cash in the period	10e	83,995	5,613
MOVEMENT IN NET FUNDS IN PERIOD		83,995	5,613
NET FUNDS AT 15 OCTOBER 1996		5,613	—
NET FUNDS AT 31 MARCH 1998		89,608	5,613

ACCOUNTING POLICIES

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

Basis of accounting

The consolidated financial statements have been prepared under the historical cost convention in accordance with applicable accounting standards.

Basis of consolidation

The consolidated financial statements merge the financial statements of The Bioscience Innovation Centre plc and The Bioscience Innovation Centre (Cambridge) Limited as if they had always so been owned. Accordingly, the whole results, assets, liabilities and shareholders' funds of the merged companies are consolidated, regardless of the actual merger date.

Going concern

The financial information has been prepared on the basis that the fundamental accounting concept of going concern is applied.

As disclosed in note 6, The Bioscience Innovation Centre plc owed £150,000 to its related company MMI Group plc. The company has insufficient funds to meet this liability at the balance sheet date, but the directors are seeking to raise up to approximately £1,000,000 of new equity share capital through an offer for subscription in the third quarter of 1998. It is intended that the shares are to be traded on the OFEX Market.

The Directors consider that, based on a minimum subscription of £250,000, the new equity share capital will provide sufficient funds to meet its present requirements including those to MMI Group plc.

On the basis of the expected successful outcome of this fund raising, the directors consider it appropriate to apply the going concern concept.

On completion of the construction of the Bioscience Innovation Centre, the Directors may consider it appropriate to raise further funds to cover operational needs until the Centre becomes a profitable venture.

NOTES TO THE FINANCIAL STATEMENTS

1. Operating Expenses (net)

	15 October 1996 to 31 March 1998 £	7 March 1995 to 14 October 1996 £
Administration expenses	323,178	3,734

2. Investment Income

	15 October 1996 to 31 March 1998 £	7 March 1995 to 14 October 1996 £
Other interest receivable	7,260	—

3. Loss on Ordinary Activities before Taxation

	15 October 1996 to 31 March 1998 £	7 March 1995 to 14 October 1996 £
Loss on ordinary activities before taxation is stated after charging/(crediting):		
Auditors' remuneration	2,600	—

4. Employees

	15 October 1996 to 31 March 1998 No.	7 March 1995 to 14 October 1996 No.
The average weekly number of persons (including directors) employed by the company during the period was:		
Office and management	6	4

Staff costs for the above persons:

	£	£
Wages and salaries	49,250	—
Social security costs	1,094	—
	50,344	—

Directors' Remuneration

	£	£
Fees	47,750	—
Other emoluments: Expenses	1,500	—
Total emoluments	49,250	—

Directors' Transactions

Financial consultancy services amounting to £20,750 were provided by Chiswell Associates during the period. The Managing Partner of this firm is JW Reed, who is also a director of Bioscience Innovation Centre plc. These services were provided at arm's length.

5. Debtors

	31 March 1998	14 October 1996
	£	£
Due within one year:		
Other debtors	131,449	—
Other taxes and social security costs	—	653
Unpaid share capital	2	—
	<u>131,451</u>	<u>653</u>

6. Creditors

	31 March 1998	14 October 1996
	£	£
CREDITORS: Amounts falling due within one year		
Trade creditors	28,157	—
Amounts owed to related party	150,000	—
Accruals and deferred income	42,552	—
	<u>220,709</u>	<u>—</u>

7. Share Capital

	31 March 1998	14 October 1996
	£	£
Authorised:		
100,000,000 ordinary shares of 1p each	1,000,000	50,000
(1996: 50,000,000 ordinary shares of 0.1p each)		
Allotted and issued:		
6,750,200 ordinary shares of 1p each	67,502	10,000
(1996: 10,000,000 ordinary shares of 0.1p each)		

2 ordinary £1 shares were issued on incorporation. A resolution was passed at an EGM on 26 November 1996 to subdivide each £1 ordinary share into 100 shares of 1p each and increase the share capital from 100,000 £1 shares to 100,000,000 ordinary shares of 1 pence each.

On 29 January 1997 the company allotted 6,750,000 ordinary shares of 1 pence each in consideration of 6,750,000 ordinary shares of 0.1p each in Bioscience Innovation Centre (Cambridge) Limited.

8. Reserves

	Merger reserve £	Profit and loss account £	Total £
GROUP			
15 October 1996	—	(3,734)	(3,734)
Reserve created upon merger	252,500	—	252,500
Loss for the financial period	—	(315,918)	(315,918)
31 March 1998	<u>252,500</u>	<u>(319,652)</u>	<u>(67,152)</u>

9. Reconciliation of Movement in Shareholders' Funds

	Group	
	15 October 1996 to 31 March 1998 £	Year to 14 October 1996 £
Loss for the financial period	(315,918)	(3,734)
New share capital subscribed	310,002	10,000
Net (reduction)/addition to shareholders' funds	(5,916)	6,266
Opening shareholders' funds	6,266	—
Closing shareholders' funds	350	6,266

10. Cash Flows

	15 October 1996 to 31 March 1998 £	7 March 1995 to 14 October 1996 £
(a) Reconciliation of operating profit to net cash flow from operating activities		
Operating loss	(323,178)	(3,734)
Increase in debtors	(130,798)	(653)
Increase in creditors	220,709	—
Net cash flow from operating activities	(233,267)	(4,387)
(b) Returns on investments and servicing of finance		
Interest received	7,260	—
(c) Capital expenditure	—	—
(d) Financing		
Issue of ordinary share capital	310,002	10,000
(e) Analysis of changes in debt		
	At 15 October 1996 £	At 31 March 1998 £
Cash in hand, at bank	5,613	89,608

11. Loss per Share

The loss per share is calculated on losses of £315,918 (1996: loss £3,734) and 750,178 (1996: 3,333,335) ordinary 1p (1996: 0.1p) shares, being the weighted average shares in issue during the period.

The fully diluted earnings per share is not materially different.

12. Capital Commitments

There were no capital commitments.

13. Post Balance Sheet Events

By an agreement for Underlease dated 14 July 1998 Scottish Life Assurance Company ("SLAC") granted and BIC agreed to take an underlease of the Property for a term of 25 years on a full repairing and insuring basis. Under the terms of the Agreement, SLAC is required to construct the Bioscience Innovation Centre, following which completion of the Underlease will take place. The initial basic rent will be calculated by multiplying the total net internal area of the Property by £16.70. The Underlease contains a provision for the basic rent to be reviewed in an upwards-only direction every five years and for the payment by BIC of additional rent (known as "Super Rent"), calculated by reference to BIC's profits, between year three and year ten. BIC may determine the Agreement (and thus not take up the Underlease) by giving notice to SLAC no later than 9 months after the date of commencement by SLAC of its construction works. There is a provision for damages to be paid to BIC in the event of certain delays in constructing the Centre. When Super Rent applies, the basic rent shall be reduced to 85 per cent.

14. Related Party Transactions

During the period to 31 March 1998 MMI has provided BIC with services in consideration for which BIC has agreed to pay MMI £150,000 and grant it 500,000 options at the issue price.

15. Profit and Loss Account

The company has taken advantage of the exemption conferred by s.230 of the Companies Act 1985 in not publishing its own profit and loss account. The company made a loss of £317,116 in the period to 31 March 1998.

NATURE OF FINANCIAL INFORMATION

The financial information presented above does not constitute statutory accounts (as defined by Section 240 of the Companies Act 1985). Consolidated accounts for the Group have been delivered to the Registrar of Companies in respect of the period ending 31 March 1998.

Yours faithfully

Baker Tilly
Registered Auditor

PART IV
STATUTORY AND GENERAL INFORMATION

1. Incorporation

1.1 The Bioscience Innovation Centre plc

The Company was incorporated in England and Wales with registration number 3263349 on 15 October 1996 under the Act as a public limited company with the name Savetrack Public Limited Company. Savetrack Public Limited Company changed its name to The Bioscience Innovation Centre (Cambridge) plc pursuant to a special resolution passed on 26 November 1996 and then to The Bioscience Innovation Centre plc pursuant to a special resolution passed on 26 February 1997. The Company is the holding company of The Bioscience Innovation Centre (Cambridge) Limited (the "Subsidiary"), which has not traded and it is not intended that it shall do so.

1.2 The principal legislation under which the Company and the Subsidiary operate is the Act and any regulations made thereunder.

1.3 The liability of the members of the Company is limited.

1.4 The business of the Company and its principal activity is to operate a bioscience specific business incubator.

1.5 The Bioscience Innovation Centre (Cambridge) Limited

The Subsidiary was incorporated in England and Wales with registration number 3030088 on 7 March 1995 under the Act as a private company with the name Mainstay Investment Limited. Pursuant to a special resolution passed on 22 March 1995, it changed its name to Team Asset Management Limited and on 16 February 1996 to The Bioscience Innovation Centre Limited and then to The Bioscience Innovation Centre (Cambridge) Limited pursuant to a special resolution passed on 26 February 1997.

2. Registered Office

The Company's and the Subsidiary's registered office is at St. John's Innovation Centre, Cowley Road, Cambridge CB4 4WS.

3. Share Capital

3.1 The Bioscience Innovation Centre plc

The following alterations in the authorised and issued share capital of the Company have taken place since incorporation:

3.1.1 The Company was incorporated with an authorised share capital of £100,000 divided into 100,000 ordinary shares of £1 each of which two were issued to the Company's formation agents and are now held by each of D Best and M Mitchell respectively.

3.1.2 By resolutions passed on 26 November 1996:

- (a) the authorised share capital of the Company was increased from £100,000 to £1,000,000 by the creation of 90,000,000 ordinary shares of 1p each;
- (b) each of the existing unissued and issued ordinary shares of £1 each were sub-divided into 100 ordinary shares of 1p each;
- (c) the Directors were generally and unconditionally authorised for the purposes of section 80 of the Act to exercise all the powers of the Company to allot relevant securities (as defined in the Act) up to an aggregate nominal amount of £200,000 (20,000,000 Ordinary Shares) for a period expiring on 1 November 2001; and
- (d) the Directors were empowered pursuant to section 95 of the Act to allot equity securities (as defined in the Act) pursuant to the authority referred to in paragraph (c) above as if the pre-emption rights conferred by section 89 of the Act did not apply.

3.1.3 Apart from the Ordinary shares to be issued pursuant to the Offer for Subscription, or pursuant to the exercise of options, no issue of shares of more than 5 per cent. of the Company's authorised share capital other than *pro rata* to existing shareholders will be made within one year of the date of this document without the prior approval of shareholders of the Company in general meeting by ordinary resolution.

3.1.4 Pursuant to a share exchange agreement dated 29 January 1997, 6,750,000 ordinary shares of 1p each were allotted in return for 6,750,000 ordinary shares of 0.1p each in the Subsidiary.

3.1.5 Pursuant to an agreement dated 29 January 1997 the Company acquired 5,000,000 ordinary shares of 0.1p each in the Subsidiary at par value.

3.1.6 The Company's issued share capital is £67,502 divided into 6,750,200 ordinary shares of 1p each. The Subsidiary's current issued share capital is £11,750 divided into 11,750,000 ordinary shares of 0.1p each, all of which are owned by the Company.

3.2 No founders, management or deferred shares have been issued by the Company

3.3 Except as disclosed in Part IV:

- (a) there has been no change in the amount of the issued share capital of the Company and no capital of the Company has been allotted for cash or for a consideration other than cash.
- (b) no share capital of the Company is under option or agreed, conditionally or unconditionally, to be put under option.
- (c) since incorporation, no commission, discounts, brokerages or other special terms have been granted by the Company in connection with the issue or sale of any shares or loan capital of the Company.

4. Memorandum and Articles of Association

4.1 The Memorandum of Association of the Company states that its principal object is to carry on the business of a general commercial company.

4.2 The Articles of Association of the Company (the “Articles”) include provisions to the following effect:

4.3 Qualification by Directors

A Director is not required to hold any qualification shares.

4.4 Redemption of Shares

Subject to the provisions of the Statutes (as defined in the Articles), any shares may be issued with the sanction of an Ordinary Resolution on terms that such shares are, or at the option of the Company are liable, to be redeemed on such terms and in such manner as the Company before the issue of the shares may by Special Resolution determine.

4.5 Voting

Subject to the restrictions referred to in paragraph 4.6 below and subject to any special rights or restrictions as to voting attached to any class of shares, every holder of any shares who is present in person shall on a show of hands have one vote and each holder of shares who is present in person or by proxy shall on a poll have one vote for each share held by him. A corporate member may, by resolution of its directors or other governing body, authorise a person to act as its representative at general meetings and such persons shall be entitled to exercise such powers as the corporate member could exercise if it were an individual member.

4.6 Restrictions on voting

- (a) A member of the Company shall not be entitled, unless the Directors otherwise determine, in respect of any share held by him (either personally or by proxy), to vote at any general meeting of the Company unless all amounts payable by him in respect of that share in the Company have been paid.
- (b) A member of the Company shall not, without the prior written consent of the Directors, be entitled to attend or to exercise rights of membership in relation to meetings of the Company, if he or any other person appearing to be interested in any shares has failed to comply with a notice given under section 212 of the Act within 14 days, in a case where the shares in question represent at least 0.25 per cent of their class, or within 28 days in any other case from the date of service of such notice. The restrictions will continue until information required by the notice is supplied to the Company.

4.7 Transfers of shares

Shares in the Company may be in certificated or uncertificated form. Title to uncertificated shares may be transferred by means of a relevant system (which includes the CREST settlement system) pursuant to The Uncertificated Securities Regulations 1995 (SI 1995 No. 95/3272) (the “Regulations”). The Company has applied for the Ordinary Shares to be admitted to CREST and it is expected that the Ordinary Shares will be admitted, and accordingly enabled for settlement in CREST, as soon as possible after admission to OFEX has occurred. The Directors may, in their absolute discretion and without assigning any reason, refuse to register a transfer of a partly-paid share (if in uncertificated form to the extent they are permitted to do so by the Regulations).

Subject to such of the restrictions of the Articles as may be applicable, all transfers of certificated shares must be in any usual or common form or any other form which the Directors may approve. The instrument of transfer must be signed by or on behalf of the transferor and (except in the case of fully paid shares) the transferee and the transferor shall be deemed to remain the holder until the transferee’s name is entered in the register of members. The Directors may also decline to recognise any instrument of transfer unless the instrument is in respect of one class of share only and is left at the place where the register of members is situate for the time being accompanied by the share certificate(s) representing the share(s) in question. The Directors may also refuse to register any transfer of a share in favour of more than four persons jointly.

Except as provided in the Regulations, if the Directors refuse to register a transfer they shall within two months after the date on which the instrument of transfer was lodged with the Company send to the transferee notice of the refusal.

No fee shall be charged by the Company on the registration of any instrument of transfer or any document relating to, or affecting the title to, any shares or otherwise for making an entry in the register of members.

The registration of transfers may be suspended at such times and for such periods (not exceeding 30 days in any calendar year) as the Directors may determine save that the Directors shall not close the register of members.

4.8 Dividends

Subject to the provisions of the Statutes (as defined in the Articles) and to any special rights attaching to any shares, the holders of any shares are entitled, *pari passu* amongst themselves, to the profits of the Company available for distribution and resolved to be distributed according to the amounts paid up on the shares held by them provided that no dividends may be paid if the profits are not available for distribution and if the Directors so resolve. No dividends payable in respect of any share shall bear interest.

4.9 Return on Capital

If the Company is wound up (whether the liquidation is voluntary under supervision or by the court), the Liquidator, subject to the provisions of the Statutes (as defined in the Articles), may with the authority of an Extraordinary Resolution, divide among the members in specie the whole or part of the assets of the Company, whether or not the assets consist of property of one kind or of properties of different kinds, and may for such purposes set such value as he deems fair upon any one or more class or classes of property, and may determine how such division shall be carried out between the members or different classes of members. The Liquidator may with the same authority vest any part of the assets in trustees upon such trusts for the benefit of members as the Liquidator, with the same authority, thinks fit, and a liquidation of the Company may be closed and the Company dissolved, but so that no member shall be compelled to accept any assets in respect of which there is a liability.

4.10 Variation of Rights

Subject to the provisions of the Statutes (as defined in the Articles), any rights attaching to any class of share in the Company may be varied or abrogated with the written consent of the holders of not less than three-quarters in nominal value of the issued shares of the class, or with the sanction of an Extraordinary Resolution passed at a separate general meeting of the holders of the shares of that class. The quorum for any such separate general meeting shall be persons holding, or representing by proxy, not less than one-third in nominal value of the issued shares of the relevant class. If such meeting is adjourned, two holders, present by person or by proxy, of the relevant class shall be a quorum.

4.11 Borrowing Powers

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

4.12 Pensions and benefits

The Directors may give or award pensions, annuities, gratuities and superannuation or other allowances or benefits to any person.

4.13 Untraced shareholders

The Company may sell any member's share in the Company if:

- (a) during a period of not less than 12 years, no cheque, order or warrant sent by the Company by post addressed to the member, or person entitled by transmission, has been cashed;
- (b) no communication has been received by the Company for such member or person entitled by transmission.

After the expiry of this 12 year period the Company must give three months' notice, in a leading London newspaper and a newspaper circulating in the area of the member's registered address, of its intention to sell.

4.14 Directors' interests

Subject to the provisions of the Act and provided that he has disclosed to the Directors the nature and extent of any material interest of his, a Director notwithstanding his office:

- (a) may be a party to or otherwise interested in any transaction or arrangement with the Company or in which the Company is in any way interested;
- (b) may be a Director or other officer of or employed by or be a party to any transaction or arrangement with or otherwise interested in any body corporate promoted by the Company or in which the Company is in any way interested;
- (c) may (and any firm or company of which he is a partner or member or director may) act in a professional capacity for the Company or any body corporate in which the Company is in any way interested; and
- (d) shall not by reason of his office be accountable to the Company for any benefit which he derives from such office services or employment or from any such transaction or arrangement or from any interest in any such body corporate and no such transaction or arrangement shall be liable to be avoided on the grounds of any such interest or benefit.

4.15 Full Names

The full names of the directors are John Randolph Hustler, David William Best, Walter John Herriot, John Warren Reed and Dudley Charles Noel Earl. Each has an address at St John's Innovation Centre, Cowley Road, Cambridge, CB4 4WS.

4.16 Minimum and Maximum Number

Unless altered by ordinary resolution of the Company, the minimum number of Directors of the Company is two and the number is not subject to a maximum. The Directors may appoint a person who is willing to act to be a Director, either to fill a vacancy or as an additional Director. In addition, the holders of shares representing more than half of the shares which carry the right to attend and vote at general meeting of the Company may by notice to the Company together appoint a person who is willing to act to be a Director either to fill a vacancy or as an additional Director.

4.17 Fees to Directors

The Directors shall be entitled to be repaid all reasonable travel, hotel and other expenses properly incurred in the performance of their duties as Directors including expenses incurred in attending meetings of the Directors, committees of the Directors, general meetings or separate meetings of the holders of a class of shares or debentures of the Company.

In addition, Directors will be entitled to be paid a fee in respect of those services provided.

5. Directors' and Other Interests

- 5.1 The interests of the Directors, their immediate families and persons connected with them, within the meaning of Section 346 of the Act, in the share capital of the Company (all of which are beneficial unless otherwise stated) as they appear or as they will appear in the Register of Directors' interests maintained by the Company under Section 325 of the Act are and immediately following the Issue (assuming the Offer is fully subscribed) will be as follows:

	Before Issue		After Issue	
	Ordinary Shares	Percentage of Issued Share Capital	Ordinary Shares	Percentage of Issued Share Capital
J R Hustler	—	—	10,000	0.1
D W Best*	4,502,200	66.7	4,502,200	50.3
J W Reed	25,000	0.4	25,000	0.3
W J Herriot†	5,000	0.1	5,000	0.1

*Includes the interest of his wife, Margaret Mitchell, in 751,100 Ordinary Shares and the interest of MMI in 3,000,000 Ordinary Shares.

†W J Herriot's wife, Margery Herriot, holds 5,000 Ordinary Shares.

- 5.2 Before the date of Admission, the Company intends to grant the following options to the Directors:

Name	No of Options
J R Hustler	150,000
J W Reed	100,000
D C N Earl	50,000

In addition, the Company intends to grant MMI options over 500,000 Ordinary Shares before the date of Admission.

The options referred to above will be on similar terms to the Company's Share Option Scheme and exercisable at the Issue Price at any time between the fourth and the seventh anniversary from the date of grant. This shall be conditional upon raising the Minimum Subscription.

- 5.3 Save as disclosed in paragraphs 5.1 and 5.2 above, none of the Directors (or any person connected with them within the meaning of Section 346 of the Act) has any interest in the share capital of the Company.
- 5.4 Save as disclosed in paragraph 5.1 above and save for the following shareholders, none of the Directors is aware of any interest (within the meaning of Part VI of the Act) which will, immediately following the Issue, represent 3 per cent. or more of the issued share capital of the Company or which directly or indirectly, jointly or severally exercises or could exercise control of the Company:

Shareholder	Percentage of Issued Share Capital	
	Ordinary Shares	Capital
MMI	3,000,000	33.5
D B F Ruellan	527,500	5.9

- 5.5 Save as disclosed in Part IV of this document no Director has or has had any interest in any transaction which is or was of an unusual nature, contains or contained unusual terms or is or was significant in relation to the business of the Company and which was effected during the current or immediately preceding financial year or which was effected during any earlier financial year and remains in any respect outstanding or unperformed.
- 5.6 The aggregate remuneration paid and benefits in kind granted to the Directors during the period ending 31 March 1998 was £47,750 and the aggregate amount payable and benefits in kind to be granted to the Directors for the year ending 31 March 1999 is estimated to be £50,000.

- 5.7 Except as disclosed in paragraph 5.8 below, there are no existing or proposed service or consultancy contracts between any of the Directors and the Company.
- 5.8 A Directors' service agreement has been granted to D W Best by the Company for a period of 24 months. The aforementioned service agreement is terminable by the Company, or the Director, on 12 months' written notice. Each of W J Herriot, D C N Earl, J R Hustler and J W Reed have been granted a 12 month service agreement by the Company, terminable on 3 months' written notice.

6. Directors other directorships

The directorships held by each of the Directors over the five years preceding the date of this document other than in the Company are as follows:

Name: John Randolph Hustler

Current Directorships

Hustler Venture Partners Limited
 Quester Capital Management Limited
 UCL Ventures Limited
 Crowe Insurance Group Limited
 Crowe Syndicate Management Limited
 Northern Venture Trust plc
 Birchwood Garages Limited
 The Compass Community Care Society Limited
 ATA Group plc

Resigned within the last 5 years

WRT Group plc
 Defence Systems Limited
 Defence Systems International Limited
 DSL Holdings Limited
 DSL Group Limited
 Farnham Theatre Productions Limited (in liquidation)

Name: David William Best

Current Directorships

Medical Marketing International Limited
 Medical Marketing International Group Plc
 Endozyme Limited
 Cellfactors plc
 Viratis Limited

Resigned within the last 5 years

Chartwell House Venture Management Limited
 Polymer Pharmaceuticals Limited
 Precision Medical Limited
 Precision Group Holdings plc
 IO International Limited
 The Healthcare Network Limited

Name: John Warren Reed

Current Directorships

Medical Marketing International Group plc
 Endozyme Limited
 Cellfactors plc

Resigned within the last 5 years

John Reed was a director of H.Y. Waterer Limited which was put into an insolvent voluntary liquidation in 1974/5.

Name: Walter John Herriot

Current Directorships

St John's Innovation Centre Limited

Resigned within the last 5 years

St John's Ventures Limited
 Epicas Limited
 Midsummer House Limited
 Cambridge IQ Limited
 Next Technology Corporation Limited
 Camaxys Limited
 United Kingdom Science Park Association

Walter Herriot was a director of Next Technology Corporation Limited and Epicas Limited at the request of St John's College who had shareholdings in these companies. Next Technology Corporation Limited was placed into receivership by the Directors in August 1994, and Epicas Limited was put into voluntary liquidation in March 1995.

Name: Dudley Charles Noel Earl

Current Directorships

Cortecs International Limited
 Inter Medica Limited

Resigned within the last 5 years

None of the directors has any past convictions or past disqualifications from acting as a director or has been declared bankrupt or has been the subject of any public criticisms by any statutory or regulatory authority.

7. Promoters

Each of the Directors and MMI is or may be deemed to be a promoter of the Company. Save as disclosed in this document no cash, securities or other benefits have, since the incorporation of the Company, been paid or given to any promoter or are proposed to be paid or given.

8. Share Option Scheme

The principal terms and conditions of the Company's share option scheme (the "Share Option Scheme") adopted on 24 June, 1997, are summarised below.

The Company has established the Share Option Scheme (which will not be submitted for approval by the Inland Revenue under the Income and Corporation Taxes Act 1988) as a flexible means for the Board to incentivise Directors, members of the Advisory Panel and selected employees at all levels.

Eligibility

Options may be granted at the discretion of the remuneration committee established by the Board to Directors, members of the Advisory Panel and selected employees of the Company or any subsidiary who work not less than 20 hours per week.

Share Option Scheme Limits

The total number of Ordinary Shares acquired or the subject of outstanding options under the Share Option Scheme at any time shall not, when added to the number of Ordinary Shares over which there are subsisting options and the number of issued Ordinary Shares in the capital of the Company, exceed an amount equivalent to 10 per cent. of the Company's issued share capital for the time being.

Exercise Price

- (a) The exercise price is to be determined by the Board not later than the date of grant of an option and shall not in any event be less than the nominal value of an Ordinary Share.
- (b) The option price may be adjusted in the event of a rights issue, bonus issue, share split and certain other alterations of share capital subject to the written certificate of the auditors that such adjustment is fair and reasonable.

When options may be exercised

In normal circumstances, options may be exercised at any time from the fifth anniversary (or such shorter period as the Board may decide should apply to all subsisting options at that time) to the seventh anniversary of their date of grant. In addition, they may be exercised on the death of an option holder, an option holder leaving the Company by reason of incapacity or retirement and upon the takeover of the Company pursuant to a general offer to acquire its whole issued share capital or all the shares of the same class as the shares subject to the options.

Options will lapse, inter alia, on the first anniversary of the option holder's death or cessation of employment due to incapacity or retirement, and also upon the option holder ceasing to be an eligible employee, being adjudged bankrupt or surrendering or otherwise disposing of the legal and beneficial interest in the options.

Amendment

The Board has the power to amend the rules of the Share Option Scheme provided that such amendment will not materially affect any options already granted at the time of the amendment.

9. Retirement Benefit Scheme

The Company does not have an occupational pension scheme for employees of the Company but may make pension contributions in respect of any of its employees to pension funds of their choice.

10. Share Lock-in Agreement

Following the Issue and assuming the Offer is fully subscribed, MMI will hold 33.5 per cent. of the issued share capital of BIC, David Best (together with his wife) will hold 16.8 per cent., and other BIC Directors will hold 0.4 per cent.

Each of the Directors (together with David Best's wife, Margaret Mitchell) and MMI have agreed with Beaumont Cornish not to dispose of any of their shareholdings in BIC for a period of two years from the date of Admission, save in certain exceptional circumstances or with the agreement of Beaumont Cornish.

11. Taxation considerations for investors

The following information is based on law and practice currently in force or applied in the UK and is subject to change in the relevant legislation, its application and its practice. It is intended only as a general guide and is not intended to, nor should it be considered to, constitute legal or tax advice. The information relates only to the position of persons who are the absolute beneficial owners of shares and may not apply to certain classes of persons such as dealers. In considering their tax position, potential investors should consult their professional advisers.

(i) *Dividends*

The tax treatment in relation to dividends paid by the Company should be as follows:

Under current United Kingdom tax legislation the Company is not required to withhold tax at source from dividend payments it makes.

However, when paying a dividend to its shareholders the Company will generally have to account to the Inland Revenue for advance corporation tax ("ACT") at a rate which is related to the lower rate of income tax and which is currently 25 per cent. of the cash dividend paid. Accordingly, the ACT related to a dividend is currently 20 per cent. of the aggregate of the cash dividend and the amount of the ACT. ACT paid by the Company can be set off against the Group's liability to corporation tax, subject to certain limits and restrictions.

The Finance (No. 2) Bill 1998 contains provisions which, if enacted in their current form, will have the effect that from 6th April 1999 ACT will be abolished.

(a) Dividends paid on or before 5th April 1999

Non-corporate shareholders resident for tax purposes in the United Kingdom are currently generally entitled to a tax credit in respect of any dividend received equal to one-quarter of the amount of the dividend. The tax credit equals 20 per cent. of the aggregate amount of the dividend and tax credit. The amount of the dividend received by such a non-corporate shareholder and associated tax credit are both included in computing the shareholder's income for UK tax purposes. The tax credit will be available to offset such shareholder's liability (if any) to income tax on the dividend.

If the tax credit exceeds the shareholder's overall liability to income tax (taking into account his other income and any other tax credits and allowances), he may currently be able to claim payment of the excess in cash from the Inland Revenue. However, UK pension funds are generally not eligible to claim payment of the amount of the tax credit in respect of dividends. The income tax charge in respect of dividends for lower and basic rate taxpayers is at the lower rate of 20 per cent. and such shareholders will, therefore, have no further liability to tax on their dividends. A higher rate taxpayer will be liable to tax on the sum of the dividend plus the tax credit (to the extent that, taking that sum as the top slice of his income, it falls above the threshold for the higher rate of income tax) at the higher rate of 40 per cent. against which he can offset the 20 per cent. tax credit.

A corporate shareholder resident for tax purposes in the United Kingdom will not normally be liable to corporation tax on any dividend received. The dividend and associated tax credit are instead normally treated as franked investment income and, accordingly, such a shareholder can generally offset the tax credit against its own liability to account for ACT on its own distributions.

Whether shareholders who are resident for tax purposes in countries other than the United Kingdom are entitled to a payment from the Inland Revenue of a proportion of the tax credit in respect of any dividends received depends in general upon the provisions of any double taxation convention which exists between such countries and the United Kingdom. Individual shareholders who are resident for tax purposes in countries other than the United Kingdom but are Commonwealth citizens, nationals of states within the European Economic Area, residents of the Isle of Man or the Channel Islands and certain other persons are entitled to a tax credit which they may set off against their total United Kingdom tax liability or, in appropriate cases, reclaim in cash. Shareholders who are resident for tax purposes in countries other than the United Kingdom should consult their own tax advisers concerning their tax liabilities on dividends received and as to whether they are entitled to reclaim any part of the tax credit and, if so, the procedure for claiming payment and what relief or credit may be claimed in respect of such tax credit in the country in which they are resident.

(b) Dividends paid after 5 April 1999

In respect of dividends paid on or after 6 April 1999, individual UK resident shareholders will generally no longer be entitled to claim repayment of the tax credit in cash from the Inland Revenue. In addition, the tax credit will be reduced to 10 per cent. of the aggregate amount of the dividend and tax credit (i.e. the tax credit will be one-ninth of the amount of the dividend). This tax credit will be treated as fully satisfying the income tax liability of a UK resident individual shareholder liable to pay income tax at the lower or basic rate. Also from 6 April 1999, the rate of income tax applicable to dividends paid by a UK company and received by UK resident individuals liable to income tax at the higher rate, will fall from 40 per cent. to 32.5 per cent. The effect of this reduction is that, after taking into account the 10 per cent. tax credit, a higher rate taxpayer will have further income tax to pay at a rate of 22.5 per cent. of the aggregate amount of the dividend and related tax credit. This will result in no greater income tax charge than at present.

A UK resident corporate shareholder will remain not liable to tax on any dividend received. The position of a UK resident pension fund will be unchanged, as will the position of most non-resident shareholders, although it is likely that a non-resident shareholder will be in practise cease to be able to reclaim any significant part of the tax credit, due to the reduction in its amount.

(ii) *Stamp Duty and Stamp Duty Reserve Tax ("SDRT")*

The Company has been advised in relation to stamp duty and SDRT as follows:

- (a) No stamp duty or SDRT is payable on the allotment or issue by the Company of new shares or on the issue of share certificates in respect of such shares by the Company.
- (b) The transfer on sale of the Company's shares within the CREST system is not subject to stamp duty as there is no instrument of transfer in these circumstances. Such a transfer of the Company's shares within the CREST system will, however, attract a liability to account for SDRT on or before the 7th day of the month following that in which the agreement to transfer was made ("the accountable date") at the rate of 0.5 per cent. of the amount or value of the consideration.
- (c) The conveyance or transfer on sale of the Company's shares will usually be subject to stamp duty on the instrument of transfer, generally at the rate of 50p per £100 (or part of £100) of the amount or value of the consideration. A charge to SDRT at the rate of 0.5 per cent. may also arise if an unconditional agreement to transfer such shares is not completed by a duly stamped instrument of transfer on or before the accountable date. If within the period of six years of the date of the agreement an instrument of transfer is executed pursuant to the agreement and stamp duty is paid on that instrument any liability to SDRT will be repaid or cancelled.

The above statements are intended as a general guide to the current position. Certain categories of person including intermediaries, are not liable to stamp duty or SDRT, and others may be liable to a higher rate or may, although not primarily liable for the tax, be required to notify and account for it under the Stamp Duty Reserve Tax Regulations 1986.

(iii) *Capital gains tax on disposal*

In the event that a person who is either UK resident or ordinarily resident in the UK realises chargeable gains by disposing of shares, it is expected that normal capital gains tax rules will apply, whether the shares remain on OFEX or are admitted to another stock market.

(iv) *Personal equity plans*

OFEX securities are not eligible to be held directly by individual investors in personal equity plans.

Any person who is in any doubt as to his tax position or requires more detailed information than this general outline should consult his professional advisers.

12. Litigation

There are no legal or arbitration proceedings (including any such proceedings which are pending or threatened against or being brought by the Company or the Subsidiary) which have, or may have had since its incorporation a significant effect on the Company's financial position.

13. Working capital

The Directors consider, having made due and careful enquiry, that the Company has sufficient working capital for its present requirements on the basis that the Minimum Subscription is raised.

The Directors consider that present requirements relate to the period up to shortly after construction of the Centre when it is likely that suitable clients will have been identified, trading income is expected to be generated and the required further funding is able to be more accurately assessed. Based on the minimum subscription level the Directors consider that this period will be until at least early 2000 although on the basis of current estimates it is expected that the funds raised at the maximum subscription level will allow the Company to continue its operations for a period of at least 18 months from completion without further funding.

Regardless of the amount raised from this Offer (above the Minimum Subscription), it is the Directors' intention, when the Centre is constructed, to establish a timescale whereby further funds are to be raised in order to provide additional working capital required to enable it to mentor its clients through to the next stage of its development.

14. Material Contracts

The following contracts are the only contracts entered or intended to be entered into by the Company, otherwise than in the ordinary course of the business since incorporation which are, or may be, material;

- (a) Two agreements both dated 29 January 1997, pursuant to which BIC purchased the entire issued share capital of the Subsidiary.
- (b) Agreement with MMI, pursuant to which MMI has agreed to provide certain services to BIC. The Agreement is for an initial period of 4 years during which it cannot be terminated and thereafter requires 12 months' notice, given by either party, to terminate. The Agreement also provides for either party to terminate forthwith if (i) the Agreement is breached to a material extent, and such breach is not remedied within 30 days; (ii) either party fails to pay monies

when due and (iii) either party becomes insolvent. In addition, BIC may terminate if David Best and Margaret Mitchell no longer hold a minimum of 25.1 per cent. interest in MMI and/or the composition of MMI's board of directors no longer includes David Best. MMI will not be prevented from providing similar services to other Bioscience incubators, but has agreed not to do so in the region of East Anglia without the consent of the Board of BIC. Each party has agreed to act in good faith, requiring full and frank disclosure to the other of any material matters relevant to BIC's business. Services to be provided by MMI include assistance with the identification of potential clients, an assessment of the science, an assessment of intellectual property and its ownership, an assessment of market potential, provision of general intellectual property advice, licencing and marketing strategy advice, and general assistance with management and the appointment of financial advisors.

- (c) By an Agreement dated 3 June 1997 ("the Original Agreement"), BIC agreed to take a lease of property forming part of the St. John's Innovation Park, Cowley Road, Cambridge ("the Property") from St. John's College, Cambridge ("the College"), subject to various conditions first being satisfied, for a term of 126½ years.
- (d) By an Agreement dated 14 July 1998 the Original Agreement was assigned by BIC to SLAC with the College's consent; the College granted to SLAC a headlease ("the Headlease") for a term of 126½ years; SLAC agreed to construct on the Property a Bioscience Innovation Centre in accordance with the requirements of the Headlease and the specification agreed with BIC; and, following construction of the Bioscience Innovation Centre, SLAC agreed to grant to BIC an underlease of the Property for a term of 25 years. The Assignment by BIC to SLAC and the Agreement for Underlease from SLAC to BIC were entered into simultaneously.
- (e) An Agreement for Underlease dated 14 July 1998 granted by SLAC to BIC by which SLAC agreed to grant and BIC agreed to take an underlease of Property for a term of 25 years on a full repairing and insuring basis. Under the terms of the Agreement, SLAC is required to construct the Bioscience Innovation Centre, following which completion of the Underlease will take place. The initial basic rent will be calculated by multiplying the total net internal area of the Property by £16.70. The Underlease contains a provision for the basic rent to be reviewed in an upwards-only direction every five years and for the payment by BIC of additional rent (known as "Super Rent"), to be calculated by reference to BIC's profits between year three and year ten. BIC may determine the Agreement (and thus not take up the Underlease) by giving notice to SLAC no later than 9 months after the date of commencement by SLAC of its construction works. There is a provision for damages to be paid to BIC in the event of certain delays in constructing the Centre. When Super Rent applies, the basic rent shall be reduced to 85 per cent. and the Super Rent paid in addition shall comprise:—
 - (i) 25 per cent. of profit rent derived from the building (the difference between the rent paid under the Headlease to SLAC and the rent received from MMI and the other tenants);
 - (ii) 25 per cent. of the profit margin on the mentoring skills and services provided; and
 - (iii) 5 per cent. of BIC's pre-tax profits (capped at £200,000, indexed in line with the retail price index from the end of year 3).

The total amounts of Super Rent shall be capped at £250,000 (subject to indexation in line with the retail price index from the end of year 3) in any one year.
- (f) By a letter of engagement dated 22 July 1998 BIC engaged Ruegg & Co. to act as agent in arranging subscribers for the Issue. Ruegg & Co. is to be paid a commission calculated at 3 per cent. of the funds it raises.

15. Material changes

The Company has not traded since incorporation and save as disclosed in this document there has been no significant change in the financial or trading position of the Company since then.

16. Indebtedness

At the close of business on 17 July 1998, the Company had no loan capital (including term loans) outstanding or created but unissued, nor any other borrowings or indebtedness in the nature of borrowing, including bank overdrafts, liabilities under acceptances (other than normal trade bills) or acceptance credits, mortgages, charges, hire purchase commitments or obligations under finance leases, guarantees or other material contingent liabilities.

17. General

- 17.1 The estimated total costs and expenses payable by the Company in connection with the Issue (including professional fees, printing costs and a maximum of 3 per cent. commission on all monies raised) amount to a maximum of £100,000 excluding VAT, all of which is payable by the Company.
- 17.2 Baker Tilly have given and have not withdrawn their written consent to the issue of this document with the inclusion herein of their report and the references to such report and to their name in the form and context in which they appear.
- 17.3 Januarys Chartered Surveyors have given and have not withdrawn their written consent to the issue of this document with the inclusion herein of the references to their name in the form and context in which they appear.

- 17.4 In accordance with paragraph 21 of Schedule 1 of the Regulations, the minimum amount which, in the opinion of the Directors, must be received pursuant to the Offer for Subscription to provide for the matters noted below is as follows:—
- (i) The purchase price of properties—nil;
 - (ii) Preliminary expenses and expenses of the Issue payable by the Company—£62,000 (the £75,000 reimbursement to MMI, as outlined on page 13 of this document, is being paid out of the Company's existing cash resources);
 - (iii) Commission payable to Ruegg & Co.—3 per cent. of the funds it raises (amounting to a maximum of £10,000 if the Minimum Subscription is raised);
 - (iv) Working capital £178,000.
- 17.5 There are no patents or other intellectual property rights, licences or particular contracts (other than those disclosed herein) which are of fundamental importance to the Company's business.
- 17.6 The financial information contained in this document does not comprise statutory accounts for the purposes of Section 240 of the Act.
- 17.7 Keyman insurance to the value of £500,000 has been arranged by MMI for D W Best in his capacity as a director of MMI. No Keyman insurance is anticipated to be required for any of the Directors.

18. Documents Available for Inspection

Copies of the following documents may be inspected at the offices of Barlow Lyde & Gilbert, Beaufort House, 15 St. Botolph Street, London EC3A 7NJ during normal business hours everyday (except weekends and public holidays) from the date of this document up to and including any date on which the Offer closes:

- 18.1 the Memorandum and Articles of Association of the Company;
- 18.2 the material contracts referred to in paragraph 14 above;
- 18.3 the report comprising Part III of this document;
- 18.4 the service agreements referred to in paragraph 5.8 above;
- 18.5 the letters of consent referred to in paragraph 17 above; and
- 18.6 the rules of the Share Option Scheme referred to in paragraph 8 above.

Date 24 July 1998. ✓

PART V

TERMS AND CONDITIONS OF THE OFFER

1. The basis of allotment will be determined by the Company in its absolute discretion. However, it is the intention that applications will be accepted strictly in order of receipt so that, in the event of over-subscription, applications will not be scaled down and surplus applications will be declined with application monies returned. If any application is not accepted, the amount paid on application will be returned without interest, in each case sent through the post at the applicant's risk.
The Company reserves the right:
 - (i) to reject any application in whole or in part;
 - (ii) to extend the period during which the subscription list remains open; and
 - (iii) to close the subscription list at any time after it opens.
2. The right is reserved to present all cheques and banker's drafts on receipt and to retain certificates for Ordinary Shares pending the clearance of all cheques. All cheques, certificates and other documents sent or returned to applicants will be sent at the risk of the person(s) entitled thereto.
3. Cheques will be presented for payment on receipt into an interest bearing collection account by IRG plc. Any interest accruing thereon will accrue to the Company. Monies may be transferred to the Company as the Company may determine against allotment and issue of Ordinary Shares.
4. By completing and delivering an Application Form, you irrevocably undertake as follows:
 - (a) to subscribe for the number of Ordinary Shares specified in the Application Form, on the terms of, and subject to the conditions set out in this document, including these terms and conditions and subject to the Memorandum and Articles of Association of the Company;
 - (b) to accept such Ordinary Shares as may be allotted to you in accordance with paragraph 1 above or such lesser number (being not less than £1,000 in value) of Ordinary Shares in respect of which this application may be accepted;
 - (c) that all applications, acceptances, allotments and contracts arising from it will be governed by and construed in accordance with English Law;
 - (d) that if you sign the Application Form on behalf of somebody else or a corporation you have the authority to do so and such person will also be bound accordingly and will be deemed also to have given the confirmations, warranties and undertakings contained in these terms and conditions of application;
 - (e) that you are not relying on any information or representation other than those contained in this document;
 - (f) that the remittance accompanying your Application Form will be honoured at first presentation and agree that if it is not so honoured the Company may (without prejudice to any other rights it may have) avoid the agreement to allot the relevant Ordinary Shares and may allot them to some other person in which case you will not be entitled to any refund or payment in respect thereof; and
 - (g) that you are not a US or Canadian person and that you are not applying on behalf of any such persons.
5. If the value of your application is £10,000 or more (or is one of a series of linked applications the aggregate value of which exceeds that amount), the verification of identity requirements of the Money Laundering Regulations 1993 will apply and verification of the identity of the application(s) may be required. A failure to provide the necessary evidence of identity may result in the rejection of your application or in delays in the despatch of a share certificate or the return of application monies. In order to avoid this, you should ideally make payments by means of a cheque drawn by the person named in Box 4 of the Application Form. If this is not practicable and you use a cheque drawn by a third party or a building society cheque or banker's draft, you should:
 - (a) write the name and address of the person named in Box 4 of the Application Form on the back of the cheque, building society cheque or banker's draft;
 - (b) if a building society cheque or banker's draft is used, ask the building society or bank to endorse on the cheque or banker's draft the name and account number of the person whose building society or bank account is being debited. The bank or building society endorsement should be overlaid with the branch stamp; and

- (c) if you are making the application as agent for one or more persons, indicate in Box 4 of the Application Form whether you are a UK or EC regulated person or institution (e.g. a bank or broker) and specify your status. If you are not a UK or EC regulated person or institution, you should contact IRG plc and seek guidance.

If within a reasonable period of time following a request for verification of identity IRG plc has not received satisfactory evidence, it may at its absolute discretion reject your application in which event the application monies will be returned without interest to the account at the drawee bank from which such monies were originally debited.

6. Non-UK applicants

No person receiving a copy of this document and/or Application Form in any territory other than the UK, the Channel Islands or the Isle of Man may treat the same as constituting an invitation or offer to him nor should he in any event use such Application Form, unless in the relevant territory such an invitation and offer could lawfully be made to him without compliance with any unfulfilled registration or other legal requirements. It is the responsibility of any person outside the UK, the Channel Islands and the Isle of Man or subject to the laws of any overseas jurisdiction, who receives a copy of this document and/or an Application Form and who wishes to make an application hereunder, to satisfy himself as to full observance of the laws of the relevant territory in connection therewith, including the obtaining of any governmental or other consents and compliance with other necessary formalities, and to pay any transfer or other taxes required to be paid in such territory in respect of the shares acquired by him under the Offer for Subscription.

No application will be accepted on any application form from or on behalf of a US or Canadian persons. A "US or Canadian person" means any individual who is a citizen or resident of the United States of America (including the states and the District of Columbia) or a resident of Canada, or their territories or possessions or other areas subject to their jurisdiction ("US" and "Canada" respectively) or any corporation, partnership or other entity created or organised in or under the laws of the US or Canada and any estate or trust the income of which is subject to US or Canadian federal income taxation regardless of its source. A US or Canadian person shall include (i) in the case of any such corporation or firm, any branch thereof outside the US; (ii) any investment fund, estate or trust organised under or governed by the laws of the US or any political sub-division thereof except any fund managed on a discretionary basis outside the US; and (iii) any US branch of any other corporation or firm.

7. The contracts resulting from acceptances of applications under the Offer will be conditional upon:

- (i) Admission; and
- (ii) the Minimum Subscription being achieved in full

in each case occurring not later than 3.00 pm on 7 September 1998 or such later time and/or date as Beaumont Cornish and the Company may agree. If this condition is not satisfied, monies collected in respect of applications will be returned without interest, in each case sent through the post at the applicant's risk.

8. It is expected that definitive share certificates will be posted to successful applicants within 3 weeks of the close of the subscription list. Dealings prior to receipt of share certificates will be at the risk of the applicant(s). A person so dealing must recognise the risk that an application may not have been accepted to the extent anticipated, or at all.

APPLICATION PROCEDURE

1. Insert in BOX 1 of the Application Form the number of new ordinary shares (in figures) for which you are applying. Applications must be for a minimum of 2,000 shares in multiples of 1,000 shares thereafter.
2. Insert in BOX 2 (in figures) the amount of your cheque or banker's draft. This should be the Issue Price of 50p multiplied by the number of shares inserted in BOX 1.
3. Sign and date the Application Form in BOX 3. The Application Form may be completed and signed by someone else on your behalf if duly authorised to do so but the power of attorney or form of authority (or a duly certified copy of it) must be enclosed for inspection. If you are a corporation, the Application Form should be signed by a duly authorised director or other officer in accordance with your Articles of Association or other regulations under the Act.

Insert in BOX 4 your full name and address in BLOCK CAPITALS.

4. You should pin your cheque/banker's draft to your completed Application Form. Cheques and banker's drafts must be payable to **"IRG plc re: BIC"**. No receipt will be issued for this payment. Cheques and banker's drafts must be drawn in sterling on an account at a branch (which must be in the United Kingdom, the Channel Islands or the Isle of Man) of a bank or building society which is either a settlement member of the Cheque Credit Clearing Company Limited or the CHAPS Clearing Company Limited, or which has arranged for its cheques and banker's drafts to be cleared through the facilities provided for the members of either of these companies, and must bear the appropriate sort code number in the top right hand corner.

You may use a cheque or banker's draft issued by your own building society or any bank branch in the United Kingdom or the Channel Islands or the Isle of Man, or, if you wish, a personal cheque drawn by someone else but any monies to be returned will be done by returning the cheque to the applicant or by sending a cheque crossed "A/C payee" in favour of the person in Box 4. If the cheque, building society cheque or banker's draft is drawn by someone other than the applicant(s), (i) the name and address of the person named in Box 4 must be written on the back and (ii) if the value is £10,000 or more you should read carefully, and follow the guidelines set out in, paragraph 5 of the accompanying Terms and Conditions of Application.

Send the completed Application Form by post or by hand to: IRG plc, Balfour House, 390-398 High Road, Ilford, Essex IG1 1NQ.

Any applicant requiring assistance in completing the Application Form should telephone BIC on: 01223 421906.

APPLICATION FORM

The Bioscience Innovation Centre plc

This Application Form should be completed and sent to IRG plc, Balfour House, 390-398 High Road, Ilford, Essex IG1 1NQ so as to arrive as soon as possible. It may also be delivered by hand to IRG plc at the address previously stated. The subscription list will be opened at 10.00 a.m. on 24 July 1998 and may be closed at any time thereafter and in any event by 7 September 1998 unless previously extended.

Issue of up to 2,200,000 Ordinary Shares of 1p each at 50p per share

IMPORTANT — Before completing this Application Form you should carefully read the procedure for Application on page 38 of the Prospectus dated 24 July 1998 ("the Prospectus") and the Terms and Conditions set out overleaf. If you need further copies of the Prospectus, which includes an Application Form, please call 01223 421906. Definitions used in the Prospectus shall have the same meaning in this Application Form.

Box 1	I/We offer to subscribe for		new ordinary shares of 1p each
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in the Company on the terms and subject to the conditions set out in the Prospectus.

Box 2	I/We attach a cheque or banker's draft payable to "IRG plc re: BIC" for the total amount payable of	£
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Box 3	Signature	Date
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Box 4	Forename(s) (in full)			
Surname			Mr., Mrs., Miss, Ms	
Address (in full)				
Postcode			Daytime Tel: No.	

Box 5	Other persons applying to hold the shares jointly with the first applicant should insert their names and sign in the box below.		
Title	Forename(s) in full	Signature	Signature