THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document you should consult your stockbroker, bank manager, solicitor, accountant or other independent professional adviser authorised for the purposes of the Financial Services and Markets Act 2000 (as amended), who specialises in advising on the acquisition of shares and other securities. An investment in the Company involves a significant degree of risk and may not be suitable for all recipients of this document. Investors should consider carefully the Risk Factors which are set out in Part III of this document. If you have sold or transferred all your Ordinary Shares in the Company, you should send this document, together with the accompanying form of proxy, to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

This document, which comprises an AIM Admission document, has been drawn up in accordance with the AIM Rules and has been issued in connection with the proposed admission of the Enlarged Issued Share Capital of the Company to trading on AIM. In the United Kingdom, any offer of Ordinary Shares is being made only to qualified investors for the purposes of and as defined in section 86 of FSMA and, accordingly, this document is not an approved prospectus for the purposes of section 85 of FSMA and a copy of it has not been, and will not be, delivered to the UK Listing Authority in accordance with the Prospectus Rules or delivered to or approved by any other authority which could be a competent authority for the purposes of the Prospectus Directive. This document and the accompanying Form of Proxy should not be forwarded or transmitted by you to any person in the United States, Canada, Australia, the Republic of South Africa or Japan or their respective territories or possession or any other jurisdiction where it would be unlawful to do so. If you have sold or transferred only part of your holding of Ordinary Shares you should retain these documents.

The Directors and Proposed Directors, whose names appear on page 4 of this document, accept responsibility for the information contained in this document including individual and collective responsibility for compliance with the AIM Rules and the recommendation set out in paragraph 27 of Part I of this document (for which the Independent Directors are solely responsible). To the best of the knowledge and belief of the Directors and the Proposed Directors (who have taken reasonable care to ensure that such is the case) the information contained in this document for which they are responsible (as above) is in accordance with the facts and there are no other facts the omission of which is likely to affect the import of such information.

The Existing Ordinary Shares are admitted to trading on AIM. Application will be made to London Stock Exchange for the Enlarged Issued Share Capital to be admitted to trading on AIM. The Ordinary Shares are not dealt in on any other recognised investment exchange and no application has been, or is being, made for the New Ordinary Shares to be admitted to any such exchange. It is expected that Admission will become effective and that dealings in the Enlarged Issued Share Capital will commence on AIM on 31 December 2007.

The rules of AIM are less demanding than those of the Official List of the UK Listing Authority. AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. The London Stock Exchange has not itself examined or approved the contents of this document.

Each AIM company is required pursuant to the AIM Rules to have a nominated adviser. The nominated adviser is required to make a declaration to London Stock Exchange on Admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers.

Kanyon Plc

(Incorporated and registered in England and Wales with registered number 05845469)

Approval of proposed acquisition of Oxford Advanced Surfaces Limited

Proposed 1 for 10 Share Consolidation

Proposed subscription by Ora Capital Partners Plc for 12,000,000 New Ordinary Shares at 25 pence per share

Proposed change of name to Oxford Advanced Surfaces Group Plc

Adoption of New Articles of Association

Application for Admission to AIM

and

Notice of General Meeting

Nominated Adviser	*Broker*
Zimmerman Adams International Limited	**Hichens, Harrison & Co. Plc**

Zimmerman Adams International Limited, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting solely as nominated adviser to the Company in connection with the arrangements described in this document. Its responsibilities as the Company's nominated adviser under the AIM Rules are owed solely to the London Stock Exchange and are not owed to the Company or to any Director or to any Proposed Director or to any other person or entity in respect of their decision whether or not to acquire shares in the Company in reliance on any part of this document. No representation or warranty, express or implied, is made by Zimmerman Adams International Limited as to any of the contents of this document (without limiting the statutory rights of any person to whom this document is issued). Zimmerman Adams International Limited will not be offering advice and will not otherwise be responsible to anyone other than the Company for providing the protections afforded to clients of Zimmerman Adams International Limited or for providing advice in relation to the contents of this document or any other matter. No liability is accepted by Zimmerman Adams International Limited for the accuracy of any information or opinions contained in, or for the omission of any material information from, this document, for which the Company and the Directors are solely responsible.

Hichens, Harrison & Co. plc (which is regulated by the Financial Services Authority) is acting for the Company and no one else in connection with the arrangements described in this document. Hichens, Harrison & Co. plc has not authorised the contents of, or any part of, this document and no representation or warranty, express or implied, is made by Hichens, Harrison & Co. plc as to any of its contents. In relation to the arrangements described in this document, Hichens, Harrison & Co. plc is acting for the Company and no one else and will not be responsible to anyone other than the Company for providing the protections afforded to customers of Hichens, Harrison & Co. plc or for providing advice on the arrangements described in this document.

The whole text of this document should be read. Investment in the Company is speculative and involves a high degree of risk. Your attention is also drawn to the section headed "Risk Factors" in Part III of this document. All statements regarding the Company's and/or the Enlarged Group's business, financial position and prospects should be read in light of such risk factors.

CONTENTS

ADMISSION STATISTICS

Number of Existing Ordinary Shares	883,841,307
(post Share Consolidation)	88,384,131
Number of Consideration Shares proposed to be issued	77,539,907
Number of Subscription Shares proposed to be issued	12,000,000
Subscription Price	25 pence
Number of New Ordinary Shares in issue on Admission	177,924,038
Gross proceeds of the Subscription available to the Company	£3.0 million
Net proceeds of the Subscription available to the Company	£2.6 million
Market capitalisation immediately following Admission at the Subscription Price	£44.50 million
International Security Identification Number (ISIN)	GB00B29YYY86
TIDM Symbol	OXA

	Percentage of Enlarged Issued Share Capital %	**Percentage of fully diluted Enlarged Issued Share Capital %**
Percentage of Enlarged Issued Share capital represented by :		
Existing Ordinary Shares	49.68	46.76
Consideration Shares	43.58	41.02
Subscription Shares	6.74	6.35

EXPECTED TIMETABLE

Event	**Date assuming Short GM**	**Date assuming Standard GM**
Publication date of the Admission document	12 December 2007	12 December 2007
Latest time and date for receipt of Consent to Short Notice Forms in respect of the Short GM	10.00 a.m. on 19 December 2007	n/a
Latest time and date for receipt of Forms of Proxy in respect of the Short GM	10.00 a.m. on 19 December 2007	n/a
Latest time and date for receipt of Forms of Proxy in respect of the Standard GM	n/a	10.00 a.m. on 5 January 2008
Record Date for Consolidation	5.00 p.m. on 21 December 2007	5.00 p.m. on 7 January 2008
General Meeting	10.00 a.m. on 21 December 2007	10.00 a.m. on 7 January 2008
Completion of the Acquisition, Admission and dealings in the Enlarged Issued Share Capital expected to commence on AIM	31 December 2007	8 January 2008
Expected crediting of CREST accounts (where applicable) by	31 December 2007	8 January 2008
Expected despatch of definitive share certificates (where applicable) by	7 January 2008	15 January 2008

DIRECTORS, PROPOSED DIRECTORS, SECRETARY AND ADVISERS

Directors	David Robert Norwood *(Non-Executive Chairman)* Michael Anthony Bretherton *(Finance Director)* Byron David Lloyd *(Non-Executive Director)* Alan John Aubrey *(Non-Executive Director)* Matthew Leslie Sutcliffe *(Non-Executive Director)* *all of:*
Registered Office	17 Hanover Square London W1S 1HU
Proposed Directors	Jeremy Paul Scudamore *(Proposed Non-Executive Chairman)* Marcelo Leonardo Bravo Cordero *(Proposed Chief Executive Officer)* Dr Mark Gerard Moloney *(Proposed Non-Executive Director)* Dr Andrew James Naylor *(Proposed Non-Executive Director)*
Proposed Principal Place of Business	Begbroke Centre for Innovation and Enterprise University of Oxford Begbroke Science Park Sandy Lane Yarnton OX5 1PF
Secretary	Nigel Raymond Gordon
Continuing Board	Jeremy Paul Scudamore *(Non-Executive Chairman)* Marcelo Leonardo Bravo Cordero *(Chief Executive Officer)* Michael Anthony Bretherton *(Finance Director)* Dr Mark Gerard Moloney *(Non-Executive Director)* Dr Andrew James Naylor *(Non-Executive Director)* David Robert Norwood *(Non-Executive Director)*
Nominated Adviser	Zimmerman Adams International Limited New Broad Street House 35 New Broad Street London EC2M 1NH
Broker	Hichens, Harrison & Co. plc Bell Court House 11 Blomfield Street London EC2M 1LB
Auditors and Reporting Accountants	Baker Tilly UK Audit LLP 2 Bloomsbury Street London WC1B 3ST
Solicitors to the Company	Fasken Martineau Stringer Saul LLP 17 Hanover Square London W1S 1HU
Solicitors to the Vendors	Mills & Reeve LLP 130 Fenchurch Street London EC3M 5DJ
Solicitors to the Nominated Adviser	Marriott Harrison Staple Court 11 Staple Inn Buildings London WC1V 7QH
Registrars	Capita Registrars Northern House Woodsome Park Fenay Bridge Huddersfield HD8 0LA
Website as at the date of this document	www.kanyonplc.com
Website as at the date of Admission	www.oxfordadvancedsurfaces.com

DEFINITIONS

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

"**Acquisition**"	the proposed acquisition by the Company of the entire issued share capital of OAS pursuant to the Acquisition Agreement
"**Acquisition Agreement**"	the conditional agreement dated 12 December 2007 between the Company and the Vendors relating to the Acquisition, further details of which are set out in paragraph 13.12 of Part VIII of this document
"**Acts**"	the CA 1985 and the CA 2006
"**Admission**"	the admission of the Enlarged Issued Share Capital to trading on AIM becoming effective in accordance with Rule 6 of the AIM Rules for Companies
"**AIM**"	the market of that name operated by London Stock Exchange
"**AIM Rules**"	the rules published by London Stock Exchange governing the admission to, and operation of, AIM from time to time and including the AIM Rules for Companies and the AIM Rules for Nominated Advisers
"**Articles**"	the current articles of association of the Company
"**Board**"	the board of directors of the Company from time to time and any duly authorised and constituted committee thereof
"**Bravo Options**"	means OAS Options granted to Marcelo Bravo over 8,310 OAS Shares and which are to be exercised by Marcelo Bravo, in accordance with their terms, immediately prior to completion of the Acquisiton
"**CA 1985**"	the Companies Act 1985, as amended, and the extent it is still in force
"**CA 2006**"	the Companies Act 2006
"**Capita**"	a trading name of Capita Registrars Limited
"**Code**" or "**City Code**"	the City Code on Takeovers and Mergers published from time to time by the Panel
"**Combined Code**"	the Combined Code on Corporate Governance published in June 2006 by the Financial Reporting Council, as amended from time to time
"**Company**" or "**Kanyon**"	Kanyon Plc
"**Completion**"	completion of the Acquisition Agreement in accordance with its terms
"**Concert Parties**"	together, the Oxford University Concert Party, the Other Vendors Concert Party and the Kanyon/IP Concert Party and "**Concert Party**" shall mean any one of them
"**Consent to Short Notice**"	the consent which is being sought from Shareholders in accordance with the Articles and the CA 2006, for the Short GM to be held at 10.00 a.m. on 21 December 2007, notwithstanding that it shall have been convened on less than the statutory period of notice
"**Consent to Short Notice Form**"	the yellow form of consent, enclosed with this document, to be used by Shareholders in relation to the giving of Consent to Short Notice
"**Consideration Shares**"	the 77,539,907 New Ordinary Shares to be issued to the Vendors on Completion in accordance with the terms of the Acquisition Agreement
"**Continuing Board**"	the board of the Company immediately after Admission, comprising Michael Bretherton, David Norwood and the Proposed Directors
"**CREST**"	the relevant system (as defined in the CREST Regulations) operated by Euroclear in accordance with which securities may be held or transferred in uncertificated form

"**CREST Regulations**"	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755), as amended, and any applicable rules made under these regulations
"**Directors**" or "**Board**"	the directors of the Company as at the date of this document, whose names are set out on page 4 of this document
"**EMI Scheme**"	the Kanyon Enterprise Management Incentive Scheme, proposed to be adopted by the Company more particularly described in paragraph 12 of Part VIII of this document
"**Enlarged Group**"	the Company and its subsidiary undertakings immediately following Admission, being Solar Labs and OAS
"**Enlarged Issued Share Capital**"	the New Ordinary Shares in issue immediately following Admission, comprising the Existing Ordinary Shares (as consolidated by the Share Consolidation), the Consideration Shares and the Subscription Shares
"**Euroclear**"	Euroclear UK and Ireland Limited, the operator of CREST
"**Existing Ordinary Shares**"	the 883,841,307 Ordinary Shares in issue at the date of this document
"**Form of Proxy**"	the form of proxy enclosed with this document for use by holders of Existing Ordinary Shares at the GM
"**FSMA**"	Financial Services and Markets Act 2000, as amended
"**Founders**"	Dr Mark Moloney and Dr Jon-Paul Griffiths
"**Fractional Entitlement Purchase**"	the purchase by Ora of two New Ordinary Shares which will arise in respect of the aggregation of the fractional entitlements to New Ordinary Shares arising in connection with the Share Consolidation, details of which are set out in paragraph 15 of Part I of this document
"**General Meeting** or "**GM**"	either the Short GM or the Standard GM (as the case may be) of the Company (or any adjustment thereof), notice of which is set out at the end of this document
"**Hichens**"	Hichens, Harrison & Co. plc, broker to the Company
"**IAS**"	International Accounting Standards
"**IFRS**"	International Financial Reporting Standards
"**Independent Directors**"	Matthew Sutcliffe and Byron Lloyd
"**Introduction Agreement**"	the conditional agreement dated 12 December 2007 between the Company, the Directors, the Proposed Directors and ZAI relating to Admission, further details of which are set out in paragraph 13.11 of Part VIII of this document
"**Intellectual Property Rights**"	means all intellectual property, including (without limitation) patents, trade marks, service marks, trade or business names, goodwill, domain names, database rights, rights in designs, copyrights and topography rights (whether or not any of these rights are registered, and including applications and the right to apply for registration of any such rights) and all inventions, know-how, trade secrets and confidential information, customer and supplier lists and other proprietary knowledge and information and all rights under licences and consents in relation to any such rights and all rights and forms of protection of a similar nature or having equivalent or similar effect to any of these which may subsist anywhere in the world for their full term, including renewals and extensions
"**IP Group**"	IP Group plc, a company incorporated in England and Wales with registered number 04204490
"**IP Group Concert Party**"	those persons whose details are set out in paragraph 2 of Part IV of this document

"**Isis**"	Isis Innovation Limited, a company incorporated in England and Wales with registered number 02199542
"**Kanyon Group**"	the Company and Solar Labs
"**Kanyon/IP Concert Party**"	the concert party described as such and detailed in paragraph 9 of Part I and paragraph 4 of Part IV of this document
"**Lock In Agreements**"	the agreements dated 12 December 2007, entered between the Company (1), ZAI (2), Hichens (3), the Vendors (4) and various Shareholders (5), further details of which are set out in paragraph 13.13 of Part VIII of this document
"**London Stock Exchange**"	London Stock Exchange plc
"**Licensed Intellectual Property**"	the patents and patent applications, know how relating to such patents and patent applications, patents granted in response to the patent applications and improvements in respect of the same and as described in the Technology Licence
"**New Articles**"	the new articles of association of the Company proposed to be adopted at the GM and a draft of which is available for inspection as referred to in paragraph 6 of Part VIII
"**New Options**"	options to subscribe for New Ordinary Shares to be granted by the Company, as at Admission, under the Share Option Schemes, further details of which are set out in paragraph 7 of Part VIII of this document
"**New Ordinary Shares**"	ordinary shares of 1 pence each in the capital of the Company arising on the Share Consolidation
"**Notice of GM**"	the notice of General Meeting set out at the end of this document
"**not in Public Hands**"	New Ordinary Shares held, directly or indirectly (including via a related financial product) by: (i) a related party (as defined in the AIM Rules for Companies); (ii) the trustees of any employee share scheme or pension fund established for the benefit of any directors/employees of the Company (or the Subsidiaries); (iii) any person who under any agreement has a right to nominate a person to the Board; (iv) any person who is the subject of a lock in agreement pursuant to rule 7 of the AIM Rules for Companies; and (v) the Company as treasury shares
"**OAS**"	Oxford Advanced Surfaces Limited, a company incorporated in England & Wales under company number 05846542
"**OAS Options**"	the options to subscribe for OAS Shares which have been granted, details of which are set out in paragraph 6 of Part I of this document
"**OAS Shares**"	means ordinary shares of 1 pence each in the share capital of OAS
"**OAS Share Capital**"	means the entire issued share capital of OAS as enlarged immediately before Completion by the exercise of the Bravo Options and the issue, upon such exercise, of 8,310 OAS Shares to Marcelo Bravo
"**Official List**"	the official list of the UK Listing Authority
"**Ora**"	Ora Capital Partners Plc, a company incorporated in England & Wales under company number 05614046
"**Ordinary Shares**"	ordinary shares of 0.1 pence each in the capital of the Company
"**Other Vendors Concert Party**"	those persons whose details are set out in paragraph 3 of Part IV of this document

"**Oxford University Concert Party**"	those persons whose details are set out in paragraph 1 of Part IV of this document
"**Panel**"	the Panel on Takeovers and Mergers
"**Patents**"	together Patent Family 1, Patent Family 2 and Patent Family 3
"**Patent Family 1**"	the patent family, details of which are set out in paragraph 5.1 of Part II
"**Patent Family 2**"	the patent family, details of which are set out in paragraph 5.2 of Part II
"**Patent Family 3**"	the patent family, details of which are set out in paragraph 5.3 of Part II
"**Proposals**"	the Acquisition, the Subscription, the change of the Company's name to Oxford Advanced Surfaces Group Plc, the approval of the Share Option Schemes, the approval of the Share Consolidation, the adoption of the New Articles, the approval of the ongoing investment strategy and Admission
"**Proposed Directors**"	the proposed new directors of the Company with effect from Admission, being Marcelo Bravo, Jeremy Scudamore, Dr Mark Moloney and Dr Andrew Naylor
"**Prospectus Directive**"	directive 2003/71/EC, as amended
"**Prospectus Rules**"	the prospectus rules published by the Financial Services Authority from time to time for the purposes of Part VI of FSMA in relation to offers of securities to the public and admission of securities to trading on a regulated exchange
"**QCA Guidelines**"	corporate governance guidelines for AIM companies issued by the Quoted Companies Alliance
"**Record Date**"	either (i) 5.00 p.m. on 21 December 2007, being the date of the Short GM, or (ii) in the event that the Company does not receive the requisite number of Consent to Short Notice Forms, 5.00 p.m. on 7 January 2008 being the date of the Standard GM
"**Resolutions**"	the resolutions to be proposed at the GM and as set out in the Notice of GM
"**Restated Relationship Agreement**"	the restated and amended relationship agreement dated 12 December 2007 and entered into between the Company (1) and Ora (2), further details of which are set out in paragraph 13.7 of Part VIII of this document
"**Rule 9**"	Rule 9 of the Code
"**Shareholder**"	a holder of Ordinary Shares
"**Share Consolidation**"	the proposed consolidation of the Ordinary Shares, further details of which are set out in paragraph 15 of Part I of this document;
"**Share Option Schemes**"	together, the EMI Scheme and the Unapproved Option Scheme proposed to be adopted by the Company at the GM
"**Short GM**"	the GM to be held by the Company on 21 December 2007 assuming receipt by the Company of the requisite number of Consent to Short Notice Forms, as set out in paragraph 25 of Part I of this document
"**Solar Labs**"	Solar Labs plc, a company incorporated in England and Wales under company number 05955337, and a subsidiary of the Company
"**Standard GM**"	the GM to be held by the Company at 10.00 a.m. on 7 January 2008 in the event that the Company does not receive the requisite number of Consent to Short Notice Forms, as set out in paragraph 25 of Part I of this document
"**Subscription**"	the conditional subscription by Ora for the Subscription Shares at the Subscription Price

"**Subscription Agreement**"	the conditional agreement dated 12 December 2007 between the Company and Ora relating to the Subscription, further details of which are set out in paragraph 13.14 of Part VIII of this document
"**Subscription Price**"	25 pence per Subscription Share
"**Subscription Shares**"	12,000,000 New Ordinary Shares to be issued by the Company pursuant to the Subscription
"**Technology Licence**"	the exclusive worldwide licence granted by ISIS to OAS in relation to the Licensed Intellectual Property, further details of which are set out in paragraph 13.15 of Part VIII of this document
"**Technology**"	the technology the subject of the Patents, including OAS' surface modification technology, Onto™
"**UCSF**"	University Challenge Seed Fund, an internal fund managed by the University of Oxford
"**UK**" or "**United Kingdom**"	United Kingdom of Great Britain and Northern Ireland
"**Unapproved Option Scheme**"	the Kanyon Unapproved Option Scheme proposed to be adopted by the Company, more particularly described in paragraph 12 of Part VIII of this document
"**United States**" or "**US**"	the United States of America, its territories and possessions, any state of the United States and the District of Columbia
"**Vendors**"	together, Dr Mark Moloney, Dr Jon-Paul Griffiths, The Chancellor, Masters and Scholars of the University of Oxford, IP2IPO Limited, IP2IPO Nominees Limited, Marcelo Bravo and Jeremy Scudamore
"**ZAI**"	Zimmerman Adams International Limited, nominated adviser to the Company

In this document, all references to times and dates are in reference to those observed in London, United Kingdom.

In this document the symbols "£" and "p" refer to pounds sterling and pence sterling respectively and the symbol "$" refers to United States dollars.

GLOSSARY

"Allotropes"	behaviour exhibited by certain chemical elements, where they can exist in two or more different forms (e.g. diamond and graphite are allotropes of carbon)
"**Biocide**"	a chemical used to kill unwanted organisms
"**Carbene**"	an organic molecule with a divalent carbon atom with only six valence electrons
"**Carbene Precursor**"	an organic molecule capable of generating a carbene on application of energy or by chemical reaction
"**Corona treatment**"	a surface treatment where energy is applied to a surface via an electrical discharge
"**Hydrophilicity**"	the degree to which a material can be wetted by water
"**Hydrophobicity**"	the degree to which a material can repel water
"**Ion beam implantation**"	a surface modification technology where atoms are beamed onto a solid via a beam of ionized particles
"**Inert synthetic polymer**"	man made polymers that traditionally are thought to have chemically inert surfaces
"**Metallise**"	the coating or laying down of a metal on a substrate
"**Microarrays**"	a collection of microscopic spots of, for example, DNA or proteins, arrayed on a solid surface used for screening and detection
"**Oleophilicity**"	the degree to which a material can be wetted by oils
"**Oleopobicity**"	the degree to which a material can repel oils
"**PCB**"	printed circuit boards used to mechanically support and electrically connect electronic components using conductive paths etched from copper sheets laminated onto a non-conductive substrates
"**PET**"	polyethylene terephthalate, a synthetic polymer of the polyester family
"**Plasma treatment**"	a surface modification technology where chemical groups are grafted onto a polymer from gases excited with a high frequency
"**Polymers**"	a large molecule formed by the linkage between a large number of smaller molecules (monomers)
"**Polyimide**"	a class of synthetic polymer characterised by exceptional heat resistance
"**Polypropylene**"	a polymer of propene used in a variety of applications
"**Regenerable biocidal effect**"	the ability to reload a biocide onto a substrate
"**Substrate**"	the underlying material to which a finish is applied, or by which it is supported
"**Radiation Cured Coating**"	a process involving ultraviolet light or visible light to polymerize a reactive coating material

PART I

LETTER FROM THE INDEPENDENT DIRECTORS OF KANYON PLC

Kanyon Plc

(Incorporated and registered in England and Wales under the Companies Act 1985 with registered number 05845469)

Directors

David Robert Norwood, *(Non-Executive Chairman)*
Michael Anthony Bretherton, *(Finance Director)*
Byron David Lloyd, *(Non-Executive Director)*
Alan John Aubrey, *(Non-Executive Director)*
Matthew Leslie Sutcliffe, *(Non-Executive Director)*

Registered Office

17 Hanover Square
London
W1S 1HU

Proposed Directors

Jeremy Paul Scudamore, *(Proposed Non-Executive Chairman)*
Marcelo Leonardo Bravo Cordero, *(Proposed Chief Executive Officer)*
Dr Mark Gerard Moloney, *(Proposed Non-Executive Director)*
Dr Andrew James Naylor, *(Proposed Non-Executive Director)*

Continuing Board

Jeremy Paul Scudamore, *(Non-Executive Chairman)*
Marcelo Leonardo Bravo Cordero, *(Chief Executive Officer)*
Michael Anthony Bretherton, *(Finance Director)*
Dr Mark Gerard Moloney, *(Non-Executive Director)*
Dr Andrew James Naylor, *(Non-Executive Director)*
David Robert Norwood, *(Non-Executive Director)*

12 December 2007

Dear Shareholder,

Proposed acquisition of Oxford Advanced Surfaces Limited
Proposed 1 for 10 Share Consolidation
Proposed subscription by Ora for 12,000,000 New Ordinary Shares at 25 pence per share
Change of name to Oxford Advanced Surfaces Group Plc
Application for Admission to AIM
Adoption of New Articles of Association
and
Notice of General Meeting

1. INTRODUCTION

The Company has today announced that terms have been agreed for the conditional acquisition of OAS, a company engaged in the development and commercialisation of technology which enables the modification of the surface properties of a broad range of materials. The aggregate consideration for the Acquisition is approximately £19.4 million to be satisfied by the payment of £50,000 in cash and the allotment of 77,539,907 New Ordinary Shares to be issued and credited as fully paid at 25 pence per New Ordinary Share.

The Company has also today announced that it has conditionally raised £3 million (before expenses) by way of the Subscription. The funds from the Subscription will be used to meet the costs of the Proposals and to provide additional working capital for the Enlarged Group.

By reason of the size of OAS in proportion to Kanyon, the Acquisition is classified as a reverse take-over under the AIM Rules and is therefore conditional, *inter alia*, on the approval of Shareholders in general

meeting. Such approval is being sought at the General Meeting, notice of which is set out at the end of this document.

As David Norwood, Michael Bretherton and Alan Aubrey are members of the Kanyon Concert Party and David Norwood and Alan Aubrey are also members of the IP Group Concert Party, we (Matthew Sutcliffe and Byron Lloyd) have taken the responsibility, as Independent Directors, for considering the Acquisition on behalf of the existing Shareholders, and together with ZAI, for reaching the conclusions on the appropriate recommendations to such Shareholders, which recommendations are set out in paragraph 27 of this Part I.

Furthermore, as David Norwood and Alan Aubrey are both Directors and Shareholders, directors and shareholders of IP Group Plc (the holding company of IP2IPO Limited, a Vendor), and the beneficial owners of a proportion of the OAS Shares held by IP2IPO Nominees Limited (a Vendor), Section 190 of the CA 2006 will also apply to the Acquisition as the transaction amounts to a substantial property transaction involving a director of the Company. Section 190 of the CA 2006 provides that the Acquisition cannot be completed without the prior approval of Shareholders. The Company will seek this approval at the GM, at which the Shareholders will be asked to approve the Acquisition and the completion of the Acquisition Agreement for the purposes of Section 190 of the CA 2006.

The purpose of this document is to: (i) provide you with the background to and to set out the reasons for, and details of, the Proposals; (ii) explain why we, the Independent Directors, consider the Proposals are in the best interests of the Company and its Shareholders as a whole; and (iii) seek Shareholder approval for the Proposals. This document also contains the Independent Directors' recommendation that you vote in favour of the Resolutions to be proposed at the GM, notice of which is set out at the end of this document.

2. BACKGROUND TO AND REASONS FOR THE PROPOSALS

The Ordinary Shares were admitted to AIM on 10 October 2006. At the same time, the Company outlined a strategy of investing in, or acquiring assets, businesses or companies in the energy and resources sectors.

In April 2007, Kanyon completed the acquisition of the entire issued share capital of Solar Labs with the objective of harnessing a diverse range of technologies to support the development of economically viable solar energy solutions.

The Acquisition therefore constitutes a further broadening of the Company's strategy from that set out above as OAS is a company whose principal business is that of developing and commercialising a portfolio of technologies which enable the development of advanced materials through the modification of the surface properties of a range of materials.

A resolution to approve the change of the investment strategy of the Company is being proposed at the GM, notice of which is set out at the end of this document.

The Board's principal reasons for this change in strategy and for undertaking the Acquisition are as follows:

- the Directors believe that the Acquisition presents an opportunity to acquire a company that has the potential to significantly increase Shareholder value;
- OAS's platform technology can be used to deliver advanced materials and technology solutions across a range of markets; and
- the Directors believe that OAS' technology can be further developed to deliver solutions in photovoltaics which are complementary to the business of Solar Labs.

Further details of the business of OAS are set out in Part II of this document.

3. STRATEGY OF THE ENLARGED GROUP

The Enlarged Group's strategy is to become an advanced materials and technology solutions company with business units across a range of markets. The Continuing Board have identified three priority markets for the application of the Technology, which are:

1. Electronics (including PCB's, plastic electronics, electromechanical devices and flat displays);
2. Industrial specialties (including specialty fibres, textiles, laminates and composites); and
3. Life sciences/health care markets (including sterile surfaces, separation media and microarrays).

The Continuing Board's intention is that Solar Labs will continue as a distinct business unit to cover a full range of solar technologies including solar photovoltaics, solar thermal, solar lighting/air conditioning, solar water splitting and other solar chemical processes. Solar Labs' objective is intended to be achieved through the acquisition, development and commercialisation of technologies in the solar energy sector and it will initially seek to develop and commercialise opportunities leveraging the Technology.

The Continuing Board's focus will be on both exploiting the Technology in the markets described above as well as developing further applications of the Technology in areas such as photovoltaics through Solar Labs, biomedical materials and specialised filtration media.

The Continuing Board plans to establish three distinct business units in the above markets within OAS and to recruit commercial directors to run and develop these business units. In addition, it is the intention of the Continuing Board to continue to seek to establish opportunities in-house or through external collaborations in markets such as photovoltaics and membranes for separation and filtration processes.

It is expected that the Enlarged Group will initially generate development fees from these partnerships before ultimately licensing its Technology for commercial use. The Continuing Board believe such partnering arrangements will enable OAS to leverage the relevant partners expertise in particular sectors as well as their market access resulting in lower risk for OAS and a faster route to market.

The Enlarged Group does not, however, intend to manufacture chemicals or materials on a large scale itself. Instead, its strategy will be to enter into co-development arrangements with leading companies with applications in high value markets as well as leading speciality chemical companies. Where appropriate, OAS will enter into contract manufacturing arrangements.

To support the Enlarged Group's business and technology development needs, it is the Continuing Board's intention to establish a base research and design capability with both an organic chemistry synthesis team and several focused application development teams in electronics, speciality industrials and life sciences.

The Enlarged Group will also explore opportunities to establish various external collaborations with academics both at the University of Oxford and elsewhere to develop further Intellectual Property Rights in these areas. The Enlarged Group will use the experience of the Continuing Board in the development of collaborations with academic research institutions to commercialise intellectual property.

4. DETAILS OF THE ACQUISITION

Under the terms of the Acquisition Agreement, the Company has conditionally agreed to acquire the OAS Share Capital**.** The consideration for the Acquisition, which is payable on Admission, is to be satisfied by the allotment and issue by the Company to the Vendors of the Consideration Shares, credited as fully paid up at the Subscription Price and the payment of £50,000 in cash. The Consideration Shares will, when issued, represent 43.58 per cent. of the Enlarged Issued Share Capital and will rank *pari passu* in all respects with the New Ordinary Shares then in issue, including all rights to receive all dividends and other distributions declared, made or paid following Admission. Application will be made for the admission of the Consideration Shares to trading on AIM and dealings are expected to commence following completion of the Acquisition.

As part of the Acquisition, the OAS Options will be replaced by the Company granting the New Options. The New Options will be granted on the same terms as the OAS Options. Further details of the number and terms of exercise of the New Options to be granted under the Share Option Schemes are set out in paragraph 7 of Part VIII of this document.

The Acquisition Agreement is conditional, *inter alia*, upon the passing of the Resolutions and Admission. The Company has the right to rescind the Acquisition Agreement if a material adverse change occurs in relation to the assets or financial position of OAS prior to Admission. OAS also has a similar right should there be a material adverse change in Kanyon prior to Admission.

The Acquisition Agreement contains a variety of restrictive covenants from the Vendors. The Acquisition Agreement also contains certain warranties from the Vendors (save for the University of Oxford, which is only giving warranties as to its ownership of OAS Shares) on the business of OAS and indemnities in respect of tax. Such warranties and indemnities are given on a several basis, are subject to an aggregate financial cap on each Vendors' liability by reference to the value of his/its Consideration Shares as at the date of a claim being made for breach of warranty and/or recovery under the indemnities, and such liability

will cease on the earlier of the date which is 15 months from Admission or one month after the publication of the Enlarged Group's audited accounts for the year ending 31 January 2009. In addition, the Acquisition Agreement contains warranties from the Company to the Vendors. Further details of the Acquisition Agreement are set out in paragraph 13.12 of Part VIII of this document.

The Acquisition is classified as a reverse takeover under the AIM Rules and is, therefore, conditional, *inter alia,* on the approval of Shareholders.

5. RELATED PARTY TRANSACTIONS AND SECTION 190 OF THE CA 2006

The Acquisition will constitute a related party transaction under the AIM Rules by reason of both David Norwood and Alan Aubrey being Directors and Shareholders, directors and shareholders of IP Group Plc (which, through its wholly owned subsidiary of IP2IPO Limited, holds 36.01 per cent. of the OAS Share Capital) and holders of the beneficial interest in certain of the shares held by IP2IPO Nominees Limited in OAS. Further details of the related party relationship are set out below:

Related Party	Percentage holding in Kanyon Plc	Percentage of total interest of OAS Share Capital	Percentage holding of OAS Share Capital via IP Group Plc	Percentage holding of OAS Share Capital via IP2IPO Nominees Limited
David Norwood	10.27	1.51	0.63*	0.88
Alan Aubrey	1.61	1.32	0.12*	1.20

* These shares are held by IP2IPO Limited.

We, the Independent Directors confirm that, having consulted ZAI which has taken into account the commercial assessment of the business, we consider the terms of the Acquisition Agreement to be fair and reasonable insofar as the Shareholders are concerned. Further details of the Acquisition Agreement are set out in paragraph 13.12 of Part VIII of this document.

Furthermore, by reason of the relationships that David Norwood and Alan Aubrey have as set out above, Section 190 of the CA 2006 will also apply to the Acquisition as the transaction amounts to a substantial property transaction involving a director of the Company. To this end, Section 190 of the CA 2006 provides that the Acquisition cannot be completed without the prior approval of Shareholders. The Company will seek this approval at the GM, at which the Shareholders will be asked to approve the Acquisition and the completion of the Acquisition Agreement for the purposes of Section 190 of the CA 2006.

6. GRANT OF NEW OPTIONS

OAS has granted the following OAS Options to the following persons:

	Number of OAS Options at the date of this document	Number of OAS Options immediately before completion of the Acquisition
Marcelo Bravo	19,620	11,310
Andrew Naylor	1,781	1,781
Jeremy Scudamore	8,160	8,160
Mark Maloney	1,781	1,781

Marcelo Bravo intends to exercise the Bravo Options immediately before Completion. The Company has agreed, as part of the Acquisition, to grant New Options in substitution for the OAS Options. The New Options will be granted under the Share Option Schemes.

It is therefore proposed that the Company adopt the Share Option Schemes at Admission for the purpose of (a) granting the New Options and (b) providing a mechanism for attracting and incentivising key employees, including certain Continuing Directors.

EMI Scheme

The EMI Scheme will allow the grant of New Options to eligible employees of the Enlarged Group, which includes executive directors and employees. It is proposed that New Options under the EMI Scheme will be granted to Marcelo Bravo at Admission in substitution for the 11,310 OAS Options he will hold at Completion. Further details of the number of such New Options to be granted, the exercise price and final

exercise date are set out in paragraph 7 of Part VIII of this document. Further details of the rules of the EMI Scheme are set out in paragraph 12 of Part VIII of this document.

The Unapproved Scheme

The Unapproved Scheme will allow the grant of New Options to all directors and employees of the Enlarged Group. It is proposed that New Options under the Unapproved Scheme will be granted to Andrew Naylor, Jeremy Scudamore and Mark Moloney at Admission in substitution of the OAS Options they currently hold, as set out above. Further details of the number of such New Options to be granted, the exercise price and final exercise date are set out in paragraph 7 of Part VIII of this document. Further details of the rules of the Unapproved Scheme are set out in paragraph 12 of Part VIII of this document

7. CURRENT TRADING AND PROSPECTS

Historical unaudited financial information of the Kanyon Group for the six months to 31 July 2007 is set out in Part V of this document and discloses a profit before tax of £22,000 for the period. Net equity attributable to Shareholders at 31 July 2007 was £7.75 million inclusive of cash and cash equivalent balances of £3.91 million. The Kanyon Group has, subsequent to 31 July 2007, traded in line with expectations.

A summary of the audited financial statements of OAS for the period from incorporation on 14 June 2006 to 31 July 2007 is set out in Part VI of this document and discloses a loss before tax of £142,000 for the period coupled with net equity attributable to shareholders at the period end of £0.55 million. Since the start of its current financial year commencing 1 August 2007, OAS has traded in line with expectations.

Following implementation of the Proposals, the Continuing Board will continue to evaluate a number of opportunities arising for the further development of both new and existing businesses.

8. FINANCIAL EFFECTS OF THE ACQUISITION AND SUBSCRIPTION

The Acquisition and the Subscription are expected to strengthen the Company's balance sheet and provide the Enlarged Group with funding to pursue its proposed strategy as outlined in paragraph 3 above.

An unaudited Pro-Forma Statement of Net Assets is set out in Part VII of this document and discloses that the Enlarged Group will have pro-forma net assets (including goodwill derived as part of the Solar Labs acquisition) of £10.90 million inclusive of cash and cash equivalent balances of £6.87 million after paying the estimated expenses of the Proposals.

9. CITY CODE ON TAKEOVERS AND MERGERS

The terms of the Acquisition give rise to certain considerations and consequences under the City Code. Brief details of the Takeover Panel (the "Panel"), the City Code and the protections they afford to Shareholders are described below.

The Panel is an independent body. It has been designated as the supervisory authority to carry out certain regulatory functions in relation to takeovers pursuant to the Directive on takeover bids. Its statutory functions are set out in and under Chapter 1 of Part 28 of the Companies Act 2006.

Under Rule 9 of the City Code when (i) any person acquires an interest in shares which, when taken together with shares in which he is already interested in or shares acquired by persons acting in concert with him, carry 30 per cent or more of the voting rights of a company subject to the City Code or (ii) any person who, together with persons acting in concert with him, has an interest of more than 30 per cent. but less than 50 per cent. of the voting rights of a company subject to the City Code, and such person, or persons acting in concert with him, acquires any additional shares which increases his percentage of voting rights, that person is normally obliged to make a general offer in cash to all shareholders to purchase their shares at the highest price paid by him, or any person acting in concert with him, within the preceding 12 months. Furthermore, when any person who, together with persons acting in concert with him, holds more then 50 per cent. of the voting rights of a company subject to the City Code, that person, together with persons acting in concert with him, may acquire additional shares in the company without triggering the requirement to make a general offer in cash to all shareholders under Rule 9 of the City Code. However, individual members of such a concert Party will not be able to increase their percentage shareholdings through a Rule 9 threshold without Panel consent.

Immediately following completion of the Acquisition, the Subscription, the General Meeting and Admission ("Completion"), there will be three seperate new concert parties (the "New Concert Parties" and each a "New Concert Party") who will be interested in the following number of New Ordinary Shares:

Oxford University Concert Party

Concert Party	Number of New Ordinary Shares	Percentage of Enlarged Issued Share Capital	Number of New Ordinary Shares under option following Completion	Maximum percentage in Enlarged Group on a fully diluted basis following the exercise the options held by the Oxford University Concert Party
Oxford University Concert Party	17,264,429	9.70	Nil	9.70

Kanyon/IP Concert Party

The IP Group Concert Party was constituted on the date immediately prior to the date of this document. The IP Group Concert Party has been deemed to be acting in concert with the Kanyon Concert Party. David Norwood and Alan Aubrey are members of the Kanyon Concert Party. They are also directors and shareholders of IP Group plc (the parent company of IP2IPO Limited and IP2IPO Nominees Limited). In addition, IP2IPO Nominees Limited holds shares in OAS as nominee for both David Norwood and Alan Aubrey. IP2IPO Limited and IP2IPO Nominees Limited are both members of the IP Group Concert Party.

The total interest of the Kanyon/IP Concert Party is as follows:

Concert Party Members	Holding of New Ordinary Shares following Completion	Percentage in Enlarged Group following Completion	Number of New Ordinary Shares under option following Completion	Maximum percentage in Enlarged Group on a fully diluted basis
IP2IPO Limited	27,995,045	15.73	Nil	15.73
IP2IPO Nominees Limited*	5,938,487	3.34	Nil	3.34
Andrew Naylor	Nil	Nil	848,219	0.47
ORA	49,950,002	28.07	Nil	28.07
Richard Griffiths	10,075,003	5.66	Nil	5.66
David Norwood	9,075,003	5.10	Nil	5.10
Barnard Nominees Ltd	9,024,998	5.07	Nil	5.07
Bainunah Trading Ltd	6,000,000	3.37	Nil	3.37
Alan Aubrey	1,425,000	0.80	Nil	0.80
Robert Quested	550,000	0.31	Nil	0.31
Michael Bretherton	435,000	0.24	Nil	0.24
James Ede-Golightly	535,000	0.30	Nil	0.30
Total	121,003,538	67.99	848,219	68.46

*This includes 848,219 New Ordinary Shares held on behalf of Andrew Naylor.

The Kanyon/IP Concert Party will, immediately following Admission, hold more than 50 per cent. of the Company's voting share capital and (for so long as its members continue to be treated as acting in concert) may accordingly be able to increase its aggregate shareholding without incurring any obligation under Rule 9 of the City Code to make a general offer. However, individual members of the Kanyon/IP Concert Party will not be able to increase their percentage shareholdings through a Rule 9 threshold without Panel consent.

Other Vendors Concert Party

Members of the Concert Party	Holding of New Ordinary Shares following Completion	Percentage in Enlarged Group following Completion	Number of New Ordinary Shares under option following Completion	Maximum percentage in Enlarged Group on a fully diluted basis
Mark Moloney	10,120,527	5.69	848,219	6.14
Jon-Paul Griffiths	10,120,527	5.69	Nil	5.69
Jeremy Scudamore	714,390	0.40	3,886,282	2.53
Marcelo Bravo	5,386,502	3.03	5,386,502	5.88
Total	26,341,946	14.81	10,121,003	20.24

These three New Concert Parties are separate concert parties for the purposes of the City Code but are not deemed to be acting in concert with each other.

Immediately following Completion, none of the Oxford University Concert Party nor the Other Vendors Concert Party will hold more than 30 per cent. of the Enlarged Issued Share Capital.

Therefore, so long as the interests of each of the separate Oxford University Concert Party the Other Vendors Concert Party (as outlined above) does not reach or exceed 30 per cent. or more of the voting rights of the Company, the individual members of each such New Concert Party may acquire and dispose of New Ordinary Shares without triggering a Rule 9 obligation.

Further information on the Concert Parties as required by the City Code is set out in Part IV of this document.

10. INFORMATION ON THE DIRECTORS AND PROPOSED DIRECTORS

The directors of the Company as at the date of this document are Matthew Sutcliffe, Michael Bretherton, Byron Lloyd, Alan Aubrey and David Norwood. It is proposed that, with effect from Admission, Matthew Sutcliffe, Byron Lloyd and Alan Aubrey will resign from the Board and Marcelo Bravo, Jeremy Scudamore, Dr Mark Moloney and Dr Andrew Naylor will join the Board as Chief Executive Officer and Non-Executive Directors respectively.

Details of the Continuing Board are set out below.

Existing Directors

Michael Bretherton *(Aged 52) Executive Director*

Michael Bretherton graduated with a first class degree in Economics from University of Leeds in 1978. He worked as an accountant and manager with PriceWaterhouse for seven years in both London and the Middle East before joining The Plessey Company Plc in 1985 as a corporate financial manager. Michael was appointed finance director of the fully listed Bridgend Group Plc in 1988 where he was involved in the strategic evaluation and commercial implementation of a broad range of business initiatives over a twelve year period, including acquisitions, disposals and company restructurings. He subsequently worked at the property and services company, Mapeley Limited, as financial operations director until he was recruited to the entertainment software games developer, Lionhead Studios Limited, in 2002 where he helped to complete a venture capital syndicate funding and also a trade sale of the business to Microsoft in 2006. Michael Bretherton is currently a director of Ora.

David Norwood *(Aged 39) Non Executive Chairman*

David Norwood is the founder and special projects director of IP Group plc, a company focused on the commercialisation of research and intellectual property from universities. David graduated in modern history from Keble College, University of Oxford following which he worked as a foreign exchange trader at Bankers Trust and then as an investment analyst at Duncan Lawrie. In 1997 he joined Williams de Broe to advise quoted and unquoted technology companies. David founded IndexIT Partnership in 1999, a technology advisory boutique which was subsequently acquired by Beeson Gregory Group Plc, at which time he joined the board of Beeson Gregory and was appointed chief executive at the beginning of 2001. David joined the board of The Evolution Group Plc following its merger with Beeson Gregory in July 2002 and then became chief executive (now special projects director) of IP Group Plc (formerly IP2IPO Group plc) when it was admitted to AIM in October 2003 and subsequently transferred to the Official List. Finally, David is a currently a director of several other AIM quoted companies.

Proposed Directors

Marcelo Bravo *(Aged 48) Chief Executive Officer*

Marcelo Bravo has a background in chemistry and chemical engineering and business development experience with major blue-chip companies. Marcelo worked for the Procter & Gamble company for 16 years commencing in 1983 and subsequently with Boots (now Boots Alliance Plc) for three years commencing in 2000 in various operational and strategic roles and has significant experience in developing, launching and growing new products and services across a range of both geographic and product markets. Marcelo is also an experienced entrepreneur having founded two start up businesses in the past 15 years. He is currently a director of Super Foods Ltd, a company he founded. Marcelo holds a B.A. in Chemistry from the College of Wooster, USA and a B.Sc. in Chemical Engineering from Case Western Reserve University, USA and M.Sc. in Management from the London Business School.

Jeremy Scudamore *(Aged 60) Non Executive Chairman*

Jeremy Scudamore worked for ICI, Zeneca, AstraZeneca and Avecia for 35 years in a number of senior positions, latterly as chairman and chief executive of the Avecia Group and previously as chief executive of Zeneca Specialties, managing director of Zeneca Seeds, business director of Zeneca Agrochemicals, and has held various general manager and international roles including Zeneca Group regional executive for Eastern Europe and general manager in Brazil. Jeremy was educated at Nottingham University and INSEAD, France. Currently Jeremy is non executive chairman of SkyePharma plc, non executive director of Oxford Catalysts Group plc, Stem Cell Sciences plc, and ARM Holdings plc, director of The Board Link Group, chairman of England's North West Science Council and board member of Manchester Knowledge Capital.

Dr Mark Moloney *(Aged 48) Non Executive Director*

Dr Mark Moloney, one of the founders, provides technical counsel on a consultancy basis and is a Non-executive Director. Mark is an internationally recognised lecturer in organic chemistry at the University of Oxford where he was appointed in 1990, and he was promoted to Reader in Chemistry in 2006. Mark has over 115 publications, including research articles, books and patents, and has been involved in organic synthesis research for twenty-five years. His main areas of interest are the synthesis of chemical compounds with antibiotic, cytotoxic or neuroexcitatory activity; the development of new chemical methodology; and the surface modification of polymers. Much of Mark's research work has been conducted in collaboration with industry, including GlaxoSmithKline, AstraZeneca, Merck, Sharp and Dohme and Associated Octel.

Dr Andrew Naylor *(Aged 35) Non Executive Director*

Dr Andrew Naylor has had extensive experience with university spin-out companies in a number of roles. Andrew is currently Chief Executive Officer of Pembroke House Technologies Limited, an intellectual property commercialisation company based in Oxford. Andrew was with IP Group plc from 2001 to 2007 and prior to that he was with IndexIT Partnership Limited and Beeson Gregory. Andrew received a first class degree and PhD in Physics from the University of Nottingham.

Senior Management

Prof. Peter Dobson *(Aged 65) Consultant and Chief Scientific Adviser to Solar Labs*

Prof. Peter Dobson has extensive experience in sustainable energies including solar energy. He was appointed to a university lectureship and college fellowship at Queen's College, University of Oxford in 1988 and a Professorship in 1996. Prior to this he lectured in Physics at Imperial College and was senior principal scientist at Philips Research laboratories. At the University of Oxford, Prof. Dobson is responsible for setting up new interdisciplinary research institutes that combine University activities with commercial R&D. One of these research institutes will be devoted to sustainable energy. Prof. Dobson has been responsible for two university spinouts, Oxonica Plc and Oxford Biosensors Limited. Oxonica Plc is an AIM listed company. He also serves on advisory committees of several companies that have been "spun out" of the University of Oxford.

Dr Jon-Paul Griffiths *(Aged 29) Chief Technical Officer to the Company*

Dr Jon-Paul Griffiths is a co-founder of OAS and is a key employee of OAS. Jon-Paul, has a background in organic materials and has researched the coating of polymers for approximately three years with Dr Mark Moloney at Oxford. Jon-Paul obtained his Masters degree in Chemistry at The Nottingham Trent University in 2000. He completed a Ph.D. in novel organic materials at The Nottingham Trent University in 2005. Jon-Paul received a university merit award at the University of Oxford in recognition of outstanding performance and is a member of the Royal Society of Chemistry.

11. LOCK IN AGREEMENTS

The Vendors who, following Admission, will be interested, in aggregate, in 77,539,907 New Ordinary Shares, representing 43.58 per cent. of the Enlarged Issued Share Capital, have each undertaken to the Company and ZAI that they will not, save in certain limited circumstances, (namely (a) as permitted by the AIM Rules and (b) in order to meet warranty claims under the Acquisition Agreement), sell or dispose of any interest in New Ordinary Shares held by them on Admission for a period of fifteen months following Admission, and that, for a further period of nine months, they will only dispose of any interest in such New Ordinary

Shares through Hichens (or the Company's broker from time to time) in accordance with Hichens' (or the relevant broker's) requirements for the maintenance of an orderly market in the New Ordinary Shares.

In addition, each of Ora, David Norwood, Richard Griffiths and Alan Aubrey who will, on Admission, be interested, in aggregate, in 70,525,008 New Ordinary Shares (including the Subscription Shares), representing 39.64 per cent. of the Enlarged Issued Share Capital of the Company, have each undertaken to the Company and ZAI not to dispose of the same for a period of (a) fifteen months following Admission save as permitted by the AIM Rules and (b) then for a further nine months thereafter only in accordance with Hichens' (or the relevant broker's) requirements for the maintenance of an orderly market in the New Ordinary Shares.

Finally, each of the Michael Bretherton and Dr Andrew Naylor (as those members of the Continuing Board who are not also Vendors), who will, on Admission, be interested, in aggregate, in 1,283,219 New Ordinary Shares (including those shares which may be issued on the exercise of New Options to be granted at Admission), representing 0.72 per cent. of the Enlarged Issued Share Capital of the Company, have each undertaken to the Company and ZAI not to dispose of the same for a period of (a) fifteen months following Admission save as permitted by the AIM Rules and (b) then for a further nine months thereafter only in accordance with Hichens' (or the relevant broker's) requirements for the maintenance of an orderly market in the New Ordinary Shares.

Further details of the Lock In agreements are set out in paragraph 13.13 of Part VIII of this document.

12. DETAILS OF THE SUBSCRIPTION

Ora has conditionally agreed to subscribe for a total of 12,000,000 Subscription Shares at the Subscription Price to raise £3 million, before expenses of approximately £0.4 million. The Subscription Shares will represent, in aggregate, approximately 6.74 per cent. of the Enlarged Issued Share Capital. The Subscription Shares will be issued credited as fully paid and will, upon issue, rank *pari passu* in all respects with the New Ordinary Shares then in issue, including all rights to receive all dividends and other distributions declared, made or paid following Admission. The Subscription has not been underwritten or guaranteed.

The Subscription is conditional, *inter alia*, on the Introduction Agreement becoming unconditional (save for any condition as to Admission) on or before 31 January 2008 (or such later time as Ora and the Company may agree, subject to the date for completion of the Introduction Agreement also being extended by such similar period).

13. USE OF PROCEEDS

The proceeds of the Subscription will be used to provide the funds needed by the Enlarged Group in order to develop and grow the existing businesses and provide funding for future businesses in line with its revised business and investment strategy.

14. WORKING CAPITAL

The Directors and Proposed Directors, having made due and careful enquiry and taking into account the proceeds of the Subscription and existing cash resources available to the Enlarged Group, are of the opinion that the Enlarged Group will have sufficient working capital available to it for its present requirements, being for at least 12 months from Admission.

15. SHARE CONSOLIDATION

The Company proposes to consolidate its existing share capital on the basis of 1 (one) New Ordinary Share for every 10 (ten) Existing Ordinary Shares. Shareholders on the register of members of the Company at the close of business on the Record Date shall receive 1 (one) New Ordinary Share for every 10 (ten) Existing Ordinary Shares. The Share Consolidation is to become effective on the Record Date.

The Directors and Proposed Directors believe that the Share Consolidation will be beneficial to the Company as it may facilitate trading in, increase liquidity and potentially reduce the volatility of the price of the New Ordinary Shares on AIM. Other than the change in nominal value, the New Ordinary Shares arising on implementation of the Share Consolidation will have the same rights as the Existing Ordinary Shares, including voting, dividend and other rights.

No Shareholder shall be entitled to receive a fraction of a New Ordinary Share and where, as a result of the Share Consolidation, any Shareholder who is entitled to a fraction of a New Ordinary Share in respect

of their holding of Ordinary Shares at the Record Date (a "**Fractional Shareholder**") such fractions shall be aggregated with the fractions of New Ordinary Shares to which other Fractional Shareholders of the Company may be entitled so as to form full New Ordinary Shares and shall be sold for the benefit of the Fractional Shareholder.

Any Shareholder not holding a number of Existing Ordinary Shares which is exactly divisible by 10 on the Record Date will be entitled to receive the proceeds of this sale in respect of his fractional entitlement. The Continuing Board shall be authorised to sell New Ordinary Shares arising from fractional shareholdings on behalf of the Fractional Shareholders in the market as soon as reasonably practicable following the passing of Resolution 4 for the best price then reasonably available for such shares.

The proceeds of such sale (net of all costs and expenses) will then be distributed to the Fractional Shareholders in proportion to the fractions of New Ordinary Shares held by each of them.

However, any cash proceeds of less than £3 **will not** be distributed to Fractional Shareholders but will be retained for the benefit of the Company. In view of the current share price, the Directors and Proposed Directors do not believe that the due proportion of the proceeds of the sale of any fractional entitlements will amount to £3 and consider it unlikely that any sums will be paid to the Shareholders concerned. Furthermore, the Directors and Proposed Directors have calculated that two New Ordinary Shares will be derived from the Share Consolidation, and have made arrangements for Ora to acquire those shares, under the Fractional Entitlement Purchase, at 25p per share.

If a Shareholder holds a share certificate in respect of an Existing Ordinary Share, the certificate will no longer be valid from the time the proposed Share Consolidation becomes effective. If a Shareholder holds 10 or more Existing Ordinary Shares at the Record Date, such Shareholder shall be sent a new share certificate evidencing the New Ordinary Shares that such Shareholder is entitled to under the Share Consolidation. Such certificates are expected to be despatched no later than 7 days after Admission. Upon receipt of the new certificate, Shareholders should destroy any old certificates. Pending the despatch of new certificates, transfers of certificated New Ordinary Shares will be certified against the Company's share register.

16. CHANGE OF NAME

It is proposed that the name of the Company be changed to Oxford Advanced Surfaces Group Plc. A special resolution, being Resolution 10, will be proposed at the GM.

17. DIVIDEND POLICY

It is the intention of the Continuing Board to achieve Shareholder capital growth. In the short term, the Continuing Board intend to reinvest any future profits in the Company and, accordingly, are unlikely to declare dividends in the foreseeable future. However, the Continuing Board will consider the payment of dividends out of distributable profits of the Company when they consider it is appropriate to do so.

18. CORPORATE GOVERNANCE

The Directors and the Proposed Directors recognise the importance of sound corporate governance and intend that the Enlarged Group will observe the provisions of the Combined Code and the main provisions of the QCA Guidelines insofar as they are appropriate given the Enlarged Group's size, stage of development and financial resources.

The Company established properly constituted audit and remuneration committess with formally delegated duties and responsibilities on its first admission to trading on AIM on 10 October 2006.

The members of both the audit committee and the remuneration committee as at the date of this document are ourselves, being Matthew Sutcliffe and Byron Lloyd, with Matthew Sutcliffe as the chairperson of each committee.

It is intended that, conditional upon Admission, each of Matthew Sutcliffe and Byron Lloyd will resign from both the audit and remuneration committees and, in their place, David Norwood, Jeremy Scudamore and Andrew Naylor will be appointed. Andrew Naylor will thereafter chair the audit committee and David Norwood will thereafter chair the remuneration committee.

At the present time, given its stage of development, the Board does not feel it is appropriate to have a nomination committee. However, the Company will review this decision in the future as appropriate.

Share Dealing

The Company has adopted a code for dealings by its Board which is appropriate for an AIM quoted company. The Continuing Board will comply with Rule 21 of the AIM Rules relating to directors' dealings and will, in addition, take all reasonable steps to ensure compliance by the Enlarged Group's applicable employees (as defined in the AIM Rules).

19. NEW ARTICLES OF ASSOCIATION

Resolution 9 is a special resolution to adopt the New Articles. This follows the coming into force of certain parts of the CA 2006, in particular the new regime relating to communication with Shareholders.

The new provisions in the CA 2006, which were introduced on 20 January 2007 and 1 October 2007 allow, *inter alia*, both the Company and Shareholders to benefit from the broader use of electronic communication.

The Company will be able to communicate electronically with Shareholders who consent or who are deemed to have consented to receive shareholder documents electronically by placing shareholder documents (such as Annual Reports and notices of meetings) on the Company's website.

By taking advantage of these new arrangements, the Company hopes to both reduce printing and mailing costs and to minimise the adverse environmental impact of printing and mailing the documents.

Subject to the passing of Resolution 9, the Company proposes to write to Shareholders as soon as practicable after the GM to ask them, in accordance with the CA 2006, how they would like to receive shareholder documents in future. The Company will seek each Shareholder's consent to receive documents via the Company's website. Shareholders may still elect to receive hard copy shareholder documents by post. Shareholders who do not respond to the request for consent within 28 days after being contacted will be deemed to have consented to receiving such documents via the Company's website. Shareholders who consent (or who are deemed to have consented) to receive shareholder documents via the Company's website instead of having them sent in hard copy will be notified by the Company by post whenever they are added to its website.

If Shareholders wish to receive such notification by email they will be invited to provide their email address. Shareholders who have consented (or who are deemed to have consented) to receive shareholder documents via the Company's website will still be able to notify the Company at any time that they wish to receive them in hard copy. As the Company will be writing to all Shareholders after the GM (subject to the passing of Resolution 9), Shareholders need take no action at present.

A summary of the New Articles, and how they differ from the current Articles and additional background to the changes are set out below. The summary has been prepared in order to assist Shareholders in understanding the rationale for and substance of the proposed amendments. Although the New Articles are largely unchanged from the current Articles, it was felt preferable to adopt the New Articles rather than merely propose amendments. A copy of the proposed New Articles will be available at the GM.

The Government is bringing the CA 2006 into force on staged commencement dates between January 2007 and October 2008. The Company will continue to review the new provisions when they come into force and will propose additional amendments to the New Articles where such amendments are considered necessary or appropriate.

Explanatory Summary for proposed amendments to be incorporated in New Articles

Set out below is a summary of the main differences between the current Articles of Association and the proposed New Articles.

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

1. ***Definitions (Article 1)***

   Article 1.1 is amended as follows:

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

   The definition of "Electronic Communication" is deleted, as the previous definition related to provisions in the CA 1985 which have been repealed in January 2007. Instead, the definition of "Electronic Form" is inserted to reflect the new terms under the CA 2006.

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

   Further amendments to Article 1.1 clarify that the documents and information which are sent electronically or placed on a website by the Company are "in writing" for the purposes of New Articles.

2. ***Notice of General Meetings (Article 61)***

   Article 61 is amended to stay in line with the provisions of the CA 2006 regarding notice periods for general meetings.

   The CA 2006 reduces the minimum notice period for all general meetings (with the exception of annual general meetings) to 14 (fourteen) clear days and the amendments to Article 61 allows the Company to take advantage of such provisions.

3. ***Proxies (Articles 6 and 78)***

   The articles are amended to reflect the position under the CA 2006 that a Shareholder may appoint more than one proxy in relation to a meeting.

4. ***Adjournment (Articles 67 to 70)***

   The provisions on adjournment have been updated to authorise the chairman to adjourn the meeting, without the consent of the meeting, if such an adjournment is, in the chairman's opinion, necessary to ensure that there is sufficient room for all Shareholders and proxies who wish to attend, to preserve

orderly conduct of the meeting, to protect the safety of any person attending or to ensure the business of the meeting can he properly carried out.

5. ***Security of general meeting (Articles 76 and 77)***

Articles 76 and 77 are proposed to allow for appropriate security measures to be taken in order to secure the safety of the people attending a general meeting and enable arrangements to be made to allow simultaneous attendance of the general meeting at satellite meeting places.

6. ***Electronic Proxies (Articles 84 and 85)***

The CA 2006 provides that when a company has given an electronic address in a notice of meeting or form of proxy, it is treated as having accepted that a communication in relation to that notice of meeting or form of proxy can be sent to that electronic address. Articles 84 and 85 are inserted to enable the Company to receive appointments of proxies in electronic form subject to the conditions or limitations which are specified in the notice of meeting.

7. ***Corporate representatives (Articles 84)***

Article 89 is amended in line with the provisions of the CA 2006. Under the CA 2006, multiple corporate representatives may be appointed, but if they purport to exercise their rights in different way, then the power is treated as not being exercised.

8. ***Disclosure of Interests in Shares (Articles 91 and 92)***

The provisions relating to the disclosure of interests in shares contained in the CA1985 including Section 212 on company investigation powers, were repealed in January 2007. Provisions of the CA 2006, which contain the corresponding company investigation powers previously contained in Section 212, were brought into force simultaneously. Articles 91 and 87 are amended to reflect the replacement of the old provisions with the new.

The definition of "approved transfer" in Article 92.5.3.1 is amended to refer to the definition of "takeover offer" set out in Section 974 and Part 23 of the CA 2006 to replace the definition in the CA 1985. This is because the definition in the CA 1985 was repealed and replaced by that in the CA 2006 in April 2007.

9. ***Notices and Electronic Communication by the Company (Articles 190 to 196)***

Articles 190 to 196 are amended in line with CA 2006 to provide the Company with a general power to send or give any notice, document or information to any Shareholder by a variety of methods such as in person, by post or in electronic form (such as by email), or by making it available on the Company's website depending on the individual Shareholder's preference. In addition to any notice, document or information which is specifically required to be supplied under the CA 2006 or the Articles of Association, Articles 190 to 196 will also allow the Company to send any other document or information to Shareholders by the variety of methods described above.

If the Company gives any notice or sends any document or information to its Shareholders by making it available on the Company's website, it must comply with the requirements of the CA 2006 and Articles 195 to 196.

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

The new Article 196.4 deals with the ease of joint holders of shares and provides that the agreement of the first named holder on the register of shareholders to accept notices, documents or information electronically or via a website will be binding on the other joint holders.

The new Article 196.5 is to cater for situations where the provision of corporate information in electronic form may amount to a breach of securities laws of another jurisdiction. The effect of this new Article is to permit the Company not to give or send any notice, document or information to a Shareholder whose registered address is not within the UK unless that Shareholder has given a non electronic address within the UK.

10. ***Communication to the Company (Articles 107 to 200)***

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

11. ***Indemnity (Article 204)***

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

20. ADMISSION TO AIM

Application will be made to London Stock Exchange for the Enlarged Issued Share Capital to be admitted to trading on AIM. It is expected that Admission will become effective and dealings in the Enlarged Issued Share Capital will commence on AIM on 31 December 2007.

If the Resolutions are not passed or the Acquisition is not completed, the Existing Ordinary Shares will continue to be traded on AIM.

21. CREST

CREST is a computerised paperless share transfer and settlement system which allows shares and other securities to be held in electonic rather than paper form and transferred otherwise than by written instrument. The New Articles permit New Ordinary Shares to be issued and transferred in uncertified form in accordance with the CREST Regulations. The Existing Ordinary Shares are currently enabled for settlement through CREST. Accordingly settlement or transactions in the Ordinary Shares following Admission may take place within CREST if relevant Shareholders so wish. CREST is a voluntary system and Shareholders who wish to hold their shares in certified form will be able to do so.

22. TAXATION

Information regarding taxation in the UK with regard to holdings of Ordinary Shares is set out in paragraph 14 of Part VIII of this document. These details are, however, intended only as a general guide to the current tax position under UK taxation law. Shareholders who are in any doubt as to their tax position or who are subject to tax in jurisdictions other than the UK are strongly advised to consult their own independent financial adviser immediately.

23. RISK FACTORS

Shareholders should consider carefully the risk factors set out in Part III of this document in addition to the other information presented.

24. ADDITIONAL INFORMATION

Your attention is drawn to the further information set out in Parts II to VIII of this document.

25. GENERAL MEETING

The Short GM has been convened for 10.00 a.m. on 21 December 2007 to be held at the offices of Fasken Martineau Stringer Saul LLP, 17 Hanover Square, London W1S 1HU, subject to Consent to Short Notice being given by the Shareholders. In order for such Consent to Short Notice to be valid, the Company must

receive Consent to Short Notice Forms from a majority of Shareholders who, together, also hold 95 per cent. or more of the voting rights attaching to the Ordinary Shares (the "Required Consent"). The Consent to Short Notice Forms must be received by the Company's Registrars no later than 48 hours before 21 December 2007, which is the date fixed for the Short GM.

If the Company receives the Required Consent then it will release an announcement, via RNS and on its website, that the Required Consent has been received and that the Short GM will be held on 21 December 2007.

If the Company does not receive the Required Consent then it will release an announcement, via RNS and on its website, that the Required Consent has not been received from Shareholders and that the Standard GM will be held on 7 January 2008.

You will find set out at the end of this document the Notice of GM convening the GM for the purposes of considering and, if thought fit, approving the following resolutions:

- Resolution 1 is an ordinary resolution to approve the Acquisition for the purposes of the AIM Rules;
- Resolution 2 is an ordinary resolution to approve the Acquisition for the purposes of Section 190 of the CA 2006;
- Resolution 3 is an ordinary resolution to increase the authorised share capital;
- Resolution 4 is an ordinary resolution to approve the Share Consolidation;
- Resolution 5 is an ordinary resolution to authorise the Directors under Section 80 of the CA 1985 to allot relevant securities up to an aggregate nominal value of £1,540,113.40;
- Resolution 6 is an ordinary resolution to approve the Share Option Schemes;
- Resolution 7 is an ordinary resolution to approve the revised investment strategy as set out in Part I of this document;
- Resolution 8 is a special resolution to dis-apply statutory pre-emption rights;
- Resolution 9 is a special resolution to approve the adoption of the New Articles; and
- Resolution 10 is a special resolution to approve the change of name of the Company to Oxford Advanced Surfaces Group Plc.

The attention of Shareholders is also drawn to the voting intentions of the Directors as set out in paragraph 27 below.

26. ACTION TO BE TAKEN

Shareholders will find enclosed with this document the following:

- a yellow Consent to Short Notice Form, for use in connection with the giving of Consent to Short Notice;
- a blue Short GM Form of Proxy, for use in connection with the Short GM; and
- a green Standard GM Form of Proxy, for use in connection with the Standard GM.

Short GM

A Shareholder that wishes to grant his consent to the Short GM being held is asked to complete the yellow Consent to Short Notice Form in accordance with the instructions printed thereon as soon as possible but in any event so as to arrive no later than 10.00 a.m. on 19 December 2007, being 48 hours before the time appointed for the holding of the Short GM.

Furthermore, whether or not (a) you intend to be present at the Short GM, or (b) you consent to the Short GM being held, you are asked to complete and return the blue Short GM Form of Proxy in accordance with the instructions printed thereon as soon as possible but in any event so as to arrive no later than 10.00 a.m. on 19 December 2007, being 48 hours before the time appointed for the holding of the Short GM. Completion and posting of a blue Short GM Form of Proxy will not prevent you from attending and voting in person at the Short GM if you so wish.

If the Company receives the Required Consent then it will release an announcement, via RNS and on its website, that the Required Consent has been received and the Short GM will be held at 10.00 a.m. on 21 December 2007.

Standard GM

Whether or not (a) you consent to the Short GM being held or (b) you intend to be present at the Standard GM, you are asked to complete and return the green Standard GM Form of Proxy in accordance with the instructions printed thereon as soon as possible but in any event so as to arrive no later than 10.00 a.m. on 5 January 2008, being 48 hours before the time appointed for the holding of the Standard GM. Completion and posting of a green Standard GM Form of Proxy will not prevent you from attending and voting in person at the Standard GM if you so wish.

If the Company does not receive the Required Consent then it will release an announcement, via RNS and on its website, that the Required Consent has not been given by Shareholders and that the Standard GM will be held at 10.00 a.m. on 7 January 2008.

27. RECOMMENDATION

As David Norwood and Alan Aubrey are directors and shareholders of IP Group (the holding company of IP2IPO Limited, a Vendor), are the beneficial owners of a proportion of OAS Shares held by IP2IPO Nominees Limited and are members of both the IP Group and Kanyon Concert Parties, they will not be voting on resolution 1 nor will Michael Bretherton who is a member of the Kanyon Concert Party and a director of Ora, a significant shareholder of Kanyon. In addition, they have not taken any part in the consideration by the Board of the Acquisition.

We, the Independent Directors, being Matthew Sutcliffe and Byron Lloyd, who have been so advised by ZAI, believe that the terms of the Acquisition are fair and reasonable in so far as Shareholders are concerned. In providing advice to the Independent Directors, ZAI has taken account of the information supplied by and the commercial assessment of the Independent Directors.

The Directors, who have been so advised by ZAI, believe that the Proposals (save for the Acquisition, in respect of which the recommendation of the Independent Directors is set out above) are fair and reasonable and in the best interests of the Company and the Shareholders as a whole. In providing advice to the Directors, ZAI has taken account of the information supplied by the Directors and their commercial assessments.

Accordingly:

(a) we, the Independent Directors recommend the Shareholders to vote in favour of the resolution numbered 1 to be proposed at the GM. We, the Independent Directors, intend to vote in favour of the resolution numbered 1 in respect of our own beneficial holdings of, in aggregate, 500,000 Ordinary Shares representing 0.06 per cent. of the issued share capital at the date of this document; and

(b) the Directors recommend the Shareholders to vote in favour of the resolutions numbered 2 to 10 (inclusive) to be proposed at the GM. The Directors intend to vote in favour of the resolutions numbered 2 to 10 (inclusive) in respect of their own beneficial holdings of, in aggregate, 109,850,038 Ordinary Shares representing 12.43 per cent. of the issued share capital at the date of this document.

Yours faithfully

Matthew Sutcliffe and Byron Lloyd
Independent Directors

PART II

INFORMATION ON OXFORD ADVANCED SURFACES

1. INTRODUCTION

OAS was incorporated in June 2006 to develop and commercialise technology which enables the modification of the surface properties of a range of materials in order to increase and diversify their applications and functionalities. The Technology is based on research that commenced over ten years ago at the Department of Chemistry at the University of Oxford which has led to the development of a platform of Intellectual Property Rights.

The Technology is capable of being applied to modify the surface properties of materials such as natural and synthetic polymers, as well as inorganic surfaces such as glass and diamonds. Initial applications for the Technology include colouration, adhesion, bio-activity and tailored wetting properties. Moreover, the Proposed Directors believe that the Technology is an enabling technology that permits the development of advanced materials in a number of other applications, further details of which are set out below in this Part II.

OAS commenced commercial operations in September 2006.

2. HISTORY AND BACKGROUND

OAS was founded in June 2006 by the Founders as a spin-out company from the Department of Chemistry at the University of Oxford in order to commercialise more than ten years of research undertaken by the Founders in the field of surface modification.

Dr Mark Moloney and his team commenced work on the development of the base technology underlying the Licensed Intellectual Property more than ten years ago. By deploying his expertise in synthetic organic chemistry, Dr Mark Moloney's initial research proved it is possible to colour polymers effectively using an approach novel to the polymer industry. The potential commercial significance of this process led to a patent application securing the colouring of polymers being filed in 1998.

In May 2003, Dr Mark Moloney was awarded £150,000 from the UCSF to finance the further development and commercialisation of his research. This funding led to the recruitment of Dr Jon-Paul Griffiths to a post-doctoral position focusing on the development of applications for the Technology developed to that date. Following his arrival, Dr Jon-Paul Griffiths together with Dr Mark Moloney expanded the Technology into new areas, such as adhesion, ion exchange, disinfecting and bio-compatible materials. The Intellectual Property Rights arising from Dr Mark Moloney's and Dr Jon-Paul Griffiths' work is owned by the University of Oxford through Isis, the technology transfer company of the University of Oxford. Patent applications to protect the rights of Isis in the inventions have been filed, further details of which are set out in paragraph 5 below.

In 2000, the University of Oxford entered into a framework agreement with IP2IPO Limited in exchange for a loan of approximately £20 milllion. Under that agreement the University of Oxford granted to IP2IPO Limited the right to receive 50 per cent. of the share capital issued to the University of Oxford by spin-out companies originating from its Department of Chemistry. In a separate agreement entered into in early September 2006, IP2IPO Limited subscribed £500,000 and Marcelo Bravo and Jeremy Scudamore subscribed a total of £45,000 for OAS Shares.

OAS currently operates from offices and laboratories at the University of Oxford Begbroke Science Park in Yarnton, Oxford and has seven employees.

3. THE TECHNOLOGY

OAS' Technology is a coating technology that exploits a reactive type of molecule, known as a carbene. The Technology controls the reactivity of the molecule so that it can be applied to inert surfaces in order to modify their surface properties. The Technology is a platform technology that permits the modification of a range of materials to deliver a range of functionalities, thus creating new opportunities in advanced materials.

The coatings are applied to surfaces in a multi-step process. Firstly, the coating is rolled, dipped, painted or sprayed onto the surface and, secondly, the coating is then cured by heat or UV resulting in a chemically attached coating. OAS is working to further develop the Technology to enable it to deliver precise patterns of surface functionality and to deliver more than one functionality on a substrate.

The Technology enables a range of materials to be modified including:

- natural polymers such as cotton and wool;
- inert synthetic polymers such as polypropylene, PET and polyimide; and
- inorganic surfaces such as glasses, alumina, diamond, graphite and other allotropes of carbon.

4. OAS' INTELLECTUAL PROPERTY RIGHTS

OAS has the benefit of the Licensed Intellectual Property. The Licensed Intellectual Property is owned by Isis and is currently protected through the Patents, details of which are set forth in paragraph 5 below. The Licensed Intellectual Property is licensed to OAS on an exclusive basis subject to the rights detailed in paragraph 13.15 of Part VIII of this document. The duration of such exclusive licence is for the lifetime of the Patents and any patents that may be granted pursuant to any patent application comprised within the Patents or which may subsequently be made and included within the scope of the Licensed Intellectual Property in accordance with the terms of the Technology Licence.

Further details of the Technology Licence are set out in paragraph 13.15 of Part VIII of this document.

5. PATENT PORTFOLIO

The Patents currently comprise 3 families of patent applications and granted patents licensed to OAS, namely Patent Family 1, Patent Family 2 and Patent Family 3. The claims of all three families cover technology which allows surfaces to be functionalised, particularly the surfaces of materials which have hitherto been difficult to modify in a desired manner. The claimed technology exploits carbene reactive intermediates, which are generated at the surface in question from novel carbene precursor compounds, in the activation and subsequent functionalisation of the surface. Patent Family 1 covers the functionalisation of polymeric substrates, in particular the attachment of dyes to such substrates, by a process which uses diarylcarbene precursors. Patent Family 2 covers similar technology using different carbene precursor compounds for functionalising surfaces, in particular for colouring surfaces or for rendering surfaces biocidal. Patent Family 3 covers the production of a substrate having an adhesive surface and the tailoring of the adhesive properties of a surface. Details of the Patents are set forth below.

5.1. Patent Family 1

Title: ***Surface Functionalisation***

Country	Filing date	Application No.	Status	Expiry
Europe	03.11.1999	9824023.7	Granted as EP 1,134,791 and validated in UK, Germany, Italy, Netherlands, France	03.11.19
Japan	03.11.1999	2000-579569	Pending, awaiting first exam report	03.11.19
USA	03.11.1999	09/830,829	Granted as US patent 6,699,527	03.11.19
USA	19.12.2003	10/741,288	Granted as US patent 7,034,129	04.06.20

5.2 Patent Family 2

Title: ***Surface Functionalisation using Arylcarbene Reactive Intermediates***

Country	Filing date	Application No.	Status	Expiry
Europe	17.01.06	06700684.1	Pending	17.01.26
Japan	17.01.06	awaited	Pending	17.01.26
USA	17.01.06	11/795,253	Pending, awaiting first exam report	17.01.26

5.3 **Patent Family 3**

Title: ***Tailored Control of Surface Properties by Chemical Modification***

Country	Filing date	Application No.	Status	Expiry
PCT	22.08.07	PCT/GB07/003194	Pending	22.08.27

In addition, OAS has the benefit of know-how in relation to the Technology, gained during years of research at the University of Oxford. OAS further continues to enhance such know-how through ongoing research and development.

6. MARKETS & COMPETITION

The surface modification market is fragmented with a number of companies serving the various industry niches. The market is dynamic and is constantly undergoing change as new technologies emerge to satisfy the needs of the rapidly growing industries such as microelectronics, medical and membrane separation whilst addressing cost pressures in established industries such as the automotive, industrial and packaging sectors.

There are a number of surface modification technologies including plasma treatment, ion beam implantation and corona treatment. The Technology differs from these surface modification technologies due to the chemical coating approach that introduces highly tailored functionalities.

The Continuing Board is aware of many companies that are working on surface modification technology within the markets in which OAS is currently operating; however, they do not believe that any of these companies have directly comparable technology in the applications that OAS is currently pursuing. In particular, OAS is seeking initially to establish applications in areas where the Continuing Board believes existing surface technologies do not meet the requirements of potential customers.

7. PRINCIPAL APPLICATIONS OF THE TECHNOLOGY

OAS' initial strategy has been to explore a range of industries and, since incorporation, it has had contact with over sixty companies throughout the world. Following on from this, OAS has signed confidentiality agreements with approximately thirty companies to proceed to advanced discussions regarding the Technology. This has resulted in OAS signing agreements with seven companies for co-development projects which are currently revenue-earning. Moreover, OAS is discussing a number of proposals with various potential customers and conducting several "preliminary proof of concept" evaluations with a view to embarking on development programmes in the near future.

OAS will initially focus on three areas of application following its testing of the Technology in potential markets it has investigated during the first year of its commercial operations. They are not, however, in the Continuing Board's opinion, representative of the breadth and scope of the applicability of the Technology. As OAS scales its business development activities, it is the Continuing Board's intention that there will be a growth in the number of projects looking at more functionalities and substrate materials in differing areas of application. The Continuing Board has identified the following technological areas which they intend to initially focus OAS' activities in exploiting:

7.1. **Tailored Wetting Properties**

The wettability (hydrophillicity, hydrophobicity, oleophillicity and oleophobicity) of a material or the degree to which a material can be wetted by a liquid is an important function for OAS' customers in a number of applications currently being developed by OAS.

The Technology can be used to tailor the wettability of a range of materials including low surface energy substrates such as fluoropolymers.

OAS is currently developing its Technology in this area as follows:

- the development of coatings to provide hydrophillicity to fluoropolymers for use in the electronics industry as well as for use in the medical implant industry;
- the development of treatments to help disperse particulates such as pigments; and
- the development of coatings to provide hydrophobicity to substrate materials used in the electronic displays industry and the inkjet device industry.

7.2. **Adhesion Promotion**

The Technology can be used to promote chemical adhesion acting as a primer for existing adhesives, bonding agents or radiation cured coatings as well as facilitating the incorporation of particles at the interface between materials to increase adhesion.

OAS is currently using the Technology to develop coatings:

- to enhance the adhesion between various low surface energy polymers to protective coatings; and
- to metallise ("adhere metal") to various substrates including glass, silica and polymers for application in electronics and the decorative automotive industry.

7.3. **Biocidal Activity**

OAS has designed a coating using its Technology which permits the release of hydrogen peroxide, an environmentally benign broad spectrum biocide which can be regenerated by treating with a solution of hydrogen peroxide. The Continuing Board believes this application of the Technology could be used in consumer and healthcare markets as well as in water and air purification.

PART III

RISK FACTORS

The Directors and Proposed Directors believe that an investment in the New Ordinary Shares may be subject to a number of risks. Shareholders and prospective investors should consider carefully all of the information set out in this document and the risks attaching to an investment in the Company, including in particular the risks described below (which are not set out in any order of priority), before making any investment decisions. The information below does not purport to be an exhaustive list. Shareholders and prospective investors should consider carefully whether an investment in New Ordinary Shares is suitable for them in the light of information in this document and their personal circumstances.

The New Ordinary Shares should be regarded as a highly speculative investment and an investment in New Ordinary Shares should only be made by those with the necessary expertise to fully evaluate the investment. Prospective investors are advised to consult an independent adviser authorised under the Financial Services and Markets Act 2000.

If any of the following risks relating to the Enlarged Group were to materialise, the Enlarged Group's business, financial condition and results of future operations could be materially adversely affected. In such cases, the market price of the New Ordinary Shares could decline and an investor may lose part or all of its investment. Additional risks and uncertainty not presently known to the Directors and Proposed Directors, or which the Directors and Proposed Directors currently deem immaterial, may also have an adverse effect upon the Company or the Enlarged Group.

In addition to the usual risks associated with an investment in a company, the Directors and Proposed Directors consider the following risk factors to be significant to potential investors:

A. RISKS RELATING TO THE ENLARGED GROUP

Early Stage of Operations

The Enlarged Group will, when formed, be at an early stage of development. The commencement of the Enlarged Group's material revenues is difficult to predict and there is no guarantee that the Enlarged Group will generate any material revenues in the foreseeable future. The Enlarged Group has a limited operating history upon which its performance and prospects can be evaluated and faces the risks frequently encountered by developing companies. The risks include the uncertainty as to which areas to target for growth. There can be no assurance the Enlarged Group's technology will be favourably received by the market or that the Enlarged Group proposed operations will be profitable or produce a reasonable return, if any, on investment.

Research and Development risk

The Enlarged Group will be engaged in developing novel coating reagents to develop new technology solutions to address specific market needs identified by the directors of the Company from time to time. The Enlarged Group will therefore be involved in complex scientific areas and industry experience indicates a very high incidence of delay or failure to produce results. The Enlarged Group may not be able to develop new technology solutions or identify specific market needs that can be addressed by technology solutions developed by the Enlarged Group. The ability of the Enlarged Group to develop new technology relies partly on the recruitment of appropriately qualified staff as the Enlarged Group grows. The Enlarged Group may be unable to find a sufficient number of appropriately highly trained individuals to satisfy its growth rate which could affect its ability to develop new technologies as planned. In addition, novel chemical reagents may face potential regulatory barriers which, by their nature, will vary, for example, by application, geography, volume of business and thus which are difficult to anticipate at present.

Reliance on the founding scientists

The Enlarged Group is dependent upon the involvement and contribution of the founding scientists, Dr Mark Moloney and Dr Jon-Paul Griffiths. The Enlarged Group will endeavour to ensure these individuals remain suitably incentivised and so remain with the Enlarged Group. Whilst it has entered into

contractual arrangements with the aim of securing their services. The retention of their services cannot be assured and a failure to retain their services may have a material adverse effect on the Enlarged Group's business.

Intellectual Property Protection

The commercial success of the Enlarged Group will depend in part on its ability to protect and enforce its Intellectual Property Rights so as to preserve its exclusive rights in respect of the Technology and to preserve the confidentiality of its own and collaborators' know-how. The Enlarged Group may not be able to protect and preserve its Intellectual Property Rights or to exclude competitors with competing technology products.

The Enlarged Group will seek to rely on patents to protect its market position. Patents are a monopoly right and are territorial. They grant to the successful applicant the exclusive right in the country or territory in which the patent is granted to prevent others from, amongst other things, making, offering, putting on the market or using a product, which is the subject matter of a patent, and from using a process which is the subject matter of a patent. Because of their territorial nature patents do not grant the owner any rights in any countries outside those in which the patent is granted. No assurance can be given that others will not gain access to the Enlarged Group's un-patented proprietary technology and/or disclose such technology or that the Enlarged Group can ultimately protect meaningful rights to such un-patented technology. No assurance can be given that the claims of patents will be fully upheld by a court. Part of the Enlarged Group's Intellectual Property Rights portfolio comprises some applications for patents. There is no guarantee the Enlarged Group will obtain patents for inventions in which patent applications have been or will be filed, or that it will develop other patentable products or processes. In addition, there can be no assurance that any future patents will prevent other persons or companies from developing similar products or that other persons or companies will not be issued patents that may prevent the sale of Enlarged Group's products or that will require licensing and the payment of significant fees or royalties by the Group. Furthermore, issued patents may be held by a court of law to be invalid or unenforceable. Patent litigation is costly and time consuming and there can be no assurance that the Group will have, or will be able to devote, sufficient resources to pursue such litigation. Potentially unfavourable outcomes in such proceedings could limit the Group's Intellectual Property Rights and activities. The term of a patent is, generally speaking, fixed. Time expended in research and development on a product will reduce the period of exclusivity afforded to any marketed product by any patent.

No assurances can be given that any pending or future trade mark applications will result in granted trade mark registrations, that the scope of any copyright or trademark protection will exclude competitors or provide advantages to the Enlarged Group and that third parties will not in the future claim rights in or ownership of the copyright, patents and other proprietary rights from time to time held by the Enlarged Group.

Further, there can be no assurances that others have not developed or will not develop similar or competing products, duplicate any of the products of the Enlarged Group or design around any pending patent application or patents (if any) subsequently granted in favour of the Enlarged Group. Other persons may hold or receive patents which contain claims having a scope that covers products developed by the Enlarged Group (whether or not patents are issued to the Enlarged Group). Without limiting the generality of the foregoing, no assurances or guarantees can be given that BASF PLC and Avecia Limited will not seek to make commercial use of and/or develop the technology that has been licensed to them (Patent Family 1).

A substantial cost may be incurred if the Enlarged Group is required to defend its Intellectual Property Rights including any patents or trade marks against third parties. There is no assurance that obligations to maintain the Enlarged Group's or its own or its collaborators' know how would not be breached or otherwise become known in a manner which provides the Enlarged Group with no recourse. The commercial success of the Enlarged Group may also depend in part on non-infringement by the Enlarged Group of Intellectual Property Rights owned by third parties, including compliance by the Enlarged Group with the terms of any licenses granted to it. If this is the case, the Enlarged Group may have to obtain appropriate intellectual property licenses or cease or alter certain activities or processes or develop or obtain alternative products or challenge the validity of such intellectual property in the courts.

Any claims made against the Enlarged Group's Intellectual Property Rights, even without merit, could be time consuming and expensive to defend and could have a materially detrimental effect on the Enlarged

Group's resources. A third party asserting infringement claims against the Enlarged Group and its customers could require the Enlarged Group to cease the infringing activity and/or require the Enlarged Group to enter into licensing and royalty arrangements. The third party could also take legal action which could be costly. In addition, the Enlarged Group may be required to develop alternative non-infringing solutions that may require significant time and substantial unanticipated resources. There can be no assurance that such claims will not have a material adverse effect on the Enlarged Group's business, financial condition or results.

Competition

The Enlarged Group may face significant competition from organisations which have greater capital resources than the Enlarged Group and/or which have a prudent offering competitive to that of the Enlarged Groups, to the detriment of the Enlarged Group. There is no assurance that the Enlarged Group will be able to compete successfully in the market place in which it seeks to operate.

Dependence on arrangements with third parties

The Enlarged Group may enter into arrangements with third parties (includes manufacturers, suppliers and licencees) in respect of the development, production, marketing and commercialisation of its products where appropriate. An inability to enter into such arrangements or disagreements between the Enlarged Group and any such third parties could lead to delays in the Enlarged Group's product development and/or commercialisation plans.

Risk that the products will not achieve commercial success

At Admission, the Enlarged Group will not have any technology products available for sale. There can be no assurance that any of the Enlarged Group's products currently in development will be successfully developed into any commercially viable product or products, meet applicable regulatory standards and/or be manufactured in commercial quantities at an acceptable expense or be marketed successfully and profitably. If the Enlarged Group or its collaborators encounter delays at any stage of development and fail to successfully address such delays there may be a material adverse effect on the Enlarged Group's business, financial condition, and results.

In addition, the success of the Enlarged Group will depend on the market's acceptance of its products and there can be no guarantee that this acceptance will be forthcoming or that the Enlarged Group's technologies will succeed as an alternative to other new products. The development of a market for the products is affected by many factors, some of which are beyond the Enlarged Group's control, including the emergence of newer, more successful technologies and products and the cost of the Enlarged Group's products themselves. Notwithstanding the technical merits of a product developed by the Enlarged Group, there can be no guarantee that the Enlarged Group's targeted customer base for the product will purchase or continue to purchase the product. If a market fails to develop or develops more slowly than anticipated, the Enlarged Group may be unable to recover the losses it may have incurred in the development of its products and may never achieve profitability. In addition, the Continuing Board of the Company cannot guarantee that the Enlarged Group will continue to develop, manufacture or market its products if market conditions do not support the continuation of such product.

B. GENERAL RISKS

Taxation

Any change in the Company's tax status or in taxation legislation could affect the Company's ability to provide returns to Shareholders or alter post tax returns to Shareholders. Statements in this document concerning the taxation of investors in New Ordinary Shares are based on current tax law and practice which is subject to change. The taxation of an investment in the Company depends on the individual circumstances of Shareholders.

Volatility of Ordinary Share price

The Subscription Price and the value ascribed to the Consideration Shares may not be indicative of the market price for the Ordinary Shares following Admission. The subsequent market price of the New Ordinary Shares may be subject to wide fluctuations in response to many factors, including those referred to in this Part II, as well as stock market fluctuations and general economic conditions or changes in

political sentiment that may substantially affect the market price of the New Ordinary Shares irrespective of the Enlarged Group's actual financial, trading or operational performance. These factors could include the performance of the Enlarged Group, large purchases or sales of the New Ordinary Shares (or the perception that the same may occur, as, for example in the period leading up to the expiration of the various lock in agreements to which certain Shareholders are subject) legislative changes and market, economic, political or regulatory conditions.

Liquidity of New Ordinary Shares

Admission to AIM should not be taken as implying that a liquid market for the New Ordinary Shares will either develop or be sustained following Admission. The liquidity of a securities market is often a function of the volume of the underlying New Ordinary Shares that are publicly held by unrelated parties. If a liquid trading market for the New Ordinary Shares does not develop, the price of the New Ordinary Shares may become more volatile and it may be more difficult to complete a buy or sell order for such New Ordinary Shares.

Official List

The New Ordinary Shares will be traded on AIM rather than the Official List. The rules of AIM are less demanding than those of the Official List and an investment in New Ordinary Shares traded on AIM may carry a higher risk than an investment in New Ordinary Shares quoted on the Official List. In addition, the market in the New Ordinary Shares on AIM may have limited liquidity, making it more difficult for an investor to realise its investment on AIM than to realise an investment in a company whose shares are quoted on the Official List. Investors should therefore be aware that the market price of the New Ordinary Shares may be more volatile than that of shares quoted on the Official List, and may not reflect the underlying value of the net assets of the Enlarged Group. Investors may therefore not be able to sell at a price which permits them to recover their original investment.

No guarantee as to future performance

There is no certainty and no representation or warranty is given by any person that the Enlarged Group will be able to achieve any level of performance referred to in this document, whether express or implied. This may adversely affect the Enlarged Group's financial condition, results of operations, prospects or the market price of the New Ordinary Shares.

Legislation and compliance

This document has been prepared on the basis of current legislation, rules and practice and the Directors' and the Proposed Directors' interpretation thereof. Such interpretation may not be correct and it is always possible that legislation, rules and practice may change.

Forward-looking statements

Certain statements contained in this document may constitute forward-looking statements. Any such forward-looking statements involve risks, uncertainties, and other factors that may cause the actual results, performance or achievements of the Enlarged Group to be materially different from any results, performance or achievements expressed or implied by such forward-looking statements. These forward-looking statements speak only as of the date of this document. The Enlarged Group, the Directors and the Proposed Directors expressly disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein, save as required to comply with any legal or regulatory obligations to reflect any change in the Continuing Board's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

Additional capital and dilution

The Directors and the Proposed Directors anticipate that the Enlarged Group will require additional capital in order to develop products and to enable them to be brought to market. If the Enlarged Group fails to generate sufficient cash through the provision of its products of services, then it may need to raise additional capital in the future, whether from equity or debt sources, to fund such expansion and development. If the Enlarged Group is unable to obtain this financing on terms acceptable to it then it may be forced to curtail its planned development. If additional funds are raised through the issue of new equity or equity-linked securities of the Company other than on a pro rata basis to existing Shareholders, the percentage ownership

of such Shareholders may be substantially diluted. There is no guarantee that the then prevailing market conditions will allow for such a fundraising or that new investors will be prepared to subscribe for New Ordinary Shares at the same price as the Subscription Price or higher.

Dividends

There can be no assurance as to the level of any future dividends. The declaration, payment and amount of any future dividends of the Company are subject to the discretion of the Shareholders or, in the case of interim dividends, to the discretion of the directors of the Company at the time in question, and will depend upon, among other things, the Enlarged Group's earnings, financial position, cash requirements, availability of profits, as well as provisions for relevant laws or generally accepted accounting principles from time to time.

PART IV

INFORMATION ON THE CONCERT PARTY

The parties described in this Part IV are deemed to be acting in concert under the terms of the Code.

1. THE OXFORD UNIVERSITY CONCERT PARTY

Shareholder	Holding of New Ordinary Shares following Completion	Percentage in Enlarged Group following Completion	Number of New Ordinary Shares under option following Completion	Maximum percentage in Enlarged Group following on a fully diluted basis following the exercise of the options held by the Oxford University Concert Party
The Chancellor, Masters and Scholars of the University of Oxford	17,264,429	9.70	Nil	9.70
Total	**17,264,429**	**9.70**	**Nil**	**9.70**

The Chancellor, Masters and Scholars of the University of Oxford

The legal and beneficial title to the New Ordinary Shares comprised within this holding is held by the Chancellor, Masters and Scholars of the University of Oxford ("**Oxford University**"). Oxford University entered into a fifteen year framework agreement with IP Group on 14 December 2000 relating to the exploitation and commercialisation of Intellectual Property Rights generated within the Chemistry Department of the University of Oxford. Further details are provided below in paragraph 2 of this Part IV.

2. THE IP GROUP CONCERT PARTY

Shareholders	Holding of New Ordinary Shares following Completion	Percentage in Enlarged Group following Completion	Number of New Ordinary Shares under option following Completion	Maximum percentage in Enlarged Group following on a fully diluted basis following the exercise of the options held by the IP Group Concert Party
IP2IPO Limited	27,995,045	15.73	Nil	15.73
IP2IPO Nominees Limited	5,938,487*	3.34	Nil	3.34
Andrew Naylor	Nil	Nil	848,219	0.47
Total	**33,933,532**	**19.07**	**848,219**	**19.54**

* 848,219 of these New Ordinary Shares are held on behalf of Andrew Naylor.

IP Group plc

IP Group plc, a company registered in England and Wales (company number 04204490), is an Official List company and is the parent company of both IP2IPO Limited and IP2IPO Nominees Limited.

IP2IPO Limited

IP2IPO Limited entered into an agreement with Oxford University in December 2000 (the "**Partnership Agreement**") pursuant to which IP2IPO Limited is entitled to purchase 50 per cent. of the equity to which Oxford University would otherwise be entitled in spin-out companies formed to exploit Intellectual Property Rights from the chemistry department of Oxford University between December 2000 and December 2015. Such agreement was made in consideration for the making available of a £20 million loan from IP Group plc to Oxford University at the same time and for the same duration. IP Group plc

guarantees the performance by IP2IPO Limited of its obligations under the Partnership Agreement and in respect of the loan.

In accordance with the Partnership Agreement, 21,250 OAS Shares of 42,500 of the OAS Shares subscribed for by Oxford University at par value on 6 September 2006 were transferred to IP2IPO Limited which equates to the entire 50 per cent. permissible under the Partnership Agreement.

Also, on 6 September 2006, IP2IPO Limited, in a separate investment agreement, subscribed a sum of £500,000 for 50,000 OAS Shares at a subscription price of £10 per share to seed fund OAS (the "**IP2IPO Investment**"). This subscription was made pursuant to further rights contained within the Partnership Agreement.

IP2IPO Nominees Limited

Following the completion of the IP2IPO Investment, IP2IPO Limited transferred 12,469 OAS Shares of its aggregate holding of 71,250 OAS shares (as detailed above) to IP2IPO Nominees Limited. IP2IPO Nominees Limited is a wholly owned subsidiary of IP Group plc which was established to incentivise members of staff who are employed by IP Group plc and certain of its subsidiaries.

IP2IPO Nominees Limited holds OAS Shares on behalf of, amongst others, David Norwood (currently non-executive chairman of Kanyon as well as Director of Special Projects at IP Group plc and who will remain a non-executive director of the Enlarged Group following Completion), Alan Aubrey (currently a non-executive director of Kanyon as well as Chief Executive Officer of IP Group plc but who will resign as a non-executive director of Kanyon on Completion) and Andrew Naylor.

Dr Andrew Naylor

Dr Andrew Naylor is a director of OAS. He is a proposed non-executive director of the Enlarged Group. Dr Andrew Naylor's involvement with OAS is primarily through him having led the IP2IPO Investment whilst an employee of IP2IPO Limited.

3. THE OTHER VENDORS CONCERT PARTY

Shareholders	Holding of New Ordinary Shares following Completion	Percentage in Enlarged Group following Completion	Number of New Ordinary Shares under option following Completion	Maximum percentage in Enlarged Group following on a fully diluted basis following the exercise of the options held by the Other Vendors Concert Party
Mark Moloney	10,120,527	5.69	848,219	6.14
Jon-Paul Griffiths	10,120,527	5.69	Nil	5.69
Jeremy Scudamore	714,390	0.40	3,886,282	2.53
Marcelo Bravo	5,386,502	3.03	5,386,502	5.88
Total	**26,341,946**	**14.81**	**10,121,003**	**20.24**

Dr Mark Moloney

He is a co-founder and director of OAS. He continues to lecture organic chemistry at the University of Oxford and is a proposed non-executive director of the Enlarged Group.

Dr Jon-Paul Griffiths

Dr Jon-Paul Griffiths is a co-founder of OAS together with Dr Mark Moloney. He is currently employed solely by OAS. He will act as chief technical officer to OAS following completion of the Acquisition.

Marcelo Bravo

Marcelo Bravo is the proposed chief executive of the Enlarged Group.

Jeremy Scudamore

Jeremy Scudamore is an independent non-executive director of OAS. He is the proposed non-executive chairman of the Enlarged Group.

4. KANYON/IP CONCERT PARTY

David Norwood and Alan Aubrey are directors and shareholders of IP Group plc. David Norwood holds 1.75% and Alan Aubrey holds 0.34% of the share capital of IP Group plc. IP2IPO Limited and IP2IPO Nominees Limited are wholly owned subsidiaries of IP Group plc. IP2IPO Limited holds 58,781 OAS Shares (representing 36.1 per cent. of the OAS Share Capital). In addition, IP2IPO Nominees Limited holds 1,425 OAS Shares as nominee for David Norwood and 1,959 OAS Shares as nominee for Alan Aubrey.

IP2IPO Limited and IP2IPO Nominees Limited are members of the IP Group Concert Party. David Norwood and Alan Aubrey are members of the Kanyon concert party arranged during the acquisition of Solar Labs Plc in April 2007. James Ede Golightly is now a member of the Kanyon concert party following his appointment as a director of Ora (together the "Kanyon Concert Party"). The Panel have deemed that the IP Group Concert Party and the Kanyon Concert Party are acting in concert.

The new Concert Party is the Kanyon/IP Concert Party as detailed below:

Concert Party	Holding of New Ordinary Shares following Completion[1]	Percentage in Enlarged Group following Completion	Number of New Ordinary Shares under option following Completion	Maximum percentage in Enlarged Group on a fully diluted basis
IP2IPO Limited	27,995,045	15.73	Nil	15.73%
IP2IPO Nominees Limited	5,938,487	3.34	Nil	3.34%
Andrew Naylor	Nil	Nil	848,219	0.47%
ORA	49,950,002[2]	28.07	Nil	28.07%
Richard Griffiths	10,075,003[3]	5.66	Nil	5.66%
David Norwood	9,075,003	5.10	Nil	5.10%
Barnard Nominees Ltd	9,024,998[4]	5.07	Nil	5.07%
Bainunah Trading Ltd	6,000,000[5]	3.37	Nil	3.37%
Alan Aubrey	1,425,000	0.80	Nil	0.80%
Robert Quested	550,000	0.31	Nil	0.31%
Michael Bretherton	435,000	0.24	Nil	0.24%
James Ede Golightly	535,000	0.30	Nil	0.30%
Total	**121,003,538**	**67.99%**	**848,219**	**68.46%**

(1) Assuming completion of the Share Consolidation.

(2) Includes 12,000,000 New Ordinary Shares from the Subscription and the Fractional Entitlement Purchase.

(3) On 10 October 2006, Richard Griffiths instructed Cantor Index Limited "CIL" to subscribe for 10,000,000 ordinary shares at 1p per share in Kanyon Plc pursuant to a share placing and to open a spot equity spread bet contract for the same number of shares at a traded price of 1p per share upon the issue of the placing shares on 10 October 2006. Kanyon proposes to consolidate its existing share capital on the basis of 1 ("one") new ordinary share of 1p each for every 10 ("ten") existing ordinary shares of 0.1p and the number of existing shares held under the spot equity spread bet contract and accordingly the related trade price will be adjusted from 10,000,000 ordinary shares at a traded price of 1p per share to 1,000,000 ordinary shares at a traded price of 10p per share.

The remaining 9,075,003 ordinary shares are held directly by Richard Griffiths.

(4) Held on behalf of Elenora International Investment Limited, in which Robert Quested has an Investment.

(5) The beneficial owner is Elenora Trust, in which Robert Quested has an interest.

PART V

FINANCIAL INFORMATION ON KANYON PLC

SECTION A: INTRODUCTION

The Company was incorporated on 13 June 2006 with the name of Kanyon II Plc. The Company changed its name to Kanyon on 10 July 2006.

The historical financial information for Kanyon in the form of interim financial statements for the six months ended 31 July 2007 together with comparatives for the period from incorporation on 13 June 2006 to 31 January 2007 is set out in Section B of this Part V. The interim financial statements of Kanyon are unaudited condensed consolidated financial statements for the six months ended 31 July 2007. These include audited comparatives for the period from incorporation on 13 June 2006 to 31 January 2007.

The condensed consolidated financial statements have been prepared under the historic cost convention and incorporate the financials of Kanyon for the period and its subsidiary undertaking from the date of acquisition. The accounting policies adopted are consistent with those followed in the preparation of the Group's annual financial statements for the period ended 31 January 2007.

The condensed interim consolidated financial statements do not constitute statutory accounts for the purposes of S290 of the CA 1985. The statutory accounts for the period to 31 January 2007 have been reported on by the Company's auditors and have been filed with the Registrar of Companies. The report of the auditors was unqualified.

SECTION B: UNAUDITED INTERIM FINANCIAL REPORT

For the period ended 31 July 2007

Chairman's Statement

I am pleased to present the interim report of Kanyon Plc ("Kanyon") for the six months ended 31 July 2007 together with comparatives for the first audited accounting period from 13 June 2006 to 31 January 2007.

Kanyon acquired the entire issued share capital of Solar Labs Plc ("Solar Labs") on 3 May 2007. Solar Labs is currently a start up business with the objective of becoming a leading developer and provider of technology solutions to the solar energy industries and may use a combination of research collaborations, organic development and acquisitions to develop a portfolio of intellectual property rights within solar energy.

Group profits before tax for the six months were £22,000 compared to a loss of £2,000 for the period to 31 January 2007.Total equity shareholders funds at the period end amounted to £7.74 million including cash balances of £3.91million, compared with shareholders funds of £3.38 million at 31 January 2007.

The total consideration payable for Solar Labs was approximately £3.4 million satisfied by the issue of new Ordinary Shares with a value of £3.3 million and the cash settlement of related acquisition costs amounting to £0.1 million.

On completion of the acquisition, I joined the Board as Non-executive Chairman, Alan Aubrey joined as a Non-executive Director and Matthew Sutcliffe changed his role from Non-executive Chairman to that of Non-executive Director.

Following completion of the acquisition of Solar Labs, your Directors intend to continue to identify opportunities they believe fulfill the Company's original investing objectives but the focus will now be in the field of technology solutions to the solar energy industries which are complementary to the Company's enlarged business. As part of this process, the Company will leverage your directors' considerable experience in the development of collaborations with academic research intuitions to commercialise intellectual property.

I remain confident that Kanyon will make considerable further progress in its development during the remainder of the year.

Chairman's Statement

David Norwood
Non-Executive Chairman

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 31 July 2007

	Notes	Six months to 31 July 2007 (Unaudited) £'000	Period to 31 January 2007 (Audited) £'000
Administrative expenses		(68)	(52)
Operating loss		(68)	(52)
Interest receivable		98	50
Profit/(loss) before tax		30	(2)
Taxation	4	(8)	–
Profit/(loss) for the period		22	(2)
Earnings per share			
Basic and Diluted	3	0.00p	0.00p

The profit for the period arises from the Group's continuing operations and includes contributions from subsidiaries acquired in the period as set out in note 8 of the financial statements.

Comparative figures comprise the period from incorporation on 13 June 2006 to 31 January 2007.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period six months ended 31 July 2007

	Share Capital £'000	Share Premium £'000	Revenue Reserve £'000	Total Equity £'000
At 13 June 2006	–	–	–	–
Issue of shares	450	3,150	–	3,600
Expenses of issue of shares	–	(213)	–	(213)
Loss for the year	–	–	(2)	(2)
At 31 January 2007	450	2,937	(2)	3,385
Issue of shares	434	3,904	–	4,338
Profit for the year	–	–	22	22
At 31 July 2007	884	6,841	20	7,745

CONDENSED CONSOLIDATED BALANCE SHEET

At 31 July 2007

	Notes	31 July 2007 (Unaudited) £'000	31 January 2007 (Audited) £'000
Assets			
Non-current assets			
Goodwill	7	3,846	–
Current assets			
Trade and other receivables		23	21
Cash and cash equivalents		3,908	3,381
Total current assets		3,931	3,402
Total assets		7,777	3,402
Liabilities			
Current liabilities			
Trade and other payables		(24)	(17)
Tax liabilities		(8)	–
Total liabilities		(32)	(17)
Net assets		7,745	3,385
Equity			
Issued capital	5	884	450
Share premium	6	6,841	2,937
Revenue reserve		20	(2)
Total equity shareholders' funds		7,745	3,385

Approved by the Board and authorised for issue on 25 October 2007.

D R Norwood
Non-Executive Chairman

M A Bretherton
Finance Director

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 31 July 2007

	31 July 2007 (Unaudited) £'000	31 January 2007 (Audited) £'000
Operating activities		
Operating loss	(68)	(52)
(Increase) in trade and other receivables	–	(7)
Increase in trade and other payables	7	17
Net cash outflow from operations	(61)	(42)
Investing activities		
Acquisition of subsidiaries (see note 8)	(95)	–
Cash and bank in subsidiaries at acquisition (see note 8)	585	–
Net cash inflow from investing activities	490	–
Financing activities		
Proceeds from issue of share capital	–	3,600
Expenses of issue of share capital	–	(213)
Interest received	98	36
Net cash inflow from financing activities	98	3,423
Increase in cash and cash equivalents	527	3,381
Cash and cash equivalents at the beginning of period	3,381	–
Cash and cash equivalents at the end of the period	3,908	3,381

Comparative figures comprise the period from incorporation on 13 June 2006 to 31 January 2007.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

1. Basis of preparation

The interim financial statements of Kanyon Plc are unaudited condensed consolidated financial statements for the six months ended 31 July 2007. These include audited comparatives for the period from incorporation on 13 June 2006 to 31 January 2007.

2. Significant accounting policies

The condensed consolidated financial statements have been prepared under the historic cost convention and incorporate the financials of Kanyon Plc for the period and its subsidiary undertaking from the date of acquisition.

The accounting policies adopted are consistent with those followed in the preparation of the Group's annual financial statements for the period ended 31 January 2007.

The condensed interim consolidated financial statements do not constitute statutory accounts. The statutory accounts for the period to 31 January 2007 have been reported on by the Company's auditors and have been filed with the Registrar of Companies. The report of the auditors was unqualified.

3. Earnings per share

Earnings per share is based on the profit after tax for the period of £22,000 attributable to equity holders of the parent divided by the weighted average number of ordinary shares in issue during the period of 614,510,424 (period to 31 January 2007: loss £2,000 divided by weighted average of 248,491,380 shares). Fully diluted earnings per share are the same as basic earnings per share.

4. Taxation

The accrued tax charge for the six month interim period is based on an estimated effective tax rate of 26.6 per cent. after allowance for partial utilisation of tax losses brought forward.

5. Share capital

	Number	£'000
Authorised ordinary share of 0.1p:		
At 13 June 2006, 31 January 2007 and 31 July 2007	1,000,000,000	1,000
Allotted, issued and fully paid ordinary shares of 0.1p:		
At 13 June 2006	–	–
Issue of ordinary shares	450,000,000	450
At 31 January 2007	450,000,000	450
Issue of ordinary shares	433,841,307	434
At 31 July 2007	883,841,307	884

On 28th March 2007 the Company allotted and issued 433,841,307 new ordinary shares at a price of 1p in connection with the acquisition by the Company of the entire issued share capital of Solar Labs Plc resulting in a share premium of £3,904,572.

6. Share premium account

	2007 £'000
At 13 June 2006	–
Premium on issue of shares in the period	3,150
Expenses	(213)
At 31st January 2007	2,937
Premium on issue of shares in the period	3,904
At 31st July 2007	6,841

7. Goodwill

	2007 £'000
At 13 June 2006 and 31 January 2007	–
Arising on acquisition of subsidiaries (see note 8)	3,846
At 31st July 2007	3,846

8. Purchase of subsidiary undertakings

On 3 May 2007 the Company acquired 100 per cent. of the issued share capital of Solar Labs Plc (Solar Labs) by issue of 433,841,307 new ordinary shares at 1 pence per share for a value of £4,338,413 together with the settlement in cash of costs of £95,033. This acquisition has been accounted for by the purchase method of accounting as summarised below:

Period ended 31 July 2007	**Solar Labs £'000**
Net assets acquired (100%)	
Cash	585
Trade and other receivables	8
Trade and other payables	(6)
Net assets acquired	587
Goodwill on acquisition	3,846
Total Consideration	4,433
Satisfied by:	
Issue of shares	4,338
Cash	95
Total	4,433

For the period between the date of acquisition 3 May 2007 and 31 July 2007, Solar Labs did not contribute any revenues to the consolidated income statement but the profit before tax contribution amounted to £3,000. Solar Labs incurred a loss before tax of £35,000 for the period from its incorporation on 4 October 2006 to the 2 May 2007.

9. Related party transactions

During the period group companies entered into the following transactions with Ora Capital Partners Plc which as at 31 July 2007 holds 42.94 per cent. of the issued share capital of Kanyon Plc.

Period ended 31 July 2007	**£'000**
Management consultancy fees charged by Ora Capital Partners Plc in the period	7

Directors' Interests

Directors' interests in Ora Capital Partners Plc ("Ora"). The directors had investments in Ora as follows as at 31 July 2007:

Director	**Percentage of issued share capital of Ora held**
David Norwood	4.25%
Michael Bretherton	0.08%
Byron Lloyd	0.07%
Matthew Sutcliffe	0.14%

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

10. Interim financial report

A copy of this interim report will be distributed to shareholders and is also available on the Company's website at www.kanyonplc.com.

PART VI

FINANCIAL INFORMATION ON OAS

SECTION A: INTRODUCTION

OAS was incorporated on 14 June 2006 with the name of M&R 1016 Limited. Its name was changed to OAS on 7 August 2006.

The historical financial information for OAS for the period from incorporation to 31 July 2007 is set out in Section B of this Part IV.

The financial information constitutes the statutory accounts and includes a report of Baker Tilly UK Audit LLP, the independent auditors, to the shareholders of OAS.

OXFORD ADVANCED SURFACES LIMITED

PREVIOUSLY KNOWN AS M & R 1016 LIMITED

REPORT OF THE DIRECTORS AND AUDITED FINANCIAL STATEMENTS

For the period 14 June 2006 to 31 July 2007

CONTENTS OF THE FINANCIAL STATEMENTS

OXFORD ADVANCED SURFACES LIMITED

COMPANY INFORMATION

For the period 14 June 2006 to 31 July 2007

Directors:	Mr M L Bravo Mr M G Moloney Dr A J Naylor Mr J P Scudamore
Secretary:	M & R Secretarial Services Limited
Registered Office:	112 Hills Road Cambridge Cambridgeshire CB2 1PH
Registered Number:	05846542 (England and Wales)

OXFORD ADVANCED SURFACES LIMITED

REPORT OF THE DIRECTORS

For the period 14 June 2006 to 31 July 2007

The directors present their report with the financial statements of the company for the period 14 June 2006 to 31 July 2007.

Incorporated

The company was incorporated on 14 June 2006 and commenced trading on 6 September 2006. The company passed a special resolution on 7 August 2006 changing its name from M & R 1016 Limited to Oxford Advanced Surfaces Limited.

Principal Activity

The principal activity of the company in the period under review was that of the development and commercialisation of coatings technology for surface modification.

Review of Business

The results for the period and financial position of the company are as shown in the annexed financial statements.

The period ending 31 July 2007 was the company's first period of operations. The company commenced trading in September 2006 following receipt of funding and the recruitment of a CEO. No financial statements were presented for the previous period as this is the first year of trading.

In the first six months of operations the company focused on business development establishing contact with about sixty companies in the UK, Europe and the USA while keeping tight control over costs. The company began recruiting its first employees only in July 2007 to support several development programmes in various applications in which it is now engaged. With turnover of £77,414 in development fees the company is in line with the business plan turnover target of £75,000. More importantly, the company has demonstrated customer interest for the technology and has developed a strong customer pipeline with major companies in a range of highly valuable markets.

We are pleased with progress in the first period of operation, and we are well placed to deal with the significant challenges ahead. However, our current projects are still in very early "proof of concept" stage and there is more work and resource needed to take them through to full commercialisation. In order to maximise its opportunities, the company intends to expand its capability to carry out development work in-house and add to its intellectual property and expertise. This will help to speed up and add more certainty to the lengthy process of bringing new products and processes to the market.

In the next year the company will focus its development resources on high value markets and applications where its technology has most potential value, such as electronics, micro electromechanical devices, industrial specialities, and biomaterials.

Given the straight forward nature of the business, the company's directors are of the opinion that analysis of KPIs is not necessary for an understanding of the development, performance and position of the entity.

Dividends

No dividends were distributed during the period under review.

Events since the end of the period

Information relating to events since the end of the period is given in the notes to the financial statements.

Directors

The directors who have held office during the period from 14 June 2006 to the date of this report are as follows:

Mr M L Bravo	– appointed 6 September 2006
Mr M G Moloney	– appointed 7 August 2006
Dr A J Naylor	– appointed 6 September 2006
Mr J P Scudamore	– appointed 6 September 2006
Mr T Pickthorn	– appointed 14 June 2006 - resigned 7 August 2006

All the directors who are eligible offer themselves for election at the forthcoming first Annual General Meeting.

Political and Charitable Contributions

The company has made no payments in respect of political and charitable contributions during the year.

Statement of Directors Responsiblities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

– select suitable accounting policies and then apply them consistently;
– make judgements and estimates that are reasonable and prudent;
– prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Statement as to Disclosure of Information to Auditors

So far as the directors are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

Baker Tilly Audit LLP were appointed as auditors during the period and will be proposed for re-appointment in accordance with Sections 385 of the Companies Act

On behalf of the Board:

Mr M L Bravo
Director

Date: 30 November 2007

REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF OXFORD ADVANCED SURFACES LIMITED

We have audited the financial statements of Oxford Advanced Surfaces Limited for the period ended 31 July 2007 on pages six to eighteen. These financial statements have been prepared under the accounting policies set out therein.

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

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and International Financial Reporting Standards as adopted by the European Union are set out on page three.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Report of the Directors is consistent with the financial statements.

In addition, we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

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

Basis of audit opinion

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

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

Opinion

In our opinion:

– the financial statements give a true and fair view, in accordance with International Financial Reporting Standards as adopted by the European Union, of the state of the company's affairs as at 31 July 2007 and of its loss for the period then ended;

– the financial statements have been properly prepared in accordance with the Companies Act 1985; and

– the information given in the Report of the Directors is consistent with the financial statements.

Baker Tilly UK Audit LLP
Registered Auditor
Chartered Accountants
2 Bloomsbury Street
London WC1B 3ST

OXFORD ADVANCED SURFACES LIMITED

INCOME STATEMENT

For the period 14 June 2006 to 31 July 2007

	Notes	£
Continuing Opertations		
Revenue		77,414
Cost of sales		(3,144)
Gross profit		74,270
Administrative expenses		(230,234)
Operating loss		(155,964)
Finance costs	4	(170)
Finance income	4	14,227
Loss before tax	5	(141,907)
Tax	6	–
Loss for the period		(141,907)

STATEMENT OF RECOGNISED INCOME AND EXPENSE

For the period 14 June 2006 to 31 July 2007

	£
Loss for the financial period	(141,907)
Total recognised income and expense for the period	(141,907)

OXFORD ADVANCED SURFACES LIMITED

BALANCE SHEET

31 July 2007

	Notes	£
Assets		
Non-current assets		
Intangible assets	9	183,696
Property, plant and equipment	10	37,242
		220,938
Current assets		
Trade and other receivables	11	16,323
Cash and cash equivalents	12	365,693
		382,016
Liabilities		
Current liabilities		
Trade and other payables	13	48,418
Net current assets		333,598
Net assets		554,536
Shareholders' equity		
Called up share capital	14	1,545
Share premium	15	694,305
Other reserves	15	593
Retained earnings	15	(141,907)
Total equity		554,536

The financial statements were approved by the Board of Directors and authorised for issue on 30 November 2007 and were signed on its behalf by:

Mr M L Bravo
Director

OXFORD ADVANCED SURFACES LIMITED

CASH FLOW STATEMENT

For the period 14 June 2006 to 31 July 2007

	Notes	£
Cash flows from operating activities		
Cash generated from operations	1	(109,847)
Interest paid		(170)
Net cash from operating activities		(110,017)
Cash flows from investing activities		
Purchase of intangible fixed assets		(43,668)
Purchase of tangible fixed assets		(40,699)
Interest received		14,227
Net cash from investing activities		(70,140)
Cash flows from financing activities		
Share issue		1,395
Share premium		544,455
Net cash from financing activities		545,850
Increase in cash and cash equivalents		365,693
Cash and cash equivalents at beginning of period	2	–
Cash and cash equivalents at end of period	2	365,693

NOTES TO THE CASH FLOW STATEMENT

For the period 14 June 2006 to 31 July 2007

1. Reconciliation of loss before tax to cash generated from operations

	£
Loss before tax	(141,907)
Depreciation charges	13,429
Share based payment	593
Finance costs	170
Finance income	(14,227)
	(141,942)
Increase in trade and other receivables	(16,323)
Increase in trade and other payables	48,418
Cash generated from operations	(109,847)

2. Cash and cash equivalents

The amounts disclosed on the cash flow statement in respect of cash and cash equivalents are in respect of these balance sheet amounts:

Period ended 31 July 2007	31 July 2007 £	14 June 2006 £
Cash and cash equivalents	365,693	–

3. Major non-cash transactions

The company issued 15,000 shares for £10 per share to the University of Oxford. The shares were issued in consideration of a pre-incorporation funding grant of £150,000 provided by the University Challenge Seed Fund. The grant financed the development of the intellectual property which underpins the company and to which the company now has worldwide exclusive rights. Accordingly £150,000 has been reflected as intangible assets on the balance sheet.

NOTES TO THE FINANCIAL STATEMENTS

For the period 14 June 2006 to 31 July 2007

1. General information

Oxford Advanced Surfaces Limited develops and commercialises coatings technology for surface modification.

The company is a limited liability company incorporated and domiciled in England and Wales. The address of its registered office is 112 Hills Road, Cambridge, Cambridgeshire CB2 1PH.

These financial statements were authorised for issue by the Board on 30 October 2007.

2. Accounting policies

Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations and with those parts of the Companies Act 1985 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

Adoption of International Accounting Standards

Not yet adopted

IFRIC 11 "IFRS 2 Group and Treasury Share Reporting" (effective for periods commencing on or after 1 March 2007).

IFRS 8 "Operating segments" (effective for periods commencing on or after 1 January 2009). Management do not believe this will have an impact on the company's financial statements.

IAS 14 "Segmental Reporting". The standard has yet to be approved for application in the EU. Management do not believe the impact on the change in disclosure will be significant.

IFRIC 12 "Service Concession Arrangements" (effective for periods starting on or after 1 January 2008). Management do not believe this will have an impact on the company's financial statements.

IAS 23 (Amendment) "Borrowing Costs" (effective for periods commencing on or after 1 January 2009). Management do not believe this will have an impact on the company's financial statements.

Revenue recognition

Revenue represents income due to the company under various contracts, excluding value added tax. Revenue is recognised at the time when services are provided and payments on them become probable.

Intangible assets

Patent costs and licencing rights are amortised over their estimated useful economic life of 20 years.

Property, plant and equipment

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Plant and machinery	– 25% on reducing balance
Fixtures and fittings	– 25% on reducing balance
Computer equipment	– 33% straight line

Taxation

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the balance sheet date.

Research and development

Expenditure on research and development is written off in the year in which it is incurred.

Deferred Taxation

Provision has not been made for the deferred tax asset arising as a result of the company's loss for the period due to short term profitability not being foreseen.

Share-based payments

The company has applied the requirements of IFRS 2 Share-based Payments.

The company issues equity-settled and cash-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the company's estimate of shares that will eventually vest. Fair value is measured by use of a binomial model. The expected life used in the model has been adjusted, based on management's best estimate, for the effect of non-transferability, exercise restrictions, and behavioural considerations.

For cash-settled share-based payments, a liability equal to the fair value of the goods or services received is recognised initially and subsequently re-measured to current fair value determined at each balance sheet date.

Critical accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Share options

The estimated fair value of the share options has been calculated using the Black-Scholes-Merton model. The model inputs were an exercise price of £0.65, expected volatility of 50% and a risk free interest rate of 4.5%. The total fair value of the options granted to be included in the financial statements to 31 July 2007 is £593.If an estimate of expected volatility of 100% rather than 50% was used, then the fair value of the options granted would be £1,065.

3. Employees and Directors

	£
Wages and salaries	69,367
Social security costs	7,015
Consultancy fees	29,375
	105,757

The average monthly number of employees during the period was as follows:

	Number
Director	1
Support staff	1
	2

	£
Remuneration of directors	
Directors' emoluments	50,094
Consultancy fees	29,375
	79,469

No pension contributions were paid in respect of any director.

4. Net finance income

	£
Finance income:	
Deposit account interest	14,227
Finance costs:	
Bank interest	74
Interest on late payments	96
	170
Net finance income	14,057

5. Loss before tax

The loss before tax is stated after charging:

	£
Cost of inventories recognised as expense	3,144
Depreciation – owned assets	3,457
Patents and licences amortisation	9,972
Auditors remuneration – statutory audit	15,000

6. Tax

Analysis of the tax charge

No liability to UK corporation tax arose on ordinary activities for the period.

Factors affecting the tax charge

The tax assessed for the period is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	£
Loss on ordinary activities before tax	(141,907)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30%	(42,572)
Effects of:	
Expenses not deductible for tax purposes	6,551
Additional deduction for R&D expenditure	(2,720)
Capital allowances in advance of depreciation	(10,162)
Unrelieved tax losses and other deductions arising in the period	48,903
Total tax	–

As a result of the company's performance deferred tax losses have arisen. Due to the short term profitability not being foreseeable no asset has been recognised.

R&D Tax Credit

The company is entitled under the current legislation to claim an additional tax credit for certain expenditures directly related to research and development. As this will be the first R&D Tax credit claim and the timing and final amount received is uncertain, no amount is recognised in the accounts for the period. This will be reviewed for the following accounting period.

7. Revenue

	Period ended 31 July 2007 £
Development fees	77,414

8. Research and development

Expenditure totalling £43,962 has been written off to the profit and loss account during the period.

9. Intangible assets

	Patents and licences £
Cost	
Additions	193,668
At 31 July 2007	193,668
Amortisation	
Amortisation for period	9,972
Net book value	
At 31 July 2007	183,696

10. Property, plant and equipment

	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Totals £
Cost				
Additions	3,640	27,874	9,185	40,699
At 31 July 2007	3,640	27,874	9,185	40,699
Depreciation				
Charge for period	226	2,602	629	3,457
At 31 July 2007	226	2,602	629	3,457
Net book value				
At 31 July 2007	3,414	25,272	8,556	37,242

11. Trade and other receivables

	£
Other debtors	7,594
Prepayments and accrued income	8,729
	16,323

12. Cash and cash equivalents

	£
Bank accounts	365,693

13. Trade and other payables

	£
Trade creditors	21,664
Social security and other taxes	3,347
Accrued expenses	23,407
	48,418

14. Called up share capital

	Number	Class	Nominal value	£
Authorised:	165,000	Ordinary Shares	£0.01	1,650
Allotted, issued and fully paid:	154,500	Ordinary Shares	£0.01	1,545

During the year 69,500 ordinary shares were issued at a premium of £9.99 per share and 85,000 were issued at par.

15. Reserves

	Retained earnings £	Share premium £	Other reserves £	Totals £
Deficit for the period	(141,907)	–	≠–	(141,907)
Cash share issue	–	544,455	–	544,455
Shares issued other than for cash	–	149,850	–	149,850
Share based payment reserve	–	–	593	593
At 31 July 2007	(141,907)	694,305	593	552,991

16. Share options

During the period ended 31 July 2007, the company had two share-based payment arrangements, which are described below:

Type of arrangement	Approved EMI share option plan	Unapproved share option plan
Date of grant	23 November 2006	23 November 2006
Number granted	8,310	3,330
Contractual life	10 years	10 years
Vesting conditions	1,385 options will vest on 6 September 2007, 2008 and 2009 respectively, or if a sale occurs prior to this date. 2,077 options will vest if the company achieves aggregate revenue from commercial trading activities of £1m or more in any continuous twelve month period within three years from the date of the grant. 2,078 options will vest if the company achieves an aggregate revenue from commercial trading activities of £2.5m or more or starts to generate distributable profits in any continuous twelve month period within four years from the date of the grant. Both the 2,077 and 2,078 options are exercisable if the value of the company exceeds £30m by 23 November 2010.	1,110 options will vest on 6 September 2007, 2008 and 2009 respectively, or if a sale occurs prior to this date.

The estimated fair value of the options has been calculated using the Black-Scholes-Merton model. The model inputs were an exercise price of £0.65, expected volatility of 50% and a risk free interest rate of 4.5 per cent. The total fair value of the options granted to be included in the financial statements to 31 July 2007 is £593.

Further details of the two share option plans are as follows:

	Number of options	Weighted average exercise price
Outstanding at start of year	–	–
Granted	11,640	£0.65
Forfeited	–	–
Exercised	–	–
Outstanding at end of year	11,640	£0.65
Exercisable at end of year	–	–

The options outstanding at 31 July 2007 had an exercise price of £0.65 and a weighted average remaining contractual life of 9.33 years.

	2007 £
Expense arising from share-based payment transactions	593
Expense arising from share and share option plans	593

17. Post balance sheet events

On 17 August 2007, 19,702 additional share options were granted, exercisable under certain conditions. 9,852 are exercisable on the first anniversary of an exit within 12 months of the date of grant. 9,850 are exercisable on the second anniversary of an exit within 12 months of the date of grant. The fair value of the options granted is £3,254.

18. Ultimate controlling party

In the opinion of the directors, there is no overall controlling party.

19. Reconciliation of movements in shareholders' funds

	£
Loss for the financial period	(141,907)
Share premium reserve	694,305
Share capital	1,545
Share based payment reserve	593
Net addition to shareholders' funds	554,536
Opening shareholders' funds	–
Closing shareholders' funds	554,536
Equity interests	554,536

PART VII

UNAUDITED PRO-FORMA STATEMENT OF NET ASSETS OF THE ENLARGED GROUP

PROFORMA STATEMENT OF NET ASSETS

	Kanyon Group at 31 July 2007 £'000	OAS at 31 July 2007 £'000	Proceeds of the Subscription £'000	Proforma of the Enlarged Group £'000
Assets				
Non-current assets				
Property, plant and equipment	–	37	–	37
Intangible assets	–	184	–	184
Goodwill	3,846	–	–	3,846
Total non-current assets	3,846	221	–	4,067
Current assets				
Trade and other receivables	23	16		39
Cash and cash equivalents	3,908	366	2,600	6,874
Total current assets	3,931	382	2,600	6,913
Total assets	7,777	603	2,600	10,980
Liabilities				
Current liabilities				
Trade and other payables	(24)	(48)	–	(72)
Tax liabilities	(8)	–	–	(8)
Total liabilities	(32)	(48)	–	(80)
Net assets	7,745	555	2,600	10,900

Notes:

1. The proforma statement of net assets of the Enlarged Group has been prepared as an aggregation of the following items:
   - the net assets of the Kanyon Group as at 31 July 2007 as extracted from the Unaudited Interim Financial Report of Kanyon Plc set out in Section B of Part V of this document.
   - the net assets of OAS as at 31 July 2007 as extracted from the Audited Financial Statements of OAS set out in Section B of Part VI of this document.
   - the receipt of gross Subscription proceeds of £3 million less estimated expenses of £0.4 million in respect of the Proposals.
2. No adjustment has been made to reflect trading results since 31 July 2007 or to reflect goodwill arising on the acquisition of OAS.

PART VIII

ADDITIONAL INFORMATION

1. RESPONSIBILITY STATEMENTS

The Directors and Proposed Directors whose names appear on page 4 of this document accept responsibility for the information contained in this document including individual and collective responsibility for compliance with the AIM Rules for Companies, save for the recommendation set out in paragraph 27 of Part I of this document (for which the Independent Directors are solely responsible). To the best of the knowledge and belief of the Directors and the Proposed Directors (who have taken reasonable care to ensure that such is the case) the information contained in this document for which they are responsible (as above) is in accordance with the facts and there are no other facts the omission of which is likely to affect the import of such information.

2. THE COMPANY

2.1 The Company was incorporated and registered in England and Wales, where it remains domiciled, on 13 June 2006 under the CA 1985 as a public company limited by shares with the name Kanyon II Plc and with registration number 05845469. On 11 August 2006 the Company obtained a trading certificate pursuant to section 117 of the CA 1985.

2.2 The Company changed its name to Kanyon Plc on 10 July 2006.

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

2.4 The principal legislation under which the Company operates is the CA 2006 and the regulations made thereunder.

2.5 The Company's registered office is 17 Hanover Square London W1S 1HU and its principal place of business is Martin House, 26-30 Old Church Street, London SW3 5BY. Its telephone number is 020 7099 7262

2.6 The accounting reference date of the Company is 31 January.

3. IMPORTANT EVENTS IN THE DEVELOPMENT OF THE ISSUER'S BUSINESS

3.1 The Company was founded in 13 June 2006 and was initially funded by the founders, being Michael Bretherton and Ora. There was subsequently a further funding round which, together with the subscriber shares, raised £100,000.

3.2 On 10 October 2006, the Ordinary Shares were admitted to trading on AIM and the Company raised £3.5 million before expenses by way of a placing.

3.3 On 28 March 2007 the Company acquired the entire issued share capital of Solar Labs.

4. THE COMPANY

4.1 The Company has one wholly owned subsidiary, Solar Labs, which was incorporated in England and Wales on 4 October 2006. Solar Labs' principal activities are the development of solar energy solutions for the solar energy industry. Solar Labs was acquired by the Company on 28 March 2007.

5. SHARE CAPITAL

5.1 At the date of incorporation, the authorised share capital of the Company was £1,000,000 divided into 1,000,000,000 shares of 0.1 pence each, two of which were issued to the subscribers to the Company's memorandum of association.

On 6 July 2006, one of the subscriber shares was transferred for cash to Michael Bretherton and the other subscriber share was transferred for cash to Ora.

On 3 August 2006 the Company allotted and issued 99,999,998 (ninety nine million nine hundred and ninety nine thousand and nine hundred and ninety eight) Ordinary Shares for cash at par.

On 10 October 2006 the Company allotted and issued 350,000,000 (three hundred and fifty million) Ordinary Shares for cash at 1 pence per share.

On 28 March 2007, in consideration for the transfer of the entire issued share capital of Solar Labs, the Company allotted and issued 433,841,307 (four hundred and thirty three million eight hundred and forty one thousand three hundred and seven) Ordinary Shares for cash fully paid up to 1 pence per share.

Save as described above, the Company has made no further allotments of Ordinary Shares since the date of incorporation.

5.2 The Company's authorised and issued share capital, all of which is fully paid, at the date of this document and Admission will be, as follows:

	Authorised		Issued	
	Number	Amount	Number	Amount
At the date of this document:				
Existing Ordinary Shares	1,000,000,000	£1,000,000	883,841,307	£883,841.31
On Admission:				
New Ordinary Shares	300,000,000	£3,000,000	177,924,038	£1,779,240.38

5.3 The provisions of section 89(1) of the CA 1985 (which confer on shareholders rights of pre-emption in respect of the allotment of equity securities) will apply to the authorised but unissued share capital of the Company to the extent not disapplied by resolutions of the Company set out below.

5.4 By a written resolution of the shareholders of the Company dated 3 August 2006 it was resolved that:

5.4.1 the Directors be generally and unconditionally authorised pursuant to section 80 of the CA 1985 to exercise all the powers of the Company to allot and make offers to allot relevant securities up to an aggregate nominal amount of £999,999.998 provided that the authority shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2007 or 15 months after the passing of the resolution (whichever is earlier) save that the Company may before such expiry make an offer or enter into an agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such offer or agreement as the authority conferred had not expired;

5.4.2 the Company's articles of association be replaced in their entirety by the articles of association in the form attached to the resolution and initialled for the purposes of identification only by a Director of the Company; and

5.4.3 the Directors be authorised and empowered pursuant to section 95 of the CA 1985 to allot equity securities (as defined in section 94(2) of the CA 1985) for cash pursuant to the section 80 authority referred to in resolution 1 of the written resolution as if section 89(1) of the CA 1985 did not apply to any such allotment provided that this power should be limited to the allotment of 600,000,000 shares.

5.5 By ordinary and special resolutions (as applicable) of the Shareholders at the Company's AGM held on 27 April 2007 it was resolved that:

5.5.1 the Directors be and are generally and unconditionally (in substitution for all previous powers granted thereunder) to allot relevant securities (within the meaning of section 80 of the CA 1985) up to an aggregate nominal amount of £350,000 provided that the authority shall expire at the conclusion of the annual general meeting of the Company to be held in 2008 or 15 months from the date of the passing of the resolution (whichever is the earlier), unless and to the extent that such authority is renewed or extended prior to such date, that the Company may before such expiry make an offer or agreement which would, or might, require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such offer or agreement as if the authority conferred hereby has not expired;

5.5.2 the Directors be and are authorised and empowered pursuant to section 95 of the CA 1985 (in substitution for all previous powers granted thereunder) to allot equity securities (within the meaning of section 94 of the CA 1985) for cash pursuant to the authority conferred by

the ordinary resolution at paragraph 5.5.1 above as if section 89(1) of the CA 1985 did not apply to such allotment provided that this power shall be limited to:

5.5.2.1 the allotment of equity securities where the equity securities respectively attributable to the interests of such Shareholders are proportionate (as nearly as maybe) to the respective number of Ordinary Shares held by them but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with legal or practical problems in respect of overseas holders, fractional entitlements or otherwise including (but not limited to) the allotment of equity securities to the renounces of the holders of Ordinary Shares;

5.5.2.2 the allotment of equity securities up to an aggregate nominal amount of £1,250 in connection with the exercise of an option granted to Matthew Sutcliffe;

5.5.2.3 the allotment (other than pursuant to sub-paragraph (a) and (b) above) of equity securities up to an aggregate nominal amount of £97,500;

provided that the Company may, before expiry of this power, make any offer or agreement which would or might require equity securities to be allotted after the expiry of this power and the Directors may allot equity securities in pursuance of such offer or agreement as if the power had not expired.

5.6 There are no shares in the Company which are held by, or on behalf of, the Company.

5.7 Other than as set out in paragraphs 5.8 and 7.1 below, no person has any rights to purchase the authorised but unissued capital of the Company and no person has been given an undertaking by the Company to increase its authorised capital.

5.8 By an option agreement dated 3 October 2006, the Company granted Matthew Sutcliffe an option to subscribe for up to 5,000,000 Ordinary Shares at 1 pence per share at any time before the fifth anniversary of original admission. The option may only be exercised if (i) the Company has acquired shares or assets in accordance with the Company's investment strategy where the aggregate consideration paid (including any liability for debt assumed) exceeds £3 million; and (ii) following such acquisition or investment the middle market closing price of Ordinary Shares is 4 pence or more for a minimum period of 30 consecutive business days. This has now been achieved. The agreement contains "good leaver" and "bad leaver" provisions. Under the terms of a deed of amendment dated 28 March 2007, it was agreed that the option granted to Matthew Sutcliffe be amended reducing the number of Ordinary Shares to under option to 1,250,000 Ordinary Shares and making the option exercisable upon the Company, or any subsidiary, acquiring shares or assets (in accordance with the Company's ongoing investment strategy) where the aggregate consideration paid by the Company exceeds £3,000,000. The Acquisition constitutes such an acquisition. The Company's auditors have confirmed in accordance with the requirements of the option agreement that following Admission the option will be adjusted to be an option to subscribe for 125,000 New Ordinary Shares at 10p per share at any time before 10 October 2011 (being the fifth anniversary of the orginal admission).

5.9 Save as set out in paragraph 5.8 above and paragraph 7.1 below , no person has any rights over the capital of any of the Company and the Company has not agreed conditionally or unconditionally to grant any option over its capital.

6. MEMORANDUM AND ARTICLES OF ASSOCIATION

The principal object of the Company, which is set out in the Memorandum of Association, is to carry on business as a general commercial company.

The New Articles proposed to be adopted at the GM by Resolution 9 contain the following provisions, among others, to the following effect:

6.1 **Voting Rights**

Subject to any special rights or restrictions as to voting attached to any shares and subject to any suspension or abrogation of voting rights pursuant to the New Articles at a general meeting, on a show of hands every member who (being an individual) is present in person and every member (being a corporation) who is present by a duly authorised representative not being himself a member, shall

have one vote, so however that no individual shall have more than one vote and on a poll every member present in person or by proxy shall have one vote for every share of which he is the holder.

Every member is entitled to appoint one or more proxies to attend a general meeting and exercise their voting rights. On a show of hands each proxy present at the general meeting shall have one vote (insofar as it is in accordance with the provisions of the CA 2006) and on a poll every proxy present shall have one vote for every share of which he is the holder

6.2 **General Meetings of Shareholders**

An annual general meeting shall be held in each year at such time (within a period of not more than 6 months after the accounting reference dates of the Company) and place as may be determined by the directors.

All general meetings other than annual general meetings are called general meetings.

The directors may convene a general meeting whenever they think fit. On the requisition of members in accordance with the CA 2006, the directors shall convene a general meeting. Whenever the directors convene a general meeting on the requisition of members, they shall convene it for a date not more than 7 weeks after the date when the requisition is deposited at the Office (unless the requisitions consent in writing to a later date being fixed). If there are not within the United Kingdom sufficient directors capable of acting to form a quorum, any director or any two members of the Company may convene a general meeting in the same manner as nearly as possible as that in which meetings may he convened by the directors.

In the case of the annual general meeting at least 2l clear days' notice and in the case of other general meetings at least 14 clear days' notice must be given to convene the meeting (exclusive in each case of the day on which the notice is served or deemed to be served and of the day for which the notice is given). The notice shall specify the place, the day and the hour of meeting (and in the case of an annual general meeting shall specify the meeting as such) and state with reasonable prominence that a member entitled to attend and vote is entitled to appoint one or more proxies, who need not also be a member, to attend and vote instead of him. In the case of special business, the notice must specify the general nature of the business (and, in the case of a meeting convened for passing a special resolution, the intention to propose the resolution as a special resolution). The notice shall be given to the Auditors and the directors and to such members as are, under the New Articles, entitled to receive notices from the Company. With the consent in writing of all, or such less number as is required by the Statutes, of the members entitled to attend and vote, a meeting may he convened by a shorter notice and in such manner as those members think fit. The Company shall comply with the provisions of the Statues as to giving notice of resolutions and circulating statements on the requisition of members.

6.3 **Class Rights**

The special rights attached to any class of shares may, subject to any applicable law, be altered or cancelled, either with the consent in writing of the holders of three fourths in nominal value of the issued shares of that class or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of shares of that class.

The provisions of the New Articles applicable to general meetings apply *mutatis mutandis* to class meetings but the necessary quorum is two persons holding or representing by proxy not less than one third of the issued shares of that class except where there is only one holder of the relevant class of shares in which case the quorum shall be that holder.

6.4 **Changes to Share Capital**

The Company may by ordinary resolution increase its share capital, consolidate and divide all or any of its shares, cancel any shares not taken or agreed to he taken by any person and sub-divide its shares.

6.5 **Reduction of Share Capital**

The Company may he special resolution (and, with court approval where required) reduce its authorised or issued share capital or any capital redemption reserve and any share premium account

in any way subject to any authority required by law. Subject to applicable law, the Company may purchase its own shares.

6.6 **Directors**

6.6.1 A director is not required to hold any qualification shares.

6.6.2 The amount of any fees payable to directors shall be determined by the directors provided that they shall not in any year exceed an aggregate amount of £100,000 or such other sum as may from time to time be approved by ordinary resolution. The directors are also entitled to be repaid all expenses properly incurred by them in the performance of their duties. Any director holding an executive office or otherwise performing services which in the opinion of the directors are outside the scope of his ordinary duties as a director may be paid such remuneration as the directors may determine.

6.6.3 The directors may establish and maintain or procure the establishment and maintenance of any non contributory or contributory pension or superannuation funds for the benefit of, and give donations, gratuities, pensions, allowances or emoluments to, any persons who are or were at any time in the employment or services of the Company or any other company which is a subsidiary of the Company or is allied to or associated with the Company or any such subsidiary of any such other company ("associated companies") and the families and dependants of any such persons and the directors shall have power to purchase and maintain insurance against liability for any persons who are or were at any time directors, officers, employees or auditors of the Company, its associated companies and for trustees of any pension fund in which employees of the Company or its associated companies are interested.

6.6.4 The directors may from time to time appoint one or more of their body to be the holder of any executive office (including the office of chairman, deputy chairman, managing director or chief executive) on such terms and for such period as they may determine.

6.6.5 Subject to the provisions of applicable low and provided that he has disclosed to the board the nature and extend of any material interest of his, a director notwithstanding his office:

(a) may be a party to, or otherwise interested in, any contract, transaction or arrangement with the Company or in which the Company is otherwise interested;

(b) may be a director or other office of, or employed by, or party to, any transaction or arrangement with, or otherwise interested in, any body corporate promoted by the Company or in which the Company is otherwise interested;

(c) may hold any other office or place of profit under the Company (except that of auditor or auditor of a subsidiary of the Company) in conjunction with the office of Director and may act in a professional capacity to the Company on such terms as to remuneration and otherwise as the directors may arrange; and

(d) shall not, by reason of his office, be accountable to the Company for any benefit which he derives from any such office or employment or from any such contract, transaction or arrangement or from any interest in any such body corporate, and no such contract, transaction or arrangement shall be liable to be avoided on the grounds of any such interest or benefit.

6.6.6 Save as specifically provided in the New Articles, a director may not vote in respect of any contract, transaction or arrangement or any other proposal whatsoever in which he has any material interest otherwise than by virtue of his interests in shares or debentures or other securities of, or otherwise in or through, the Company. A director will not be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting.

6.6.7 Subject to applicable law, a director is (in the absence of some material interest other than as indicated below) entitled to vote (and will be counted in the quorum) in respect of any resolution concerning any of the following matters, namely:

(a) the giving of any guarantee, security or indemnity to a third party in respect of money lent or obligations incurred by him at the request or for the benefit of the Company of any of its subsidiary undertakings;

(b) the giving of any guarantee, security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;

(c) any contract, transaction, arrangement or proposal concerning an offer of shares or debentures or other securities of or by the Company or any of its subsidiary undertakings for subscription or purchase in which offer lie is or is to be interested as a participant in the underwriting thereof;

(d) any contract or arrangement in which he is interested by virtue of his interest in shares or debentures or other securities of the Company;

(e) any contract or arrangement in which he is interested directly or indirectly and whether as an officer or shareholder or otherwise, provided that lie does not hold an interest (as defined in Part 22 of the CA 2006) in one per cent or more of the issued shares of any such body corporate;

(f) any proposal concerning the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates both to the directors and employees of the Company or any of its subsidiaries;

(g) any arrangements for the benefit of employees of the Company or any of its subsidiaries under which the director benefits in a similar manner to employees; and

(h) any proposal, contract, transaction or arrangement concerning the purchase or maintenance of insurance for the benefit of directors or persons who include directors.

6.6.8 Questions arising at any meeting of the directors shall be determined by a majority of votes and in the case of an equality of votes the chairman shall have a second or casting vote.

6.6.9 Subject to any applicable law, the Company may by ordinary resolution suspend or relax the provisions summarised under sub-paragraphs 6.6.7(1) and (g) above either generally or in relation to any particular matter, or ratify any transactions not duly authorised by reason of a contravention of such provision.

6.6.10 At every general meeting, one third of all directors then serving on the Board shall retire by rotation and stand for re-election. Any director who was not elected or reelected at either the two preceding annual general meetings shall retire.

6.6.11 A director shall not be required to retire upon reaching the age of 70, but shall be required to offer himself for re-election at each subsequent annual general meeting.

6.7 **Transfer of Shares**

Subject to the restrictions referred to below, any member may transfer all or any of his certified shares by instrument in writing in any usual or common form, or in such other form as the directors may approve. The instrument of transfer shall be signed by or on behalf of the transferor and, in the case of a partly paid up share, by or on behalf of the transferee. The directors may, in their absolute discretion and without assigning any reason, refuse to register a transfer of any share, not being a fully paid up share, or being in respect of a share on which the Company has a lien. They may also refuse to register any transfer of any share (whether fully paid or not) to he held jointly by more than four persons. The directors may also decline to register any instrument of transfer unless:

6.7.1 it is deposited duly stamped, at the registered office of the Company, or such other place as the directors may appoint, accompanied by the certificate for the shares to which it relates and such other evidence as the directors may reasonably require to show the right of the transferor to make the transfer; and

6.7.2 it is in respect of only one class of certified share.

The registration of transfers may he suspended by the directors for any period not exceeding 30 days in any year as the directors determine.

6.8 **Dividends**

Subject to the provisions of the CA 1985, the Company may by ordinary resolution declare a dividend to be paid to the members according to their respective rights and interest, but no dividend shall exceed the amount recommended by the directors. Subject to the provisions of the Act, the directors may pay such interim dividends as appear to them to be justified by the profits of the Company available for distribution. No dividend shall he payable except out of the profits of the Company.

All dividends shall be declared and paid according to the amounts paid on the shares in respect of which the dividend is paid, but no amount paid on a share in advance of calls shall be treated as paid up on the share. All dividends shall be apportioned and paid proportionately to the amounts paid on the shares during any portion of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividends as from a particular date such share shall rank for dividend accordingly.

6.9 **Borrowing Powers**

The directors may exercise all the powers of the Company to borrow money and to mortgage or charge all or any part of its undertaking, property and assets (both present and future), including its uncalled capital and, subject to the CA 1985, 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. The directors shall restrict the borrowings of the Company and exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiaries so as to secure (but as regards subsidiary undertakings only insofar as, by the exercise of the rights or powers of control, the directors can secure) that the aggregate principal amount outstanding of all borrowings by the Company (exclusive of borrowings owing by one member of the Company to another member) does not, without the previous sanction of an ordinary resolution, exceed the greater of £10 million or an amount equal to four times the adjusted capital and reserves (as defined in the New Articles).

6.10 **Rights of Shares**

The Ordinary Shares rank *pari passu* as a class in terms of preference, restriction and all other rights. The Ordinary Shares have no redemption or conversion provisions.

6.11 **Winding up**

On a winding up of' the Company, the balance of the assets available for distribution, after deduction of any provision made under section 247 of the CA 2006 and subject to any special rights attaching to any class of shares, shall be applied in repaying to the members of the Company the amounts paid up on the shares held by them together with any premium paid up or credited as paid up on the issue of such shares. Any surplus assets will belong to the holders of any ordinary shares then in issue according to the numbers of shares held by them in proportion to the amounts paid up on the shares held by them together with any premium paid up or credited as paid up on the issue of such shares or, if no ordinary shares are then in issue, to the holders of any unclassified shares then in issue according to the numbers of shares held by them.

If the Company is wound up (whether the liquidation is voluntary, under supervision or by the court) the liquidator may, with the authority of an extraordinary resolution, divide among the members in specie or kind the whole or any part of the assets of the Company, whether or not, the assets consist of property of one kind or of properties of different kinds. He may for that purpose set such value as he deems fair upon any one or more class or classes of property and may determine how the division is carried out as between the members of different classes of members. He 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, but no contributory shall be compelled to accept any shares in respect of which there is a liability.

6.12 **Electronic Communication by the Company**

6.12.1 In addition to the methods of service set out above, any notice or other document may be sent or supplied by the Company to any member or other person entitled to receive it by

electronic communication (defined as being in "Electronic Form" as defined by the CA 2006) to an address notified by the member (or other person entitled to receive it) in writing or by similar means for such purposes.

6.12.2 Where a notice or other document is given or sent in Electronic Form, it shall he deemed to be given at 9.00 a.m. on the day following that on which the electronic communication was sent or supplied.

6.12.3 Any member may notify the Company of an address for the purpose of receiving an electronic communication from the Company to the extent that it is permitted by the CA 2006, and having done so shall be deemed to have agreed to receive in Electronic Form notices and other documents from the Company of the kind to which the address relates.

6.12.4 The Company may satisfy its obligation to send or supply members with any notice or other document by:

6.12.4.1 publishing such notice or other document on a web site; and

6.12.4.2 notifying him by e-mail to that e-mail address that such notice or document has been so published, specifying the address of the web site on which it has been published, the place on the web site where the notice may be accessed, how it may be accessed and (if the notice relates to a shareholders' meeting) stating:

6.12.4.3 that the notice concerns a notice of a company meeting served in accordance with the CA 1985 and/or the CA 2006;

6.12.4.4 the place, date and time of the meeting;

6.12.4.5 whether the meeting is to be an annual or general meeting; and

6.12.4.6 such other information as the CA 2006 may prescribe.

6.12.5 Nothing contained in the New Articles shall oblige the Company to use an Electronic Communication, the use of which is, subject to the CA 2006, solely at the Company's discretion.

7. DIRECTORS', PROPOSED DIRECTORS' AND OTHER INTERESTS

7.1 The interests of the Directors and Proposed Directors (all of which are beneficial) and persons connected with them in the issued share capital of the Company as at 11 December 2007 (being the latest practicable business day prior to the date of this document) and following the Share Consolidation, the Acquisition and the Subscription, such interests being those which could, with reasonable diligence, be ascertained by that Director and/or Proposed Director, whether or not held through another party, were as follows:

Name	Number of Existing Ordinary Shares at the date of this document	Percentage of issued share capital at the date of this document	Number of New Ordinary Shares in the Enlarged Issued Share Capital	Percentage of the Enlarged Issued Share Capital	Number of Options held on Admission	Number of New Ordinary Shares held assuming full exercise of Options	Percentage of fully diluted share capital
Michael Bretherton	4,350,000	0.49	435,000	0.24	–	435,000	0.23
Byron Lloyd	500,000	0.06	50,000	0.03	–	50,000	0.03
David Norwood	90,750,038	10.27	9,753,674[1]	5.48	–	9,753,674	5.16
Matthew Sutcliffe	–	–	–	–	125,000	125,000	0.07
Alan Aubrey	14,250,000	1.61	2,357,994[2]	1.32	–	2,357,994	1.24
Marcelo Bravo	–	–	5,386,502	3.02	5,386,502	10,773,004	5.70
Jeremy Scudamore	–	–	714,390	0.40	3,886,282	4,600,672	2.43
Dr Mark Moloney	–	–	10,120,527	5.69	848,219	10,968,746	5.80
Andrew Naylor	–	–	848,219[3]	0.48	848,219	1,696,438	0.90

Notes

(1) 678,671 of these New Ordinary Shares are held by IP2IPO Nominees Limited on behalf of David Norwood.
(2) 932,994 of these New Ordinary Shares are held by IP2IPO Nominees Limited on behalf of Alan Aubrey.
(3) all these New Ordinary Shares are held by IP2IPO Nominees Limited on behalf of Andrew Naylor.

David Norwood, Matthew Sutcliffe, Michael Bretherton and Byron Lloyd are in addition interested in 3,000,000, 100,000, 60,000 and 50,000 shares respectively in Ora, representing 3 per cent., 0.1 per

cent., 0.06 per cent. and 0.05 per cent. of Ora's issued ordinary share capital. The interests of Ora in the capital of the Company are shown in paragraph 8.1 below.

The following New Options will be granted to the following Proposed Directors conditional upon Admission:

Name	Number of Ordinary Shares over which New Options are to be granted	Exercise Price	Final Exercise Date
Marcelo Bravo[1]	5,386,502[1]	1p	16 August 2017
Jeremy Scudamore[2]	3,886,282[2]	1p	30 December 2017
Andrew Naylor[2]	848,219[2]	1p	30 December 2017
Dr Mark Moloney[2]	848,219[2]	1p	30 December 2017

Notes:

(1) All New Options will be granted under the EMI Scheme.

(2) All New Options will be granted under the Unapproved Scheme.

Save for the option granted to Matthew Sutcliffe described in paragraph 5.8 above, and the New Options set out above, none of the Directors or Proposed Directors holds any Options to subscribe for, nor warrants exercisable into, New Ordinary Shares.

None of the Directors or members of their families has a related financial product (as defined in the AIM Rules) referenced to the Ordinary Shares.

8. SUBSTANTIAL SHAREHOLDERS

8.1 The Company is aware that, in addition to the holdings referred to in paragraph 7 above, the following persons have at the date of this document an interest in, or will following Admission, be interested in, three per cent. or more of the issued share capital of the Company:

Name	Number of Existing Ordinary Shares	Percentage of issued share capital at the date of this document	Number of New Ordinary Shares in the Enlarged Issued Share Capital	Percentage of the Enlarged Issued Share Capital
Ora Capital Partners Plc	379,000,000	42.94	49,950,002	28.07
IP2IPO Limited	–	–	27,995,045	15.73
Mark Moloney	–	–	10,120,527	5.69
Jon-Paul Griffiths	–	–	10,120,527	5.69
Richard Griffiths	100,750,038	11.40	10,075,003	5.66
Dolven Holdings Limited	100,000,000	11.31	10,000,000	5.62
David Norwood	90,750,038	10.27	9,753,674***	5.48
Barnard Nominees Limited*	90,249,981	10.21	9,024,998	5.07
Bainunah Trading Limited**	60,000,000	6.79	6,000,000	3.37
IP2IPO Nominees Limited	–	–	5,938,487***	3.34
Stephen James	30,000,000	3.39	3,000,000	1.69
Oxford University	–	–	17,264,429	9.70

* Held on behalf of Elenora International Investment Limited in which Robert Quested has an interest.

** Beneficial owner is Elenora Trust, in which Robert Quested has an interest.

*** 678,671 of these New Ordinary Shares are held by IP2IPO Nominees Limited on behalf of David Norwood.

8.2 Save as disclosed in paragraph 8.1, the Company is not aware of any person or persons who either alone or, if connected, jointly who currently or, following the completion of the Subscription and the Fractional Entitlement Purchase, will (directly or indirectly) exercise or could exercise control over the Company. The Company has entered into the Restated Relationship Agreement with Ora, details of which are given in paragraph 13.7 of this Part IV.

8.3 The Shareholders listed in paragraph 8.1 do not have different voting rights to other holders of Ordinary Shares.

8.4 The Directors are not aware of any arrangements in place or under negotiation which may, at a subsequent date, result in a change of control of the Company.

9. ADDITIONAL INFORMATION ON THE DIRECTORS AND PROPOSED DIRECTORS

9.1 The Directors and the Proposed Directors have held the following directorships or been partners in the following partnerships within the five years prior to the date of this document:

Director	Current	Past
Michael Bretherton	Kanyon Plc Nanoco Tech Public Limited Company Oxeco Plc Obtala Resources Ltd Ora Capital Partners Plc	None
Byron Lloyd	Kanyon Plc Morvah Limited Redeyes (Franchise) Limited	Pinkey's Limited Redeyes Leisure Limited
David Norwood	Alexander Mining Plc Amaethon Limited Climatelabs Ltd Energetix (Europe) Limited EM Petroleum Plc Green Chemicals Plc Hatt III General Partner Limited Ilika Technologies Limited Invesco Perpetual Aim VCT Plc IP Group Plc IP2IPO Limited IP2IPO Management Limited IP2IPO Management II Limited IP2IPO Services Limited IP Ventures (Scotland) Limited IP Venture Fund (GP) Limited Kanyon Plc Modern Biosciences Plc Ora Capital Partners Plc Oxeco Plc Oxford Nanolabs Limited Solar Labs Plc Summit (Oxford) Limited Summit Corporation Plc Techtran Corporate Finance Limited Techtran Group Limited Techtran Investments Limited Techtran Limited Techtran Services Limited Thermetica Limited Top Technology Ventures Limited TTV IV G.P. Limited	Axiomlab Berkeley Adam Limited Beeson Gregory Group Limited Beeson Gregory Index Nominees Limited Beeson Gregory Technology Investments Limited Envisional Solutions Limited Evolution Securities Limited Evolution Securities Nominees Limited Mathengine Plc Obtala Resources Limited Offshore Hydrocarbon Mapping Plc Southampton Asset Management Limited Synairgen Resources Limited The Evolution Group Plc
Alan Aubrey	Aquarius Equity Partners Limited Aquarius Northern Entrepreneurs Managing Member Limited Aquarius Northern Solar Labs Plc Avacta Group Plc Avacta Limited Axiomlab Axiomlab Investments Limited Axiomlab Group Plc Energetix Group Plc Hatt III General Partner Limited Inhoco 2895 Limited Inhoco 2835 Limited IP Group Plc IP Industry Partners Limited IP2IPO Limited IP2IPO Management Limited IP2IPO Management II Limited	Aquarius Equity Holdings Limited Axiomlab Investment Management Ltd Axm Venture Capital Limited Energetix (Europe Limited) Flexisols Limited Modern Water Plc

Director	Current	Past
Alan Aubrey *continued*	IP Venture Fund (GP) Limited IP Ventures (Scotland) Limited Kanyon Plc Modern Biosciences Plc LifeUK (IP2IPO) Limited Proactis Group Limited Proactis Holdings Plc Pimco 2501 Limited Syntopix Limited Syntopix Group Plc Techtran Corporate Finance Limited Techtran Group Limited Techtran Investments Limited Techtran Limited Techtran Services Limited Top Technology Ventures Limited TTV IV G.P Limited	
Matthew Sutcliffe	Alexander Mining Plc Kanyon Plc Raphael Group Plc Raphael Oil Resources Limited	Alaric Management Limited Bluemile Advisers Limited Firstafrica Oil Limited Grove Energy Limited Highridge Resources Plc
Marcelo Bravo	Oxford Advanced Surfaces Limited Super Foods Limited	None
Jeremy Scudamore	ARM Holdings Plc Boardlink Group Limited Oxford Advanced Surfaces Limited Oxford Catalysts Group Plc Stem Cell Sciences Plc SkyePharma Plc	Avecia Biotech Properties Limited Avecia Corporation Limited Avecia Finance Plc Avecia Group Plc Avecia Holdings Plc Avecia Investments Limited Avecia Limited Avecia UK Holdings Limited AV No. 2 Limited AV No.3 Limited Avecia 10 Limited Chemical Industries Association Limited Cyprotex Plc Cytec Trading Limited Fujifilm Imaging Colorants Limited Iliad 3 Limited Kemfine UK Limited MCI Toner Resins Limited NPIL Pharmaceuticals (UK) Limited
Dr. Andrew Naylor	Oxford Advanced Surfaces Limited Oxford Quantum Computing Limited Oxford Solar Technologies Ltd Matox Limited MatOx Oy (incorporated in Finland) Pembroke House Technologies Limited SRC Oxford Limited	Oxford Catalysts Limited Oxford Catalysts Group Plc Oxford Medical Diagnostics Limited Oxford RF Sensors Limited Perpetuum Limited Phonologica Limited Stratophase Ltd
Dr. Mark Moloney	Oxford Advanced Surfaces Limited	None

9.2 Save as disclosed in paragraph 9.3 below, none of the Directors or Proposed Directors have:

9.2.1 any unspent convictions in relation to indictable offences;

9.2.2 had any bankruptcy order made against him or entered into any voluntary arrangements;

9.2.3 been a director of a company which has been placed in receivership, compulsory liquidation, creditors' voluntary liquidation, administration, been subject to a voluntary arrangement or

any composition or arrangement with its creditors generally or any class of its creditors, whilst he was a director of that company or within the 12 months after he had ceased to be a director of that company;

9.2.4 been a partner in any partnership which has been placed in compulsory liquidation, administration or been the subject of a partnership voluntary arrangement, whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;

9.2.5 been the owner of any asset which has been placed in receivership or a partner in any partnership which has been placed in receivership whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;

9.2.6 been publicly criticised by any statutory or regulatory authority (including recognised professional bodies); or

9.2.7 been disqualified by a court from acting as a director of any company or from acting in the management or conduct of the affairs of a company.

9.3 Michael Bretherton was a non-executive director of Brimley & Co. Limited ("Brimley"), a wholly owned subsidiary of Bridgend Group plc, until the reverse acquisition of that company by Hemscott Holdings Limited on 15 August 2000, at which time he resigned from the board of the enlarged Hemscott company and all its subsidiaries, including Brimley. Subsequent to that acquisition and Mr Bretherton's resignation, the business and certain assets of Brimley were sold, its name was changed to XLIV Limited and it was then placed into creditors voluntary liquidation on 31 October 2000 with an estimated deficiency as regards external creditors of £168,000.

10. DIRECTORS' CONTRACTS AND REMUNERATION

10.1 On 3 October 2006 the Company (1), Ora (2) and Michael Bretherton (3) entered into a consultancy agreement pursuant to which Michael Bretherton was appointed as a consultant finance director. The agreement is terminable on 3 months' written notice from either side. Mr Bretherton's fee under the agreement, payable to Ora, is £12,000 plus VAT per annum for providing services for 2 days per month for 48 weeks per annum. Ora receives a fee of £500 plus VAT per day for any further days worked by Mr Bretherton. Mr Bretherton is restricted from competing with the business or soliciting or enticing clients or employees of the business for a period of six months commencing on the date on which the consultancy agreement is terminated.

10.2 On 3 October 2006 Michael Bretherton entered into a letter of appointment with the Company. The letter of appointment was for an initial period of 12 months and thereafter may be terminated on not less than three months notice given by either party to the other at any time. The letter of appointment contains provisions for early termination, *inter alia*, in the event of a breach by Michael Bretheron. The basic fee payable to Michael Bretheron is £10,000 per annum to be reviewed annually (without any obligation to increase the same).

10.3 On 3 October 2006 Matthew Sutcliffe entered into a letter of appointment with the Company. The letter of appointment was for an initial period of 12 months and thereafter may be terminated on not less than three months notice given by either party to the other at any time. The letter of appointment contains provisions for early termination, *inter alia*, in the event of a breach by Matthew Sutcliffe. The basic fee payable to Matthew Sutcliffe is £10,000 per annum to be reviewed annually (without any obligation to increase the same).

10.4 On 3 October 2006 Byron Lloyd entered into a letter of appointment with the Company. The letter of appointment was for an initial period of 12 months and thereafter may be terminated on not less than three months notice given by either party to the other at any time. The letter of appointment contains provisions for early termination, *inter alia*, in the event of a breach by Byron Lloyd. The basic fee payable to Byron Lloyd is £10,000 per annum to be reviewed annually (without any obligation to increase the same).

10.5 On 28 March 2007 Alan Aubrey entered into a letter of appointment with the Company. The letter of appointment was for an initial period of 12 months (commencing on 26 April 2007) and thereafter

may be terminated on not less than three months notice given by either party to the other at any time. The letter of appointment contains provisions for early termination, *inter alia*, in the event of a breach by Alan Aubrey. The basic fee payable to Alan Aubrey is £10,000 per annum to be reviewed annually (without any obligation to increase the same).

10.6 On 28 March 2007 David Norwood entered into a letter of appointment with the Company. The letter of appointment was for an initial period of 12 months (commencing on 26 April 2007) and thereafter may be terminated on not less than three months notice given by either party to the other at any time. The letter of appointment contains provisions for early termination, *inter alia*, in the event of a breach by David Norwood. The basic fee payable to David Norwood is £10,000 per annum to be reviewed annually (without any obligation to increase the same).

10.7 Marcelo Bravo has entered into a service agreement with the Company, dated 12 December 2007, under which he agrees, subject to and with effect from Admission, to act as Chief Executive Officer of the Company. The service agreement may be terminated on not less than twelve months notice given by either party to the other at any time. The service agreement contains provisions for early termination, *inter alia*, in the event of a breach by Marcelo Bravo, payment in lieu of notice and garden leave. Confidentiality provisions and post termination restrictions are also included. Restrictions regarding non-solicitation of and non-dealing with customers are for a period of 12 months, and restrictions regarding non competition and non solicitation of staff are for 6 months. Marcelo Bravo will be paid an annual salary of £70,000 to be reviewed annually (without any obligation to increase the same).

10.8 Mark Moloney has entered into a letter of appointment with the Company, dated 12 December 2007. His appointment, which is subject to Admission, is for an indefinite period and may be terminated on not less than three months notice given by either party to the other at any time. The letter of appointment contains provisions for early termination, *inter alia*, in the event of a breach by Mark Moloney. The basic fee payable to Mark Moloney is £22,000 per annum to be reviewed annually (without any obligation to increase the same).

10.9 Andrew Naylor has entered into a letter of appointment with the Company, dated 12 December 2007. His appointment, which is subject to Admission, is for an indefinite period and may be terminated on not less than three months notice given by either party to the other at any time. The letter of appointment contains provisions for early termination, *inter alia*, in the event of a breach by Andrew Naylor. The basic fee payable to Andrew Naylor is £25,000 per annum to be reviewed annually (without any obligation to increase the same).

10.10 Jeremy Scudamore has entered into a letter of appointment with the Company, dated 12 December 2007. His appointment, which is subject to Admission, is for an indefinite period and may be terminated on not less than three months notice given by either party to the other at any time. The letter of appointment contains provisions for early termination, *inter alia*, in the event of a breach by Jeremy Scudamore. The basic fee payable to Jeremy Scudamore is £25,000 per annum to be reviewed annually (without any obligation to increase the same).

11. EMPLOYEES

The following table shows the number of employees (including Executive Directors but excluding Non-Executive Directors) of the Enlarged Group as at Admission:

Group Company	Jurisdiction	Number of Employees
Kanyon	England	2
Solar Labs	England	1
OAS	England	7

12. SHARE OPTION SCHEMES

The rules of both the EMI Scheme and the Unapproved Scheme are incorporated within one scheme document known as the Rules of the Oxford Advanced Surfaces Group Plc Share Option Plan 2007, and which will be adopted by the Company, conditional upon Admission. Set out below is a summary of the main elements of the EMI Scheme. Any specific differences between the EMI Scheme and the Unapproved Scheme are set out in the paragraph below.

Share Option Schemes

Introduction

The EMI Scheme is only open to those persons who are classed as "eligible employees" under the relevant Enterprise Management Incentive legislation and includes any bona fide employee of the Company who satisfies the requirement as to commitment of working time by spending 25 hours per week (or, if less, 75 per cent. of his working time) on the business of the Group and satisfies the 'no material interest' requirement which means the person either alone or together with a related party does not have a material interest in any Group Company which broadly means more than 30 per cent. of the share capital of that company.

Grant of Options

The Board has absolute discretion as to the selection of persons to whom an option is granted. The Company may grant options at any time but may only grant an EMI option to a qualifying employee and shall not grant an EMI option to any other person.

The grant of an EMI option shall be effected by the Company entering into an EMI option agreement containing information which specifies *inter alia* the date of the grant, the number of shares in respect of which the option is granted, the exercise price, the basis on which the options vest, confirmation the grantee agrees to indemnify the Company in respect of any option tax liabilities it may suffer and whether or not the option will lapse on the occurrence of a sale.

Relationship of the plan to employment or engagement

The grant of an option does not form part of the grantee's entitlement to remuneration or benefits pursuant to the grantee's contract of employment or contract for services (if any). The grant of an option shall not afford the grantee any rights or additional rights to compensation or damages.

Neither the grant nor any benefit which may accrue shall form part of that grantee's pensionable remuneration for the purposes of any pension scheme.

Non-Transferability of Option

An option may only be exercised by the individual grantee (or by his personal representatives in the case of death). Any attempts to transfer or assign an option shall result in the immediate lapse of the option.

Exercise of Options

An option may not be exercised later than midnight on the day preceding the tenth anniversary of the date of grant or such earlier time as permitted by the EMI Scheme.

In relation to each option the Board shall determine at the date of grant the basis upon which the option shall vest and may be conditional on things such as the Company's performance.

An EMI option agreement may provide that if an option vests in respect of some or all of the shares and the shares are not exercised within a specified period then the option shall lapse and cease to be exercisable.

If in consequence of a performance related event an option becomes vested in some but not all of the shares over which it subsists, but the option does not and cannot vest for the remaining shares, then the option shall lapse with regards the balance of shares but will not lapse in respect of such shares to which the performance related condition does not relate.

If a performance related condition must be satisfied by a particular date, the option shall lapse after midnight on that date if not satisfied. The Board shall determine whether a performance condition has been satisfied.

If a grantee ceases to be an employee (other than by reason of his death) then any subsisting option held by him shall cease to be exercisable on the date of such cessation, save that if, within 40 days of the date of cessation the Board determines that such option may be exercised, then the grantee may, exercise it within such 40 day period. If a grantee ceases to be an employee by reason of his death, then any subsisting option held by him may be exercised by his personal representatives to the extent the option has vested within 12 months of the date of the optionholders death. Exercise after the sale of the Company can take place during the period of one month beginning with the date of unconditional completion.

If the Board considers a sale is imminent, they may direct that a grantee may exercise a subsisting option, to the extent that such option shall be treated as vested. Such entitlement may be made conditional upon the sale taking place.

If the Company is listed, an option may be exercised to the extent vested and the grantee agrees that the shares shall be subject to such restrictions as the Board may determine. Following a listing, the grantee shall not exercise the option in breach of the rules of the relevant recognised investment exchange.

Manner of Exercise of Options

Any subsisting option which is exercisable may be exercised in whole or in part. The minimum number of Shares over which such option shall be exercised must be 250 or 25 per cent. of the shares over which the option has vested. An option shall be exercised only by the grantee serving a written notice upon the Company specifying the number of shares over which the option is granted and is accompanied by the necessary payment, option certificate, signed grantee documentation and payment of the option tax liability. Within 30 days of the applicable conditions being satisfied the Company shall allot the grantee the shares specified in the notice. As soon as reasonably practicable the Company shall issue a definitive share certificate.

The allotment of any shares is subject to the Company's Memorandum and Articles of Association. If the shares are listed at the time of exercise the Company shall apply to the exchange or market for such shares to be admitted.

Overall Limit on the granting of Options

A qualifying EMI option may not be granted to a qualifying employee if it would cause the aggregate market value of the shares subject to all qualifying EMI options and any option granted under a scheme approved under Schedule 4 to ITEPA 2003 to exceed £100,000.

A qualifying EMI option may not be granted if as a result of such grant the aggregate market value of the Shares subject to all qualifying EMI options would exceed £3,000,000 or the gross assets of the Enlarged Group exceed £30 million.

The total number of shares in respect of which options may be granted shall not exceed 10 per cent. of the then issued share capital of the Company from time to time.

Where a qualifying employee has been cumulatively granted EMI options with an aggregate market value equal to or greater than £100,000, any further option granted within three years is to be treated as an unapproved option.

Tax Indemnity

Any 'option tax liability' (which is any tax liability of a grantor company arising from the grant or exercise of the options or whether such options qualify for the Enterprise Management Incentive legislation or not) is the responsibility of the grantee and the grantee agrees to indemnify the Company in respect of such liability (howsoever arising).

Variation of share capital

In the event of any alteration of the ordinary share capital by way of capitalisation or rights issue, or sub-division, consolidation or reduction or any other variation in the share capital of the Company or any purchase by the Company of its own share, if the Board so chooses, it may determine the number or amount of shares that are the subject of an option and the exercise price of those shares provided the nominal value of the shares is not reduced below the nominal value of the share. The Board may reduce the exercise price of any share subject to an option, to the extent the Board is authorised to capitalise from the Company's reserves a sum equal to the amount by which the aggregate nominal value of the shares exceeds the aggregate adjusted exercise price under such options.

Alteration of the Share Option Scheme

The Board may alter the rules of the EMI Scheme provided no alteration to the rues will effect any option granted prior to the date of such alteration except with the consent of the grantee, such consent to be given in writing and by deed.

Administration

The plan shall be administered by the Board acting on behalf of the Company. The Board may make and vary such regulations as they think fit. In the event of any dispute or disagreement the decision of the Board is final and binding.

Miscellaneous

The company shall keep available sufficient authorised but unissued ordinary Shares to enable it to satisfy the exercise in full of all options to subscribe for shares. The plan shall terminate on the tenth anniversary of its date of adoption and may be terminated at any time before that by the Board but in either case the then existing rights and liabilities of the grantees shall not be effected. The existence of any option shall not affect the right or power of the Company or its shareholders. to carry on business in any particular way.

The Unapproved Scheme

The Unapproved Scheme rules contain the same basic criteria are used as far as the EMI Scheme save for the following:

The Unapproved Scheme is open to those persons who are classed as "employees" of the Group. The grant of an Unapproved option is affected by the Company executing as a deed and issuing the grantee an Unapproved Option Certificate containing an undertaking by the grantee to be executed as a deed of acceptance that the grantee agrees to be bound by the Share Option Plan rules.

The Company may only grant an Unapproved option to an employee and shall not grant an Unapproved option to any other person.

An Unapproved option certificate may provide that if an option vests in respect of some or all of the shares and the shares are not exercised within a specified period then the option shall lapse and cease to be exercisable.

The above summary of the principal terms of the Share Option Schemes does not form part of the rules of the Share Option Schemes and should not be taken as affecting the interpretation of the detailed terms and conditions. The Board reserves the right to make amendments and any additions to the rules of the Share Option Schemes that they consider necessary or appropriate, provided that any amendment may not conflict in any material respect with the above summary.

13. MATERIAL CONTRACTS

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Company or OAS within the two years immediately preceding the date of this document and are, or may be, material or which contain any provision under which the Company has an obligation or entitlement which is material to the Company as at the date of this document:

The Company

2006 Placing Agreement

13.1 a placing agreement dated 4 October 2006 (the "Placing Agreement") made between the Company (1), the Directors (2), Hichens (3) and ZAI (4) pursuant to which, Hitchens agreed to use reasonable endeavours to procure subscribers for Ordinary Shares proposed to be issued by the Company at 1 pence per share as part of the placing which took place in October 2006.

The Placing Agreement contained indemnities from the Company and warranties from the Directors and the Company in favour of ZAI and Hichens together with provisions which enabled ZAI and Hichens to terminate the Placing Agreement in certain circumstances prior to the Original Admission including circumstances where any warranties were not found to be true or accurate in any material respect. The liability of the Directors for breach of warranty was limited and, in the case of Michael Bretherton, was subject to a partial counter indemnity from Ora. Under the Placing Agreement the Company agreed to pay to ZAI a corporate finance fee and to Hichens commissions.

2006 Nominated Adviser Agreement

13.2 a nominated adviser agreement dated 3 August 2006 (the "2006 Nomad Agreement") made between the Company (1), the Directors (2) and ZAI (3) pursuant to which the Company appointed ZAI to act as nominated adviser for the purposes of the AIM Rules. The Company agreed to pay ZAI an annual fee of £20,000 plus VAT for its services as nominated adviser. The 2006 Nomad Agreement contained certain undertakings and indemnities given by the Company in respect of, *inter alia*, compliance with applicable laws and regulations. The 2006 Nomad Agreement is for a fixed term of 12 months and subject to termination on three months notice by either party thereafter.

2006 Broker Agreement

13.3 a broker agreement dated 1 September 2006 made between the Company(1), the Directors (2) and Hichens (3) (the "2006 Broker Agreement") pursuant to which the Company appointed Hichens to act as broker to the Company for the purposes of the AIM Rules. The Company agreed to pay Hichens an annual fee of £20,000 plus VAT for its services as broker. The 2006 Broker Agreement contains certain undertakings and indemnities given by (1) the Company and (2) the Directors in respect of, *inter alia*, compliance with applicable laws and regulations. The 2006 Broker Agreement is subject to termination on three months notice by either party.

2006 Lock In Agreements

13.4 Lock in agreements dated 3 October 2006 between ZAI (1), Hichens (2), the Company (3) and various Shareholders (4) (the "2006 Lock In Agreements") pursuant to which such persons agreed with ZAI, Hichens and the Company not to dispose of any Ordinary Shares held by them for a period of 12 months from the date of the Original Admission ("Lock In Period") except in certain limited circumstances permitted by the AIM Rules. The 2006 Lock In Agreements also contain certain orderly market provisions which apply for a further 12 months after expiry of the Lock In Period.

Relationship Agreement

13.5 A relationship agreement dated 3 October 2006 (the "2006 Relationship Agreement") made between the Company (1) and Ora (2) pursuant to which Ora agreed:

13.5.1 to exercise its rights as a shareholder to ensure that all transactions, relationships and agreements between the Company and Ora or any associate of Ora (as defined in Appendix I to the Listing Rules of the FSA) was on arm's length terms;

13.5.2 that neither it nor its associates was to acquire, agree to acquire or announce any intention to acquire shares in the Company nor make a general offer for all or part of the share capital of the Company;

13.5.3 to give the Company 2 days notice of any intention of Ora, or an associate, to dispose of any interest in the share capital of the Company which would reduce Ora and its associates aggregate shareholding to less than 25 per cent.

13.5.4 to procure (as far as it is able) that Non-Independent Directors (as defined in the Relationship Agreement and being, at Admission, Michael Bretherton and Byron Lloyd) do not vote at a Board meeting on any resolution relating to any proposed contract or arrangement with Ora and/or its associates; and

13.5.5 in such manner so as to procure (so far as it is able) that it will not vote at meetings of Shareholders on any resolution relating to any proposed contract or arrangement with Ora and/or its associates.

The 2006 Relationship Agreement is effective for so long as Ora, together with its associates, hold (whether directly or indirectly) in aggregate, shares in the capital of the Company representing 25 per cent. or more of the Company's entire issued ordinary share capital.

First Restated Relationship Agreement

13.6 A restated and amended relationship agreement dated 28 March 2007 between Ora (1) and the Company (2) (the "First Restated Relationship Agreement") pursuant to which Ora and the Company agreed to amend and replace the terms of the 2006 Relationship Agreement. The amended relationship agreement amended the authorised share capital of the Company at the date of the agreement, to be £1,000,000 divided into 1,000,000,000 ordinary shares of £0.001 each, of which 450,000,000 were in issue, all of which were admitted to trading on AIM on 10 October 2006. The restated relationship agreement amended Ora's shareholding as being 237,000,000 Ordinary Shares representing approximately 52.67 per cent. of the Issued Share Capital. Under the terms of the First Restated Relationship Agreement, it was proposed that the Company would acquire the entire issued capital of Solar Labs for £4,338,413.07 to be satisfied by the issue of a total of 433,841,307 Ordinary Shares credited as fully paid at 1 pence per share and, accordingly, Ora's holding of Ordinary Shares would represent 42.94 per cent. of the enlarged issued share capital of the Company.

Restated Relationship Agreement

13.7 A restated and amended relationship agreement dated 12 December 2007 between Ora (1) and the Company (2) (the "Restated Relationship Agreement") pursuant to which Ora and the Company agreed to amend and replace the terms of the First Restated and Amended Relationship Agreement. The Restated Relationship Agreement amends the business activity which the Company would be carrying out, the authorised share capital of the Company (taking into account the Share Consolidation) and removed Mr Lloyd from its remit as he will, upon Admission resign as a director.

Solar Labs Agreement

13.8 An acquisition agreement dated 28 March 2007 made between the Company (1) and the shareholders of Solar Labs (the "Solar Labs Vendors") (2) (the "Solar Labs Agreement") under which the Company acquired the entire issued share capital of the Solar Labs Vendors for a total consideration of approximately £4.3 million (which was satisfied by the allotment by the Company of 433,841,307 new Ordinary Shares to the Solar Labs Vendors credited as fully paid at 1 pence per share). The Solar Labs Agreement was conditional upon, *inter alia*, (i) various resolutions being passed; and (ii) and admission to trading of the Ordinary Shares to be issued as part of the consideration. The Solar Labs Agreement contained various restrictive covenants from the Solar Labs Vendors and certain warranties and indemnities from the Vendors (together "the Solar Labs Warrantors") to the Company ("the Seller Warranties"). Such warranties were given on a several basis. The Solar Labs Agreement contained certain warranties and indemnities from the Company to the Solar Labs Warrantors ("the Buyer Warranties"). The Solar Labs Agreement contained a maximum liability of the Solar Labs Warrantors for breach of the Seller Warranties and a maximum liability of the Company for breach of the Buyer Warranties. The liability of the Solar Labs Warrantors under the Seller Warranties and of the Buyer under the Buyer Warranties were agreed to cease three months after the publication of the audited accounts of the Group for a period ending no earlier than 30 September 2007.

Sutcliffe Option

13.9 An option agreement dated 3 October 2006 between the Company (1) and Matthew Sutcliffe ("the Grantee") (2), (the "Sutcliffe Option") pursuant to which the Company agreed to grant options to the Grantee to subscribe for 5,000,000 ordinary shares at the subscription price of 1 pence per share. The Sutcliffe option was exercisable on the period commencing on the date of admission and ending on the earlier date of (1) the 5th anniversary of the date of admission or (2) the date at which the Grantee ceased to hold office at the Company. Under the terms of the Sutcliffe option, the option was exercisable on the Company, or any Subsidiary, having acquired shares or other assets (in accordance with the Company's investment strategy) where the aggregate consideration paid by the Company exceeds £3,000,000. Pursuant to the Sutcliffe Option, the Grantee paid the Company £1 in consideration for the grant of the option and the Company agreed to exercise the option conditional on the Grantee providing written notice and providing payment by cheque of the subscription price in accordance with the terms of the agreement.

Sutcliffe Amended Option

13.10 Under the terms of a deed of amendment dated 28 March 2007, it was agreed that the option granted to Matthew Sutcliffe on 3 October 2006 be amended by reducing the number of Ordinary Shares under option to 1,250,000 Ordinary Shares and making the option exercisable upon the Company, or any subsidiary, acquiring shares or other assets (in accordance with the Company's ongoing investment strategy) where the aggregate consideration paid by the Company exceeds £3,000,000.

Introduction Agreement

13.11 An AIM introduction agreement dated 12 December 2007 between ZAI (1), the Company (2) and the Directors and the Proposed Directors (3) in relation to the Admission. Under this agreement, ZAI has been appointed to provide assistance to the Company in connection with Admission in return for a fee.

ZAI's obligations under the agreement are conditional, *inter alia*, on Admission occurring by 8.00 a.m. on 31 December 2007 or such later time and date as each of ZAI and the Company may agree.

The agreement provides for the Company to pay all the fees and expenses connected with Admission including ZAI's fees and expenses.

The agreement contains, *inter alia*, indemnities and warranties from the Company and certain warranties from each of the Directors and Proposed Directors in favour of ZAI together with provisions which enable ZAI to terminate the agreement in certain circumstances prior to Admission, principally if there is a material breach of the agreement or any of the warranties given under it (and similarly in respect of the Acquisition Agreement) or if a *force majeure* event arises.

Acquisition Agreement

13.12 The share sale agreement ("the Acquisition Agreement") dated the date of this document between (1) the Company and (2) and the Vendors relating to the proposed acquisition by the Company of the entire issued share capital of OAS for an aggregate consideration of £19.4 million to be satisfied by the allotment to the Vendors of the Consideration Shares, credited as fully paid up at the Subscription Price and the payment of £50,000 in cash. The Consideration Shares will, when issued, represent 43.6 per cent. of the Enlarged Issued Share Capital and will rank *pari passu* in all respects with the New Ordinary Shares then in issue, including all rights to receive all dividends and other distributions declared, made or paid following Admission.

The Acquisition Agreement is conditional, *inter alia*, upon the passing of the Resolutions at the EGM and Admission. Pursuant to the Acquisition Agreement, the Company has the right to rescind the Acquisition Agreement if a material adverse change occurs in relation to the assets or financial position of OAS prior to Admission. OAS also has a similar right should there be a material adverse change in the Company prior to Admission.

The OAS Agreement contains a variety of restrictive covenants from the Vendors. The Acquisition Agreement also contains certain warranties from the Vendors (save for the University of Oxford which is only giving warranties as to its ownership of the shares in OAS) on the business of OAS and indemnities in respect of tax. Such warranties and indemnities are given on a several basis and are subject to an aggregate financial cap on each Vendor's liability by reference to the value of his/its Consideration Shares, as at the date of a claim being made for breach of warranty and/or recovery under the indemnities, and such liability will cease on the earlier of the date which is 15 months from Admission or one month after the publication of the Enlarged Group's audited accounts for the year ending 31 January 2009. In addition, the Acquisition Agreement contains limited warranties from the Company to the Vendors.

New Lock-In Agreements

13.13 The Lock-In Agreements dated 12 December 2007, pursuant to which the members of Continuing Board, the Vendors and various Shareholders (the "Locked-In Parties") have agreed with ZAI and the Company that they will not, without the prior written consent of ZAI, sell, transfer, grant any option or charge over or otherwise dispose or agree to dispose of the legal or beneficial interest in any New Ordinary Shares held or acquired by them (or their connected persons) for a period of 15 months from the date of Admission (the "Lock-Up Period").

In addition, the Lock-In Agreements provide that each of the Locked-In Parties will not dispose of any New Ordinary Shares or any interests in New Ordinary Shares held by him or it otherwise than through the Company's broker (within the meaning of the AIM Rules) from time to time for a period of 9 months following the expiry of the Lock-Up Period. This additional restriction is subject to the Company's broker ensuring that the costs and the terms of any such disposal are equal to the best price available from other brokers in the market, having regard to the number of New Ordinary Shares being disposed of.

The restrictions contained in the Lock-In Agreements will not apply in the case of, *inter alia*:

(i) the permitted disposals set out within Rule 7 of the AIM Rules;

(ii) a disposal by a Vendor to meet any liability under the warranties or indemnities set out in the Acquisition Agreement;

(iii) a disposal from a bare nominee to the beneficial owner of New Ordinary Shares; and

(iv) a disposal to a connected person of the relevant Locked-In Party.

Subscription Agreement

13.14 A subscription agreement, dated 12 December 2007 between the Company (1) and Ora (2) under which Ora has, conditional upon the Introduction Agreement becoming unconditional (save for any condition as to Admission), agreed to subscribe for 12,000,000 New Ordinary Shares at a price of 25 pence per share.

The Subscription Agreement contains certain warranties from the Company and various confirmations and warranties from Ora. If the Introduction Agreement is not declared unconditional, save for Admission, by 31 January 2008, then the Subscription Agreement ceases to have effect.

OAS Agreements

Technology Licence

13.15 On 6 September 2006 OAS entered into a Technology Licence with Isis (the "Technology Licence"). The Technology Licence permits OAS to develop, make, have made, use and have used and market products and services produced using: (a) the patent applications or patents referred to below; (b) any corresponding foreign patents and applications; (c) any addition, continuation, continuation-in-part, division, reissue, renewal or extension of the patent applications or patents referred to below; (d) any confidential information relative to the patent applications or patents referred to below and communicated to OAS by Isis or an inventor of the relevant patent application or patent prior to or during the term of the Technology Licence; and (e) any development of such products and services which would, if commercially practised, infringe a patent application or patent referred to below which is made prior to the second anniversary of the Technology Licence solely by an inventor or the relevant patent application or patent, and of which Isis has been made aware and is legally able to license.

The patents under the Technology Licence are as follows:

Patent (1) International Patent Application No PCT/GB2006/000139, which was filed on 17/01/2006 and entitled "Surface functionalisation using arylcarbene reactive intermediates" (Isis project 2343);

Patent (2) UK Patent Application which was filed on 23/08/2006 and entitled "Surface adhesion using arylcarbene reactive intermediates" (Isis project 2904); and

Patent (3) (Isis project 505):

(a) US patent no 6,699,527B1, which was granted on 02/03/2004 and entitled "Process for surface functionalization of polymeric substrates using diaryl carrbenes as reactive intermediates"

(b) US patent (Continuation in Part) no 7,034,129B1 which was granted on 25/04/2006 and entitled "Process for surface functionalisation of polymeric substrates using diaryl carbenes as reactive intermediates";

(c) European patent no. 1,124,791B1, which was granted on 12/01/2005, ratified in UK, France, Germany, Italy and Netherlands and entitled "Surface Functionalisation"; and

(d) Japanese patent application no 2000-573569 which was filed on 03/11/1999 and entitled "Surface Functionalisation".

The Technology Licence is exclusive subject to a perpetual licence from Isis to the University of Oxford for academic and research purposes and, in the case of Patent (3), from Isis to Aveira Limited and an irrevocable licence including the right to sublicence from Isis to BASF PLC, each to do anything that would otherwise infringe Patent (3). The University provided the following explanation of the background to the licences granted by Isis to Avecia Limited and BASF PLC. Zeneca Specialties funded the original work in Mark Moloney's academic group. Through this, Zeneca Specialities gained certain rights to the resulting intellectual property (which subsequently became Patent family 1). Zeneca Specialities then sold one part of its business (textile dyestuffs) to BASF PLC, and Avecia Limited was formed through a management buy-out of another part (the remaining Zeneca businesses). The part of Zeneca relevant to Mark Moloney's research contract was divided between BASF PLC and Avecia Limited so the rights of Zeneca passed to both these organisations. To enable Isis to exploit the technology, the BASF PLC and Avecia Limited rights were assigned back to Isis. The licences specified in the Technology Licence were required terms in those

assignments. There are no such ties on Patent family 2 or Patent family 3. The Technology Licence covers all fields and the territory is worldwide. Sub-licensing is permitted under the Technology Licence but this is subject to various conditions. Intellectual Property Rights in any improvements developed by Isis belong to Isis, and the Intellectual Property Rights in any improvements developed by OAS belong to OAS.

Isis is responsible under the Technology Licence to maintain and renew the patents and patent applications at the cost of OAS. Royalties and payments due to Isis under the Technology Licence are as follows: (a) Signing fee of £2; (b) Royalties at a rate of 4 per cent. on net sales; (c) Minimum sums payable in each licence year: Year 1 – £0, Year 2 – £0, Year 3 – £5,000, Year 4 – £10,000, Year 5 – £15,000, Year 6 – £20,000, Year 7 and subsequent years – £25,000; (d) In the event of a sub licence: a royalty percentage equal to the greater of 4 per cent. or one third the royalty rate under the relevant sub-licence (e) In the event of a contract for research or development: a royalty equal to 4 per cent. on all payments made under such contracts.

The Technology Licence will take effect on the day of signature and shall remain in force for the life of any patent that is issued in response to any application.

Trade Mark Licence Summary

13.16 A trade mark licence dated 6 September 2006 between OAS (1) and The Chancellor Masters and Scholars of the University of Oxford (the "University") (2) (the "TM Licence"). The TM Licence permits OAS to use 'Oxford' in its name. The University is the registered proprietor of the trade mark 'Oxford' (the "Trade mark") in respect of certain goods and services.

The TM Licence is a worldwide, non-exclusive, and royalty free licence for use by OAS in the business of surface coatings technology. The University shall have exclusive benefit of all goodwill in the Trade Mark in respect of publishing services, published material and information services.

14. TAXATION

The following paragraphs are intended as a general guide only for shareholders who are resident and ordinarily resident in the United Kingdom for tax purposes, holding Ordinary Shares as investments and not as securities to be realised in the course of a trade, and are based on current legislation and HM Revenue & Customs practice. Any prospective purchaser of Ordinary shares who is in any doubt about his tax position or who is subject to taxation in a jurisdiction other than the UK should consult his own professional adviser immediately.

14.1 **Taxation of dividends**

Under current UK tax legislation, no amounts in respect of tax will be withheld at source from dividend payments made by the Company. A dividend paid to a non-corporate Shareholder is treated as being paid with a tax credit equal to one ninth of the net dividend. Thus there will be a tax credit of 10 per cent. on the gross dividend, that gross dividend being equal to the sum of the net dividend and the accompanying tax credit. Individual Shareholders whose income is within the starting or basic rate bands will be liable to tax at 10 per cent. on their gross dividend income and the tax credit will therefore satisfy their income tax liability on UK dividends. Individual Shareholders who are liable to income tax at the higher rate of tax will be charged to tax at 32.5 per cent. on their gross dividend, as will trustees of discretionary trusts. After taking account of the 10 per cent. tax credit, this will represent additional tax of 25 per cent. of the net dividend received.

14.2 **Taxation of chargeable gains**

For the purpose of UK tax on chargeable gains, the issue of Ordinary Shares pursuant to the Offer will be regarded as an acquisition of a new holding in the share capital of the Company, acquired on the date of allotment. The amount paid for the Ordinary Shares will constitute the base cost of a shareholder's holding.

If a Shareholder disposes of all or some of his Ordinary Shares, a liability to tax on chargeable gains may arise, depending on the Shareholder's circumstances. Individuals and trustees may be entitled to taper relief, which will serve to reduce the chargeable gain. Companies are not entitled to taper relief, but are due indexation allowance, which may also reduce the chargeable gain.

Shareholders who are not normally resident in the UK for tax purposes may not, depending on their personal circumstances, be liable to UK taxation on chargeable gains arising from the sale or other

disposal of their Shares (unless they carry on a trade, profession or vocation in the UK through a branch or agency with which their Shares are connected). Individual Shareholders who are temporarily neither UK resident nor ordinarily resident may also be liable to UK capital gains tax on chargeable gains realised on their return to the UK. Shareholders who are resident for tax purposes outside the UK may be subject to foreign taxation on capital gains depending on their personal circumstances.

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

The following comments are intended as a guide to the general United Kingdom stamp duty and stamp duty reserve tax ("SDRT") position and do not relate to persons such as market makers, brokers, dealers intermediaries and persons connected with depositary receipt arrangements or clearance services, to whom special rules apply.

No United Kingdom stamp duty or SDRT will generally be payable on the issue of the Subscription Shares. The transfer of Ordinary Shares in certificated form will be subject to SDRT at the rate of 0.5 per cent. of the consideration if an unconditional agreement to transfer the Ordinary Shares is not completed by a duly stamped transfer by the seventh day of the month following that in which the agreement became unconditional. If an instrument of transfer of the Ordinary Shares is subsequently produced it will generally be subject to stamp duty, also charged at the rate of 0.5 per cent., calculated on the actual consideration paid (rounded up where necessary to the next £5 of the actual consideration paid), and in that case the SDRT charge will be cancelled and any SDRT already paid will be refunded.

Under the CREST system for paperless transfers, no stamp duty or SDRT will arise on the transfer of Ordinary Shares into the system unless such a transfer is made for a consideration in money or money's worth, in which case a liability to SDRT (usually at the rate of 0.5 per cent.) will arise. Paperless transfers of Ordinary Shares within CREST are liable to SDRT (usually at the rate of 0.5 per cent. of the actual consideration paid) rather than stamp duty and SDRT on relevant transactions settled within the CREST system, or reported through it for regulatory purposes, is collected by CREST. No stamp duty or SDRT will be payable on the issue of definitive certificates unless they are issued to persons to whom the depositary receipt or clearance service charge to stamp duty reserve tax may apply (currently, at the rate of 1.5 per cent. of the issue price).

In the ordinary course of events, liability to pay any stamp duty or SDRT is that of the purchaser or transferee.

The above is a summary of certain aspects of current law and practice in the UK. A shareholder who is in any doubt as to his tax position, or who is subject to tax in a jurisdiction other than the UK, should consult his or her professional adviser.

15. LEGAL AND ARBITRATION PROCEEDINGS

There are no governmental, legal or arbitration proceedings in which the Company is involved or of which the Company is aware, pending or threatened by or against the Company which may have or have had in the twelve months preceding the date of this document a significant effect on the Company's financial position.

16. GENERAL

16.1 Save as set out in this document, there has been no significant change in the trading or financial position of the Company since 31 July 2007, being the date to which the historical financial information set out in Part V of this document is made up.

16.2 The total expenses payable by the Company in connection with the Proposals are estimated to amount to approximately £0.4 million (excluding VAT). The net proceeds of the Subscription are expected to be approximately £2.6 million.

16.3 ZAI has given and not withdrawn its written consent to the inclusion in this document of its name and the references thereto in the form and context in which they appear.

16.4 Hichens has given and not withdrawn its written consent to the inclusion in the document of its name and the references thereto in the form and context in which they appear.

16.5 Baker Tilly UK Audit LLP, of 2 Bloomsbury Street London WC1B 3ST who are registered for audit work by the Institute of Chartered Accountants of Scotland, were appointed the first auditors to the Company on 21 September 2006.

16.6 Save as disclosed in Part II of this document, there are no patents or intellectual property rights, licences, industrial, commercial or financial contracts which are of material importance to the Enlarged Group's business or profitability.

16.7 There are no environmental issues that may affect the issuer's utilisation of its tangible fixed assets.

16.8 Save for the acquisition of Solar Labs, the Company has no principal investments for the period covered by the historical financial information set out in Part V of this document and there are no principal investments in progress and there are no principal future investments on which the Board has made a firm commitment.

16.9 Save as is set out in this document, the Company is not aware of the existence of any mandatory takeover bid pursuant to the rules of the City Code, or any circumstances which may give rise to any takeover bid, and the Company is not aware of any public takeover bid since its incorporation by third parties for the Ordinary Shares, or of any squeeze-out or sellout rules in relation to the Ordinary Shares.

16.10 No person (excluding professional advisers otherwise disclosed in this document and trade suppliers) has:

16.10.1 received, directly or indirectly from the Company within the 12 months preceding the date of this document; or

16.10.2 entered into contractual arrangements (not otherwise disclosed in this document) to receive, directly or indirectly, from the Company on or after Admission any of the following:

- fees totalling £10,000 or more;
- securities of the Company where these have a value of £10,000 or more calculated by reference to the Subscription Price; or
- any other benefit with the value of £10,000 or more at the date of this document.

17. AVAILABILITY OF ADMISSION DOCUMENT

Copies of this document will be available free of charge during normal business hours on any week day (Saturdays, Sundays and public holidays excepted) until the date following one month after the date of Admission at the registered office of the Company and the offices of Zimmerman Adams International Limited, New Broad Street House, 35 New Broad Street, London EC2A 1NH.

12 December 2007

Kanyon Plc

(Incorporated and registered in England and Wales under the Companies Act 1985
(as amended and, to the extent effective, superseded by the Companies Act 2006) with Registered Number 05845469)

NOTICE IS HEREBY given that a general meeting of Kanyon Plc (the "Company") will be held at the offices of Fasken Martineau Stringer Saul LLP at 17 Hanover Square, London W1S 1HU on 21 December 2007 at 10.00 a.m. (subject to the Company receiving the consent of its Shareholders for the general meeting to be held on short notice (in accordance with the Articles of Association and the Companies Act 2006) (the "Consent"), or failing the Consent being received in accordance with the provisions set out in the Notes to this notice of general meeting, on 7 January 2008 at 10.00 a.m., for the purpose of considering and, if thought fit, passing the following resolutions of which numbers 1 to 7 will be proposed as Ordinary Resolutions and numbers 8 to 10 will be proposed as a Special Resolutions.

ORDINARY RESOLUTIONS

1. THAT the Acquisition (as defined in the Admission Document sent to the Company's Shareholders dated 12 December 2007 (the "Admission Document") be and it is hereby approved for the purposes of Rule 14 of the AIM Rules for Companies and the Directors be and are hereby authorised, for and on behalf of the Company, to finalise all matters set out in the Acquisition Agreement (as defined in the Admission Document) and to do all other matters provided therein or related to the Acquisition and, at their sole discretion, to amend, waive, vary and/or extend any of the terms of the Acquisition Agreement and/or any other document referred to therein and/or connected with the Acquisition in whatever way they may consider to be necessary and/or desirable or do all such acts and/or things as they may consider necessary and/or desirable in connection with the Acquisition provided that there is no material change to the substance of the terms and conditions of the Acquisition or the Acquisition Agreement, as set out and defined in the Admission Document.

2. THAT, conditionally upon resolutions 1 in the notice of general meeting of the Company dated 12 December 2007 being duly passed by the Shareholders as an ordinary resolution, the Acquisition Agreement (as defined in the Admission Document sent to the Company's Shareholders dated 12 December 2007 (the "Admission Document") providing for the purchase by the Company of the entire issued share capital of OAS on the terms set out in the Admission Document be and is hereby approved for the purposes of section 190 of the Companies Act 2006 subject to such amendments as the Directors of the Company (other than David Norwood and Alan Aubrey) shall consider necessary or appropriate (but not constituting a material change from the terms set out in the Admission Document).

3. THAT, conditionally upon resolutions 1 and 2 in the notice of general meeting of the Company dated 12 December 2007 being duly passed by the Shareholders as ordinary resolutions, the authorised share capital of the Company be increased from £1,000,000 to £3,000,000 by the creation of an additional 3,000,000,000 ordinary shares of £0.001 each, such shares to form one class with and to rank *pari passu* in all respects with the existing ordinary shares of £0.001 each in the Company's share capital and having the rights and being subject to the restrictions set out in the articles of association of the Company.

4. THAT, conditionally upon resolutions 1, 2 and 3 in the notice of general meeting of the Company dated 12 December 2007 being duly passed by the Shareholders as ordinary resolutions, pursuant to Article 56.1 of the articles of association of the Company, every 10 Ordinary Shares of £0.001 each in the capital of the Company be and are hereby consolidated into 1 New Ordinary Share of £0.01 in the capital of the Company with effect from 5 p.m. on the date of passing of this resolution.

5. THAT, conditionally upon resolutions 1, 2, 3 and 4 in the notice of general meeting of the Company dated 12 December 2007 being duly passed by the Shareholders as ordinary resolutions, the Directors of the Company be and they are hereby generally and unconditionally authorised, in substitution for all previous powers granted to them, to allot relevant securities within the meaning of Section 80 of the Companies Act 1985, up to an aggregate nominal amount of £1,540,113.40 and such authority

shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2008 or 15 months after the passing of this resolution (whichever is earlier) save that the Company may before such expiry make an offer or enter into an agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired.

6. THAT, conditionally upon resolutions 1, 2, 3, 4 and 5 in the notice of general meeting of the Company dated 12 December 2007 being duly passed by the Shareholders as ordinary resolutions and/or special resolutions (as the case may be):

   (a) the Oxford Advanced Surfaces Group Plc Enterprise Management Investment Scheme and Unapproved Share Option Plan 2007 (the "Plan") a copy of the rules (the "Rules") of which having been produced to the meeting and initialed by the Chairman for the purpose of identification, be and they are hereby approved, the Plan be and is hereby adopted with such amendments (if any) to such rules as may be necessary to obtain the approval of the Board of Inland Revenue for the approved part of the Plan and the Directors of the Company be and are hereby authorised to do all acts and things necessary to give effect to the Plan;

   (b) the Directors of the Company may be counted in the quorum and vote and their votes may be counted on any matter or any shareholders', Directors' or committee meeting connected with the Plan notwithstanding that they may be interested in the same (except that no director may be counted in the quorum or vote on any matter solely concerning his own participation) and the prohibitions in this regard contained in the Articles of Association of the Company be suspended and relaxed to that extent;

   (c) the Directors of the Company be authorised to establish such other share option schemes for the benefit of the employees and executive Directors of the Company who are based outside the United Kingdom on such terms as the Directors of the Company may consider appropriate to take account of local tax, exchange control or securities laws in overseas territories provided that such other schemes are based upon the Plan and that any shares issued or which might be issued under any such scheme will be subject to and treated as counting against the limitations on individual and overall participation specified in the Plan; and

   (d) the Directors of the Company be and they are hereby authorised to issue shares at a subscription price which is not less than the current 'market value' of such shares (as defined in the Rules) to the trustee of any trust established by the Company for the benefit of employees of the Company and its subsidiaries for the purposes of satisfying the exercise of share options granted or entered into by the trustee to employees of the Company and its subsidiaries.

7. THAT, conditionally upon resolutions 1, 2, 3, 4, 5 and 6 in the notice of general meeting of the Company dated 12 December 2007 being duly passed by the Shareholders as ordinary resolutions and/or special resolutions (as the case may be), the investment strategy of the Company (as described in the Admission Document sent to the Company's Shareholders dated 12 December 2007) be and is hereby approved;

SPECIAL RESOLUTIONS

8. THAT, conditionally upon resolutions 1, 2, 3, 4, 5, 6 and 7 in the notice of general meeting of the Company dated 12 December 2007 being duly passed by the Shareholders as ordinary resolutions, the Directors of the Company be authorised and empowered pursuant to section 95 of Companies Act 1985 (the "1985 Act") (in substitution for all powers previously granted thereunder) to allot equity securities (as defined in section 94(2) of the 1985 Act) for cash pursuant to the section 80 authority referred to in resolution 6 above as if section 89(1) of the 1985 Act did not apply to any such allotment, such power shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2008 or 15 months after the passing of this resolution (whichever is earlier), and such power is limited to the allotment of equity securities:

   (a) in connection with rights issues to holders of ordinary shares where the equity securities respectively attributable to the interests of such holders are proportionate (as nearly as may be practicable) to the respective numbers of ordinary shares held by them, but subject to such

exclusions or other arrangements as the Directors may deem necessary or expedient to deal with any fractional entitlements or any legal or practical problems under the law of, or the requirements of any regulatory body or any recognised stock exchange in, any territory; and

(b) in connection with the Acquisition (as defined in the Admission Document sent to the Company's Shareholders dated 12 December 2007 (the "Admission Document")) up to a maximum aggregate nominal value of £775,399.07;

(c) in connection with the allotment of equity securities up to an aggregate nominal value of £1,250 in connection with the exercise of an option granted to Mathew Sutcliffe;

(d) in connection with the grant by the Company of Kanyon Options (as defined in the Admission Document) and the exercise of the Kanyon Options up to a maximum nominal value of £109,692.22; and

(e) (otherwise than pursuant to paragraphs (a) to (d) above) up to a maximum aggregate nominal amount of £266,886.06.

provided that the Company may, before the expiry of this power, make an offer or agreement which would or might require equity securities to be allotted after the expiry of this power and the Directors may allot equity securities in pursuance of such an offer or agreement as if the power had not expired.

9. THAT, conditionally upon resolutions 1, 2, 3, 4, 5, 6, 7 and 8 in the notice of general meeting of the Company dated 12 December 2007 being duly passed by the Shareholders as ordinary resolutions and/or special resolutions (as the case may be), the New Articles of Association produced at the meeting marked "A" and initialled by the Chairman of the meeting (for the purposes of identification only) be and are hereby adopted to the exclusion of and in substitution for the existing Articles of Association of the Company.

10. THAT, conditionally upon resolutions 1, 2, 3, 4, 5, 6, 7, 8 and 9 in the notice of general meeting of the Company dated 12 December 2007 being duly passed by the Shareholders as ordinary resolutions and/or special resolutions (as the case may be), the name of the Company be and is hereby changed to Oxford Advanced Surfaces Group Plc.

By order of the Board

Registered office:
17 Hanover Square
London
W1S 1HU

Nigel Gordon
Secretary

12 December 2007

NOTES TO THE NOTICE OF GENERAL MEETING

Please see paragraph 25 and 26 of Part 1 of the Admission Document sent to the shareholders, dated 12 December 2007, for any further information require in relation to the use of proxies or the granting of consent to short notice.

Definitions

All terms and phrases used and defined in the admission document sent to shareholders of the Company dated 12 December 2007 shall, unless the context otherwise requires, have same meaning in this notice of general meeting.

Entitlement to attend and vote

1. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those members registered on the Company's register of members at 6.00 p.m. on 19 December 2007 (in relation to the Short GM) or, at 6.00 p.m. on 5 January 2008 (in relation to the Standard GM) or, if either the Short GM or Standard GM is adjourned, at 6.00 p.m. on the day two days prior to the adjourned meeting, shall be entitled to attend and vote at the General Meeting.

Appointment of proxies

2. If you are a member of the Company at either of the relevant times set out in note 1 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the General Meeting and you should have received [blue] and [green] proxy forms with this notice of General Meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy forms.
3. If you are not a member of the Company but you have been nominated by a member of the Company to enjoy information rights, you do not have a right to appoint any proxies under the procedures set out in this "Appointment of proxies" section. Please read the section "Nominated persons" below.
4. A proxy does not need to be a member of the Company but must attend the General Meeting to represent you. Details of how to appoint the Chairman of the General Meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the General Meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.
5. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, it will be necessary to notify the Registrar in accordance with Note 7 below.
6. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the General Meeting.

Appointment of proxy using hard copy proxy form

7. The notes to the proxy forms explain how to direct your proxy how to vote on each resolution or withhold their vote. To appoint a proxy using the proxy forms, the forms must be:
   - completed and signed;
   - sent or delivered to Capita Registrars at the Proxy Department, 34 Beckenham Road, The Registry, Beckenham, Kent BR3 4TU; and
   - received by Capita Registrars no later than 10.00 a.m. on 19 December 2007 in relation to the Short GM (being 48 hours before the time appointed for the same) or no later than 10.00 a.m. on 5 January 2008 in relation to the Standard GM (being 48 hours before the time appointed for the same).

   In the case of a member which is a company, the proxy forms must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the proxy forms are signed (or a duly certified copy of such power or authority) must be included with the proxy forms.

Appointment of proxy by joint members

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

Changing proxy instructions

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

   Where you have appointed a proxy using the proxy forms and would like to change the instructions using proxy form, please contact Capita Shareholder Information Group on 0871 664 0300.

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

Termination of proxy appointments

10. In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Capita Shareholder Information Group on 0871 664 0300. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

    The revocation notice must be received by Capita Registrars at the Proxy Department, 34 Beckenham Road, The Registry, Beckenham, Kent BR3 4TU no later than 10.00 a.m. on 19 December 2007 (in relation to the Short GM) or, at 10.00 a.m. on 5 January 2008 (in relation to the Standard GM). If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.

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

Issued shares and total voting rights

11. As at 10.00 a.m. on 12 December 2007 the Company's issued share capital comprised 883,841,307 ordinary shares of 0.1 pence each. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 10.00 a.m. on 12 December 2007, is 883,841,307.

Nominated persons

12. If you are a person who has been nominated under section 146 of the Companies Act 2006 to enjoy information rights (Nominated Person):

- You may have a right under an agreement between you and the member of the Company who has nominated you to have information rights (Relevant Member) to be appointed or to have someone else appointed as a proxy for the Meeting.
- If you either do not have such a right or if you have such a right but do not wish to exercise it, you may have a right under an agreement between you and the Relevant Member to give instructions to the Relevant Member as to the exercise of voting rights.
- Your main point of contact in terms of your investment in the Company remains the Relevant Member (or, perhaps, your custodian or broker) and you should continue to contact them (and not the Company) regarding any changes or queries relating to your personal details and your interest in the Company (including any administrative matters). The only exception to this is where the Company expressly requests a response from you.

Voting

13. Voting on all resolutions will be conducted by way of a show of hands.

Communication

14. Except as provided above, members who have general queries about the Meeting should call the Capita Registrars shareholder helpline on 0871 664 0300 or, if calling from outside the UK on +44 208 639 3399. The helpline is available between the hours of 9.00 a.m. and 5.00 p.m. Monday to Friday excluding Public Holidays.