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PROSPECTIVE INVESTORS SHOULD READ THE WHOLE OF THE TEXT OF THIS DOCUMENT AND SHOULD BE AWARE THAT AN INVESTMENT IN THE COMPANY IS SPECULATIVE AND INVOLVES A HIGH DEGREE OF RISK AND MAY RESULT IN THE LOSS OF THE ENTIRE INVESTMENT AND MAY NOT BE SUITABLE FOR ALL RECIPIENTS OF THIS DOCUMENT. IN PARTICULAR, PROSPECTIVE INVESTORS' ATTENTION IS DRAWN TO THE SECTION ENTITLED "RISK FACTORS" IN PART II OF THIS DOCUMENT.

Application has been made in accordance with the AIM Rules for the admission of the entire issued and to be issued ordinary share capital of the Company to trading on AIM ("Admission"). It is expected that Admission will become effective and that dealings will commence on 15 September 2011.

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 of the United Kingdom Listing Authority. 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. Each AIM company is required, pursuant to the AIM Rules for Companies, to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers. The London Stock Exchange has not itself examined or approved the contents of this document. The Ordinary Shares are not dealt with on any other recognised investment exchange and no other application has been made.

The Company, together with the Directors, whose names are set out on page 4 of this document, accept responsibility both individually and collectively, for the information contained in this document and the Directors accept full responsibility, collectively and individually for the Company's compliance with the AIM Rules for Companies. To the best of the knowledge and belief of the Directors and the Company (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect its import. In connection with this document and/or Admission, no person is authorised to give any information or make any representations other than as contained in this document and, if given or made, such information or representations must not be relied upon as having been so authorised. This document has not been approved by Libertas Capital Corporate Finance Limited ("Libertas") for the purposes of section 21(2)(b) of FSMA.

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# Port Erin Biopharma Investments Limited

*(Incorporated and registered in the Isle of Man under the Companies Act 2006 with registered number 006874V)*

**Placing of 30,000,000 Ordinary Shares of 0.0001p each at 10p per Ordinary Share  
with 30,000,000 Warrants**

and

**Admission to trading on AIM**

*Nominated Adviser*

**Libertas Capital Corporate Finance Limited**

*Broker*

**Rivington Street Corporate Finance Limited**

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The Placing Shares will, on Admission, rank *pari passu* with the Existing Ordinary Shares and will rank in full for all dividends and other distributions declared, made or paid on the Existing Ordinary Shares after the date of this document.

Libertas, which is authorised and regulated in the United Kingdom by the FSA, is acting as nominated adviser to the Company in connection with the proposed admission of the Enlarged Share Capital to trading on AIM. Its responsibilities as the Company's nominated adviser under the AIM Rules for Nominated Advisers are owed solely to the London Stock Exchange and are not owed to the Company or to any Director or to any other person in respect of his decision to acquire Ordinary Shares in reliance on any part of this document. Libertas is not acting for anyone else and will not be responsible to anyone other than the Company for providing the protections afforded to their clients or for providing advice in relation to the contents of this document or the Placing or Admission. No representation or warranty, express or implied, is made by Libertas as to the contents of this document, without limiting the statutory rights of any person to whom this document is issued. Neither will Libertas be offering advice, nor will it otherwise be responsible for providing client protections to recipients of this document or for advising them on the contents of this document or any other matter. The information contained in this document is not intended to inform or be relied upon by any subsequent purchasers of Ordinary Shares (whether on or off exchange) and accordingly no duty of care is accepted in relation to them.

Rivington Street Corporate Finance Limited, which is authorised and regulated in the United Kingdom by the FSA, is acting as broker to the Company in connection with the Placing. Rivington is not acting for anyone else and will not be responsible to anyone other than the Company for providing the protections afforded to their clients or for providing advice in relation to the contents of this document or the Placing or Admission. No representation or warranty, express or implied, is made by Rivington as to the contents of this document, without limiting the statutory rights of any person to whom this document is issued. Neither will Rivington be offering advice, nor will it otherwise be responsible for providing client protections to recipients of this document or for advising them on the contents of this document or any other matter.

This document does not constitute an offer to sell, or solicitation of an offer to subscribe for or buy, Ordinary Shares to any person in any jurisdiction to whom it is unlawful to make such an offer or solicitation. In particular, this document is not being and must not be mailed, copied or otherwise distributed or sent in or into or from the United States of America, Canada, Australia, the Republic of South Africa, the Republic of Ireland or Japan or any other jurisdiction if to do so would constitute a violation of the relevant laws of such jurisdiction. Accordingly, the Ordinary Shares may not, subject to certain exceptions, be offered directly or indirectly in or into the United States of America, Canada, Australia, the Republic of South Africa, the Republic of Ireland or Japan. The Ordinary Shares have not been and will not be registered under the United States Securities Act of 1933 (as amended) or under the securities legislation of any state of the United States of America, Canada, Australia, the Republic of South Africa, the Republic of Ireland or Japan and they may not be offered or sold directly or indirectly within the United States of America, Canada, Australia, the Republic of South Africa, the Republic of Ireland or Japan or to or for the account or benefit of any national, citizen or resident of the United States of America, Canada, Australia, the Republic of South Africa, the Republic of Ireland or Japan.

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## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Admission Document publication date	9 September 2011
Payment received from Placees (other than through CREST) pursuant to the Placing in cleared funds	2 September 2011
Admission effective and commencement of dealings on AIM of the Enlarged Share Capital	8.00 a.m. on 15 September 2011
CREST accounts expected to be credited with Placing Shares (where applicable)	15 September 2011
Despatch of definitive share and warrant certificates for the Placing Shares and Warrants	23 September 2011

Each of the times and dates in the above timetable is subject to change. All references are to London time unless otherwise stated

## PLACING STATISTICS

Placing Price	10p
Number of Existing Ordinary Shares	3,000,000
Number of Placing Shares to be issued pursuant to the Placing	30,000,000
Number of Warrants to be issued pursuant to the Placing	30,000,000
Number of Ordinary Shares in issue on Admission	33,000,000
Placing Shares as percentage of the Enlarged Share Capital	90.9%
Percentage of the Enlarged Share Capital held by the Directors at Admission	10.0%
Gross proceeds of the Placing	£3 million
Estimated net proceeds of the Placing receivable by the Company	£2.7 million
Market capitalisation of the Company on Admission at the Placing Price	£3.3 million
AIM symbol	PEBI
ISIN code	IM00B6QH1J21
SEDOL	B6QH1J2

## DIRECTORS AND ADVISERS

<b>Directors</b>	James Mellon ( <i>Non-Executive Chairman</i> ) Thomas John Zacchaeus Winnifrith ( <i>Chief Investment Officer</i> ) Nicholas James Woolard ( <i>Non-Executive Director</i> )	
<b>Company's website</b>	www.porterinbiopharma.com	
<b>Registered Agent</b>	Greystone Trust Company Limited 18 Athol Street Douglas Isle of Man IM1 1JA	
<b>Registered Office</b>	18 Athol Street Douglas Isle of Man IM1 1JA	
<b>Company Principal Office</b>	Port Erin Biopharma Investments Limited 18 Athol Street Douglas Isle of Man IM1 1JA	
<b>Nominated Adviser</b>	Libertas Capital Corporate Finance Limited 16 Berkeley Street London W1J 8DZ	
<b>Broker</b>	Rivington Street Corporate Finance Limited 3rd Floor 3 London Wall Buildings London Wall London EC2M 5SY	
<b>Reporting Accountant and Auditor</b>	KPMG Audit LLC Heritage Court 41 Athol Street Douglas Isle of Man IM99 1HN	
<b>Legal Advisers to the Company</b>	<i>as to Isle of Man Law</i> Long & Humphrey The Old Courthouse Athol Street Douglas Isle of Man IM1 1LD	<i>as to English Law</i> Edwin Coe LLP 2 Stone Buildings Lincoln's Inn London WC2A 3TH
<b>Registrars</b>	Capita Registrars (Isle of Man) Limited 3rd Floor Exchange House 54-62 Athol Street Douglas, Isle of Man IM1 1JD	

## DEFINITIONS

<b>“Admission”</b>	the admission of the Enlarged Share Capital to trading on AIM and such admission becoming effective in accordance with Rule 6 of the AIM Rules for Companies;
<b>“AIM”</b>	the market of that name operated by London Stock Exchange;
<b>“AIM Rules”</b>	AIM Rules for Companies and AIM Rules for Nominated Advisers
<b>“AIM Rules for Companies”</b>	the AIM rules for companies published or amended or reissued by the London Stock Exchange from time to time;
<b>“AIM Rules for Nominated Advisers”</b>	the AIM rules for nominated advisers published by the London Stock Exchange from time to time;
<b>“Articles”</b>	the articles of association of the Company as amended or restated from time to time and as further described in paragraph 4 of Part IV of this document;
<b>“Board” or the “Directors”</b>	the board of directors of the Company, whose names appear on page 4 of this document;
<b>“Closing Price”</b>	the mid market price of the Ordinary Shares at close of business on a trading day;
<b>“Corporate Governance Code”</b>	the UK Corporate Governance Code published in June 2010 by the Financial Reporting Council;
<b>“Companies Act 2006”</b>	the Isle of Man Companies Act 2006;
<b>“Company” or “Port Erin”</b>	Port Erin Biopharma Investments Limited, a public limited company incorporated in the Isle of Man under the Companies Act 2006 with registration number 006874V;
<b>“CREST”</b>	the system for the paperless settlement of trades in listed securities operated by Euroclear to facilitate holding and transfer of title or interests to Shares in uncertificated form in accordance with the CREST Regulations;
<b>“CREST Manual”</b>	the document entitled “CREST Reference Manual” issued by Euroclear;
<b>“CREST Regulations”</b>	the Uncertificated Securities Regulations 2001 (SI2001 No.3755), including (1) any enactment or subordinate legislation which amends or supersedes those regulations and (2) any applicable rules made under those regulations or any such enactment or subordinate legislation for the time being in force;
<b>“Enlarged Share Capital”</b>	the issued share capital of the Company immediately following Admission being the Existing Ordinary Shares, the Placing Shares;
<b>“Euroclear”</b>	Euroclear UK & Ireland Limited;
<b>“Executive Director”</b>	Thomas Winnifrith;
<b>“Existing Ordinary Shares”</b>	the 3,000,000 Ordinary Shares in issue immediately prior to the Placing;
<b>“FSA”</b>	the Financial Services Authority of the United Kingdom;
<b>“FSMA 2000”</b>	the Financial Services and Markets Act 2000 (as amended);
<b>“Investing Policy”</b>	the investing policy of the Company as set out in Part I of this document;
<b>“Libertas”</b>	Libertas Capital Corporate Finance Limited, nominated adviser to the Company;
<b>“London Stock Exchange”</b>	London Stock Exchange plc;

<b>“Net Asset Value”</b>	the total value of the Company’s assets less the total value of the Company’s liabilities;
<b>“Non-Executive Directors”</b>	Nicholas Woolard and James Mellon;
<b>“Ordinary Shares”</b>	shares of ordinary stock with a par value of 0.0001p each in the capital of the Company;
<b>“Panel”</b>	the UK Panel on Takeovers and Mergers;
<b>“Placing”</b>	the conditional placing of the Placing Shares and the Warrants pursuant to the Placing Agreement;
<b>“Placing Agreement”</b>	the conditional agreement dated 9 September 2011 between Libertas, Rivington, the Company and the Directors relating to the Placing, further details of which are set out in paragraph 10.1 of Part IV of this document;
<b>“Placing Price”</b>	10 per Placing Share;
<b>“Placing Shares”</b>	the 30,000,000 new Ordinary Shares to be issued by the Company pursuant to the Placing;
<b>“QCA”</b>	the Quoted Companies Alliance;
<b>“Recognised Investment Exchange”</b>	investment exchanges as defined in section 285 of FSMA 2000 including AIM;
<b>“Rivington”</b>	Rivington Street Corporate Finance Limited, broker to the Company;
<b>“Shareholders”</b>	the holders of Ordinary Shares;
<b>“Sterling” or “£”</b>	the British pounds Sterling;
<b>“T1ps”</b>	T1ps Investment Management (IOM) Limited;
<b>“UK Takeover Code”</b>	the UK City Code on Takeovers and Mergers published by the Panel (as amended from time to time);
<b>“Warrants”</b>	the warrants constituted under the Warrant Instrument, details of which are set out below;
<b>“Warrant Holder”</b>	a holder of Warrants; and
<b>“Warrant Instrument”</b>	the instrument dated 9 September executed by the Company and constituting the Warrants, details of which are set out in paragraph 9 of Part IV of this document.

## PART I

### INFORMATION ABOUT THE COMPANY

#### 1. Introduction

Port Erin is a new company incorporated on 3 May 2011 under the law of the Isle of Man for the purpose of investing in the biotechnology and biopharmaceutical sector.

The Company's strategy is to create value for Shareholders through investing in companies that have the potential to generate substantial revenues through the development of biopharmaceutical drugs.

The Company's Non-Executive Chairman is James Mellon, who has had a successful career in the fund management industry. The Company intends to co-invest wherever possible alongside Mr Mellon in investments that he has identified.

The Directors intend to focus on investing in biotechnology and biopharmaceutical companies operating on the West Coast of the United States of America, where many biotech companies are based.

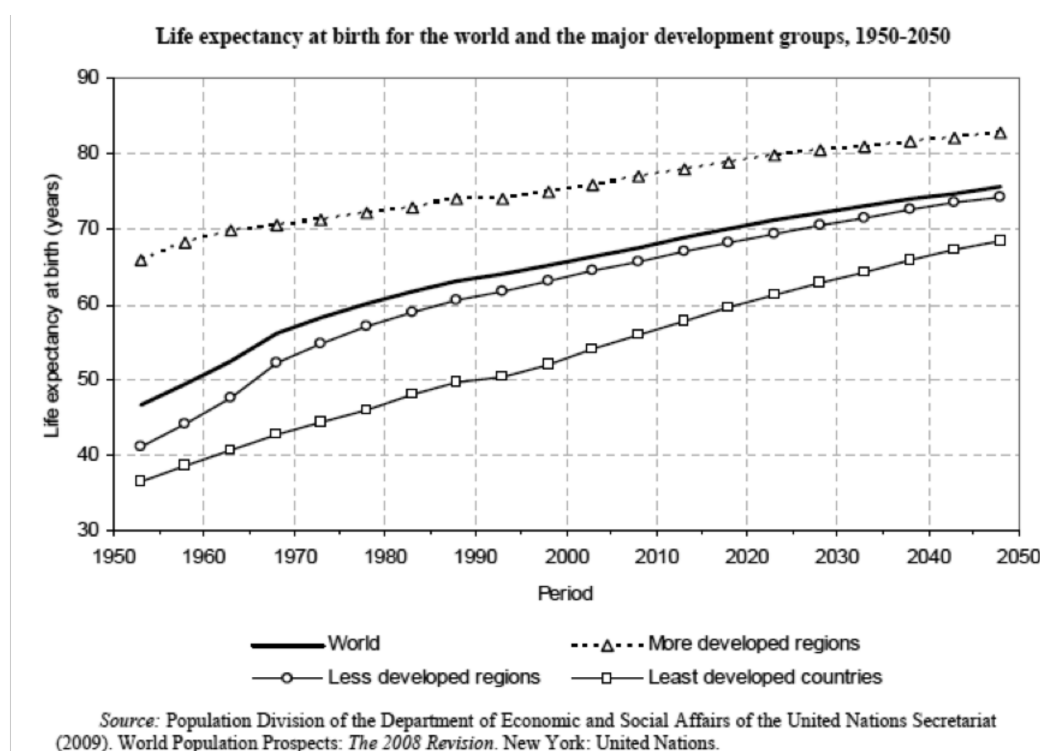
Port Erin has been established as a publicly traded investing company which will offer Shareholders an opportunity to participate in opportunities in the biotechnology and biopharmaceutical sector.

#### 2. Opportunity

The Directors believe that recent progress in medical research is opening up opportunities for biopharmaceutical companies to develop new treatments for many of the diseases that impact on life expectancy and life quality. Examples of such inroads are:

- accurate modelling of biological systems;
- mass DNA sequencing leading to increased target discovery and personalised medicine;
- nanotechnology being used for targeted drug delivery; and
- stem cells becoming more widely used to develop new treatments.

Life expectancy is increasing across the globe, but particularly so in the wealthier, more developed regions. The Directors believe that this is partly as a result of technical and medical advances in preventative and reactive treatment. The Directors believe that life expectancy will continue to grow over the next four decades as a result of the application of recent technical advances in medicine to prevent and cure serious illness.



The main areas in interest to the Company in the field of therapeutics are:

- cancers;
- obesity & diabetes;
- ageing & neurological;
- cardiovascular; and
- orphan diseases.

The Directors believe that recent technological advances are opening up new opportunities for treatments to be developed.

#### ***Advances in Biotechnology***

- The use of computer technology to assist in drug development. Merrimack Pharmaceuticals Inc. and other biotechnology and biopharmaceutical companies are using computer models to predict outcomes of drug trials before progressing to initial clinical trials.
- Manufacturing of human tissue for regenerative treatments plus advances in stem cell technology.
- Cancer stem cells being targeted to improve likelihood of remission.
- Compound therapies, such as personalised medicine and multi-pronged treatment for dynamic biological systems.
- DNA Sequencing, being used to determine predisposition to certain disease to enable earlier prevention measures.

### **3. Investing Policy**

The Company aims to establish a portfolio of 20 to 25 investments in biotechnology and biopharmaceutical companies. The majority of these companies are likely to be based in the US where the industry is centered. The Company will invest in both quoted companies, which offer the benefits of liquidity and also in unquoted companies which offer the attraction of additional capital gains upon completion of a successful IPO. The Company will be a passive investor.

Because of the high risk nature of investment in companies engaged in drug discovery and development, the Company will restrict the amount invested in any one company to an amount not exceeding 10 per cent. of the Net Asset Value of the Company at the time of investment.

In order to ensure that it has some liquidity in order to release funds if needed for a given investment, the Company will invest a maximum of 40 per cent. of its Net Asset Value at the time of making its final unquoted investment in unquoted investments.

The Company aims to deliver capital growth by realising capital gains when it considers that the valuation of individual investments looks to be excessive or, as is often the case in this sector, as a result of trade sales.

The Directors expect that the Investing Policy can be substantially implemented within 18 months of Admission.

Assets and investments will be held by the Company directly or through the individual share custodians of the brokers used by the Company to acquire the shares.

Any material variation to the Investing Policy will require the approval of Shareholders at a general meeting of the Company in accordance with the AIM Rules for Companies.

### **4. Identification of Potential Investments**

Mr Mellon has spent the last three years researching the biopharmaceutical sector and has now partly based himself in San Francisco where many of the current technological developments are taking place. He has acquired a personal portfolio of investments in the sector. He is becoming well known in the US industry as an investor and is approached frequently about potential opportunities.

Mr Mellon evaluates opportunities in the sector in terms of the size of the potential market a product or drug seeks to address and the stage of clinical trials passed and hence arrives at a risk weighted assessment of future income streams from whichever product or drug is under development. Mr Mellon does, on



occasion, seek industry assistance on verifying the prospects for individual drugs when reaching his decision whether to invest personally. Mr Mellon will, where possible and only to the extent he deems necessary, conduct his own due diligence on potential investments. As part of his due diligence process he will generally but not always meet the management team of any given company before investing.

If Mr Mellon decides to invest personally in any given company he will, in his discretion and if the company in which he is investing permits, inform Port Erin of the general details of his investment.

## **5. Investment Process**

The Directors intend that Port Erin will, if and when afforded the option so to do, seek to invest in the same companies in the biotechnology and biopharmaceutical sector that Mr Mellon invests in and, where possible, on similar terms. The amount of each individual investment will be determined by Mr Winnifrith, the Company's Chief Investment Officer.

Under the terms of Mr Winnifrith's letter of appointment with the Company, the details of which are set out in paragraph 8.2 of Part IV of this document, Mr Winnifrith has agreed to act as Chief Investment Officer to the Company in order to implement the Investing Policy. In his capacity as Chief Investment Officer, Mr Winnifrith shall conduct a desktop based verification of the proposed investment rationale when provided by Mr Mellon.

The Company will appoint an advisory panel with industry experience in the biotechnology and biopharmaceutical sector. As at Admission, however, the Company will not have appointed an advisory panel or an investment manager. As part of his investment responsibilities, Mr Winnifrith will consult with the advisory panel as appropriate. If Mr Winnifrith is satisfied that the proposed investment is suitable for Port Erin, he shall give his endorsement and funds will be released for an investment.

If Mr Mellon has liquidated a holding where Port Erin has invested he will, when able to do so, inform Mr Winnifrith who will decide whether to liquidate the holding as well. The execution of all investment will be Mr Winnifrith's responsibility as overseen by the Board.

## **6. Directors**

The Board consists of the following Directors:

### ***James (Jim) Mellon – Non Executive Chairman (aged 54)***

Jim Mellon, based in the Isle of Man, is a renowned fund manager and entrepreneur. He began his career with GT Management in the US and in Hong Kong and later became the co-founder and managing director of Thornton Management (Asia) Limited based in Hong Kong and was a director of Tyndall Holdings plc. He is co-founder of Regent Pacific Group. He is currently chairman of Manx Financial Group Plc, Burnbrae Group Limited; co-chairman of Regent Pacific Group Ltd and Emerging Metals Limited; a director of Charlemagne Capital Ltd, Condor Resources plc, Polo Resources Limited, Speymill Plc, Speymill Deutsch Immobilien Company Plc, Webis Holdings plc; and various other investment companies. During the past two years, Mr Mellon has invested widely in the biopharma industry.

### ***Thomas (Tom) Winnifrith – Chief Investment Officer (aged 43)***

Tom Winnifrith is the founder and CEO of PLUS quoted Rivington Street Holdings Plc. He joined County NatWest WoodMac as a graduate trainee in 1990 and subsequently worked for The Investors Chronicle, the London Evening Standard, AFX News and UK-iNvest.com before setting up T1ps.com Limited in 2000. He also presented the TV programme Show Me The Money and was the founder editor of the Red Hot Penny Shares tipsheet. T1ps.com Limited evolved through acquisitions to become the Rivington Group. During the development of Rivington, Tom has led and managed the acquisitions within the Rivington portfolio including Bishopsgate Communications, Blue Curve Limited and Jovus Inc. Tom Winnifrith established the t1ps Investment Management operation as part of the Rivington Group in September 2007 and is the senior Fund Manager at t1ps Investment Management. He is an Alpha Rated fund manager according to Trustnet – the top 115 of 142 UK senior fund managers are Alpha rated according to the performance of the funds they manage. Over one year and three years he is, according to Trustnet, ranked second and fourth in the UK Alpha fund manager performance table.

### ***Nicholas (Nick) James Woolard – Non Executive Director (aged 52)***

Nick Woolard started his career with the international division of Barclays Bank and enjoyed thirty years with the company during which he saw service in three offshore financial services centres, as well as stints

in London's West End and the City. Latterly he helped to run the International Investments business in Douglas before deciding to concentrate on compliance. The next three years were spent as compliance officer for Fedelta Trust, one of the longest established fiduciary businesses in the Isle of Man. Nick's next move came shortly before Rivington Street Holdings redomiciled from London to the Isle of Man in June 2010. He played a key role in establishing various subsidiary companies and acted as a director of a number of these, including the highly rated fund management business, Tlps Investment Management (IOM) Limited, and the British Isles' cheapest online execution only stockbroker, JPJShare.com, for both of which he also acted as compliance officer. He has now left the Rivington Group and is a Non Executive director of The East African Oil & Energy Exploration Company Plc, Worship Street Investments Limited, Fast Bet Solutions PLC and St Hill IOM Limited.

## **7. Track Record**

While Mr Mellon has invested widely in the biotechnology and biopharmaceutical sector this has been in a personal capacity and not via a fund or investment company. Mr Winnifrith's track record as a manager of regulated Unit Trusts is in the public domain. Over both one year and three years he is ranked second and fourth in the UK Alpha fund manager performance table, according to Trustnet. However, he has not invested in biotech stocks. The Directors cannot therefore offer up a meaningful record of historic investment success via a listed vehicle or Unit Trust operating in the biotechnology and biopharmaceutical sector.

## **8. Reasons for Admission**

The Company is seeking Admission to AIM in order to take advantage of:

- the AIM market's public profile;
- a broad investor base;
- liquidity; and
- access to institutional and other investors.

## **9. Details of the Placing and use of Proceeds**

On Admission, the Company will have 33 million Ordinary Shares in issue and a market capitalisation of approximately £3.3 million at the Placing Price. The Placing comprises the issue of 30 million Placing Shares at the Placing Price and the grant of 30 million Warrants to subscribers of Placing Shares, raising £3 million before expenses. The Warrants will be granted on the basis of one Warrant for each Ordinary Share subscribed. The Warrants confer the right to the granted Warrant Holder to acquire new Ordinary Shares at 12.5p per Ordinary Share at any time within two years of the date of Admission at the option of the holder or at the option of the Company in the event that the Closing Price of the Ordinary Shares is more than 20p for five consecutive trading days. The Warrants will not be traded on AIM and no application will or has been made in this respect.

The Ordinary Shares being offered pursuant to the Placing will represent 90.9 per cent. of the Enlarged Share Capital. The Ordinary Shares being offered pursuant to the Placing will rank *pari passu* in all respects to the Existing Ordinary Shares. The Company and the Directors have entered into the Placing Agreement with Libertas and Rivington. The Placing has not been underwritten. Libertas and Rivington have conditionally agreed to use their reasonable endeavours to place the Placing Shares with institutional and other investors at the Placing Price. The Placing is conditional, *inter alia*, upon a minimum subscription of £3,000,000 being raised and Admission becoming effective on 15 September 2011 or such other date as agreed between the Company and Libertas but in any event no later than 30 September 2011. Further details of the Placing Agreement are set out in paragraph 10.1 of Part IV of this document.

The Company intends to use the net funds received from the Placing to make investments and to investigate and pursue potential investments, perform due diligence, contribute towards professional costs associated with an investment and fund the initial working capital requirements of the Company.

The Placing Shares are not being offered generally in the UK or elsewhere and no applications have or will be accepted other than under the terms of the Placing Agreement and the Placing Letters. The period within which placing participants may be accepted pursuant to the Placing and arrangements for the payment and holding of subscription moneys pending Admission are set out in the Placing Letters. It is expected that the proceeds of the Placing due to the Company will be received by it on or soon after Admission. The Placing is not being underwritten by Libertas or Rivington.

The Placing Shares will be issued in registered form. The register of members of the Company will be maintained by the Registrar. It is expected that, subject to the satisfaction of the conditions of the Placing, the Placing Shares will be registered in the names of the Placees subscribing for or acquiring them and issued or transferred either:

- in CREST, where the Placee so elects and only if the Placee is a “system member” (as defined in the CREST Regulations) in relation to CREST, with delivery (to the designated CREST account) of the Placing Shares subscribed for or purchased expected to take place on 15 September 2011; or
- otherwise, in certificated form, with the relevant share certificate expected to be despatched, by post at the risk of the Shareholder by 23 September 2011.

The Warrants will be issued in registered form and will not be transferable. It is expected that, subject to the satisfaction of the conditions of the Placing, the Warrants will be registered in the names of the Placees subscribing for or acquiring the Placing Shares and issued or transferred in certificated form, with the relevant warrant certificate expected to be despatched, by post at the risk of the Warrant Holder by 23 September 2011.

Notwithstanding the election by Placees as to the form of delivery of the Placing Shares, no temporary documents of title will be issued. All documents or remittances sent by or to Placees or as they may direct will be sent through the post at their risk.

## **10. Borrowings**

Whilst there is no formal limit on the Company’s borrowing powers, the Board does not intend to use borrowings to fund investments.

## **11. Lock-in arrangements**

Each of the Directors and Shareholders, whose interests in the Company amount to 10 per cent. of the Enlarged Share Capital, has undertaken to the Company and Libertas that, except in certain limited circumstances, they will not dispose of any legal or beneficial ownership of, or any other interest in, the Ordinary Shares held by them for a period of 12 months from the date of Admission and, for the following 12 months, that they will only dispose of their legal or beneficial ownership of, or any other interest in, the Ordinary Shares through the broker in such orderly manner as Libertas or the broker shall reasonably require with a view to maintaining an orderly market in the issued share capital of the Company.

Further details of the lock-in and orderly market agreement are set out in paragraph 10.5 of Part IV of this document.

## **12. Warrants**

On 9 September 2011, the Company adopted a Warrant instrument under which the Warrant Holder will be entitled to subscribe for one new Ordinary Share for every Placing Share. The Warrants may be exercised any time within two years of the date of Admission at the option of the holder or at the option of the Company in the event that the Closing Price of the Ordinary Shares is more than 20p for five consecutive trading days. The Warrants will not be admitted to trading on AIM.

The main provisions of the Warrant instrument are set out in paragraph 9 of Part IV of this document.

## **13. Financial Information**

An accountants report on the Company and financial information of the Company for the period from incorporation to 6 June 2011 is set out in Part III of this document. Since incorporation, the Company’s only activities have been in connection with its Investing Policy. Save as noted under ‘Investing Policy’ above or in the Risk Factors in Part II of the document, the Directors believe that there are no known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Company for at least the current financial year.

## **14. Corporate Governance**

The Directors acknowledge the importance of good corporate governance and although compliance with the Corporate Governance Code is not compulsory for companies registered in the Isle of Man and admitted to AIM, the Directors intend to apply the principles as far as practicable and appropriate for a company of its nature and size. It is the intention of the Directors to use their reasonable endeavours to ensure that the Company will comply with the QCA Corporate Governance Guidelines for Smaller Quoted

Companies. However, the Directors are also determined that administrative fees shall be kept to a minimum in order to ensure that the highest percentage of funds raised as possible is used for investment purposes.

The Company has appointed two non-executive directors, Mr Woolard and Mr Mellon, to the Board. The role of the non-executive directors includes monitoring the performance of the Company's executive directors and participating in the board decisions. Following Admission, the Directors intend to hold Board meetings four times a year and at other times as and when required. The Company intends to set up an audit committee with effect from Admission. Details of the committees are set out below:

#### ***Audit Committee***

The audit committee will be chaired by Mr Woolard and will also be comprised of Mr Winniffrith. The audit committee is responsible for providing formal and transparent arrangements for considering how to apply suitable financial reporting and internal control principles having regard to good corporate governance and for monitoring external audit functions including the cost-effectiveness, independence and objectivity of the Company's auditors.

#### ***Remuneration Committee***

There will be no remuneration committee as the executive director will not receive a salary. Mr Winniffrith's compensation is share based and strictly performance linked as described in paragraph 8.2 of Part IV of this document.

#### ***Share dealing code***

The Company has adopted and will operate a share dealing code for Directors and applicable employees in order to ensure compliance with Rule 21 of the AIM Rules for Companies and will take proper steps to ensure compliance by the Directors and those employees.

### **15. Dividend Policy**

The nature of the Company's proposed business means that it is unlikely that the Directors will recommend a dividend in the early years following Admission. The Directors believe the Company should seek to generate capital growth for its Shareholders but may recommend distributions at some future date when the investment portfolio matures and revenues are established and when it becomes commercially prudent to do so.

### **16. Admission, settlement, dealings and CREST**

Application has been made to the London Stock Exchange for the Company's issued and to be issued Ordinary Shares to be admitted to trading on AIM. It is expected that Admission will become effective, and that dealings on AIM in the Ordinary Shares will commence, on 15 September 2011. The Warrants will not be admitted to trading on AIM or any other exchange.

Application has been made to permit Ordinary Shares to be settled through CREST with effect from Admission. CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a physical certificate and transferred otherwise than by a written instrument. The Articles of Association permit the holding of Ordinary Shares in uncertificated form in the CREST system. CREST is a voluntary system and holders of Ordinary Shares who wish to receive and retain a share certificate will be entitled to do so.

Should Shareholders wish to hold Ordinary Shares in CREST, they will need to follow the requisite CREST procedures for the dematerialisation of their shareholding.

All the Ordinary Shares will be in registered form, CREST accounts will be credited with Placing Shares in uncertificated form on 15 September 2011 and (where appropriate) share certificates in respect of Placing Shares in certificated form and certificates for the Warrants will be despatched by post by no later than 23 September 2011. No temporary documents of title will be issued in connection with the Placing. Pending the despatch of definitive share certificates, instruments of transfer will be certified against the register of members of the Company.

### **17. UK Takeover Code**

The UK Takeover Code on Takeovers and Mergers is administered by the Panel on Takeovers and Mergers ("Panel"). The Company is a company to which the UK Takeover Code applies and its shareholders are accordingly entitled to the protections afforded by the UK Takeover Code.

The UK Takeover Code and the Panel operate principally to ensure that shareholders are treated fairly and are not denied an opportunity to decide on the merits of a takeover and that shareholders of the same class are afforded equivalent treatment by an offeror. The UK Takeover Code also provides an orderly framework within which takeovers are conducted. In addition, it is designed to promote, in conjunction with other regulatory regimes, the integrity of the UK's financial markets.

#### **18. Suitability**

The Ordinary Shares should only be marketed to and are typically only suitable as an investment for sophisticated investors with an understanding of the risks inherent in the Investing Policy and an ability potentially to accept the total loss of all capital in the Company.

#### **19. Valuation**

The Company will publish a quarterly statement of Net Asset Value per Ordinary Share. Private investments are valued at cost or the most recent funding round if that is different from cost. Companies whose shares are quoted or traded on a recognised stock exchange share will be valued on the basis of their mid market share price immediately prior to the publication of the quarterly statement. The quarterly statements of Net Asset Value will be prepared by the Chief Investment Officer for approval by the Board before publication. The Directors do not currently envisage that there are any circumstances in which valuations of investments may be suspended but, should this in fact occur, then an announcement of this event will be made.

#### **20. Taxation**

The attention of investors is drawn to the information regarding UK and Isle of Man taxation in relation to the Placing and Admission, set out in paragraph 13 of Part IV of this document. All information in this document in relation to taxation is intended only as a general guide to the current tax position for UK investors as at the date of this document and is not intended to constitute personal tax advice for any person. You are strongly advised to consult your own independent professional tax advisers regarding the tax consequences of purchasing and owning the Company's Ordinary Shares.

#### **21. Further information**

Your attention is drawn to the further information set out in Parts II to IV of this document which provides financial and additional information on the Company, and in particular to the Risk Factors relating to the Company and relating to any investment in Ordinary Shares set out in Part II of this document.



## PART II

### RISK FACTORS

**In addition to the other relevant information set out in this document, the following general and specific risk factors should be considered carefully in evaluating whether to make an investment in the Company.**

**The investment detailed in this document may not be suitable for all its recipients. Before making an investment decision, potential investors are advised to consult a professional adviser authorised under the FSMA 2000 who specialises in investments of the kind described in this document. A potential investor should consider carefully whether an investment in the Company is suitable for them in the light of their personal circumstances and the financial resources available to them.**

Potential investors should be aware that the value of shares can go down as well as up, and that an investment in a share which is to be traded on AIM is likely to be less realisable and to carry a higher degree of risk than an investment in a share quoted on the Official List of the United Kingdom Listing Authority.

The following factors should be considered carefully in evaluating whether to make an investment in the Company. The price at which investors may realise their Ordinary Shares will be influenced by a large number of factors, some specific to the Company and its proposed operations, and some which may affect the business sectors and geo-political territories in which the Company operates generally.

Prospective investors should be aware that an investment in Port Erin is speculative and involves a high degree of risk. In addition to the other information in this document, the Directors consider the following risk factors are of particular relevance to the Company's activities and to any investment in the Company. It should be noted that this list is not exhaustive and that other risk factors not presently known or currently deemed immaterial may apply. Any one or more of these risk factors could have a materially adverse impact on the value of the Company and its business prospects and should be taken into consideration when assessing the Company. In such circumstances, investors could lose all or part of the value of their investment. The risks are not presented in any order of priority.

Prospective investors should also consider carefully all of the information set out in this document and the risks attaching to the investment in the Company, including in particular, the risks described below, before making any investment decision.

#### **Risks Relating to the Company's Investing Policy**

##### ***Limited operating history***

The Company is a recently formed company that has no trading history and no financial track record. The Company has been pursuing its Investing Policy since incorporation but currently has no contracted investments or formally arranged financing facilities and its investments will only be made after the Placing is completed. As a result, there can be no assurance that the Company will be successful or that it will meet the objectives of its Investing Policy and prospective investors do not have financial or other information regarding investments to be made by the Company or information on the Company's future prospects to assist them in making their investment decision. There is, therefore, no basis on which to evaluate the Company's ability to achieve its business objective, implement its Investing Policy and provide a satisfactory investment return.

Any failure in achieving its Investing Policy or financing strategy or in managing its financial controls, reporting systems or procedures could have a material adverse effect on the Company's results of operations, financial condition and business prospects.

##### ***Identifying suitable targets***

The Company will be dependent upon the ability of the Directors to identify suitable investment opportunities and to implement the Company's Investment Policy. As at the date hereof, the Directors have not identified any investment opportunities which they have resolved to pursue. If the Directors do not identify opportunities that correspond to the Company's business strategy for creating value, then the Company may not be able to invest its cash in a manner which accomplishes its objectives. There is no guarantee that the Company will be able to acquire investments at an appropriate price, or at all. The Company will not be conducting its own due diligence until its Chairman has identified targets for him to

invest in personally and where possible offered the Company the opportunity to co-invest, as a consequence of which only limited resources will be expended on abortive investigative work and due diligence.

#### ***Change in investing policy***

The Company's Investing Policy may be modified and altered from time to time, so it is possible that the approaches adopted to achieve the Company's investment objectives in the future may be different from those presently expected to be used and disclosed in this document. Any material variation to the Investing Policy will require the approval of Shareholders at a general meeting of the Company.

#### ***Market conditions***

Market conditions may have a negative impact on the Company's ability to execute investments in suitable assets which generate acceptable returns. There is no guarantee that the Company will be successful in sourcing suitable assets or make any investments in the biopharmaceutical sector at all.

Until such time as all of the net proceeds of the Placing are applied by the Company to fund investments, the unapplied portion of the net proceeds will be held by the Company in an interest bearing deposit account in anticipation of future investment and to meet the running costs of the Company. Such deposits are likely to yield low interest rates and lower returns than the expected returns from an investment. The Company can give no assurance as to how long it will take it to invest any or all of the net proceeds of the Placing, if at all, and the longer the period the greater the likely impact on the Company's performance, financial condition and business prospects.

#### ***Costs associated with potential investments***

The Company expects to incur minimal third party costs associated with the sourcing of suitable assets since its chairman will be sourcing all investments for no fee. However, the Company can give no assurance as to the level of costs associated with external due diligence.

#### ***Ownership risks***

Under the Company's Investing Policy, the Company does not intend to operate joint ventures, to take majority stakes or buy entire companies. Its intention is to develop a portfolio of investments in quoted and unquoted biopharma businesses.

As a minority investor in a particular company the remaining ownership interest will be held by third parties and the subsequent management and control of such an asset or entity may entail risks associated with multiple owners and decision-makers. Any such investment also involves the risk that third party owners might become insolvent or fail to fund their share of any capital contribution which might be required. In addition, such third parties may have economic or other interests which are inconsistent with the Company's interests, or they may obstruct the Company's plans, or they may propose alternative plans. If such third parties are in a position to take or influence actions contrary to the Company's interests and plans, this may affect the ability of the Company to implement its strategies.

#### ***Due diligence process***

The Company intends to conduct such due diligence as it deems reasonably practicable and appropriate, based on the facts and circumstances applicable to each potential target, before making an investment. The objective of the due diligence process will be to identify material issues which might affect an investment decision. When conducting due diligence and making an assessment regarding an investment, the Company will be required to rely on resources available to it, including, in the main, public information and, in some circumstances, third party investigations. As a result, there can be no assurance that the due diligence undertaken with respect to any potential investment will reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment. Further, there can be no assurance as to the adequacy or accuracy of information provided during any due diligence exercise or that such information will be accurate and/or remain accurate in the period from conclusion of the due diligence exercise until the desired investment has been made. Due diligence may also be insufficient to reveal all of the past and future liabilities relating to the operations and activities of the target, including but not limited to liabilities relating to litigation, breach of environmental regulations or laws, governmental fines or penalties, pension deficits or contractual liabilities.

### ***Valuation error***

The Company may miscalculate the realisable value of an investment. A lack of reliable information, errors in assumptions or forecasts and/or inability to successfully implement an investment, among other factors, could all result in the investment having a lower realisable value than anticipated. If the Company is not able to realise an investment at its anticipated levels of profitability, projected investment returns could be adversely affected.

### ***Investor profile***

The Placing Shares will be marketed to institutional and sophisticated investors seeking capital appreciation. An investment in the Ordinary Shares is only suitable for investors who are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses which may arise from that investment (taking into account the fact that those losses may be equal to the whole amount invested). Such an investment should be seen as medium to long term in nature and complementary to existing investments in a range of other financial assets and should not form a major part of an investment portfolio. The value of shares can go down as well as up, any dividend returns can fluctuate widely and investors may not realise the value of their initial investment.

### ***Reliance on key personnel***

The success of the Company will be dependent on the services of its Chairman and Chief Investment Officer. If the Company loses the services of any of its key personnel, its business could be materially and adversely affected.

### **Risks Relating to the Biopharmaceutical Industry**

The Company's proposed investments will be subject to the normal risks of biopharmaceutical companies, and such profits as may be derived from such activities are subject to numerous factors beyond the Company's control. Certain of these risk factors are discussed below.

#### ***Drug development success is not guaranteed***

Most drugs under development fail to reach market as a result of clinical trial failure. Such failures can materially affect the value of the company developing that product. As such shares in companies in this sector can move rapidly in both directions.

#### ***Pre revenue companies face funding risk***

There is no guarantee that companies which are not generating sales can continue to secure funding until sales are generated if, indeed, they ever are. As such investors in stocks in this industry face the risk of severe dilution or indeed complete corporate failure.

#### ***Patent challenges***

All intellectual property should be secured by patent protection. However, there remains a risk that an individual patent may be challenged in court which can be a costly process which may affect the underlying economics of an individual investment.

### **Risks Relating to the Ordinary Shares**

#### ***Liquidity of Ordinary Shares***

Notwithstanding the fact that an application will be made for the Ordinary Shares to be traded on AIM, this should not be taken as implying that there will be a "liquid" market in the Ordinary Shares. The market for shares in smaller public companies is less liquid than for larger public companies. Therefore, an investment in the Ordinary Shares may thus be difficult to realise. The Ordinary Shares will not be listed on the Official List. Investments in shares traded on AIM carry a higher degree of risk than investments in shares quoted on the Official List. The price of the Ordinary Shares may be volatile, influenced by many factors, some of which are beyond the control of the Company, including the performance of the overall share market, other Shareholders buying or selling large numbers of Ordinary Shares, changes in legislation or regulations and general economic conditions.



### ***Investment risk***

The value of an investment in the Company could, for a number of reasons, go up or down. There is also the possibility that the market value of an investment in the Company may not reflect the true underlying value of the Company.

### **General Risks**

#### ***Financing***

Implementation of the Company's Investing Policy will require very significant capital investment. The only sources of financing currently available to the Company are through the issue of additional equity capital. The Company's ability to raise further funds will depend on the success of existing and acquired investments. The Company may not be successful in procuring the requisite funds on terms which are acceptable to it (or at all) and, if such funding is unavailable, the Company may be required to reduce the scope of its investments or anticipated expansion. Further, Shareholders' holdings of Ordinary Shares may be materially diluted as a result.

#### ***Political and economic risks***

It is possible that some of the Company's investments will be located outside the UK and the US and some of the jurisdictions that may come under consideration may be in areas of political instability; accordingly, there are a number of risks over which it will have little or no control. Whilst the Company will make every effort to ensure it has robust commercial agreements covering its activities, there is a risk that the Company's investments will be adversely impacted by economic and political factors such as the imposition of additional taxes and charges, cancellation or suspension of licences, expropriation, war, terrorism, insurrection and changes to laws governing the pharmaceutical industry. There is also the possibility that the terms of any licence held by any entity in which the Company has invested may be changed.

#### ***Insurance risks***

The Company currently does not maintain any insurance other than directors' and officers' liability insurance which the Company is seeking to put in place.

#### ***Currency risk***

The Company will report its results in pounds sterling, whilst a majority of its costs and revenues may be denominated in US dollars and other currencies. This may result in additions to the Company's reported costs or reductions in the Company's reported revenues.

#### ***Legal systems***

Some of the countries in which the companies in which the Company may invest in could have legal systems that are less well developed than the UK and/or the Isle of Man. This could result in risks such as: (i) potential difficulties in obtaining effective legal redress in the courts of such jurisdictions, whether in respect of a breach of law or regulation, or in an ownership dispute; (ii) a higher degree of discretion on the part of governmental authorities; (iii) the lack of judicial or administrative guidance on interpreting applicable rules and regulations; (iv) inconsistencies or conflicts between and within various laws, regulations, decrees, orders and resolutions; and (v) relative inexperience of the judiciary and courts in such matters. In certain jurisdictions the commitment of local business people, government officials and agencies and the judicial system to abide by legal requirements and negotiated agreements may be more uncertain, creating particular concerns with respect to licences and agreements for business. These may be susceptible to revision or cancellation and legal redress may be uncertain or delayed. There can be no assurance that joint ventures, licences, licence applications or other legal arrangements will not be adversely affected by the actions of government authorities or others and the effectiveness of and enforcement of such arrangements in these jurisdictions cannot be assured.

There can be no assurances that financial conditions in the global financial markets will not worsen or adversely affect the Company's then prevailing financial position and performance or, indeed, those of its investments.

#### ***Taxation risk***

Any change in the Company's tax status or the tax applicable to holding Ordinary Shares or in taxation legislation or its interpretation, could affect the value of the Company's Ordinary Shares or the

investments held by the Company, affect the Company's ability to provide returns to Shareholders and/or alter the post tax returns to Shareholders. Statements in this document concerning the taxation of the Company and its investors are based upon tax law and practice at the date of this document, which is subject to change.

The US Foreign Account Tax Compliance Act (FATCA) is due to come into force on 1 January 2013. The FATCA legislation is complex and the final regulations have not yet been published. However, at this stage, it would appear that the Company would be classified as a Foreign Financial Institution (FFI) and as such come within the scope of the Act. Under the Act, 30 per cent. US withholding tax is applied on any withholdable payment (including, *inter alia*, gross sale proceeds on disposal of US equities) made to an FFI unless the FFI agrees to comply with the requirements of the Act. Until the FATCA regulations are finalised it will not be possible to exactly determine the impact of the Act on the Company; however, at this stage, there can be no certainty that the administrative requirements will not be so burdensome as to effectively prevent the Company from complying and as such there is a real risk that the 30 per cent. withholding tax will apply to all withholdable payments made to the Company when the Act comes into force.

#### ***Force majeure***

The Company's proposed investments now or in the future may be adversely affected by risks outside the control of the Company including labour unrest, civil disorder, war, subversive activities or sabotage, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.

**PART III**  
**FINANCIAL INFORMATION**

**SECTION A**  
**ACCOUNTANTS' REPORT ON PORT ERIN BIOPHARMA INVESTMENTS LIMITED**

The Directors  
Port Erin Biopharma Investments Limited  
18 Athol Street  
Douglas  
Isle of Man  
IM1 1JA

Date: 9 September 2011

Dear Sirs

**Port Erin Biopharma Investments Limited (the 'Company')**

We report on the financial information set out on pages 19 to 25. This financial information has been prepared for inclusion in the AIM Admission Document dated 9 September 2011 of Port Erin Biopharma Investments Limited on the basis of the accounting policies set out in note 2. This report is required by paragraph (a) of Schedule Two of the Aim Rules for Companies and is given for the purpose of complying with that paragraph and for no other purpose.

**Responsibilities**

The Directors of the Company are responsible for preparing the financial information on the basis of preparation set out in note 2 and in accordance with International Financial Reporting Standards.

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

Save for any responsibility arising under paragraph (a) of Schedule Two of the AIM Rules for Companies to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Schedule Two of the AIM Rules for Companies, consenting to its inclusion in the AIM Admission Document.

**Basis of opinion**

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

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

**Opinion**

In our opinion, the financial information gives, for the purposes of the AIM Admission Document dated 9 September, a true and fair view of the state of affairs of Port Erin Biopharma Investments Limited as at the dates stated and of its losses, cash flows and changes in equity for the periods then ended in accordance with the basis of preparation set out in note 2 and in accordance with International Financial Reporting Standards as described in note 2.

**Declaration**

For the purposes of paragraph (a) of Schedule Two of the Aim Rules for Companies we are responsible for this report as part of the AIM Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the AIM Admission Document in compliance with Schedule Two of the AIM Rules for Companies.

Yours faithfully

**KPMG Audit LLC**

**SECTION B**  
**FINANCIAL INFORMATION ON PORT ERIN BIOPHARMA INVESTMENTS LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME**

*Period ended 6 June 2011*

	Note	£
<b>Turnover</b>		—
Cost of sales		—
Gross profit		—
Other administrative expenses	3	(1,195)
<b>Operating Loss</b>		(1,195)
Finance income (net)		—
<b>Loss on Ordinary Activities before Taxation</b>		(1,195)
Tax		—
<b>Loss for the Financial Period after Taxation</b>		(1,195)
Other comprehensive income		—
<b>Total Comprehensive Loss for the Period</b>		(1,195)

**STATEMENT OF FINANCIAL POSITION**

*As at 6 June 2011*

	Note	2011 £
<b>Current Assets</b>		
Receivables	4	1,000
Cash at bank and in hand		—
<b>Total Assets</b>		1,000
<b>Equity and Reserves</b>		
Share capital	6	3
Share premium	6	997
Retained deficit		(1,195)
<b>Deficit Attributable to Owners of the Company</b>		(195)
<b>Current Liabilities</b>		
Payables	5	1,195
<b>Total Liabilities</b>		1,195
<b>Total Equity and Liabilities</b>		1,000

The financial statements of Port Erin Biopharma Investments Limited were approved by the Directors on 9 September 2011.

*Director*

The notes on pages 23 to 25 form part of these financial statements.

## STATEMENT OF CHANGES IN EQUITY

*As at 6 June 2011*

	Note	Share capital £	Share premium £	Retained deficit £	Total £
Date of incorporation (3 May 2011)		—	—	—	—
<b>Transactions with shareholders</b>					
Shares issued	6	3	997	—	1,000
Total comprehensive loss for the period		—	—	(1,195)	(1,195)
Balance at 6 June 2011		<u>3</u>	<u>997</u>	<u>(1,195)</u>	<u>(195)</u>

## STATEMENT OF CASH FLOW

*Period ended 6 June 2011*

	£
<b>Cashflow from operating activities:</b>	
Loss before tax	(1,195)
<i>Adjusted for movements in working capital:</i>	
Increase in debtors	(1,000)
Increase in creditors	<u>1,195</u>
<b>Net cash utilised by operating activities</b>	<u>(1,000)</u>
<b>Net cash from investing activities</b>	—
<b>Net cash from financing activities:</b>	
Issue of shares	<u>1,000</u>
<b>Increase in cash and cash equivalents</b>	<u>—</u>
Cash and cash equivalents at beginning of period	<u>—</u>
<b>Cash and cash equivalents at end of period</b>	<u>—</u>

The notes on pages 23 to 25 form part of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

*Period Ended 6 June 2011*

### 1. General Information

Port Erin Biopharma Investments Limited (the “Company”) was incorporated with limited liability in the Isle of Man on 3 May 2011 under the Isle of Man Companies Act 2006.

### 2. Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

#### (a) *Statement of compliance*

The financial statements are prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”).

#### (b) *Basis of preparation*

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities held at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Management believes that the estimates utilised in preparing its financial statements are reasonable and prudent. Actual results could differ from these estimates.

#### (c) *Going concern*

The Company is dependent on raising additional capital to support its business plan and to cover its operating costs. Unless that capital is raised the Company is not a going concern.

#### (d) *Financial instruments*

##### (i) *Classification*

The Company classifies its investments in equity securities as financial assets at fair value through profit or loss. These financial assets are classified as held for trading or designated at fair value through profit or loss at inception.

Financial assets held for trading are acquired or incurred principally for the purpose of selling in the short term.

Financial assets designated at fair value through profit or loss at inception are those that are managed and their performance evaluated on a fair value basis in accordance with the Company’s documented investment strategy.

Financial assets that are classified as loans and receivables include amounts due from brokers, other receivables and cash and cash equivalents.

##### (ii) *Recognition/derecognition*

Purchases and sales of investments are recognised on their trade date, which is the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value and transaction costs for such investments are expensed as incurred. Investments are derecognised when the rights to receive cash flows from the investments have expired or the Company has transferred substantially all risks and rewards of ownership.

##### (iii) *Measurement*

Subsequent to initial recognition, all financial assets and financial liabilities are measured at fair value through profit or loss. Gains and losses arising from changes in the fair value of the ‘financial assets or financial liabilities at fair value through profit or loss’ category are included in the Statement of Comprehensive Income in the period in which they arise. Interest income from financial assets at fair value through profit or loss is recognised in the Statement of Comprehensive Income within interest income using the effective interest rate method. Dividend income from financial assets at fair value through profit or loss is recognised in the Statement of Comprehensive Income when the Company’s right to receive payment is established.

(iv) *Fair value measurement principles*

The fair value of financial instruments is based on their quoted market prices at the Statement of Financial Position date on a recognised exchange or in the case of non-exchange traded instruments, sourced from a reputable counterparty, without any deduction for estimated future selling costs. Financial assets are priced at their current bid prices, while financial liabilities are priced at their current offer prices.

Company assets may, at any time include securities and other financial instruments or obligations that are thinly traded or for which no market exists and/or which are restricted as to their transferability under securities laws.

If a quoted market price is not available on a recognised stock exchange, or a market is not sufficiently active for the market price to be considered reliable or if a price is not available from a reputable counterparty, the fair value of the financial instruments may be estimated by the Directors using valuation techniques, including use of recent arm's length market transactions, reference to the current fair value of another instrument that is substantially the same, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

(e) *Cash and cash equivalents*

Cash comprises cash on hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investments or other purposes.

(f) *Foreign currency translation*

(i) *Functional and presentation currency*

The measurement and the presentation currency of the Company is the GBP Sterling. The Board of Directors considers GBP the currency that most faithfully reflects the economic effect of the underlying transaction, events and conditions for the Company.

(ii) *Foreign currency transactions*

Monetary assets and liabilities denominated in currencies other than GBP are translated into GBP at the closing rates of exchange at each year end. Transactions during the year, including purchases and sales of securities, income and expenses, are translated at the rate of exchange prevailing on the date of the transaction.

Foreign currency exchange differences arising on translation and realised gains and losses on disposals or settlements of monetary assets and liabilities are recognised in the profit or loss. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to GBP at the foreign currency exchange rates ruling at the dates that the values were determined.

(g) *Investment income and expense*

Interest income and interest expense are recognised on an accruals basis in line with the contractual terms, using the effective interest rate method. Interest is accrued on a daily basis.

(h) *Expenses*

All expenses, including management fees and performance fees, are recognised in profit or loss on an accruals basis.

(i) *Dividend income*

Dividends are credited to the profit or loss on the dates on which the relevant securities are listed as "ex-dividend". Income is shown gross of any non-recoverable withholding taxes, which is disclosed separately in the Statement of Comprehensive Income, and net of any tax credits.

(j) *Taxation*

The Company is subject to tax at a rate of 0 per cent. in the Isle of Man.



### 3. Operating Loss

Operating loss is stated after charging:

	2011 £
Auditors' remuneration for audit services	1,000
Directors' fees	—
	<hr/>

### 4. Debtors

	2011 £
Amounts due from shareholders	1,000
Prepayments and accrued income	—
	<hr/>
	1,000
	<hr/>

### 5. Creditors: Amounts falling due within one year

	2011 £
Other creditors	195
Accruals and deferred income	1,000
	<hr/>
	1,195
	<hr/>

### 6. Share Capital

	Number	£
<b>Authorised</b>		
Ordinary shares of £0.000001 each	2,000,000,000	2,000
	<hr/>	<hr/>
Called up, allotted and issued		
Ordinary shares of £0.000001 each	3,000,000	3
	<hr/>	<hr/>

On incorporation 3 ordinary shares of an authorised 2,000 ordinary shares with a par value of £1 each were issued at a premium of £332.33 each.

Subsequent to this, on 9 May 2011, the authorised and ordinary shares of the company were sub-divided by 1,000,000 resulting in there being 3,000,000 ordinary shares in issue of an authorised 2,000,000,000, with a par value of £0.000001 per ordinary share.

## PART IV

### ADDITIONAL INFORMATION

#### 1. Responsibility

The Company, together with the Directors, whose names and functions appear on page 4 of this document, accept responsibility for the information contained in this document. To the best of the knowledge of the Directors and the Company (having taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and contains no omission likely to affect its import.

#### 2. The Company

- 2.1 The Company was incorporated in the Isle of Man on the 3 May 2011 with registration number 006874V under the name Port Erin Biopharma Investments Limited. The Company is domiciled in the Isle of Man.
- 2.2 The Company was incorporated and operates under the Companies Act 2006 as a company limited by shares.
- 2.3 The liability of the members of the Company is limited.
- 2.4 The registered office and principal place of business of the Company is at 18 Athol Street, Douglas, Isle of Man, IM1 1JA. The telephone number of the Company's principal place of business is 01624 620 711.
- 2.5 The Company currently has no subsidiary undertakings, owns no shares in any other undertakings and is not part of any group.
- 2.6 The address of the Company's corporate website on which the information required by Rule 26 of the AIM rules for companies can be found is [www.porterinbiopharma.com](http://www.porterinbiopharma.com).
- 2.7 The Company has no administrative, management or supervisory bodies other than the Board of Directors and the audit committee; all of whose members are Directors.

#### 3. Share Capital

- 3.1 The Company's authorised and issued share capital, at the date of this document and as it is expected to be immediately following Admission, is set out below:

##### *At the date of this document*

	Maximum Authorised Share Capital	Amount (£)	Issued and fully paid Share Capital	Amount (£)
Ordinary Shares	2,000,000,000	2,000	3,000,000	3

##### *Following Admission*

	Maximum Authorised Share Capital	Amount (£)	Issued and fully paid Share Capital	Amount (£)
Ordinary Shares	2,000,000,000	2,000	33,000,000	33

- 3.2 On incorporation the share capital of the Company was £2,000 divided into 2,000 ordinary shares of £1 each.
- 3.3 Subject to the Companies Act 2006, the Articles and Memorandum of Association of the Company which include pre-emption rights as set out in paragraph 4 below, the Shares may be issued and options to acquire Shares may be granted at such times, to such persons, for such consideration and on such terms as the Directors may determine.
- 3.4 On 4 May 2011, 3 ordinary shares were issued at par as follows:
  - 3.4.1 Galloway Limited 1 ordinary share of £1 each
  - 3.4.2 Rivington Street Ventures Limited 1 ordinary share of £1 each
  - 3.4.3 SF t1ps Smaller Companies Growth Fund 1 ordinary share of £1 each

- 3.5 On 8 May 2011, Galloway transferred 1 ordinary share of £1.00 to Shellbay Investments Limited.
- 3.6 On 9 May 2011, pursuant to a Directors' resolution, the share capital was divided into 2,000,000,000 ordinary shares of 0.0001p each.
- 3.7 On 8 September 2011, pursuant to a resolution of the Company, the Directors were authorised to allot and issue a total of 40,000,000 Ordinary Shares for cash, as if the rights of pre-emption set out in Article 12.9 of the Articles of Association did not apply to the allotment and issue of such Ordinary Shares.
- 3.8 There are no shares in the Company which are held by, or on behalf of, the Company.
- 3.9 Save as disclosed herein:
- (a) no share or loan capital of the Company has been issued or is (otherwise pursuant to the Placing) proposed to be issued;
  - (b) there are currently no outstanding convertible securities, exchangeable securities or securities with warrants issued by the Company;
  - (c) there are no shares in the Company not representing capital;
  - (d) there are no shares in the Company held by or on behalf of the Company itself;
  - (e) there are no acquisition rights and/or obligations over authorised but unissued share capital of the Company and the Company has made no undertaking to increase its share capital;
  - (f) no person has any preferential or subscription rights for any share capital of the Company; and
  - (g) no share or loan capital of the Company is under option or agreed conditionally or unconditionally to be put under option.

#### **4. Memorandum and Articles of Association**

- 4.1 The Company, being incorporated under the Companies Act 2006, has unlimited capacity to carry on or undertake any business or activity, to do, or to be subject to, any act or to enter into any transaction.
- 4.2 The Articles contain provisions, *inter alia*, to the following effect:

##### ***Board procedures:***

###### *Constitution of board of directors*

The minimum number of directors (other than alternate directors) shall be one and there shall be no maximum.

###### *Interests of directors*

If a director is aware that he is interested in a transaction entered into or to be entered into by the Company, he shall disclose that interest to the Board.

Provided he has made a disclosure of his interest to the Board in accordance with the Articles and the Companies Act 2006, a director who is interested in a transaction entered into or to be entered into by the Company may vote, attend meetings and be included in the quorum, or execute documents on any matter relating to the transaction. Such a director may also be a party to any transaction or may be a director or other officer of, or employed by, any body corporate promoted by the Company or in which the Company is otherwise interested. A director shall not be accountable to the Company for any benefit derived from any such office or employment or from any such transaction or arrangement or from any interest in any such body corporate.

###### *Appointment and retirement of directors*

A director shall hold office for the term, if any, fixed by the Shareholders or the directors appointing such person, or until such person's earlier death, resignation or removal or until such person is no longer permitted to act as a director under section 93 of the Companies Act 2006. If no term is fixed on the appointment of a director, the director shall serve indefinitely until such person's earlier death, resignation or removal or until such person is no longer permitted to act as a Director under section 93 of the Companies Act 2006.

A director may be removed from office by a resolution of the Shareholders or the directors passed in accordance with the Articles. A director may resign his office by giving written notice of resignation.

#### *Remuneration of directors*

The directors may fix the fees for their services and arrange for payment of expenses incurred in the discharge of their duties to the Company.

#### *Borrowing powers*

The directors may exercise all the powers of the Company to incur indebtedness, liabilities or obligations and to secure indebtedness, liabilities or obligations whether of the Company or of any third party.

#### *Issue of Shares*

Subject to the Companies Act 2006, the Memorandum and to the provisions of the Articles, which include pre-emption rights as set out in this paragraph 4, the shares may be issued and options to acquire shares may be granted at such times, to such persons, for such consideration and on such terms as the Directors may determine. The Company may issue fractional shares, which shall have corresponding fractional rights obligations and liabilities of a whole share of the same class, bonus shares, nil shares or partly paid shares.

#### *Rights attaching to the Ordinary Shares*

Each Shareholder has the right to receive written notices of and to attend and to vote at a general meeting of a company. On a show of hands, every shareholder present in person or by representative (in the case of a corporate member) or by proxy shall have one vote; and on a poll, every member who is present in person or by representative (in the case of a corporate member) or by proxy shall have one vote for every share of which he is holder.

Each Shareholder has the right to an equal share in any dividend paid by the company and the right to an equal share in the distribution of the surplus assets of the company on its winding up.

#### *Redemption Rights*

Subject to the Companies Act 2006 and the Articles, the Company may purchase, redeem or otherwise acquire its own Shares provided that the Company continues to have at least one Shareholder at all times. Unless Shares are expressed to be redeemable, the Company may only purchase, redeem or otherwise acquire them pursuant to: (1) an offer to all Shareholders which, if accepted, would leave the relative rights of the Shareholders unaffected and which affords each Shareholder a period of not less than 14 days within which to accept the offer; or (2) an offer to one or more Shareholders in respect of which the Directors have passed a resolution stating that in their opinion the transaction benefits the remaining Shareholders and the terms of the offer are fair and reasonable to the Company and the remaining Shareholders. Shares that the Company purchases, redeems or otherwise acquires shall be cancelled.

#### *Rights, preferences and restrictions attaching to other class of shares*

At the date of this document, all Ordinary Shares are of the same class and rank equally in all respects. At the date of this admission document all Ordinary Shares the Company are subject to the same restrictions and rights.

#### *Procedure required to change rights attaching to the Ordinary Shares*

Subject to the Companies Act 2006, the special rights attached to any class of shares issued may be altered or abrogated by a resolution passed at a separate general meeting by a majority of 75 per cent. of the holders of the issued shares of that class.

#### *Annual General Meetings and Extraordinary General Meetings*

An annual general meeting and a general meeting called by the Directors shall be called on at least 14 clear days' notice. A Shareholder may be represented at a meeting of Shareholders or a class of Shareholders by a proxy who may speak and vote on behalf of the Shareholder. The instrument

appointing a proxy shall be produced at the place designated for the meeting before the time for holding the meeting at which the person named in such instrument proposes to vote.

#### *Alternation to the Company's share capital*

The Directors may alter the Company's share capital comprising Ordinary Shares with par value in any way and, in particular but without prejudice to the generality of the foregoing, may consolidate and divide all or any such shares into shares of a larger amount, redenominate all or any such shares as shares with a par value denominated in another currency on such basis as the Directors see fit or sub-divide all or any such shares into shares of smaller amount. The Company may, by a resolution of the Directors, reduce its share capital in any way provided that the Directors are satisfied, on reasonable grounds, that the Company will, immediately after such reduction, satisfy the Solvency Test (as defined in section 49 of the Companies Act 2006).

#### *Pre-emption Rights*

Subject as indicated in the sub-paragraph below, and unless the Company shall by resolution otherwise direct, unissued shares in the capital of the Company shall only be allotted for cash in accordance with the provisions:

- (i) all shares to be allotted (the "offer shares") shall first be offered to the members of the Company who the Directors determine can be offered such shares without the Company incurring securities offering compliance costs which, in the opinion of the Directors, would be burdensome given the number of members in the relevant jurisdiction in relation to which such compliance costs would be incurred (the "relevant members");
- (ii) the offer to relevant members set out in the paragraph immediately above (the "offer") shall be made in proportion to the existing holdings of shares of relevant members;
- (iii) the offer shall be made by written notice (the "offer notice") from the Directors specifying the number and price of the offer shares and shall invite each relevant member to state in writing within a period, not being less than 14 days, whether they are willing to accept any offer shares and, if so, the maximum number of offer shares they are willing to take;
- (iv) at the expiration of the time specified for acceptance in the offer notice the Directors shall allocate the offer shares to or amongst the relevant members who shall have notified to the Directors of their willingness to take any of the offer shares but so that no relevant member shall be obliged to take more than the maximum number of shares notified by him under the paragraph immediately above; and
- (v) if any offer shares remain unallocated after the offer, the Directors shall be entitled to allot, grant options over or otherwise dispose of those shares to such persons on such terms and in such manner as they think fit save that those shares shall not be disposed of on terms which are more favourable to their subscribers than the terms on which they were offered to the relevant members.

The provisions of the sub-paragraph above shall not, for the avoidance of doubt, apply to the allotment any shares for a consideration other than cash, and, accordingly, the directors may allot or otherwise dispose of any unissued shares in the capital of the Company for a consideration other than cash to such persons at such times and generally on such terms as they may think fit.

#### *Dividends*

Subject to the Companies Act 2006 and the Articles, the Company may, by a resolution of the directors, declare and pay a distribution by way of dividend in money, shares or other property at such time and of such amount as the directors think fit if the directors are satisfied, on reasonable grounds, that the Company will, immediately after the payment of the dividend, satisfy the solvency test (as defined in section 49 of the Companies Act 2006).

#### *Transfer provisions attaching to the Ordinary Shares*

Shares may be transferred by a written instrument of transfer signed by or on behalf of the transferor and containing the name and address of the transferee. The instrument of transfer shall also be signed by or on behalf of the transferee if registration as a holder of the Share imposes a liability to the Company on the transferee. The instrument of transfer must be sent for registration

on behalf of the Company to the registered agent of the Company or such other person as the Directors may from time to time appoint.

The Directors may, in their absolute discretion and without assigning any reason, refuse or delay the registration of a transfer of a share, whether or not it is a fully paid share. Where the Directors refuse or delay the registration of a transfer of a share, the Company shall, as soon as practicable, send the transferor and the transferee notice of the refusal or delay.

The transfer of a share is effective when the name of the transferee is entered on the register of members.

#### *Disclosure of substantial interests in shares*

Every person who is to his knowledge interested in the voting rights of 3 per cent. or more of the issued shares of any relevant class of shares in the capital of the Company, shall without delay, give to the Company notice in writing of the following information:

- (i) the amount of shares of the relevant class in which he was to his knowledge directly or indirectly interested immediately after the obligation arose and the percentage of voting rights in the Company held through those shares (and/or any other direct or indirect holding of qualifying financial instruments in such shares); and
- (ii) the following information: (a) the identity and address of each registered holder of those shares (and person(s) entitled to exercise voting rights on behalf of such registered holder, if applicable) and the amount of shares then held by each such holder; (b) the chain of controlled undertakings through which voting rights are effectively held, if applicable; (c) the date on which the threshold was reached or crossed; and (d) in respect of any notification of voting rights arising from the holding of qualifying financial instruments by that shareholder, the following shall be required:
  - (A) the resulting situation in terms of voting rights;
  - (B) if applicable, the chain of controlled undertakings through which qualifying financial instruments are effectively held;
  - (C) the date on which the threshold was reached or crossed;
  - (D) for qualifying financial instruments with an exercise period, an indication of the date or time period where shares will or can be acquired, if applicable;
  - (E) the date of maturity or expiration of the qualifying financial instrument;
  - (F) the identity of the holder; and
  - (G) the name of the underlying issuer of such qualifying financial instrument.

#### *Suspension of Rights*

The Board may at any time serve a notice ("Information Notice") upon a member requiring a member to disclose to the Board in writing within such period (being not less than 10 days and not more than 30 days from the date of dispatch of the Information Notice) as may be specified in the Information Notice, information relating to any beneficial interest of any third party or any other interest of an kind whatsoever which a third party may have in relation to any or all of the shares registered in the member's name. If a member has been issued with an Information Notice and has failed in relation to any shares the subject of the Information Notice ("relevant shares") to furnish any information required by such notice within the time period specified therein, then the Board may at any time following fourteen days from the expiry of the date on which the information required to be furnished pursuant to the relevant Information Notice is due to be received by the Board, serve on the relevant holder a notice (in this paragraph called a "disenfranchisement notice") whereupon the following sanctions shall apply:

##### *(A) Voting*

The member shall not with effect from the service of the disenfranchisement notice be entitled in respect of the relevant shares to be present or to vote (either in person or by representative or proxy) at any general meeting of the Company or at any separate meeting of the holders of any class of shares of the Company or on any poll or to exercise any other right conferred by membership in relation to any such meeting or poll; and



(B) *Dividends and transfers*

where the relevant shares represent at least 0.25 per cent. in par value of their class:

- (i) any dividend or other money payable in respect of the relevant shares shall be withheld by the Company, which shall not have any obligation to pay interest on it; and
- (ii) subject in the case of uncertificated shares to the Uncertificated Regulations no transfer, other than an approved transfer, of any relevant shares held by the member shall be registered unless the member is not himself in default as regards supplying the information required pursuant to the relevant Information Notice and the member proves to the satisfaction of the Board that no person in default as regards supplying such information is interested in any of the shares the subject of the transfer.

*Takeovers*

Under Section 983 of the UK Companies Act 2006, when a bidder for a company has acceptances for nine-tenths of the shares in the company, he must notify the dissentients who have not accepted his offer. The dissentients are then given a right to require the bidder to acquire their shares. Isle of Man law has no equivalent provisions conferring on the minority a right to have their shares acquired by the bidder in a takeover of the company. Isle of Man law does, however, contain similar provisions to those found in Sections 979 and 980 of the English Companies Act 2006, which permit the bidder, upon obtaining acceptances for nine-tenths of the shares in the company, to compulsorily acquire the shares of the dissentient minority.

**5. Directors' interests in the Company**

- 5.1 As at the date of this document and as expected to be immediately following Admission, the holdings (legal or beneficial, and whether direct or indirect) of the Directors and their families (as such term is defined in the AIM Rules for Companies) in the share capital of the Company are as follows:

Name	Number of Existing Ordinary Shares	Percentage of Existing Ordinary Shares	Number of Ordinary Shares following the Placing	Percentage of the Enlarged Share Capital	Number of Warrants following the Placing
James Mellon <sup>(1)(2)</sup>	1,000,000	33.3	3,100,000	9.4	2,100,000
Thomas Winniffrith <sup>(2)</sup>	Nil	Nil	100,000	0.3	100,000
Nicholas Woolard	Nil	Nil	100,000	0.3	100,000

**Notes:**

- (1) James Mellon is a life tenant of a trust which is the owner of Shellbay Investments Limited, which holds 1,000,000 Existing Ordinary Shares and will own 3,100,000 Ordinary Shares on Admission
- (2) Thomas Winniffrith has a 30 per cent. interest in the capital of Rivington Street Holdings plc and James Mellon has a 1 per cent. interest in the capital of this entity. Rivington Street Ventures Limited, being a company which as at the date hereof owns 1,000,000 Existing Ordinary Shares and will own 1,000,000 Ordinary Share on Admission, is a wholly owned subsidiary of Rivington Street Holdings plc.

- 5.2 None of the Directors or any members of their families hold any related financial product referenced to the Ordinary Shares.

**6. Major Shareholders**

- 6.1 Isle of Man law does not contain share disclosure ownership thresholds, however, and save as disclosed in paragraph 5 above and this paragraph 6 the Company is not aware of any interest in the total voting rights attaching to the Company's issued ordinary share capital which amounts or would, immediately following Admission, amount to 3 per cent. or more of the voting rights attaching to the Company's issued ordinary share capital other than the following (3 per cent. being the applicable threshold for the purposes of chapter 5 of the FSA's Disclosure Rules and Transparency Rules Sourcebook):

Name	Number of Existing Ordinary Shares	Percentage of Existing Ordinary Shares	Number of Ordinary Shares following the Placing	Percentage of the Enlarged Share Capital	Number of Warrants following the Placing
Shellbay Investments Limited <sup>(1)</sup>	1,000,000	33.3	3,100,000	9.4	2,100,000
Rivington Street Ventures Limited <sup>(2)</sup>	1,000,000	33.3	1,000,000	3.0	—
SF t1ps Smaller Companies Growth Fund <sup>(3)</sup>	1,000,000	33.3	3,040,000	9.2	2,040,000
Elite t1ps Smaller Companies Income and Growth Fund <sup>(4)</sup>	—	—	3,500,000	10.6	3,500,000
XCAP Securities plc	—	—	1,750,000	5.3	1,750,000
City Equities Limited	—	—	1,500,000	4.6	1,500,000
Winterflood Securities	—	—	1,000,000	3.0	1,000,000

**Notes:**

- (1) James Mellon is a life tenant of a trust which is the owner of Shellbay Investments Limited.
- (2) Rivington Street Ventures Limited is a wholly owned subsidiary of Rivington Street Holdings plc. Thomas Winnifrith has a 30 per cent. interest in the capital of Rivington Street Holdings plc and James Mellon has a 1 per cent. interest in the capital of Rivington Street Holdings plc.
- (3) The fund manager for SF t1ps Smaller Companies Growth Fund is T1ps Investment Management (IOM) Limited. Thomas Winnifrith is a director of T1ps Investment Management (IOM) Limited and is the lead manager for SF t1ps Smaller Companies Growth Fund.
- (4) The fund manager for Elite t1ps Smaller Companies Income and Growth Fund is T1ps Investment Management (IOM) Limited. Thomas Winnifrith is a director of T1ps Investment Management (IOM) Limited and is the lead manager for Elite t1ps Smaller Companies Income & Growth Fund.

6.2 The Company's shareholders listed in paragraph 5 and this paragraph 6, do not have different voting rights to other holders of Ordinary Shares.

6.3 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

## 7. Additional Information on the Directors

7.1 In addition to the directorships of the Company, the Directors hold or have held the following directorships or are or have been partners in the following partnerships within the five years prior to the date of this document:

Director	Current directorships and partnerships	Past directorships and partnerships
James Mellon	Asian Opportunity Fund 1998 – Series I Betinternet.com Ltd BFS Absolute Trust Limited Burnbrae Charlottenburg GmbH Burnbrae Commercial GmbH Burnbrae Friedrichstein GmbH Burnbrae Germany East GmbH Burnbrae Germany GmbH Burnbrae Germany North GmbH Burnbrae Germany South GmbH Burnbrae Germany West GmbH Burnbrae Group Limited Burnbrae Kreutzberg GmbH Burnbrae Limited Burnbrae Lutzowstrasse GmbH Burnbrae Mitte GmbH Burnbrae Prinzlauer Berg GmbH Burnbrae Residential GmbH Burnbrae Sachsen GmbH Burnbrae Schonefeld GmbH Burnbrae Spandau GmbH Burnbrae Tempelhof GmbH Burnbrae Tiergarten GmbH Burnbrae Wedding GmbH Burnbrae Wilmersdorf GmbH	Burnbrae Development GmbH Titec BVI Ltd Bigsave Holdings plc Mago Resources (PTY) Limited Uramin Inc Regent Markets Group Limited Regent Markets Group Limited Regent Markets Holdings Ltd.



Director	Current directorships and partnerships	Past directorships and partnerships
James Mellon <i>Continued</i>	CCEC Ltd Charlemagne Capital (IOM) Limited Charlemagne Capital Limited Charlemagne Capital Russia Fund Charlemagne Capital Russia Value Fund Clean Air Capital Limited Condor Resources plc Discover Investment Company Emerging Metals Limited Ferrum Limited Fixed-Odds Capital (Cook Islands) Ltd Genseq Limited Global Glory Investment Limited IC Technology (UK) Limited Manx Financial Group plc Microcap Partners Limited Niger Uranium Limited Paymonthly.com (Hong Kong) Limited Polo Resources Limited Red Dragon Resources Corporation Regent Corporate Finance Limited Regent Fund Management (Asia) Limited Regent Fund Management Limited Regent Metals Holdings Ltd Regent Pacific Group Limited Rivington Street Holdings plc RL Country Warrant Fund Shaanxi Red Dragon Resources Ltd Shellbay Investments Limited Sleepwell Hotels (UK) Limited Sleepwell Hotels Limited Speymill Deutsch Immobilien plc Speymill Plc Speymill Property Managers Limited Undervalued Assets Property Fund – Series Two Uranco Inc	
Thomas John Zacchaeus Winnifrith	Active IT Limited Rivington Street Holdings Plc Rivington Street Stockbrokers Limited Tlps Investment Management (IOM) Limited The Real Man Pizza Company Limited	Brokerhorse Limited J P Jenkins Limited Rivington Street Corporate Finance Limited Rivington Street Media Limited Sharecrazy.com Ltd Tlps.com Limited Tlps Investment Management Limited The Square Mile Bookstore Limited Velum Limited Rivington Street Sales & Conferences Limited
Nicholas James Woolard	St Hill IOM Limited Isle of Man Yacht Club Mews Management Limited The East African Oil & Energy Exploration Company PLC Worship Street Investments Limited Fast Bet Solutions PLC	The Real Man Pizza Company Limited Rivington Street Ventures Limited Rivington Street Sales and Conferences Limited Tlps Investment Management (IOM) Limited Rivington Street Stockbrokers Limited

- 7.2 7.2.1 Mr James Mellon is also a Non-Executive Co Chairman of Regent Pacific Group Ltd, a company listed on the Hong Kong Stock Exchange. The Directors have been informed by Mr Mellon that there is an arrest warrant in his name which was originally issued by the South Korean prosecutor's office on 19 December 2000 and subsequently reissued on 14 January 2004. The warrant was due to remain valid and effective until 12 March 2010. The arrest warrant pertains to Mr Mellon's alleged involvement in a conspiracy with

Seung-Hyun Jin (“Mr Jin”) and Chang-Kon Koh to manipulate the share price of Regent Securities Co., Ltd (“Regent”) and a failure to make adequate investigations in connection with the provision of certain loans by one of Regent’s subsidiaries to Mr Jin. Mr Mellon has informed the Board that he denies these allegations which are without substance.

- 7.2.2 On 8 April 2003, Regent Pacific Fund, a company of which Jim Mellon was a director for the 12 month period preceding such date, entered into a voluntary liquidation.
- 7.2.3 Asian Opportunity Fund 1998 – Series I commenced voluntary liquidation on 5 February 2008 pursuant to its Articles and Association. Jim Mellon was a director for the 12 month period preceding such date.
- 7.2.4 Jim Mellon was also previously a director of Regent Global Fund and Undervalued Assets Greater China Fund Series III, both of which went into voluntary liquidation. These two funds were liquidated with the consent of shareholders as the directors recommended that due to a decline in the size of the funds, they were uneconomic. There were no unsatisfied creditors.
- 7.3 Save as disclosed in this document, none of the Directors have:
  - 7.3.1 any unspent convictions in relation to indictable offences;
  - 7.3.2 any bankruptcy order made against him or entered into any voluntary arrangements;
  - 7.3.3 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;
  - 7.3.4 been a partner in any partnership with 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;
  - 7.3.5 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;
  - 7.3.6 been publicly criticised by any statutory or regulatory authority (including recognised professional bodies); or
  - 7.3.7 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.
- 7.4 Save as disclosed in this document, no Director has or has had any interest in any transaction which is or was significant in relation to the business of the Company and which was effected during the current or immediately proceeding financial period or which was effected during an earlier financial period and remains outstanding or unperformed.

## **8. Directors’ Service Agreements/Letters of Appointment**

- 8.1 On 6 May 2011 Shellbay Investments Limited entered into a letter of appointment with the Company to provide the services of Jim Mellon as Non-Executive Chairman of the Company. The letter of appointment is for an initial period of 12 months, from 16 May 2011, and may be terminated on not less than one 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 Jim Mellon. Remuneration under the letter of appointment shall be payable to Shellbay Investments Limited and shall be satisfied by the issue of such number of Ordinary Shares equivalent to 7.5 per cent. of any increase in the Net Asset Value of the Company over each quarterly period. There are no provisions providing for any benefit to Shellbay Investments Limited or Jim Mellon on the termination of the engagement.
- 8.2 On 6 May 2011 Tom Winniffrith entered into a letter of appointment with the Company to provide services as an Executive Director and Chief Investment Officer of the Company. The letter of appointment is for an initial period of 12 months, from 16 May 2011, 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 Tom

Winniffrith. Remuneration under the letter of appointment shall be payable to Tlps Investment Management (IOM) Limited and shall be satisfied by the issue of such number of Ordinary Shares equivalent to 7.5 per cent. of any increase in the Net Asset Value of the Company over each quarterly period. There are no provisions providing for any benefit to Tom Winniffrith on the termination of the engagement.

- 8.3 On 6 May 2011 Nick Woolard entered into a letter of appointment with the Company to provide services as a Non-Executive Director of the Company. The letter of appointment is for an initial period of 12 months, from 6 May 2011, 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 Nick Woolard. Remuneration under the letter of appointment shall be annual fee of £10,000 payable on a quarterly basis. There are no provisions providing for any benefit to Nick Woolard on the termination of the engagement.
- 8.4 As at the date of this document the Company has no employees.

## **9. Warrant Instrument**

- 9.1 The Warrant Instrument dated 9 September 2011 pursuant to which the Company has committed issue 30,000,000 Warrants to subscribe for one new Ordinary Share for every Placing Share. The Warrants may be exercised any time within two years of the date of Admission at the option of the holder or, in the event that the Closing Price of the Ordinary Shares is more than 20p for five consecutive trading days, at the option of the Company .
- 9.2 The Warrants will be issued in registered form and will not be transferable

## **10. Material contracts**

The following section contains summaries of the principal terms of material contracts (not being contracts entered into in the ordinary course of business) entered into by any member of the Company within the two years immediately preceding the date of this document and any other contracts (not being contracts entered into in the ordinary course of business) entered into by any member of the Company which contains any provision under which any member of the Company has any obligation or entitlement which is material to the Company as at the date of this document:

- 10.1 An agreement dated 9 September 2011 between the Company (1), the Directors (2), Libertas (3) and Rivington (4) (the Placing Agreement) pursuant to which and conditional upon, *inter alia*, Admission taking place on or before 7.00 a.m. on 30 September 2011 Libertas and Rivington have agreed to use reasonable endeavours to procure subscribers for the Placing Shares proposed to be issued by the Company at the Issue Price.

The Placing Agreement contains indemnities from the Company and warranties from the Company and from the Directors in favour of Libertas and Rivington together with provisions which enable Libertas and Rivington to terminate the Placing Agreement in certain circumstances prior to Admission including circumstances where any warranties are not found to be true or accurate in any material respect. The liability of the Directors for breach of warranty is limited. Under the Placing Agreement, the Company has agreed to pay to Libertas a corporate finance fee of £50,000, £20,000 of which Libertas has directed the Company to apply to the payment up and allotment to Libertas (or such person as Libertas directs) of 200,000 Placing Shares at the Placing Price and to pay a commission of 5 per cent. of the value of the Placing Shares placed with placees procured by Libertas at the Placing Price. The Company has agreed to pay to Rivington a commission of 5 per cent. of the value of the Placing Shares placed with placees procured by Rivington, and a commission of 1 per cent. of the value of the Placing Shares placed with placees procured by the Company, in each case calculated at the Placing Price;

- 10.2 A nominated adviser agreement dated 9 September 2011 made between (1) the Company, (2) the Directors and (3) Libertas pursuant to which the Company has appointed Libertas to act as nominated adviser to the Company for the purposes of the AIM Rules. The Company has agreed to pay an annual fee of £15,000 plus VAT for its services as nominated adviser. The 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 agreement is for an initial term of 12 months and subject to termination on 3 months notice by either party thereafter;
- 10.3 A broker agreement dated 14 July 2011 made between (1) the Company and (2) Rivington pursuant to which the Company has appointed Rivington to act as broker to the Company for the purposes

of the AIM Rules. The Company has agreed to pay Rivington an annual fee of £6,000 plus VAT for its services as broker. The agreement contains certain undertakings and indemnities given by the Company in respect of, *inter alia*, compliance with applicable laws and regulations. The agreement is for a minimum term of 12 months and subject to termination on three months' notice by either party thereafter;

- 10.4 A corporate service and registered agent agreement dated 16 May 2011 between the Company and Greystone Trust Company Limited pursuant to which Greystone Trust Company Limited has been appointed to provide services related to the establishment and administration of the Company. The Company has agreed to pay Greystone Trust Company Limited in accordance with a published scale of fees or at an hourly rate for services provided. The agreement contains certain undertakings and indemnities given by the Company in respect of, *inter alia*, compliance with applicable laws and regulations. The agreement may be terminated on three months' notice by either party.
- 10.5 A lock-in deed (the Lock-in Deed) dated 9 September 2011 between the Directors, Rivington Street Ventures Limited, Shellbay Investments Limited, SF T1ps Smaller Companies Growth Fund (the "Shareholders"), Elite t1ps Smaller Companies Growth Fund, the Company and Libertas pursuant to which the Shareholders have agreed with Libertas and the Company not to dispose of any Ordinary Shares held by them for a period of 12 months from the date of Admission except in certain limited circumstances permitted by the AIM Rules. The Lock-in Deed also contains certain orderly market provisions which apply for a further 12 months after expiry of the lock-in period.

The Directors of the Company, who will hold between them approximately 10.0 per cent. of the Company's Enlarged Share Capital, have each undertaken to the Company and Libertas not to directly or indirectly sell or dispose of or permit the sale or disposal of any Ordinary Shares (subject to certain limited exceptions) held by them prior to the anniversary of Admission and thereafter for a further 12 months that any such disposal shall be through the broker of the Company.

Certain types of share transfers are permitted notwithstanding the lock-in arrangements including, but not limited to: (i) transfers in connection with an acquisition of the Company or tender offer; (ii) transfer or disposal of Ordinary Shares pursuant to a court order; and (iii) transfers upon death to heirs or personal representatives.

## **11. Litigation**

The Company is not nor has been involved in any governmental, legal or arbitration proceedings which may have or have had since incorporation a significant effect on the Company's financial position or profitability and, so far as the Company is aware, there are no such proceedings pending or threatened against the Company.

## **12. Working capital**

The Directors are of the opinion, having made due and careful enquiry, that the working capital available to the Company is sufficient working capital for its present requirements, that is for at least 12 months from the date of Admission.

## **13. Taxation**

The information below, which is of a general nature only and which relates only to UK and Isle of Man taxation, is applicable to the Company and to persons who are resident or ordinarily resident in the UK (except where indicated) and who hold Ordinary Shares as an investment and not as an asset of a financial or other trade. It is based on existing law and practice and is subject to subsequent changes therein. Any change in the Company's tax status or in taxation legislation in the Isle of Man or the UK or any other tax jurisdiction affecting Shareholders could affect the value of the investments held by the Company or affect the Company's ability to achieve its investment objective for the Ordinary Shares or alter the post-tax returns to Shareholders. Any Shareholders who are in any doubt as to their tax position should consult their own professional advisor without delay.

### ***The Company***

It is the intention of the Directors to conduct the affairs of the Company so that the management and control of the Company is not exercised elsewhere than the Isle of Man and it is not resident in the UK or elsewhere for taxation purposes and so that it does not carry on any trade in the UK or elsewhere (whether or not through a permanent establishment situated there). Accordingly, the Company should not be liable

for taxation in the UK or any other jurisdiction on its profits or gains, other than taxation sourced on certain income deriving from sources within that jurisdiction.

The Company is resident for taxation purposes in the Isle of Man by virtue of being incorporated in the Isle of Man.

#### *Capital Taxes in the Isle of Man*

The Isle of Man has a regime for the taxation of income, but there are no capital gains taxes, stamp taxes or inheritance taxes in the Isle of Man. No Isle of Man stamp duty or stamp duty reserve tax will be payable on the issue or transfer of, or any other dealing in the Ordinary Shares.

In the event of the death of a sole holder of Ordinary Shares, an Isle of Man grant of probate or administration may be required in respect of which certain fees will be payable to the Isle of Man Government.

#### *Zero Rate of Corporate Income Tax in the Isle of Man*

The Company is liable to Manx income tax at a zero per cent. rate on its profits. The Company is not required to withhold tax from the payment of dividends to Shareholders, wherever resident.

Notwithstanding the zero rate of corporate tax, there are currently measures in place (the Attribution Regime for Individuals – ARI) which are designed to ensure that Isle of Man resident shareholders are subject to Isle of Man income tax on their share of undistributed corporate profits. The ARI attributes to shareholders resident in the Island their proportionate share of the profits of certain Isle of Man companies. However, the Company will be exempt from ARI as its shares will be traded on a recognised stock exchange.

On 25 February 2010 the Isle of Man Government commenced a public consultation as part of a review of the Island's business tax regime (the so-called Zero/Ten regime). This review was in the context of concerns apparently being raised by the European Union (EU) regarding the Island's business tax regime. In February 2011, the EU Code of Conduct Group on Business Taxation found that the ARI, when combined with the Zero/Ten taxation system for companies, was harmful. In anticipation of that announcement, the Isle of Man Government announced that the ARI would be abolished and that the Government now considered that there was no basis for changing the Zero/Ten taxation system itself.

#### ***Investors***

##### *Taxation of Dividends on Ordinary Shares*

UK resident individual Shareholders will, subject to their personal circumstances, be liable to UK income tax on dividends received on the Ordinary Shares. The income tax charge in respect of dividends for UK resident and domiciled individual Shareholders will (depending on the amount of Shareholder's overall taxable income) be at the current dividend ordinary rate of 10 per cent., or the current dividend upper rate of 32.5 per cent. The Finance Act 2009 created a new top rate of tax of 42.5 per cent. on dividends for individuals with taxable income over £150,000 with effect from 6 April 2010. For this purpose, dividends are treated as the top slice of an individual Shareholder's income.

A UK tax credit of one-ninth of the dividend paid may be available to reduce the effective rate of UK income tax on dividends received by individual shareholders.

Shareholders within the charge to UK corporation tax will generally not be subject to tax on a dividend received from the Company.

##### *Taxation of Capital Gains*

The Directors have been advised that the Company should not be an "offshore fund" for the purposes of UK taxation. Accordingly, any gains on disposals by UK resident or ordinarily resident holders of Ordinary Shares may, depending on their individual circumstances, give rise to a liability to UK taxation on capital gains.

##### *Other United Kingdom Tax Considerations*

The attention of individuals ordinarily resident in the UK is drawn to the provisions of Chapter 2 of Part 13 of the Income Tax Act 2007 under which the income accruing to the Company may in certain circumstances be attributed to such a shareholder and be liable to UK income tax in the hands of the shareholder.



As it is possible that the Company will be owned by a majority of persons resident in the UK, the legislation applying to controlled foreign companies may apply to any corporate holders of Ordinary Shares who are resident in the UK. Under these rules, part of any undistributed income accruing to the Company may be attributed to such a shareholder, and may in certain circumstances be chargeable to UK corporation tax in the hands of the shareholder. However, this will only apply if the apportionment to that shareholder (when aggregated with persons connected or associated with them) is at least 25 per cent. of the Company's relevant profits.

This paragraph applies only to holders of Ordinary Shares who are resident or ordinarily resident in the UK and whose interest (when aggregated with persons connected with them) in the chargeable gains of the Company exceeds one-tenth. In the event that the Company would be treated as "close" if it were resident in the UK, then part of any chargeable gain accruing to the Company may be attributed to such a shareholder and may (in certain circumstances) be liable to UK tax on capital gains in the hands of the shareholder (section 13 UK Taxation of Chargeable Gains Act 1992). The part attributed to the shareholder corresponds to the shareholder's proportionate interest in the Company.

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

The following comments are intended as a guide to the general stamp duty and SDRT position and do not relate to persons such as market makers, brokers, dealers, intermediaries and persons connected with depository arrangements or clearance services, to whom special rules apply.

UK stamp duty (at the rate of 0.5 per cent. of the amount of the value of the consideration for the transfer rounded up where necessary to the nearest £5) is payable on any instrument of transfer of the Ordinary Shares executed within, or in certain cases brought into, the UK. Provided that the Ordinary Shares are not registered in any register of the Company kept in the UK, any agreement to transfer the Ordinary Shares will not be subject to UK SDRT.

#### **14. Related party transactions**

Save as disclosed in this document, the Company has not entered into any related party transactions since incorporation.

#### **15. No significant change**

There has been no significant change in the trading or financial position of the Company since incorporation.

#### **16. Other information**

- 16.1 There are no specific dates on which entitlement to dividends or interest thereon on Ordinary Shares arises and there are no arrangements in force for the waiver of future dividends.
- 16.2 The total costs and expenses payable by the Company in connection with or incidental to the Placing and Admission are estimated to be £300,000 (exclusive of VAT). The gross sum expected to be raised by the Placing is £3 million and the net proceeds of the Placing (after the deduction of expenses excluding VAT) are estimated to be £2.7 million.
- 16.3 The accounting reference date of the Company is currently 30 June.
- 16.4 Save as disclosed in this document, as far as the Directors are aware:
  - (a) there are no environmental issues that may affect the Company's utilisation of its tangible fixed assets;
  - (b) there are no known trends, uncertainties, demands or events that are reasonably likely to have a material adverse effect on the Company's prospects for at least the current financial year; and
  - (c) there are no exceptional factors that have influenced the Company's activities.
- 16.5 Save as disclosed in this document, since incorporation no person (excluding professional advisers as stated in this document and trade suppliers) has received directly or indirectly from the Company and no persons have entered into contractual arrangements to receive:
  - (i) fees totalling £10,000 or more;
  - (ii) securities in the Company with a value of £10,000 or more;
  - (iii) any other benefit with a value of £10,000 or more at the date of Admission.

- 16.6 Save as disclosed in this document, the Company does not hold a proportion of the capital of any undertaking likely to have a significant effect on the assessment of the Company's assets and liabilities, financial position or profits and losses.
- 16.7 Save as disclosed in this document, the Company has no principal investments for the period covered by the historic financial information contained in this document and has no principal investments in progress and no principal future investments in relation to which it has made a firm financial commitment.
- 16.8 KPMG Audit LLC has given and not withdrawn its written consent to the issue of this document with the inclusion in it of its accountant's report and letter set out in Part IV and the references to their report and to their name in the form and in the context in which they appear. KPMG Audit LLC is a limited liability company registered in the Isle of Man under number 617L, its registered office is at Heritage Court, 41 Athol Street, Douglas Isle of Man IM99 1HN and is a member of the Institute of Chartered Accountants in England and Wales .
- 16.9 Libertas has given and not withdrawn its written consent to the issue of this document with the inclusion in it of its name and references to it in the form and context in which they appear. Libertas is registered in England under number 4271746 and its registered office is at 16 Berkeley Street, London W1J 8DZ. Libertas is regulated by the Financial Services Authority and is acting in the capacity as nominated adviser and broker to the Company.
- 16.10 KPMG Audit LLC, chartered accountants and registered auditors of the Company have been the auditors of the Company since they were appointed on 5 June 2011. The financial information contained in Part III of this document relating to the Company does not constitute statutory accounts within the meaning of section 434 of the 2006 Act.
- 16.11 The Directors believe that the Company is not dependent on patents or other intellectual property rights, licences, industrial, commercial or financial contracts or new manufacturing processes which are of material importance to the Company's business or profitability.
- 16.12 The Company's accounting reference date is 30 June.
- 16.13 Assuming that the Placing Shares are fully subscribed, the Existing Ordinary Shares will account for approximately 9.1 per cent. of the Enlarged Share Capital following the Placing and Admission.
- 16.14 Where information and statements have been sourced from a third party, this information has been accurately reproduced. So far as the Company and the Directors are aware and are able to ascertain from information provided by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.
- 16.15 Since 3 May 2011, the date of incorporation of the Company, there has been no public takeover bid pursuant to the rules of the UK Takeover Code, or any circumstances which may give rise to any takeover bid.
- 16.16 In connection with Admission, the Company also intends to apply for the Ordinary Shares to be traded on PLUS Markets' electronic trading platform. Save as aforesaid and other than the current application for Admission, the Ordinary Shares have not been admitted to dealings on any recognised investment exchange nor has any application for such admission been made or refused nor are there intended to be any other arrangements for dealings in the Ordinary Shares.
- 16.17 Ordinary Shares are issued and allotted in registered form under the laws of the Isle of Man and their currency is pounds sterling.
- 16.18 The Placing Price represents a premium of 9.9999 pence over the nominal value of 0.0001 pence per Ordinary Share and is payable in full on Admission under the terms of the Placing.
- 16.19 Assuming that the Placing Shares are fully subscribed, the Existing Ordinary Shares will account for approximately 9.1 per cent. of the Enlarged Share Capital immediately following Admission. Holders of Existing Ordinary Shares will be diluted by the subscription for the 30 million Placing Shares, which will represent a 90.9 per cent. immediate dilution of the holders of Existing Ordinary Shares.
- 16.20 There are no arrangements in existence under which future dividends are to be waived or agreed to be waived.
- 16.21 The Company is not a regulated collective investment undertaking for the purposes of the Isle of Man regulations.

**17. Copies of this document**

Copies of this document will be available, free of charge, at the offices of Libertas Capital Corporate Finance Limited at 16 Berkeley Street, London W1J 8DZ from the date of this document during normal business of any weekday, Saturdays and public holidays excepted, for one month from the date of Admission.

Dated: 9 September 2011