

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about what action you should take, you should consult your stockbroker, bank manager, solicitor or other independent financial adviser authorised under the Financial Services and Markets Act 2000 (as amended) immediately. Copies of this document will be available free of charge, until 12 February 2006 at the Company's registered office, the address of which is set out on page 3 of this document, during normal business hours.

If you have sold or otherwise transferred all of your Existing Ordinary Shares in Plethora before close of business on 12 January 2006, please forward this document and the enclosed Form of Proxy to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee.

Collins Stewart, which is authorised and regulated in the United Kingdom by the Financial Services Authority and is a member of the London Stock Exchange, is acting exclusively for Plethora in relation to the Placing. Collins Stewart is not acting for any other person in connection with the matters referred to in this document and will not be responsible to anyone other than Plethora for providing the protections afforded to clients of Collins Stewart or for giving advice in relation to the matters referred to in this document.

Application will be made to the London Stock Exchange for the Placing Shares to be admitted to trading on AIM. It is expected that Admission of the Placing Shares will become effective and that dealings will commence by 8 February 2006.

PLETHORA SOLUTIONS HOLDINGS PLC

(Incorporated and registered in England and Wales under the Companies Act 1985 with registered no.05341336)

Proposed Acquisition of Timm Medical Technologies, Inc.

Proposed Placing of 3,200,000 Ordinary Shares of 1p each at 220p per share

and

Notice of Extraordinary General Meeting

Notice of an Extraordinary General Meeting of Plethora to be held at Morrison & Foerster, 7th Floor, CityPoint, One Ropemaker Street, London EC2Y 9AW, at 10.00 a.m. on 6 February 2006 is set out at the end of this document.

Shareholders will find a Form of Proxy for use at the Extraordinary General Meeting accompanying this document. The Form of Proxy should be completed and returned to the Company's registrars, Lloyds TSB Registrars, The Causeway, Worthing, West Sussex, BN99 6ZL, in accordance with the instructions printed on it as soon as possible and, in any event, so as to be received no later than 10.00 a.m. on 4 February 2006. Completion and return of a Form of Proxy will not preclude Shareholders from attending and voting in person at the Extraordinary General Meeting should they so wish.

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DIRECTORS AND ADVISERS

Directors:	Stuart Michael Wallis, <i>(Non-Executive Chairman)</i> Dr Steven John Powell, <i>(Chief Executive Officer)</i> Dr Michael Grant Wyllie, <i>(Chief Scientific Officer)</i> Bradley Richard Hoy, <i>(Chief Financial Officer)</i> Professor Sir Christopher Thomas Evans, <i>(Non-Executive Officer)</i> Dr Ann Gail Hayes, <i>(Non-Executive Director)</i> Neil Brent Stafford, <i>(Non-Executive Director)</i> All of: Lupus House 11-13 Macklin Street Covent Garden London WC2B 5NH
Company Secretary:	Bradley Richard Hoy
Nominated Advisor and Broker:	Collins Stewart Limited 9th Floor 88 Wood Street London EC2V 7QR
UK Solicitors to the Company:	Morrison & Foerster MNP 7th Floor CityPoint One Ropemaker Street London EC2Y 9AW
US Lawyers to the Company:	Arnold & Porter Suite 900 1600 Tysons Boulevard McLean Virginia 22102-4865 United States of America
Solicitors to the Placing:	Simmons & Simmons CityPoint One Ropemaker Street London EC2Y 9SS
Auditors and Reporting Accountants:	Grant Thornton UK LLP Enterprise House 115 Edmund Street Birmingham B3 2HJ
Bankers:	Lloyds TSB Bank plc Second Floor PO Box 18436 39 Threadneedle Street London EC2R 8PT
Registrars and Receiving Agent:	Lloyds TSB Registrars The Causeway Worthing West Sussex BN99 6DA

DEFINITIONS

The following definitions apply throughout this document and in the accompanying Form of Proxy unless the context requires otherwise:

“Acquisition”	the proposed acquisition of the entire issued share capital of Timm;
“Act”	the Companies Act 1985, as amended;
“Admission”	admission of the Placing Shares to trading on AIM becoming effective in accordance with the AIM Rules;
“AIM”	AIM, a market regulated by the London Stock Exchange;
“AIM Rules”	the rules for AIM companies and their nominated advisers published by the London Stock Exchange governing admission to and the operation of AIM (as amended from time to time);
“Board” or “Directors”	the directors of Plethora whose names are set out on page 3 of this document;
“Company” or “Plethora”	Plethora Solutions Holdings plc;
“Companies Act”	the Companies Act of England and Wales, as amended;
“Collins Stewart”	Collins Stewart Limited, the Company’s nominated adviser and broker;
“Completion”	completion of the Stock Purchase Agreement in accordance with its terms;
“Convertible Note”	the secured convertible promissory note to be entered into by Plethora on Completion, details of which are set out in Part II;
“CREST”	the United Kingdom paperless share settlement system of which CRESTCo Limited is the Operator (as defined in the Uncertificated Securities Regulations 2001);
“EGM” or “Extraordinary General Meeting”	the extraordinary general meeting of Plethora to be held at Morrison & Foerster, 7th Floor, CityPoint, One Ropemaker Street, London EC2Y 9AW at 10.00 a.m. on 6 February 2006, notice of which is set out at the end of this document;
“Endocare” or “Seller”	Endocare, Inc.
“Enlarged Group”	the Group as enlarged by the Acquisition;
“Enlarged Issued Share Capital”	the issued ordinary share capital of the Company immediately following completion of the Proposals;
“Existing Ordinary Shares”	the 22,222,420 ordinary shares of 1p each in the capital of the Company immediately prior to completion of the Proposals;
“Form of Proxy”	the form of proxy enclosed with this document for use by Shareholders in connection with the EGM;
“FSA”	Financial Services Authority;
“FSMA”	Financial Services and Markets Act 2000, (as amended);
“Group” or “Plethora Group”	the Company and its subsidiaries and subsidiary undertakings from time to time;
“Timm”	Timm Medical Technologies, Inc., a wholly owned subsidiary of Endocare;

“London Stock Exchange”	London Stock Exchange plc;
“Merlin Funds” or “Merlin”	Merlin General Partner III Limited (as general partner of Merlin Biosciences Fund III LP) and Merlin Biosciences General Partner III GmbH (as general partner of Merlin Biosciences Fund III GmbH & Co. KG);
“Official List”	the Official List of the UK Listing Authority;
“Option Scheme”	the Plethora Solutions Holdings plc Executive Share Option Scheme;
“Ordinary Shares”	the ordinary shares of 1p each in the capital of the Company;
“Placing”	the conditional placing by Collins Stewart of the Placing Shares on behalf of the Company on the terms and subject to the conditions contained in the Placing Agreement;
“Placing Agreement”	the conditional agreement dated 13 January 2006 between Collins Stewart and the Company relating to the Placing, a summary of which is set out in paragraph 10 of Part V of this document;
“Placing Price”	220p per Placing Share;
“Placing Shares”	3,200,000 new Ordinary Shares placed pursuant to the Placing;
“Proposals”	the Acquisition, the Placing and Admission;
“PSL”	Plethora Solutions Limited, a wholly owned subsidiary of the Company;
“Quest”	Quest for Growth N.V.;
“Registrar of Companies”	the Registrar of Companies in England and Wales;
“Regulatory Information Services”	one of the regulatory information services authorised by the UK Listing Authority to receive, process and disseminate regulatory information from listed companies;
“Resolutions”	the resolutions to be proposed at the EGM, as set out in the notice of EGM at the end of this document;
“Security Agreement”	the security agreement to be entered into by Plethora, Endocare and Timm at Completion, details of which are set out in Part II;
“Shareholders”	holders of Ordinary Shares;
“Stock Purchase Agreement”	the conditional agreement dated 13 January 2006 and made between the Seller, Timm and the Company relating to the Acquisition, details of which are set out in Part II;
“subsidiary”	a subsidiary as that term is defined in section 736 of the Companies Act;
“subsidiary undertaking”	a subsidiary undertaking as that term is defined in section 258 of the Companies Act;
“UK” or “the United Kingdom”	the United Kingdom of Great Britain and Northern Ireland;
“UK or UK Listing Authority”	the FSA acting in its capacity as the competent authority for the purpose of Part VI of FSMA;
“United States” or “US”	the United States of America, its territories and possessions, any state of the United States and the District of Columbia; and
“VCT Shares”	means the Placing Shares which are to be placed with certain venture capital trusts pursuant to the Placing Agreement.

GLOSSARY OF SCIENTIFIC AND OTHER TERMS

The following glossary of terms apply throughout this document, unless the context otherwise requires.

“ α -agonist”/“ α -adrenergic agonist”	a type of drug active on alpha-adrenoceptors that has been shown to be effective in the treatment of stress incontinence
“antimuscarinic”	a type of drug that blocks the action of a neurotransmitter, acetylcholine, on muscarinic receptors. This type of action has been shown to be of benefit in the treatment of urinary incontinence
“anticholinergic”	an alternative term to antimuscarinic
“BPH”	benign prostatic hyperplasia, a non-malignant enlargement of the prostate
“CE”	medical devices validly bearing the CE mark can be freely marketed anywhere in the EU without further import or export control
“clinical”	involving medical treatment, practice, observation or diagnosis
“contraindicated”	where a medicine or treatment should not be administered
“cryotherapy”	the local or general use of low temperatures in medical therapy
“ED”	erectile dysfunction
“epidemiological”	of or relating to the incidence, distribution and control of disease in a population
“endometriosis”	a common medical condition where the tissue lining the uterus is found outside the uterus, typically affecting other organs in the pelvis
“FDA”	the Food and Drug Administration (the US drug evaluation agency)
“ <i>glans penis</i> ”	the conical mass of erectile tissue that forms the head of the penis
“IELT”	intravaginal ejaculation latency time, the time taken to reach ejaculation after penetration
“keratinised”	skin bearing an outer layer of keratin, a tough, insoluble protein
“LUTS”	lower urinary tract symptoms of discomfort
“mucous membranes”	linings of ectodermic origin which are involved in absorption and secretion. They line various body cavities that are exposed to the external environment and internal organs
“muscarinic receptor antagonist”	a substance that inhibits the normal physiological function of muscarinic receptors. Muscarinic receptors are found in the parasympathetic nervous system and, among other functions, stimulate gastric acid secretion, saliva and tear production

“non-invasive”	a medical procedure which does not penetrate or break the skin or body cavity
“non-prescription product”	available without a doctor’s prescription
“OAB”	over-active bladder
“off-label”	of or relating to a drug to treat a condition for which it has not been approved by a regulatory agency
“opioid”	any agent that binds to opioid receptors (those which presynaptically inhibit transmission of excitatory pathways), found principally in the central nervous system and gastrointestinal tract
“PE”	premature ejaculation
“Phase I”	the first safety tests of a new drug in humans, usually conducted in healthy volunteers
“Phase II”	early clinical pharmacology, efficacy and safety trials conducted in limited numbers of patients. They include dose-ranging studies to establish an appropriate range of doses
“Phase III”	major efficacy and safety trials in large numbers of patients in multiple centres
“placebo-controlled study”	a clinical study where the control group is treated with an inert substance
“sexual dysfunction”	difficulty during any stage of sexual intercourse that prevents the individual or couple from enjoying sexual activity
“SSRI”	selective-serotonin reuptake inhibitor: an antidepressant drug that acts by blocking the reuptake of serotonin so that more serotonin is available to act on receptors in the brain
“SUI”	stress urinary incontinence
“topical”	applied directly to the affected area (i.e. not by oral or any other route)
“urology”	the medical specialty dealing with diseases of the male and female urinary tract and the male reproductive organs
“urodynamic”	relating to the ability to store and void urine
“UUI”	urge urinary incontinence
“urogenital”	of or relating to the urinary and reproductive systems

PLACING STATISTICS

Placing Price	220p
Number of Existing Ordinary Shares	22,222,420
Number of Placing Shares being issued pursuant to the Placing	3,200,000
Number of Ordinary Shares in issue following Admission	25,422,420
Number of Placing Shares as a percentage of the Enlarged Issued Share Capital	12.6%
Proceeds of the Placing available to the Company (net of expenses)	£6,350,000

EXPECTED TIMETABLE OF EVENTS

Latest time and date for receipt of Forms of Proxy for the Extraordinary General Meeting	10.00 a.m. on 4 February 2006
Extraordinary General Meeting	10.00 a.m. on 6 February 2006
Admission and commencement of dealings in Placing Shares	by 8.00 a.m. on 8 February 2006
CREST stock accounts credited with Placing Shares in uncertificated form	by 8 February 2006
Share certificates for Placing Shares in certificated form dispatched	by 13 February 2006

PART I

Letter from the Chairman of

Plethora Solutions Holdings plc

(Incorporated and registered in England and Wales with registered no. 05341336)

Stuart Michael Wallis, *Non Executive Chairman*
Dr Steven John Powell, *Chief Executive Officer*
Dr Michael Grant Wyllie, *Chief Scientific Officer*
Bradley Richard Hoy, *Chief Financial Officer*
Professor Sir Christopher Thomas Evans, *Non Executive Director*
Dr Ann Gail Hayes, *Non Executive Director*
Neil Brent Stafford, *Non Executive Director*

Registered Office:
Lupus House
11-13 Macklin Street
Covent Garden
London
WC2B 5NH

13 January 2006

To Shareholders and, for information only, to holders of options under the Option Scheme

Dear Shareholder,

Proposed Acquisition of Timm Proposed Placing of 3,200,000 new Ordinary Shares at 220p per share Notice of Extraordinary General Meeting

1. Introduction

Plethora and Endocare announced today that they had reached agreement on the proposed acquisition of Timm by the Company.

Details of the Acquisition, and the reasons for and benefits of the Acquisition, together with further information on Timm, are set out below. After consultation with the London Stock Exchange the acquisition of Timm is not being treated as a "Reverse take-over" as defined by the AIM Rules. However, due to the size of the transaction in relation to the Company, the Directors are seeking the approval of the acquisition by Shareholders at an EGM. The Acquisition is conditional therefore, amongst other things, upon the approval of Shareholders.

The Company also announces that it proposes to raise £7,040,000 (before expenses) by means of a Placing of 3,200,000 new Ordinary Shares at the Placing Price. The proceeds will be used to satisfy the cash consideration due to Endocare under the terms of the Stock Purchase Agreement and provide additional working capital for the Enlarged Group. The Placing is conditional, *inter alia*, on the passing of the Resolutions and on Admission.

The Placing, which has been fully underwritten by Collins Stewart, comprises 3,200,000 new Ordinary Shares, which are proposed to be placed with new and existing investors.

In order to attract the necessary interest in the Placing from institutional investors, the Placing Price has been set at a level of 220 pence, which represents a discount of 7.8 per cent. to the middle market price of 238.5 pence per Existing Ordinary Share at the time of agreeing the Placing, being the close of business on 12 January 2006. The Directors believe that pricing the Placing at this level of discount, is in the best interests of the Company, in order to attract a greater level of institutional shareholders into the Shareholder base, and to provide certainty of funds to be raised in the Placing.

This letter explains why the Board believes that the Acquisition and the Placing are in the best interests of the Company and its shareholders as a whole and recommends that you vote in favour of the Resolutions to be proposed at an Extraordinary General Meeting to be held on 6 February 2006. Each of the Directors who hold Ordinary Shares has irrevocably undertaken to vote in favour of the resolutions at the EGM.

2. The Acquisition

Plethora, Timm and the Seller have entered into a Stock Purchase Agreement pursuant to which Plethora will acquire Timm, a wholly owned subsidiary of Endocare, for a total consideration of US\$9,500,000 of which US\$8,075,000 will be paid in cash and US\$1,425,000 satisfied by the issue by Plethora of the Convertible Note which may be converted into new Ordinary Shares or repaid by Plethora in accordance with its terms.

The Stock Purchase Agreement is conditional, *inter alia*, on the approval of Shareholders. Further details of the Stock Purchase Agreement and the Convertible Note are set out in Part II of this document. The boards of both companies have unanimously approved the terms of the Acquisition.

3. Background to and reasons for the Acquisition

The Board believes that the acquisition of Timm is complementary to the core business and corporate objectives of Plethora.

Timm is headquartered in the United States and would provide Plethora with direct access to the world's single largest pharmaceutical market and enhance the Group's commercial visibility. Timm has significant sales and marketing experience in urology and men's health and, through its field force, has direct access to urologists and other medical specialists, with the potential to reach primary health care providers. The Directors believe that the sales force is capable of supporting additional urology or men's health medical devices and pharmaceutical products that might be acquired through licensing or co-promotion agreements, without significant additional marketing costs, which would, in turn, reduce the development cash burn. Timm holds a leading position in a significant niche market, with only limited competition and identified potential for expansion. Moreover, Timm is a revenue generating, profitable business.

4. Information on Plethora

4.1 History

Plethora was founded to exploit, modify and/or improve the clinical effects of established and late stage drugs to satisfy under-served medical needs within the fields of urology and pain management. The Group manages a portfolio of development projects comprising four drug candidates in clinical development for the treatment of different urological disorders or pain indications and one medical device at an advanced stage of development. The Group listed on the London Stock Exchange in March 2005 (AIM:PLE).

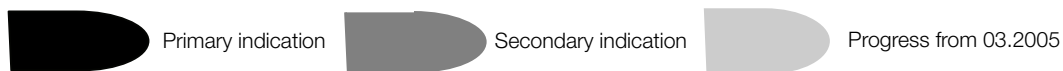
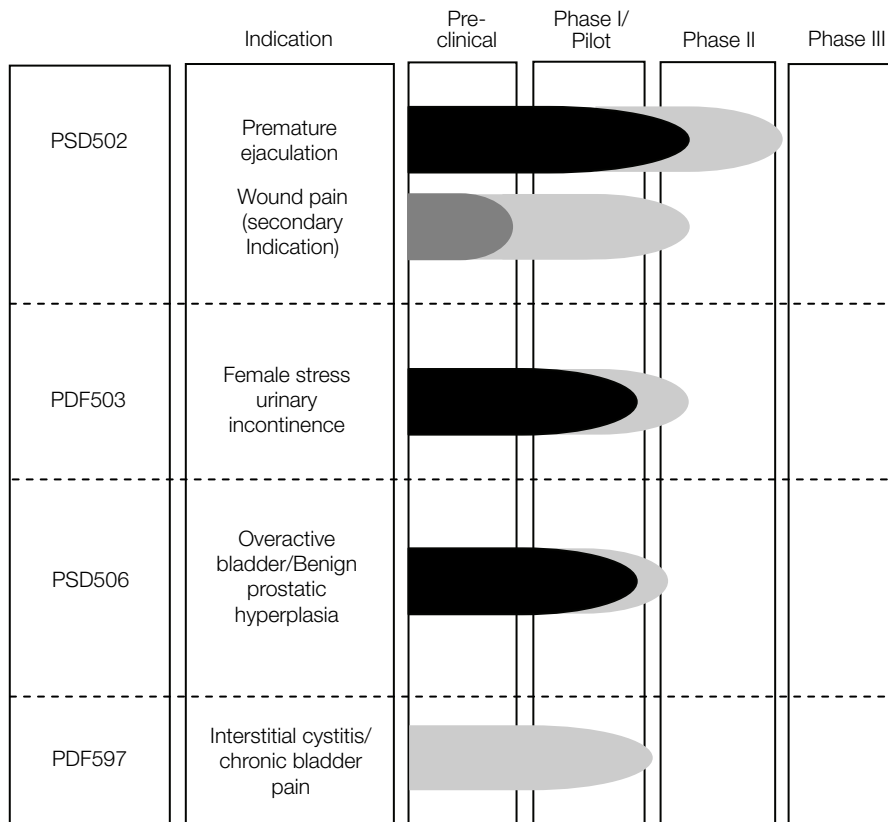
Market opportunity

The Group is focused on exploiting novel formulations of established and innovative pharmaceuticals, together with complementary delivery systems and devices for the diagnosis, treatment and management of urological disorders, and in secondary indications such as wound and burn pain management.

Urology is the branch of medicine dealing with diseases of the urinary tract and urogenital system including urinary incontinence, sexual dysfunction, prostatic diseases, infections and malignancies of the urinary tract. Treatment of urological conditions constitutes a significant pharmaceutical opportunity. Sales of the incontinence drug, Detrol® LA (Pfizer) exceeded US\$900 million in 2004 while global sales of the benign prostatic hyperplasia treatments, Flomax®/Alna® (Boehringer Ingelheim) and Proscar® (Merck) in 2004 were US\$870 million and US\$733 million respectively. Total sales of oral prescription drugs for erectile dysfunction were close to US\$2.5 billion in 2004.

4.2 Product Portfolio and Pipeline

The Group's present product pipeline includes four drugs in clinical development and a medical device nearing commercialisation. Plethora has raised approximately £15 million since inception which it has used to build the product portfolio and establish the Company's operations. The status of the project pipeline is summarised below:



PSD502

PSD 502 is a proprietary aerosol formulation of the topical anaesthetics lidocaine and prilocaine. The primary indication for PSD502 is as an on-demand treatment for premature ejaculation, a condition for which no approved pharmaceutical therapies exist. Plethora is maximising the potential of its existing intellectual property by simultaneously developing PSD502 as a treatment for topical pain.

Premature ejaculation

Premature ejaculation (PE) is a medically recognised condition defined as “persistent or recurrent ejaculation with minimal sexual stimulation before, upon, or shortly after penetration, and before the person wishes it”. Epidemiological studies indicate that PE is the most common form of sexual dysfunction in men, with a reported prevalence of 25 to 30%. Data collected through the Pfizer sponsored Global Survey of Sexual Attitudes and Behaviours (GSSAB) from several thousand men in 29 different countries indicates that PE afflicts men of all nationalities and is more frequently self-reported than erectile dysfunction (ED). Unlike ED, the prevalence of PE does not appear to correlate with increasing age. The Directors estimate that there are over 25 million married men in North America and the major European nations who suffer from PE.

Clinical studies indicate that certain classes of antidepressants such as the selective serotonin reuptake inhibitors (SSRIs) may have some efficacy in PE. The American Urological Association (AUA) has concluded that PE may be treated off-label with SSRIs. However, these agents are associated with some side effects, including nausea, dry mouth, drowsiness and lowered sex drive. An additional drawback of current treatments is that the onset of action of antidepressants are too long for effective on-demand therapy and continual dosing is required.

Topical anaesthesia is of established efficacy in the treatment of PE. Topical anaesthesia is, potentially, a practical on-demand therapy with a minimal risk of drug interaction or other adverse events. However, topical anaesthetics (lidocaine-prilocaine) formulated as creams have disadvantages, such as the need to apply for 20 minutes or more prior to intercourse (generally with coverage by a condom) and the possibility of transfer to the partner, resulting in reduced sensation.

PSD502: A topical treatment for premature ejaculation

PSD502 is a formulation of two anaesthetics, lidocaine and prilocaine dispensed by metered dose aerosol, to give a concentrated film which can penetrate the non-keratinised skin of the *glans penis* within five minutes. The shaft of the penis, being keratinised skin, is not affected by the spray and normal penile sensation is preserved.

Development status

PSD502 has successfully completed a double-blind, placebo-controlled parallel group Phase II clinical study conducted in subjects with primary PE. A baseline intravaginal ejaculation latency time (IELT: the time to ejaculation from penetration) was established for each subject and the IELT scores determined after application of either PSD502 or a placebo spray. Results obtained for 43 evaluable subjects showed a statistically-significant ($p < 0.01$) increase in mean IELT over baseline of 3.7 minutes in the PSD502-treated group but only 0.93 minutes in the placebo-treated group, an almost four-fold improvement in time to ejaculation. No subjects withdrew from the study due to treatment associated side-effects.

These Phase II study findings are consistent with the results of an earlier published pilot study conducted in 14 subjects and show a more pronounced improvement in PE than that indicated in Phase III studies of the short-acting SSRI, dapoxetine (Johnson & Johnson).

Market potential and competitive position

The Directors believe that the commercial success of pharmaceutical treatments for ED such as Viagra® (sildenafil citrate: Pfizer) and Cialis® (tadalafil: Eli Lilly/ICOS) supports the view that men experiencing sexual dysfunction will actively seek medical assistance and that PE sufferers will seek remedies comparable to those available to ED sufferers. Potential peak annual sales for a short-acting SSRI, dapoxetine (Johnson & Johnson) were estimated to be at least US\$500 million prior to rejection of a US marketing submission by the FDA on 26th October 2005.

Another oral SSRI-like agent designated L1301 (Enhance Biotech) has completed a Phase II study. Topical products include the desensitising creams NM100061 (NexMed) and SS Cream (CJ Corporation, South Korea), a herbal product approved in Korea on the basis of its clinical efficacy but not currently licensed as a pharmaceutical product in the US or Western Europe. A variety of local anaesthetic-containing liquids, sprays and creams or anaesthetic-impregnated condoms are advertised as a means of delaying ejaculation, but the Directors are not aware of any reported clinical efficacy studies which support the use of non-prescription products in the treatment of PE.

PSD 502 in wound and burn pain management

The Company has recognised a significant commercial opportunity for secondary use of PSD502 in the treatment of painful conditions affecting mucous membranes or non-intact skin, particularly pain arising from thermal injuries and from their treatment.

An estimated 250,000 people are burnt each year in the UK. Of these 175,000 attend accident and emergency departments and 13,000 of these are admitted to hospital. The incidence of burn injuries is even higher in the United States, with around 1.1 million people burned each year, resulting in 45,000 hospitalisations and an estimated 700,000

emergency room visits. Not only do burn injuries cause intense and prolonged pain, but treatment involves frequent dressing changes and other manipulations, which cause significant “procedural” pain. The control of procedural pain relies largely on the use of oral or intravenous morphine or other opioids. These drugs must be administered before dressing changes and it is difficult to adjust dosing to control breakthrough pain. High doses of opioids can result in loss of consciousness and addiction. Short-acting opioid drugs do not provide lasting post-procedural pain relief.

Inhaled, injected or infused anaesthetics are also used in moderately painful procedures but little use is currently made of topical anaesthetics in burn pain management. Lidocaine-prilocaine containing creams (EMLA®) are not effective against burn pain in volunteers and lidocaine gels carry a risk of systemic absorption and adverse side effects. The PSD502 aerosol spray delivers a highly concentrated monolayer of local anaesthetic and the Directors believe that this will result in a fast onset of action while minimising systemic drug uptake through damaged skin and will afford the patient and physician the potential for a fully flexible on-demand means of titrating the dose to meet the patients’ pain control requirement.

Development status

The Group has initiated two Phase II studies to establish clinical proof of concept in burn and wound pain management. These studies were initiated in Q4 2005 in collaboration with two of the largest UK burns units. One study will be conducted in patients with acute burns and scalds and those suffering post-operative pain after skin grafting. Plethora will also conduct an open-label study in children who require surgical dressing changes or other painful procedures.

Urinary Incontinence Portfolio: PSD503 and PSD506

Urinary incontinence (UI) is a condition where involuntary loss of urine is a social or hygienic problem. UI may be broadly divided into two types: stress UI and urge UI, although “mixed” incontinence is not uncommon.

Stress incontinence (SUI) is the most common form in women and is characterised by the voiding of urine when additional pressure is exerted on the abdomen through coughing, sneezing, laughing, exercising or sitting. Urge incontinence (UUI) is characterised by an unpredictable, frequent and sudden need to urinate, followed by the leaking or gushing of urine.

Management of stress incontinence

SUI is managed through the use of incontinence pads and diapers. Symptoms may be alleviated through behavioural changes which reduce stress on the bladder and through pelvic floor exercises. A variety of surgical techniques are available for those in which the cause of incontinence can be accurately diagnosed, with the majority of surgical candidates experiencing long-term benefit. There are no globally approved pharmacological treatments for SUI.

PSD 503: Topical therapy for stress incontinence

The α -adrenergic agonists can improve stress incontinence but their use is limited due to their potential for causing elevation of blood pressure. To circumvent this, the Group has developed a topical formulation of the α -adrenergic agonist, phenylephrine, to minimize systemic exposure. The safety of this approach has been established in a double blind, placebo-controlled crossover study in which 12 women with confirmed stress incontinence were treated with a single dose of topically applied PSD 503 or placebo. No significant increase in mean arterial pressure compared with placebo was found and no local irritation or other adverse events were reported.

Development status

The Group has initiated a Phase II study which will involve 30 female subjects, each with confirmed stress incontinence. Study endpoints include safety and objective assessments of urodynamic improvement. The Directors anticipate that study results will be available in the second half of 2006.

Market potential and competitive position

PSD 503 is being developed initially for the treatment of mild to moderate SUI in women. The Directors estimate that there are over 20 million women in North America, France, Germany, Italy, Spain and the UK who suffer from slight to moderate SUI. An oral medication, Yentreve®/Ariclaim® is jointly marketed in Europe by Eli Lilly & Co. and Boehringer Ingelheim GmbH for the treatment of moderate to severe SUI.

The Directors believe that PSD 503 will offer a viable “on demand” treatment for women unable or unwilling to tolerate the side effects of oral SSRI’s, particularly for temporary SUI after childbirth or exercise-associated SUI and where SSRI use is contraindicated due to other medical conditions

PSD 506: An oral treatment for overactive bladder in both men and women

Under an exclusive license and co-development agreement entered into with Hoffman-La Roche Inc. (“Roche”) in 2005, Plethora intends to develop the subtype selective muscarinic receptor antagonist (“antimuscarinic”) PSD 506 (formerly RO3202904) as a treatment for UUI and related symptoms in men and women. Antimuscarinics (also referred to as anticholinergics) are widely used for the treatment of UUI and the associated syndrome of “overactive bladder” (OAB) – a frequent and unpredictable urge to urinate which does not necessarily result in leakage of urine. Marketed antimuscarinics have differing degrees of selectivity for the receptors found on the bladder, intestines and salivary glands. This results in side effects such as dry mouth and constipation. Based on the findings of preclinical and early clinical studies undertaken by Roche, the Directors believe that PSD 506 has several potential competitive advantages, specifically a reduced propensity to cause dry mouth and other side effects known to impact on patient compliance.

The Directors believe that a reduced incidence of side effects is beneficial to the adoption of antimuscarinic regimens and that PSD 506, with its selectivity for muscarinic receptors on the bladder, will have a market advantage over current antimuscarinics.

Development status

PSD506 has been evaluated successfully in three Phase I studies by Roche, including multiple doses in healthy female and male volunteers. The drug was well tolerated at potentially therapeutic doses. The Group intends to initiate three Phase II clinical studies in 2006 to be conducted in spinal injury patients experiencing spontaneous contraction of the bladder muscles causing incontinence, patients with BPH and LUTS and in men and women with urge incontinence.

Market potential and competitive position

A number of pharmaceuticals are already marketed for the treatment of overactive bladder/urge incontinence in women. The established agents tolterodine (Detrol LA®: Pfizer) and oxybutynin chloride (Ditropar XL®: Johnson & Johnson), which have joint global sales of more than US\$1 billion have been joined by the selective anti-muscarinics, trospium chloride (Sanctura®: Indevus/Pliva), darifenacin (Enablex®: Novartis) and solifenacin succinate (Vesicare®: Yamanouchi/GSK), all of which have recently received marketing approval in the US. Similar adverse event profiles such as dry mouth and constipation have been found with each of these newly approved agents and the Directors believe that demonstration of comparable clinical efficacy with a more benign safety

profile would be sufficient to differentiate PSD506 from the existing competing treatments. The estimated female moderate to severe UUI treatment population in North America, France, Germany, Italy, Spain and the United Kingdom is over 6 million women, while a further 10 million women suffer from moderate to severe mixed incontinence. LUTS is a condition in older men and the Directors believe that demonstration of at least similar clinical efficacy to the established α -adrenergic agonists but with better patient compliance would give PSD 506 a significant competitive advantage. The Directors estimate that more than 38 million men between the ages of 40 and 80 in North America and Western European nations will experience moderate to severe LUTS.

PSD597

Interstitial cystitis (IC) is a chronic syndrome characterised by bladder and pelvic pain and/or pressure and increased urinary frequency and urgency in the absence of any identifiable cause, such as bacterial infection. Epidemiological studies indicate that IC and associated symptoms are common among women. A self-reported survey of American households indicated that almost 1% of women had received a diagnosis of IC or painful bladder syndrome, suggesting that there are at least 900,000 female IC/painful bladder sufferers in the US alone. The dominant symptom of IC is chronic pelvic pain (CPP). While CPP can result from a number of conditions including endometriosis, overactive bladder and recurrent urinary tract infections, CPP is thought to arise from IC in 35-85% of cases.

CPP is estimated to affect 1 in 4.5 American women. A UK study of almost 25,000 women found the prevalence of CPP at 38% to be comparable to that of migraine (21%) and back pain (41%). Extrapolation of these figures to the US female population suggests that somewhere between 23 and almost 41 million American women experience CPP, with IC as the underlying cause in 8 million to 35 million sufferers.

There are only a limited number of approved specific treatments for IC. These include Elmiron® (Johnson & Johnson), an oral agent which can take up to six months to bring relief and 50% dimethyl sulphoxide which is instilled into the bladder. Instillation of a buffered solution of the topical anaesthetic, lidocaine has been demonstrated to bring about symptomatic relief from IC symptoms, even in patients who have not responded to other treatments. Initial development of this proprietary method of IC treatment was conducted at Queen's University (Kingston, Ontario) and Plethora obtained worldwide exclusive rights to the intellectual property in September 2005. The Company will initiate a Phase II, double-blind, placebo-controlled study of PSD597 (a lidocaine formulation) in IC sufferers during the first half of 2006.

Medical Devices

PSD 401 (Sexual Activity Monitor): Diagnosis and evaluation of premature ejaculation

The development and comparison of PE treatments is complicated by the absence of reliable and objective means of assessing the condition and quantifying subsequent improvement through drug or other therapies.

The Group has developed a non-invasive medical device (PSD401) comprising a stimulatory device, disposable sensor and interpretative software for use in the objective assessment of time to ejaculation. A development study involving over 70 healthy volunteers and patients with PE in four clinical centres in the UK has been successfully completed. PSD401 has obtained CE and Kitemarks and is now proceeding to regulatory submissions in the US to obtain the equivalent 510K documentation and coding for reimbursement as a diagnostic procedure.

Plethora has entered into an agreement with Johnson & Johnson Pharmaceutical Research & Development LLC (J&J) to perform a clinical programme in PE where PSD401 generated data will serve as a primary endpoint.

5. Information on Timm

Company Background

Timm was founded in 1996 and is located in the United States. It markets products and services for the diagnosis and treatment of erectile dysfunction (ED) and has a direct sales force in the United States with access to international markets through distributors.

Products and services

Background: Erectile dysfunction

Erectile dysfunction, the persistent inability to attain and maintain an erection sufficient to permit satisfactory sexual intercourse, afflicts a substantial proportion of men of all nationalities. The prevalence of ED reported in international surveys ranges from 10% to 24%. The prevalence of ED increases with age and is almost threefold greater in men aged 70 or more than in men aged 40 to 49 years.

The most common cause of ED is damage to the nerves, blood supply, smooth muscles and fibrous tissues resulting from diseases such as diabetes, kidney disease, chronic alcoholism, multiple sclerosis, atherosclerosis, vascular disease, and neurologic and spinal injury. A variety of commonly prescribed medicines can induce ED.

ED treatment options

ED can be treated by either pharmacological or non-pharmacological means or by a combination of treatments. A number of oral phosphodiesterase type 5 (PDE5) inhibitors including sildenafil (Viagra®), vardenafil (Levitra®) and tadalafil (Cialis®) are approved as first-line treatments for ED. These agents are widely prescribed and had combined global sales of US\$2.5 billion in 2004. The PDE5 inhibitors are associated with a number of side effects including headache, flushing and dyspepsia and are contraindicated in patients taking nitrate medications and may be hazardous in individuals with certain cardiovascular conditions or whose drug regimens might prolong the half-life of PDE5 inhibitors. Alternative ED medications include sublingual apomorphine (Uprima®) and prostaglandin E1 (alprostadil), which are either injected into the penis (intracavernosal therapy: Caverject®) or placed in the urethra (intraurethral therapy: MUSE®). Alprostadil therapy can result in persistent and painful erection (priapism) and is contraindicated in patients with medical conditions such as sickle cell disease and haematological cancers.

Non-pharmacological treatments include inflatable or malleable prosthetic devices which are surgically implanted into the penis. Implantation can result in penile shortening and complications such as infection. This category of treatment also includes vacuum erection devices which have a long history of use in ED. An external cylinder is typically placed over the penis and air is pumped out by hand or electric motor to give a partial vacuum, resulting in engorgement of the penis. A constriction ring is applied to the base of the penis to maintain the erection.

Vacuum devices are non-invasive and fast-acting with a low incidence of side effects and are suitable for a wide range of patients with either chronic or occasional ED, including patients in which oral ED drugs are contraindicated. The efficacy rates of vacuum device treatment has been reported as being 80% or greater in clinical studies.

Potential use of vacuum devices in radical prostatectomy patients: penile rehabilitation

All men treated for localized prostate cancer by either radical prostatectomy or radiotherapy can expect some degree of ED and the condition may persist long into the recovery period. Prostate cancer screening has led to the detection of more cases in younger men and an increasing focus on restoring sexual activity after treatment.

Studies indicate that early penile rehabilitation can reduce the impact of ED. Nerve damage after radical prostatectomy causes a loss of natural nocturnal erections, reducing blood flow to the penis which causes fibrosis of the penile tissue. Early penile rehabilitation is aimed at increasing blood flow to the penis so that the penile tissue is maintained while nerve function is restored. The efficacy of oral ED drugs is greatly reduced in patients with nerve damage so alternative treatments are required.

A recent prospective clinical study compared the benefits of early penile rehabilitation using vacuum devices, intracavernous injection and intraurethral drug therapy in patients who had undergone radical prostatectomy for localized prostate cancer. Seventy four patients were offered the use of a vacuum device, of which 60 were compliant (81%). After six months, 32% of patients were able to maintain natural erections sufficient for intercourse and all were sexually active. In comparison, 68 patients were offered intraurethral therapy and 56% were compliant. Of these, 39% were able to maintain natural erections and 74% were sexually active. Twenty two patients used intracavernous injection (with or without concomitant use of an oral ED drug) and 50% were able to maintain natural erections and 96% were sexually active. Of 35 patients who did not undergo early penile rehabilitation, only 11% were able to have natural erections and 37% were sexually active. This suggests that, although not yet approved by the FDA for use in penile rehabilitation, vacuum devices are of similar efficacy to non-oral pharmacological treatments in improving ED in this patient group.

Market potential and competitive positioning

Timm estimates that there are more than 30 million ED sufferers in North America and the major European countries. The availability of oral drugs has resulted in an expansion of the ED market and created greater awareness of the condition and treatment options in the minds of patients and medical professionals. While oral drugs dominate the ED market, they are not universally effective and are contraindicated for a significant number of individuals, such as an estimated 1.2 million American men aged between 45 and 64 who receive nitrate medications for angina.

The Board believes that there are substantial market opportunities within patient groups where oral ED medications are known to have lower efficacy, such as in diabetics or where contraindicated because of concomitant use of nitrate or anti-hypertensive drugs.

According to the American Cancer Society, around 230,000 new cases of prostate cancer will be diagnosed in the United States during 2005. The majority will have localized (Stage II) disease at diagnosis and between 25 and 30% of this patient group will be treated by radical prostatectomy, giving a potential penile rehabilitation treatment population of around 50,000 patients each year in the United States alone. At an average cost of US\$375 per device, the radical prostatectomy patient population alone represents a US\$19 million market opportunity.

The Directors estimate that there are over 3 million American ED sufferers in whom oral ED medications are not the therapy of choice because of the risk of adverse events related to nitrate or BPH drug use or underlying diabetes. The combined market potential for vacuum devices in these patient groups is estimated to be in excess of US\$128 million per year at an uptake of 10%.

Competition in this market could arise from other sellers of vacuum medical devices and from approved non-oral pharmacological treatments. The Company believes that, in the absence of supporting clinical evidence, there is only limited competition from currently marketed oral ED drugs.

Product Range

Timm's vacuum device product range encompasses both manual and electrically operated devices and retention rings and lubricants for use with these products. Marketing approval for the product range was granted by the FDA in 1998. The Timm product is reimbursable in the US.

For diagnosis, Timm offers an ambulatory diagnostic tool used to measure the frequency, rigidity and duration of both nocturnal and provocative erections. The diagnostic system is used by physicians, pharmaceutical researchers and academics.

A summary of the financial information regarding Timm, as extracted from unaudited management information is set out in Part IV of this document.

6. Principal Terms and Reasons for The Placing

The Company announced today that it was raising approximately £6.3 million, net of expenses, through the Placing of 3,200,000 new Ordinary Shares. The Placing Price represents a discount of approximately 7.8 per cent. to the closing mid-market price of 238.5p per Ordinary Share as at 12 January 2005, the latest practicable date prior to the announcement of the Placing. The Placing Shares will rank in full for all dividends and otherwise *pari passu* with the Existing Ordinary Shares.

It is expected that the Placing Shares will be admitted to trading on AIM by 8 February 2006. The Placing, which has been fully underwritten by Collins Stewart, is conditional, *inter alia*, upon:

- the approval of the Resolutions at the EGM;
- the Stock Purchase Agreement not having been terminated in accordance with its terms;
- the Placing Agreement becoming unconditional in all respects and not having been terminated in accordance with its terms; and
- Admission of the Placing Shares.

The Placing is to be effected on behalf of the Company by Collins Stewart on the terms of the Placing Agreement.

Of the net proceeds of £6,350,000 the Company will use approximately £4,588,000 to satisfy the cash consideration due to Endocare under the terms of the Stock Purchase Agreement. The balance will be used to satisfy transaction fees and provide additional working capital for the Enlarged Group.

In consideration of their services in connection with the Placing, the Company will pay to Collins Stewart a fee of 4 per cent. of the aggregate value, at the Placing Price, of the Placing Shares. The Placing Agreement contains warranties given by the Company with respect to its business and the Group and certain matters connected with the Placing. In addition, the Company has given indemnities to Collins Stewart in connection with the Placing and Collins Stewart's performance of services in relation to the Placing. Collins Stewart is entitled to terminate the Placing Agreement in specified circumstances.

The Placing Shares represent approximately 12.6 per cent. of the Enlarged Issued Share Capital. The Company has received irrevocable undertakings from certain major shareholders and each of the Directors to vote in favour of the Resolutions to be proposed at the EGM.

7. Extraordinary General Meeting and action to be taken

A notice convening the EGM to be held at Morrison & Foerster, 7th Floor, CityPoint, One Ropemaker Street, London, EC2Y 9AW at 10.00 a.m. on 6 February 2006 is set out at the end of this document. The Resolutions to be proposed at the EGM are to approve the Acquisition and to empower the Directors to allot equity securities for cash and to do so otherwise than in accordance with the Shareholders' statutory pre-emptory provisions, as set out in the Act, in connection with the Placing and the capitalisation of the Convertible Note.

A Form of Proxy for use by Shareholders in connection with the EGM is enclosed with this document. Whether or not you propose to attend the EGM in person, you are requested to complete the Form of Proxy in accordance with the instructions printed on it and to return it to the Company's registrars, Lloyds TSB Registrars, The Causeway, Worthing, West Sussex, BN99 6ZL, as soon as possible and in any event so as to arrive no later than 10.00 a.m. on 4 February 2006. Completion and return of the Form of Proxy will not preclude you from attending the EGM and voting in person should you so wish.

8. Responsibility

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

9. Recommendation

The Directors consider the terms of the Acquisition and the Placing to be fair and reasonable insofar as the Shareholders are concerned and in the best interests of the Company; and accordingly recommend that you vote in favour of the Resolutions at the EGM as they intend to do in respect of their own holding of Ordinary Shares, representing 995,388 Ordinary Shares, being 4.48 per cent. of the current issued ordinary share capital.

Yours faithfully,

Stuart Wallis

Chairman

PART II

Details of the Acquisition

Stock Purchase Agreement

By the Stock Purchase Agreement dated 13 January 2006 between Plethora, Endocare and Timm, the Company has agreed to acquire the entire issued capital of Timm for a total consideration of US\$9,500,000 of which US\$8,075,000 will be paid in cash and US\$1,425,000 satisfied by the issue by Plethora of the Convertible Note. The obligations of Plethora under the Convertible Note will be secured pursuant to the terms of the Security Agreement. Details of the terms of the Convertible Note and Security Agreement are outlined below.

The aggregate consideration of US\$9,500,000 is subject to a working capital adjustment (either upwards or downwards on a dollar for dollar basis) based on prepared and agreed completion accounts.

The Stock Purchase Agreement is, *inter alia*, conditional upon:

- the Resolutions being passed at the EGM;
- the Placing Agreement not being terminated and becoming unconditional in all respects in accordance with its terms; and
- Admission occurring by 8 February 2006 (or such later date as the Company and Endocare may agree).

The Seller has given general and tax representations and warranties which survive completion of the Acquisition. The general warranties survive for a period of 15 months following the closing of the Acquisition and in the case of regulatory and product liability warranties, 24 months after closing. Environmental and tax warranties given by Endocare and Timm survive for a period until time-barred by statute. The warranties (other than certain tax warranties) are subject to a minimum claim threshold of US\$100,000. The maximum aggregate liability for a breach of warranty or covenant by the Seller (except in the case of tax matters) is up to the aggregate principal amount of the Convertible Note being US\$1,425,000.

Any amount payable by the Seller as indemnification for a breach of warranty may be offset by cash or new Ordinary Shares (representing repayment by Plethora of the Convertible Note), held in escrow on behalf of Endocare.

The Stock Purchase Agreement contains restrictive covenants from the Seller not to, *inter alia*, compete with the business of vacuum pump therapy systems for the treatment of ED for a period of 3 years. Plethora has similarly agreed not to, *inter alia*, compete with the Seller's business of cryotherapy for urological indications for a period of 3 years. The Stock Purchase Agreement also prevents Plethora from soliciting or inducing an employee or consultant of the Seller for a period of 3 years from the date of the Stock Purchase Agreement.

Both the Company and the Seller or Timm has the right to terminate the Stock Purchase Agreement if the other party is in material breach of the Agreement, such breach not being remedied within 30 days, or in the event the closing of the Acquisition has not occurred on or prior to 28 February 2006.

Where Plethora elects not to proceed with the Acquisition or Admission has not occurred on or before 28 February 2006 (or such later date as the Company and Endocare may agree), Plethora is obliged to pay a break fee to Endocare of 150% of all reasonable third-party costs, expenses and fees incurred for the period from 12 September 2005 to 28 February 2006, by or on behalf of Timm and the Seller in relation to the Stock Purchase Agreement, the Convertible Note and the transactions contemplated therein, such break fee not to exceed US\$300,000.

Secured Convertible Promissory Note

On completion of the Acquisition the Company has agreed to issue the Convertible Note to Endocare under which Plethora will promise to pay to Endocare the principal sum of US\$1,425,000 plus accrued interest within 24 months of the date of the Convertible Note.

Interest will accrue in arrears on the outstanding principal from completion of the Acquisition (the "**Closing Date**") to maturity of the Convertible Note and is payable, unless converted into Ordinary Shares, within 30 days of either the date on which all amounts due under the Convertible Note are converted into Ordinary Shares or the date of maturity of the Convertible Note. Interest will be calculated at the rate of 5% per annum, compounded quarterly. If Plethora fails to make a payment of principal or interest or both, interest on the unpaid amount will be payable on demand at 8% per annum.

In the event Timm (as part of the Enlarged Group) achieves certain agreed financial targets for the year ending 31 December 2006, the repayment of the principal sum plus interest will be accelerated and become payable 15 months from the Closing Date.

Endocare has the option to convert (in full or in part) the entire amount outstanding under the Convertible Note (including accrued interest) into Ordinary Shares. The number of Ordinary Shares to be issued by the Company pursuant to such conversion will be calculated by reference to the average mid market closing price of the Ordinary Shares on AIM for the 15 trading days preceding the Closing Date (the "**Conversion Price**"). Endocare is prevented from transferring or disposing of the Ordinary Shares otherwise than through Collins Stewart or by a general offer made to all of Plethora's shareholders.

If in one year from the Closing Date the average mid market closing price of the Ordinary Shares equals or exceeds 150% of the Conversion Price for a period of 20 consecutive trading days, Plethora has the option to convert the entire amount outstanding under the Convertible Note into Ordinary Shares at the Conversion Price.

Security Agreement

As security for the payment and performance of the obligations under the Convertible Note, Plethora will enter into the Security Agreement. As security for the performance of Plethora's obligations under the Convertible Note, Endocare will take a first priority security interest over certain of Plethora's assets (the "**Collateral**"). In the event that the value of the Collateral is at a future point less than that outstanding amount due under the Convertible Note, Endocare may seek to take additional security over other Plethora assets (to the value of the outstanding debt).

The Security Agreement will terminate upon payment and performance in full by Plethora of its obligations under the Convertible Note, including the conversion of the entire amount outstanding into Ordinary Shares.

Plethora will give customary representations and warranties in relation to the Collateral. Plethora has also covenanted with Endocare that for as long as the obligations under the Convertible Note remain unsatisfied, Plethora will carry and maintain insurance with respect to the Collateral.

PART III

Financial Information on Plethora Solutions Holdings plc

Extracted from the interim results of the Company for the six months ended 30 June 2005

Consolidated Summarised Profit and Loss Account For the six months ended 30 June 2005

	<i>6 months ended 30 June 2005 Unaudited £'000</i>	<i>Year ended 31 December 2004 Audited £'000</i>
<i>Note</i>		
Turnover	—	—
Cost of sales	—	—
Gross profit	<u>—</u>	<u>—</u>
Administrative expenses		
Research and development expenses	(3,025)	(1,955)
Other administrative expenses	<u>(587)</u>	<u>(693)</u>
Operating loss	(3,612)	(2,648)
Net interest receivable/(payable) and other charges	<u>37</u>	<u>(110)</u>
Loss on ordinary activities before taxation	(3,575)	(2,758)
Tax on loss on ordinary activities	<u>—</u>	<u>—</u>
Loss on ordinary activities after taxation	(3,575)	(2,758)
Dividends	<u>—</u>	<u>—</u>
Loss transferred from reserves	3 <u>(3,575)</u>	<u>(2,758)</u>
Basic loss per share	2 <u>(20.5p)</u>	<u>(26.1p)</u>

There were no recognised gains or losses other than the loss for the financial period.

Consolidated Summarised Balance Sheet
As at 30 June 2005

	<i>At</i>	<i>At</i>
	<i>30 June</i>	<i>31 December</i>
	<i>2005</i>	<i>2004</i>
	<i>Unaudited</i>	<i>Audited</i>
<i>Note</i>	<i>£'000</i>	<i>£'000</i>
Fixed assets		
Tangible assets	<u>60</u>	<u>43</u>
Current assets		
Debtors	186	17
Cash at bank and in hand	<u>7,889</u>	<u>49</u>
	8,075	66
Creditors: amounts falling due within one year	<u>(575)</u>	<u>(1,874)</u>
Net current assets/(liabilities)	<u>7,500</u>	<u>(1,808)</u>
Total assets less current liabilities	<u>7,560</u>	<u>(1,765)</u>
Net assets/(liabilities)	<u><u>7,560</u></u>	<u><u>(1,765)</u></u>
Capital and reserves		
Called up share capital	222	—
Share premium account	8,825	993
Other reserves	4,846	—
Profit and loss account	<u>(6,333)</u>	<u>(2,758)</u>
Equity shareholders' funds/(deficit)	<u><u>7,560</u></u>	<u><u>(1,765)</u></u>
3		

Consolidated Summarised Cash Flow Statement
For the six months ended 30 June 2005

		<i>6 months ended 30 June 2005 Unaudited £'000</i>	<i>Year ended 31 December 2004 Audited £'000</i>
Net cash (outflow) from operating activities	4	(3,423)	(2,381)
Returns on investments and servicing of finance			
Interest received		37	3
Net cash inflow from returns on investments and servicing of finance		<u>37</u>	<u>3</u>
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(24)	(53)
Net cash (outflow) from capital expenditure and financial investment		<u>(24)</u>	<u>(53)</u>
Cash outflow before financing		<u>(3,410)</u>	<u>(2,431)</u>
Financing			
Issue of ordinary share capital		14,063	1,000
Share issue costs		(1,163)	(7)
Loans advanced		2,000	1,487
Loans repaid		(3,650)	—
Net cash inflow from financing		<u>11,250</u>	<u>2,480</u>
Increase in cash	5	<u><u>7,840</u></u>	<u><u>49</u></u>

Notes to the interim Statement
For the six months ended 30 June 2005

1. Basis of Preparation

The consolidated interim financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention. The principal accounting policies of the group have remained unchanged from those set out in Plethora Solutions Limited's 2004 annual report and financial statements. In addition to those accounting policies adopted in the Plethora Solution Limited's 2004 annual report and financial statements the following accounting policy has been added.

Basis of consolidation

The group financial statements consolidate those of the Company and of its subsidiary undertaking. Profits or losses on intra-group transactions are eliminated in full. On 17th March 2005, as part of a group reorganisation, the Company acquired the entire issued share capital of Plethora Solutions Limited, the consideration being satisfied by the issue of ordinary shares in the Company. In preparing the consolidated financial statements merger accounting has, therefore, been applied. The financial information set out in this interim report does not constitute statutory accounts as defined by section 240 of the Companies Act 1985. The figures for the year ended 31 December 2004 have been extracted from the statutory financial statements of Plethora Solutions Limited which have been filed with the Registrar of Companies. The auditors' report on those financial statements was unqualified and did not contain a statement under section 237(2) of the Companies Act 1985.

2. Loss per Share

The calculation of the basic and diluted loss per share is based on the loss on ordinary activities after tax and on the weighted average number of ordinary shares in issue during the period. The impact of the share options and convertible debt are anti dilutive. The loss and weighted average number of shares used in the calculations are set out below:

Basic loss per share

	<i>Loss</i> <i>£'000</i>	<i>Weighted</i> <i>average</i> <i>number of</i> <i>shares</i>	<i>Loss per</i> <i>share</i> <i>pence</i>
Six months ended 30 June 2005	(3,575)	17,467,648	(20.5)
Year ended 31 December 2004	(2,758)	10,571,055	(26.1)

3. Reconciliation of movements in Shareholders' funds/(deficit)

	<i>6 months</i> <i>ended</i> <i>30 June</i> <i>2005</i> <i>Unaudited</i> <i>£'000</i>	<i>Year ended</i> <i>31 December</i> <i>2004</i> <i>Audited</i> <i>£'000</i>
Loss for the financial period	(3,575)	(2,758)
Issue of ordinary share capital	12,900	993
Net increase/(decrease) in shareholders' funds/(deficit)	9,325	(1,765)
Shareholders' funds/(deficit) at beginning of period	(1,765)	—
Shareholders' funds/(deficit) at end of period	<u>7,560</u>	<u>(1,765)</u>

4. Net cash inflow/(outflow) from operating activities

	<i>6 months ended 30 June 2005 Unaudited £'000</i>	<i>Year ended 31 December 2004 Audited £'000</i>
Operating (loss)	(3,612)	(2,648)
Depreciation	7	10
(Increase) in debtors	(169)	(17)
Increase in creditors	351	274
Net cash (outflow) from operating activities	<u>(3,423)</u>	<u>(2,381)</u>

5. Reconciliation of net cash flow to movement in net (debt)/funds

	<i>6 months ended 30 June 2005 Unaudited £'000</i>	<i>Year ended 31 December 2004 Audited £'000</i>
Increase in cash in the period	7,840	49
Cash outflow from financing	1,650	(1,487)
Change in net funds/(debt) resulting from cash flows	9,490	(1,438)
Non cash movements	(131)	(32)
Movement in net funds/(debt) in the period	9,359	(1,470)
Net (debt)/funds at beginning of period	(1,470)	—
Net funds/(debt) at end of period	<u>7,889</u>	<u>(1,470)</u>

PART IV

Financial Information on Timm Medical Technologies, Inc

The Directors have prepared the following financial information on Timm Medical Technologies, Inc for the year ended 31 December 2004 and the 11 months ended 30 November 2005, which has been extracted without material adjustment from the unaudited management accounts of Timm Medical Technologies, Inc. which are prepared in accordance with US GAAP. The financial information has been prepared solely for the purposes of this document and does not constitute audited statutory accounts within section 240 of the Act.

Summarised Profit and Loss Account

Extracted from unaudited management information

	<i>11 months ended 30 November 2005 Unaudited US\$'000</i>	<i>Year ended 31 December 2004 Unaudited US\$'000</i>
Turnover	8,446	8,504
Cost of sales	2,772	3,331
Gross profit	5,674	5,173
Administrative expenses	(4,628)	(4,917)
Operating profit before exceptional expenses	1,046	256
Exceptional administrative expenses	609	(5,930)
Operating profit/(loss)	1,655	(5,674)
Net interest receivable and similar charges	287	127
Profit/(loss) on ordinary activities before taxation	1,942	(5,547)
Tax on profit/(loss) on ordinary activities	—	1
Profit/(loss) transferred to/(from) reserves	1,942	(5,548)

Summarised balance sheet

Extracted from unaudited management information

	<i>At</i> <i>30 November</i> <i>2005</i> <i>Unaudited</i> <i>US\$'000</i>	<i>At</i> <i>31 December</i> <i>2004</i> <i>Unaudited</i> <i>US\$'000</i>
Fixed assets		
Intangible assets	8,294	8,722
Tangible assets	143	461
Provision for assets held for resale	—	(609)
Investments	(543)	(543)
	<u>7,894</u>	<u>8,031</u>
Current assets		
Debtors	695	685
Amounts owed to the parent undertaking	8,720	6,225
Stock	426	346
Cash at bank and in hand	—	154
	<u>9,841</u>	<u>7,410</u>
Creditors: amounts falling due within one year	<u>(2,503)</u>	<u>(2,151)</u>
Net current assets	<u>7,338</u>	<u>5,259</u>
Total assets less current liabilities	<u>15,232</u>	<u>13,290</u>
Net assets	<u>15,232</u>	<u>13,290</u>
Capital and reserves		
Share capital	—	—
Profit and loss account	15,232	13,290
Equity shareholders' funds	<u>15,232</u>	<u>13,290</u>

PART V

Additional Information

1. The Company

- 1.1 Plethora Solutions Holdings plc was incorporated and registered in England and Wales on 25 January 2005 under the Act as a public limited company with registered number 05341336. The Company was incorporated with the name Copperspice Public Limited Company and changed its name to Plethora Solutions Holdings plc by a special resolution dated 9 February 2005. The Company was issued with a certificate to commence business and borrow pursuant to section 117 of the Act on 14 March 2005.
- 1.2 The Company is a public limited company and, accordingly, the liability of its members is limited.
- 1.3 The principal legislation under which the Company operates is the Companies Act 1985 and the regulations made thereunder.
- 1.4 The head and registered office of the Company is at Lupus House, 11-13 Macklin Street, Covent Garden, London WC2B 5NH.
- 1.5 The business of the Company and its principal activity is to act as a holding company. The Group's activities and operations will be operated by Plethora on completion of the Acquisition, which will then be a wholly owned subsidiary of the Company.

2. Share Capital

- 2.1 The authorised and issued share capital of the Company as at the date of this document and is expected to be immediately following Admission is as follows:

<i>Ordinary Shares:</i>	<i>At present</i>		<i>Immediately following Admission</i>	
	<i>No. of shares</i>	<i>Nominal Value/£</i>	<i>No. of shares</i>	<i>Nominal Value/£</i>
Authorised	50,000,000	500,000.00	50,000,000	500,000.00
Issued and fully paid	22,222,420	222,224.20	25,422,420	254,224.20

- 2.2 The Ordinary Shares have the rights and be subject to the restrictions referred to in paragraph 4 of this Part V.
- 2.3 The Placing Shares to be issued under the Placing will, on Admission, rank pari passu in all respects with the Existing Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid after the date of this document.
- 2.4 The Company has granted options under the Option Scheme to employees of the Group to subscribe for a total of 742,548 Ordinary Shares.
- 2.5 Save as set out in paragraphs 2.4, 6.2 and paragraph 11.3, at Admission, the Company will not have any Ordinary Shares in issue or under option save for Ordinary Shares to be subscribed for pursuant to the Placing and to be issued on completion of the Acquisition. In addition, the Company will not have in issue any securities not representing share capital or any outstanding convertible securities.

3. Subsidiary Undertaking and Associated Company

On completion of the Acquisition, the Company will have the following subsidiary undertakings:

<i>Name</i>	<i>Registered number</i>	<i>Status</i>	<i>Place of incorporation</i>	<i>Interest held by the Company</i>
Plethora Solutions Limited	4977609	Active	England and Wales	100 per cent
Timm Medical Technologies, Inc.	3490149	Active	USA	100 per cent

4. Summary of the Memorandum and Articles of Association of the Company

4.1 Memorandum of Association

The Memorandum of Association of the Company provides that the principal objects of the Company are, *inter alia*, to carry on business as, amongst other things, a holding company. The objects of the Company are set out in full in clause 3 of the Memorandum of Association.

4.2 Articles of Association

The Articles of Association of the Company (the “**Articles**”) which were adopted by a special resolution of the Company on 7 March 2005 contain, *inter alia*, provisions to the following effect:

(a) *Voting*

Subject to the Act and to any special rights or restrictions as to voting attached to any class of shares (as to which there will be one (being Ordinary Shares immediately following Admission)), on a show of hands every member holding Ordinary Shares who is present in person shall have one vote and, on a poll, every member present in person or by proxy shall have one vote for every Share held by him. No member shall be entitled to be present or to vote at a general meeting or to exercise any other right if any call or other sum presently payable by him to the Company in respect of shares held by him remains unpaid or if he has been served by the Directors with a Direction Notice in the manner described in paragraph (ii) below.

(b) *Restriction on Shares*

If a member, or any other person appearing to be interested in shares held by such member, has been duly served with a notice (a “**Statutory Notice**”) pursuant to Section 212 of the Act and is in default for the prescribed period in supply to the Company the information thereby required, the Directors may in their absolute discretion at any time thereafter by notice (a “**Direction Notice**”) to such member or any such other person, direct that, in respect of the shares in relation to which the default occurred (“**Default Shares**”) and any other shares held by the member in question, the member (or any transferee to whom any of the shares are transferred other than pursuant to an approved transfer (as defined in the Articles)) shall not be entitled to attend or to vote at any general meeting or any class meeting.

Where the Default Shares represent 0.25 per cent or more of the issued shares of the class concerned, the Direction Notice may additionally direct that:

- (i) any dividend or other money or money’s worth which would otherwise be payable in respect of the Default Shares shall be retained by the Company without any liability to pay interest thereon when such money is finally paid to the member (although any dividend so retained shall be paid immediately following receipt of the information requested in the Statutory Notice) and the member shall not be entitled to elect to receive a dividend in specie; and
- (ii) no transfer, other than an approved transfer (as defined in the Articles), of any of the shares held by the member in certificated form (and, if permitted by the requirements of the relevant system concerned, uncertificated form) shall be registered unless the member is not himself in default in supplying the information requested and the transfer is of part only of the member’s holding and when presented for registration is accompanied by a certificate given by the member in a form satisfactory to the Directors to the effect that after due and careful enquiry the member is satisfied that none of the shares the subject of the transfer are Default Shares.

The prescribed period referred to above means 14 days after the date of service of the Statutory Notice. Any Direction Notice shall have effect in accordance with its terms until 7 days after the earlier of a receipt by the Company of notice of any approved transfer (as defined in the Articles) of the Default Shares and due compliance with the Statutory Notice.

(iii) *Variation of Rights*

Subject to the provisions of the Act and every statute for the time being in force concerning companies and affecting the Company (the "**Statutes**") and whether or not the Company is being wound up, the special rights attached to any class of shares may be varied or abrogated either with the consent in writing of the holders of three-fourths in nominal value of the issued shares of that class or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of the shares of that class.

(iv) *Alteration of Share Capital*

The Company may by ordinary resolution increase, consolidate or sub-divide its share capital and cancel any unissued shares. Subject to the provisions of the Statutes and to any rights conferred on the holders of any class of shares, the Company may purchase all or any of its shares of any class, including any redeemable shares and may reduce its share capital, capital redemption reserve, share premium account or other undistributable reserve.

(v) *Transfers of Shares*

Shares in the Company may be in certificated or uncertificated form. Title to uncertificated shares may be transferred by means of a relevant system pursuant to the Uncertificated Securities Regulations 1995 (SI 1995/3272) (the "**Regulations**"). The Directors may, in their absolute discretion and without assigning any reason, refuse to register a transfer of a partly paid share (if in uncertificated form to the extent that they are permitted to do so by the Regulations), save where to do so would prevent dealings in the shares from taking place in an open and proper basis.

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

Except as may be provided any arrangements or procedures implemented in accordance with the listing requirements of the London Stock Exchange or as provided in the Regulations, if the Directors refuse to register an allotment or a transfer they shall, within two months after the date on which the letter of allotment or a transfer they shall, within two months after the date on which the letter of allotment or instrument of transfer was lodged with the Company, send to the allottee or transferee notice of the refusal.

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

Subject to the Act and the requirements of the London Stock Exchange, the registration of transfers may be suspended at such times and for such periods as the Directors may determine save that the Directors shall not close the register of members for more than 30 days in any year.

(vi) *Directors*

Unless otherwise determined by the Company in general meeting, the number of Directors shall not be more than 12 nor less than 2.

The Directors (other than Directors holding an executive office) shall be paid out of the funds of the Company, by way of remuneration for their services as Directors, such fees as the Board determines, not exceeding £200,000 per annum or such great amount as the Company may determine in general meeting. Such remuneration shall be divided between the Directors as they may by resolution agree, or failing agreement, equally. Any Director who holds executive office shall receive such remuneration as the Directors or a committee of the Directors may determine, either in addition to or in lieu of his remuneration as a Director. The Directors may also be paid all reasonable expenses incurred by them in attending and returning from meetings of the Directors or of any committee of the Directors or general meetings of the Company or otherwise in or about the business of the Company or in the discharge of their duties as a Director.

Any Director or member of a committee of the Directors who makes any special exertions in going or residing abroad or who otherwise performs services which, in the opinion of the Directors are outside the scope of the ordinary duties of a Director, may be paid such extra remuneration by way of salary, commission or otherwise as the Directors may determine and the extra remuneration by way of salary, commission or otherwise as the Directors may determine and the extra remuneration or benefits shall be in addition to any remuneration or benefits provided by or pursuant to any other Article.

At each annual general meeting of the Company one-third of the Directors or, if their number is not three or an integral multiple of three, the number nearest to but not exceeding one-third shall retire from office by rotation.

There shall be no share qualification required of any Director and no person shall be disqualified from being appointed a Director or required to vacate the office of Director by reason only of the fact that he has attained the age of seventy years or any other age.

A Director shall not vote on, or be counted in a quorum at a meeting in relation to, any resolution concerning any contract, transaction or arrangement or other proposal in which he has an interest which (together with any interest of any person connected with him within the meaning of Section 346 of the Act) is a material interest (other than by virtue of his interests in shares, debentures or other securities of the Company).

This prohibition will not apply, and a Director is entitled to vote (and be counted in the quorum), in respect of any resolution concerning any of the following:

- (A) the giving of any guarantee, security or indemnity in respect of money lent or obligations incurred by him or by any other person at the request of, or for the benefit of, the Company or any of its subsidiaries;
- (B) the giving of any guarantee, security or indemnity in respect of a debtor obligation of the Company or any of its subsidiaries for which he himself has assumed responsibility, in whole or in part, under a guarantee or an indemnity or by the giving of security;

- (C) any contract, arrangements, transaction or proposal concerning an offer of shares or debentures or other securities of or by the Company or any of its subsidiaries for subscription or purchase in which offer he is or may be entitled to participate as a holder of securities or as a participant in the underwriting or sub-underwriting thereof;
- (D) any contract, arrangement, transaction or proposal concerning any other company in which he and any persons connected with him do not to his knowledge hold an interest in shares (as that term is used in Sections 198 to 211 of the Act) representing one per cent or more of either any class of the equity share capital or of the voting rights available to members of the relevant company;
- (E) any contract, arrangement, transaction or proposal relating to an arrangement for the benefit of the employees of the Company or its subsidiaries which does not award him any privilege or benefit not generally awarded to the employees to whom such arrangement relates; and
- (F) any proposal concerning the purchase and/or maintenance of any insurance policy for the benefit of Directors or for the benefit of persons including the Directors.

A Director shall not vote on, or be counted in the quorum in respect of, any resolution concerning his own appointment (including fixing or varying the terms, or the termination thereof) as the holder of any office or place of profit with the Company or with any company in which the Company is interested.

An interest of a Director shall be treated as an interest of his alternate in addition to any interest his alternate would otherwise have.

(vii) *Borrowing powers*

The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and assets (both present and future) and uncalled capital, or any part thereof, and to issue debentures and other securities, whether outright or as security for any debt, liability or obligation of the Company or of any third party. The Articles provide that, unless otherwise sanctioned by ordinary resolution, the Directors shall restrict the borrowings of the Company and exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiaries so as to secure (so far as regards subsidiaries as by such exercise they can secure) that the aggregate principal amount for the time being outstanding of all borrowings of the Company and all its subsidiaries, exclusive of intra-group borrowings, shall not at any time exceed a sum equal to four times the adjusted total of capital and reserves of the Company and its subsidiaries (as defined in the Articles).

(viii) *Dividends*

Subject to the provisions of the Statutes, the Company may by ordinary resolution declare dividends but no dividend shall be payable in excess of the amount recommended by the Directors. Interim dividends may be paid if (in the opinion of the Directors) the profits available for distribution justify such payment. Subject to the rights attached to shares, all dividends shall be declared and paid according to the amounts paid up on the shares during any proportion of the period in respect of which the dividend is paid. No dividends payable in respect of any share shall bear interest unless otherwise provided by the rights attached to that class of share. The Directors may, with the prior sanction of an ordinary resolution of the Company in general

meeting, offer the holders of shares the right to elect to receive additional shares of the same class credited as fully paid in lieu of receiving the net cash amount due to them in respect of any dividend. All dividends (and other sums payable on or in respect of a share) unclaimed for one year after having been declared or having become payable may be invested or otherwise made use of for the benefit of the Company until claimed. If on two or more consecutive occasions cheques, warrants or instruments in payment of dividends (or other monies payable on or in respect of a share) have been returned undelivered or left uncashed or any other method of payment permitted by the Articles has failed or if, following one such occasion, reasonable enquiries have failed to establish any new address for the member, the Company need not thereafter despatch such further cheques, warrants or instruments until the person entitled to receive them has supplied the Company with an address or bank account for the purpose of receiving the same.

(ix) *Unclaimed dividends*

Any dividend unclaimed after a period of 12 years from the date it was declared or became due for payment, whichever is the later, shall be forfeited and shall revert to the Company.

(x) *Return of capital*

On a winding up of the Company, the liquidator may, with the authority of an extraordinary resolution of the Company, divide amongst the members in specie or in kind the whole or any part of the assets of the Company and may set such value as he deems fair upon any property to be divided and may determine how such division shall be carried out as between members or different classes of members.

(xi) *Pensions, gratuities, etc.*

The Directors may grant pensions or other benefits to any persons who are or have at any time been directors or officers of the Company or any other company within the Company Group or otherwise associated with or allied to the Company and persons connected with them.

(xii) *Untraced shareholders*

The Company may sell any share of a member or any share to which a person is entitled by virtue of transmission on death or bankruptcy of a member or by virtue of any other event giving rise to its transmission by operation of law if for a continuous period of 12 years such member or person has not claimed any dividends provided that in such continuous period of 12 years at least three dividends in respect of the shares in question have become payable. The Company may only exercise its rights to sell if it has during the said period of 12 years a further period of three months after giving notice in certain newspapers of its intention to sell such share, still received no indication either of the whereabouts or of the existence of the member or such person and if such share is of a class listed or dealt in on the London Stock Exchange has notified the London Stock Exchange of its intention to sell. the Company shall be obliged to account to the person entitled thereto for an amount equal to the net proceeds of sale.

(xiii) *Non-United Kingdom shareholders*

Members with registered addresses outside the United Kingdom are not entitled to receive notices from the Company unless they have given the Company an address within the United Kingdom at which such notices may be served.

5. Directors

5.1 The Directors of the Company and their respective functions are set out on page 3 of this document.

5.2 Details of any directorship that is or was in the last five years held by each of the Directors, and any partnership of which each of the Directors is or was in the last five years a member in addition to their directorships of the Company and its subsidiary undertakings are set out below:

<i>Name</i>	<i>Current directorships and partnerships</i>	<i>Previous directorships and partnerships</i>
Stuart Michael Wallis	Heron's Park Investments Limited Protherics plc Needtest Limited Albemarle Three Limited The Simply Smart Group Limited BCS Global Networks Limited TSL Education Holdings Limited TSL Education Acquisition Limited TSL Education Finance Limited TSL Education Limited Times Educational Supplement (The) Limited Educational Exhibitions Limited Nursery World Limited	Trident Components Group Limited SSL International plc Worldmark International Limited Communis plc Eleksen Limited Electrotextiles Company (Employee Trustee) Limited The Hay Hall Group Limited Silverspice Limited Briarnight Investments Limited Nightingales Lane Investments Limited Euramax Inc.
Dr. Steven John Powell	Chroma Therapeutics Limited Near Patient Technologies Limited The Truffaldino Partnership Limited	Xenova KS Limited Xenova Biomedix Limited Acaris Healthcare Solutions plc Limoncello Limited KS Avicenna Inc (Canada) Gilde Investment Management BV (Netherlands)
Dr. Michael Grant Wyllie	Urodoc Limited Wellbeings Limited Mens Health Ltd (no. 4420740) Zi Medical plc	Saccary Real Estate Limited Urology Consultancy Group Limited Mens Health Limited (no. 3609310) Owls (UK) Limited Medpharma plc
Bradley Richard Hoy	Seven Hills Venture Partners Limited Xcellsyz Limited	Geron Bio-Med Limited
Professor Sir Christopher Evans	Merlin (Scotland) GP Limited The Centre for Nutritional Medicine Limited Enzymatix Limited Merlin Limited Merlin Asset Management Limited Merlin Scientific Services Limited	Toad Innovations Limited Secure Microsystems Limited Laserline (UK) Limited Cyclacel Limited Enviros Limited Emergent Europe Limited Vectura Group plc Spacetrac Limited Second Base Systems Limited

<i>Name</i>	<i>Current directorships and partnerships</i>	<i>Previous directorships and partnerships</i>
Professor Sir Christopher Evans (continued)	Merlin Ventures Limited Merlin Equity Limited Merlin Biosciences Limited Merlin General Partner III Limited Bricktown Limited Celsis Limited Celsis International plc Glebe Entertainments Limited Merlin Scientific Consulting Lab 21 Limited The UK Stem Cell Foundation Derms Development Limited Energist Limited White Light Therapy Limited Vivogen Limited Microscience Limited Zi Medical plc Microscience Limited Oxford Newtech Limited Cyclacel Group plc Cyclacel Limited Caspian Health Limited Decon Sciences Limited Enzymatix Limited Cells Centre Limited Crawford Healthcare Limited	KinderTec Limited Highstate Limited
Dr. Ann Gail Hayes	The Ann Hayes Consultancy Limited Curidium Limited Theradeas Limited	Sirus Pharmaceuticals Ltd TheraSci Limited Ionix Pharmaceuticals Limited
Neil Brent Stafford	Vientia Genetics Limited Decon Sciences Limited Concept Group Holdings plc Oxford Newtech Limited Sultan Scientific Limited Derms Development Limited Zi Medical plc Brent Resources Limited York Ventures Limited	Easychem Inc. Exempler Inc. Riscogen Ltd Diligenti Limited Q Farms Admin Limited Q Farms Limited Carson Enterprises Limited Morgan Stafford Limited Diligenti Genomics Limited Konsus Limited Medpharma plc

Save as disclosed above, at the date of this document none of the Directors named in this document:

5.3.1 has any unspent convictions in relation to indictable offences;

5.3.2 has been declared bankrupt or has entered into an individual voluntary arrangement;

5.3.3 was a director of any company at the time of or within the twelve months preceding any receivership, compulsory liquidation, creditors' voluntary liquidation, administration, company voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors with which such company was concerned;

5.3.4 was a partner in a partnership at the time of or within the twelve months preceding a compulsory liquidation, administration or partnership voluntary arrangement of such partnership;

5.3.5 has had his assets the subject of any receivership or was a partner in a partnership at the time of or within the twelve months preceding any assets thereof being the subject of a receivership; or

5.3.6 has been the subject of any public criticisms by any statutory or regulatory authority (including any recognised professional body) nor has ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.

6. Directors' and other interests

6.1 The interests of the Directors (including the interests of persons connected with them which would, if the connected person were a Director be required to be disclosed, and the existence of which is known to, or could with reasonable diligence be ascertained by that Director within the meaning of section 346 of the Act) in the issued share capital of the Company which are required to be notified by each Director to the Company pursuant to section 324 or 328 of the Act or are required to be entered in the register of Directors' interests referred to in section 325 of the Act (all of which, save where stated otherwise in the notes below, are beneficial interests) as at the date of this document and immediately following Admission will be as follows:

<i>Shareholder</i>	<i>Prior to Admission</i>		<i>Immediately following Admission</i>		
	<i>Number of Ordinary Shares</i>	<i>Percentage of issued share capital</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of issued ordinary share capital</i>	<i>Number of Ordinary Shares under option</i>
Stuart Wallis	22,300	0.10	22,300	0.088	777,777
Dr. Steven Powell	100	0.0004	100	0.0004	1,111,111
Dr. Michael Wyllie	486,494	2.19	486,494	1.91	444,444
Bradley Hoy	—	—	—	—	181,818
Professor Sir Christopher Evans ⁽¹⁾	—	—	—	—	—
Dr. Ann Hayes	—	—	—	—	—
Neil Stafford	486,494	2.19	486,594	1.91	—

(1) Professor Sir Christopher Evans is the Chairman of Merlin Biosciences Limited which is the manager/adviser of the Merlin Funds.

6.2 The following options over Ordinary Shares have been granted to the following Directors such options being exercisable at the price indicated and between the dates shown below:

<i>Director</i>	<i>Number of options over Ordinary Shares</i>	<i>Exercise price per Ordinary Share</i>	<i>Exercise period</i>
Stuart Wallis	777,777	135p	2008-2015
Dr. Steven Powell	1,111,111	135p	2008-2015
Dr. Michael Wyllie	444,444	135p	2008-2015
Bradley Hoy	181,818	110p	2008-2015

6.3 Save as disclosed above, none of the Directors nor any member of his immediate family or any person connected with him holds or is beneficially or non-beneficially interested, directly or indirectly, in any shares or options to subscribe for, or securities convertible into, shares of the Company or any of its subsidiary undertakings.

- 6.4 In addition to the interests of the Directors set out in paragraphs 6.1 and 6.2 above, as at 12 January 2006 (being the latest practicable date prior to the publication of this document), insofar as is known to the Company, the following persons will as at the date of this document and immediately following Admission, be directly or indirectly interested (within the meaning of Part VI of the Act) in 3 per cent. or more of the issued shares capital of the Company:

<i>Name</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of share capital pre Admission</i>	<i>Percentage of issued ordinary share capital on Admission</i>
Merlin General Partner III Limited (as general partner of Merlin Biosciences Fund III LP)	9,365,789	42.146%	36.841%
Merlin Biosciences General Partner III GmbH (as general partner of Merlin Biosciences Fund III GmbH & Co. KG)	1,745,151	7.853%	6.865%
First Retirement Benefit Scheme	972,988	4.378%	3.827%
Quest for Growth N.V.	751,406	3.38%	2.956%
Brown Brothers Harriman Ltd*	700,000	3.15%	2.753%

* Shares held on behalf of Fidelity International Limited

- 6.5 Save as disclosed above, there are no persons, so far as the Company is aware, immediately following Admission interested, directly or indirectly, in 3 per cent. or more of the Company's issued share capital, nor, so far as the Company is aware, are there any persons who at the date of Admission, directly or indirectly, jointly or severally, exercise or could exercise control over the Company.
- 6.6 Save as disclosed in this document, no Director is or has been interested in any transactions which are or were unusual in their nature or conditions or significant to the business of the Company or the Group during the current or immediately preceding financial year or which were effected during any earlier financial year and remain in any respect outstanding or unperformed.
- 6.7 There are no outstanding loans or guarantees provided by the Company or the Group to or for the benefit of any of the Directors.

7. Directors' Remuneration and Service Agreements

- 7.1 Steven Powell entered into a service agreement with PSL dated 6 September 2004 which was subsequently amended by way of a Deed of Amendment dated 17 March 2005. The agreement may be terminated by either party giving to the other 12 months' written notice or PSL may terminate the employment by making a payment in lieu of notice. Steven Powell's basic salary is £143,850 per annum. Steven Powell is also entitled to receive a discretionary bonus from time to time. Steven Powell is eligible to participate in PSL's pension scheme to which PSL make contributions of 8 per cent. of his salary. He also has the benefit of private health insurance and critical illness cover. He is also entitled to life assurance cover equal to two times his base salary and a car allowance of £6,000 per year. Steven Powell is entitled to 25 days paid holiday in each calendar year in addition to statutory holidays.
- 7.2 Michael Wyllie entered into a service agreement with PSL dated 10 March 2004 which was subsequently amended by way of a Deed of Amendment dated 17 March 2005. The agreement may be terminated by either party giving to the other 6 months' written notice or PSL may terminate the employment by making a payment in lieu of notice. Michael Wyllie's basic salary is £110,000 per annum. Michael Wyllie is also entitled to receive a discretionary bonus from time to time. Michael Wyllie is eligible to participate in PSL's pension scheme to which PSL make contributions of 6 per cent. of his salary. He also has the benefit of private health insurance and critical illness cover. He is also entitled to life assurance cover equal to two times his base salary. Michael Wyllie is entitled to 25 days paid holiday in each calendar year in addition to statutory holidays.

- 7.3 Brad Hoy entered into a service agreement with PSL dated 7 March 2005. The agreement may be terminated by either party giving to the other six months' written notice or PSL may terminate the employment by making a payment in lieu of notice. Brad Hoy's basic salary is £102,750 per annum. Brad Hoy is also entitled to receive a discretionary bonus from time to time. Brad Hoy is eligible to participate in PSL 's pension scheme to which PSL make contributions of 8 per cent. of his salary. He also has the benefit of private health insurance and critical illness cover. He is also entitled to life assurance cover equal to two times his base salary and a car allowance of £6,000 per year. Brad Hoy is entitled to 25 days' paid holiday in each calendar year in addition to statutory holidays.
- 7.4 Stuart Wallis is engaged as a non-executive chairman of the Company pursuant to the terms of a Letter of Appointment dated 7 March 2005. The appointment may be terminated by either party giving to the other not less than 12 months' written notice. The appointment will terminate immediately if Stuart resigns as a director of the Company; he commits an act of gross misconduct or gross neglect or repeated breach of any obligation of his appointment; he becomes bankrupt; he is convicted of any criminal offence (excluding minor road traffic offences); he becomes of unsound mind; or he is disqualified from being a director of any company. Stuart receives a fee of £10,000 per annum. Stuart Wallis is also engaged as a consultant of the Company pursuant to the terms of a Consultancy Agreement dated 7 March 2005. Stuart receives a fee of £40,000 per annum. Stuart's consultancy services include corporate development and maximising business opportunities, support on business projects and strategic assistance of future business initiatives. The Consultancy Agreement terminates immediately upon Stuart ceasing to be non-executive chairman of the Company.
- 7.5 Sir Christopher Evans is engaged as a non-executive director of the Company pursuant to the terms of a letter of appointment dated 7 March 2005. The appointment will continue for a period of 3 years and may be terminated by either party giving to the other 1 months' written notice. The appointment will terminate immediately if he is not reappointed as a Director at the Annual General Meeting of the Company; he is removed by a resolution passed at a general meeting of the Company; he vacates office pursuant to any provision of the articles of association of the Company; he is convicted of any criminal offence (excluding minor road traffic offences); he breaches the terms of his appointment; or he is guilty of gross misconduct. Sir Christopher receives a fee of £20,000 per annum. The Company will also reimburse Sir Christopher for all expenses reasonably incurred in the proper performance of his duties.
- 7.6 Ann Hayes is engaged as a non-executive director of the Company pursuant to the terms of a letter of appointment dated 1 March 2005. The appointment will continue for a period of 3 years and may be terminated by either party giving to the other 1 months' written notice. The appointment will terminate immediately if she is not reappointed as a director at the Annual General Meeting of the Company; she is removed by a resolution passed at a general meeting of the Company; she vacates office pursuant to any provision of the articles of association of the Company; she is convicted of any criminal offence (excluding minor road traffic offences); she breaches the terms of his appointment; or she is guilty of gross misconduct. Ann receives a fee of £1,000 per day with a minimum commitment of 10 days per annum and a maximum commitment of 15 days per annum. The Company will also reimburse Ann for all expenses reasonably incurred in the proper performance of her duties.
- 7.7 Neil Stafford is engaged as a non-executive director of the Company pursuant to the terms of a letter of appointment dated 7 March 2005. The appointment will continue for a period of 3 years and may be terminated by either party giving to the other 1 months' written notice. The appointment will terminate immediately if he is not reappointed as a director at the Annual General Meeting of the Company; he is removed by a resolution passed at a general meeting of the Company; he vacates office pursuant to any provision

of the articles of association of the Company; he is convicted of any criminal offence (excluding minor road traffic offences); he breaches the terms of his appointment; or he is guilty of gross misconduct. Neil receives a fee of £40,000 per annum. The Company will also reimburse Neil for all expenses reasonably incurred in the proper performance of his duties.

- 7.8 Save as disclosed in this document there are no service agreements or agreements for the provision of services existing or proposed between the Directors and the Company.
- 7.9 The aggregate remuneration payable including pension contributions and benefits in kind granted to the Directors for the year ending 31 December 2005 was £620,000.

8. Share Incentive Arrangements

The Option Scheme contains an unapproved section (Section A) and a section in a form capable of approval by the Inland Revenue (Section B) (the “**Approved Section**”). The Option Scheme has been adopted by the Company, conditional on Admission and was submitted to the Inland Revenue for approval in respect of the Approved Section on 22 February 2005.

It may be operated in conjunction with an employee benefit trust and the trustee for the time being thereof. It has the following main features:

Section A

(a) *Eligibility*

Options may be granted to eligible employees of any participating company who are not within six months of normal retirement date as selected by the remuneration committee (the “**committee**”).

(b) *Grant of Options*

The price per Ordinary Share at which options will be exercised will not be less than the market value of the Ordinary Shares at the date of grant. The market value of the Ordinary Shares shall be determined in accordance with Part IX of the Taxation and Capital Gains Act 1992.

The committee (or the trustee, where relevant) may adopt any procedure for granting or procuring the grant of options.

In most circumstances an objective performance condition must be satisfied before an option can be exercised. Appropriate performance conditions shall be determined by the committee prior to the grant of any options under the Share Option Scheme.

An option granted under the Share Option Scheme may not be transferred, assigned, charged or otherwise alienated other than to the participants or their personal representative on death. Any other purported transfer, assignment, charge, disposal or dealing with the rights and interest of the participant will render the option void.

Appropriate annual grant limits and remuneration policies in relation to grants of options pursuant to the Share Option Scheme shall be determined by the remuneration committee following Admission and prior to the grant of any options thereunder.

(c) *Limits on the issue of new shares*

The Share Option Scheme is subject to the following limits on the overall number of Ordinary Shares which may be issued:

- (i) in any ten-year period, not more than 5 per cent. of the issued share capital of the Company in aggregate may be placed under option under the Share Option Scheme and any other executive share option scheme adopted by the Company; and

- (ii) in any ten-year period, not more than 10 per cent. of the issued ordinary share capital of the Company in aggregate may be placed under option under the Share Option Scheme and any other employee's share option scheme adopted by the Company be it where participation is extended to all employees on similar terms or limited to employees of executive status only.

In determining the above limit, no account shall be taken of any Ordinary Shares where the right to acquire such Ordinary Shares was released or relapsed without being exercised or was granted pursuant to any existing incentive arrangement.

(d) *Exercise of Options*

Normally, options may only be exercised after three years of their initial date of grant. If a participant ceases to be an employee in certain circumstances including death, retirement, redundancy, injury or disability, the option may be exercised within a specified period from the date of the event causing such termination of employment. Special provisions apply in the event of a takeover or reorganisation of the Company.

If a participant ceases to be an employee by reason of death, redundancy, normal retirement, injury, disability or the transfer or sale of the undertaking or part of the undertaking which he is employed to a person who is not within the Group, or the participating company by which he is employed ceases to be within the Group, the performance requirement shall be deemed waived provided always that the number of Ordinary Shares which may be acquired on exercise of the option shall be pro-rated to take into account the period of time which has elapsed since the date of grant and the date falling on the third anniversary of the date of grant or falling on such other later date as may be determined by the committee.

The above shall also apply where a participant ceases to be in employment as a consequence of early retirement or other special circumstances.

(e) *Exchange of Options*

If any company (the "**acquiring company**") obtains control of the Company as a result of making a general offer to acquire the whole of the issued share capital of the Company, or obtains control of the Company pursuant to a compromise arrangement sanctioned by the court under Section 425 of the Companies Act 1985 or becomes bound or entitled to acquire the Ordinary Shares under Sections 428 to 430F of the Companies Act 1985, any participant may, by agreement with the acquiring company, release his option in consideration of the grant to him of rights which are equivalent to his option but relate to shares in a different company.

There shall be no automatic waiver of the performance conditions subject to which the option has been granted in these circumstances, although the committee may alter or waive all or any of such conditions and impose new performance conditions which shall be equally demanding.

(f) *Discharge of Option in cash/National Insurance contributions indemnity*

If a participant gives notice of exercise of an option, the committee (or the trustee taking account of the recommendation of the committee) may, in lieu of allotting Ordinary Shares, pay the participant a cash sum equal to the amount by which the market value of the Ordinary Shares pursuant to the option on the date of exercise, exceeds the aggregate acquisition price of those Ordinary Shares.

If required by the Company, a participant must enter into an election under paragraph 3 (B) of Schedule 1 of the Social Security Contributions and Benefits Act 1992 whereby the Company's or any subsidiary of the Company's National Insurance contributions liability which arises on exercise of the option is transferred to the participant.

(g) *Amendments to the Share Option Scheme's rules*

Certain minor amendments may be made to the rules of the Share Option Scheme by the Remuneration Committee to benefit its administration or to obtain favourable tax or other treatment. However, the basic structure of the Share Option Scheme cannot be altered without the prior approval of the Company in general meeting. Amendments to key features of the Approved Section require the prior approval of the Inland Revenue.

Section B

The following provisions specifically apply to the Approved Section:

(i) *Performance requirements*

Any performance requirements, additional terms and conditions shall require the prior approval of the Inland Revenue to the extent that such provisions are key features and necessary in order to meet the requirements of the legislation relating to Inland Revenue approved company share option plans.

(ii) *Individual limits*

The aggregate price payable for Ordinary Shares at the date of grant which may be acquired pursuant to options granted to the optionholder under the Approved Section or any other Inland Revenue approved share option scheme (not being a savings related share option scheme) established by the Company or any associated company of the Company, which have neither lapsed nor have been exercised, must not exceed £30,000.

(iii) *Discharge of Option in cash*

This rule does not apply to options granted under the Approved Section.

9. Taxation

9.1 General

The following statements are intended to apply only as a general guide to current UK tax law and to the current practice of the HM Revenue & Customs (“HMRC”). They are intended to apply only to shareholders who are resident in the United Kingdom for UK tax purposes, who (unless the position of non-resident shareholder is expressly referred to) hold Placing Shares as investments and who are the beneficial owners of the Placing Shares. The statements may not apply to certain classes of shareholders such as dealers in securities, collective investment vehicles and insurance companies. Holders of Placing Shares who are in any doubt as to their tax position regarding the acquisition, ownership and disposition of the Placing Shares or who are subject to tax in a jurisdiction other than the UK should consult their own tax advisers.

9.2 Dividends

Under current tax law, the Company will not be required to withhold tax at source from dividend payments it makes.

9.2.1 Individuals

An individual shareholder who is resident in the UK for tax purposes and who receives a dividend from the Company will be entitled to a tax credit which may be set off against his total income tax liability on the dividend. Such an individual shareholder's liability to income tax is calculated on the aggregate of the dividend and the tax credit (the “**gross dividend**”) which will be regarded as the top slice of the individual's income. The tax credit will be equal to ten per cent. of the gross dividend (i.e. the tax credit will be one-ninth of the amount of the dividend). Generally, a UK resident individual shareholder who is not liable to income tax in respect of the gross dividend will not be entitled to reclaim any part of the tax credit.

A UK resident shareholder who is liable to income tax at the lower or basic rate will not have any further liability in respect of the dividend as the tax credit will satisfy such shareholder's liability in full. A UK resident individual shareholder liable to income tax at the higher rate will be subject to income tax on the gross dividend at 32.5 per cent. After taking into account the tax credit, such a shareholder will have to account for additional tax equal to 22.5 per cent. of the gross dividend (an effective tax rate of 25 per cent. of the net cash dividend received).

9.2.2 *Companies*

Subject to certain exceptions for insurance companies, a corporate shareholder resident in the UK for tax purposes will not normally be subject to corporation tax on any dividend received from the Company. Such corporate shareholders will not be able to claim repayment of the tax credit attaching to any dividend.

9.2.3 *Pension funds*

UK pension funds will not be entitled to reclaim the tax credit attaching to any dividend paid by the Company.

9.3 *Capital gains*

A disposal of new Ordinary Shares by a shareholder who is either resident or ordinarily resident in the UK for tax purposes, or is not UK resident but carries on a trade, profession or vocation in the UK through a branch, agency or permanent establishment and has used, held or acquired the Placing Shares for the purposes of such trade, branch, agency or permanent establishment may, depending on the shareholder's circumstances and subject to any available exemption or relief, give rise to a chargeable gain or an allowable loss for the purposes of the taxation of capital gains.

For shareholders within the charge to corporation tax on chargeable gains, indexation allowance should be available to reduce the amount of chargeable gain realised on a disposal of the Placing Shares (but not to create or increase any loss). For such shareholders holding ten per cent. or more of the Company's ordinary share capital, a gain on the sale of the Placing Shares will be exempt from corporation tax on chargeable gains after an initial holding period of 12 months and provided certain other conditions are met.

For shareholders who are subject to capital gains tax, such as individuals, trustees and personal representatives, taper relief (which reduces the percentage of the gain chargeable by reference to how long the Placing Shares have been held) may be available to reduce the amount of chargeable gain realised on a disposal of the Placing Shares.

A corporate shareholder who is not resident in the UK for tax purposes will not be subject to UK tax on a gain arising on a disposal of the Placing Shares unless such shareholder carries on a trade in the UK through a permanent establishment and has used the New Ordinary Shares in or for the purposes of the trade or used, held or acquired the Placing Shares for the purposes of the permanent establishment.

9.4 *Stamp duty and stamp duty reserve tax*

No liability to stamp duty or stamp duty reserve tax ("**SDRT**") will arise on the issue of, or on the issue of definitive share certificates in respect of, the Placing Shares by the Company (unless issued into a clearance system or depositary arrangement, on which see below).

The subsequent conveyance or transfer on sale of the Placing Shares outside the CREST system will generally be subject to ad valorem stamp duty on the instrument of transfer at the rate of 0.5 per cent. of the amount or value of the consideration given rounded up to the nearest £5. Stamp duty is normally the liability of the purchaser or transferee of the

Placing Shares. An unconditional agreement to transfer Placing Shares will normally give rise to a charge to SDRT at the rate of 0.5 per cent. of the amount or value of the consideration for the Placing Shares. However, where within six years of the date of the agreement, an instrument of transfer is executed and duly stamped, the SDRT liability will be cancelled and any SDRT which has been paid will be repaid. SDRT is normally the liability of the purchaser or transferee of the Placing Shares.

Under the CREST system for paperless share transfers, deposits of Placing Shares into CREST will generally not be subject to stamp duty or SDRT unless such a transfer is made for a consideration in money or money's worth, in which case a liability to SDRT will arise usually at the rate of 0.5 per cent. of the value of the consideration given. Subsequent paperless transfers of Placing Shares within CREST are generally liable to SDRT, rather than stamp duty, at the rate of 0.5 per cent. of the amount or value of the consideration payable. CREST is obliged to collect SDRT from the purchaser of the Placing Shares on relevant transactions settled within the system.

Where Placing Shares are issued or transferred (i) to, or to a nominee for, a person whose business is or includes the provision of clearance services or (ii) to, or to a nominee or agent for, a person whose business is or includes issuing depositary receipts, stamp duty (in the case of a transfer only to such persons) or SDRT may be payable at a rate of 1.5 per cent. of the amount or value of the consideration payable or, in certain circumstances, the value of the Placing Shares or, in the case of an issue to such persons, the Placing Price of the Placing Shares.

The above statements are intended as a general guide to the current position. Certain categories of person, including market makers, brokers, dealers and persons connected with depositary arrangements and clearance services are not liable to stamp duty or SDRT and others may be liable at a higher rate or may although not primarily liable for tax be required to notify and account for it under the Stamp Duty Reserve Tax Regulations 1986.

Any person who is in any doubt as to his tax position or who may be subject to tax in any other jurisdiction should consult his professional tax adviser.

9.5 *Venture Capital Trust legislation*

The Company will be making an application to HMRC for clearance that the Company is a qualifying company for the purposes of the Venture Capital Trust ("**VCT**") legislation. The Company will seek assurances from HMRC that the VCT Shares will be eligible shares for the purposes of section 842 AA (14) Income and Corporation Taxes Act 1988 and that the Ordinary Shares held by VCTs immediately following Admission will be "qualifying holdings" for the purposes of Schedule 28B income and Corporation Taxes Act 1988. It is intended that funds subscribed by investors in respect of the VCT Shares seeking income tax relief under Chapter III of Part VII of the Income and Corporation Taxes Act 1988 (Enterprise Investment Scheme) and Schedule 28B of the Income and Corporation Taxes Act 1988 (Venture Capital Trusts) will be used for qualifying purposes as defined by these provisions in priority to funds subscribed by non-qualify investors. The funds received by the Company in respect of the VCT Shares will not be applied in respect of the acquisition of the Target.

The clearance sought relates only to the qualifying status of the Company and its shares and does not guarantee that any particular VCT will qualify for relief in respect of an acquisition of Ordinary Shares. The conditions for relief are complex and depend not only upon the qualifying status of the Company but upon certain factors and characteristics of the VCT concerned. VCTs who believe they may qualify for VCT reliefs should consult their own tax advisers regarding this.

The Company cannot guarantee or undertake to conduct its business following Admission in a way to ensure that the Company will continue to meet the requirements of Schedule 28B Income and Corporation Taxes Act 1988.

9.6 *Enterprise Investment Scheme*

Provided that the investor and the Company comply with the Enterprise Investment Scheme (“**EIS**”) legislation (Chapter III of Part VII of the Taxes Act and Sections 150A-D, Schedule 5B and 5BA of the Taxation of Chargeable Gains Act 1992), which includes a requirement that the Ordinary Shares are held by investors for 3 years, UK taxpayers may qualify for EIS tax relief on their investment in the Company.

The Directors will seek confirmation from HMRC subject to a form EIS1 being submitted that the Company will be a qualifying company for EIS purposes based on the fact that the Company intends to carry on a qualifying trade for EIS purposes and the Directors intend to manage the Company so as to maintain (as far as they are able) the status of the Company as a qualifying company, although no guarantee can be given.

There are five EIS tax reliefs being:

(a) *Income tax relief*

An individual can obtain income tax relief on the amount subscribed for ordinary shares (up to £200,000 in 2005/2006) in one or more qualifying companies, which are retained for a period of 3 years, provided they are not connected to the issuing company. To calculate the relief a tax credit of 20 per cent. of the eligible amount subscribed is given. The relief is given against the individual's income tax liability for the tax year in which the ordinary shares are issued although it is possible to carry back part of the relief to the preceding tax year where the ordinary shares are issued before 6 October in any tax year. The relief will be limited to an individual income tax liability in the year. EIS income tax relief is not available for individuals who own more than 30 per cent of the issued share capital of the company or certain other connected individuals.

(b) *Capital Gains Tax exemption*

Any capital gains realised on the disposal, after 3 years, of ordinary shares on which EIS income tax relief has been given and not withdrawn, are tax-free. This is not available for individuals who own more than 30 per cent. of the issued share capital of the company or other connected individuals.

(c) *Loss relief*

Tax relief is available where there is a loss on a disposal, subject to certain qualifying conditions at the time, on ordinary shares on which EIS income tax relief, (see (a) above) has been given and not withdrawn or capital gains tax (“**CGT**”) deferred relief (see (d) below) has been given and not withdrawn. The amount of the loss (after taking account of the income tax relief initially obtained) can be set against the individual's capital gains in the year of loss or following years or offset against taxable income in the tax year in which the disposal occurs or the preceding year.

(d) *Capital gains tax liability deferral*

To the extent that a UK resident investing ordinary shareholder (which includes individuals and certain trustees) subscribes for qualifying ordinary shares, he can claim to defer paying capital gains tax on all or part of a chargeable gain arising on the disposal of any asset. Although there is a limit of £200,000 for income tax relief and the exemption from CGT (see (a) and (b) above) there is no limit on the amount of gain that can be deferred in this way. The subscription must have been made within one year before or three years after the date of the disposal which gives rise to the gain or the date when a previously deferred gain crystallises. The gain is deferred until there is a chargeable event such as a disposal of ordinary shares after the 3 year qualifying period. If the investing ordinary shareholder does not retain the ordinary shares for 3 years or the EIS rules are otherwise breached, the CGT deferral originally granted will be withdrawn and tax charged based on a taxable event occurring at the date the rules cease to be met or, in certain instances, by referring to the normal payment date.

(e) *Serial EIS investor Relief*

Investors who defer a chargeable gain on the disposal of an EIS Investment by reinvesting the gain on the growth in value of the original EIS investment in ordinary shares of another EIS company will benefit from taper relief on a cumulative basis. As a result, taper relief, which reduces the amount of a chargeable gain according to how long an asset has been held after 5 April 1998, will be calculated over the combined period for which both investments (and further investment if the gain is further deferred) are held. This relief applies where the ordinary shares in the first EIS company were issued after 5 April 1998 and are disposed of after 5 April 1999.

10. Placing arrangements

Under an agreement (the “**Placing Agreement**”) dated 13 January 2006 and made between the Company and Collins Stewart, Collins Stewart has agreed (conditionally, *inter alia*, on Admission taking place not later than 8 February 2006) as agent for the Company to use its reasonable endeavours to procure subscribers for the Placing Shares at the Placing Price or failing which to subscribe for such Placing Shares itself.

Under the Placing Agreement and subject to its becoming unconditional the Company has agreed to pay a commission of 4 per cent. of the aggregate value at the Placing Price of the Placing Shares (Collins Stewart has absolute discretion in choosing placees and deciding allocations) together with any applicable VAT.

The Company will pay certain other costs and expenses (including any applicable VAT) of, or incidental to, the Placing including all fees and expenses payable in connection with Admission, expenses of the registrars, printing and advertising expenses, postage and all other legal, accounting and other professional fees and expenses.

The Placing Agreement contains representations and warranties given by the Company to Collins Stewart as to the accuracy of the information contained in this document and other matters relating to the Group and its business. In addition, the Company has given an indemnity to Collins Stewart in respect of any liabilities resulting from the carrying out by Collins Stewart of its obligations or services under or in connection with the Placing Agreement. Collins Stewart is entitled to terminate the Placing Agreement in certain specified circumstances prior to Admission including a material breach of the Placing Agreement or the occurrence of an event of *force majeure*.

11. Material Contracts

In addition to the Placing Agreement, details of which are set out in paragraph 10 above, the Stock Purchase Agreement and the Convertible Note, details of which are set out in Part II of this document, the following contracts (not being contracts entered into in the ordinary course of business) have been entered into by the Group, or by its subsidiaries during the two years immediately preceding the date of this document, and are, or may be, material:

11.1 On 17 March 2005 the Company entered into an acquisition agreement with all the shareholders of PSL by which the Company acquired the entire issued ordinary share capital of PSL. The consideration for the purchase was £20 million which was satisfied by the allotment and issue of 14,814,814 Ordinary Shares.

11.2 Under an agreement dated 17 March 2005 and made between the Company (1), the Directors (2), the Merlin Funds and others (3) and Collins Stewart (4), Collins Stewart agreed as agent for the Company to use its reasonable endeavours to procure subscribers for new Ordinary Shares in connection with the Company’s flotation on AIM.

The placing agreement contained representations and warranties given by the Company and the Directors to Collins Stewart as to the accuracy of the information contained in this document and other matters relating to the Group and its business. In addition, the Company gave an indemnity to Collins Stewart in respect of any liabilities resulting from the carrying out by Collins Stewart of its obligations or services under or in connection with the placing agreement.

The Directors, Merlin, Quest, First Retirement Benefit Scheme and Vientia Genetics Limited have undertaken, subject to certain limited exceptions, not to dispose of any of the Ordinary Shares which they hold immediately for a period of 12 months from 24 March 2005 without the prior consent of Collins Stewart. Further for a period of 6 months following the end of the initial 12 month lock up period each of those shareholders may only dispose of Ordinary Shares with the agreement of Collins Stewart (not to be unreasonably withheld).

- 11.3 Under an option agreement dated 17 March 2005 the Company granted to Collins Stewart an option to subscribe for 444,444 new Ordinary Shares at 135p per Ordinary Share. The option is exercisable for a period of 24 months from 24 March 2005.
- 11.4 A nominated adviser and broker agreement dated 17 March 2005 between the Company (1) and Collins Stewart (2) by which Collins Stewart was appointed as nominated adviser and nominated broker to the Company for the purposes of the AIM Rules and in relation to the issue of this document and Admission. This agreement is terminable on 3 months' written notice given by either party. The agreement provides *inter alia*, that the Company and the Directors give various warranties, undertakings and covenants (and the Company gives an indemnity) to Collins Stewart in respect of compliance with the AIM Rules.

12. Litigation

As far as the Directors are aware there are no legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the company is aware) which may have or have had in the 12 months preceding the date of this document a significant effect on the Group's financial position.

13. Working Capital

In the opinion of the Directors having made due and careful enquiry, taking into account the net proceeds from the Placing and the Group's existing cash resources, the working capital available to the Enlarged Group will be sufficient for the Enlarged Group's present requirements, that is for at least twelve months from the date of Admission.

14. Consents

Collins Stewart Limited, of 9th Floor, 88 Wood Street, London EC2V 7QR is regulated by the Financial Services Authority for the conduct of investment business in the UK. Collins Stewart has given and has not withdrawn its written consent to the issue of this document with the inclusion of its name and the references to it in the form and context in which it appears.

15. Significant changes

Save as described in this document and in respect of expenditure incurred in the ordinary course of its business, there has been no significant change in the financial or trading position of Plethora since 30 June 2005, being the end of the period to which the interim accounts of Plethora relate.

16. General

- 16.1 No person (excluding directors, employees, consultants, professional advisers and trade suppliers or otherwise disclosed in this document) has received, directly or indirectly, within the twelve months preceding the date of this document or entered into contractual arrangements to receive, directly or indirectly, from the Company on or after Admission:
- (a) fees totalling £10,000 or more;
 - (b) securities where these have a value of £10,000 or more; or
 - (c) any other benefit with a value of £10,000 or more at the date of Admission.

- 16.2 The total costs and expenses relating to the Placing which are payable by the Company, including a placing commission of 4 per cent. payable to Collins Stewart, are estimated to amount to £0.7 million (excluding VAT) and accordingly the net proceeds which the Company is expected to raise by the Placing (after deduction of expenses including the commission payable to Collins Stewart) are £6.3 million.
- 16.3 The Company has no investments in progress.
- 16.4 Other than the current application for Admission, the Ordinary Shares have not been admitted to dealing on any investment exchange nor has any application for such admission been made nor any are there intended to be any other arrangements for there to be dealings in the Ordinary Shares on any such exchange.
- 16.5 The Placing Price of 220p per Ordinary Share represents a premium of 219p per share over the nominal value of an Ordinary Share.
- 16.6 The following details are (if applicable) set out in the placing letters to be sent to prospective investors by Collins Stewart with this document: the period during which the offer constituted by the Placing is open, the arrangements for payment for the Placing Shares, the arrangements during the period prior to Admission for the return of moneys received from such investors where the applications were not accepted, and the timetable for the return of such moneys.
- 16.7 Save as disclosed in this document, there are no patents, other intellectual property rights, licenses or particular contracts which are of fundamental importance to the Company's business.
- 16.8 Save as disclosed in this document, there are no exceptional factors which have influenced the Group's activities.
- 16.9 There are no arrangements in place under which future dividends are to be waived or agreed to be waived.
- 16.10 There are no significant investments by the Group under active consideration.
- 16.11 The Group's accounting reference date is 31 December.
- 16.12 This document assumes an exchange rate of US\$1.76 to £1.

17. Documents Available for inspection

- 17.1 Copies of this document are available free of charge from the Company's registered office during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) and will remain available for at least one month after Admission.
- 17.2 Copies of the following documents will be available for inspection during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the offices of Morrison & Foerster, 7th Floor, CityPoint, One Ropemaker Street, London, EC2Y 9AW for a period of one month from the date of Admission.
- 17.2.1 the Memorandum and Articles of Association of the Company referred to in paragraph 4 above;
- 17.2.2 the service agreements and the non-executive Directors' letters of appointment referred to in paragraph 7 above;
- 17.2.3 the rules of the Share Option Scheme referred to in paragraph 8 above;
- 17.2.4 the material contracts referred to in paragraph 11 above;
- 17.2.5 the letter of consent referred to in paragraph 14 above; and
- 17.2.6 this document.

Dated 13 January 2006

PLETHORA SOLUTIONS HOLDINGS PLC

(Incorporated and registered in England and Wales under the Companies Act 1985 with registered no.05341336)

(the “Company”)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of the Company will be held at Morrison & Foerster, 7th Floor, CityPoint, One Ropemaker Street, London EC2Y 9AW, on 6 February 2006 at 10.00 a.m. for the purpose of considering and, if thought fit, passing the following Resolutions, of which Resolution No. 1 and 2 will be proposed as Ordinary Resolutions and Resolution No. 3 will be proposed as a Special Resolution. In this Notice words and defined terms shall have the same meanings as words and defined terms in the Circular to which this Notice is attached.

ORDINARY RESOLUTIONS

1. THAT, the acquisition by the Company of the entire issued share capital of Timm Medical Technologies, Inc. in accordance with the terms of the agreement as summarised in Part II of the circular of the Company to its shareholders dated 13 January 2006 (“**Circular**”) and a copy of which is produced to the meeting and initialled by the Chairman for the purposes of identification only be and they are hereby approved and that the Directors be and are hereby authorised to complete such agreement, subject to such immaterial modifications as the Directors may deem appropriate, and to execute, sign and do all such other documents, deeds, acts and things as may be necessary or desirable to complete the aforesaid transaction.
2. THAT, in addition to the Section 80 authority granted on 16 March 2005 the Directors be and they are hereby generally and unconditionally authorised in accordance with section 80 of the Companies Act 1985, as amended (the “Act”) to exercise all the powers of the Company to allot relevant securities (as defined in section 80(2) of the Act): up to an aggregate nominal amount of £32,000 in connection with the placing of 3,200,000 ordinary shares of 1p each and relevant securities up to an aggregate nominal amount of up to £5,000 in connection with the capitalisation of the Convertible Note in accordance with its terms, further details of which are set out in the circular sent to shareholders of the Company on 13 January 2006 during the period commencing on the date of the passing of this resolution and expiring on the conclusion of the annual general meeting of the Company in 2006 (both dates inclusive), but so that this authority shall allow the Company to make before the expiry of this authority offers or agreements which would or might require relevant securities to be allotted after such expiry and notwithstanding such expiry the Directors may allot relevant securities in pursuance of such offers or agreements.

SPECIAL RESOLUTION

3. THAT, in addition to all existing powers under section 95 of the Act which shall continue in full force and effect the Directors be and they are hereby empowered, pursuant to section 95 of the Act, subject to the passing of Resolution 2 set out in the notice of this meeting, to allot equity securities (within the meaning of section 94 of the Act) for cash pursuant to the authority given by the said Resolution 2 as if section 89(1) of the Act did not apply to any such allotments, provided that this power shall be limited to the allotment of equity securities for the purposes of the placing of 3,200,000 ordinary shares of 1p each and the allotment of up to 500,000 ordinary shares of 1p each in connection with the capitalisation of the Convertible Note in accordance with its terms, further details of which are set out in the circular sent to the shareholders of the Company on 13 January 2006 and shall expire

at the conclusion of the annual general meeting of the Company in 2006, except that the Company may before such expiry make offers or agreements which would or might require equity securities to be allotted after such expiry and notwithstanding such expiry the Directors may allot equity securities in pursuance of such offers or agreements, such power to be in substitution for any and all powers previously conferred upon the Directors for the purposes of section 95 of the Act.

Dated 13 January 2006

Registered office:

Lupus House
11-13 Macklin Street
Covent Garden
London
WC2B 5NH

By Order of the Board,
Bradley Hoy
Secretary

Notes:

1. A member who is entitled to attend and vote at the above Extraordinary General Meeting may appoint one or more proxies to attend and (on a poll) vote on his/her behalf. A proxy need not be a member of the Company. A Form of Proxy for use by members at the Extraordinary General Meeting accompanies this notice.
2. The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such authority, must be deposited at the office of the Company's registrars, Lloyds TSB Registrars, The Causeway, Worthing, West Sussex BN99 6ZL not less than 48 hours before the time for holding the Extraordinary General Meeting or any adjournment thereof.
3. Completion and return of the Form of Proxy does not preclude a member from attending and voting at the Extraordinary General Meeting in person.
4. In accordance with the permission in Regulation 41 of The Uncertificated Securities Regulations 2001 (*SI 2001 No. 3755*), only those holders of ordinary shares who are registered on the Company's share register at 10.00 a.m. on 3 February 2006 shall be entitled to attend the above Meeting and to vote in respect of the number of shares registered in their names at that time. Changes to entries on the share register after 10.00 a.m. on 3 February 2006 shall be disregarded in determining the rights of any person to attend and/or vote at the Meeting.
5. A register of the interests of each Director in shares of the Company and copies of the Directors' contracts of service are available for inspection at the registered office of the Company during usual business hours on any week day (Saturday, Sunday and public holidays excepted) up to and including the date of the Extraordinary General Meeting and then at the place of the meeting fifteen minutes prior to and until the close of the meeting.

