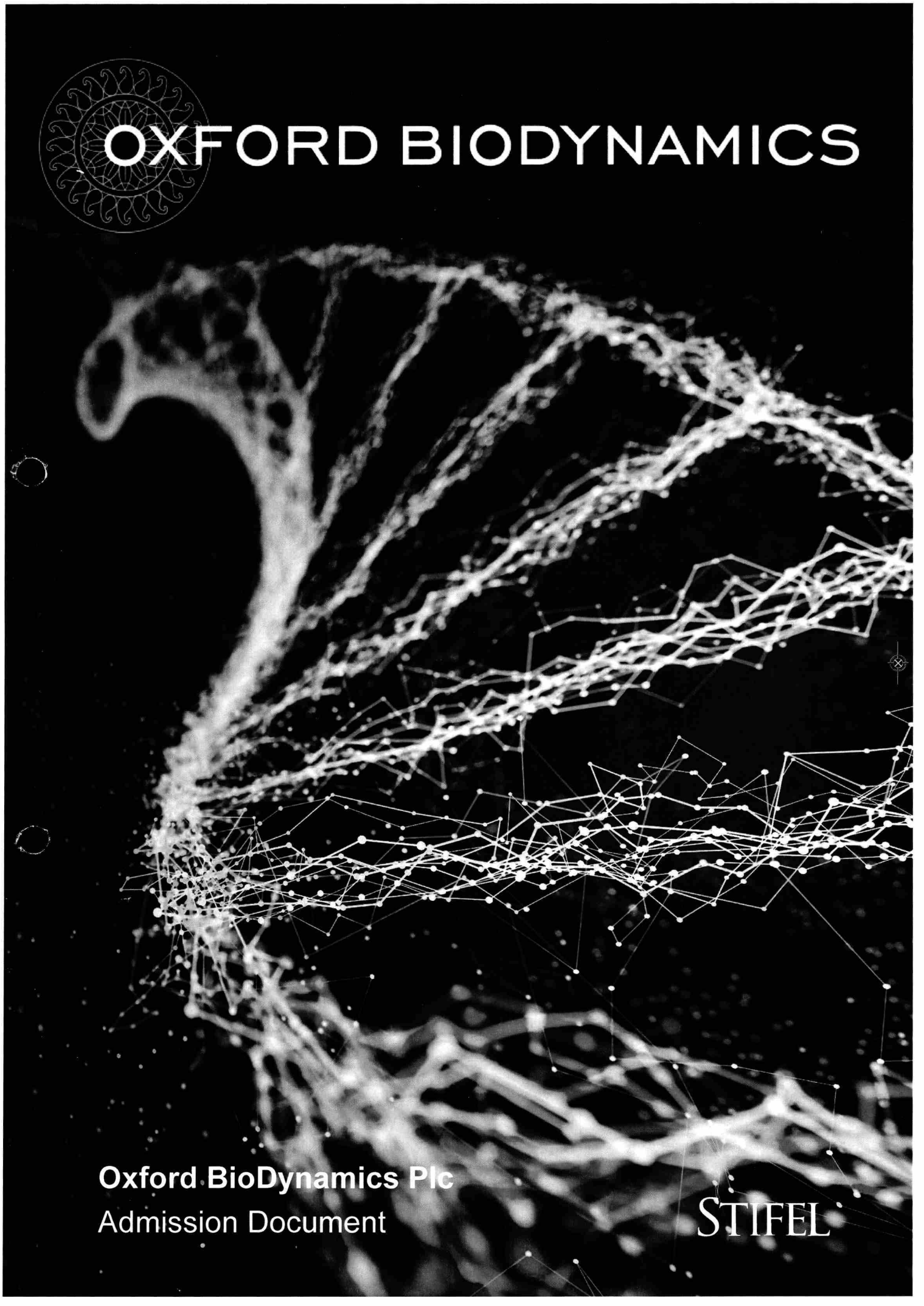
OXFORD BIODYNAMICS
Oxford BioDynamics Plc
Admission Document
STIFEL

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document, or as to the action that you should take, you are recommended to seek your own independent financial advice from your stockbroker, bank manager, solicitor, accountant or other independent professional adviser authorised under FSMA who specialises in advising on the acquisition of shares and other securities.

Application has been made to the London Stock Exchange for the Ordinary Shares to be admitted to trading on AIM. It is expected that Admission will become effective and that trading in the Ordinary Shares will commence on AIM at 8.00 a.m. on 6 December 2016. This document does not contain an offer of transferable securities to the public in the United Kingdom within the meaning of section 102B of FSMA and is not required to be issued as a prospectus pursuant to section 85 of FSMA, but comprises an AIM admission document drawn up in accordance with the AIM Rules for Companies. Accordingly, this document has not been pre-approved by or filed with the FCA nor any other competent authority.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Each AIM company is required pursuant to the AIM Rules for Companies to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on Admission in the form set out in Schedule Two of the AIM Rules for Nominated Advisers. Neither the London Stock Exchange nor any competent authority has itself examined or approved the contents of this document. The AIM Rules for Companies are less demanding than those which apply to companies whose shares are listed on the Official List. It is emphasised that no application is being made for admission of the Ordinary Shares to the Official List or any other recognised investment exchange and no application has been or is being made for the Ordinary Shares to be admitted to trading on any such exchange.

OXFORD BIODYNAMICS PLC

(Incorporated in England and Wales under the Companies Act 2006 with registered number 06227084)

Admission to trading on AIM

and Placing of 12,658,228 Ordinary Shares at 158 pence per share

Stifel Nicolaus Europe Limited

Nominated Adviser and Broker

The Directors, whose names appear on page 3 and the Company, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors and the Company (having taken all reasonable care to ensure such is the case), the information contained in this document is in accordance with the facts and contains no omission likely to affect the import of such information. In connection with this document, no person is authorised to give any information or make any representation other than as contained in this document.

Your attention is also drawn to the discussion of risks and other factors which should be considered in connection with an investment in the Ordinary Shares, set out in Part 2 (*Risk Factors*). NOTWITHSTANDING THIS, PROSPECTIVE INVESTORS IN THE COMPANY SHOULD READ THE WHOLE TEXT OF THIS DOCUMENT.

Stifel Nicolaus Europe Limited (**"Stifel"**) is authorised and regulated by the Financial Conduct Authority in the United Kingdom and is acting exclusively as nominated adviser and broker to the Company (for the purposes of the AIM Rules for Companies) and no one else in connection with Admission and the matters set out in this document. Stifel will not regard any other person as its customer or be responsible to any other person for providing the protections afforded to customers of Stifel nor for providing advice in relation to the transactions and arrangements detailed in this document for which the Company and the Directors are solely responsible and, without limiting the statutory rights of any recipient of this document, no liability is accepted by Stifel for the accuracy of any information or opinions contained in this document or for omissions of any material information for which it is not responsible. Stifel is not making any representation or warranty, express or implied, as to the contents of this document. **The responsibilities of Stifel as the Company's nominated adviser and broker solely for the purposes of the AIM Rules for Nominated Advisers are owed solely to the London Stock Exchange and are not owed to the Company or any Director or to any other person in respect of his decision to invest in the Company in reliance on any parts of this document.**

This document is exempt from the general restriction on the communication of invitations or inducements to enter into investment activity (within the meaning of section 21 of FSMA) and has therefore not been approved by an authorised person within the meaning of FSMA. This document is only being communicated to persons falling within Articles 19 (investment professionals) and 49 (high net worth companies etc.) of the Financial Services and Markets Act 2000 (Financial Promotion Order) 2005 (SI. 2005/No. 1529) or other persons to whom it may otherwise lawfully be communicated or cause to be

communicated (**"Relevant Persons"**). Consequently, this document will not be available in the UK to anyone other than Relevant Persons and no one falling outside those categories is entitled to rely on, and they must not act on, any information in this document. The communication of this document to any person in the UK other than Relevant Persons is unauthorised and may contravene FSMA.

The distribution of this document outside the UK may be restricted by law and therefore persons outside the UK into whose possession this document comes should inform themselves about and observe any restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. The Ordinary Shares have not been, nor will be, registered in the United States under the United States Securities Act of 1933, as amended, or qualified for sale under the laws of any State of the United States or under the securities of any of Canada, Australia or Japan and they may not be offered or sold directly or indirectly within the United States, Canada, Australia or Japan or to, or for the account or benefit of, US persons or any national, citizen or resident of the United States, Canada, Australia or Japan.

The Ordinary Shares may not be publicly offered, sold or advertised, directly or indirectly, in, into or from Switzerland and will not be listed on the SIX Swiss Exchange or any other exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the Ordinary Shares constitutes a prospectus as such term is understood pursuant to article 652a or article 1156 of the Swiss Code of Obligations or a listing prospectus within the meaning of the listing rules of the SIX Swiss Exchange or any other exchange or regulated trading facility in Switzerland, and neither this document nor any other offering or marketing material relating to the Ordinary Shares may be publicly distributed or otherwise made publicly available in Switzerland. Neither this document nor any other offering or marketing material relating to the Ordinary Shares have been or will be filed with or approved by any Swiss regulatory authority. The Ordinary Shares do not constitute a participation in a collective investment scheme within the meaning of the Swiss Collective Investment Schemes Act ("CISA") and are not subject to the supervision by any Swiss regulatory authority, e.g., the Swiss Financial Markets Supervisory Authority FINMA ("FINMA"). Therefore, investors in the Ordinary Shares will not benefit from protection under CISA or supervision by FINMA or any other Swiss regulatory authority.

Copies of this document will be available free of charge during normal business hours on any weekday (except Saturdays, Sundays and public holidays) at the offices of Stifel, 150 Cheapside London, EC2V 6ET and the Company's website http://www.oxfordbiodynamics.com/ from the date of Admission until the date which is one month from the date of Admission.

FORWARD LOOKING STATEMENTS

This document includes statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "forecasts", "plans", "prepares", "anticipates", "projects", "expects", "intends", "may", "will", "seeks", or "should" or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding the Company's and the Directors' intentions, beliefs or current expectations concerning, amongst other things, the Company's prospects, growth and strategy.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. The Company's actual performance, achievements and financial condition may differ materially from those expressed or implied by the forward-looking statements in this document. In addition, even if the Company's results of operations, performance, achievements and financial condition are consistent with the forward-looking statements in this document, those results or development may not be indicative of results or developments in subsequent periods.

Any forward-looking statements that the Company makes in this document speak only as of the date of such statement, and none of the Company, the Directors or Stifel undertakes any obligation to update such statements unless required to do so by applicable law. Comparisons of results for current and any prior periods are not intended to express any future trends or indications of future performance, unless expressed as such, and should only be viewed as historical data.

CONTENTS

ADMISSION AND PLACING STATISTICS

Number of Existing Ordinary Shares in issue	81,600,000
Placing Price of Placing Shares	158p
Expected Number of New Ordinary Shares issued on Admission	4,498,228
Number of Sales Shares being sold pursuant to the Placing	8,160,000
Number of Placing Shares	12,658,228
Enlarged Share Capital	86,098,228
Placing Shares as a percentage of the Enlarged Share Capital	14.7%
Gross proceeds of the Placing	£20,000,000
Gross proceeds of the Placing allocated to the Company	£7,107,200
Gross proceeds of the Placing allocated to the Selling Shareholders	£12,892,800
TIDM	OBD
ISIN	GB00BD5H8572
SEDOL	BD5H857
Market capitalisation of the Company on Admission	£136,035,200

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication of this Admission document	1 December 2016
Issue of the VCT/EIS New Ordinary Shares	2.00 p.m. on 5 December 2016
Admission of the Existing Ordinary Shares and issue and Admission of the Placing Shares (including the VCT/EIS New Ordinary Shares) to become effective and trading in the Existing Ordinary Shares and Placing Shares to commence on AIM	8.00 a.m. on 6 December 2016
Expected date for CREST accounts to be credited (where applicable)	6 December 2016
Expected transfer of funds to Selling Shareholders resident in the UK	by 12 December 2016
Expected despatch of cheques to Selling Shareholders not resident in the UK	by 20 December 2016
Despatch on definitive share certificates (where applicable) in respect of Placing Shares to be held in certified form	by 20 December 2016

Notes

Each of the dates and times in the above timetable are subject to change at the absolute discretion of the Company and Stifel.

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

In this document the symbols "£" and "p" refer to pounds and pence sterling respectively.

In this document the symbol "$" refers to US dollars.

In this document the symbol "A$" refers to Australian dollars.

DIRECTORS, SECRETARY AND ADVISERS

Directors	David Jeffreys Williams (Non-Executive Chairman) Christian Gurth Hoyer Millar (Chief Executive Officer) Dr. Alexandre Akoulitchev (Chief Scientific Officer) Kathleen Joy Long (Chief Financial Officer) Alison Caroline Kibble (Independent Non-Executive Director) Stephen Charles Diggle (Non-Executive Director)
Registered Office	26 Beaumont Street, Oxford, OX1 2NP
Company Secretary	Susan Steven
Nominated Adviser and Broker	Stifel Nicolaus Europe Limited 150 Cheapside London, EC2V 6ET
Reporting Accountants	KPMG LLP Arlington Business Park Theale Reading, RG7 4SD
Auditors	Mercer Lewin Limited 41 Cornmarket Street Oxford, OX1 3HA
Solicitors to the Company	Mayer Brown International LLP 201 Bishopsgate London, EC2M 3AF
Patent Attorneys to the Company	Avidity IP Broers Building Hauser Forum 21 JJ Thompson Avenue Cambridge, CB3 0FA
Solicitors to the Nominated Adviser and Broker	Simmons & Simmons LLP CityPoint 1 Ropemaker Street London, EC2Y 9SS
Financial Public Relations	FTI Consulting 200 Aldersgate Street London, EC1A 4HD
Registrar and Receiving Agents	Capita Registrars Limited The Registry 34 Beckenham Road Beckenham Kent, BR3 4TU
ISIN	GB00BD5H8572
SEDOL	BD5H857
Company Website	www.oxfordbiodynamics.com

DEFINITIONS

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

"2008 Share Option Scheme"	the share option scheme (incorporating enterprise management incentive options) as governed by the rules to such scheme dated 17 October 2008, as more fully described in paragraph 17.1 (*2008 Share Option Scheme*) of Part 7 (*Additional Information*)
"2016 Share Option Plans"	the 2016 Employee Option Plan and the 2016 Non-Employee Option Plan
"2016 Employee Option Plan"	the employee share option plan adopted by the Company prior to Admission, as more fully described in paragraph 17.2 (*2016 Employee Option Plan*) of Part 7 (*Additional Information*)
"2016 Non-Employee Option Plan"	the non-employee share option plan adopted by the Company prior to Admission, as more fully described in paragraph 17.3 (*2016 Non-Employee Option Plan*) of Part 7 (*Additional Information*)
"Admission"	the admission of the Existing Ordinary Shares and the New Ordinary Shares to trading on AIM becoming effective in accordance with Rule 6 of the AIM Rules for Companies
"AIM"	AIM, the market of that name operated by the London Stock Exchange
"AIM Rules for Companies"	the rules and guidance for companies whose shares are admitted to trading on AIM entitled "AIM Rules for Companies" published by the London Stock Exchange, as amended from time to time
"Articles"	the Articles of Association of the Company, details of which are set out in paragraph 6 (*Summary of Articles of Association*) of Part 7 (*Additional Information*)
"Board"	the board of directors of the Company
"certificated" or "in certificated form"	Ordinary Shares which are evidenced by the issue of share certificates and are recorded on the register as being held in certificated form
"Chronos"	Chronos Therapeutics Limited, a company registered in England and Wales with company number 06838479
"Companies Act"	the Companies Act 2006 (as amended)
"Company", "Oxford BioDynamics" or "OBD"	Oxford BioDynamics Plc, a company registered in England and Wales with registered number 06227084

"Concert Party"	Christian Hoyer Millar, Dr. Alexandre Akoulitchev and Dr. Aroul Ramadass and their Close Relatives (as defined in the Takeover Code)
"CREST"	the relevant system (as defined in the CREST Regulations) operated by Euroclear UK in accordance with which securities may be held or transferred in uncertificated form
"CREST Regulations"	the uncertificated Securities Regulations 2001 (SI 2001 No. 3755), as amended
"Directors"	the directors of the Company, whose names are set out on page 3 and "Director" shall mean any one of them
"Disclosure and Transparency Rules"	the disclosure and transparency rules issued by the FCA acting in its capacity as the competent authority pursuant to Part VI of FSMA
"EIS"	the Enterprise Investment Scheme, as particularised in Part 5 of the Income Taxes Act 2007
"Enlarged Share Capital"	the entire issued ordinary share capital of the Company immediately following Admission, comprising the Existing Ordinary Shares and the New Ordinary Shares
"Euroclear UK"	Euroclear UK & Ireland Limited, a company registered in England and Wales with registered number 2878738; operator of CREST
"Executive Directors"	Christian Hoyer Millar, Dr. Alexandre Akoulitchev and Katie Long
"Existing Ordinary Shares"	the 81,600,000 Ordinary Shares in issue immediately prior to Admission, excluding the VCT/EIS New Ordinary Shares
"FCA"	the Financial Conduct Authority
"FSMA"	Financial Services and Markets Act 2000, as amended
"Fully Diluted Share Capital"	the Enlarged Share Capital and the number of Ordinary Shares that would be issued following exercise of all options granted pursuant to the 2008 Share Option Scheme, the 2016 Share Option Plans and the Wentworth Warrant
"Group"	the Company and its subsidiary undertakings as described in paragraph 3 (*Group Organisation*) of Part 7 (*Additional Information*) and "member of the Group" shall be construed accordingly
"HMRC"	has the meaning given at paragraph 1 (*Overview*) of Part 6 (*Taxation*)
"IHT"	UK Inheritance Tax as described in paragraph 4 (*Inheritance Tax*) of Part 6 (*Taxation*)

"Innovate UK"	an executive non-departmental public body, sponsored by the UK Government's Department for Business, Energy and Industrial Strategy
"ISIN"	International Securities Identification Number
"Lock-up Deeds"	the lock-up and orderly market deeds entered into between the Company, Stifel and certain Shareholders, as described in paragraph 15.7 (*Lock-up Deeds*) of Part 7 (*Additional Information*)
"Lock-up Shareholders"	those Shareholders who have entered into Lock-up Deeds with the Company, as described in paragraph 15.7 (*Lock-up Deeds*) of Part 7 (*Additional Information*)
"London Stock Exchange"	London Stock Exchange plc
"New Ordinary Shares"	up to 4,498,228 new Ordinary Shares to be allotted and issued by the Company in connection with the Placing
"Non-Executive Directors"	Alison Kibble, Stephen Diggle and David Williams
"OBD1 Licence"	the licence entered into by the Company and Oxford University Innovation dated 8 June 2007, relating to the licence of the OBD1 patent
"Odey Funds"	means Odey Swan Fund, OEI Mac Inc and Odey European Inc
"Oxford University Innovation"	Oxford University Innovation Limited (formerly ISIS Innovation Limited), a private limited company registered in England and Wales with company number 02199542
"Ordinary Shares"	the ordinary shares of £0.01 each in the share capital of the Company, with ISIN GB00BD5H8572
"QCA Code"	the QCA Corporate Governance Code for Small and Mid-Sized Quoted Companies, including AIM companies, as amended from time to time
"Panel"	the Panel on Takeovers and Mergers, regulator of the Takeover Code
"Patronus"	Patronus Partners Ltd, a company registered in England and Wales with company number 09223709 which is authorised and regulated in the UK by the FCA
"PDMR"	persons discharging managerial responsibilities as defined in Article 3(1)(25) of the Market Abuse Regulation
"Placee"	a subscriber for New Ordinary Shares or a purchaser of Sale Shares (as the case may be)

"Placing"	the proposed placing by Stifel of the Placing Shares with investors at the Placing Price pursuant to the Placing Agreement
"Placing Agreement"	the agreement dated 1 December 2016 between (1) the Company (2) the Directors (3) Dr. Aroul Ramadass and (4) Stifel relating to the Placing details of which are set out in paragraph 15.6 (*Placing Agreement*) of Part 7 (*Additional Information*)
"Placing Price"	the price of 158 pence per Placing Share
"Placing Shares"	the New Ordinary Shares and the Sale Shares
"Sale Shares"	the 8,160,000 Ordinary Shares to be sold by the Selling Shareholders in the Placing
"Sanlam"	Sanlam Securities UK Limited, a company registered in England and Wales with company number 01825671 which is authorised and regulated in the UK by the FCA
"SDRT"	has the meaning given in paragraph 5 (*Stamp duty and stamp duty reserve tax*) of Part 6 (*Taxation*)
"SEDOL"	Stock Exchange Daily Official List
"Selling Shareholders"	those Shareholders who have applied, pursuant to a sale transaction being undertaken by such shareholders in conjunction with the Placing, to sell certain of their Ordinary Shares to Placees, which includes certain members of the Senior Management Team, Vulpes Life Sciences Fund and Oxford University
"Senior Management Team"	the Executive Directors and those employees of the Group set out at paragraph 2 (*The Senior Management Team*) of Part 3 (*Directors and Corporate Governance*)
"Shareholders"	holders of Ordinary Shares, each individually being a "Shareholder"
"Sibelius"	Sibelius Ltd, a company registered in England and Wales with company number 06949779
"Statutes"	the Companies Act and every other statute (and any subordinate legislation, order or regulations made under any of them) concerning companies and affecting the Company, in each case, as they are for the time being in force
"Stifel"	Stifel Nicolaus Europe Limited, a company registered in England and Wales with company number 03719559, which is authorised and regulated in the UK by the FCA
"Takeover Code"	the City Code on Takeovers and Mergers, regulated by the Takeover Panel

"Tessera"	Tessera Investment Management Limited, a company registered in England and Wales with company number 08817369
"UK Corporate Governance Code"	the UK Corporate Governance Code published by the Financial Reporting Council in April 2016, as amended from time to time
"Uncertificated" or "in uncertificated form"	Ordinary Shares recorded on the register as being held in uncertificated form in CREST, entitlement which may be transferred by means of CREST
"United Kingdom" or "UK"	the United Kingdom or Great Britain and Northern Ireland
"United States" or "US"	the United States of America, its territories and possessions, any state of the United States and the District of Columbia
"VCT"	Venture Capital Trust, as particularised in Part 6 of the Income Taxes Act 2007
"VCT/EIS New Ordinary Shares"	those New Ordinary Shares issued to investors for EIS purposes and for the purposes of investment by VCTs pursuant to the Placing
"VCT/EIS Scheme"	the schemes under which VCTs and their investors, and EIS investors enjoy certain tax reliefs
"Wentworth"	Wentworth Limited, a company registered in Jersey with company number 85989

GLOSSARY

Acute myeloid leukemia (AML)	an aggressive cancer of the myeloid (bone marrow) cells
Alzheimer's disease (AD)	the most common type of dementia, a progressive neurological disease effecting brain function, including memory loss
Amyotrophic lateral sclerosis	rapidly progressive neurological disease attacking the nerve cells controlling voluntary muscle movement
Autoimmune	a pathological immune response against the body's own healthy tissue and cells
Biochemical protocols and procedures	standard operating procedures for laboratory processing of biological materials (such as blood or tissue)
Bioinformatics	the application of computer technology to the management of biological information which can then be applied to drug development
Biomarker	short for 'biological marker', a naturally occurring molecule, gene or characteristic which provides a measurable indicator or identification of a particular biological state or condition
Chromosome conformation signatures (CCS)	a specific topological biomarker arrangement, which reflects the regulatory aspects of three-dimensional organisation of chromatin, juxtaposition of distant regulatory sites, and regulated expressions in the controlled microenvironment of genes
Chronic myeloid leukemia (CML)	a progressive cancer of the white blood cells inside the bone marrow
Companion diagnostics (CDx)	a diagnostic test using a device to determine if a therapeutic product will benefit the patient and outweigh the risks of its use
Deoxyribonucleic acid (DNA)	a molecule that carries the genetic instructions used in the growth, development, functioning and reproduction of all known living organisms and many viruses
Diagnostics (Dx)	the process of detection and identification of a disease
DNA methylation	the process by which methyl groups (an alkyl derived from methane) are added to DNA
Epigenetics	the study of changes in cells/organisms caused by the modification of gene expression (that is, changes in phenotype) as a result of external or environmental factors rather than as a result of an alteration of the underlying DNA sequence of genes

Epigenomics	analysis of the fundamental biological regulatory mechanisms, which allow a whole organism to modulate and control the use of the DNA, in the context of its exposure to particular environmental factors
EpiSwitch™	the Company's proprietary biomarker technology platform
Genome	a complete set of genes or genetic material present in a cell or organism
Genomics	the study of nucleotide sequences in order to interpret genes and predict the risk of disease
Hepatocellular cancer (HCC)	a form of liver cancer
Histones	family of basic proteins that associate with DNA in the nucleus and help condense it into chromatin
Histone modification	a covalent post-translational modification to histone proteins (which package and order DNA)
Immuno-oncology	a type of immunotherapy used to treat cancer
Immunotherapy	a type of treatment to stimulate the body's immune response
Metabolic	the chemical reactions and processes occurring inside the body
Metabolites	the intermediate products of metabolic reactions catalysed by various enzymes that naturally occur within cells
Metabolomics	the same analytical approach as proteomics, but with a focus on the identification and quantification of metabolites
Multiple sclerosis (MS)	chronic disease damaging the nervous system, causing a range of problems with movement, balance, vision and sensation
Neurodegenerative	damage to the nervous system, particularly in the brain
Non-coding RNAs (ncRNAs)	a molecule that is transcribed from RNA but not translated into a protein
Nucleotides	the basic structural unit of DNA
'Omics' technologies	systemic studies of biological regulatory mechanisms, such as a specific focus on genetic variations (genomics), changes in gene expression (transcriptomics) protein profiles (proteomics) and metabolic profiles (metabolomics)
Oncology	the study and treatment of tumours and cancer
Patient cohorts	groups of patients subjected to stratification analysis

Pathological	involving a disease or illness
Pathophysiology	abnormal physiology observed during a disease or injury
Payors	entities which have the legal responsibility to pay for healthcare, including medical insurance providers and national healthcare authorities
Personalised medicine	medical procedure that separates patients into different groups and treats them accordingly, based on their predicted response and prognostic risk of disease
Phenotype	the composite of an organism's observable physical characteristics or traits, such as its appearance, development, biochemical or physiological properties
Physiological	the function and activity of systems in the body
Pre-clinical	the stage of a disease prior to the symptoms appearing OR the testing stage of a study before the clinical stage starts
Prognostic	an indicator of the future course of a disease
Proteomics	the analysis of the proteins derived from the gene sequence in both normal and disease states
R&D	research and development
Rheumatoid arthritis (RA)	a long-term, progressive condition causing pain, stiffness and swelling in the joints, particularly the hands and feet
Ribonucleic acid (RNA)	a transient reverse copy of a DNA strand
Stem cell quality control	ensuring that induced pluripotent stem cells (iPSC) are adequately induced and safe before they are used as treatments for patients
Stratification	the process or result of separating a patient cohort into subgroups according to specified criteria, such as age, disease profile or response to therapeutic treatment
Stochastic variability	a system or process that includes and displays an element of randomness
Therapeutic	the treatment of disease by the action of remedial agents
Therapeutics	a treatment, drug or therapy used to treat disease
Thyroid cancer	an uncommon type of cancer effecting the thyroid gland in the neck
Transcriptomics (gene expression)	the study of RNA transcriptional profiles from genes and genetic loci, as part of the gene expression under normal or aberrant regulation

PART 1

INFORMATION ON THE COMPANY

1. Overview

Oxford BioDynamics ("**OBD**") is a revenue-generating, biotechnology company focused on the discovery and development of novel biomarkers for use within the pharmaceutical and biotechnology industry. The Company's proprietary technology platform, *EpiSwitch*™, aims to accelerate the drug discovery and development process, improve the success rate of therapeutic product development and take advantage of the increasing importance of personalised medicine. To date, the Company has entered into multiple contracts with six of the top ten global pharmaceutical companies (by revenue)[1], which demonstrates the momentum the Company is gaining and highlights the potential value of *EpiSwitch*™ as an enabling technology platform.

Against the backdrop of ageing populations, rising healthcare costs and the continued pressure on drug prices, the pharmaceutical and biotechnology industry is rapidly evolving in order to meet the needs of patients, payors and other key stakeholders. The requirement to balance innovation with profitability is at the heart of the challenge; how can patients receive improved, targeted therapeutics faster, with more successful outcomes at a price that is acceptable to payors?

In response, the pharmaceutical and biotechnology industry has been searching for efficient ways through which it can identify critical differences between patients in terms of efficacy for a therapy and track its benefits or side-effects. One fundamental approach, which helps address this, is the use of 'biomarkers'.

As an objective measure of a particular pathological or physiological process, biomarkers are increasingly becoming a significant part of the drug development process by identifying those patients who are better suited to a particular drug trial and more likely to respond favourably to treatment. This in turn facilitates more successful trial outcomes and reduces the overall cost of drug development.

The Company's award-winning, patented technology platform, *EpiSwitch*™, enables pharmaceutical and biotechnology companies to answer these key stratification questions regarding their patient groups by discovering and validating a novel class of biomarkers known as 'chromosome conformation signatures' ("**CCS**"). CCS-based biomarkers are derived from studying the so-called epigenetics of an individual and can provide a compelling, stable framework from which changes in the regulation of a gene can be analysed, long before these alterations manifest themselves as obvious abnormalities or defects. As a consequence, they are considered ideal biomarkers of human disease.

The significance of this is considerable, given it is estimated that up to 70 per cent. of regulatory defects leading to disease and pathological conditions are not of a genetic nature, but 'epigenetic', that is, affected by external or environmental factors (for instance, food, stress, toxins and pesticides). As these changes take place without altering the sequence of DNA, the identification of CCS-based biomarkers through the epigenetic profiling of patients is an essential part of any stratification methodology adopted by pharmaceutical and biotechnology companies.

[1] Source: Top 50 Global Pharma Companies – Pharmaceutical Executive

Through a simple, non-invasive blood test, *EpiSwitch*™ is able to identify statistically significant changes to CCS, which can be used rapidly to pinpoint and validate differences across patient groups, enabling their robust stratification on an industrial scale. The informative benefits of CCS as biomarkers, combined with the efficiency of the *EpiSwitch*™ platform offers significant advantages in developing predictive, prognostic and pharmacodynamics biomarkers in support of drug development programmes over other similar biomarker discovery approaches, which remain problematic from a commercial perspective due to the instability of results (that is, false negatives and positives), prohibitive cost and low throughput.

By contrast, *EpiSwitch*™ has multiple, immediate applications which can be used on an industrial scale across a number of therapeutic areas and indications, including oncology, autoimmune disease, immunotherapy, metabolic and neurodegenerative conditions. In particular, it can:

- Reduce time to market, failure rates and the costs at every stage of drug discovery, from pre-clinical through to clinical development

- Provide significant insights into disease mechanisms for drug discovery and product re-positioning programmes, as well as for the creation of predictive, diagnostic and prognostic tests

- Enable the personalisation of therapeutics for patients in the context of challenging pricing environments where improved clinical outcomes are critical

Following peer review and the commercial validation of *EpiSwitch*™, the Company continues to expand the number of commercial agreements it has with leading US and Swiss pharmaceutical and biotechnology companies and pre-eminent research institutions in the delivery of biomarker discovery programmes.

The strength of this customer and collaborator base, when coupled with the Company's know-how and the protection afforded by its intellectual property portfolio, means the business is strongly positioned as it enters a pivotal period in its development, centred on:

- The continued development of commercial contracts with pharmaceutical, biotechnology and research partners for the discovery of biomarkers

- The planned transitioning of the revenue model to one based upon upfront and on-going licence fees as well as milestone payments through the multiple licensing of the *EpiSwitch*™ platform

As these licences are not expected to materially alter the Company's cost base, the Directors believe the opportunity for value creation is considerable based upon comparable biomarker licence deals (paragraph 4 (*Business model*) of this Part 1 (*Information on the Company*)), which while significant in value terms, represent only a fraction of the overall cost of the drug discovery and development process.

Since inception, the Company has maintained a moderate cost base and incurred net cash outflows of £1.1 million in the six month period ended 31 March 2016 as it has continued to leverage third party research and development resources. This has enabled the Company to create and retain control over its extensive portfolio of intellectual property underpinned by six patent families. The Company has, or has applied for patents covering key aspects of the *EpiSwitch*™ technology platform, applications and biomarker targets across multiple jurisdictions including the US, the UK, Europe and core territories within Asia.

With an increasing appreciation of the role played by biomarkers in general and the potential for epigenetics in particular to increase the rate of success for therapeutic development programmes, the Directors believe that the Company has established a strong foundation from which to execute its strategy, where its robust and validated technology can be recognised and distinguished from the 'big data', open-end research programmes into epigenetics and biomarker leads.

To support this objective, the Company has conditionally raised £7.1million (before expenses) through the issue of 4,498,228 New Ordinary Shares at the Placing Price pursuant to the Placing. The net proceeds of the Placing are to be used to expand the Company's proprietary biomarker programmes, enhance the Company's intellectual property portfolio and grow the Company's geographical footprint through the establishment of US representation. An additional 8,160,000 Ordinary Shares were sold pursuant to the Placing on behalf of the Selling Shareholders.

2. The Group's key strengths

The Directors believe that the Company has the following key strengths:

2.1 Proprietary technology platform

The Directors believe that *EpiSwitch*™ is the only proprietary technology platform for the use of CCS-based biomarkers which meets industry standards, producing binary results through non-invasive testing, in a matter of hours, and on an industrial scale. Through the application of the Senior Management Team's expertise, the Company has sought to protect its technology through extensive 'know-how', patents and patent applications covering multiple jurisdictions.

2.2 Niche position within a large, growing market with strong macro drivers

The global market for biomarkers is estimated to be worth in excess of US$24 billion per annum[2]. The Company operates within both the outsourced biomarker and companion diagnostic markets, which as subsectors of the overall biomarker market, the Directors estimate to be worth in aggregate approximately US$6 billion and likely to grow at approximately 19 per cent. per annum to 2018. As a core component of companion diagnostics, it is anticipated that significant opportunities exist for biomarker discovery platforms such as *EpiSwitch*™, which can provide novel biomarker signatures to support all stages of the drug discovery and development process, thereby improving trial success rates and the personalisation of medicine to address the unmet needs of patients.

2.3 Differentiated business model with significant opportunities for value enhancement

The Company is revenue-generating and incurs only relatively modest levels of expenditure in pursuit of its strategic aims and objectives. By collaborating with pharmaceutical and biotechnology companies and research institutes, the Company is able to leverage customer-funded development projects alongside its own proprietary trials, which helps maintain a manageable cost base, while providing future opportunities for significant licence and royalty income through the multiple licensing of its *EpiSwitch*™ technology.

2.4 Growing customer base and collaborative research network

The Company has established an extensive customer base within the pharmaceutical and biotechnology industry, including leading US and Swiss pharmaceutical companies, which the Directors believe are seeking to accelerate the development of novel biomarkers to be used on an exclusive, licensed basis. In addition, the Company is collaborating with several leading research institutes worldwide, which are utilising the *EpiSwitch*™ technology for the purposes of research into new biomarkers and companion diagnostic tests.

2.5 Highly experienced management team

Blending experienced leadership with considerable scientific and technological expertise, the Senior Management Team has the complementary skills and experience to continue to enhance the *EpiSwitch*™ technology platform and exploit the commercial opportunity it affords through future potential licensing arrangements.

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[2] Source: Biomarkers Market – Global Forecast to 2020 – MarketsandMarkets (2015)

3. History and background

Building on successful research conducted by Dr. Alexandre Akoulitchev and subsequently Dr. Aroul Ramadass between 2001 and 2007 within the University of Oxford, the Company was spun-out in April 2007 by Christian Hoyer Millar, Dr. Alexandre Akoulitchev and Dr. Aroul Ramadass. In June 2007, the Company was granted an exclusive licence to develop and commercialise the initial intellectual property behind what has been developed into the *EpiSwitch*™ technology platform.

After opening its first reference laboratory in the Begbroke Science Park, Oxford, in January 2008, the Company focused on the industrialisation of its technology. Soon after, the novelty and utility of the technology led to collaborations with major US, UK, and Swiss institutions, enabling the Company to move from pilot testing of *EpiSwitch*™ to full trial validation, culminating in the opening of new laboratories in both Oxford, UK and Penang, Malaysia.

In 2009, the Company made a strategic decision to focus solely on companion diagnostics and predictive biomarkers and an early therapeutic discovery patent asset was subsequently assigned to Chronos. See paragraph 5.1 (*Chronos and Sibelius relationship*) of Part 7 (*Additional Information*) for further information.

By 2010, the Company had identified that while the original technology licensed from Oxford University was focused within the field of oncology diagnostics, the application of the Company's technology covered a considerably broader set of indications and that the practical utility of *EpiSwitch*™ was therefore far greater. Consequently, the Company has since expanded into other therapeutic biomarker development areas, such as immunology, neurology and metabolic disorders, which are of high pre-clinical value for the pharmaceutical and biotechnology industry today.

In 2011, the Company signed a number of new development agreements with pharmaceutical and biotechnology companies and successfully completed two oncology pilot studies, further demonstrating how *EpiSwitch*™ was able to stratify certain patient groups with high levels of accuracy.

By 2015, the Company had established a significant intellectual property portfolio covering the *EpiSwitch*™ technology platform across six patent families, with further protection afforded by the Company's extensive technological and process know-how. On the back of this progress, the Company completed its last funding round prior to Admission in July 2015, raising £4.5 million of gross equity proceeds at a pre-money valuation of £97.5 million, in order to capitalise on the successful development of the platform and accelerate the commercialisation of *EpiSwitch*™.

Subsequent to this funding round, the Company has achieved the following milestones:

- October 2015 - Awarded the Frost & Sullivan European Technology Innovation Award, which recognised the successful market expansion and the impact of the *EpiSwitch*™ platform in accelerating biomarker discovery in support of the pharmaceutical and biotechnology industry

- January 2016 - Expansion of the Company's biomarker discovery programme for amyotrophic lateral sclerosis diagnosis, with support from the UK Government, Nuffield Department of Clinical Neurosciences and the University of Oxford

- February 2016 - Entered into a contract with a major US pharmaceutical company to discover and develop novel proprietary predictive biomarkers for response to a therapy used in the treatment of rheumatoid arthritis

- March 2016 - Contract extension with a major global biotechnology company for disease severity and response biomarkers for the treatment of multiple sclerosis

- April 2016 - Contract extension with a major global biotechnology company for drug discovery in acute myeloid leukemia

- June 2016 - Contract extension with a major global biotechnology company to develop an *EpiSwitch*™ signature for Alzheimer's disease patient selection

- September 2016 - Entered into a contract with a major US biotechnology company to develop *EpiSwitch*™ biomarkers for acute myeloid leukemia prognostics and minimal residual disease monitoring

In addition, over this period the Company has added to its established six patent family, with four new (and two divisional) patents filed covering the use of the *EpiSwitch*™ technology in companion diagnostics, biological systems and specific clinical indications (including amyotrophic lateral sclerosis and PD-1 based cancer immunotherapies) and has had a further patent granted in China covering the Company's novel diagnostic technology.

4. Business model

4.1 Business strategy

The Directors believe that the Company has a leading position in the field of practical epigenetic biomarker development and has the opportunity to make *EpiSwitch*™ the leading industry standard for CCS-based biomarkers for the pharmaceutical and biotechnology industry.

The Directors aim to capitalise on the growth in the outsourced biomarkers and companion diagnostics markets, which continue to be driven by a number of key trends:

- The improved understanding of human biological complexity, leading to a growing acknowledgement of the importance of personalised medicine and the criticality of companion diagnostics utilising biomarkers to support all stages of the drug discovery and development process

- The significant cost, time and experience needed for biomarker discovery requiring specialist, third party outsourced providers of biomarker discovery and development solutions

- The need for pharmaceutical and biotechnology companies to access biomarker discovery approaches which can provide rapid, validated results on an industrial scale

4.2 Commercialisation strategy

The Company's commercialisation strategy is centred on three main areas:

(a) **Expansion and extension of the current customer and collaborator base**. Through the continued development of contracts with pharmaceutical, biotechnology and research partners, the Company can leverage third party research and development resources, while retaining control and ownership of its intellectual property portfolio

(b) **Expansion of its own proprietary biomarker research**. By accelerating its own biomarker discovery programmes, the Company can utilise validated biomarkers to help shape, influence and expand biomarker-based clinical trials with commercial partners, leading to more successful trial outcomes

(c) **Licensing of core technology**. Through the licencing of the Company's technology platform, *EpiSwitch*™ can facilitate large pharmaceutical and biotechnology companies in their therapeutic development programmes, the enrichment of their clinical trials, and the development of companion diagnostics

Through the execution of its strategy, the Directors believe the Company can capitalise on significant commercialisation opportunities as it seeks to transition its revenue model towards licence and milestone payments and future royalties associated with pharmaceutical revenues.

4.3 Current revenue model

Currently, the Company generates revenue through four main sources:

- Service fees from conducting commercial biomarker projects with major pharmaceutical and biotechnology companies
- Service fees from conducting collaborative biomarker projects with multiple commercial partners and research institutes
- Licensing fees through arrangements for the use of biomarkers in clinical diagnostics in Asia
- Grant income from Innovate UK

The terms of the Company's contracts with its customers remain confidential due to commercial sensitivity regarding drug trials, however the value of each contract has typically been up to US$1 million with amounts payable to the Company in accordance with the respective terms of each contract, usually around the achievement of agreed contract milestones.

The Directors believe that the opportunity for value creation is considerable, as the granting of any licence is expected to materially increase revenue, but not materially alter the Company's cost base.

To date, the Company has entered into confidential contracts with six of the top ten global pharmaceutical companies (by revenue)[3]. An overview of the Company's contracts and the status of each contract as at 31 October 2016 are detailed below:

Table 1 – Historic contracts entered into by the Company

Year	Partner	Description	Status[4]
2011	Pharma A (Swiss)	Alzheimer's disease	Completed
2013	Pharma B (US)	Cancer immunotherapy	Completed
2013	Genomic Institute (Singapore)	Stem cell quality control	Completed
2013	Biotech A (US)	Diffuse large B cell lymphoma	Completed
2013	Scottish Early Rheumatoid Arthritis (SERA) Biobank, Glasgow University (UK)	Rheumatoid arthritis	Completed
2013	Pharma C (US)	Circulating tumour cells	Completed
2013	Pharma D (US)	Alzheimer's disease	Completed
2014	Biotech B (US)	Multiple sclerosis	Completed
2014	Pharma E (US)	Solid tumour	Completed
2014	Leading medical practice group B (US)	Thyroid cancer	Completed
2014	Pharma F (US)	Acute myeloid leukaemia	Completed
2014	Scottish Early Rheumatoid Arthritis (SERA) Biobank, Glasgow University (UK)	Rheumatoid arthritis	Completed
2014	Pharma A (Swiss)	Toxicology	Completed
2015	Biotech A (US)	Acute myeloid leukaemia	Completed
2015	Innovate UK grant	Amyotrophic lateral sclerosis	In Progress
2015	Leading medical practice group A (US)	Melanoma	Completed
2015	Pharma G (US)	Cancer immunotherapy	In Progress
2016	Singapore General Hospital	Hepatocellular carcinoma	In Progress
2016	Biotech B (US)	Multiple sclerosis	Completed
2016	Biotech A (US)	Acute myeloid leukaemia	Completed
2016	Biotech B (US)	Alzheimer's disease	Completed
2016	Pharma H (US)	Rheumatoid arthritis	In Progress
2016	Leading medical practice group A (US)	Cancer immunotherapy	In Progress

[3] Source: Top 50 Global Pharma Companies – Pharmaceutical Executive

[4] As at 31 October 2016

The Company is also in the process of negotiating a further eleven agreements (including extensions to some of the contracts noted above) within the fields of oncologies, autoimmune diseases and neurodegenerative conditions. These agreements which are in the process of being negotiated are with four of the top ten global pharmaceutical companies (by revenue), and six of the top twenty-five[5].

In addition to the contracts highlighted in Table 1 above, the Company has also entered into a number of additional contracts through which it has sublicensed certain intellectual property rights held under licence from Oxford University Innovation. This has enabled the Company to supply certain products and know-how in the development and use of oncological diagnostic tests for customers in Asia.

4.4 Future revenue model

Over the medium to long term, the Directors aim to transition the Company's revenue model to one that is predominantly based upon licence revenue, whereby the Company aims to generate upfront and milestone payments and future royalties from licensing the *EpiSwitch*™ technology platform connected to a particular drug to multiple participants within the pharmaceutical and biotechnology industry.

[5] Source: Top 50 Global Pharma Companies – Pharmaceutical Executive

The following six examples outline indicative terms of comparable licence agreements for the provision of biomarkers:

Table 2 – Examples of historic biomarker licensing agreements

Parties	Description	Terms
Takeda Pharmaceutical Co Ltd **Zinfandel Pharmaceuticals, Inc.**	Exclusive, worldwide licensing agreement regarding Zinfandel's TOMM40 assay as a biomarker for the risk of Alzheimer's disease and the potential use of the assay in combination with pioglitazone in high-risk older adults with normal cognition	US$9m upfront and up to US$78m for development milestones
Janssen Biotech, Inc. **Metamark Genetics, Inc.**	Research, collaboration and licence agreement for Metamark's discovery platform for the identification and characterisation of specific proprietary cancer targets demonstrated to play a causal role in promoting tumour progression and spread	Upfront payment, up to US$365m in milestone payments, plus royalties on net sales and companion diagnostics
Xenon Pharmaceuticals Inc. **Genentech Inc.**	Collaboration and licensing agreement for the discovery of compounds and diagnostics for the treatment of pain. Genentech has an exclusive licence to any of Xenon's compounds and a non-exclusive right to any diagnostics	Undisclosed upfront fee and up to US$646m in milestone payments, plus royalties
Celgene Corporation **NanoString Technologies, Inc.**	Collaboration agreement to develop a companion diagnostic assay to support the clinical validation of REVLIMID® for treatment of diffuse large B-cell Lymphoma (DLBCL)	US$5.75m upfront, up to US$17m for successful milestones, and up to US$22.25m in potential commercial payments
Merck & Co, Inc. **NanoString Technologies, Inc.**	Collaboration agreement to develop and commercialise a novel diagnostic assay to predict response to Merck's anti-PD-1 therapy, Keytruda® (pembrolizumab)	Up to US$24m for technology access and near term milestones, plus development funding and other potential regulatory milestones
BioNTech AG **Genentech Inc.**	Collaboration agreement to develop, manufacture and commercialise novel messenger RNA (mRNA)-based, individualised cancer vaccines	US$310m upfront and near-term milestone payments

5. Market overview

5.1 Changing nature of the pharmaceutical and biotechnology industry

Over the near-to medium-term, ageing populations, the rising costs of healthcare and the increased scrutiny of drug pricing means that the pharmaceutical and biotechnology industry is facing pressures from patients, payors and other key stakeholders. Moreover, the requirement for better, cheaper medicines is not necessarily compatible with the financial returns expected by pharmaceutical and biotechnology investors.

To manage these competing agendas, pharmaceutical and biotechnology companies are embracing new technologies that can help reduce costs and speed up time to market for new products and services during a period when drug development failure rates are in excess of 90 per cent., the blockbuster model remains largely redundant and drug discovery costs continue to rise.

5.2 Emerging models

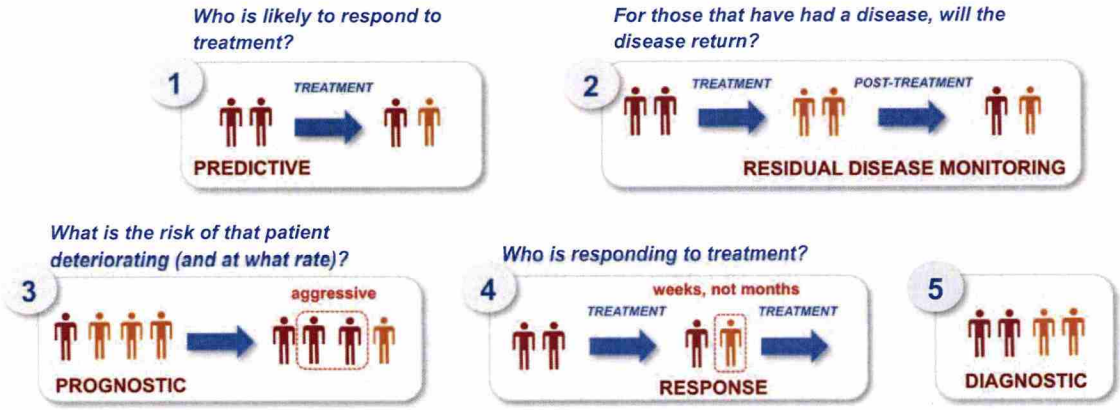
Through an improved understanding of human biological complexity and the variability of responses to certain treatments, it has been recognised that clinicians should focus on treating the patient not just the symptoms. The tailoring of therapeutics to certain patient cohorts (or personalised medicine) has led to an increased requirement for the development of drugs which are safer, demonstrate greater levels of efficacy and can be produced at lower cost.

In response, the pharmaceutical and biotechnology industry has been searching for efficient ways in which they can identify critical differences among patients in terms of efficacy for a specific therapeutic application, and track the benefits or side effects of certain types of treatment. One fundamental approach which helps address this is the use of biomarkers.

As a measured indicator by which a particular pathological or physiological process or aspect of disease can be characterised, biomarkers can take many forms and be used in numerous ways. For instance, when used in the context of companion diagnostics, biomarkers can help inform clinical decisions regarding a particular course of medical treatment, with improved clinical outcomes for the patients in question.

Another practical use of biomarkers identification is that it can enable stratification (or grouping) within a patient cohort, helping to identify those patients who are better suited to a particular drug trial and more likely to respond favourably to treatment, thereby facilitating more successful trial outcomes and reducing the overall cost of drug development.

Figure 1: Critical stratification questions in drug development



5.3 Outsourced companion diagnostic and biomarker discovery market

The growing importance of personalised medicine has led to the increasing use of companion diagnostics by pharmaceutical and biotechnology companies during all stages of the drug discovery and development process. As a core component of companion diagnostics, biomarkers enable pharmaceutical and biotechnology companies to answer key questions regarding patient groups as outlined in Figure 1 above, which can ultimately lead to improved R&D and clinical development productivity.

The Directors estimate that the global market for outsourced companion diagnostics was worth approximately US$3 billion per annum in 2014 and is likely to grow at 15 per cent. per annum up to 2018. This is largely as a result of the demand for biomarker use during multiple stages of the drug discovery and development process covering not only oncology, but also other pathologies including autoimmune disorders, neurodegenerative and age-related diseases.

In response to the increasing demand for biomarkers, the pharmaceutical and biotechnology industry has sought to use outsourced capability for the discovery of biomarkers due to the considerable time, cost and expertise required in this discovery process. The Directors expect that this trend for outsourced biomarker discovery solutions will continue, and the Directors estimate that the market is likely to grow from a value of US$3 billion per annum in 2014 to US$8 billion by 2018 (23 per cent. CAGR).

As the integration of companion diagnostics within the drug discovery and development process continues, the Directors believe the development of therapeutics is set to become increasingly more reliant upon biomarkers and those discovery platforms which can provide robust biomarker signatures for multiple stages of the R&D and drug development process.

5.4 Common approaches to biomarker discovery

A notable element of growth within the overall biomarker market has been through increasing use of the so-called '*omics*' technologies – that is, the large-scale measurement and analysis of multiple data points of DNA sequences, gene expression levels, proteins and metabolites. This complex, high throughput analysis aims to clarify the roles, relationships and actions of the various types of molecules that make up the cells of an organism both in the healthy and diseased state.

Common '*omics*' methods of analysis, which can also lead to the discovery of biomarkers, include:

- *Genomics*: the study of nucleotide sequences in order to interpret genes and predict the risk of disease
- *Epigenomics*: the least developed analytical approach, which focuses on the fundamental biological regulatory mechanisms that allow a whole organism to modulate and control the use of the DNA, in the context of its exposure to particular environmental factors and risks
- *Transcriptomics (gene expression)*: the study of RNA transcriptional profiles from genes and genetic loci, as part of the gene expression under normal or aberrant regulation
- *Proteomics*: the analysis of the proteins derived from the gene sequence in both normal and disease states
- *Metabolomics*: similar analytical approach as proteomics, but focuses on identifying and quantifying metabolites

Figure 2: Biomarker classes and approaches

Despite significant advances in the field of biomarkers, and indeed '*omics*' technologies, many of these remain limited in their utility for practical stratification as a result of:

- A low prevalence of the biomarker (for instance, single nucleotide polymorphisms)
- High levels of 'noise' in data analysis, due to variability, stochasticity and the integrated nature of steady-state read-outs (for instance, gene expression)
- A lack of cost effective and robust engineering solutions for accurate detection
- An inability to run tests on an industrial scale and to industry standards

For the pharmaceutical and biotechnology industry, biomarker approaches must have immediate practical value in terms of identifying particular patient groups and stratifying them appropriately to help facilitate successful clinical trials.

Consequently, the search for modalities and biomarkers which successfully address these critical issues is a substantial area of growth and epigenetics is at the forefront of this development.

5.5 The growing prevalence of epigenetics

The long-standing concept of the genome as a simple set of instructions for each of the genes positioned along the DNA molecule has been revised in order to explain complex outcomes that take place under genetic controls. The genome is now recognised as a dynamic, three-dimensional body that represents more of a framework, which shifts with the needs and conditions of the cell.

One of the most important aspects of the regulation of gene expression is understanding the mechanisms associated with DNA packaging, its three-dimensional organisation within the cell nucleus and its role in the modulation of gene activities.

Epigenetic mechanisms of gene regulation are a fundamental part of any normal and/or pathological development in an organism. They play a crucial role in the organisation of chromosomal DNA and genes themselves by establishing to what extent genes will be active under given circumstances in a live cell.

Any ability to detect, distinguish and correlate these epigenetic markers with the pathophysiology of the disease and expression state of the target genes could be of fundamental importance for not only monitoring abnormal activities of genes itself, but also for the detection and stratification of associated pathologies.

Through the study of epigenetics, it is possible to see how various environmental factors, for instance, food, stress, disease, toxins, medicine, pesticides and changes in the probiome (gut bacteria) can modulate gene activities in the human body and how cells can, in response to environmental factors, re-programme themselves, leading to a different pattern of gene expression and, as a result, different sensitivities to drug treatments and prognostic outlook for individual patients.

The relevance of this field of study can be linked back to the Human Genome Project, which aimed to map all genes in a human in an attempt to understand fundamental questions around heredity and disease. One of the key findings of the project was that only 1.5 per cent. of DNA was used to code for proteins and the genome contained only about twenty-three thousand genes altogether. The rest were non-coding regulatory regions with functions that are still poorly understood. The significance of this is considerable, given it is estimated that up to 70 per cent. of regulatory defects leading to diseases and pathological conditions are not of a genetic nature, but 'epigenetic' and take place without altering the sequence of DNA. This makes epigenetic profiling of patients an essential part of any successful stratification methodology.

Figure 3: Epigenetic revolution and its relation to genetics

Within epigenetics, there are four key processes that have been identified which could act as biomarkers:

(a) *DNA methylation*: DNA contains four types of nucleotides; Adenine, Thymine, Cytosine and Guanine. When a methyl group (molecules made of hydrogen and carbon) is attached to the cytosine base, it is known as 'methylation'. Under certain conditions, such a modification could influence gene expression in a negative manner (for instance, gene silencing) and could act as a biomarker, although it also displays a significant stochastic variability.

(b) *Histone modification*: Within its nucleus, each human cell contains over two metres of genomic chromosomal DNA. At the basic level of its packaging order, negatively charged molecules of DNA are closely wrapped around positively charged protein groups known as histones. Over 50 different modifications have been shown to take place on histones, which influence various stages of gene activity.

(c) *Non-coding RNA*: One of the most unexpected outcomes of the Human Genome Project was the fact that the protein encoding part of the genome only accounted for 1.5 per cent. of its size. However, the whole genomic DNA is subject of active transcription, producing large amounts of non-coding RNA (ncRNA). Today, ncRNA is recognised as a significant, yet poorly understood, part of the overall epigenetic regulation of the genome; while ncRNAs do not code for proteins they demonstrate important regulatory functions, including various roles in the mechanisms of epigenetic gene regulation. From micro-RNAs to long ncRNAs, various classes of these factors have been shown to co-ordinate, synchronise and silence gene expression.

(d) *Chromosome Conformation Signatures (CCS)*: The packaging of chromosomal DNA plays a critical role in the epigenetic regulation of the whole genome. It ensures effective storage, access to genetic information and its regulation by the complex protein machinery used in gene expression. Known also as 'gene loops' (see Figure 4 below), 'long-range chromosomal interactions' and 'chromatin domains', CCS have been recognised as an essential high-level framework of epigenetic regulation imposed across the whole genome and reflecting its fractal nature of organisation. While often DNA is represented as a linear form, it does in fact have a complex three-dimensional shape where distant DNA sequences are brought into close proximity (see Figure 5 below). So while a DNA sequence remains unchanged, the long-range chromosomal interactions can alter gene expression. As a result, across the full spectrum of biomarker approaches, quantifying the presence or absence of topological long range interactions (or CCS) is a compelling, powerful and stable analytical biomarker modality, which provides early insights into changes in the genome regulation through their detection, screening, evaluation and validation well before the results of these epigenetic changes manifest themselves as obvious abnormalities.

Figure 4: How chromosomal loops impact gene expression

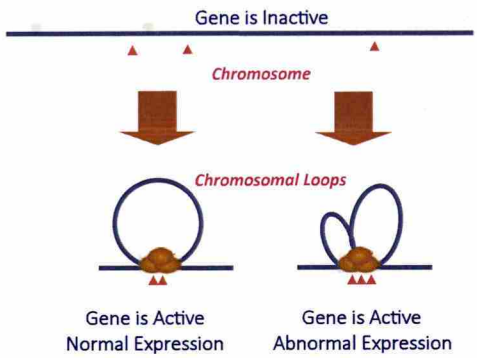
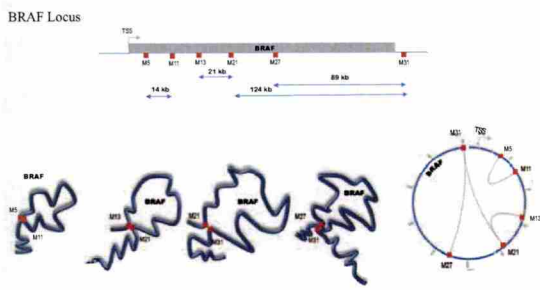


Figure 5: BRAF gene in linear and variable 'loops'



The Company has been a pioneer in its early assessment of the potential for CCS as a class of biomarkers suitable for practical applications in the pharmaceutical and biotechnology industry. Today, multiple peer reviewed publications attest to the numerous advantages of this epigenetic phenomenon (see Figure 6), with some considering CCS as 'ideal human biomarkers'[6]. With the growing support from a large body of research, the practical use of CCS however remains largely constrained by limitations of existing academic laboratory protocols for detection of CCS. The Company's breakthrough development of the *EpiSwitch™* platform technology has provided an engineering solution and delivered a proprietary validated methodology that offers practical use of CCS as biomarkers of choice in the context of limited patients cohorts and short development and validation time lines (see Figure 7).

It is within this context that the Company has an extensive intellectual property position, protected by international patents and patent applications, and considerable know-how as a basis for its biomarker identification platform.

Figure 6: Growing peer group recognition for CCS[7]

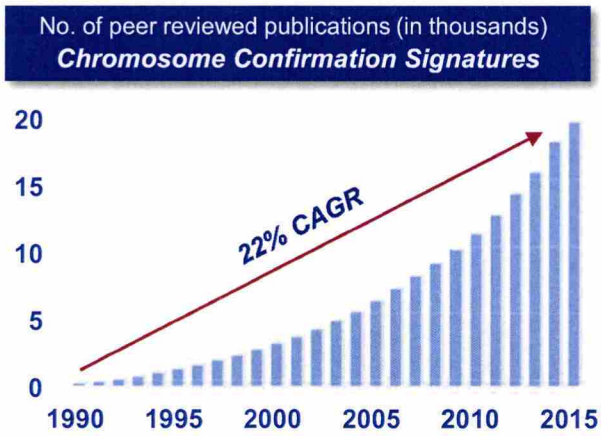


Figure 7: A comparison of CCS (based upon the use of EpiSwitch™) against other biomarker modalities:

	CCSs (EpiSwitch™)	DNA Methylation	Gene Expression	miRNAs	Proteome	Predictive SNPs
Epigenetic link to phenotype	✓	✓				
Binary	✓					
Stability	✓					
Non-invasive detection in blood	✓	✓	✓	✓	✓	✓
Informative in non-coding regions	✓	✓		✓		✓
Patentability	✓					
Rich pool for selection	✓	✓	✓			
Low stochastic noise	✓					✓
Low cost	✓					
Short processing time	✓					

6 Source: Crutchley et al, Biomarkers Med (2010)

7 Source: PubMed.gov

6. Technology overview

6.1 Platform technology

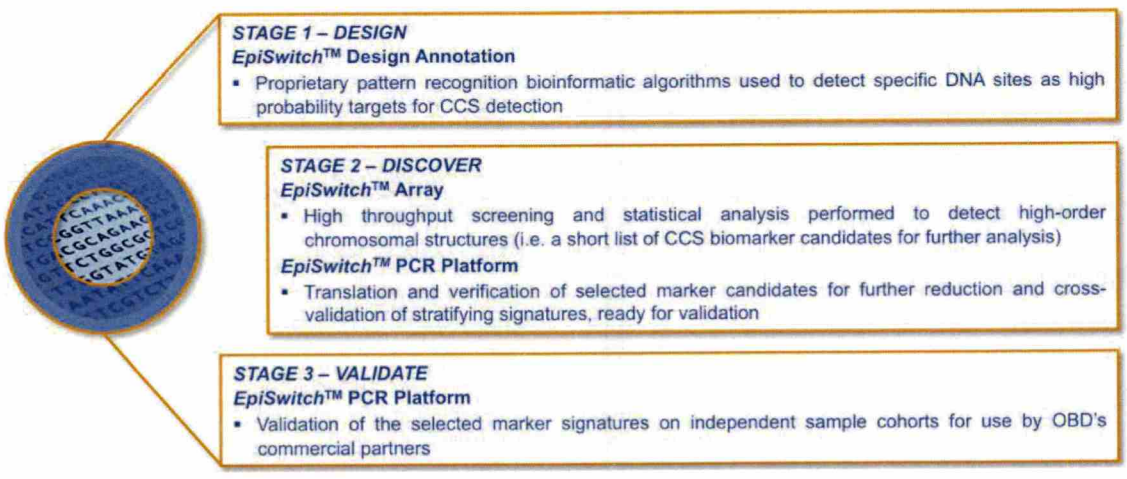
The Company's biomarker platform *EpiSwitch*™ enables the accelerated discovery and development of biomarker panels for use by pharmaceutical and biotechnology companies in diagnostic and prognostic testing through the identification of epigenetic signatures known as CCS. While it is acknowledged that today there are other chromosome conformation capture ('3C') technologies used within the academic research environment, the prohibitive cost, low throughput and biochemical designs render them unfeasible from a commercial perspective, which requires automated high throughput. The Company has addressed these issues and the Directors believe that *EpiSwitch*™ is the only proprietary technology able to identify and monitor CCS that meet industrial standards and the requirements for sensitivity, robustness, throughput and validation of its results.

The epigenetic regulation mechanisms monitored by *EpiSwitch*™ are instrumental in the creation of the right environment for gene expression in response to particular signalling pathways and form a defining context for all the other regulatory steps described previously as part of epigenetic/gene expression, such as DNA methylation and histone modifications and up to and including protein expression. As the earliest and defining level of regulation of gene activity, the Directors believe that it offers the most informative and reliable read-out for any abnormal and deregulated gene expression under pathological conditions.

6.2 Commercial breakthrough

The Company has created three critical proprietary steps that have allowed the Senior Management Team to transform their initial scientific findings into a commercial technology. These are described in Figure 8 below.

Figure 8: Three proprietary steps of EpiSwitch™



(a) **Design**

In order to detect the relevant interactions for the design and analysis of the biomarkers, through *EpiSwitch*™, the Company uses innovative proprietary pattern recognition bioinformatic algorithms to identify potential targets for CCS marker screening and evaluation. In designing the assay in this way, *EpiSwitch*™ offers significant advantages against the current practice of blind detection and evaluation of individual, relevant and non-relevant chromosomal long-range interactions by standard protocols, by short cutting this process and rapidly focusing on potential biomarker targets of interest early.

(b) **Discover**

The Company has applied its expertise in molecular biology and the biochemistry of gene expression to adapt and modify existing molecular biology procedures to build the *EpiSwitch*™ platform. Current academic research protocols for chromosome conformations capture require an extensive amount of input material and can suffer from poor sensitivity and reproducibility. Additionally, they require several days of work for the detection of a single defined long-range chromosomal interaction. The Company has designed and validated a molecular biology technique that offers a fast, robust and highly sensitive standard operating procedure for the processing and capture of long-range interactions on chromosomal DNA present on a given gene in a clinical sample, be it a tissue biopsy or a peripheral blood sample (liquid biopsy). Once the target annotation and biochemical processing of samples has taken place, a high throughput screening of marker candidates is performed on custom screening arrays, comparing samples from the testing cohort and controls.

(c) **Validate**

The statistically significant, stable, conditional CCS detected by the *EpiSwitch*™ arrays at the discovery stage have repeatedly proven to offer very robust marker leads. Central to the validation of the leads, is the ability of the *EpiSwitch*™ to reduce, through well-established statistical procedures and statistical analysis, the selection of potential marker candidates. Once this is completed, the reference facility team is able rapidly to focus on biomarker selection by deploying its proprietary *EpiSwitch*™ PCR know-how offering a highly sensitive, cost effective, and highly standardised approach (supported by machine learning algorithms), which enables both rapid detection and validation on independent cohort of samples for the final stratifying signature of selected biomarkers.

6.3 Applications

As a result of the advantages of CCS as biomarkers, combined with the efficiency of the platform, *EpiSwitch*™ can offer unique advantages in developing predictive, prognostic and pharmacodynamics biomarkers in support of drug development programmes. It can also offer insights into disease mechanisms and early non-invasive detection, based on liquid biopsy with *EpiSwitch*™ blood-based testing.

The main applications of the Company's *EpiSwitch*™ technology are:

(a) *Prognostic*: determination as to the aggressiveness of disease, thereby providing insight into likely disease progression and a patient's outcome

(b) *Minimal residual disease monitoring*: prospective identification of post-treatment patients in remission for the early signs of relapse

(c) *Predictive*: providing indications as to which patient, or groups of patients will respond to certain types of treatment, leading to personalised, more effective medicine

(d) *Pharmacodynamic*: indicating the effect of the drug in the patient. These biomarkers can be used to link drug regimen, target effect and biological disease response

(e) *Diagnostic stratifications*: detection of disease through an independent confirmation of the presence of epigenetic signatures associated with the disease pathological phenotype, thus helping to provide timely treatment and improved disease outcomes. Due to the epigenetic nature of CCS, *EpiSwitch*™ provides an advantage in the early detection of disease

In the context of the drug development programmes, *EpiSwitch*™ based biomarkers can be introduced at multiple levels, helping to de-risk lead development at every stage.

7. Competitive landscape, positioning and barriers to entry

The Directors estimate that the market for outsourced biomarker discovery solutions is worth approximately US$3 billion per annum and is likely to grow at 23 per cent. per annum between 2014 and 2018. A significant part of this growth has been driven by a number of prevailing trends, which are requiring the pharmaceutical and biotechnology industry to rapidly to evolve its business models in the pursuit of improved drug discovery rates and R&D productivity.

In support of this, companion diagnostics have become increasingly embedded within the discovery and development process, as pharmaceutical and biotechnology companies have sought answers to critical questions regarding their patient cohorts. As a result, the development of therapeutics has increasingly become reliant upon biomarkers.

Within the market for outsourced biomarker discovery solutions related to drug discovery and development, the Company competes with other specialist third party providers of biomarker discovery modalities including, but not limited to, those focused on genomics, proteomics, transcriptomics and metabolomics approaches.

Observing the number of limitations of certain biomarker discovery approaches, the Company made a strategic decision early to focus on epigenetics and specifically CCS in the understanding of disease and the development of biomarkers. As awareness for this approach grows, the Directors believe it will increasingly be seen as a solution to the issues found with other epigenetic approaches which, while offering some diagnostic insight, suffer from significant shortcomings including a high level of false positive and false negative results, limited use on non-invasive peripheral blood samples and a low level of detection.

The Directors believe that the Company's differentiated approach through its *EpiSwitch*™ technology (specifically, the convergence of proprietary bioinformatics and biochemical processes) sets it apart from other biomarker market participants. Moreover, the scope of the Company's intellectual property portfolio and the Senior Management Team's technology know-how underpins a differentiated and robust business model, which the Directors believe secures the Company's leading market position from which to continue to commercialise its platform.

The Directors acknowledge that it is possible that new technologies with commercial potential will emerge from academia or other global industry participants, although their belief is that a competitive, commercial alternative to the *EpiSwitch*™ technology platform is at least several years away.

8. Intellectual property portfolio

8.1 Summary

The Company has access to an extensive intellectual property portfolio, supported by six strong patent families and considerable technological and bioinformatics process know-how amongst the Senior Management Team.

Recognising its core technology essentially consists of the development and commercialisation of *EpiSwitch*™, the Company's patent strategy centres on obtaining claims which provide the best possible protection for the use of this platform and the biomarkers derived from the platform. This is based on two aims:

(a) Obtaining the broadest possible claims for each patent case; and, where possible

(b) Obtaining more than one layer of patent protection (that is, the use of *EpiSwitch*™ in certain disease situations would be covered by the claims of more than one patent case).

EpiSwitch™ is able to determine the presence of chromosome conformations (CCS, biomarkers) relevant to disease situations in specific conditions. These disease situations relate to specific conditions and their therapeutic treatments: predictive to efficacious outcome of the treatment, responsiveness to specific therapy in specific clinical indication, likelihood of relapse, prognostic evaluation, and diagnosis (whether the condition is present). Each patent case is directed to using *EpiSwitch*™ to detect the CCS relevant to particular disease situations in a broadly defined set of conditions or in specific disease conditions. The disease situations covered by the OBD patent cases in specified conditions are all relevant to the Company's commercial customer programmes.

One of the Company's patent cases (designated OBD6) additionally covers the specific biomarkers that have been identified as relevant to specific disease situations (defined with the reference to the ligated nucleic acid product from the *EpiSwitch*™ method), thus providing a further layer of protection. As described further, OBD6 covers the use of specific biomarkers identified by the Company in any *EpiSwitch*™ method (that is, without any limitation to a specific disease situation or condition).

An overview of the components of the Company's intellectual property portfolio is provided below.

8.2 Patents

The Company owns five patents (OBD2, OBD3, OBD 4, OBD6 and OBD7) and one patent (OBD1) is owned by Oxford University Innovation and licensed to the Company (as described below in paragraph 8.3 (*OBD1 Licence*) of this Part 1 (*Information on the Company*). In aggregate, the Company currently has two patent families with patents granted (OBD1 and OBD2, with some cases pending) and four patent families pending (OBD3, OBD4, OBD6 and OBD7). The granted patents cover twenty-three countries outside of the US. OBD1 and OBD2 are pending in the US. The patents are described in further detail below. Please see paragraph 19.3 (*Patents*) of Part 7 (*Additional Information*) for details of each patent granted and pending.

OBD1: Filed on 17 February 2006 and owned by Oxford University Innovation, OBD1 covers the detection of chromosome interactions that lead to abnormal gene expression, specifically for the diagnosis of cancer. This patent is granted in multiple territories including Europe, China and Hong Kong and is pending in the US. Under the terms of the licence agreement, the Company has exclusive access to OBD1 for the life of the patent and is required to pay royalties on any sales of

oncology diagnostics in countries where Oxford University Innovation has a patent granted, subject to a minimum annual fee. Whilst OBD1 is the first patent the Company has had access to, it is not a 'dominant' patent case covering all uses of *EpiSwitch*™ that are of interest to the Company. OBD3, OBD4 and OBD6 cover other disease situations, such as predisposition to disease, responsiveness to therapy and likelihood of relapse in specific conditions, which are relevant to the Company's strategic plan to advance commercial activities with pharmaceutical and biotechnology customers in supporting the drug discovery and development process.

OBD2: Filed on 2 June 2008, OBD2 covers the use of *EpiSwitch*™ to detect long-range chromosomal interactions that lead to abnormal gene expression. In many territories claims have been granted covering use of *EpiSwitch*™ to diagnose specific groups of conditions. OBD2 patent is still pending in the US. The actual claims granted vary from territory to territory, however, they mostly relate to cancer and non-cancer conditions, including cardiovascular disorders, inflammatory conditions, including autoimmune disorders and inflammatory responses to infectious diseases, and inherited genetic disorders modulated by epigenetic mechanisms. In providing coverage for diagnosis of non-cancer conditions, OBD2 acts as a complementary case to OBD1, which is restricted to diagnosis of cancer.

OBD3: Filed on 24 June 2015, OBD3 is in the international phase and is currently pending. OBD3 covers the use of *EpiSwitch*™ in all companion diagnostic situations, including determining predisposition, responsiveness to therapy and likelihood of relapse in a range of across multiple disease conditions. OBD3 also covers the use of *EpiSwitch*™ to investigate the pharmacodynamic properties of compounds in drug development. OBD3 plays a key role in establishing the precedent for successful development of *EpiSwitch*™ biomarker applications relevant to pharmaceutical drug development programmes by demonstrating biomarkers, which are predictive for conditions or relevant to prognosis and responsiveness to therapy, with exemplifications in the most commercially relevant clinical indications.

OBD4: Filed on 24 June 2015, OBD4 is in the international phase and is currently pending. OBD4 covers the use of *EpiSwitch*™ to predict responsiveness to treatment, in particular disease condition. OBD4 plays a key role in a highly competitive treatments market, and it also establishes the precedent for a successful development of predictive *EpiSwitch*™ biomarkers for treatment.

OBD6: Filed on 24 June 2015, OBD6 is in the international phase and is currently pending. OBD6 represents an extension of patent protection beyond OBD3 and OBD4 with claims not only to the *EpiSwitch*™ method, but also covering the specific biomarkers identified by the Company (defined by reference to the ligated nucleic acid produced by the *EpiSwitch*™ method). These specific biomarkers represent the key target groups of biomarkers relevant to specific disease indications and were identified by the Company in its systemic screening programmes. OBD6 thus provides a further layer of patent protection for hundreds of biomarkers beyond that provided by OBD3 and OBD4. The Directors believe that many of these markers are relevant to multiple clinical indications of current commercial interest.

OBD7: Filed on 6 May 2016, OBD7 is in the priority year and is currently pending. OBD7 covers the use of *EpiSwitch*™ to identify and validate signatures for prognostic stratifications within particular oncological condition amongst certain ethnic groups. OBD7 case reflects a rising interest in several markets for the use of *EpiSwitch*™ technology to complement existing cancer diagnostics.

8.3 OBD1 Licence

On 8 June 2007, the Company entered into the OBD1 Licence with Oxford University Innovation pursuant to which Oxford University Innovation granted a worldwide licence to develop and market

products and services covered using the OBD1 patent in consideration for the payment of certain royalty payments on the achievement of certain milestones and net sales.

The licence is exclusive save in respect of certain retained rights for the University of Oxford and its students, employees and appointees to use certain of the intellectual property and technology for non-commercial use.

8.4 Protection of intellectual property portfolio and Company know-how

The Company works extensively with a number of external patent and trade mark attorneys in the overall management of its portfolio of intellectual property, including drafting and prosecuting patent applications.

As a result, OBD1 and OBD2 patents have been granted in a number of territories, and OBD3, OBD4, OBD6 and OBD7 patents are all pending. In the US, the grant of OBD1 and OBD2 patents is pending. One important reason for this is that the USPTO (United States Patent and Trademark Office) is applying a strict 'eligibility' criterion as part of examination. This eligibility criterion in its present form has only been introduced in recent years and it is not yet clear what types of claims to diagnostic methods, such as *EpiSwitch*™, will be deemed eligible. The eligibility criterion for such claims is expected to be clarified by development of case law.

The Company actively monitors the competitive landscape with regards to its own research and development activities, and those of other market participants. Where necessary, the Directors intend to take legal action where it believes the Company's intellectual property may have been challenged or breached and will engage external patent and trademark attorneys based upon the nature and jurisdiction of the alleged infringement. To date, there have been no challenges to the validity of any of the cases in the OBD1, OBD2, OBD3, OBD4, OBD6 and OBD7 families by third parties, and no third parties have threatened in writing to enforce a patent against the Company.

In addition, all key suppliers, customers, collaborative partners and employees are all subject to confidentiality agreements and agreements relating to the use of the Company's intellectual property rights.

While a significant part of the operational procedures and components in proprietary design and processing of clinical samples is protected by strict confidentiality and remains part of in-house know-how, some significant disseminating biomarkers as identified through analysis of clinical samples, plus certain aspects of the specific methodology of analysis that led to their identification and evaluation are also protected by intellectual property filings detailed in this section. The Company considers such a combined strategy of protection as the most effective way in preventing third party reconstruction and imitation of *EpiSwitch*™ detection, and as a result, would mean any third party attempting to use such technology would need to do so under licence from the Company.

While the field of clinical research based around CCS has grown exponentially, the Directors believe that as a result of the Senior Management Team's deep scientific expertise combined with bioinformatics engineering capability, *EpiSwitch*™ remains the only proprietary platform for the discovery of CCS-based biomarkers which meets the industry standards in terms of throughput, speed, sensitivity and robustness and quality of biomarker development.

By establishing this leading position in terms of the intellectual property footprint for CCS-based biomarker targets across a number of diseases indications, when coupled with the strong results in stratifications delivered to pharmaceutical and biotechnology customers, these patent filings and

other intellectual property become a highly valuable asset for further applications of biomarkers in terms of drug development programmes for the same disease indications.

The Company's internal intellectual property team headed up by Chief Scientific Officer, Dr. Alexandre Akoulitchev, has processes in place whereby the landscape of new relevant publications is accessed and followed up in terms of results and possible intellectual property filings. Since its inception, the Company has not come across any relevant third party intellectual property that is filed earlier than, or which covers, the Company's *EpiSwitch*™ intellectual property footprint.

9. Regulatory environment

The Company does not operate within a highly regulated environment, however, it does hold all of the licences it requires in order to operate its business, including a Human Tissue Authority licence for the storage of material from the human body, namely blood samples.

The Company also maintains uniform levels of quality control and quality assurance standards throughout its reference facilities and laboratories, through the application of its quality management systems as demonstrated by its international standards, ISO 9001 and ISO 13485.

10. Summary of Historical Financial Information

The following audited financial information of the Company has been extracted without material adjustment from the financial information set out in Part 4 (*Historical Financial Information*). This summary should be read in conjunction with the full text of this document and investors should not rely solely on this summarised financial information.

Consolidated statement of recognised income and expense

	Six month period ended 31 March		Year ended 30 September		
	2016	**2015**	**2015**	**2014**	**2013**
	£000	**£000**	**£000**	**£000**	**£000**
	audited	*unaudited*	*audited*	*audited*	*audited*
Revenue	389	221	702	659	350
Operating loss	(902)	(615)	(1,243)	(765)	(1,089)
Loss before tax	(786)	(337)	(1,005)	(736)	(1,055)
Loss after tax	(786)	(337)	(1,005)	(736)	(1,055)

Since 2013, the Company's revenue has grown by a CAGR of 42 per cent. to the financial year ended 30 September 2015.

As at 31 March 2016, the Company had cash of £7.5 million and no financial debt.

Further details of the Company's financial record is set out in Part 4 (*Historical Financial Information*).

11. Current trading and future prospects

Trading in the period since 31 March 2016 continues to be in line with the Directors expectations.

Since 31 March 2016, the Company has continued to develop its contracts with global pharmaceutical and biotechnology companies, and in April 2016, was granted a long range chromosomal interaction detection patent in China, and extended its collaboration with a US global biotechnology company for drug discovery in acute myeloid leukaemia.

More recently, the Company announced in June 2016 that it had expanded its collaboration with a US global biotechnology company to develop an *EpiSwitch*™ signature for Alzheimer's disease patient selection (which has since been completed).

As at 31 October 2016, the Company had eleven contracts either in discussion or negotiation for the discovery and validation of biomarkers for multiple indications, which continues to highlight an increasing awareness around the benefits of biomarkers, and the trend for the pharmaceutical and biotechnology industry to integrate biomarkers within the drug development process.

The Directors believe that the Company is well positioned to capitalise on this prevailing trend, and the pipeline of potential contracts and business developments detailed above, provides strong growth prospects for the Company for the current financial year.

12. Reasons for Admission and use of proceeds

The Directors believe that Admission will be an important step in the Company's development and will assist in achieving its stated objectives by raising capital principally to:

- Expand its proprietary biomarker programmes to accelerate the development of novel biomarker panels
- Grow, enhance and protect the Company's intellectual property portfolio
- Fund the geographical expansion of the Company's operations through the establishment of US representation within a key biotechnology hub

The Directors believe that Admission will also:

- Enhance the Company's profile and the overall awareness of its proprietary technology platform amongst prospective customers and partners
- Provide potential access to capital to fund future growth plans as and when the Board consider appropriate
- Increase the ability of the Company to attract, retain and incentivise high quality employees both within the UK and overseas through equity-linked incentive structures

13. Dividend policy

The Company has not paid any dividends since it commenced operations as it is primarily seeking to achieve capital growth for its Shareholders. It is the Directors' intention during the current phase of the Group's development to retain future distributable profits and only recommend dividends when appropriate and practicable.

14. Details of the Placing

Stifel has, as agent for the Company and the Selling Shareholders, conditionally agreed to use its reasonable endeavours to procure Placees for the Placing Shares at the Placing Price pursuant to the Placing Agreement. The Placing Shares will be placed with institutional and other investors introduced by Stifel, as sole bookrunner, and Sanlam and Wentworth, as introducing agents acting directly for the Company.

The Placing comprises the issue of the 4,498,228 New Ordinary Shares and the sale of the 8,160,000 Sale Shares, raising approximately £5.4 million for the Company net of estimated expenses of £1.7 million (excluding VAT) to the Company, and £12.9 million to the Selling Shareholders, including £9.2 million for the benefit of certain Directors (and their family members) and employees.

Certain Placees who are seeking relief under the VCT/EIS Schemes will be issued with VCT/EIS New Ordinary Shares prior to Admission.

The New Ordinary Shares will be issued credited as fully paid and will, on issue, rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive all dividends and other distributions thereafter declared, made or paid on the Enlarged Share Capital. Following the issue of the New Ordinary Shares, Shareholders who do not participate in the Placing will suffer a dilution to their interest in the Company of approximately 5.2 per cent.

The Selling Shareholders have, pursuant to the Placing, agreed to sell the Sale Shares at the Placing Price, raising gross proceeds for the Selling Shareholders of £12.9 million. The Placing of the Sale Shares is being undertaken to assist with post-Admission liquidity in the trading of the Company's Enlarged Share Capital and to enable Selling Shareholders to realise a limited proportion of their historic investment in the Company. Certain members of the Senior Management Team have applied to sell Sale Shares. Christian Hoyer Millar (and his family members) and Dr. Aroul Ramadass (and their respective family members) have applied to sell 16.6 per cent. of their respective pre-Admission holding of Ordinary Shares and Dr. Alexandre Akoulitchev (and his family members) and Stephen Diggle (through his shareholding in Vulpes Life Sciences Fund and other connected parties) have applied to sell 10.0 per cent of their respective pre-Admission holding of Ordinary Shares. Following the Placing and upon Admission, Christian Hoyer Millar, Dr. Aroul Ramadass and Dr. Alexandre Akoulitchev (and their respective family members) will continue to hold in aggregate 29.4 per cent. of the Enlarged Issued Share Capital and Vulpes Life Sciences Fund will hold 13.5 per cent. of the Enlarged Issued Share Capital. The table at paragraph 10.1 (*Directors' and PDMRs shareholding and other interests*) of Part 7 (*Additional Information*) sets out further details of Directors' holdings of Ordinary Shares pre-Admission and upon Admission.

Wentworth, which is beneficially owned by David Williams, has agreed to invest £1.0 million as part of the Placing, which shall be subject to a Lock-Up Deed as described at paragraph 15.7 (*Lock-up Deeds*) of Part 7 (*Additional Information*).

The Placing is conditional, *inter alia*, on Admission becoming effective and the Placing Agreement becoming unconditional in all other respects by no later than 8.00 a.m. on 6 December 2016 or such later date (being no later than 30 December 2016) as the Company and Stifel may determine.

The Placing Agreement contains provisions entitling Stifel (or the Company) to terminate the Placing prior to Admission becoming effective. If this right is exercised, the Placing will terminate. The Placing has not been underwritten by Stifel.

Further details of the Placing Agreement can be found at paragraph 15.6 (*Placing Agreement*) of Part 7 (*Additional Information*).

15. Lock up and orderly market arrangements

In order to maintain an orderly market in the Ordinary Shares, the Company and Stifel have entered into the Lock-up Deeds with all Directors and members of the Senior Management Team who are also Shareholders or option holders as well as Wentworth, which is beneficially owned by David Williams and Vulpes Life Sciences Fund, which is beneficially owned by Stephen Diggle and his family members. The Company has also entered into Lock-Up Deeds with certain option holders and individual and institutional Shareholders. The Lock-Up Deeds represent in aggregate 74.8 per cent. of the Enlarged Share Capital. Further details of the lock-up arrangements are described at paragraph 15.7 (*Lock-up Deeds*) of Part 7 (*Additional Information*).

16. Admission, settlement, CREST and dealings

Application has been made to the London Stock Exchange for the Enlarged Share Capital to be admitted to trading on AIM.

It is expected that Admission will become effective and dealings in the Existing Ordinary Shares and New Ordinary Shares will commence on 6 December 2016.

No application has been, or will be, made for the Enlarged Share Capital to be admitted to trading or to be listed on any other stock exchange.

The Ordinary Shares will be in registered form and will be capable of being held in either certificated or uncertificated form (i.e. in CREST).

CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by a written instrument. The Articles permit the holding of Shares under the CREST system. Accordingly, settlement of transactions in the Ordinary Shares following Admission may continue to take place within CREST if any Shareholder so wishes. However, CREST is a voluntary system and Shareholders who wish to receive and retain share certificates are able to do so.

Share certificates (where applicable) will be despatched to Placees by first-class post by 20 December 2016.

The ISIN number of the Ordinary Shares is GB00BD5H8572 and the TIDM is OBD.

17. Share options

As at 30 September 2016, the Company had granted options over 7,636,716 Ordinary Shares (representing approximately 8.9 per cent. of the Enlarged Share Capital) relating to the Company's 2008 Share Option Scheme at a variety of exercise prices between £0.34 and £1.25. Prior to Admission, the Company will put in place the 2016 Share Option Plans, which will be made available to certain new and existing key employees, business consultants, and Directors of the Group. Options under the 2016 Share Option Plans will typically vest and become exercisable in three equal tranches over a three-year period following the date of grant, or such other date as determined by the Remuneration Committee.

On 29 November 2016, the Company granted options over 360,000 Ordinary Shares (representing approximately 0.4 per cent. of the Enlarged Share Capital) to certain employees of the Company, under the 2016 Share Option Plans, which will vest in three equal tranches up to 31 December 2018. The exercise price per option is the Placing Price.

Further details of the 2008 Share Option Scheme and 2016 Share Option Plans can be found at paragraph 17 (*Share Incentive Arrangements*) of Part 7 (*Additional Information*).

18. Wentworth Warrant

The Company has granted warrants over Ordinary Shares representing 2.0 per cent. of the Enlarged Share Capital (being 1,721,964 Ordinary Shares) to Wentworth in consideration for Wentworth procuring Placees pursuant to the Placing and general corporate and strategic advice. David Williams, the Company's Chairman is the beneficial owner of Wentworth.

Under the terms of the Wentworth Warrant, Wentworth has agreed to an orderly market agreement such that following the exercise of the warrants, it will only dispose of its interest in Ordinary Shares issued to it pursuant to an exercise of the Wentworth Warrant through the Company's broker and then only when permitted by the Company's share dealing code (subject to certain customary exceptions).

Further details of the Wentworth Warrant can be found at paragraph 15.5 (*Wentworth Warrant*) of Part 7 (*Additional Information*).

19. Applicability of the Takeover Code and concert parties

The Takeover Code applies to the Company, as it is a public limited company with its registered office in the UK. Under Rule 9 of the Takeover Code, if an acquisition of Ordinary Shares were to increase the aggregate holding of the acquirer and its concert parties to interests in shares carrying 30 per cent. or more of the voting rights in the Company, the acquirer and, depending on circumstances, its concert parties would be required (except with the consent of the Panel) to make a cash offer for the outstanding Ordinary Shares at a price not less than the highest price paid for the Ordinary Shares by the acquirer or its concert parties during the previous twelve months.

This requirement would also be triggered by any acquisition of interests in Ordinary Shares by a person holding (together with its concert parties) shares carrying between 30 per cent. and 50 per cent. of the voting rights in the Company if the effect of such acquisition were to increase that person's percentage of the total voting rights in the Company.

The Company has confirmed with the Panel that certain members of the Senior Management Team, being Christian Hoyer Millar, Dr. Alexandre Akoulitchev and Dr. Aroul Ramadass and their Close

Relatives, as defined in the Takeover Code (together the "**Concert Party**") will be deemed to be 'acting in concert' for the purposes of Rule 9 of the Takeover Code. No other Shareholders of the Company are considered to be 'acting in concert' with the Concert Party. On Admission, it is expected that the Concert Party will hold, in aggregate, 25,293,300 Ordinary Shares (being 29.4 per cent. of the Enlarged Share Capital). Certain members of the Concert Party have also been granted options over Ordinary Shares pursuant to the 2008 Share Option Scheme. On Admission, it is expected that the Concert Party will hold, in aggregate, options over 4,615,308 Ordinary Shares. Therefore, the Concert Party hold, in aggregate, 25,293,299 Ordinary Shares and options over 4,615,308 Ordinary Shares (being 31.2 per cent. of the Fully Diluted Share Capital). As a result, and save as noted below, if any new Ordinary Shares are acquired by any member of the Concert Party, that person would be required to make a cash offer for the outstanding Ordinary Shares in compliance with Rule 9 of the Takeover Code.

The Panel have confirmed that any Ordinary Shares that are issued to Christian Hoyer Millar, Dr. Alexandre Akoulitchev and Dr. Aroul Ramadass as a result of the exercise of options under the 2008 Share Option Scheme will not trigger an obligation to make an offer under Rule 9 of the Code as described above.

The Directors anticipate that Christian Hoyer Millar, Dr. Alexandre Akoulitchev and Dr. Aroul Ramadass will, after Admission and following the recommendation of the Remuneration Committee, be granted options over Ordinary Shares pursuant to the 2016 Share Option Plans. The Panel have confirmed that, provided a majority of independent Shareholders (being those Shareholders who are not members of the Concert Party) who attend and vote at a general meeting of the Company approve the grant of such new options to those members of the Concert Party, any Ordinary Shares that are issued to Christian Hoyer Millar, Dr. Alexandre Akoulitchev or Dr. Aroul Ramadass as a result of the exercise of those options will not trigger an obligation to make an offer under Rule 9 of the Takeover Code. Accordingly, the Directors intend to ask Shareholders to approve the grant of options over Ordinary Shares to those members of the Concert Party that the Remuneration Committee recommend at the first annual general meeting of the Company following Admission.

20. Taxation

General information relating to UK taxation with regards to the Admission and Placing is summarised in Part 6 (*Taxation*). This information is only intended as a general guide to current tax position in the UK. If an investor is in any doubt regard as to his or her tax position or is subject to tax in a jurisdiction other than the UK, he or she should consult his or her own independent financial advisor immediately.

The Company has received advance assurance from HM Revenue and Customs confirming that the Placing Shares will be eligible for EIS purposes and for the purposes of investment by VCTs. The continuing status of the Ordinary Shares as qualifying for EIS or VCT investment purposes will be conditional on the qualifying conditions being satisfied throughout the relevant period of ownership. Neither the Company nor the Directors give any warranty, representation or undertaking that any investment in the Company will remain a qualifying investment for EIS or VCT purposes. EIS or VCT eligibility is also dependent on a Shareholder's own position and not just that of the Company. Accordingly, prospective investors should take their own advice in this regard.

21. Further information

You should read the whole of this document and not just rely on the information contained in this Part 1 (*Information on the Company*).

Your attention is drawn to the information set out in Part 2 (*Risk Factors*) to Part 7 (*Additional Information*) (inclusive), which contains further information on the Group.

PART 2

RISK FACTORS

Any investment in the Ordinary Shares is subject to a number of risks. Prior to concluding any investment decision, prospective investors should carefully consider all the information contained in this Document including, in particular, the risk factors described below.

In addition to the usual risks associated with an investment in a company, the Directors consider that the factors and risks described below are the most significant in relation to an investment in the Company and should be carefully considered, together with all the information contained in this Document, prior to making any investment decision in respect of the Ordinary Shares. The list below is not exhaustive, nor is it an explanation of all the risk factors involved in investing in the Company, and other factors, including, in particular, changes in market and/or economic conditions, or in legal, regulatory or tax requirements.

Further, it should be noted that the risks described below are not the only risks faced by the Group and there may be additional risks that the Directors currently consider not to be material or of which they are currently not aware.

If any of following risks relating to the Group were to materialise, the Group's business, financial condition, results or future operations could be materially and adversely affected. In such circumstances, the market price of the Ordinary Shares could decline and investors could lose all or part of their investment.

1. Risks relating to the Group's business

1.1 The Company is in its early stage of development with a limited operating history and track record of revenue generation

Since incorporation, the Company has been focused on the development of its *EpiSwitch*™ technology platform and the expansion and protection of its intellectual property portfolio. While the business is now revenue generating through a number of contracts, it has been (and is expected to remain) loss making over the near to medium term as it continues to develop the commercialisation opportunities for its platform. There can be no assurances that the Company's current contracts will lead to substantial licence or royalty payments beyond the contracted fee income under those contracts or that the Company will be able to secure licensing or revenue contracts similar to the case studies detailed in paragraph 4 (*Business model*) of Part 1 (*Information on the Company*). As the Company operates in a nascent market and is yet to transition its revenue model to one predominately based upon upfront and milestone payments and licence fee income, there is a risk that if commercialisation opportunities are achieved at a slower rate than the Directors expect, or not at all, the Company will continue to incur losses, which, when combined with prior losses, may adversely affect the valuation of its Ordinary Shares, its ability to raise capital and continue its business operations.

1.2 The Group operates in a complex area of biotechnology which can be subject to considerable levels of uncertainty

Rapid scientific and technological change within the pharmaceutical and biotechnology industry could lead to other market participants creating approaches, products and services equivalent or superior to the CCS-based biomarker approaches offered by the Company, which could adversely affect the success of the Group's technology. Better resourced competitors may be able to devote more time and capital towards the R&D process, which, in turn, could lead to scientific and/or technology breakthroughs, which may materially alter the outlook or focus for markets in which the Group operates. If the Group is unable to keep pace with this change, the demand for its technology could fall, which may adversely affect the Group's business, financial condition, results or future operations.

1.3 The success of other biomarker based biotechnology companies in obtaining licence revenue and royalty payments does not guarantee the Group is able to secure comparable commercial terms on any future agreements

The field of biomarker discovery and development is highly technical and subject to considerable amounts of uncertainty. While it is encouraging that other pharmaceutical and biotechnology companies have entered into contracts, which provide for substantial licensing and royalty income opportunities through the use of biomarkers, there can be no assurances that the Group will be able to secure contracts with its customers on comparable commercial terms.

If the Group enters into contracts which do not provide the level of commercial returns the Directors were anticipating, the Group's business, financial condition, results or future operations may be adversely affected.

1.4 The Company depends upon a small number of key personnel and some customer agreements contain 'key man' provisions

The design and implementation of the Company's strategy is largely predicated on the continued performance and service of its Senior Management Team, who hold considerable proprietary know-how. While each member of the Senior Management Team is on an employment contract with appropriate incentive packages, there can be no assurances regarding their continued employment, as the Company competes with a number of other organisations for personnel of this type, experience and quality.

In addition, certain contracts that the Company has entered into with customers and collaborators include 'key man' provisions whereby the Company has to specify a person responsible for a particular project or who will carry out services on behalf of the Company to a particular customer. Certain members of the Senior Management Team are specified in these 'key man' provisions and cannot be changed without the customer's consent.

If the Company fails to retain the services of these individuals, and/or fails to attract suitable replacements, the loss of service and the costs of recruiting replacements may lead to loss of customer contracts and may adversely affect the Group's business, financial condition, results or future operations.

1.5 The development of future, novel CCS-based biomarkers may take longer than expected or not be successful at all, which may adversely impact the Company's ability to generate licence revenue

Although the Company has had success identifying novel biomarkers for use by pharmaceutical and biotechnology companies to date, the identification and validation of future CCS-based biomarkers will require continued R&D, successful trials and enhancements to the platform technology. There are no assurances that this programme of work will be delivered on time, within budget, nor that it will be successful. In addition, the value of CCS-based biomarkers may not prove as robust or reproducible as currently envisaged by the Company. Any delays or unbudgeted expenditures incurred by the Company could postpone or halt the commercialisation of a particular biomarker, and may not create a material licensing opportunity, which could adversely affect the Group's business, financial condition, results or future operations.

1.6 The Group remains largely reliant on the pharmaceutical and biotechnology industry

A significant part of the Group's revenue is generated through collaborations with pharmaceutical and biotechnology companies. In the event that the pharmaceutical and biotechnology industry reduces its expenditure on drug development and discovery, or can meet its requirements for biomarker discovery through internal capability and resources, the Group's operations or financial results could be adversely impacted.

1.7 The Company expects to face competition from other biotechnology companies, which could adversely impact the rate and level of commercialisation of the Company's biomarker panels if it fails to compete effectively

While the commercialisation of biomarkers discovered through epigenetics is relatively nascent, the Company's competitors within the biomarker discovery industry may have superior R&D capabilities or better access to leading pharmaceutical and biotechnology companies requiring novel biomarkers. Further, a number of other biomarker discovery companies have greater financial, technical and human capital, which can be deployed in any attempts to gain a superior market position. As the market develops and biomarker discovery through *'omics'* technology gains greater traction within the pharmaceutical and biotechnology industry, the Company anticipates more companies will try to access the Company's core markets and competition will increase, which could impact the Company's ability to fully commercialise its proprietary technology platform and could therefore adversely affect the Group's business, financial condition, results or future operations.

1.8 The regulatory requirements of the Group's business may change and if the Group fails to meet those regulatory requirements, it could face delays or prohibitions on the operating of its business

The Company's customers operate within the pharmaceutical and biotechnology industry, which are highly regulated environments and are subject to regular change. Whilst the Group is not highly regulated, its ability to conduct business is predicated on being in compliance will all licence requirements as specified by each country of operation. The Company is only required to hold a Human Tissue Authority Licence, which it was granted as described in paragraph 9 (*Regulatory environment*) of Part 1 (*Information on the Company*).

There can be no assurances that the Company will continue to hold all of the necessary consents, approvals and licences required to conduct its business, and where new permissions are required, these may be delayed or not forthcoming. If any new approvals or licences are required in order for the Group to carry on its business, the Group could face delays or prohibitions on the use of its platform, which could adversely effect on the Group's business, financial condition, results or future operations.

1.9 The Group's success depends upon its ability to recruit and retain skilled personnel

The Company's success depends upon its ability to attract and recruit, retain and incentivise highly skilled employees across all areas of the business. Of particular importance, is the ability of the Company to utilise the experience, capability and know-how of its science and technology teams, which are vital in continuing to enhance the *EpiSwitch*™ technology platform. If the Company is unable to retain or successfully attract and recruit key employees across all and any areas of the business, it could delay or prevent the implementation of its strategy, which includes securing representation of the Group's business in the US, which could adversely affect the Group's business, financial condition, results or future operations.

1.10 The Group is reliant upon a small number of suppliers and projects may be delayed if suppliers cannot fulfil the Group's requirements

As a result of the complex nature of the pharmaceutical and biotechnology industry, the Group is reliant upon a number of suppliers who have the expertise and capability to supply the Group with the necessary inputs to enable the Group to continue to operate. Specifically, the Group's supply of enzymes and whole blood is limited to a small number of providers who meet the Group's criteria for quality, price and reliability.

If a number of the key suppliers to the Group were unable to fulfil its order requirements, the Group would have to seek alternative suppliers, and there can be no guarantee that those alternative supplies will be available, of sufficient quality, and at an acceptable price. If one or more of these conditions are not met, projects may be delayed until suitable supplies are found, which could adversely affect the Group's business, financial condition, results or future operations.

1.11 Laboratory downtime may affect the Group's ability to complete projects

The Group is reliant upon the use of certain critical equipment and laboratory space in order to carry out its core business. The Group currently has laboratories in both Oxford, UK and in Penang, Malaysia. The Company takes reasonable steps to mitigate downtime risk through the implementation of its disaster recovery programme, however in the event that critical equipment, or indeed the laboratory space being utilised for a project becomes unavailable, the delivery of a project may be delayed, which could adversely affect the Group's business, financial condition, results or future operations.

1.12 Foreign exchange rate fluctuations may adversely affect the Group's earnings, financial condition, results or future operations

The Group's revenue is generated predominately in US dollars. The Company's expenditure is paid predominantly in UK pounds sterling, Malaysian ringgits and US dollars. Fluctuations in exchange rates between these currencies could have a material impact on the Company's earnings, financial condition, results or future operations, which are required to be reported in UK pounds sterling.

2. Risks relating to the Group's Intellectual Property

2.1 The Company may incur significant costs as a result of intellectual property disputes

The Company's ability to compete depends in part, upon the successful protection of its intellectual property, in particular its patents, the OBD1 Licence and its know-how as detailed in paragraph 8 (*Intellectual property portfolio*) of Part 1 (*Information on the Company*). The Company seeks to protect its intellectual property through the filing of worldwide patent applications where permissible, as well as robust confidentiality obligations on its employees in order to protect the Company from the release of information relating to its know-how. However, this does not provide any assurances that a third party will not infringe upon the Company's intellectual property, release confidential information about the Company's intellectual property or claim technology which is registered to the Company.

To date, the Company has not been involved in any intellectual property litigation; however, in the ordinary course the Directors intend to defend the Company's intellectual property vigorously through litigation and other means. In the event that litigation is necessary in the future in order to enforce the Company's intellectual property rights, determine the scope and validity of proprietary rights of other companies, and/or defend claims of infringement or invalidity, it could require the Company to commit significant resource in pursuing the protection of its intellectual property and there is no guarantee that the result of such litigation would result in a favourable outcome to the Group. This could adversely affect the Group's business, financial condition, results or future operations.

2.2 If the Group is not able to prevent disclosure of its trade secrets, know-how or other proprietary information, the value of its technology could be significantly diminished.

In addition to the Group's intellectual property portfolio, certain members of the Senior Management Team possess significant amounts of proprietary know-how, and the Group relies on trade secret protection to protect its interests in proprietary know-how and in processes for which patents are difficult to obtain or enforce. The Company may not be able to protect its trade secrets adequately, and no assurance can be given that the Company has entered into appropriate agreements with all parties that have had access to its confidential information.

There is also no assurance that such agreements will provide for a meaningful protection of confidential information in the event of any unauthorised use or disclosure of information. Furthermore, the Company cannot provide assurance that any of its employees, consultants, contract personnel or third party partners, either accidentally or through wilful misconduct, will not cause serious damage to its programmes and/or its strategy, by, for example, disclosing confidential information to its competitors.

It is also possible that confidential information could be obtained by third parties as a result of breaches of its physical or electronic security systems. Any disclosure of confidential data into the public domain or to third parties could allow the Group's competitors to learn confidential information and use it in competition against the Group.

In addition, others may independently discover the Group's confidential information. Any action to enforce the Group's rights against any misappropriation or unauthorised use and/or disclosure of confidential information is likely to be time-consuming and expensive, and may ultimately be unsuccessful, or may result in a remedy that is not commercially valuable.

2.3 The Company's products could infringe patents and other intellectual property rights of third parties

The Company's commercial success depends upon its ability, and the ability of any third party with which it may partner, to use its patent-protected technologies without infringing the patents of third parties. The Company's products may infringe or may be alleged to infringe existing patents or patents that may be granted in the future which may result in costly litigation and could result in the Company having to pay substantial damages or limit the Company's ability to commercialise its products. Because some patent applications in Europe and the US may be maintained in secrecy until the patents are issued, patent applications in Europe, the US and many foreign jurisdictions are typically not published until eighteen months after filing, and publications in the scientific literature often lag behind actual discoveries, the Company cannot be certain that others have not filed patents that may cover its technologies, its products or the use of its products. Additionally, pending patent applications which have been published can, subject to certain limitations, be later amended in a manner that could cover the Company's technologies, its products or the use of its products. As a result, the Company may become party to, or threatened with, future adversarial proceedings or litigation regarding patents with respect to its products and technology.

Any such claims are likely to be expensive to defend, and some of its competitors may be able to sustain the costs of complex patent litigation more effectively than the Company can because they have substantially greater resources. Moreover, even if the Company is successful in defending any infringement proceedings, it may incur substantial costs and divert management's time and attention in doing so, which could materially adversely affect the Company's business, results of operations or financial condition.

2.4 There can be no assurance that patents pending or future patent applications will be issued

As detailed in paragraph 8 (*Intellectual property portfolio*) of Part 1 (*Information on the Company*), the Company has patents that have been granted and patents that are still pending in certain jurisdictions, including in the US. The USPTO (United States Patent and Trademark Office) is applying a strict 'eligibility' criterion as part of examination. This eligibility criterion in its present form has only been introduced in recent years and it is not yet clear what types of claims to diagnostic methods, such as *EpiSwitch™*, will be deemed eligible. The eligibility criterion for such claims is expected to be clarified by development of case law. It is therefore more difficult and a longer time period for patents to be granted in the US than in other jurisdictions. There can be no assurance that patents pending or future patent applications will be issued, nor that the lack of any such patents will not have a material adverse effect on the Company's business, results of operations or financial condition, particularly given the Company's strategy is to expand its business in the US and a number of its customers are based in the US. Also, no assurance can be given that the Group will develop technologies or candidates which are patentable or that patents will be sufficient in their scope to provide protection for the Group's intellectual property rights against third parties. In the event that any of the Company's pending patents are not granted, or future patent applications are not granted, it could materially adversely affect the Company's business, results of operations or financial condition.

2.5 The continued exploitation of one of the patent families is dependent upon the Group's OBD1 Licence with Oxford University Innovation remaining in place

The Group's first patent family OBD1 is owned by Oxford University Innovation and is licensed to the Company pursuant to the OBD1 Licence, as further described in paragraph 8 (*Intellectual property portfolio*) of Part 1 (*Information on the Company*). Under the terms of the OBD1 Licence, Oxford University Innovation has certain termination rights in the event of a material breach of the OBD1 Licence by the Company. The Directors' believe that the risk of termination of the OBD1 Licence is low. However, while the other five patent families used by the Group are owned, if Oxford University Innovation were to terminate the OBD1 Licence, the Group's operations or financial results could be adversely impacted.

3. General risks

3.1 Cross-border economic, political, judicial, and administrative

The Company and its current and prospective customers, operate in a number of countries, each of which has its own political, judicial, administrative, taxation and regulatory system that could impact how business is conducted. In addition to a global or local level economic downturn, the Company may also be adversely affected by other changes in economic, political, judicial, administrative, taxation or other regulatory or other unforeseen matters, which are largely outside of the Company's control.

4. Risks relating to the Placing and the Ordinary Shares

4.1 A liquid market for the Ordinary Shares may fail to develop and trading in the Ordinary Shares may be volatile

Following Admission, the price at which the Ordinary Shares will be quoted and the price which investors may realise for their shares will be influenced by a large number of factors, which could include, but are not limited to, the performance of both the Group's and its competitors' businesses, variations in the operating results of the Group, divergence in financial results from analysts' expectations, changes in earnings estimates by stock market analysts, large purchases or sales of Ordinary Shares, legislative changes and general economic, political and regulatory conditions. Prospective investors should be aware that the value of an investment in the Company might go down as well as up. Investors may therefore realise less than, or lose all of, their investment.

Publicly traded companies share prices, including those listed on AIM, can be highly volatile and shareholdings illiquid. Further, the volume of shares traded on AIM can be limited and this may restrict the ability of Shareholders to dispose of Ordinary Shares in the future. In addition, as the AIM Rules for Companies are less demanding than those of the Official List of the UKLA, an investment in shares quoted on AIM carry a higher risk than those quoted on the Official List of the UKLA.

4.2 The market price of the Ordinary Shares could be negatively impacted by sales of substantial amounts of Ordinary Shares, particularly following expiry of the lock-up period

Pursuant to the Placing Agreement and the Lock-up Deeds, the Company and Lock-up Shareholders have agreed that, subject to certain exceptions, during the period of twelve months from the date of Admission in respect of certain Shareholders, and six months from Admission in respect of other Shareholders (as described in paragraph 15.7 (*Lock-up Deeds*) of Part 7 (*Additional Information*)), each Lock-up Shareholder will not, without the prior written consent of the Company and Stifel, sell or contract to sell, or otherwise dispose of any Ordinary Shares (or any interest therein in respect thereof) or enter into any transaction with the same economic effect as any of the foregoing. After the expiration of this period, however, Lock-up Shareholders will be free to sell Ordinary Shares, subject to an orderly market period as described in paragraph 15.7 (*Lock-up Deeds*) of Part 7 (*Additional Information*). In addition, there are no lock-up arrangements relating to the balance of the Enlarged Share Capital and such Shareholders are free to sell their Ordinary Shares at any time. Sales of a substantial number of Ordinary Shares by Shareholders, particularly after the expiration of the period during which these restrictions apply, or the knowledge that they will, or the perception that these sales may occur, could depress the market price of the Ordinary Shares and could impair the Company's ability to raise capital through the sale of additional equity securities.

4.3 The Company may require additional capital which may not be available and, in the event of additional equity capital, will result in dilution to Shareholders

While the Directors do not currently anticipate that the Company will require any additional capital in the near to medium term to further its strategy as outlined in this document, it is possible that the Company will need or choose to raise extra capital in the future whether from equity or debt providers. There is no certainty that at the point the Company decides to raise capital, the prevailing market conditions at the time will enable the Company to raise finance on acceptable terms or at all, which could impact the Company's ability to continue certain strategic initiatives. Where additional finance is raised through the issuance of new equity or equity-linked securities, the percentage ownership of such Shareholders may be substantially diluted. There is no guarantee that the then prevailing market conditions will allow for such a fundraising or that new investors will be prepared to subscribe for Ordinary Shares at the same price as the Placing Price or higher.

4.4 The Company does not anticipate payment of dividends in the near to medium term

As stated in paragraph 13 (*Dividend policy*) of Part 1 (*Information on the Company*), the Company has never paid dividends and it is not the intention of the Directors to declare and pay any dividends in the near to medium term. The Company currently intends to retain all of its future earnings to finance the growth and development of the Group's business. The declaration and payment of dividends (including special dividends) is restricted under English law and a company can only pay cash dividends if it has sufficient distributable reserves available to do so. The Company will not pay dividends to the extent it will not be lawful to do so, and the Directors will determine whether any dividends should be declared or paid in the future based on a variety of factors, including the results of operations, financial condition, cash requirements and future prospects of the Group, as well as other factors deemed by Directors to be relevant at the time. Any of the foregoing could limit the payment of dividends to Shareholders or, if the Company does pay dividends, the amount of such dividends.

4.5 The Company cannot guarantee that the Ordinary Shares will continue to be traded on AIM

The Company cannot assure investors that the Ordinary Shares will always continue to be traded on AIM or on any other exchange. If such trading were to cease, certain investors may decide to sell Ordinary Shares, which could have an adverse impact on the price of the Ordinary Shares. Additionally, if in the future the Company decides to obtain a listing on another exchange in addition or as an alternative to AIM, the level of liquidity of the Ordinary Shares traded on AIM could decline.

4.6 Shareholders who are resident or domiciled outside the United Kingdom may not be able to participate in future equity fundraisings by the Company

Securities laws of certain jurisdictions may restrict the Company's ability to allow the participation of Shareholders who are not resident or domiciled in the United Kingdom in future equity offerings. In particular, Shareholders in the US may not be entitled to exercise these rights unless either the rights and Ordinary Shares are registered under the US Securities Act, or the rights and Ordinary Shares are offered pursuant to an exemption from, or in transactions not subject to, the registration requirements of the US Securities Act. Any Shareholder who is unable to participate in future equity offerings may therefore suffer dilution.

4.7 Taxation

The attention of potential investors is drawn to Part 6 (*Taxation*). Any change in the Group's tax status or the tax applicable to holding Ordinary Shares or in taxation legislation or its interpretation, could affect the value of the investments held by the Group, its ability to provide returns to Shareholders and/or alter the post-tax returns to Shareholders. Statements in this Admission Document concerning taxation of the Group and its investors are based on current tax law and practice, which is subject to change.

The levels of, and reliefs from, taxation may change. The tax reliefs referred to in this Admission Document are those currently available and their value depends on investors' individual circumstances.

Investors should therefore consider carefully whether investment in the Company is suitable for them, in light of the risk factors outlined, their personal circumstances and the financial resources available to them.

4.8 EIS and VCT status

The Company has obtained advance assurance from HMRC that the Company will be a "qualifying holding" for the purposes of the EIS and for investment by a VCT under Part 5 (EIS) and Part 6 (VCT) of the ITA 2007 respectively, and that the Ordinary Shares satisfy the 'shares requirement' set out in section 173 and will be eligible for the purposes of section 285(3A) of the ITA 2007. The advance assurance only relates to the qualifying status of the Company and its shares and will not guarantee that any particular VCT will qualify for relief in respect of an acquisition of Ordinary Shares.

The continuing availability of EIS relief and the status of the relevant VCT New Ordinary Shares as a qualifying holding for VCT investment purposes will be conditional, amongst other things, on the Company continuing to satisfy the requirements for a qualifying company throughout the period of three years from the date of the investor making its investment (under EIS) and, for VCT purposes, throughout the period the Ordinary Shares are held as a "qualifying holding". Neither the Company nor the Company's advisers are giving any warranties or undertakings that any relief under the EIS or that VCT qualifying holding status will be available in respect of the Placing, or that in due course such relief or status will not be withdrawn.

Circumstances may arise where the Board believes that the interests of the Company are not best served by acting in a way that preserves the available EIS relief or VCT qualifying holding status (if granted). In such circumstances, the Company cannot undertake to conduct its activities in a way designed to preserve any such relief or status.

Should the law regarding EIS or VCTs change, then any relief or qualifying status previously obtained may be lost. Any person who is in any doubt as to their taxation position should consult their professional tax adviser in order that they may fully understand how the rules apply in their individual circumstances.

PART 3

DIRECTORS AND CORPORATE GOVERNANCE

1. The Directors

The following table lists the full names, positions and ages of the current members of the Board:

Name and position	*Age*
David Jeffreys Williams (*Non-Executive Chairman*)	64
Christian Gurth Hoyer Millar, MA (*Chief Executive Officer*)	57
Alexandre (**"Sasha"**) Akoulitchev, BSc, MSc, PhD (*Chief Scientific Officer*)	54
Kathleen (**"Katie"**) Joy Long, BComm, CA (*Chief Financial Officer*)	38
Alison Caroline Kibble, BSc (*Independent Non-Executive Director*)	47
Stephen Charles Diggle, MA (*Non-Executive Director*)	52

The business address of each individual is Oxford BioDynamics Plc, 26 Beaumont Street, Oxford, OX1 2NP.

1.1 David Williams (Non-Executive Chairman)

David has over thirty-five years' investment markets experience, serving as Chairman in executive and non-executive capacities for a number of public and private companies. He has overseen the development of these companies, raising in excess of £1 billion of capital to support both organic and acquisitive growth initiatives. David was formerly chairman of Entertainment One Ltd. (LSE: ETO) and Zetar plc, and is currently a non-executive director of Breedon Group plc (AIM: BREE) and chairman of Aurum Mining plc. (AIM: AUR). David serves as the chairman of the Nomination Committee and sits on both the Audit and Remuneration Committees. David has committed to subscribe for approximately £1 million of Placing Shares as part of the Placing. David is the beneficial owner of Wentworth which has been granted warrants, further details of which are set out in paragraph 15.5 (*Wentworth Warrant*) of Part 7 (*Additional Information*).

1.2 Christian Hoyer Millar, MA (Chief Executive Officer)

Christian read Politics, Philosophy and Economics at Lincoln College, Oxford. His career started at the Boston Consulting Group, where he worked both in Europe and in the US. He then moved to the UK Holding Company, a subsidiary of the German/Dutch conglomerate Hoogovens/Hoechst, as a director of two of their subsidiaries in the UK, winning the Queen's award for Exports in one of those subsidiaries. He then became vice president of Fox Pitt Kelton, where he worked on the mergers and acquisitions of US regional banks. Subsequently, Christian worked in venture capital, notably in conjunction with Ensign Trust PLC, owned by the Merchant Navy Pension Fund. Christian co-founded Oxford BioDynamics in 2007 with Dr. Alexandre Akoulitchev and Dr. Aroul Ramadass. Christian was the chairman of both Chronos and Sibelius until August 2016, at which point he stepped down from both roles. He is now a non-executive director of both Chronos and Sibelius. Christian sits on the Nomination Committee.

1.3 Dr. Alexandre ("Sasha") Akoulitchev, BSc, MSc, PhD *(Chief Scientific Officer)*

Sasha read mathematics, physics, chemistry, biochemistry and biophysics at Moscow Institute of Physics and Technology. In 1989 he was selected by the George Soros Foundation for the Oxford Scholarship, associated with St. Antony's College, along with twenty top Soviet graduate students from the USSR. He obtained his PhD in cell biology from University College, London (with the research based at the Imperial Cancer Research Fund). He spent six years at the Robert Wood Johnson Medical School-UMDNJ, NJ, as a research assistant funded by the Howard Hughes Medical Institute. Upon his return to England, he established his research laboratory at the Sir William Dunn School of Pathology, University of Oxford. He was a University Academic Fellow (Research Council UK) and a Senior Fellow of Exeter College, sponsored by Cancer Research UK, the Wellcome Trust, The Medical Research Council and Monsanto Foundation. Sasha is also a Fellow of the Royal Society of Medicine. He is currently a non-executive director of Sibelius.

1.4 Kathleen ("Katie") Long, CA *(Chief Financial Officer)*

Katie qualified as a Chartered Accountant in 2002 with the Institute of Chartered Accountants Australia and has a degree in Commerce from the University of Melbourne. Katie started her career as an auditor at Ernst & Young, working on external audits within the financial services sector, and then moved into banking, focusing on the financial reporting of complex structured products under IFRS and US GAAP. In 2008, Katie joined Marwyn Capital LLP as an Investment Manager, where she was responsible for a number of the fund's investments, and the provision of corporate finance advice to listed portfolio companies. Katie co-founded Tessera Investment Management Limited in 2012, a specialist provider of in-house transaction management support to both public and private companies undertaking M&A and capital raising activities, where she remains a director and a shareholder.

1.5 Alison Kibble, BSc *(Independent Non-Executive Director) (previous name: Alison Mitchell)*

Alison read Biochemistry at New College, Oxford. Her career stared as a product manager of R&D Systems Europe Limited in 1992, after which she moved on to become general manager of Quantum Appligene and a consultant to Actigen Limited. In 2000, Alison became the sales director of eLabs Europe and in 2001 became the chief executive officer of Molecular Sensing plc. She transitioned Molecular Sensing plc from the R&D phase through project development to launch of their first commercial product, and was instrumental in technology transfer and eventual licence of the technology to Roche, before sale of the company to Osmetech plc. In 2005, Alison was recruited as the chief executive officer of Femeda Ltd. Through her company, Lobes Ltd, she acted as a board advisor and non-executive director for a number of companies, ranging from start-ups to more established businesses. She specialises in commercialisation strategies and fund-raising. Alison formerly represented Oxford University on the Board of Directors for the Company. Alison serves as the chairman of both the Audit and Remuneration Committees and sits on the Nomination Committee.

1.6 Stephen Diggle, MA *(Non-Executive Director)*

Stephen is the founder and Chief Executive Officer of Vulpes Investment Management (a significant shareholder in the Company), and co-founder and former managing partner of Artradis Fund Management, one of the largest hedge fund groups in Asia. Stephen has been involved in equity capital markets for nearly thirty years, leading trading teams across a number of institutions including Salomon Brothers and Lehman Brothers, and has considerable experience investing in and supporting life science businesses through the Vulpes Life Sciences Fund. Stephen holds an MA from the University of Oxford.

2. The Senior Management Team

The persons described below, alongside the Executive Directors, make up the Company's Senior Management Team.

2.1 Dr. Aroul Ramadass PhD, PDF, FCPS, FRAS *(Chief Technology Officer)*

Aroul read molecular biology and biotechnology at the Indian Agricultural Research Institute, New Delhi, after obtaining National First in the All India Combined Entrance Exam. He was awarded the Felix and Cambridge Commonwealth Scholarships and read Bioinformatics at Cambridge University and at the Wellcome Trust Sanger Institute (PhD awarded in 2004). Aroul worked with Dr. Alexandre Akoulitchev at the Sir William Dunn School of Pathology, Oxford University and is one of the founders of the Company, leading and managing the Oxford BioDynamics laboratory. Aroul developed the key pattern recognition software supporting the Company's research and is a Fellow of Cambridge Commonwealth Society and Cambridge Philosophical Society.

2.2 Dr. Jayne Green BSc, PhD *(Laboratory Project Manager)*

Jayne read Biomedical Technology and later obtained a PhD in Molecular Biology from the University of Sheffield. She went on to become a Postdoctoral Fellow at the University of Leeds spending ten years researching nematode resistance in a variety of crops. Subsequently, she moved away from academia into industry to lead the Gene Discovery team at Advanced Technologies Cambridge (a subsidiary of British American Tobacco) researching harm reduction in tobacco. Her next role was at Oxford Agricultural Trials, working as the principal investigator for residue and soil dissipation studies. Jayne joined the Company as the Laboratory Project Manager in 2015.

2.3 Dr. Lim Chun Ren BSc, MSc, PhD *(Director, Asia)*

Lim read agricultural science with a major in agricultural chemistry from the Kyoto University, Japan, which he followed with a Masters and a PhD from Nara Institute of Science and Technology. His studies had been supported by multiple awards: the Monbusho (Ministry of Education, Sports and Culture, Japan) Scholarship (1989-1996); Sasakawa Fellowship (1996-1999); Young Researcher Fellowship of Nihon Kagaku Shinkokai (Japan Society for the Promotion of Science, JSPS) (1996-1999); and Kanagawa Prefecture Industrial Technology Development Award (2007). He started work at DNA Chip Research Inc. (Yokohama) in 1999 as a Senior Scientist where he was later promoted to R&D Group Manager. Before joining the Company, he was a General Manager at Gene News Diagnostics.

2.4 Dr. Ewan Hunter BSc, PhD *(Director, Business Development)*

Ewan's first degree is in Biochemistry from Edinburgh University, after which he went to Guy's & St Thomas Medical School, King's College London to complete his PhD in Statistical Molecular Neurobiology. After completing his PhD, Ewan went on to work with MWG Biotechnology as Field Scientist for robotics and microarray technologies. In 2001 he joined Silicon Genetics as the European Technical Manager, where he helped establish GeneSpring as the primary tool for microarray analysis. After Agilent bought Silicon Genetics in 2004, he became the European Technical expert for high throughput data analysis. Ewan left Agilent in 2008 to join GeneGo Inc. (now Thompson Reuters) as their European Technical Sales Director. In 2010, Ewan joined Selventa Inc. as their European Technical Sales Director.

2.5 Dr. Howard Womersley BSc, Dphil *(Director, Platform Development)*

Howard studied microbiology at the University of Glasgow before moving to the Department of Neuroimmunology at King's College London, where he conducted research into diagnostics related to paraneoplastic neurological syndromes, and peripheral nerve disorders associated with antecedent infections. In 2003 he was awarded an EPSRC funded scholarship to study for a Dphil at the University of Oxford and submitted his thesis on a novel molecular method and its application to elucidate protein-ligand interactions in atherosclerosis and blood-contacting medical implants. After a post-doc position at the Sir William Dunn School of Pathology, University of Oxford, Howard joined the Company as a research scientist in 2008.

3. The Scientific Advisory Panel

The Scientific Advisory Panel advises the Board in respect of specific scientific matters relevant to the Company's business and meet on an ad hoc basis. A biography of the members of the Scientific Advisory Panel is set out below.

3.1 Professor Karol Sikora

Karol is currently the Medical Director of Genesis Care and Dean of Britain's first independent Medical School at the University of Buckingham. From 1985 to 1997 he was the Clinical Director of Hammersmith Hospital in London, where he remains an honorary Consultant Oncologist. Karol is also a member of the Oncology Scientific Advisory Board at Nasdaq listed Cyclacel Pharmaceuticals, and serves as Global Clinical Expert-Cancer at AstraZeneca. Karol has published over 300 papers and written or edited 20 books including Treatment of Cancer – the standard British postgraduate textbook now going to its fifth edition, and most recently The Economics of Cancer Care. He is the founding editor of Gene Therapy and Cancer Strategy, and remains an adviser to the World Health Organisation.

3.2 Professor Peter Hylands

Peter is the Head of the Pharmacy Department, King's College London. Peter has many years' experience in pharmacological research and development, with an emphasis on the isolation and structural determination of novel bioactive compounds, both in academia and industry. He has led multi-disciplinary research programmes in Europe, the Americas and various Asian countries and has been an invited speaker all over the world. Peter has published several articles in peer-reviewed journals, written books and filed patent applications.

3.3 Professor Jane Mellor

Jane read bacteriology and virology at the University of Manchester and received her PhD from the University of Reading. She started her career as a post-doctoral research scientist at the University of Oxford. She later became a research fellow at Wolfson and Exeter colleges at the University. In 1989, she became the Wellcome Trust senior research fellow in basic biomedical science. Jane has published more than seventy articles in peer-reviewed journals and in 2009, for her achievements in studies of epigenetics and regulated gene expression, Jane was elected a Member of the European Molecular Biology Organization (EMBO). She became the first professor of Epigenetics at the University of Oxford in 2008.

3.4 Professor Lucien Peng-Jin Ooi

Lucien is an advisor to the National Cancer Centre, Singapore, the Chairman, Division of Surgery, at Singapore General Hospital, and Professor of Surgery, Duke-NUS Graduate Medical School. He was made a Fellow of Royal College of Surgeons of Edinburgh, the Royal College of Physicians and Surgeons of Glasgow, as well as the International College of Surgeons. He has a doctorate in Medicine awarded in 2001. Lucien has a sub-specialty interest in hepatobiliary and pancreatic surgery and as part of a distinguished career as immediate past Head of Department of Surgical Oncology in Singapore at the National Cancer Centre Singapore, he oversaw a department of more than thirty senior surgeons of various sub-specialties and was actively involved in advancing the specialty of surgical oncology. Lucien has been extensively consulted and sits on the panel of many illustrious international advisory boards and committees including those in the Ministry of Health.

4. Corporate Governance

The Board seeks to follow best practice in corporate governance to the extent appropriate to the Company's size, nature and stage of its development and in accordance with the regulatory framework that applies to AIM companies. The Board intends to review and apply the principles and provisions of the UK Corporate Governance Code and the QCA Code where it is appropriate to do so to support the governance framework. The main features of the Group's corporate governance arrangements are:

- The Board intends to meet at least four times per year for formal Board meetings. It will approve financial statements, dividends and significant changes in accounting practices and key commercial matters, such as decisions to be taken on whether to take forward or to cancel a material collaboration project or commercial agreement. There is a formal schedule of matters reserved for decision by the Board in place.

- The Board includes one Director who is considered by the Directors to be independent for the purposes of the QCA Code, Alison Kibble. Alison joined the Board on 7 December 2007, and prior to this had no association with the Company. Alison has previously represented the University of Oxford's shareholding in the Company, however this representation has since ceased. Accordingly, the Directors consider that Alison satisfies the independence criteria set out in the QCA Code.

- In seeking to follow best practice in corporate governance, the Directors recognise the QCA Code recommends that a company should have at least two independent non-executive directors. However it further notes that small and mid-sized companies may find it difficult to meet this criteria. As such, it is the Board's intention to seek to appoint a second independent Director following Admission. In the interim, the Directors believe that the Board continues to operate effectively with one independent Director in place, and that whilst David Williams as Chairman is not considered independent by virtue of the Wentworth Warrant, David does bring significant public markets and corporate governance experience to the Board, having previously overseen and supported a number of high growth companies on AIM. Given there is only one independent non-executive director, the Board do not consider it necessary to appoint a senior independent non-executive director.

- The Directors recognise that the QCA Code recommends that a company should have in place a risk management policy and a risk management register. On Admission, the Company will not have in place a risk management policy or risk management register, but the Board has committed to put in place a QCA Code–compliant risk management policy and risk management register within three months of the date of Admission.

- Post-Admission, any new and amended agreements entered into between the Company and either Chronos or Sibelius will require formal approval from the Chairman and the independent Directors before being entered into, owing to the history between those companies and to prevent any conflicts of interest from arising. All current agreements with Chronos and Sibelius that will be ongoing post-Admission have been formally approved by Alison Kibble and David Williams. For further information on the Company's relationship with Chronos and Sibelius, see paragraph 5 (*Chronos and Sibelius relationship*) of Part 7 (*Additional Information*).

5. Board Committees

The Company will, upon Admission, establish an Audit Committee, Remuneration Committee and a Nomination Committee as detailed below.

5.1 Audit Committee

The Audit Committee's principal functions will include ensuring that the appropriate accounting systems and financial controls are in place, monitoring the integrity of the financial statements of the Group, reviewing the effectiveness of the Group's accounting and internal control systems, reviewing reports from the Group's auditors relating to the Group's accounting and internal controls, and reviewing the interim and annual results and reports to Shareholders, in all cases having due regard to the interests of Shareholders. The Audit Committee will meet at least three times a year, with regard to the reporting and audit cycle. Alison Kibble has recent and relevant financial experience through her roles as CEO of other healthcare companies and will act as Chairman. David Williams will be the other member of the Audit Committee.

5.2 Remuneration Committee

The Remuneration Committee will be responsible for determining and agreeing with the Board the framework for the remuneration packages for each of the Executive Directors. The Remuneration Committee will consider all aspects of the Executive Directors remuneration, including pensions, bonus arrangements, benefits, incentive payments and share option awards, and the policy for, and scope of any termination payments. The remuneration of the Non-Executive Directors is a matter for the Board. The Remuneration Committee will meet at least twice a year (and at such other times as may be deemed necessary) and will generate an annual remuneration report to be approved by the members of the Company at the annual general meeting. No Director may be involved in discussions relating to their own remuneration. Alison Kibble will act as Chairman of the Remuneration Committee and will be joined by David Williams.

5.3 Nomination Committee

The Nomination Committee will be responsible for reviewing the structure, size and composition of the Board based upon the skills, knowledge and experience required to ensure the Board operates effectively. The Nomination Committee is expected to meet not less than twice per year and at other times as and when required. The Nomination Committee will also identify and nominate suitable candidates to join the Board when vacancies arise and make recommendations to the Board for the re-appointment of any Non-Executive Directors. David Williams will act as Chairman of the Nomination Committee and will be joined by Alison Kibble and Christian Hoyer Millar.

6. Share Dealing Code

The Directors understand the importance of complying with rules and regulations relating to dealings by Directors and certain other employees of the Group, including the Market Abuse Regulation (EU No. 596/2014). The Company will adopt on Admission a share dealing code which is appropriate for an AIM quoted company, and will take all reasonable steps to ensure compliance by the Directors and any relevant employees.

7. Bribery Act 2010

The UK Government has issued guidelines setting out appropriate procedures for companies to follow to ensure that they are compliant with the UK Bribery Act 2010. The Company has implemented an anti-bribery and anti-corruption policy both of which have been adopted by the Board.

8. Employees

The Company recognises the importance of retaining experienced professionals across all areas of the business in order to deliver its strategic aims. These areas include science and technology, product development, regulatory, business development, intellectual property and finance.

As at 31 October 2016, the Company had twenty seven employees.

PART 4

HISTORICAL FINANCIAL INFORMATION

This Part 4 contains the historical financial information of the Company for the three years ended 30 September 2015 and the six months ended 31 March 2016.

SECTION A: ACCOUNTANT'S REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF THE COMPANY

KPMG LLP
Arlington Business Park
Theale
Reading
RG7 4SD
United Kingdom

The Directors
Oxford BioDynamics Plc
26 Beaumont Street,
Oxford OX1 2NP

1 December 2016

Ladies and Gentlemen

Oxford BioDynamics Plc

We report on the financial information of Oxford BioDynamics Plc and its subsidiary undertakings set out on pages 60 to 112 for the three years and six months ended 31 March 2016. This financial information has been prepared for inclusion in the AIM Admission Document dated 1 December 2016 of Oxford BioDynamics Plc on the basis of the accounting policies set out in note 3. This report is required by Paragraph (a) of Schedule Two of the AIM Rules for Companies and is given for the purpose of complying with that paragraph and for no other purpose. We have not audited or reviewed the financial information for the six months ended 31 March 2015 which has been included for comparative purposes only, and accordingly do not express an opinion thereon.

Responsibilities

The Directors of Oxford BioDynamics Plc are responsible for preparing the financial information on the basis of preparation set out in note 1 to the financial information and in accordance with International Financial Reporting Standards as adopted by the European Union.

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

Save for any responsibility arising under Paragraph (a) of Schedule Two of the AIM Rules for Companies to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement,

required by and given solely for the purposes of complying with Schedule Two of the AIM Rules for Companies, consenting to its inclusion in the Admission Document.

Basis of opinion

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

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

Opinion on financial information

In our opinion, the financial information gives, for the purposes of the AIM Admission Document dated 1 December 2016, a true and fair view of the state of affairs of Oxford BioDynamics Plc and its subsidiary undertakings as at 30 September 2013, 30 September 2014, 30 September 2015 and 31 March 2016 and of its consolidated losses, comprehensive income, cash flows, and changes in equity for the years ended 30 September 2013, 30 September 2014 and 30 September 2015 and the six month period ended 31 March 2016 in accordance with the basis of preparation set out in note 1 and in accordance with International Financial Reporting Standards as adopted by the European Union.

Declaration

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

Yours faithfully

KPMG LLP

SECTION B: HISTORICAL FINANCIAL INFORMATION OF THE COMPANY

Consolidated income statements

		Six month period ended 31 March		Year ended 30 September		
		2016	2015	2015	2014	2013
		£000	£000	£000	£000	£000
			unaudited			
Continuing operations	**Note**					
Revenue	5	389	221	702	659	350
Research & development costs (excluding staff costs)		(254)	(131)	(294)	(457)	(320)
Staff costs		(595)	(463)	(970)	(663)	(609)
General & other admin costs		(387)	(217)	(687)	(369)	(428)
Research & development tax credits		183	182	365	226	181
Share option charges		(248)	(173)	(344)	(128)	(147)
Depreciation		(63)	(35)	(93)	(48)	(116)
Other operating income		73	1	78	15	-
Operating loss		(902)	(615)	(1,243)	(765)	(1,089)
Finance income	9	117	279	238	39	63
Finance costs	10	(1)	(1)	-	(10)	(29)
Loss before tax		(786)	(337)	(1,005)	(736)	(1,055)
Income tax	12	-	-	-	-	-
Loss for the year from continuing operations	7	(786)	(337)	(1,005)	(736)	(1,055)
Loss attributable to:						
Owners of the Company		(786)	(337)	(1,005)	(736)	(1,055)
Non-controlling interest		-	-	-	-	-
		(786)	(337)	(1,005)	(736)	(1,055)
Earnings per share						
From continuing operations						
Basic and diluted (pence per share)	14	(1.0)	(0.4)	(1.3)	(1.0)	(1.4)

Notes 1 to 32 form part of the historical financial information shown above.

Consolidated statements of comprehensive income

	Six month period ended 31 March		Year ended 30 September		
	2016	2015	2015	2014	2013
	£000	£000	£000	£000	£000
		unaudited			
Loss for the period/year	**(786)**	**(337)**	**(1,005)**	**(736)**	**(1,055)**
Exchange differences on translation of foreign operations that may be reclassified to the income statement	40	(4)	(32)	(16)	(21)
Total comprehensive income for the period/year	**(746)**	**(341)**	**(1,037)**	**(752)**	**(1,076)**
Total comprehensive income attributable to:					
Owners of the Company	(748)	(341)	(1,035)	(751)	(1,074)
Non-controlling interest	2	-	(2)	(1)	(2)
	(746)	**(341)**	**(1,037)**	**(752)**	**(1,076)**

Notes 1 to 32 form part of the historical financial information shown above.

Consolidated statements of financial position

	Note	31 March 2016 £000	31 March 2015 £000 *unaudited*	30 September 2015 £000	30 September 2014 £000	30 September 2013 £000
Assets						
Non-current assets						
Property, plant and equipment	15	571	301	506	89	100
Deferred tax asset	19	-	-	-	-	-
Total non-current assets		571	301	506	89	100
Current assets						
Inventories	17	95	38	63	23	-
Trade and other receivables	18	948	470	736	573	480
Cash and cash equivalents	26	7,518	5,174	8,435	5,498	3,018
Total current assets		8,561	5,682	9,234	6,094	3,498
Total assets		9,132	5,983	9,740	6,183	3,598
Equity and liabilities						
Capital and reserves						
Share capital	22	2	2	2	2	2
Share premium	23	15,709	11,209	15,709	11,209	8,288
Translation reserves		204	192	166	196	211
Retained earnings	24	(7,387)	(6,352)	(6,849)	(6,188)	(5,580)
Equity attributable to owners of the Company		8,528	5,051	9,028	5,219	2,921
Non-controlling interest	25	16	16	14	16	17
Total equity		8,544	5,067	9,042	5,235	2,938
Current liabilities						
Trade and other payables	21	588	916	698	948	660
Current tax liabilities		-	-	-	-	-
Total current liabilities		588	916	698	948	660
Non-current liabilities						
Deferred tax	19	-	-	-	-	-
Total liabilities		588	916	698	948	660
Total equity and liabilities		9,132	5,983	9,740	6,183	3,598

Notes 1 to 32 form part of the historical financial information shown above.

Consolidated statements of changes in equity

	Share capital £000	Share premium £000	Translation reserve £000	Retained earnings £000	Attributable to shareholders £000	Non-controlling interest £000	Total £000
Balance at 1 October 2012	2	8,288	230	(4,672)	3,848	19	3,867
Loss for the year	-	-	-	(1,055)	(1,055)	-	(1,055)
Other comprehensive income for the period	-	-	(19)	-	(19)	(2)	(21)
Total comprehensive income for the period	-	-	(19)	(1,055)	(1,074)	(2)	(1,076)
Transactions with owners of the Company:							
Share option credit	-	-	-	147	147	-	147
Balance at 30 September 2013	**2**	**8,288**	**211**	**(5,580)**	**2,921**	**17**	**2,938**
Loss for the year	-	-	-	(736)	(736)	-	(736)
Other comprehensive income for the period	-	-	(15)	-	(15)	(1)	(16)
Total comprehensive income for the period	-	-	(15)	(736)	(751)	(1)	(752)
Transactions with owners of the Company:							
Issue of ordinary shares	-	2,921	-	-	2,921	-	2,921
Share option credit	-	-	-	128	128	-	128
Balance at 30 September 2014	**2**	**11,209**	**196**	**(6,188)**	**5,219**	**16**	**5,235**
Loss for the year	-	-	-	(1,005)	(1,005)	-	(1,005)
Other comprehensive income for the period	-	-	(30)	-	(30)	(2)	(32)
Total comprehensive income for the period	-	-	(30)	(1,005)	(1,035)	(2)	(1,037)
Transactions with owners of the Company:							
Issue of ordinary shares	-	4,500	-	-	4,500	-	4,500
Share option credit	-	-	-	344	344	-	344
Balance at 30 September 2015	**2**	**15,709**	**166**	**(6,849)**	**9,028**	**14**	**9,042**

	Share capital £000	Share premium £000	Translation reserve £000	Retained earnings £000	Attributable to shareholders £000	Non-controlling interest £000	Total £000
Balance at 1 October 2015	2	15,709	166	(6,849)	9,028	14	9,042
Loss for the six month period	-	-	-	(786)	(786)	-	(786)
Other comprehensive income for the period	-	-	38	-	38	2	40
Total comprehensive income for the period	-	-	38	(786)	(748)	2	(746)
Transactions with owners of the Company:							
Share option credit	-	-	-	248	248	-	248
Balance at 31 March 2016	**2**	**15,709**	**204**	**(7,387)**	**8,528**	**16**	**8,544**
Balance at 1 October 2014	2	11,209	196	(6,188)	5,219	16	5,235
Loss for the six month period	-	-	-	(337)	(337)	-	(337)
Other comprehensive income for the period	-	-	(4)	-	(4)	-	(4)
Total comprehensive income for the period	-	-	(4)	(337)	(341)	-	(341)
Transactions with owners of the Company:							
Share option credit	-	-	-	173	173	-	173
Balance at 31 March 2015 *(unaudited)*	**2**	**11,209**	**192**	**(6,352)**	**5,051**	**16**	**5,067**

Notes 1 to 32 form part of the historical financial information shown above.

Consolidated statements of cash flow

	6 months ended		Year ended		
	31 March 2016 £000	31 March 2015 £000 *unaudited*	30 September 2015 £000	30 September 2014 £000	30 September 2013 £000
Loss for the financial year	(786)	(337)	(1,005)	(736)	(1,055)
Adjustments for:					
R&D tax credit	(183)	(182)	(365)	(226)	(181)
Net interest (notes 9 and 10)	(27)	(16)	(38)	(39)	(63)
(Profit) on disposal of property, plant and equipment	-	-	(20)	-	-
Depreciation of property, plant and equipment (note 15)	63	35	93	48	116
Share based payments charge (note 27)	248	173	344	128	147
Operating cash flows before movements in working capital	(685)	(327)	(991)	(825)	(1,036)
Decrease/(increase) in trade and other receivables	(28)	58	(26)	(46)	(242)
Decrease in other financial instruments	-	-	-	-	1,000
Decrease/(increase) in inventories	(32)	(15)	(40)	(23)	-
Increase/(decrease) in trade and other payables	(108)	(33)	(252)	287	289
Operating cash flows before interest and tax paid	(853)	(317)	(1,309)	(607)	11
R&D tax credits received	-	226	227	181	176
Cash used in operations	(853)	(91)	(1,082)	(426)	187
Net foreign exchange movements	(132)	(196)	(147)	2	3
Net cash used in operating activities	(985)	(287)	(1,229)	(424)	190

	Period ended 31 March		Year ended 30 September		
	2016	2015	2015	2014	2013
	£000	£000	£000	£000	£000
		unaudited			
Net cash from/(used in) operating activities	(985)	(287)	(1,229)	(424)	190
Investing activities					
Interest received	29	17	38	39	63
Purchases of property, plant and equipment	(117)	(265)	(523)	(38)	(111)
Proceeds from disposal of tangible assets	-	-	33	-	-
Net cash from/(used in) investing activities	(88)	(248)	(452)	1	(48)
Financing activities					
Interest paid	(1)	(1)	-	-	-
Issue of equity shares	-	-	4,500	2,921	-
Equity dividends paid	-	-	-	-	-
Net cash generated by financing activities	(1)	(1)	4,500	2,921	-
Net increase/(decrease) in cash and cash equivalents	(1,074)	(536)	2,819	2,498	142
Foreign exchange movement	157	212	118	(18)	(24)
Cash and cash equivalents at beginning of year	8,435	5,498	5,498	3,018	2,900
Cash and cash equivalents at end of year	7,518	5,174	8,435	5,498	3,018

Notes 1 to 32 form part of the historical financial information shown above.

Notes to the historical financial information

1. General information

The historical financial information has been prepared for inclusion in the Admission Document for the Initial Public Offering of shares in Oxford BioDynamics Plc ("Oxford BioDynamics") on AIM. On 13 October 2016 Oxford BioDynamics Limited was re-registered as a public company and its name was changed to Oxford BioDynamics Plc.

The historical financial information presents the financial record of Oxford BioDynamics Plc (formerly Oxford BioDynamics Limited) and its subsidiaries (the "Group") for the three years ended 30 September 2015 and for each of the six month periods ended 31 March 2016 and 31 March 2015 (together, the "Consolidated Financial Information").

The Group is a business engaged in biomarker research and development.

Basis of preparation

In preparation for the Company seeking admission to the AIM Market ('Admission'), Oxford BioDynamics is required to present certain historical financial information on a basis consistent with accounting policies that will be applied in preparing its next financial statements following Admission. For the purposes of this document Oxford BioDynamics has prepared the historical consolidated financial information under International Financial Reporting Standards as adopted by the EU ('IFRS') and in accordance with UK companies' legislation as applicable to companies reporting under IFRS. The Consolidated Financial Information has been prepared on a going concern basis and under a historical cost convention.

The Consolidated Financial Information does not constitute statutory accounts. Statutory financial statements for the years ended 30 September 2013, 2014 and 2015 have been delivered to the Registrar of Companies. For the financial years ended 30 September 2013 and 2014 the financial statements were unaudited. For the year ended 30 September 2015 the auditor's report on the financial statements was unqualified.

The Consolidated Financial Information is presented in pounds sterling (GBP). This is the predominant functional currency of the Group, and is the currency of the primary economic environment in which it operates. The Group's overseas subsidiary companies are consolidated within the Consolidated Financial Information in accordance with the policies set out below. Details of the subsidiary undertakings are included within the Consolidated Financial Information are shown below. All amounts are presented in GBP thousands unless otherwise stated.

1. General information (continued)

Companies in the Consolidated Financial Information

The subsidiary undertakings included within the Consolidated Financial Information at the period end date are as follows:

Name	Country of registration or incorporation	Principal activity	Class of shares	31 March 2016 %	31 March 2015 %	30 September 2015 %	30 September 2014 %	30 September 2013 %
Oxford Biodynamics Pte Limited	Singapore	Diagnostic research	Ordinary	100	100	100	100	100
Oxford Biodynamics Australia Pty Limited	Australia	Dormant	Ordinary	86	86	86	86	86
Oxford Biodynamics (Cardiovascular) Pte Limited	Singapore	Dormant	Ordinary	100	100	100	100	100
Oxford Biodynamics (Hepa) Pte Limited	Singapore	Diagnostic research	Ordinary	100	100	100	100	100
Oxford Biodynamics (M) SDN BHD	Malaysia	Diagnostic research	Ordinary	100	100	100	-	-

2. Adopted IFRS not yet applied

At the date of authorisation of the Consolidated Financial Information, the following Standards and Interpretations which have been issued and endorsed by the EU (except where indicated) but have not been applied by the Group in preparing the Consolidated Financial Information:

- IFRS 15 Revenue from Contracts with Customers (mandatory for years commencing on or after 1 January 2018)

The following Standards and Interpretations are not yet EU-endorsed:

- IFRS 9 Financial Instruments (mandatory for years commencing on or after 1 January 2018)
- Amendments to IFRS 10, FRS 12 and IAS 28: Investment Entities: applying the Consolidation Exception (mandatory for years commencing on or after 1 January 2016)
- Amendments to IAS 1: Disclosure Initiative (mandatory for years commencing on or after 1 January 2016)
- Amendments to IFRS 10 and IAS 28: Sale of Contribution of Assets between an Investor and its Associate or Joint Venture (mandatory for years commencing on or after 1 January 2016)
- Amendments to IAS 27: Equity Method in Separate Financial Statements (mandatory for years commencing on or after 1 January 2016)
- Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation (mandatory for years commencing on or after 1 January 2016)
- Annual improvements to IFRSs 2012-2014 Cycle (mandatory for years commencing on or after 1 January 2016)

2. Adopted IFRS not yet applied (continued)

- Amendments to IFRS 11: Account for Acquisitions of Interests in Joint Operations (mandatory for years commencing on or after 1 January 2016).

The directors are in the process of assessing whether the adoption of the standards listed above will have a material impact on the Consolidated Financial Information of the Group in future periods. In addition to the above, IFRS 16: Leases (effective 1 January 2019) which requires operating leases to be recognised on the balance sheet is likely to have a significant impact in that the assets and liabilities for all operating leases with a term of more than 12 months under which the Group is a lessee will need to be recognised on the balance sheet.

3. Significant accounting policies

The accounting policies set out below have been applied consistently for all periods presented in this Consolidated Financial Information.

Basis of consolidation

The consolidated financial information incorporates the results of Oxford BioDynamics and its subsidiaries as listed above.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

3. **Significant accounting policies** (continued)

Basis of consolidation (continued)

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the Consolidated Financial Information of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the provision of services in the ordinary course of the Group's activities. Revenue is shown net of sales taxes, discounts and after eliminating intra-group sales.

The Group recognises project revenue when all the following conditions are satisfied:

- relevant specific milestones in the underlying contract with the customer have been achieved;
- the amount of revenue can be measured reliably; and
- it is probable that the economic benefits associated with the transaction will flow to the entity.

Revenue recognised in the income statement but not yet invoiced is held on the balance sheet within 'Trade and other receivables'. Revenue invoiced but not yet recognised in the income statement is held on the balance sheet within 'Deferred revenue'.

Revenue is classified as follows:

Provision of services

Revenue from the provision of services is recognised as soon as the conditions noted above are met.

Interest income

Interest income is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Government grants

Government grants are included within Other Operating Income and are recognised so as to match the expenditure to which they are intended to contribute. Government grants comprise amounts from Innovate UK to support the Group's biomarker research and development activities whereby two-thirds of eligible costs incurred can be claimed for. There are no unfilled conditions or contingencies relating to grant income recognised in the income statement.

3. Significant accounting policies (continued)

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease.

In the event that lease incentives are received at the time the entity enters into an operating lease agreement, such incentives are recognised as a liability and recycled through profit and loss over the term of the lease agreement. The aggregate benefit of incentives is recognised in profit and loss as a reduction to rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Foreign currencies

The individual financial statements of each subsidiary are presented in the currency of the primary economic environment in which it operates (its functional currency). Sterling is the predominant functional currency of the Group and presentation currency for the Consolidated Financial Information.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

- exchange differences on transactions entered into to hedge certain foreign currency risks (see below under financial instruments / hedge accounting); and

- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

For the purpose of presenting Consolidated Financial Information, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

3. **Significant accounting policies** (continued)

Retirement benefit costs

Payments to personal pension schemes of employees are charged as an expense as they fall due.

Holiday pay accrual

The Group recognises a provision for annual leave accrued by employees as a result of services rendered in the current period, in order to account for the timing difference between the Group's holiday year and its financial year. The provision is measured at the salary cost payable for the period of absence.

Taxation

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

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Research and development tax credits are offset against the relevant caption within administrative expenses.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the Consolidated Financial Information and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are only recognised for taxable temporary differences arising on investments in subsidiaries, where the Group is unable to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

3. **Significant accounting policies** (continued)

Taxation (continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Tangible and intangible assets

Property, plant and equipment

The Group has held no land and buildings for the period covered by the Consolidated Financial Information.

Other items of property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is recognised so as to write off the cost or valuation of assets less residual value over their useful lives, using the straight-line method, on the following bases:

Laboratory equipment and tooling	3 years
Office equipment	3 years
Fixtures and fittings	5 years
Leasehold improvements	Life of lease

The gain or loss arising on the disposal of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income on the transfer of the risks and rewards of ownership.

The Group has no class of tangible fixed asset that has been revalued in the period covered by the Consolidated Financial Information. On transition to IFRS the net book values recorded at 1 October 2012 have been applied and these are based on historic cost or fair value recognised at the date of acquisition.

Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from the Group's development of new and enhanced products is recognised only if all of the following conditions are met:

- an asset is created that can be identified (such as product designs and new processes);
- it is probable that the asset created will generate future economic benefits; and
- the costs of developing this asset can be measured reliably.

Internally-generated intangible assets are amortised on a straight-line basis over their useful lives, with a presumption that this is no more than 3 years.

3. **Significant accounting policies** (continued)

Tangible and intangible assets (continued)

Where no internally-generated intangible asset can be recognised, the expenditure is recognised as an expense in the period in which it is incurred.

Patents

Patent costs, both those incurred at initial registration and those subsequently incurred on renewal, are expensed to the income statement.

Impairment of tangible and intangible assets

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment at least annually and whenever there is an indication that the asset may be impaired. Capitalised development costs are calculated by reference to the Group's product development department and will therefore be tested for impairment at cash-generating unit level.

Recoverable amount is the higher of: (i) fair value less costs to sell and (ii) value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease to the extent that the revaluation balance is greater than the impairment loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years for the asset (or cash-generating unit). A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using either the First-In-First-Out method or, for fast moving items, the average cost method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

3. Significant accounting policies (continued)

Financial instruments

Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Financial Assets

All financial assets are normally recognised and derecognised on a trade date basis where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value. On derecognition however, where a specific transaction is entered into with a counterparty that is judged to carry a high credit or liquidity risk, then management may determine that derecognition of the financial asset shall be based on settlement date rather than trade date, with any realised gain or loss taken to profit and loss on date of settlement.

Financial assets are classified into the following specified categories: financial assets at 'fair value through profit or loss' ("FVTPL"), 'held-to-maturity' investments, 'available-for-sale' ("AFS") financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Classes of financial asset

Financial assets at FVTPL

The Group holds no financial assets classified as financial assets at fair value through profit or loss.

Held-to-maturity investments

The Group holds no financial assets classified as held-to-maturity investments.

Available for sale financial assets

The Group holds no financial assets classified as available for sale.

3. Significant accounting policies (continued)

Financial instruments (continued)

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For listed and unlisted equity investments classified as AFS, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, including finance lease receivables, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the differences between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

3. Significant accounting policies (continued)

Financial instruments (continued)

Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

Financial liabilities at FVTPL

The Group holds no financial liabilities classified as financial liabilities at fair value through profit or loss.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 3, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

4. Critical accounting judgements and key sources of estimation uncertainty (continued)

Critical judgements in applying the Group's accounting policies

The following are the critical judgements that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the Consolidated Financial Information.

Revenue recognition

In making its judgement, management considered the detailed criteria for the recognition of revenue set out in IAS 18. Management is satisfied that the milestones specified under the terms of the customer contract have been achieved and that, accordingly, the recognition of revenue upon delivery of services is appropriate.

Share option scheme

The Group has established a share option scheme known as the Enterprise Management Incentive ('the Scheme'). The fair value of the options issued under the scheme is derived by the Company using the Black-Scholes model and the resultant values are allocated to the income statement over the period of vesting. In arriving at the fair value using this model, management have used judgement in arriving at the estimated share price volatility which is a key input to the valuation model.

Further details regarding the Scheme are set out in note 27.

Key sources of estimation uncertainty

Management is required to disclose information relating to any key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Operating lease commitments

The Group has entered into commercial property leases as a lessee of property, plant and equipment. The classification of such leases as operating or finance lease requires the Group to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the statement of financial position.

5. Revenue

An analysis of the Group's revenue is as follows:

	Six month period ended 31 March		Year ended 30 September		
	2016	2015	2015	2014	2013
	£000	£000	£000	£000	£000
		unaudited			
Continuing operations					
USA	93	217	525	231	88
Rest of World	296	4	177	428	262
Consolidated revenue	389	221	702	659	350

All revenue is derived from the Group's principal activity, biomarker research and development.

6. Business segments

Products and services from which reportable segments derive their revenues

Information reported to the Group's Chief Executive (who has been determined to be the Group's Chief Operating Decision Maker) for the purposes of resource allocation and assessment of segment performance is focused on the main service and product groups which Oxford BioDynamics sells. The Group's sole reportable segment under IFRS 8 is therefore that of biomarker research and development.

Segment net assets and other segment information

The Group's non-current assets, analysed by Geographical location were as follows:

	Period ended 31 March		Year ended 30 September		
	2016	2015	2015	2014	2013
	£000	£000	£000	£000	£000
		unaudited			
Non-current assets					
UK	475	225	421	89	100
Malaysia	96	76	85	-	-
Total non-current assets	571	301	506	89	100

Information about major customers

The Group's revenues for the periods covered by this report are derived from a small number of customers, many of which represent more than 10% of the revenue for the period. These are summarised below:

	Period ended 31 March		Year ended 30 September		
	2016	2015	2015	2014	2013
	£000	£000	£000	£000	£000
		unaudited			
Revenue from individual customers each representing more than 10% of revenue for the period:	335	206	545	401	303

7. Loss for the year

Loss for the year has been arrived at after charging (crediting):

	Continuing operations Period ended 31 March		Continuing operations Year ended 30 September		
	2016	2015	2015	2014	2013
	£000	£000	£000	£000	£000
		unaudited			
Net foreign exchange losses/(gains)	(89)	(262)	(200)	10	29
Research and development costs (excluding staff costs)	254	131	294	457	320
Depreciation and impairment of property, plant and equipment (note 15)	63	35	93	48	116
(Profit) on disposal of property, plant and equipment	-	-	(20)	-	-
Operating lease rental expense (note 20)	53	39	86	39	39
Staff costs (note 11)	595	463	970	663	609
Share based payments charge to profit and loss (note 27)	248	173	344	128	147

Research and development costs consists of inventories recognised as an expense as disclosed in note 17 and other costs of materials and services.

8. Auditor's remuneration

	Continuing operations Six month period ended 31 March		Continuing operations Year ended 30 September		
	2016 £000	2015 £000 *unaudited*	2015 £000	2014 £000	2013 £000
Fees payable to the Group's auditors:					
Annual audit	3	2	5	-	-
Other services pursuant to taxation	1	1	1	-	-
Other non-audit services	2	2	5	-	-
	6	5	11	-	-

The Group did not appoint statutory auditors prior to the year ended 30 September 2015 as the parent company was exempt from the requirement to have its accounts audited. Accordingly, no auditor's remuneration is reflected for either 2014 or 2013.

9. Finance income

	Continuing operations Six month period ended 31 March		Continuing operations Year ended 30 September		
	2016 £000	2015 £000 *unaudited*	2015 £000	2014 £000	2013 £000
Bank deposit interest	28	17	38	39	63
Exchange gains	89	262	200	-	-
Finance income	117	279	238	39	63

10. Finance costs

	Continuing operations Six month period ended 31 March		Continuing operations Year ended 30 September		
	2016 £000	2015 £000 *unaudited*	2015 £000	2014 £000	2013 £000
Bank interest	(1)	(1)	-	-	-
Exchange losses	-	-	-	(10)	(29)
Finance costs	(1)	(1)	-	(10)	(29)

11. Staff costs

	Six month period ended 31 March		Year ended 30 September		
	2016	2015	2015	2014	2013
	£000	£000	£000	£000	£000
		unaudited			
Wages and salaries	500	368	774	478	433
Social security costs	63	42	94	74	67
Other pension costs	32	53	102	111	109
	595	463	970	663	609

The average number of persons, including executive directors, employed by the group during the year was as follows:

	Six month period ended 31 March		Year ended 30 September		
	2016	2015	2015	2014	2013
	Number	Number	Number	Number	Number
		unaudited			
General and administration	23	16	18	15	14
	23	16	18	15	14

12. Tax

	Six month period ended 31 March		Year ended 30 September		
	2016	2015	2015	2014	2013
	£000	£000	£000	£000	£000
		unaudited			
Corporation tax charges/(credits):					
Current year	-	-	-	-	-
Deferred tax charges/ (credits) (note 19)	-	-	-	-	-
	-	-	-	-	-

Corporation tax is calculated at 20.5 per cent for the year ended 30 September 2015 (2014: 22.0 per cent, 2013: 23.5 per cent) and 20.0 per cent for the six months ended 31 March 2016 (31 March 2015: 21.0 per cent) of the estimated taxable profit for the period. Taxation for the overseas subsidiaries is calculated at the rates prevailing in the respective jurisdiction.

12. Tax (continued)

The tax charge for each year can be reconciled to the loss per the income statement as follows:

	Six month period ended 31 March		Year ended 30 September		
	2016	2015	2015	2014	2013
	£000	£000	£000	£000	£000
		unaudited			
Loss before tax on continuing operations	(786)	(337)	(1,005)	(736)	(1,055)
UK corporation tax rate for the period/year	20.0%	21.0%	20.5%	22.0%	23.5%
Tax at the above rate on loss for the period/year	(157)	(71)	(206)	(162)	(248)
Tax effect of:					
Depreciation and amortisation in excess of capital allowances	(35)	(35)	(69)	2	12
Expenses that are not deductible in determining taxable profit	1	1	1	-	1
Non-taxable income	(37)	(27)	(64)	(61)	(43)
Enhanced R&D expenditure	(145)	(145)	(290)	(264)	(215)
Losses carried forward	373	281	119	108	-
Trading losses surrendered for R&D tax credit	-	-	517	385	508
Utilisation of losses	-	(4)	(8)	(8)	(15)
Tax expense for the year	-	-	-	-	-

13. Dividends

No dividends have been declared in any other periods covered by the Consolidated Financial Information.

14. Earnings per share

From continuing operations

The calculation of the basic and diluted earnings per share is based on the following data:

Earnings

	Period ended 31 March		Year ended 30 September		
	2016	2015	2015	2014	2013
	£000	£000	£000	£000	£000
		unaudited			
Earnings for the purposes of basic earnings per share being net loss attributable to owners of the Company	(786)	(337)	(1,005)	(736)	(1,055)
Earnings for the purposes of diluted earnings per share	(786)	(337)	(1,005)	(736)	(1,055)

	Period ended 31 March		Year ended 30 September		
	2016	2015	2015	2014	2013
Number of shares		*unaudited*			
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share*	81,600,000	78,000,000	78,828,493	76,445,842	74,870,010

Earnings per share

	Pence	Pence	Pence	Pence	Pence
		unaudited			
Basic and diluted earnings per share	(1.0)	(0.4)	(1.3)	(1.0)	(1.4)

* Potential ordinary shares are not treated as dilutive as the entity is loss making. On 24 August 2016 the Company issued by way of a share premium capitalisation bonus shares of 8,132,800,000 as part of a capital reorganisation. The £0.0001 shares were consolidated into shares of £0.01 each as a result of this process, and the share numbers and earnings per share figures shown above reflect these changes. Actual ordinary shares issued at each balance sheet date are included in note 22.

15. Property, plant and equipment

	Leasehold improve-ments £000	Office equipment £000	Fixtures and fittings £000	Laboratory equipment £000	Total £000
Cost					
At 30 September 2012	-	-	-	469	469
Additions	34	2	14	61	111
At 30 September 2013	34	2	14	530	580
Additions	-	-	-	38	38
Disposals	-	-	-	(27)	(27)
At 30 September 2014	34	2	14	541	591
Additions	249	17	-	257	523
Disposals	(34)	-	-	(52)	(86)
At 30 September 2015	249	19	14	746	1,028
Additions	12	3	12	90	117
Exchange differences	2	1	2	23	28
At 31 March 2016	263	23	28	859	1,173
As at 30 September 2014	34	2	14	541	591
Additions	245	17	-	3	265
Exchange differences	-	2	-	(20)	(18)
At 31 March 2015 (unaudited)	279	21	14	524	838
Accumulated depreciation					
At 30 September 2012	-	-	-	364	364
Charge for the year	-	-	-	116	116
At 30 September 2013	-	-	-	480	480
Charge for the year	16	2	14	16	48
Eliminated on disposals	-	-	-	(26)	(26)
At 30 September 2014	16	2	14	470	502
Charge for the year	15	2	-	76	93
Eliminated on disposals	(18)	-	-	(55)	(73)
At 30 September 2015	13	4	14	491	522
Charge for the period	14	4	2	43	63
Exchange differences	-	-	-	17	17
At 31 March 2016	27	8	16	551	602
As at 30 September 2014	16	2	14	470	502
Charge for the period	3	-	-	32	35
At 31 March 2015 (unaudited)	19	2	14	502	537

15. Property, plant and equipment (continued)

	Leasehold improve-ments £000	Office equipment £000	Fixtures and fittings £000	Laboratory equipment £000	Total £000
Carrying amount					
At 31 March 2016	236	15	12	308	571
At 31 March 2015 *(unaudited)*	260	19	-	22	301
At 30 September 2015	236	15	-	255	506
At 30 September 2014	18	-	-	71	89
At 30 September 2013	34	2	14	50	100

16. Subsidiaries

A full list of the Group's related undertakings for the period are listed below, including the name, country of incorporation, and proportion of ownership interest:

Name	Country of registration or incorporation	Principal activity	Class of shares	31 March 2016 %	31 March 2015 % *unaudited*	30 September 2015 %	30 September 2014 %	30 September 2013 %
Oxford Biodynamics Pte Limited	Singapore	Diagnostic research	Ordinary	100	100	100	100	100
Oxford Biodynamics Australia Pty Limited	Australia	Dormant	Ordinary	86	86	86	86	86
Oxford Biodynamics (Cardiovascular) Pte Limited	Singapore	Dormant	Ordinary	100	100	100	100	100
Oxford Biodynamics (Hepa) Pte Limited	Singapore	Diagnostic research	Ordinary	100	100	100	100	100
Oxford Biodynamics (M) SDN BHD	Malaysia	Diagnostic research	Ordinary	100	100	100	-	-

17. Inventories

	31 March 2016 £000	31 March 2015 £000 unaudited	30 September 2015 £000	30 September 2014 £000	30 September 2013 £000
Laboratory consumables	95	38	63	23	-

The cost of inventories recognised as an expense during the year ended 30 September 2015 was £239,000 (2014: £385,000 and 2013: £277,000) and during the six month period ended 31 March 2016 was £208,000 (six months ended 31 March 2015: £81,000).

No inventories have been pledged as security against borrowings during any other periods covered by the Consolidated Financial Information.

18. Trade and other receivables

	31 March 2016 £000	31 March 2015 £000 unaudited	30 September 2015 £000	30 September 2014 £000	30 September 2013 £000
Amounts receivable for the provision of services	207	132	78	278	233
Income taxes recoverable	548	183	365	226	182
Other debtors	79	114	201	43	28
Directors current account	25	24	22	26	27
Prepayments and accrued income	89	17	70	-	10
	948	470	736	573	480

Trade receivables

Trade receivables disclosed above are classified as loans and receivables and are measured at amortised cost.

The average credit period offered to customers during the year ended 30 September 2015 was 36 days (2014: 36 days and 2013: 30 days) and during the six month period ended 31 March 2016 was 38 days (six months ended 31 March 2015: 39 days). The average days sales outstanding ("DSO") in 2015 was 41 days (2014: 154 days and 2013: 243 days). For the six month period ended 31 March 2016 DSO was 194 days (six months to 31 March 2015: 218 days).

The Group has not charged interest for late payment of invoices in any of the three years covered by this report, nor in the six month periods ended 31 March 2015 and 2016.

No allowances are made in relation to doubtful debts in view of the blue-chip nature of the Group's customers and by reference to past default experience.

18. Trade and other receivables (continued)

Trade receivables (continued)

Before accepting any significant new customer, the Group assesses the potential customer's credit quality. The Company enters into commercial biomarker projects with a number of customers, the majority of which are global pharmaceutical and biotechnology companies. Because the contracts in which the company is involved tend to be invoiced by means of milestone payments covering a substantial portion of the whole project, this may distort the credit exposure profile at certain points during the financial period. Accordingly, at the period end dates covered by this report, customer concentration ranges from 53% to 85%, but the directors are of the view that this does not signify that there is more than a low to moderate risk in this respect, and this is borne out by the company's history of having had no bad debts throughout the period covered by this report.

Trade receivables disclosed above include amounts (see below for aged analysis) which are past due at the year-end but against which the Group has not recognised an allowance for doubtful receivables. There has not been a significant change in credit quality and the amounts are still considered recoverable.

Ageing of trade receivables (none of which is considered to be impaired):

	31 March 2016 £000	31 March 2015 £000 *unaudited*	30 September 2015 £000	30 September 2014 £000	30 September 2013 £000
Not overdue	203	13	65	216	166
Overdue between 0-30 days	-	71	9	9	-
Overdue between 31-60 days	-	-	-	-	67
Overdue between 61-90 days	-	-	-	13	-
Overdue between 91-120 days	-	-	-	-	-
Overdue more than 120 days	4	48	4	40	-
	207	**132**	**78**	**278**	**233**

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

19. Deferred tax

The following are the major unrecognised deferred tax assets and liabilities existing within the Group:

	Accelerated tax depreciation £000	Unrelieved tax losses £000	Total £000
At 1 October 2012	21	332	353
Movement in the year	2	378	380
At 1 October 2013	23	710	733
Movement in the year	(6)	(316)	(322)
At 1 October 2014	17	394	411
Movement in the year	(73)	(11)	(84)
As 30 September 2015	(56)	383	327
Movement in the period	(15)	64	49
As 31 March 2016	(71)	447	376
As 1 October 2014	17	394	411
Movement in the period	(37)	(5)	(42)
As 31 March 2015 *unaudited*	(20)	389	369

Deferred tax assets and liabilities are offset where the Group has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	31 March 2016 £000	31 March 2015 £000 *unaudited*	30 September 2015 £000	30 September 2014 £000	30 September 2013 £000
Deferred tax liabilities	(71)	(20)	(56)	-	-
Deferred tax assets	447	389	383	411	733
	376	369	327	411	733

20. Operating lease arrangements

	Minimum lease payments				
	Six months to 31 March 2016 £000	Six months to 31 March 2015 £000 *unaudited*	Year ended 30 September 2015 £000	Year ended 30 September 2014 £000	Year ended 30 September 2013 £000
Minimum lease payments under operating leases recognised as an expense during the year	53	39	86	39	39

At the balance sheet date the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Present value of minimum lease payments				
	31 March 2016 £000	31 March 2015 £000 *unaudited*	30 September 2015 £000	30 September 2014 £000	30 September 2013 £000
Within one year	78	78	78	78	78
In the second to fifth years inclusive	368	371	369	361	323
After five years	285	361	323	409	525
	731	810	770	848	926

Operating lease payments typically represent rentals payable by the Group for its office properties together with office and laboratory equipment. Rent reviews and break clauses apply to leased property agreements.

21. Trade and other payables

	31 March 2016 £000	31 March 2015 £000 *unaudited*	30 September 2015 £000	30 September 2014 £000	30 September 2013 £000
Trade payables	118	80	81	55	-
Other creditors including other taxes and social security	44	36	40	25	34
Accruals and deferred income	426	800	577	868	626
	588	916	698	948	660

21. Trade and other payables (continued)

Trade creditors principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases was 30 days (2014: 30 days; 2013: 30 days). No interest costs have been incurred in relation to trade payables. The Group policy is to ensure that payables are paid within the pre-agreed credit terms and to avoid incurring penalties and/or interest on late payments. Other creditors include sales taxes, property taxes, social security and employment taxes due to local tax authorities. Accruals and deferred income principally comprise accrued overhead expenses and deferred project revenue for which certain delivery or performance obligations remain outstanding at the period end.

The directors consider that the carrying amount of trade and other payables approximates their fair value.

22. Share capital

	31 March 2016 Number	31 March 2015 Number *unaudited*	30 September 2015 Number	30 September 2014 Number	30 September 2013 Number
Authorised, issued and fully paid:					
Ordinary shares of £0.0001 each	27,200,000	26,000,000	27,200,000	26,000,000	24,956,670

	31 March 2016 £	31 March 2015 £ *unaudited*	30 September 2015 £	30 September 2014 £	30 September 2013 £
Authorised, issued and fully paid:					
Ordinary shares of £0.0001 each	2,720	2,600	2,720	2,600	2,496

The Company has one class of ordinary shares which carry no right to fixed income. During the year ended 30 September 2015 the Company issued 1,200,000 Ordinary shares of £0.0001 each (year ended 30 September 2014: 1,043,330 shares of £0.0001; year ended 30 September 2013: nil) and for the six months ended 31 March 2016: nil; six months ended 31 March 2015: nil) in order to provide additional working capital.

On 24 August 2016 the Company issued by way of a share premium capitalisation bonus shares of 8,132,800,000 as part of a capital reorganisation. The £0.0001 shares were consolidated into shares of £0.01 each as a result of this process.

The Company has a number of shares reserved for issue under an equity-settled share option scheme; further details of this are disclosed in note 27.

23. Share premium reserve

	Share premium £000
Balance at 31 March 2016	15,709
Balance at 30 September 2015	15,709
Balance at 31 March 2015 *(unaudited)*	11,209
Balance at 30 September 2014	11,209
Balance at 30 September 2013	8,288

The share premium reserve represents the consideration that has been received in excess of the nominal value of share on issue of new ordinary share capital.

24. Retained earnings

	£000
Balance at 30 September 2012	(4,672)
Loss for the year	(1,055)
Share based payments credit	147
Balance at 30 September 2013	(5,580)
Loss for the year	(736)
Share based payments credit	128
Balance at 30 September 2014	(6,188)
Loss for the year	(1,005)
Share based payments credit	344
Balance at 30 September 2015	(6,849)
Balance at 30 September 2015	(6,849)
Loss for the six month period	(786)
Share based payments credit	248
Balance at 31 March 2016	(7,387)
Balance at 30 September 2014	(6,188)
Loss for the six month period	(337)
Share based payments credit	173
Balance at 31 March 2015 *(unaudited)*	(6,352)

25. Non-controlling interests

	£000
Balance at 30 September 2012	19
Share of loss for the year	-
Share of other comprehensive income	(2)
Balance at 30 September 2013	17
Share of loss for the year	-
Share of other comprehensive income	(1)
Balance at 30 September 2014	16
Share of loss for the year	-
Share of other comprehensive income	(2)
Balance at 30 September 2015	14
Balance at 30 September 2015	14
Share of loss for the six month period	-
Share of other comprehensive income	2
Balance at 31 March 2016	16
Balance at 30 September 2014	16
Share of loss for the six month period	-
Share of other comprehensive income	-
Balance at 31 March 2015 *(unaudited)*	16

26. Cash and cash equivalents

	31 March 2016 £000	31 March 2015 £000 *unaudited*	30 September 2015 £000	30 September 2014 £000	30 September 2013 £000
Cash and bank balances	7,518	5,174	8,435	5,498	3,018

Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less, net of outstanding bank overdrafts. The carrying amount of these assets is approximately equal to their fair value.

27. Share based payments

Equity-settled share option scheme

The Group has an established Enterprise Management Incentive ('the Scheme') that has been granted to certain employees. The Scheme is an equity-settled share based payment arrangement whereby the employees are granted share options of the parent company's equity instruments.

The scheme includes non market-based vesting conditions only, whereby the share options may be exercised from the date of vesting until the 10th anniversary of the date of the grant. In most cases options vest under the following pattern: one-third of options granted vest on the first anniversary of the grant date; one-third on the second anniversary and one-third on the third anniversary. The only exception to this pattern is 38,000 options which were granted in the six month period to 31 March 2016 which vested immediately upon grant.

The options outstanding as at 31 March 2016 have an exercise price in the range of £1.04 to £3.75. Following the capital reorganisation on 24 August 2016 as disclosed in note 22, the number of options outstanding was increased by a multiple of three, and the exercise price of options was a third of the original exercise price.

	30 September 2015 Number of options	30 September 2015 Weighted average exercise price £	30 September 2014 Number of options	30 September 2014 Weighted average exercise price £	30 September 2013 Number of options	30 September 2013 Weighted average exercise price £
Outstanding at start of period	2,240,472	1.26	2,162,972	1.22	2,047,972	1.17
Granted during the period	380,000	2.87	77,500	2.59	115,000	2.00
Forfeited during the period	-	-	-	-	-	-
Exercised during the period	-	-	-	-	-	-
Outstanding at end of period	2,620,472	1.50	2,240,472	1.26	2,162,972	1.22
Exercisable at end of period	2,150,472	1.22	2,041,055	1.17	1,932,805	1.11
Weighted average remaining contractual life (in years) of options outstanding at the period end		4.5		4.6		5.4

27. Share based payments (continued)

	31 March 2016 Number of options	31 March 2016 Weighted average exercise price £	31 March 2015 Number of options *unaudited*	31 March 2015 Weighted average exercise price £ *unaudited*
Outstanding at start of period	2,620,472	1.50	2,240,472	1.26
Granted during the period	169,500	3.43	100,000	2.80
Forfeited during the period	(294,000)	2.47	-	-
Exercised during the period	-	-	-	-
Outstanding at end of period	2,495,972	1.57	2,340,472	1.33
Exercisable at end of period	2,266,972	1.27	2,119,555	1.20
Weighted average remaining contractual life (in years) of options outstanding at the period end		4.7		4.4

	6 months to 31 March 2016 £000	6 months to 31 March 2015 £000 *unaudited*	Year to 30 September 2015 £000	Year to 30 September 2014 £000	Year to 30 September 2013 £000
Expense arising from share-based payment transactions	248	173	344	128	147

The estimated fair value of the share options was calculated by applying a Black-Scholes model. The model inputs for the current period option grants were as follows:

	6 months to 31 March 2016 £000	6 months to 31 March 2015 £000 *unaudited*	Year to 30 September 2015 £000	Year to 30 September 2014 £000	Year to 30 September 2013 £000
Share price at date of grant	£1.04 to £3.75	£2.80	£2.80 to £3.75	£2.00 to £2.80	£2.00
Exercise price	£1.04 to £3.75	£2.80	£2.80 to £3.75	£2.00 to £2.80	£2.00
Expected volatility	78% to 80%	68%	68% to 74%	68%	61%
Dividend yield	0%	0%	0%	0%	0%
Contractual life of option	10 years	10 years	10 years	10 years	10 years
Risk free interest rate	1.45% to 2.03%	1.76%	1.76% to 2.11%	2.72% to 2.82%	1.90%

28. Retirement benefit schemes

Defined contribution schemes

The Group contributes to the personal pension schemes of individual employees.

Other than amounts that are deducted from employees' remuneration and accrued pending payment to the individuals' pension schemes, no further obligations fall on the Group as the assets of these arrangements are held and managed by third parties entirely separate from the Group.

The pension charge for the period represents contributions payable to the pension schemes of individual employees and these amounted to £102,000 for the year ended 30 September 2015 (2014: £111,000; 2013 £109,000), and for the six month period ended 31 March 2016 amounted to £32,000 (31 March 2015 £53,000). Contributions owed to the scheme at 30 September 2015 amounted to £nil 30 September 2014: £nil and 30 September 2013 £nil), and amounts owed to the scheme at 31 March 2016 were £1,000 (31 March 2015: £nil).

29. Financial Instruments

Capital risk management

The Group manages its capital to ensure entities within the Group are able to continue as going concerns while maximising the return to stakeholders. The Group's overall strategy has evolved in the last 4 years in response to organic growth opportunities.

The capital structure of the Group consists of equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in notes 22 to 24.

The Group is not subject to any externally imposed capital requirements. Equity includes all capital and reserves of the Group that are managed as capital.

Categories of financial instruments

	31 March 2016 £000	31 March 2015 £000 *unaudited*	30 September 2015 £000	30 September 2014 £000	30 September 2013 £000
Financial assets					
Cash and cash equivalents (note 26)	7,518	5,174	8,435	5,498	3,018
Trade and other receivables (note 18)	948	470	736	573	480
	8,466	5,644	9,171	6,071	3,498
Financial liabilities					
Amortised cost					
Trade and other payables (note 21)	588	916	698	948	660
	588	916	698	948	660

29. Financial Instruments (continued)

Fair value of financial instruments

Management has assessed that the fair values of cash and short-term deposits, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. Accordingly, none of the bases for valuation under the fair value hierarchy set out in IFRS 13 'Fair Value Measurement' have been deployed in arriving at the values shown above.

Financial risk management objectives

The Group's Finance function is responsible for all aspects of corporate treasury. It co-ordinates access to financial markets, monitors and manages the financial risks relating to the operations of the Group through internal reports which analyse exposures by degree and magnitude. The risks reviewed include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

The Group seeks to minimise the effects of these risks by using derivative financial instruments to hedge these risk exposures. The use of financial derivatives is governed by the Group's policies approved by the board of directors, which provides guidance to the finance function in addressing all risks, including foreign exchange risk, credit risk and the appropriate use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates (see below). The Group enters into a variety of derivative financial instruments to manage its exposure to foreign currency risk. Currently the exposure to short term foreign exchange rate risks is mitigated through the purchase of forward foreign exchange contracts to hedge the exchange rate risk arising on trading with overseas customers.

Foreign currency risk management

The Group undertakes transactions denominated in foreign currencies; consequently exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters, utilising natural hedging where appropriate.

29. Financial Instruments (continued)

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the relevant period end dates are as follows:

	Liabilities					Assets				
	31 March 2016 £000	31 March 2015 £000 *un-audited*	30 Sept 2015 £000	30 Sept 2014 £000	30 Sept 2013 £000	31 March 2016 £000	31 March 2015 £000 *un-audited*	30 Sept 2015 £000	30 Sept 2014 £000	30 Sept 2013 £000
US dollar	-	-	-	-	-	711	1,507	1,324	1,585	1,057
Singapore dollar	-	-	-	-	(42)	283	501	258	466	472
Euro	-	-	-	-	-	39	1	68	3	1
Australian dollar	-	-	-	-	-	119	115	103	119	125
Malaysian ringgit	-	(8)	-	-	-	84	63	39	-	-
	-	(8)	-	-	(42)	1,236	2,187	1,792	2,173	1,655

Foreign currency sensitivity analysis

The Group is mainly exposed to the US dollar and the Singapore dollar.

The following table details the Group's sensitivity to a 10 per cent increase and decrease in the pound sterling against the relevant foreign currencies. 10 per cent is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of a reasonably possible movement in foreign exchange rates over the medium term (3-12 months). The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10 per cent change in foreign currency rates.

A negative number below indicates a decline in profits and other equity where the pound sterling strengthens 10 per cent against the relevant currency. For a 10 per cent weakening of the pound sterling against the relevant currency, there would be a comparable impact on the profit and other equity, and the balances below would be positive.

	US dollar impact				
	Six month period ended 31 March		Year ended 30 September		
	2016 £000	2015 £000 *unaudited*	2015 £000	2014 £000	2013 £000
Profit or loss	37	77	136	159	106

	Singapore dollar impact				
	Six month period ended 31 March		Year ended 30 September		
	2016 £000	2015 £000 *unaudited*	2015 £000	2014 £000	2013 £000
Profit or loss	16	27	29	48	43

29. Financial Instruments (continued)

In management's opinion, the sensitivity analysis is representative of the inherent foreign exchange risk through the year.

Interest rate risk management

The Group is not currently exposed to interest rate risk because it does not have any external borrowings.

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group makes appropriate enquiries of the counter party and independent third parties to determine credit worthiness. Use of other publicly available financial information and the Group's own trading records is made to rate its major customers. The Group's exposure and the credit worthiness of its counterparties are continuously monitored and the aggregate value of transactions is spread amongst approved counterparties. Credit exposure is also controlled by counterparty limits that are reviewed and approved by Group management continuously.

Trade receivables consist of a small number of customers, spread across various geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

The Company enters into commercial biomarker projects with a number of customers, the majority of which are global pharmaceutical and biotechnology companies. Because the contracts in which the company is involved tend to be invoiced by means of milestone payments covering a substantial portion of the whole project, this may distort the credit exposure profile at certain points during the financial period. Accordingly, at the period end dates covered by this report, customer concentration ranges from 53% to 85%, but the directors are of the view that this does not signify that there is more than a low to moderate risk in this respect, and this is borne out by the company's history of having had no bad debts throughout the period covered by this report.

The carrying amount recorded for financial assets in the Consolidated Financial Information is net of impairment losses and represents the Group's maximum exposure to credit risk. No guarantees have been given in respect to third parties.

Liquidity risk management

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities. To counter this risk, the Group operates with a high level of cash and no bank debt. In addition, it benefits from strong cash flow from its normal trading activities.

The following table details the Group's expected maturity for its non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary to understand the Group's liquidity risk management as the liquidity is managed on a net asset and liability basis.

29. Financial Instruments (continued)

	Weighted average effective interest rate %	Less than 1 month £000	1-3 months £000	3 months to 1 year £000	1-5 years £000	5+ years £000	Total £000
30 September 2013							
Non-interest bearing		879	-	-	-	-	879
Variable interest rate instruments	2.6%	2,619	-	-	-	-	2,619
		3,498	-	-	-	-	3,498
30 September 2014							
Non-interest bearing		1,135	-	-	-	-	1,135
Variable interest rate instruments	1.0%	4,936	-	-	-	-	4,936
		6,071	-	-	-	-	6,071
31 March 2015 *(unaudited)*							
Non-interest bearing		1,104	-	-	-	-	1,104
Variable interest rate instruments	0.6%	4,537	-	-	-	-	4,537
		5,641	-	-	-	-	5,641
30 September 2015							
Non-interest bearing		1,459	-	-	-	-	1,459
Variable interest rate instruments	0.7%	7,654	-	-	-	-	7,654
		9,113	-	-	-	-	9,113
31 March 2016							
Non-interest bearing		2,820	-	-	-	-	2,820
Variable interest rate instruments	0.8%	5,557	-	-	-	-	5,557
		8,377	-	-	-	-	8,377

The maturity of non-derivative financial liabilities, comprising trade payables and other creditors, is less than 3 months for each of the three financial period ends.

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the relevant year-ends presented above.

Fair value of financial instruments

Fair value of financial instruments carried at amortised cost

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the Consolidated Financial Information approximate their fair values.

30. Events after the balance sheet date

On 24 August 2016 the Company issued by way of a share premium capitalisation bonus shares of 8,132,800,000 as part of a capital reorganisation. The £0.0001 shares were consolidated into shares of £0.01 each as a result of this process.

31. Related party transactions

Balances and transactions between the parent company and its subsidiary, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the Group and other related parties are disclosed below.

During the year ended 30 September 2015 the Company paid £59,205 (2014: £64,861; 2013: £98,886) and for the six months ended 31 March 2016 £46,085 (six months ended 31 March 2015 £59,205) to companies or businesses operated by directors for services provided. In the opinion of the Directors all of these transactions took place at open market value.

There was no amounts owing to companies or businesses operated by directors for services provided during any of the periods covered by the Consolidated Financial Information.

Remuneration of key management personnel

The key management personnel are the directors of the Company and the remuneration that they have received during the year is set out below in aggregate for each of the categories specified in IAS 24 *Related Party Disclosures.*

	Six months ended 31 March		Year ended 30 September		
	2016	2015	2015	2014	2013
	£000	£000	£000	£000	£000
		unaudited			
Short-term employee benefits	185	157	333	242	191
Share based payments	39	21	42	-	-
Pension contributions	15	11	23	81	97
	239	189	398	323	288
Aggregate emoluments of the highest paid director	127	85	170	223	222

Transactions involving directors and key management personnel

No advances, credits or guarantees have been entered into with any of the Directors of the Company.

32. Explanation of transition to Adopted IFRSs

For all periods up to and including the year ended 30 September 2015, the Group prepared its financial statements in accordance with United Kingdom generally accepted accounting practice (UK GAAP). These financial statements, as stated in note 1, are the Group's first consolidated financial statements prepared in accordance with Adopted IFRSs.

The accounting policies set out in notes 1 to 3 have been applied in preparing the financial statements for the year ended 30 September 2015, the comparative information presented in these financial statements for the year ended 30 September 2014 and 30 September 2013 and in the preparation of an opening IFRS balance sheet at 1 October 2012 (the Group's date of transition).

32. Explanation of transition to Adopted IFRSs (continued)

In preparing its opening IFRS balance sheet, the Group has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (UK GAAP). An explanation of how the transition from UK GAAP to Adopted IFRSs has affected the Group's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables.

Reconciliation of equity

		1 October 2012			
	Note	UK GAAP £000	Effect of accounting policy changes £000	Effect of transition to Adopted IFRSs £000	Adopted IFRSs £000
Non-current assets					
Intangible assets	b	307	(307)	-	-
Property, plant and equipment		104	-	-	104
Deferred tax assets		-	-	-	-
		411	(307)	-	104
Current assets					
Trade and other receivables	a	233	-	-	233
Cash and cash equivalents		2,901	-	-	2,901
Other financial assets		1,000	-	-	1,000
		4,134	-	-	4,134
Total assets		4,545	(307)	-	4,238
Current liabilities					
Trade and other payables	a,c,d	(336)	-	(35)	(371)
Current tax liability		-	-	-	-
		(336)	-	(35)	(371)
Non-current liabilities					
Deferred tax liability		-	-	-	-
Total liabilities		(336)	-	(35)	(371)
Net assets		4,209	(307)	(35)	3,867
Equity attributable to equity holders of the parent					
Share capital		2	-	-	2
Share premium		8,288	-	-	8,288
Translation reserve		230	-	-	230
Retained earnings		(4,330)	(307)	(35)	(4,672)
Shareholders' funds		4,190	(307)	(35)	3,848
Non-controlling interests		19	-	-	19
Total capital employed		4,209	(307)	(35)	3,867

32. Explanation of transition to Adopted IFRSs (continued)

Reconciliation of equity (continued)

	Note	UK GAAP £000	30 September 2013 Effect of accounting policy changes £000	Effect of transition to Adopted IFRSs £000	Adopted IFRSs £000
Non-current assets					
Intangible assets	b	347	(347)	-	-
Property, plant and equipment		100	-	-	100
Deferred tax assets		-	-	-	-
		447	(347)	-	100
Current assets					
Trade and other receivables	a	501	(21)	-	480
Cash and cash equivalents		3,018	-	-	3,018
Other financial assets		-	-	-	-
		3,519	(21)	-	3,498
Total assets		3,966	(368)	-	3,598
Current liabilities					
Trade and other payables	a,c,d	(712)	85	(33)	(660)
Current tax liability		-	-	-	-
		(712)	85	(33)	(660)
Non-current liabilities					
Deferred tax liability		-	-	-	-
Total liabilities		(712)	85	(33)	(660)
Net assets		3,254	(283)	(33)	2,938
Equity attributable to equity holders of the parent					
Share capital		2	-	-	2
Share premium		8,288	-	-	8,288
Translation reserve		211	-	-	211
Retained earnings		(5,264)	(283)	(33)	(5,580)
Shareholders' funds		3,237	(283)	(33)	2,921
Non-controlling interests		17	-	-	17
Total capital employed		3,254	(283)	(33)	2,938

32. Explanation of transition to Adopted IFRSs (continued)

Reconciliation of equity (continued)

	Note	UK GAAP £000	Effect of accounting policy changes £000	Effect of transition to Adopted IFRSs £000	Adopted IFRSs £000
			30 September 2014		
Non-current assets					
Intangible assets	b	408	(408)	-	-
Property, plant and equipment		89	-	-	89
Deferred tax assets		-	-	-	-
		497	(408)	-	89
Current assets					
Inventories		23	-	-	23
Trade and other receivables	a	553	20	-	573
Cash and cash equivalents		5,498	-	-	5,498
		6,074	20	-	6,094
Total assets		6,571	(388)	-	6,183
Current liabilities					
Trade and other payables	a,c,d	(754)	(162)	(32)	(948)
Current tax liability		-	-	-	-
		(754)	(162)	(32)	(948)
Non-current liabilities					
Deferred tax liability		-	-	-	-
Total liabilities		(754)	(162)	(32)	(948)
Net assets		5,817	(550)	(32)	5,235
Equity attributable to equity holders of the parent					
Share capital		2	-	-	2
Share premium		11,209	-	-	11,209
Translation reserve		196	-	-	196
Retained earnings		(5,606)	(550)	(32)	(6,188)
Shareholders' funds		5,801	(550)	(32)	5,219
Non-controlling interests		16	-	-	16
Total capital employed		5,817	(550)	(32)	5,235

32. Explanation of transition to Adopted IFRSs (continued)

Reconciliation of equity (continued)

	Note	UK GAAP £000	Effect of accounting policy changes £000	Effect of transition to Adopted IFRSs £000	Adopted IFRSs £000
			30 September 2015		
Non-current assets					
Intangible assets	b	498	(498)	-	-
Property, plant and equipment		506	-	-	506
Deferred tax assets		-	-	-	-
		1,004	(498)	-	506
Current assets					
Inventories		63	-	-	63
Trade and other receivables	a	755	(19)	-	736
Cash and cash equivalents		8,435	-	-	8,435
		9,253	(19)	-	9,234
Total assets		10,257	(517)	-	9,740
Current liabilities					
Trade and other payables	a,c,d	(698)	40	(40)	(698)
Current tax liability		-	-	-	-
		(698)	40	(40)	(698)
Non-current liabilities					
Deferred tax liability		-	-	-	-
Total liabilities		(698)	40	(40)	(698)
Net assets		9,559	(477)	(40)	9,042
Equity attributable to equity holders of the parent					
Share capital		2	-	-	2
Share premium		15,709	-	-	15,709
Translation reserve		166	-	-	166
Retained earnings		(6,332)	(477)	(40)	(6,849)
Shareholders' funds		9,545	(477)	(40)	9,028
Non-controlling interests		14	-	-	14
Total capital employed		9,559	(477)	(40)	9,042

32. Explanation of transition to Adopted IFRSs (continued)

Reconciliation of equity (continued)

	Note	UK GAAP £000 *unaudited*	Effect of accounting policy changes £000 *unaudited*	31 March 2015 Effect of transition to Adopted IFRSs £000 *unaudited*	Adopted IFRSs £000 *unaudited*
Non-current assets					
Intangible assets	b	407	(407)	-	-
Property, plant and equipment		301	-	-	301
Deferred tax assets		-	-	-	-
		708	(407)	-	301
Current assets					
Inventories		38	-	-	38
Trade and other receivables	a	498	(28)	-	470
Cash and cash equivalents		5,174	-	-	5,174
		5,710	(28)	-	5,682
Total assets		6,418	(435)	-	5,983
Current liabilities					
Trade and other payables	a,c,d	(866)	(14)	(36)	(916)
Current tax liability		-	-	-	-
		(866)	(14)	(36)	(916)
Non-current liabilities					
Deferred tax liability		-	-	-	-
Total liabilities		(866)	(14)	(36)	(916)
Net assets		5,552	(449)	(36)	5,067
Equity attributable to equity holders of the parent					
Share capital		2	-	-	2
Share premium		11,209	-	-	11,209
Translation reserve		192	-	-	192
Retained earnings		(5,867)	(449)	(36)	(6,352)
Shareholders' funds		5,536	(449)	(36)	5,051
Non-controlling interests		16	-	-	16
Total capital employed		5,552	(449)	(36)	5,067

32. Explanation of transition to Adopted IFRSs (continued)

Reconciliation of equity (continued)

	Note	UK GAAP £000	Effect of accounting policy changes £000	31 March 2016 Effect of transition to Adopted IFRSs £000	Adopted IFRSs £000
Non-current assets					
Intangible assets	b	532	(532)	-	-
Property, plant and equipment		571	-	-	571
Deferred tax assets		-	-	-	-
		1,103	(532)	-	571
Current assets					
Inventories		95	-	-	95
Trade and other receivables	a	948	-	-	948
Cash and cash equivalents		7,518	-	-	7,518
		8,561	-	-	8,561
Total assets		9,664	(532)	-	9,132
Current liabilities					
Trade and other payables	a,c,d	(582)	40	(46)	(588)
Current tax liability		-	-	-	-
		(582)	40	(46)	(588)
Non-current liabilities					
Deferred tax liability		-	-	-	-
Total liabilities		(582)	40	(46)	(588)
Net assets		9,082	(492)	(46)	8,544
Equity attributable to equity holders of the parent					
Share capital		2	-	-	2
Share premium		15,709	-	-	15,709
Translation reserve		204	-	-	204
Retained earnings		(6,849)	(492)	(46)	(7,387)
Shareholders' funds		9,066	(492)	(46)	8,528
Non-controlling interests		16	-	-	16
Total capital employed		9,082	(492)	(46)	8,544

32. Explanation of transition to Adopted IFRSs (continued)

Notes to the reconciliation of equity

Changes in accounting policy

a) Revenue recognition

Previously, non-refundable upfront signing fees received for entering into licensing and service agreements was recognised at the inception of the agreement, and service fee revenue was recognised in accordance with management's estimate of the percentage of completion. The accounting policy has been amended such that both upfront signing fees and service fee revenue is recognised when specific milestones in the underlying contract with the customer have been achieved.

b) Patent costs

Whereas patent costs had previously been capitalised under the accounting policy previously adopted by the Group, under the revised accounting policy patent costs are now expensed as incurred as these are not deemed to meet the required recognition criteria under IAS 38.

IFRS adjustments

c) Holiday pay accrual

Under UK GAAP the Group was not required to accrue for holiday pay. Under IFRS the Group recognises a provision for annual leave in order to account for the timing difference between the Group's holiday year and its financial year. The provision is measured at the salary cost payable for the period of absence.

d) Operating lease incentives

Operating lease incentives recognised under UK GAAP have been recalculated under IFRS, whereby the benefit is spread over the full term of the lease, rather than up to the first break clause in the lease under UK GAAP.

32. Explanation of transition to Adopted IFRSs (continued)

Reconciliation of loss for years ended 30 September 2013, 30 September 2014 and 30 September 2015

	Note	2013 UK GAAP £000	Effect of changes in accounting policy £000	Effect of transition to Adopted IFRSs £000	Adopted IFRSs £000
Revenue	a,b	285	65	-	350
Administrative expenses	c,d,e,f,g	(1,434)	141	(146)	(1,439)
Other operating income	b	-	-	-	-
Operating loss		(1,149)	206	(146)	(1,089)
Financial income		63	-	-	63
Financial expenses		(29)	-	-	(29)
Loss before tax		(1,115)	206	(146)	(1,055)
Taxation	c	181	(181)	-	-
Loss for the year		(934)	25	(146)	(1,055)

	Note	2014 UK GAAP £000	Effect of changes in accounting policy £000	Effect of transition to Adopted IFRSs £000	Adopted IFRSs £000
Revenue	a,b	801	(142)	-	659
Administrative expenses	c,d,e,f,g	(1,585)	270	(124)	(1,439)
Other operating income	b	15	-	-	15
Operating loss		(769)	128	(124)	(765)
Financial income		39	-	-	39
Financial expenses		(10)	-	-	(10)
Loss before tax		(740)	128	(124)	(736)
Taxation	c	331	(331)	-	-
Loss for the year		(409)	(203)	(124)	(736)

32. Explanation of transition to Adopted IFRSs (continued)

Reconciliation of loss for years ended 30 September 2013, 30 September 2014 and 30 September 2015 (continued)

	Note	UK GAAP £000	Effect of changes in accounting policy £000	2015 Effect of transition to Adopted IFRSs £000	Adopted IFRSs £000
Revenue	a,b	681	21	-	702
Administrative expenses	c,d,e,f,g	(1,892)	223	(354)	(2,023)
Other operating income	b	78	-	-	78
Operating loss		(1,133)	244	(354)	(1,243)
Financial income		238	-	-	238
Financial expenses		-	-	-	-
Loss before tax		(895)	244	(354)	(1,005)
Taxation	c	313	(313)	-	-
Loss for the year		(582)	(69)	(354)	(1,005)

		Six month period ended 31 March 2015			
	Note	UK GAAP £000 *unaudited*	Effect of changes in accounting policy £000 *unaudited*	Effect of transition to Adopted IFRSs £000 *unaudited*	Adopted IFRSs £000 *unaudited*
Revenue	a,b	263	(42)	-	221
Administrative expenses	c,d,e,f,g	(790)	130	(177)	(837)
Other operating income	b	1	-	-	1
Operating loss		(526)	88	(177)	(615)
Financial income		279	-	-	279
Financial expenses		(1)	-	-	(1)
Loss before tax		(248)	88	(177)	(337)
Taxation	c	130	(130)	-	-
Loss for the year		(118)	(42)	(177)	(337)

32. Explanation of transition to Adopted IFRSs (continued)

Reconciliation of loss for years ended 30 September 2013, 30 September 2014 and 30 September 2015 (continued)

		Six month period ended 31 March 2016			
	Note	UK GAAP £000	Effect of changes in accounting policy £000	Effect of transition to Adopted IFRSs £000	Adopted IFRSs £000
Revenue	a,b	434	(45)	-	389
Administrative expenses	c,d,e,f,g	(1,260)	149	(253)	(1,364)
Other operating income	b	(12)	85	-	73
Operating loss		(838)	189	(253)	(902)
Financial income		117	-	-	117
Financial expenses		(1)	-	-	(1)
Loss before tax	c	(722)	189	(253)	(786)
Taxation		183	(183)	-	-
Loss for the year		(539)	6	(253)	(786)

Notes to the reconciliation of loss

Changes in accounting policy

a) Revenue recognition

Previously, non-refundable upfront signing fees received for entering into licensing and service agreements was recognised at the inception of the agreement, and service fee revenue was recognised in accordance with management's estimate of the percentage of completion. The accounting policy has been amended such that both upfront signing fees and service fee revenue is recognised when specific milestones in the underlying contract with the customer have been achieved.

b) Classification of grant income

Grant income was previously recorded within revenue. The accounting policy has been amended so that any such income is recorded within other operating income.

c) Treatment of R&D Expenditure Claims

R&D Expenditure Claims ('RDEC') had previously been reflected in the tax line in the income statement. Any such amounts are now deducted from the expenditure caption within administrative expenses which they are designed to offset.

32. Explanation of transition to Adopted IFRSs (continued)

Notes to the reconciliation of loss (continued)

d) ***Patent costs***

Whereas patent costs had previously been capitalised under the accounting policy previously adopted by the Group and amortised on a straight-line basis, under the revised accounting policy patent costs are now expensed as incurred as these are not deemed to meet the required recognition criteria under IAS 38, and any amortisation previously recognised has been removed.

IFRS adjustments

e) ***Share based payments***

The Group was not previously required to recognise a charge for share based payments when it reported under the Financial Reporting Standard for Smaller Entities (FRSSE 2008). The Group has calculated the cumulative charge shown under IFRS in accordance with IFRS 2 'Share based payments'.

f) ***Holiday pay accrual***

Under UK GAAP the Group was not required to accrue for holiday pay. Under IFRS the Group recognises a provision for annual leave in order to account for the timing difference between the Group's holiday year and its financial year. The provision is measured at the salary cost payable for the period of absence.

g) ***Operating lease incentives***

Operating lease incentives recognised under UK GAAP have been recalculated under IFRS, whereby the benefit is spread over the full term of the lease, rather than up to the first break clause in the lease under UK GAAP.

Explanation of material adjustments to the cash flow statement

The transition from UK GAAP to IFRS has no effect upon the reported cash flows generated by the Group. The IFRS cash flow statement is presented in a different format from that required under UK GAAP with cash flows split into three categories of activities – operating activities, investing activities and financing activities. The reconciling items between the UK GAAP presentation and the IFRS presentation have no impact on the cash flows generated.

In preparing the cash flow statement under IFRS, cash and cash equivalents include cash at bank and in hand, highly liquid interest bearing securities with original maturities of three months or less, and bank overdrafts. Under UK GAAP highly liquid interest bearing securities were not classified as cash equivalents.

PART 5

PRO FORMA NET ASSET STATEMENT

Set out below is an unaudited pro forma statement of net assets for the Group as at 31 March 2016. It has been prepared on the basis set out in the notes below to illustrate the effect of Admission and the Placing, (as described in paragraph 14 (*Details of the Placing*) of Part 1 (*Information on the Company*)) as if they had occurred at 31 March 2016.

It has been prepared for illustrative purposes only and, by its nature, addresses a hypothetical situation and, therefore, does not represent the Group's actual financial position or results. It is based on the audited consolidated net assets of the Group as at 31 March 2016 as shown in Part 4 (*Historical Financial Information*). The unaudited pro forma statement of net assets has been prepared in a manner consistent with the accounting policies to be adopted by the Group for the year ending 30 September 2016.

The unaudited pro forma statement of net assets does not constitute financial statements within the meaning of Section 434 of the Companies Act. Shareholders should read the whole of this document and not rely solely on the on the summarised financial information contained in this Part 5 (*Pro Forma Net Asset Statement*).

	Consolidated net assets of the Group as at 31 March 2016 £000 *Note 1*	**Adjustment for net proceeds from the Placing £000** *Note 2*	**Pro forma net assets £000** *Note 3*
Assets			
Non-current assets			
Property, plant and equipment	571	-	571
Deferred tax asset	-	-	-
Total non-current assets	571	-	571
Current assets			
Inventories	95	-	95
Trade and other receivables	948	-	948
Cash and cash equivalents	7,518	5,413	12,931
Total current assets	8,561	5,413	13,974
Total assets	9,132	5,413	14,545

	Consolidated net assets of the Group as at 31 March 2016 £000 *Note 1*	Adjustment for net proceeds from the Placing £000 *Note 2*	Pro forma net assets £000 *Note 3*
Liabilities			
Current liabilities			
Trade and other payables	(588)	-	(588)
Current tax liabilities	-	-	-
Total current liabilities	(588)	-	(588)
Non-current liabilities			
Deferred tax	-	-	-
Total liabilities	(588)	-	(588)
Net assets	8,544	5,413	13,957

Notes

1. The consolidated net assets of the Group as at 31 March 2016 have been extracted, without material adjustment, from the historical financial information of the Group set out in Part 4 (*Historical Financial Information*).

2. This adjustment reflects the net proceeds of the Placing receivable by the Company of £5.4 million, comprising gross proceeds of £7.1 million, less fees and expenses relating to the Placing and Admission payable by the Company of £1.7 million (excluding VAT).

3. This column represents the sum of the preceding columns and represents the unaudited pro forma net assets of the Group as at 31 March 2016 assuming Admission and the Placing had occurred on that date. No adjustment has been made to take account of trading, expenditure or other movements subsequent to 31 March 2016.

PART 6

TAXATION

1. Overview

The following information is intended as a general guide to certain UK tax considerations only for Shareholders who are resident and/or domiciled in the UK for tax purposes and who beneficially own Ordinary Shares absolutely as investments and not as securities to be realised in the course of a trade, and are based on current legislation and HM Revenue and Customs ("**HMRC**") practice, which are subject to change, possibly with retrospective effect. The following information is not applicable to:

(i) Shareholders who do not hold their Ordinary Shares as capital assets;

(ii) Shareholders who own (directly or indirectly) 10 per cent. or more of the Company; or

(iii) special classes of Shareholders such as dealers in securities or currencies, broker-dealers or investment companies.

This does not constitute tax advice to Shareholders and Shareholders are strongly recommended to consult their professional advisers for advice in relation to their tax position.

2. Dividends

Under current UK tax legislation the Company will not be required to withhold UK tax from any dividends paid by the Company.

For the 2016/2017 tax year (which started in 6 April 2016) and for subsequent tax years, the rules governing the taxation of dividends in respect of UK resident shareholders have changed. There is now a new dividend tax allowance and individuals pay no income tax on dividend income (from any source) that is covered by the allowance. The amount of the allowance and rates of income tax on dividend income above the allowance for the tax year 2016/2017 are:

- Dividends in the £5,000 allowance band 0 per cent.[8]

- Dividends taxed in the basic rate band 7.5 per cent.
- *Basic rate band £5,001-£32,000*[9]

- Dividends taxed in the higher rate band 32.5 per cent.
- *Higher rate band £32,001 - £150,000*[9]

- Dividends taxed in the additional rate band 38.1 per cent.
- *Additional rate band £150,001 and over*[9]

[8] The dividend allowance is a £5,000 band subject to 0 per cent. tax, rather than a tax deductible allowance. The dividend falling within the allowance still forms part of an individual's taxable income.

[9] Subject to other reliefs and allowances, including the personal allowance.

Subject to certain exceptions, a corporate Shareholder resident for tax purposes in the UK will generally be exempt from UK corporate tax on any dividend received from the Company.

UK pension funds are generally exempt from tax on dividends they receive.

The right of a Shareholder who is not resident for tax purposes in the UK to relief for tax paid in respect of a dividend received from the Company will depend on the prevailing law of the jurisdiction in which the Shareholder is tax resident and the terms of any double taxation treaty between the UK and the country in which the Shareholder is resident for tax purposes. Such a Shareholder should consult his own tax adviser concerning his tax liability on dividends received, whether he is entitled to any credit for the tax paid, and if so, the procedure for claiming the credit.

3. Capital gains

Any Shareholder who is resident in the UK in the relevant year of assessment, or not resident but carrying on a trade, profession or vocation in the UK through a branch, agency, fixed place of business or permanent establishment to which the Ordinary Shares are attributable, may, depending on the Shareholder's individual circumstances, be subject to UK tax on capital gains in respect of a disposal of the Ordinary Shares. An individual Shareholder who has ceased to be resident in the UK for tax purposes for a period of less than five years and who disposes of the Ordinary Shares during that period may also be liable to capital gains tax on his return to the UK in relation to any capital gain realised (subject to any available exemption or relief).

From 6 April 2016, the rates of capital gains tax applicable to disposals of shares have changed. The rates are:

- Basic rate band 10 per cent.
- Higher and additional rate band 20 per cent.

Gains are added to an individual's taxable income for the tax year in determining whether the gains are subject to the 10 per cent. or 20 per cent. rate of capital gains tax. Companies resident (for tax purposes) in the UK are entitled to indexation allowance, which may reduce the chargeable gains, and other exemptions and reliefs may be available to reduce any potential tax liability.

4. Inheritance Tax ("IHT")

The Ordinary Shares are assets situated in the UK for the purposes of UK IHT. The gift of such shares by, or on the death of, an individual Shareholder may give rise to a liability of UK IHT. Relief may be available where the Company meets all the relevant qualifying conditions for Business Property Relief to apply, provided that the shares have been held for the qualifying period (usually two years) prior to the event giving rise to IHT. Shareholders should consult their own tax advisers as to the inheritance tax implications of acquiring Ordinary Shares.

5. Stamp duty and stamp duty reserve tax

No UK stamp duty will be payable on the issue by the Company of Ordinary Shares. For as long as Ordinary Shares are admitted to trading on AIM on issue (and not listed on another recognised stock exchange as defined by Section 1005 of the Income Tax Act 2007), their transfer and agreements for their transfer will be exempt from stamp duty and stamp duty reserve tax (**"SDRT"**). Otherwise, transfers of Ordinary Shares for value will generally give rise to a liability to pay UK ad valorem stamp

duty, or SDRT, at the rate of 0.5 per cent. of the amount or value of the consideration (rounded up in the case of stamp duty to the nearest £5).

6. EIS/VCT Relief

6.1 VCTs

The Company has obtained advance assurance from HMRC that the New Ordinary Shares will be eligible shares for the purposes of investment by VCTs. The status of New Ordinary Shares as a qualifying holding for VCT investment will be conditional, *inter alia*, upon the Company continuing to satisfy the relevant requirements. It is the Directors' intention that the Company will continue to meet the requirements of the VCT Scheme so that it continues to be a qualifying company for these purposes. However, the Directors cannot give any warranty, representation or undertaking that the Company will continue to meet the conditions, including in the event that the Directors believe that the interests of the Company are not best served by preserving VCT qualifying holding status, or as a result of changes in legislation.

6.2 EIS

The Company has obtained advance assurance from HMRC that a subscription for New Ordinary Shares will be eligible for EIS purposes, subject to the submission of the relevant claim form in due course. The obtaining of such provisional assurance does not guarantee EIS qualification for an individual, whose claim for relief will be conditional upon his or her own circumstances and is subject to holding the shares throughout the relevant three-year period.

In addition, for EIS relief not to be withdrawn, the Company must comply with a number of conditions throughout the qualifying period relating to those shares. The following provides an outline of the EIS tax reliefs available to individuals and trustee investors. Any potential investor should obtain independent advice from a professional adviser in relation to their own particular set of personal circumstances.

In summary, EIS relief may be available where a qualifying company issues new shares, the purpose of which is to raise money for a qualifying business activity which can include that of research and development. The EIS shares must be subscribed for in cash and be fully paid up at the date of issue and must be held, broadly, for three years after they were issued.

EIS income tax relief is available to individuals only – the current relief is 30 per cent. of the amount subscribed for EIS shares to be set against the individual's income tax liability for the tax year in which the EIS investment is made, and is available up to a maximum of £1,000,000 in EIS subscriptions per tax year. This relief can be 'carried back' one tax year. This relief is only available to individuals who are not connected with the Company in the period of two years prior to and three years after the subscription.

Very broadly, an individual is connected with the issuing company if, *inter alia*, he or his associates are employees or directors or have an interest in more than 30 per cent. of the Company's ordinary share capital.

Where EIS income tax relief has been given and has not been withdrawn, any gain on the subsequent disposal of the shares in qualifying circumstances is generally free from capital gains tax. If the shares are disposed of at a loss, capital gains tax relief will generally be available for that loss net of any income tax relief previously given. Alternatively, an election can be made to set that loss (less any income tax relief already given) against income of that year or the preceding year.

Individuals and trustees who have realised gains on other assets within one year before or up to three years after the EIS shares are issued, are able to defer a capital gains tax liability arising on those gains by making a claim to reinvest an amount of those gains against the cost of the EIS share subscription. Deferred gains will become chargeable on a disposal or deemed disposal of the EIS shares. The investor can be connected with the Company (as outlined above) and obtain such capital gains tax deferral relief.

7. Investors Relief

Investors Relief enables qualifying shareholders to access the 10 per cent. capital gains tax rate on qualifying capital gains of up to £10 million during their lifetime. This new relief applies to newly issued shares, in unlisted trading companies, acquired on or after 17 March 2016. To qualify for the beneficial tax rate, the shares must be held for a minimum of three years from 6 April 2016 to the date of disposal.

Ordinarily the investor (and those connected with him) must be neither a remunerated officer nor an employee, or have a reasonable expectation of becoming an employee for 180 days after the share issue.

PART 7

ADDITIONAL INFORMATION

1. Responsibility statement

The Directors, whose names, business addresses and functions are set out on page 51, and the Company accept responsibility individually and collectively for the information contained in this document. To the best of the knowledge of the Directors and the Company (who have taken all reasonable care to ensure that such is the case) the information contained in this document for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. Incorporation and registration

2.1 The Company was incorporated in England and Wales on 25 April 2007 under the Companies Act as a private company limited by shares. The registered number of the Company is 06227084. On 13 October 2016, the Company was re-registered as a public company pursuant to s90 Companies Act. The Company operates under the Statutes. The liability of the members is limited.

2.2 The Company's name on incorporation was Oxford BioDynamics Limited, which was changed on its re-registration as a public company on 13 October 2016 to Oxford BioDynamics Plc.

2.3 The head and registered office and principal place of business of the Company is at 26 Beaumont Street, Oxford, OX1 2NP (telephone number: +44(0)1865 518 910).

2.4 The Company is a public company and accordingly the liability of its shareholders is limited to the amount to the amount paid up or to be paid up on their shares.

2.5 The Company's website address, at which the information required by Rule 26 of the AIM Rules can be found, is www.oxfordbiodynamics.com

3. Group organisation

3.1 As at 30 November 2016 (the latest practicable date before the publication of this document), the Company is the parent company and primary operating company of the Group and has the following subsidiary undertakings, all of which are owned by the Company:

Name	Registered number	Country of incorporation or residence	Proportion of ownership interest	Proportion of voting power	Trading status
Oxford BioDynamics Australia Pty Ltd	ACN 131527341	Australia	86%*	86%	Dormant
Oxford BioDynamics Pte Ltd	200707112G	Singapore	100%	100%	Research and development
Oxford BioDynamics (M) SDN BHD	1114917-T	Malaysia	100%	100%	Research and development

** the remaining 14 per cent. of Oxford BioDynamics Australia Pty Ltd is held by 10 minority high-net worth shareholders, holding shares individually or through private investment vehicles.*

3.2 The Company had two subsidiary undertakings that were registered in Singapore, Oxford BioDynamics Cardiovascular Pte Limited and Oxford BioDynamics Hepa Pte Limited, which were voluntarily struck off on 4 July 2016 and 24 March 2016 respectively as they were no longer required for the operations of the Group and to reduce administration and costs.

4. Share capital of the Company

4.1 The history of the Company's share capital since its incorporation is as follows:

(a) The Company was incorporated with an authorised share capital of £1,000 divided into 1,000 Ordinary Shares of £1 each, of which 250 Ordinary Shares of £1 each were issued to the subscriber to the memorandum of association.

(b) Pursuant to a resolution of the members of the Company passed on 31 May 2007, each of the 250 issued Ordinary Shares of £1 each in the capital of the Company and each of the 750 authorised but unissued Ordinary Shares of £1 each in the capital of the Company was sub-divided into 10,000 Ordinary Shares of 0.01 pence each. Immediately following the resolution the issued share capital of the Company was £250 divided into 2,500,000 Ordinary Shares of 0.01 pence each.

(c) Between 31 May 2007 and 28 November 2007, 16,730,769 Ordinary Shares were allotted and immediately after that the Company's issued share capital was £1,923.0679 divided into 19,230,769 Ordinary Shares of 0.01 pence each.

(d) Between 18 April 2008 and 31 July 2008, 3,125,901 Ordinary Shares were allotted and immediately after that the Company's issued share capital was £2,235.6670 divided into 22,356,670 Ordinary Shares of 0.01 pence each.

(e) Between 3 April 2009 and 7 April 2009, 1,600,000 Ordinary Shares were allotted and immediately after that the Company's issued share capital was £2,395.6670 divided into 23,956,670 Ordinary Shares of 0.01 pence each.

(f) On 18 November 2011, 1,000,000 Ordinary Shares were allotted and immediately after that the Company's issued share capital was £2,495.6670 divided into 24,956,670 Ordinary Shares of 0.01 pence each.

(g) Between 27 March 2014 and 2 April 2014, 1,043,330 Ordinary Shares were allotted and immediately after that the Company's issued share capital was £2,600 divided into 26,000,000 Ordinary Shares of 0.01 pence each.

(h) On 8 July 2015, 1,200,000 Ordinary Shares were allotted and immediately after that the Company's issued share capital was £2,720 divided into 27,200,000 Ordinary Shares of 0.01 pence each.

(i) Pursuant to resolutions of the members of the Company passed on 22 August 2016:

(i) the Directors were authorised to allot Ordinary Shares up to a maximum nominal amount of £813,280 prior to the proposed bonus issue described at (ii) below;

(ii) the Directors were authorised to capitalise £813,280 of the amount standing to the credit of the share premium account of the Company and apply the amount capitalised in paying up in full at par 8,132,800,000 bonus shares of 0.01 pence each to be allotted to Shareholders;

(iii) the 8,160,000,000 ordinary shares of 0.01 pence each in the issued share capital of the Company were consolidated and divided into 81,600,000 ordinary shares of £0.01 each; and

(iv) the amount of £14,895,667 standing to the credit of the share premium account of the Company was cancelled. In order to effect the cancellation of the share premium account, a solvency statement was signed by the Directors on 15 August 2016, having regard to the unaudited management accounts as at 30 June 2016 and the audited financial statements as at 30 September 2015.

Immediately following the resolution, the Company's issued share capital was £816,000.

(j) Pursuant to resolutions of the members of the Company passed on 15 September 2016, the Directors were authorised to allot Ordinary Shares:

(i) for cash up to a maximum nominal amount of 71,428.57 to persons applying for New Ordinary Shares in connection with the Placing;

(ii) up to a maximum aggregate nominal amount of £584,838.10 in connection with an offer by way of a rights issue; and

(iii) otherwise than pursuant to (i) or (ii) above, up to a maximum aggregate nominal amount of £292,419.05.

The resolutions of the members of the Company passed on 15 September 2016 also included approval of the re-registration of the Company as a public company pursuant to s90 Companies Act. In connection with the re-registration, a balance sheet of the Company was prepared as at 31 August 2016, which showed net assets of £8,033,725. The balance sheet was audited in accordance with the requirements of s92 Companies Act by Mercer Lewin Limited, which had given a clean opinion on the audit.

(k) It is expected that the entire issued share capital of the Company will be admitted to trading on AIM on 6 December 2016. Pursuant to Admission and the Placing, it is expected that up to 4,498,228 Ordinary Shares will be allotted at the Placing Price. Immediately after that the Company's issued share capital is expected to be 86,098,228 Ordinary Shares.

4.2 As at 30 November 2016 (the latest practicable date before the publication of this document), the amount of the Company's issued capital is £816,000 divided into 81,600,000 Ordinary Shares of £0.01 each, all of which are issued and fully paid.

4.3 All the Ordinary Shares rank *pari passu* and no Shareholder enjoys different or enhanced voting rights from any other Shareholder.

4.4 No shares in the capital of the Company are held by or on behalf of the Company or any other member of the Group.

4.5 As at 30 November 2016 (the latest practicable date before the publication of this document), options to subscribe for shares were outstanding which entitle their holders to acquire 7,996,716 Ordinary Shares (representing 9.3 per cent. of the Enlarged Share Capital).

4.6 The Wentworth Warrant will be granted on Admission which entitles Wentworth to subscribe for up to 1,721,964 Ordinary Shares (representing 2.0 per cent. of the Enlarged Share Capital).

5. Chronos and Sibelius relationship

Relationship background

5.1 Christian Hoyer Millar is a non-executive director and 7.5 per cent. shareholder of Chronos and a non-executive director and 8.4 per cent. shareholder of Sibelius. Dr. Alexandre Akoulitchev is a non-executive director and a 6.3 per cent. shareholder of Sibelius and a 5.4 per cent. shareholder of Chronos. Both Chronos and Sibelius had similar shareholder registers to the Company's shareholder register immediately prior to Admission by virtue of two historic asset transfers into new, standalone entities, in 2009 and 2011 respectively. In 2009, the Company made a strategic decision to focus solely on companion diagnostics and predictive biomarkers. An early therapeutic potential discovery asset patent relating to a screening method for cell aging that had potential use for therapeutics was assigned to Chronos (which was newly incorporated for that purpose). In consideration for the transfer of that patent, each of the Company's shareholders at the time received the right to subscribe for shares for nominal value in Chronos. In 2011, Chronos transferred certain technology rights with regards to cosmeceuticals and nutraceuticals into Sibelius (which was newly incorporated for that purpose), for which each of the Chronos shareholders received the right to subscribe for shares of nominal value in Sibelius. As a result, certain Shareholders who had invested in the Company before 2009 in the case of Chronos, and 2011 in the case of Sibelius, are also shareholders in Chronos and Sibelius.

5.2 The Directors confirm that the Company has no right of recourse to the patent transferred to Chronos and that Chronos has no rights to use, other than through arm's length terms transactions, the intellectual property owned by the Company.

Ongoing arrangements with the Company

5.3 Christian Hoyer Millar and Dr. Alexandre Akoulitchev have an arrangement with Chronos and Sibelius respectively for payment of fees to them in their capacity as non-executive directors of those companies. These arrangements were historically informal but, on 1 October 2016, the Company entered into service agreements with Chronos and Sibelius respectively on arm's length terms for cost recharges and travel costs.

5.4 Chronos and Sibelius share office space with the Company at the Company's office at 26 Beaumont Street, Oxford, OX1 2NP. Accordingly, Chronos and Sibelius contribute 45 per cent. and 10 per cent. respectively of the total occupancy costs associated with the property to the Company, on arms lengths terms.

5.5 Chronos is a co-applicant with the Company in respect of a grant from Innovate UK.

5.6 The Company charges Chronos and Sibelius for services provided by certain employees of the Company, including IT support staff, which is provided on an ad hoc basis. Any charges are invoiced to Chronos and Sibelius (as applicable) depending on usage. These arrangements were historically informal but, on 1 October 2016, the Company entered into service agreements with Chronos and Sibelius respectively on arm's length terms for cost recharges and travel costs (as noted at paragraph 5.3 above).

5.7 For the six months ended 31 March 2016, Chronos and Sibelius paid charges to the Company which amounted to £95,000.

5.8 All agreements and arrangements between the Company and Chronos and Sibelius described in paragraph 5.3 to 5.7 of this Part 7 (*Additional Information*), are on arm's length terms and there are no other agreements or arrangements in place between either of Chronos and Sibelius and any member of the Group, save as described in paragraph 5.1 to 5.7 of this Part 7 (*Additional Information*). Each of these arrangements have, prior to Admission, been formally approved by David Williams and Alison Kibble as the Chairman and independent Director respectively. Any new and amended agreements entered into between the Company and either Chronos or Sibelius following Admission will require formal approval from the Chairman and the independent Directors before being entered into.

6. Summary of Articles of Association

6.1 Copies of the Articles are available on written request to the Company Secretary and will, from Admission be disclosed on the Company's website as required by Rule 26 of the AIM Rules.

6.2 The following is a summary of certain provisions of the Articles that were adopted at a general meeting of the Company on 15 September 2016 and which will take effect from Admission. This summary does not purport to be complete and is qualified in its entirety by the full terms of the Articles.

(a) ***Objects***

In accordance with s31 Companies Act, the Company's objects are unrestricted and so the Company's Articles do not contain Company's objects or purposes.

(b) ***Shares and rights attaching to them***

(i) *Voting rights*

Subject to any other provisions of the Articles and without prejudice to any special rights, privileges or restrictions as to voting attached to any shares forming part of the Company's share capital, the voting rights of members is as follows. On a show of hands, each member present in person, and each duly authorised representative present in person of a member that is a corporation, has one vote. On a show of hands, each proxy present in person who has been duly appointed by one or more members has one vote but a proxy has one vote for and one vote against a resolution if, in certain circumstances, the proxy is instructed by more than one member to vote in different ways on a resolution. On a poll each member present in person or by proxy or (being a corporation) by a duly authorised representative has one vote for each share held by the member. The Company itself is prohibited (to the extent specified by the Companies Act) from exercising any rights to attend or vote at meetings in respect of any shares held by it as treasury shares.

(ii) *Restrictions on voting where sums overdue on shares*

No member of the Company shall be entitled to vote at any general meeting of the Company or at any separate class meeting of the Company in respect of any share held by him unless all calls or other sums payable by him in respect of that share have been paid.

(iii) *Dividends*

Subject to the Companies Act and the provisions of all other relevant legislation, the Company may by ordinary resolution declare dividends in accordance with the respective rights of members but no such dividend shall exceed the amount recommended by the Directors. If, in the opinion of the Directors, the profits of the Company available for distribution justify such payments, the Directors may pay fixed dividends payable on any shares of the Company with preferential rights, half-yearly or otherwise, on fixed dates and from time to time pay interim dividends to the holders of any class of shares. Subject to any special rights attaching to or terms of issue of any shares, all dividends shall be declared and paid according to the amounts paid up on the shares on which the dividend is paid. No dividend shall be payable to the Company itself in respect of any shares held by it as treasury shares.

The Company may, upon the recommendation of the Directors, by ordinary resolution, direct payment of a dividend wholly or partly by the distribution of specific assets.

All dividends unclaimed may be invested or otherwise used at the Directors' discretion for the benefit of the Company until claimed (subject as provided in the Articles), and all dividends unclaimed after a period of twelve years from the date when such dividend became due for payment shall be forfeited and shall revert to the Company.

The Directors may, if so authorised by ordinary resolution passed at any general meeting of the Company, offer any holders of the Ordinary Shares the right to elect to receive in lieu of that dividend an allotment of ordinary shares credited as fully paid.

The Company may cease to send any cheque or warrant through the post or may stop the transfer of any sum by any bank or other funds transfer system for any dividend payable on any share in the Company which is normally paid in that manner on those shares if in respect of at least two consecutive dividends the cheques or warrants have been returned undelivered or remain uncashed or the transfer has failed and reasonable enquiries made by the Company have failed to establish any new address of the holder.

The Company or the Directors may specify a "record date" on which persons registered as the holders of shares shall be entitled to receipt of any dividend.

(iv) *Distribution of assets on winding up*

On any winding up of the Company (whether the liquidation is voluntary, under supervision or by the Court), the liquidator may with the authority of an extraordinary resolution of the Company and any other sanction required by the Statutes, divide among the Company's members (excluding the Company itself to the extent that it is a member by virtue of its holding any shares or treasury shares) *in specie* or in kind the whole or any part of the assets of the Company (subject to any special rights attached to any shares issued by the Company in the future) and may for that purpose set such

value as he deems fair upon any one or more class or classes of property and may determine how that division shall be carried out as between the members or different classes of members. The liquidator may, with that sanction, vest the whole or any part of the assets in trustees upon such trusts for the benefit of the members as he with the relevant authority determines, and the liquidation of the Company may be closed and the Company dissolved, but so that no members shall be compelled to accept any shares or other property in respect of which there is a liability.

(v) *Variation of rights*

The rights or privileges attached to any class of shares may (unless otherwise provided by the terms of the issue of the shares of that class) be varied or abrogated with the consent in writing of the holders of three-fourths in nominal amount of the issued shares of that class (excluding any shares of that class held as treasury shares) or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of the shares of that class, but not otherwise. These conditions are not more significant than is required by law.

The provisions of the Articles relating to general meetings will apply to every general meeting of the holders of one class of shares except that the necessary quorum will be two persons' present holding or representing by proxy at least one-third of the issued shares of the class and that any holder of shares of the class present in person or by proxy may demand a poll.

The rights conferred upon the holders of the shares of any class issued with preferred or other rights will not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

(vi) *Transfer of shares*

All shares in the Company are in registered form and may be transferred by a transfer in any usual or common form or any form acceptable to the Directors and permitted by the Companies Act, the UK Listing Authority and the London Stock Exchange (as appropriate). All transfers of uncertificated shares shall be made in accordance with and subject to the provisions of the CREST Regulations and the facilities and requirements of a relevant system and subject thereto in accordance with any arrangements made by the Directors.

The Directors may decline to register a transfer of a share which is:

- not fully paid or on which the Company has a lien provided that, where any such share is admitted to trading on AIM or the Official List of the UK Listing Authority that discretion may not be exercised in such a way as to prevent dealings in shares of that class from taking place on an open and proper basis; or

- (except where uncertificated shares are transferred without a written instrument) not lodged duly stamped at the registered office of the Company or at such other place as the Directors may appoint; or

- (except where a certificate has not been issued) not accompanied by the certificate of the share to which it relates or such other evidence reasonably required by the Directors to show the right of the transferor to make the transfer; or

- in respect of more than one class of share; or

- in the case of a transfer to joint holders of a share, the number of joint holders to whom the share is to be transferred exceeds four.

(vii) *Pre-emption rights*

There are no rights of pre-emption under the Articles in respect of transfers of issued Ordinary Shares. In certain circumstances, the Company's Shareholders may have statutory pre-emption rights under the Companies Act in respect of the allotment of new shares in the Company. These statutory pre-emption rights would require the Company to offer new shares for allotment to existing Shareholders on a pro rata basis before allotting them to other persons. In such circumstances, the procedure for the exercise of such statutory pre-emption rights would be set out in the documentation by which such shares would be offered to the Company's Shareholders.

(c) ***Directors***

(i) *General*

The Company may by ordinary resolution appoint any person to be a director or may by special resolution remove any director.

The Directors may from time to time permit any person appointed to be a Director to continue in any executive office or employment held by him before he was so appointed.

Unless and until the Company in a general meeting shall otherwise determine, the number of Directors shall not be less than two.

Subject to the provisions of the Articles, the Directors may otherwise regulate their meetings as they think fit. Questions arising at any meeting shall be determined by a majority of votes. In case of an equality of votes the Chairman of the meeting shall have a second or casting vote.

Members of the Board, or any committee or sub-committee of the Directors, may participate in a meeting of the Directors or of such committee by means of a conference telephone or similar communications equipment allowing all persons participating in the meeting to hear each other at the same time.

(ii) *Borrowing powers*

Subject as provided in the Articles and to the provisions of any relevant legislation, the Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital or parts thereof and to issue debentures and other securities whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

(iii) *Directors' interests and restrictions*

A. Subject to the provisions of any relevant legislation and provided that he has disclosed to the Directors the nature and extent of any material interest of his, a Director may be a party to, or otherwise interested in, any transaction, contract or arrangement with the Company and he may be a Director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in any body corporate promoted by the Company or in which the Company is otherwise interested and that Director shall not, by reason of his office, be accountable to the Company for any benefit which he derives from any such office or employment or from any such transaction or arrangement or from any interest in any such body corporate; and no such transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit.

B. Save as provided in the Articles, a Director shall not vote at a meeting of the Directors in respect of any contract or arrangement or any other proposal whatsoever in which he has an interest which (together with any person connected with him within the meaning of s252 Companies Act) is to his knowledge a material interest, other than an interest in shares or debentures or other securities of the Company, a Director shall not be counted in the quorum at a meeting in relation to any resolution on which his is not entitled to vote.

C. A Director shall (in the absence of some material interest other than those indicated below) be entitled to vote (and be counted in the quorum) in respect of any resolution concerning any of the following matters namely:

- the giving of any guarantee, security or indemnity in respect of money lent or obligations incurred by him at the request of or for the benefit of the Company or any of its subsidiaries;

- the giving of any guarantee, security or indemnity in respect of a debt or 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 indemnity or by the giving of security;

- any 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 or exchange in which offer he is or will be interested as a participant in the underwriting or sub-underwriting of such offer;

- any proposal concerning any other company in which he is interested, directly or indirectly and whether as an officer or Shareholder or otherwise, provided that he (together with persons connected with him) does not to his knowledge hold an interest in shares representing one per cent. or more of the issued shares of any class of such company (or of any third company through which his interest is derived) or of the voting rights available to members of the relevant company;

- any proposal concerning the adoption, modification or operation of a pension, superannuation fund or retirement death or disability benefits scheme or an employees' share scheme (within the meaning of s1166 Companies Act) under which he may benefit and which relates to employees and/or Directors of the Company and does not accord to such Director any privilege or benefit not generally accorded to the persons to whom such scheme relates;

- any proposal under which he may benefit concerning the giving of indemnities to Directors or other officers of the Company which the Directors are empowered to give under the Articles;

- any proposal concerning the purchase, funding and/or maintenance of insurance which the Company is empowered to purchase fund and/or maintain for or for persons who include any Director or other officer of the Company under which he may benefit; and

- any proposal under which he may benefit concerning the provision to Directors of funds to meet expenditure defending proceedings.

D. Where proposals are under consideration to appoint two or more Directors to offices or employments with the Company or with any company in which the Company is interested or to fix or vary the terms of such appointments, such proposals may be divided and considered in relation to each Director separately and in such case each of the Directors concerned (if not debarred from voting under bullet point two above) shall be entitled to vote (and be counted in the quorum) in respect of each resolution except that concerning his own appointment.

E. If any question shall arise at any meeting as to the materiality of a Director's interest or as to the entitlement of any Director to vote and such question is not resolved by his agreeing voluntarily to abstain from voting, such question shall be referred to the chairman of the meeting (or where the interest concerns the chairman himself to the deputy chairman of the meeting) and his ruling in relation to any Director shall be final and conclusive except in a case where the nature or extent of the interests of the Director concerned have not been disclosed fairly.

(iv) *Remuneration*

A. Each of the Directors may (in addition to any amounts payable under the two following paragraphs or under any other provision of the Articles) be paid out of the funds of the Company such sum by way of Directors' fees as the Directors may from time to time determine.

B. Any Director who is appointed to hold any employment or executive office with the Company or who, by request of the Company, goes or resides abroad for any purposes of the Company or who otherwise performs services which in the opinion of the Directors are outside the scope of his ordinary duties may be paid such additional remuneration (whether by way of salary, commission, participation in profits or otherwise) as the Directors

(or any duly authorised committee of the Directors) may determine and either in addition to or in lieu of any remuneration provided for by or pursuant to any other Article.

C. Each Director may be paid his reasonable travelling expenses (including hotel and incidental expenses) of attending and returning from meetings of the Directors or committees of the Directors or general meetings or any separate meeting of the holders of any class of shares in the Company or any other meeting which as a Director he is entitled to attend and shall be paid all expenses properly and reasonably incurred by him in the conduct of the Company's business or in the discharge of his duties as a Director.

(v) *Pensions and other benefits*

The Directors may exercise all the powers of the Company to provide benefits, either by the payment of gratuities or pensions or by insurance or in any other manner whether similar to the foregoing or not, for any Director or former Director, or any person who is or was at any time employed by, or held an executive or other office or place of profit in, the Company or any body corporate which is or has been a subsidiary of the Company or a predecessor of the business of the Company or of any such subsidiary and for the families and persons who are or was a dependant of any such persons and for the purpose of providing any such benefits contribute to any scheme trust or fund or pay any premiums.

(vi) *Appointment and retirement of Directors*

A. The Directors shall have power to appoint any person who is willing to act to be a Director, either to fill a casual vacancy or as an additional director but so that the total number of Directors shall not exceed the maximum number fixed (if any) by or in accordance with the Articles. Any director so appointed shall retire from office at the annual general meeting of the Company next following such appointment. Any director so retiring shall be eligible for re-election.

B. Subject as provided in the Articles, the Company may by ordinary resolution elect any person who is willing to act as a Director either to fill a casual vacancy or as an addition to the existing Directors or to replace a Director removed from office under the Articles but so that the total number of Directors shall not at any one time exceed any maximum number fixed by or in accordance with the Articles.

C. At each annual general meeting a minimum number equal to one-third of the number of those Directors who are not due to retire at the annual general meeting under sub-paragraph A above (for the purposes of this paragraph **"Relevant Directors"**) (or, if their number is not a multiple of three, the number nearest to but not greater than one-third) shall retire from office. Directors retiring under paragraph E below shall be counted as part of this minimum number.

D. The Directors to retire by rotation pursuant to paragraph C above shall include (so far as necessary to obtain the minimum number required and after taking into account the Directors to retire under paragraph E below)

any Relevant Director who wishes to retire and not to offer himself for re-election. Any further Directors so to retire shall be those of the other Relevant Directors who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot. A retiring Director shall be eligible for re-election.

E. In any event, each Director shall retire and shall (unless his terms of appointment with the Company specify otherwise) be eligible for re-election at the annual general meeting held in the third calendar year (or such earlier calendar year as may be specified for this purpose in his terms of appointment with the Company) following his last appointment, election or re-election at any general meeting of the Company held at the date of adoption of the Articles.

F. At the meeting at which a Director retires under any provision of the Articles, the Company may by ordinary resolution fill the vacated office by appointing a person to it, and in default the retiring Director shall be deemed to have been re-appointed except where:

- that Director has given notice to the Company that he is unwilling to be re-elected; or
- at such meeting it is expressly resolved not to fill such vacated office or a resolution for the reappointment of such Director shall have been put to the meeting and not passed.

In the event of the vacancy not being filled at such meeting, it may be filled by the Directors as a casual vacancy in accordance with sub-paragraph A above.

The retirement of a Director pursuant to paragraphs C, D and E shall not have effect until the conclusion of the relevant meeting except where a resolution is passed to elect some other person in the place of the retiring Director or a resolution for his re-election is put to the meeting and not passed and accordingly a retiring Director who is re-elected or deemed to have been re-elected will continue in office without break.

(vii) *Indemnity of officers*

Subject to the provisions of any relevant legislation, every Director and other officer of the Company is entitled to be indemnified by the Company against all costs, charges, losses, expenses and liabilities incurred by him in the execution and discharge of his duties or in relation to those duties.

(d) ***Shareholders meetings***

(i) *Annual general meetings*

The Company shall in each year hold a general meeting as its annual general meeting in addition to any other meetings in that year, and shall specify the meeting as such in the notice convening it. The annual general meeting shall be held at such time and place as the Directors may appoint.

(ii) *Calling of general meetings*

The Directors may call a general meeting (other than an annual general meeting) whenever they think fit, and shall proceed with proper expedition to convene a general meeting if the members and the Companies Act require them to do so.

(iii) *Length of notice*

An annual general meeting shall be called by at least twenty-one clear days' notice in writing and any other general meeting shall be called by at least fourteen clear days' notice in writing, such notice to be given in accordance with the Articles.

(iv) *Contents of notice and attendance*

Every notice of meeting of the Company shall:

- be sent or supplied to all members other than those who under the provisions of the Articles are not entitled to receive such notices from the Company;
- specify the place and the day and time of the meeting;
- may appoint: (i) a proxy to exercise all or any of the member's rights to attend, speak and vote at the meeting; and (ii) more than one proxy in relation to the meeting if each proxy is appointed to exercise the rights attached to a different share or shares held by the member;
- in the case of an annual general meeting, specify the meeting as such;
- in the case of any general meeting at which business other than ordinary business is to be transacted, specify the general nature of such business; and
- if the meeting is called to consider a special resolution, include the text of the resolution and the intention to propose the resolution as a special resolution.

For the purposes of determining which people may attend or vote at a meeting and how many votes such people have, the notice of meeting may give a time by which people must be entered on the register in order to be entitled to attend or vote at the meeting. This time must not be more than forty-eight hours before the time fixed for the meeting and, when calculating this forty-eight hour period, no account is to be taken of any part of a day that is not a working day.

(v) *Quorum of meetings*

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business but the absence of a quorum shall not preclude the appointment of a chairman which shall not be treated as part of the business of a meeting. Two persons present and entitled to vote upon the business to be transacted, each being either a member or a proxy for a member or a duly authorised representative of a corporation which is a member shall be a quorum for all purposes.

7. Other relevant laws and regulations

7.1 A Shareholder in a public company incorporated in the UK whose shares are admitted to trading on AIM is required pursuant to Rule 5 of the Disclosure and Transparency Rules to notify the Company of the percentage of his voting rights if the percentage of voting rights which he holds as a shareholder or through his direct or indirect holding of financial instruments (or a combination of such holdings) reaches, exceeds or falls below three per cent., four per cent., five per cent., and each one per cent. threshold thereafter up to 100 per cent. as a result of an acquisition or disposal of shares.

7.2 Pursuant to sections 979 to 991 of the Companies Act, where a takeover offer has been made for the Company and the offeror has acquired or unconditionally contracted to acquire not less than 90 per cent. of the voting rights carried by those shares, the offeror may give notice to the holder of any shares to which the offer relates which the offeror has not acquired or unconditionally contracted to acquire that he wishes to acquire and is entitled to so acquire, to acquire those shares or the same terms as the general offer.

7.3 Pursuant to Part 22 of the Companies Act and the Articles, the Company is empowered by notice in writing to require any person whom the Company knows to be, or has reasonable cause to believe to be interested in the Company's shares or, at any time during the three years immediately preceding the date on which the notice is issued has been so interested, within a reasonable time to disclose to the Company particulars of any interest, rights, agreements or arrangements affecting any of the shares held by that person or in which such other person as aforesaid is interested (so far as is within his knowledge).

8. Directors of the Company

8.1 Details of the Directors, their business addresses and their functions in the Company are set out in paragraph 1 (*The Directors*) of Part 3 (*Directors and corporate governance*). Each of the Directors can be contacted at the principal place of business of the Company at 26 Beaumont Street, Oxford, OX1 2NP.

8.2 In addition to being directors of the Company, the Directors hold or have held the directorships of the companies and/or are or were partners of the partnership specified opposite their respective names below within the five years prior to the date of this document:

Directors

Director's Name	Current Directorships	Previous Directorships (within the past five years)
Christian Hoyer Millar	• Chronos Therapeutics Limited • Sibelius Limited • Pure Business Limited • Footsteps Foundation • Sandpiper Investment Pvt. Limited • Sandpiper Resort Pvt. Limited • Monsoon Dune Pvt. Limited • Monsoon Beach Pvt. Limited • Kingfisher Villa Pvt. Limited	• Sibbasbridge Services Limited • 3DM (Asia) Limited • TQP Technology Limited

Director's Name	Current Directorships	Previous Directorships (within the past five years)
Alexandre Akoulitchev	• Wittgenstein Associates Limited • Sibelius Limited	• Chronos Therapeutics Limited
Katie Long	• Tessera Investment Management Limited • Tessera Investment Partners LLP • Tessera Partners UK Limited • LJK Partners Limited • PointDB Limited	• TI Partners LLP
David Williams	• Aurum Mining plc • Aurum Subco Limited • Breedon Group plc • Grissan Ltd • Myeye Technology Ltd • Tessera Investment Partners LLP • Peclet Ltd • Dunnings Ltd • Wentworth Ltd • DW Pension Fund Ltd • Jersey Royal Land Holdings Ltd • TAPP Maidenhead Limited • TAPP Property Limited • The Advantage Property Income Trust Limited • TOPP Bletchley Limited • TOPP Holdings Limited • TOPP Property Limited • Conygar Advantage Limited • Lamont Property Acquisition (Jersey) I Limited • Lamont Property Acquisition (Jersey) II Limited • Lamont Property Acquisition (Jersey) V Limited • Lamont Property Acquisition (Jersey) VII Limited • Lamont Property Acquisition (Jersey) IV Limited • Conygar Cross Hands Limited • Lamont Property Holdings Limited • Conygar Rhosgoch Limited • Conygar Haverfordwest Retail Limited	• Tessera Partners UK Limited • Marwyn 10 Buckingham Street LLP • Marwyn 11 Buckingham Street LLP • Zetar Limited

Director's Name	Current Directorships	Previous Directorships (within the past five years)
Alison Kibble	• Balanced Kids Ltd	• Femeda Limited
Stephen Diggle	• Vulpes Life Sciences Fund • Vulpes Testudo Fund • Vulpes Russian Opportunities Fund • Vulpes German Real Estate Fund Offshore Ltd – Creo European Investment Ltd • Kit Trading Fund Ltd • Vulpes Innovative Technologies Investment Company Pte Ltd • Global Bionic Optics Ltd • Blackpeak Holdings Limited • Hrothgar NZ Agri Holdings Ltd • Physiocratic Holdings LLC • Lycalopex (Cayman) Ltd • Lycalopex (Dubai) Limited • Lycalopex (Switzerland) SA • VALIC NZ Limited • Lupo Group BV • Pactsafe Inc. • Vulpes Investment Partners • Vulpes Agricultural Services Company Ltd • Vulpes Agricultural Land Investment Company Pte Ltd • Stronghold Capital Pte Ltd • Coronation Park Holding Pte Ltd • GFIA Pte Ltd • GFIA Limited • Diggle Holdings • Bautzner Landstr. 17 GBR • Nagano Hotel and Leisure Fund Ltd • Frobelstrasse 55 BGR • The Diggle Family Fiduciary Company Limited • Vulpes Investment Management Limited • Vulpes Investment Management Private Limited • Vulpes Management SA • The St Peter's College Foundation • H20 Venture Partners (Chariot) LLP	

8.3 Oxford Natural Products PLC and its subsidiaries, of which Christian Hoyer Millar was a director, was placed into compulsory liquidation in February 2004. The company held its final meeting of creditors in November 2009 and was subsequently dissolved in February 2010.

The H.M.G. Group P.L.C. and its subsidiaries, of which Christian Hoyer Millar was a director, were placed into administrative receivership in February 1993. The administrative receiver ceased to act in October 2000 and H.M.G. Group P.L.C. was subsequently dissolved in October 2002. The subsidiaries of H.M.G. Group P.L.C. were dissolved between June 1994 and March 1997.

RMS Communications PLC, of which David Williams was a non-executive director, was placed into compulsory liquidation in September 1999. The company held its final meeting of creditors in February 2010 and was subsequently dissolved in June 2010.

Global Bionic Optics Ltd, of which Stephen Diggle is a director, was placed into voluntary administrative receivership in September 2014. It exited the voluntary administration in May 2015 and become an operating business from May 2015. Stephen Diggle was appointed as a director of Global Bionics Optics Ltd on 24 September 2014 (after it exited voluntary administration).

8.4 Save as disclosed in paragraph 8.3 above, as at 30 November 2016 (the latest practicable date before the publication of this document), no Director has:

(a) any unspent convictions in relation to indictable offences;

(b) been declared bankrupt or been subject to any individual voluntary arrangement;

(c) been a director of any company which has been placed in 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 whilst he was a director of that company or within twelve months after he ceased to be a director of that company;

(d) been a partner in any partnership which has been placed in compulsory liquidation, administration or partnership voluntary arrangement whilst he was a partner of that partnership or within twelve months after he ceased to be a partner in that partnership;

(e) been the owner of any asset or been a partner in any partnership which had an asset placed in receivership whilst he was a partner of that partnership or within the twelve months after he ceased to be a partner of that partnership; or

(f) been subject to any public criticisms by any statutory or regulatory authorities (including recognised professional bodies) or 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.

9. Directors' service agreements and letters of appointment

The following agreements have been entered into between (amongst others) the Directors and the Company:

9.1 Christian Hoyer Millar

Christian Hoyer Millar was appointed as a Director on 25 April 2007.

Christian Hoyer Millar entered into a service agreement dated 8 June 2007 with the Company which was subsequently amended with effect from Admission, pursuant to which he is employed as Chief Executive Officer on an annual salary of £240,000 per annum. Christian Hoyer Millar is entitled to a discretionary bonus award of up to 30 per cent. of his annual salary. The agreement is terminable by either party on six months' written notice.

Christian Hoyer Millar is also entitled to participate in the Company's private medical expenses scheme (at the Company's expense) and the Company has agreed to contribute an amount equal to 10 per cent. of his salary to a personal pension scheme.

Christian Hoyer Millar is also subject to confidentiality restrictions, and restrictive covenants including non-competition, non-solicitation, non-poaching and non-dealing restrictions. The restrictions are for a period of nine months post termination of employment, reduced by any time spent on garden leave.

9.2 Dr. Alexandre ("Sasha") Akoulitchev

Dr. Alexandre Akoulitchev was appointed as a Director on 8 June 2007.

Dr. Alexandre Akoulitchev entered into a service agreement dated 2007 with the Company which was subsequently amended with effect from Admission, pursuant to which he is employed as Chief Scientific Officer on an annual salary of £120,000 per annum. Dr. Alexandre Akoulitchev is entitled to a discretionary bonus award of up to 25 per cent. of his annual salary. The agreement is terminable by either party on six months' written notice.

Dr. Akoulitchev is also entitled to participate in the Company's private medical expenses scheme (at the Company's expense) and the Company has agreed to contribute an amount equal to 10 per cent. of his salary to a personal pension scheme.

Dr. Akoulitchev is also subject to confidentiality restrictions, and restrictive covenants including non-competition, non-solicitation, non-poaching and non-dealing restrictions. The restrictions are for a period of nine months post termination of employment, reduced by any time spent on garden leave.

9.3 Katie Long

Katie Long was appointed as a Director on 10 October 2016.

Katie Long entered into a service agreement dated 29 November 2016 with the Company pursuant to which she was employed as Chief Financial Officer of the Company on an annual salary of £140,000. Katie Long is entitled to a discretionary bonus award of up to 20 per cent. of her annual salary. The agreement is terminable by either party on three months' written

notice or by the Company on one week's written notice during the first three months' of employment.

9.4 David Williams

David Williams was appointed as a Director on 10 October 2016.

David Williams' services as Chairman to the Company are procured by a letter of appointment dated 21 November 2016. Mr. Williams' time commitment is anticipated to be a minimum of 12 days a year and his appointment is terminable at any time on either party giving three months prior written notice.

The annual fee due under this arrangement is £60,000 per annum plus VAT (if applicable).

9.5 Alison Kibble

Alison Kibble was appointed as a Director on 7 December 2007.

Alison Kibble's services as Non-Executive Director to the Company are procured by a letter of appointment which was subsequently amended on 30 November 2016, with effect from 1 July 2016. Ms Kibble's time commitment is anticipated to be a minimum of 12 days a year and her appointment is terminable at any time on either party giving three months prior written notice.

The annual fee due under this arrangement is £24,000 per annum plus VAT (if applicable).

9.6 Stephen Diggle

Stephen Diggle was appointed as a Director on 10 October 2016.

Stephen Diggle's services as Non-Executive Director to the Company are procured by a letter of appointment dated 21 November 2016. Mr. Diggle's time commitment is anticipated to be a minimum of twelve days a year and his appointment is terminable at any time on either party giving three months prior written notice.

The annual fee due under this arrangement is £1 per annum plus VAT (if applicable).

9.7 Save as specified in this paragraph 9, there are no existing or proposed service agreements, consultancy agreements or letters of appointment between any of the Directors and any member of the Group which provide benefits upon termination of employment or otherwise.

10. Directors' and PDMRs shareholding and other interests

10.1 The interests (all of which are beneficial except as shown below) of the Directors in the existing share capital of the Company are as follows:

Name	Number of Ordinary Shares immediately prior to Admission	Percentage of Company's issued share capital immediately prior to Admission	Number of Ordinary Shares issued/ (Sale Shares sold) on Admission	Number of Ordinary Shares on Admission	Percentage of Company's Enlarged Share Capital on Admission
David Williams[10]	-	-	632,911	632,911	0.7%
Christian Hoyer Millar	9,411,399	11.5 %	(1,557,786)	7,853,613	9.1%
Dr. Alexandre Akoulitchev	6,452,145	7.9 %	(645,215)	5,806,930	6.7%
Katie Long	-	-	-	-	-
Alison Kibble	-	-	-	-	-
Stephen Diggle[11]	12,879,870	15.8 %	(1,287,987)	11,591,883	13.5%

10.2 The interests (all of which are beneficial) of Dr. Aroul Ramadass, co-founder, Chief Technology Officer and a PDMR, in the existing share capital of the Company is as follows:

Name	Number of Ordinary Shares immediately prior to Admission	Percentage of Company's issued share capital immediately prior to Admission	Number of Ordinary Shares issued/ (Sale Shares sold) on Admission	Number of Ordinary Shares on Admission	Percentage of Company's Enlarged Share Capital on Admission
Dr. Aroul Ramadass	6,509,145	8.0 %	(1,077,401)	5,431,744	6.3%

[10] As beneficial holder of Ordinary Shares through the registered holding of Wentworth

[11] Includes interests of Vulpes Life Sciences Fund and other parties connected to Stephen Diggle

10.3 The Directors have, or on Admission will have, the following options over Ordinary Shares:

Name	Date of grant	Number of Ordinary Shares under option	Exercise price per share (pence)	Exercise period
David Williams	-	-	-	-
Christian Hoyer Millar	16/07/2008	1,730,742	£0.34	16/07/2008–31/12/2017
Dr. Alexandre Akoulitchev	16/07/2008	1,442,283	£0.34	16/07/2008–31/12/2017
Katie Long	As of Admission	120,000	£1.58	29/11/2016–29/11/2026
Alison Kibble	(1) 31/10/2008	(1) 135,000	(1) £0.34	(1) 31/10/2008–31/12/2017
	(2) 01/05/2015	(2) 75,000	(2) £0.93	(2) 01/05/2015–01/05/2025
Stephen Diggle	-	-	-	-

10.4 Dr. Aroul Ramadass, co-founder, Chief Technology Officer and a PDMR, has the following options over Ordinary Shares:

Name	Date of grant	Number of Ordinary Shares under option	Exercise price per share (pence)	Exercise period
Dr. Aroul Ramadass	16/07/2008	1,442,283	£0.34	16/07/2008–31/12/2017

10.5 Immediately prior to Admission, Christian Hoyer Millar and his family held, in aggregate 16,779,399 Ordinary Shares (representing 20.6% of the Company's issued share capital). On Admission, Christian Hoyer Millar and his family will hold, in aggregate 14,002,054 Ordinary Shares (representing 16.3% of the Company's Enlarged Share Capital).

10.6 Immediately prior to Admission, Dr. Aroul Ramadass and his family held, in aggregate 6,572,145 Ordinary Shares (representing 8.1% of the Company's issued share capital). On Admission, Dr. Aroul Ramadass and his family will hold, in aggregate 5,484,316 Ordinary Shares (representing 6.4% of the Company's Enlarged Share Capital).

10.7 David Williams is sole beneficial shareholder in Wentworth, which has been granted a warrant over Ordinary Shares pursuant to the Wentworth Warrant, as described in paragraph 15.5 (*Wentworth Warrant*) of this Part 7 (*Additional Information*).

10.8 Save as disclosed in this document, none of the Directors have any interests, whether beneficial or non-beneficial, in the issued share capital or loan capital of any member of the Group and nor does (so far as is known to the Directors having made appropriate enquiries) persons connected with them (which expression shall be construed in accordance with s252 Companies Act).

10.9 There are no potential conflicts of interest between any duties to the Company of the Directors and their private interests and other duties.

10.10 There are no outstanding loans granted by any member of the Group to any of the Directors and there are no guarantees provided by any member of the Group for the benefit of any of the Directors.

10.11 Save as disclosed in this document, no Director nor any member of his immediate family nor any person connected with him has a related financial product (as defined in the AIM Rules for Companies) referenced to the Ordinary Shares being admitted.

10.12 Details of any restrictions agreed by the Directors with regard to the disposal of their holdings in the Company's securities are set out in paragraph 15.7 (*Lock-up Deeds*) of this Part 7 (*Additional Information*).

11. Employees

11.1 The table below sets out the number of persons employed by the Group during the financial years ended 2013, 2014 and 2015:

Financial year	**Average number of persons including Executive Directors employed**
2015	18 employees
2014	15 employees
2013	14 employees

11.2 As at 31 October 2016, the Company had twenty seven employees on a full-time equivalent basis across the UK, Singapore, Malaysia and Australia.

11.3 Five of the Company's employees are based at the Company's office headquarters, 26 Beaumont Street, Oxford, OX1 2NP, UK, and eighteen employees are based at the Company's laboratory, First Floor C2, 7600 The Quorum, Oxford Business Park North, Garsington Road, Oxford, OX4 2JZ, UK. The other four employees of the Group are employed by Oxford BioDynamics (M) Sdn Bhd and are based at Unit No. 4.09, 4th Floor, Island Plaza, Malaysia, there are no employees based in Singapore or Australia.

11.4 Details of the Company's share incentive arrangements are set out at paragraph 17 (*Share Incentive Arrangements*) of this Part 7 (*Additional Information*).

12. Related Party Transactions

12.1 Katie Long is a director and shareholder of Tessera which entered into an engagement letter with the Company, as further described in paragraph 15.4 (*Engagement letter with Tessera*) of this Part 7 (*Additional Information*).

12.2 David Williams is a director and sole shareholder of Wentworth which was granted warrants, as further described in paragraph 15.5 (*Wentworth Warrant*) of this Part 7 (*Additional Information*) and entered into an engagement letter with the Company, as described in paragraph 15.3 (*Engagement letter with Wentworth*) of this Part 7 (*Additional Information*).

12.3 Leon Stielow, a director and minority shareholder of Oxford BioDynamics Pty Ltd. (a subsidiary of the Company) was given a loan of A$48,000 by Oxford BioDynamics Pty Ltd. in 2012. The loan was repaid in full, along with interest due, on 29 July 2016.

12.4 Save as otherwise disclosed in this document and in the notes to the historical financial information in Part 4 (*Historical Financial Information*) none of the members of the Group have entered into any related party transaction, as defined by the AIM Rules for Companies or as required to be disclosed under the accounting standards applicable to the Group to which the Company or any member of the Group was a party during the financial periods ended 30 September 2013, 30 September 2014, 30 September 2015, six months to 31 March 2016 nor subsequently up to the date of this document.

13. Significant Shareholdings

13.1 Save as set out below, the Company is not aware of any persons who directly or indirectly have an interest of three per cent. or more of the Company's capital or voting rights:

Name of Shareholder Name of Shareholder	Number of Ordinary Shares as at 30 November 2016	Percentage of issued share capital as at 30 November 2016	Number of Ordinary Shares as at Admission	Percentage of issued share capital as at Admission
Christian Hoyer Millar and Family	16,779,399	20.6 %	14,002,054	16.3 %
Vulpes Life Sciences Fund	12,879,870	15.8 %	11,591,883	13.5 %
Odey Funds	8,314,284	10.2 %	8,609,823	10.0 %
The Chancellor, Masters and Scholars of the University of Oxford	7,622,157	9.3 %	6,360,529	7.4 %
Aroul Ramadass and Family	6,572,145	8.1 %	5,484,316	6.4 %
Alexandre Akoulitchev	6,452,145	7.9 %	5,806,930	6.7 %
Jeremy Richard Chancellor Ironside	4,494,807	5.5 %	4,236,644	4.9 %
The Marquis of Headfort	2,850,000	3.5 %	2,571,000	3.0 %

13.2 There are no differences between the voting rights enjoyed by the shareholders described in paragraph 13.1 above and those enjoyed by any other holder of Ordinary Shares in the Company.

13.3 As at 30 November 2016 (the latest practicable date before the publication of this document), the Company was not aware of any person, who following Admission could directly, indirectly, jointly or severally exercise control over the Company.

13.4 As at 30 November 2016 (the latest practicable date before the publication of this document), the Company was not aware of any arrangements the operation of which may at a subsequent date result in a change in control of the Company.

14. Principal Investments

The Company has not made any principal investments in the period covered by the historical financial information set out in Part 4 (*Historical Financial Information*) to the date of this document and no such principal investments are in progress.

15. Material Contracts

The following contracts (not being contracts entered into in the ordinary course of business):

(a) have been entered into by any member of the Group during the two years immediately preceding the date of this document; or

(b) have been entered into by a member of the Group and contain provision under which any member of the Group has any obligation or entitlement which is or may be material to any member of the Group at the date of this document.

15.1 Engagement letter with Stifel

An engagement letter dated 26 July 2016 made between (1) the Company and (2) Stifel pursuant to which the Company has, in relation to Admission and the Placing, appointed Stifel to act as nominated adviser, broker and bookrunner to the Company in connection with the Admission and the Placing and in accordance with the requirements of the AIM Rules for Companies. Stifel has agreed to continue to act as the Company's Nominated Adviser and Broker following Admission and to carry out certain tasks.

Under the terms of the agreement, the Company agreed to pay an advisory fee, payable on Admission and a placing commission on all funds introduced through Stifel upon completion of Admission and a lower commission on all funds settled by Stifel which were not introduced by Stifel.

Under this agreement, the Company gave certain customary indemnities to Stifel in connection with its engagement as the Company's Nominated Adviser, Broker and bookrunner and Admission.

The Company has also appointed Stifel as nominated adviser and broker to the Company for a minimum of twelve months from Admission and has agreed to pay a retainer of £60,000 per annum (see paragraph 15.8 (*Nominated advisor engagement letter*) of this Part 7 (*Additional Information*) for further details).

15.2 Engagement letter with Sanlam

An engagement letter dated 27 July 2016 made between (1) the Company and (2) Sanlam pursuant to which the Company has, in relation to the Placing, appointed Sanlam to act as a capital introducer in connection with the Placing.

Under the terms of the agreement, the Company agreed to pay a placing commission of 4.0 per cent. of the value of the Placing Shares placed with investors pursuant to the Placing who have been introduced by Sanlam to the Company.

Under this agreement, the Company gave certain customary indemnities to Sanlam in connection with its engagement as a capital introducer.

15.3 Engagement letter with Wentworth

An engagement letter dated 13 July 2016 and subsequently amended on 30 November 2016 made between (1) the Company and (2) Wentworth pursuant to which the Company has, in relation to the Placing, appointed Wentworth to act as a capital introducer in connection with the Placing and for general corporate and strategic advice. Wentworth is owned by David Williams, the Company's Non-Executive Chairman.

Under the agreement, the Company agreed to issue Wentworth on Admission with warrants to subscribe for the number of Ordinary Shares representing 2.0 per cent. of the Enlarged Share Capital. In addition, the Company agreed that the Board (excluding for these purposes, David Williams), shall, within 6 months of Admission, consider in good faith in consultation with Wentworth, the grant to Wentworth of additional warrants to subscribe for such number of Ordinary Shares in the capital of the Company that it considers appropriate, based on the Board's evaluation of the general corporate and strategic advice provided by Wentworth to the Company following Admission, up to a maximum amount equal to 1.0 per cent. of the Enlarged Share Capital. Any such grant is at the absolute discretion of, and must be approved by a majority in number, the Board (excluding for these purposes, David Williams).

Under this agreement, the Company gave certain customary indemnities to Wentworth in connection with its engagement as a capital introducer.

Please see paragraph 15.5 (*Wentworth Warrant*) of this Part 7 (*Additional Information*) for further details of the warrants granted to Wentworth pursuant to this engagement letter.

15.4 Engagement letter with Tessera

An engagement letter dated 13 July 2016 made between (1) the Company and (2) Tessera pursuant to which the Company has appointed Tessera to provide certain transaction management support services and strategic advice to the Company.

Under the terms of the agreement, the Company agreed to pay a fee upon completion of Admission of £100,000.

Under this agreement, the Company gave certain customary indemnities to Tessera in connection with its engagement.

15.5 Wentworth Warrant

A warrant instrument dated 30 November 2016 between (1) the Company and (2) Wentworth pursuant to which the Company granted to Wentworth, a warrant to subscribe for such number of new Ordinary shares as is equal to 2.0 per cent. of the Enlarged Share Capital at the Placing Price, at any time from Admission to the third anniversary of Admission, provided the Company's share price has reached 150 per cent of the Placing Price calculated by referenced to a 20 trading day volume-weighted average price per Ordinary Share. There is also provision in the Wentworth Warrant to allow for a one time cashless exercise of the warrant.

In the event of Wentworth's exercise of the warrant (in whole or in part) any sale of its shares shall be subject to orderly marketing arrangements after reasonable consultation with the Company and its brokers and in any event in accordance with the terms of any applicable code or legislation.

15.6 Placing Agreement

A placing agreement dated 1 December between (1) the Company; (2) Stifel; (3) the Directors; and (4) Dr. Aroul Ramadass, pursuant to which Stifel agreed to procure subscribers for the Placing Shares. Stifel's obligations are conditional upon, amongst others, the allotment of the New Ordinary Shares, there having been no material adverse change, delivery of certain documents by the Company, publishing of this document and other market standard conditions.

The Company agreed to pay to Stifel an advisory fee of £200,000, payable on Admission, placing commission of 4.0 per cent. of the value of Placing Shares which are issued or transferred (as applicable) to certain institutional investors introduced by Stifel and 0.5 per cent. of the value any Placing Shares that are issued or transferred (as applicable) to investors not introduced by Stifel but in respect of which settlement is performed by Stifel.

Under the Placing Agreement, the Company and the Directors have given certain customary warranties to Stifel and the Company and the Directors have given certain customary indemnities and undertakings to Stifel in connection with the Placing and other matters relating to the Company and its affairs.

In addition, the Company will act under the Placing Agreement as the agent and attorney of the Selling Shareholders (other than Oxford University) in connection with the transfer of their Sale Shares.

15.7 Lock-up Deeds

The Company and Stifel have entered into the Lock-up Deeds with all Directors and members of the Senior Management Team who are also Shareholders or option holders, as well as Wentworth, which is beneficially owned by David Williams and Vulpes Life Sciences Fund, which is beneficially owned by Stephen Diggle and his family members. The Company has also entered into Lock-Up Deeds with certain other option holders and individual and institutional Shareholders. The Lock-up Deeds represent in aggregate 74.8 per cent. of the Enlarged Share Capital.

- Christian Hoyer Millar, Dr. Alexandre Akoulitchev, Dr. Aroul Ramadass and Wentworth (which is beneficially owned by David Williams),[12] as well as certain other Shareholders, have agreed not to dispose of any of their interests in Ordinary Shares prior to the twelve month anniversary of Admission, and thereafter for the following twelve months only to dispose of Ordinary Shares through the Company's broker (which represents in aggregate 39.6 per cent. of the Enlarged Share Capital); and

- certain other Shareholders, (including Vulpes Life Sciences Fund (which is beneficially owned by Stephen Diggle and his family members), have agreed not to dispose of any of their interests in Ordinary Shares prior to the six month anniversary of Admission, and thereafter for the following six months only to dispose of Ordinary Shares through the Company's broker (which represents in aggregate 35.2 per cent. of the Enlarged Share Capital).

[12] The Lock-up Deed signed by Wentworth is in respect of Ordinary Shares acquired by Wentworth at Admission. Please see paragraph 15.5 (*Wentworth Warrant*) of this Part 7 (*Additional information*) for a description of the orderly market arrangements in respect of Ordinary Shares issued pursuant to the Wentworth Warrant.

In addition to those noted above, certain individuals, including the Directors who, on Admission, hold options over Ordinary Shares (but are not also Shareholders) being Katie Long and Alison Kibble, have agreed not to dispose of their interests in Ordinary Shares prior to the twelve month anniversary of Admission, and thereafter for the following twelve months only to dispose of Ordinary Shares through the Company's brokers.

There are certain market standard exceptions to the restrictions on disposal set out in the Lock-up Deeds, including disposals to (in certain circumstances) a person acting in the capacity of trustee of a trust, investment vehicle or other entity of the signatory, disposals in acceptance of a general offer made to Shareholders, disposals by court order, disposals under any scheme or reconstruction under section 110 of the Insolvency Act 1986 and disposals by the personal representatives after the death of the Lock-up Shareholder (if applicable). In respect of any signatory to the Lock-up Deed who holds options over Ordinary Shares, that person is also entitled to make a disposal of their Ordinary Shares in order to satisfy any tax liability as a result of the exercise of their options.

15.8 Nominated advisor agreement

An agreement dated 4 November 2016 made between (1) the Company and (2) Stifel pursuant to which the Company has appointed Stifel to act as nominated advisor and retained broker to the Company for a minimum of twelve months in accordance with the requirements of the AIM Rules for Companies.

Under this agreement, the Company has agreed to pay a retainer of £60,000 per annum to Stifel and has given certain customary indemnities to Stifel in connection with its engagement as the Company's nominated adviser and retained broker.

15.9 Engagement letter with Patronus

An agreement dated 29 November 2016 made between (1) the Company and (2) Patronus pursuant to which the Company has, in relation to the Placing, appointed Patronus to act as a capital introducer in connection with the Placing.

Under the terms of the agreement, the Company agreed to pay a placing commission of 4.0 per cent. of the value of Placing Shares which are placed with persons introduced by Patronus to the Company pursuant to the Placing.

16. Litigation

There are no, and have been no, governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened against it of which the Company is aware) during the period of 12 months prior to the date of this document which may have, or may have had in the recent past, a significant effect on the Company's and/or the Group's financial position or profitability.

17. Share Incentive Arrangements

A summary of the principal terms of the Company's share incentive arrangements is set out in the following paragraphs. This summary does not form part of any of the arrangements and should not be taken as affecting the interpretation of their detailed terms and conditions.

17.1 2008 Share Option Scheme

The Company adopted the 2008 Share Option Scheme on 17 October 2008. The Company does not intend to grant any further options under the 2008 Share Option Scheme following Admission, and the scheme will terminate upon Admission, without prejudice to the rights of subsisting options granted under it.

The 2008 Share Option Scheme provided for the grant of options to acquire ordinary shares in the Company, to employees and directors of and consultants to the Company and/or any of its subsidiaries. The options could be granted as tax-advantaged enterprise management incentive (EMI) options if the recipient met the relevant criteria for those options.

As at 30 September 2016, a total of 7,636,716 Ordinary Shares were subject to outstanding options granted under the 2008 Share Option Scheme.

The following summarises the principal terms of the 2008 Share Option Scheme as they apply to outstanding options.

(a) *Exercise of options*

An option generally may not be exercised before the date or dates specified in the relevant option agreement, nor later than the tenth anniversary of the date of grant or any earlier time specified in the option agreement for this purpose. Options are not subject to any performance conditions. An option holder must generally still be an employee or director of or a consultant to the Company or a subsidiary at the time of exercise, however in certain circumstances options may be exercised for a period after the option holder has ceased to be so connected.

(b) *Takeovers and corporate events*

If a person (together with persons acting in concert with that person) obtains control of the Company, a demerger of part of the Group is proposed or the court sanctions a scheme or arrangement for the reconstruction or amalgamation of the Company, options may, in specified circumstances, be exercised during a specified period following the relevant event.

(c) *Adjustment of options*

In the event of any increase or variation of the share capital of the Company by way of capitalisation or rights issue, sub-division, consolidation or reduction, the Company shall make such adjustments to options as it considers fair and reasonable.

(d) *Options not transferable*

Options are non-assignable and non-transferable and may only be exercised by the option holder (save following death). Any attempt to assign or transfer will result in the immediate lapse of the options.

(e) *Amendment*

The Board (or a duly authorised committee thereof) may with the prior sanction of the Company in general meeting waive or amend the rules of the 2008 Share Option Scheme, subject to the consent of option holders in relation to a modification or amendment which would abrogate or alter adversely the subsisting rights of option holders.

17.2 2016 Employee Option Plan

The Company adopted the 2016 Employee Option Plan on 29 November 2016. It provides for the grant of options to acquire Ordinary Shares, which can be in the form of tax-advantaged enterprise management incentive (EMI) options where the relevant criteria are met. The plan is intended to be an employees' share scheme, as defined in the Companies Act, so that shareholder authority is not needed for the Directors to allot shares pursuant to it, nor do the statutory pre-emption rights apply to those shares.

(a) *Operation*

The 2016 Employee Option Plan is to be operated principally by the Board of Directors of the Company, or a duly constituted committee of that Board appointed for the purposes of the LTIP. It is envisaged that the powers of the Board under the plan will primarily be operated by the Remuneration Committee.

(b) *Timing of grant of options*

Options will only be granted within the period of forty-two days after the adoption date or the end of a closed period, save where the Board determines that exceptional circumstances justify the grant of options at a different time. Options may not be granted at any time when the grant would be prohibited by, or in breach of, the Market Abuse Regulation or any other law, regulation with the force of law or the AIM Rules. Options may not be granted after the tenth anniversary of the date the plan was adopted.

(c) *Exercise price*

Options may not normally be granted with an exercise price per share less than the closing price of an Ordinary Share on the business day immediately preceding the date of grant.

(d) *Eligibility*

Options can be granted to any employee of the Company or of any subsidiary of the Company. EMI options can only be granted to employees who meet the relevant legislative requirement for the amount of their working time that is committed to the Company and its subsidiaries.

(e) *Overall limit*

An option may not be granted if it would cause the number of "dilutive shares" to exceed 10 per cent. of the Company's issued share capital at the time. Dilutive shares on any date are all shares of the Company that have been issued on the exercise of options or the satisfaction of other awards granted under any share incentive scheme of the Company (including the 2016 Employee Option Plan and the 2016 Non-Employee Option Plan), or that remain capable of issue under any such options or awards, in each case where the grant of the option or award occurred during the shorter of the period of ten years ending on and including that date and the period since the date ten business days before the date the Shares were first admitted to AIM. For these purposes shares transferred from treasury are treated as shares that are issued.

(f) *Performance conditions*

The Board may, but is not obliged to, specify one or more appropriate performance conditions for an option at the time it is granted, which determines whether and to what extent the option may be exercised. Any performance condition may be varied or waived at the Board's discretion provided that it is fairer measure of performance and not more difficult or materially easier to satisfy than the original performance condition.

(g) *Exercise of Options*

Options not subject to a performance condition will normally become exercisable on the vesting date specified when the option was granted (which may not be before the first anniversary of the date of grant). Where performance conditions apply, options will normally only become exercisable if and to the extent such conditions have been satisfied. No option may be exercised later than the tenth anniversary of the grant date. Options may not be exercised at a time when that grant would be prohibited by, or in breach of, the Market Abuse Regulation or any other law, regulation with the force of law or the AIM Rules.

(h) *Cessation of employment*

Where an option holder ceases to be a group employee, or dies, before the option has become exercisable, the option will lapse in relation to a number of shares, determined by reference to the time from cessation or death to the time the option would normally become exercisable compared to the time from the date of grant to the time the option would normally become exercisable. If the option holder is a good leaver, he can exercise the remainder of the option during the period of 90 days beginning on the earlier of the normal vesting date or the date the option becomes exercisable in relation to a corporate event. If the option holder dies, the remainder of his option may be exercised in the 12 months following the date of death, subject to any reduction applied by the Board to reflect the extent to which any performance condition was not satisfied at the date of death. For other leavers, exercise would be at the discretion of the Board. A good leaver is an option holder who ceases to be a group employee by reason of: injury, ill-health or disability; redundancy; retirement; or the sale of the company or business that employs the option holder. Where an option holder ceases to be a group employee after the option has become exercisable, he may exercise the option for a period following the cessation, save where he is summarily dismissed. An option holder will not be treated as ceasing to be an employee until he is no longer an employee or director of any group company.

(i) *Corporate events*

Where control of the Company is acquired by a person (together with any persons acting in concert with that person), options will generally be exercisable for a period of 90 days after the change of control. Where the change of control is as a result of a compromise or arrangement sanctioned by the Court under section 899 of the Companies Act, the options may be exercised during the period specified by the Board. The Board may also allow the exercise of options in circumstances where it considers a change of control is likely to occur. Where options are exercised early in connection with a change of control, the number of shares in relation to which the option may be exercised will be reduced accordingly, and may be subject to a further reduction to reflect the extent to which any performance condition is not met at the time of the change of control. If options are not exercised during the relevant period they will lapse.

(j) *Exchange of Options*

Subject to the satisfaction of certain conditions, each option holder may, by agreement with the acquiring company within a specified period, exchange an old option for a new replacement option. Any new option granted is treated as if it was acquired at the same time as the old option that it replaces.

(k) *Variation of share capital*

In the event of a variation of the Company's share capital (whether by way of capitalisation issue (other than a scrip dividend), rights issue, consolidation, sub-division or reduction of capital or otherwise), the number of shares subject to an option may be adjusted by the Board

in a manner that, in its reasonable opinion, it considers to be fair and appropriate. However, the total amount payable on the exercise of an option in full may not be increased.

(l) *Options not transferable*

Options granted under the Plan are non-assignable and non-transferable (although transmission to an option holder's personal representatives on the death of the option holder is permitted). Any attempt to assign or transfer will result in the lapse of the options.

(m) *Relationship with employment contract*

Participation in the Plan will not be a term of an option holder's contract of employment, and options will not form part of an option holder's pensionable earnings.

(n) *Amendment*

The Board may amend the Plan from time to time. However, no amendment may apply to options granted before the amendment was made if it would materially adversely affects the interests of the option holders.

17.3 2016 Non-Employee Option Plan

The Company adopted the 2016 Non-Employee Option Plan on 29 November 2016. It provides for the grant of options to subscribe for Ordinary Shares to directors of and/or consultants to the Company or any of its subsidiaries who are not employees of any such company at the date of grant. The terms of the plan are similar to the 2016 Employee Option Plan, subject to such changes as are necessary to enable it to apply to non-employees. There are no provisions for the grant of EMI options, and the leaver provisions apply once an option holder is no longer an employee or director of, or a consultant to, any group company. There is an overall limit on the number of shares which can be put under option that works in the same way as for the 2016 Employee Option Plan.

The 2016 Non-Employee Option Plan will not be an employees' share scheme as defined in the Companies Act, and therefore the grant of options under it (which are in the form of rights to subscribe) will require authority from shareholders and the statutory pre-emption rights will need to be disapplied in relation to these grants. The relevant authority and disapplication for the grants are intended to be covered by the Company's general authority and disapplication.

18. Property

18.1 The Group's principal properties are as follows:

Property	Function	Type
1. 26 Beaumont Street, Oxford, OX1 2NP	Office/ Headquarters	Short leasehold (3 years remaining)
2. First Floor, C2, 7600 Quorum, Oxford Business Park North, Garsington Road, Oxford, OX4 2JZ	Laboratory	Short leasehold (8 years remaining)
3. Unit No. 4.09, 4th Floor, Island Plaza	Laboratory	Short leasehold (2 years remaining)

18.2 Unutilised space of the Company's office at 26 Beaumont Street, Oxford is sublet to Chronos and Sibelius under an arm's length agreement through which Chronos and Sibelius have agreed

to contribute certain rent and dilapidation costs to the Company, whilst they continue to occupy the unutilised space, as described in further detail in paragraph 5 (*Chronos and Sibelius relationship*) of this Part 7 (*Additional Information*).

18.3 As far as the Company is aware there are no environmental issues that may affect the utilisation of these properties or any other tangible fixed assets.

19. Intellectual Property and Licences

19.1 OBD1 Licence

The Company was granted an exclusive licence from Oxford University Innovation on 27 September 2007. Please refer to paragraph 8 (*Intellectual property portfolio*) of Part 1 (*Information on the Company*) for further details of the licence.

19.2 Trademarks and Domain Names

The EPISWITCH trademarks and domain names relating to the Company's business are all held by the Company.

Please refer to paragraph 8 (*Intellectual property portfolio*) of Part 1 (*Information on the Company*) for further details of the Group's trademarks and domain names.

19.3 Patents

(a) *OBD1*

- Applications and patents derived from the national and regional phases of the international application

Countries	Application No	Publication No	Status
Australia	2007216315	2007216315	Granted
Canada	2642331	2642331	Pending
China	200780005799.1	ZL200780005799.1	Granted
Europe	7712741.3	1991697	Granted
Hong Kong	9104232.1	1125416	Granted
Japan	2008-554852	5345857	Granted
New Zealand	571201	571201	Granted
Norway	20083957	20083957	Pending
Singapore	200805949.5	200805949-5	Granted
South Africa	2008/07948	2008/07948	Granted
United Arab Emirates	P816/08		Pending
USA	12/279,133	20090186352	Pending

- Patents derived by validation of the European patent

Denmark	Netherlands
France	Spain
Germany	Sweden
Greece	Switzerland
Italy	United Kingdom
Lithuania	

(b) *OBD2*

- Applications and patents derived from the national and regional phases of the international application

Countries	Application No	Publication No	Status
Australia	2009254956	2009254956	Granted
Brunei	RE/E/2013/0087	RE/E/2013/0087	Granted
China	200980120479.X	102046813	Granted
Europe	09757758.9	2297340	Granted
Hong Kong	11108202.4	1154051	Granted
Japan	2011-511092	5575117	Granted
Singapore	201008834-2	167101	Granted
South Africa	2010/08132	2010/08132	Granted
United Kingdom	1021744.6	2473392	Granted
USA	13/922,790	20140162271	Pending

- Patents derived by validation of the European patent

Belgium	Netherlands
Finland	Poland
France	Spain
Germany	Sweden
Ireland	Switzerland
Italy	United Kingdom

(c) *OBD3*

- Pending cases

Countries	Application No	Status
International	PCT/GB2016/051900	Pending

(d) *OBD4*

- Pending cases

Countries	Application No	Status
International	PCT/GB2016/051894	Pending

(e) *OBD6*

- Pending cases

Countries	Application No	Status
International	PCT/GB2016/051910	Pending

(f) *OBD7*

- Pending cases

Countries	Application No	Status
United Kingdom	1608000.4	Pending

Please refer to paragraph 8 (*Intellectual property portfolio*) of Part 1 (*Information on the Company*) for further details of the Group's patents.

20. Working Capital

The Directors are of the opinion that, having made due and careful enquiry and taking into account the net proceeds of the Placing, the working capital available to the Company and the Group is sufficient for its present requirements, that is for at least twelve months from the date of Admission.

21. Significant Change

There has been no significant change in the financial or trading position of the Group since 31 March 2016, the date to which the last financial information relating to the Group (as shown in Part 4 (*Historical Financial Information*)) was prepared.

22. Auditors

22.1 The auditors of the Company are Mercer Lewin Limited, whose address is 41 Cornmarket Street, Oxford, OX1 3HA. The auditors are a member of the Institute of Chartered Accountants' of England and Wales and have been the accountants of the Company for the period covered by the historical financial information set out in Part 4 (*Historical Financial Information*).

22.2 The financial information included in this document does not constitute statutory accounts within the meaning of s434(3) Companies Act. Statutory accounts of the Company for the financial years ended 30 September 2013, 2014 and 2015 have been delivered to the Registrar of Companies and in respect of the statutory accounts for the financial year ended 30 September 2015, the Company's auditor has made a report under s235 CA85 in respect of the statutory accounts and that report was an unqualified report and did not contain a statement under s237(2) or (3) CA85.

22.3 Following Admission, Mercer Lewin Limited will not be re-appointed and the auditors of the Company will change to be KPMG LLP whose registered address is 15 Canada Square, London, E15 5GL and who are a member of the Institute of Chartered Accountants' of England and Wales.

23. Expenses

23.1 The total costs, charges and expenses payable by the Company in connection with Admission and the Placing are estimated to be £1.7 million (exclusive of VAT).

23.2 No person (excluding professional advisers otherwise disclosed in this document and trade suppliers) has received, directly or indirectly, from the Company within the 12 months preceding Admission, or entered into contractual arrangements (not otherwise disclosed in this document) to receive on or after Admission, directly or indirectly, from the Company any of the following:

(a) fees totalling £10,000 or more;

(b) securities in the Company with a value of £10,000 or more, calculated by reference to the issue price of the Ordinary Shares; or

(c) any other benefit with a value of £10,000 or more.

24. Consents

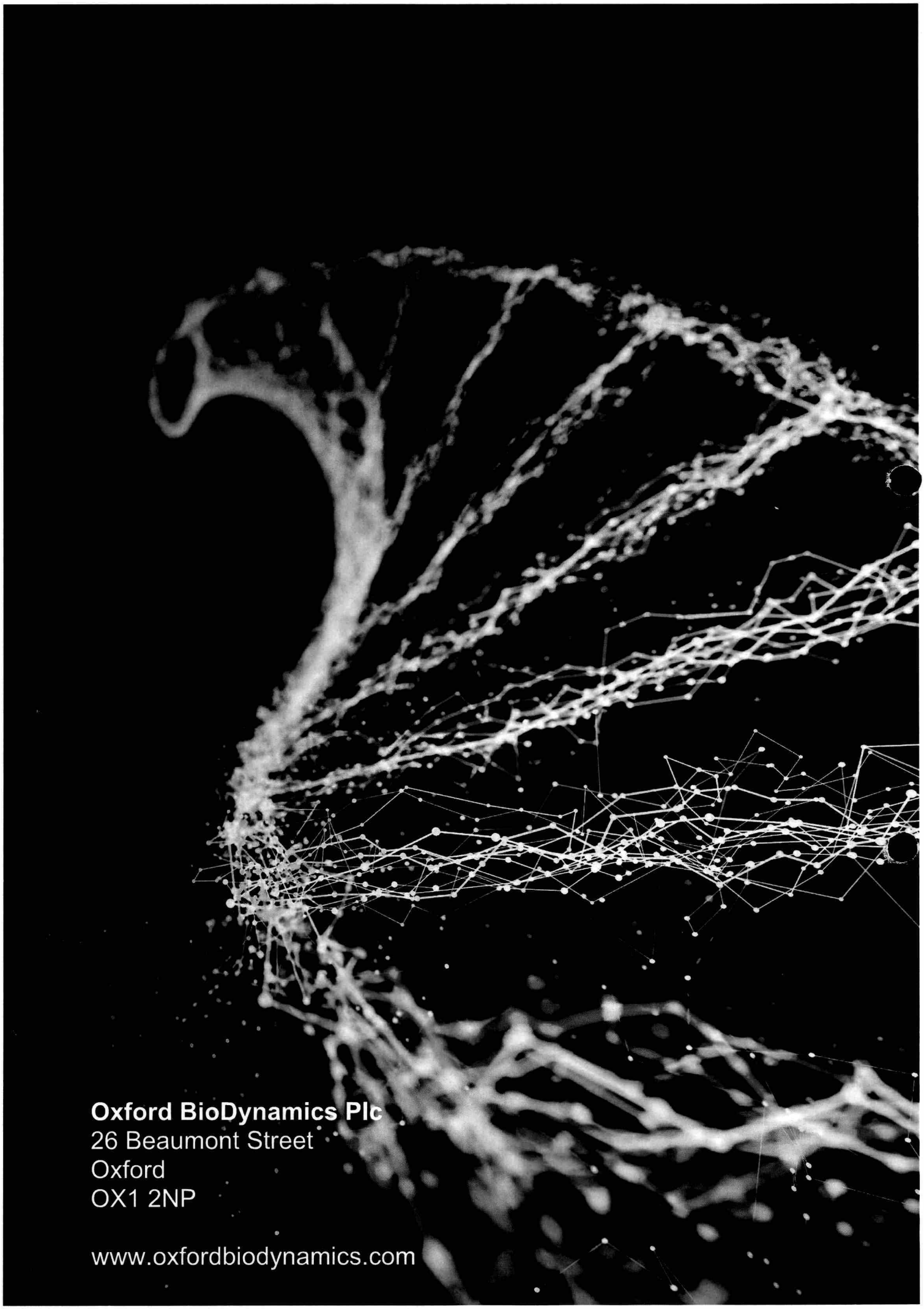
24.1 KPMG LLP has given and not withdrawn its consent to the inclusion of its report in Part 4 (*Historical Financial Information*) in the form and context in which it appears and has authorised the contents of that report for the purposes of Schedule Two of the AIM Rules for Companies.

24.2 Mercer Lewin Limited has given and not withdrawn its written consent to the issue of this document with the inclusion in it of its name in the form and context in which it appears.

25. Sources of Information

Where information in this document has been sourced from a third party, the source has been given along with the information, it has been accurately reproduced and, so far as the Company is aware and able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Dated: 1 December 2016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